

CRA Discipline Regulation

UNOFFICIAL TRANSLATION

CENTRAL REGISTRY AGENCY MEMBER DISCIPLINE REGULATION

Purpose

Article 1- This Regulation aims to regulate the disciplinary punishment that shall be applied to the members and the acts requiring disciplinary punishment as well as the principles of the disciplinary investigations.

Scope

Article 2- CRA member issuers, intermediary institutions, authorized clearing and custody institutions and other institutions determined by the Board are subject to the provisions of this regulation.

Legal Basis

Article 3- This Regulation has been drawn up based upon article 21 of The Regulation Concerning Incorporation, Operation and Supervision of The Central Registry Agency that is put into effect by the 14.05.2001 dated and 2001/2475 numbered decree of the Council of Ministers.

Definitions

Article 4- Certain terms used in this Regulation are defined as follows.

Board: Capital Markets Board,

CRA Regulation: The Regulation Concerning Incorporation, Operation and Supervision of the Central Registry Agency

CRA: Central Registry Agency Inc.

Member: CRA member issuers, intermediary institutions, authorized clearing and custody institutions and other institutions determined by the Board.

Board of Directors: Board of Directors of Central Registry Agency Inc.

Disciplinary Punishments

Article 5- For the Members which,

- Tamper with the business or operations of CRA,
- Violate the work order or honesty in its relations with CRA,
- Impede or violate the open, systematic, continuous and honest functioning CRA's businesses and operations,
- Do not fulfill, in time and duly, the responsibilities and obligations regulated and designated in the terms and conditions of CRA membership, CRA legislation and CRA Operation Rules,
- Do not have their personnel show the required attention and care in the relations with CRA,
- Violate CRA legislation and CRA decisions in any form whatsoever,

The Board of Directors is authorized to impose the punishments of,

1) **Warning:** Warning is a written notice indicating the members to act more cautiously and carefully, when the acts set forth in the first paragraph of this article are committed due to negligence or complacency.

2) **Censure:** Censure is a written notification of the member indicating that they are deemed faulty for committing the acts set forth in the first paragraph of this article. Censure punishment can also be given if the members make false statements or publications that are injurious to the reputation of CRA.

After being imposed a warning punishment if that member commits a new crime that requires the same kind of punishment within the time period set forth in this regulation to remove the punishments from the records; censure punishment shall be imposed to that member institution.

The measures and punishments concerning the acts set forth in the first paragraph of this article and prescribed in the other regulations of the Capital Market Legislation are reserved. The imposition of the said measures and punishments does not prevent the imposition of disciplinary punishments.

Conduct of a Disciplinary Investigation

Article 6- Board of Directors, on its own initiative or upon a reported complaint, holds and settles a disciplinary investigation if it is considered necessary. The quorum of the Board of Directors to hold and/or settle a disciplinary investigation is determined according to the provisions of the Articles of Association of CRA and other related regulation. The investigation proceedings shall be conducted in accordance with the sequence below:

a) Initiating the Investigation

The Board of Directors may decide to hold or not to hold an investigation in connection with the eligibility of the complaint or the notice. If it is decided that an investigation shall be held, the investigation shall start within 10 days of the decision, at the latest. The decision of the Board of Directors to hold an investigation shall be executed by the CRA General Manager. CRA General Manager, in accordance with the characteristics of the disciplinary case, shall assign the related unit to conduct the disciplinary investigations.

b) Conduct of Investigation

Without prejudice to the special provisions in their own legislation, Members are obliged to give, within the scope of investigation, all kinds of requested information, files, computer records and other documents without any delay and to provide all the requested support.

c) Right to Defense

The accusation shall be notified in an explicit and clearly written form to the member about whom an investigation is conducted and it shall be requested from the member to present a written defense within 10 days of the

notification. It shall also be notified that if the member does not make a written defense within the pre-determined time period without an excuse or does not declare his excuse in a timely manner, the member shall be deemed as abandoned his right to defense and a decision shall be made relying on the other evidence, The Board of Directors shall give some reasonable additional time to the member whose excuse is considered reasonable or it is understood that he could not make his defense due to force majeure. The time period between the request of defense and submission of defense to CRA shall be added to the time allowed for the completion of the investigation.

d) Completion of the Investigation

The investigation shall be completed and reported at the latest on the 30th day from the date of decision. Investigation decision, beginning date of the investigation, defendant member information, description of the accusation, stages of the investigation, all the evidences collected pro and against the defendant and his defense shall be summarized in the report. If available, originals or the copies of the documents shall be attached to the report within a supplemental directory. The report shall be submitted to the Board of Directors while enclosing the opinion of the Legal Consultancy.

Imposing a Disciplinary Punishment and Notification

Article 7- Disciplinary act shall be settled by the order of current legislation, commercial practice, customs and equity principles.

Taking into consideration the attributes and the importance of the disciplinary acts it may be decided, where necessary, to impose a punishment that is one level more severe or more slight than that is designated for the considered act. Board of Directors decisions regarding the imposition of a disciplinary punishment shall be sent via registered and reply-paid letter to the declared addresses of the persons concerned within three days following the decision date or shall be delivered in person against his signature.

Appeal to the Decisions of the Board of Directors and Finalization of the Punishments

Article 8- If the Board of Directors decides not to conduct an investigation, persons concerned may appeal to the Board within 10 days of the notification date. If the Board accepts the appeal, an investigation shall be conducted and finalized in accordance with the provisions of this regulation.

If the Board of Directors decides to impose a disciplinary punishment, persons concerned may appeal to the Board against the disciplinary punishment decision within 10 days of the notification date. Such an appeal petition shall be sent to the Board through CRA. The Board, after examining the decision and the appeal, may approve, may change and approve or may overturn the punishment.

Punishments shall be finalized unless an appeal has been filed to the Board within 10 days from the notification date. In case of an appeal to the Board, the punishment shall be finalized when the Board decision is notified by CRA to the persons concerned.

Registry, Removal and Repetition of the Disciplinary Punishments

Article 9- Finalized disciplinary punishments shall be registered to the records of the relevant member. The punishments shall be removed from the records at the end of one year, provided that that member has not been imposed another punishment for an identical or similar disciplinary act.

If a disciplinary punishment has been imposed for an identical or similar disciplinary act, the punishments shall not be removed from the records unless 2 years has passed after the second punishment date.

Notification, Address Declaration and Correspondence

Article 10- All sorts of notifications relating to the disciplinary investigation shall be made in written form to the address declared in the CRA membership application. The members, who changed their address but has not notified or made an incomplete or wrong notification to CRA about the address change, cannot claim that a notification has not been made to them; when a notification has been made to their latest declared addresses at CRA.

The correspondence with the members within the context of the investigation shall be made via registered and reply-paid letter. If the documents are delivered in person, the signed receipts shall be kept in its file.

Suspension or Termination of Membership

Article 11- Board of Directors resolutions concerning the suspension or termination of membership in accordance with the 16th article of the CRA Regulation is not a part of the disciplinary punishments determined in this regulation; the suspension or termination decisions can be taken directly and irrespective of the disciplinary punishments.

Enforcement Date

Article 12- This regulation shall be in effect on the day of its publication.

Execution

Article 13- Provisions of this regulation shall be executed by the CRA Board of Directors.