

The Association of Global Custodians - Questionnaire 2019 - 2020

Entity Name	Turkey Merkezi Kayit Kurulusu A.S. (MKK)		
Contact Name	Bora Karaagacli		
Address	Merkezi Kayit Kurulusu (MKK) A.S. Resitpasa Mah. Borsa Cad. No: 4 Sariyer 34467, Istanbul/TURKEY		
Country	Turkey		
Phone	+90 212 334 57 00-5714 (extension line)	Fax	+90 212 334 57 57
Email	international.relations@mkk.com.tr		
Web Site	www.mkk.com.tr		

Welcome to the Depository-Information Gathering Project.

Before beginning, we suggest that you print the entire document for review on paper and review the Glossary of Terms. Each will assist you with answering the questions. For help, contact: Robin D. Truesdale, Baker & McKenzie LLP (202) 835-1664   ; e-mail:

Robin.Truesdale@bakermckenzie.com.

Note

- * When reviewing/updating your prior year's responses in the questionnaire, please ensure that the sub-questions are reviewed/updated as well.
- * Please deselect/uncheck any responses in the sub-questions where those responses are no longer applicable.
- * Please note: Any text in the "other" and/or "please explain/describe" questions should be deleted before deselecting the response. In this regard, note that deselecting a response with written text does not delete the information, it only hides the information from view.
- * Any responses that appear in open text boxes should be deleted if the information is no longer applicable.

SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.

Response Necessary/Eligibility Question

1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

- Yes
- No (please answer 1a)
- Other (please answer 1a)

1a. Please explain:

Response Necessary/Eligibility Question

2. Rule 17f-7 also requires that an Eligible Securities Depository "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central

handling of securities or equivalent book-entries.” Does your institution: (Choose all that apply.)

- Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)
- Act as or operate a transnational system for the central handling of securities or equivalent book-entries? (please answer 2b)
- Act in another capacity with respect to the handling of securities or equivalent book-entries? (please answer 2a)
- Not applicable (please answer 2a)
- Other (please answer 2a)

2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

*Equities *Exchange Traded Funds (ETFs) *Mutual Funds *Corporate Bonds *Commercial Papers *Bank Bills *Warrants *Covered Bonds *Sukuk *Asset Backed Securities
*Government Debt Securities *Real Estate Certificates

3. What type of legal entity is the institution? (Choose all that apply.)

- Public Company
- Private Company
- Central Bank (or part thereof)
- Stock Exchange (or part thereof)
- Other (please answer 3a)

4. Is the institution operated as a "for profit" or a "not for profit" organization?

- For profit
- Not for profit
- Other (please answer 4a)

4a. If other, please explain:

Merkezi Kayit Kurulusu (MKK) is a private for profit organization. Fees of services are determined by MKK Board of Directors and approved by the Capital Markets Board (CMB) of Turkey and Central Bank of Turkey. The CMB is the regulatory authority empowered to administer and enforce laws related to capital markets in Turkey. The Central Bank of Turkey is also the regulatory authority for all payment and securities settlement system operators including MKK.

5. Please provide the names of the owners and their ownership interest percentages.

Istanbul Settlement and Custody Bank (Takasbank) 64.9% Borsa Istanbul(BIST) 30.1% Turkish Capital Markets Association (TCMA) 5%

6. Please answer the following:

6a. What is the date of establishment of the depository? 26/09/2001

6b. What is the date that the depository's operations began? 25/04/2005

7. Under what regulation or statute is the depository established and governed?

MKK is established and governed under * The Turkish Capital Market Law - Articles on Dematerialization of Capital Market Instruments (Art. 13, 80 and 81), * The Law on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions * The Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository, * Communiqué on the Procedures and Principles for the Book-keeping of Dematerialized Capital Market Instruments and * the relevant decrees of the Capital Market Law.

7a. Is the regulation or statute electronically available?

- Yes (please answer 7b)
- No

7c. Please supply document(s) here:

7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.

What are the qualifications to become a board member?

At the moment MKK has 9 board directors with the following composition: chairman of the board (appointed by the CMB), 3 directors from Borsa Istanbul, 2 directors from Takasbank, 1 director from the Ministry of Trade, 1 director from MKK (CEO of MKK), 1 director from the Turkish Capital Markets Association.

According to the MKK Regulation, the Board of Directors has the duty and authorization to, a) pass resolutions on the legislation to be prepared by MKK, b) determine the criteria for accepting membership applications, temporarily suspending and revoking the membership, c) decide on the membership applications and, when necessary, on the temporary suspension and revocation of membership, d) ensure that transactions are carried out in an orderly manner in compliance with the related legislation and rules, e) determine the principles to be adhered to in relation to the oversight function pursuant to the MKK Regulation, f) evaluate the conduct and operating results of the MKK organization and service units; pass resolutions on the oversight, audit, inspection, inquiry and investigation reports; ensure enforcement of the results and recommendations deemed necessary, g) cooperate with domestic, foreign and international institutions on subjects falling within MKK's duties and authorities, h) ensure that the Board of Directors resolutions are communicated to the related parties, that their requirements are met and monitor their enforcement, i) prepare MKK's annual reports and financial statements, j) finalize MKK's budget and employees chart, k) ensure that the information to be disclosed to the public regarding its operations in compliance with the related legislation is published on a regular basis on its website, l) determine the quantities and amounts of income items, and their collection time and manner, m) determine those authorized to sign on behalf of MKK and the limits of their authority, n) determine the general principles regarding the organizational and personnel policy.

Members of the Board of Directors should, a) not be subject to a bankruptcy, or announced concordatum b) not be counted among persons who share responsibility at organizations which have one of their operational authorizations cancelled c) not have been sentenced due to breach of the Capital Market Law d) certify that no dissolution has been awarded against themselves or any organizations of which they are partners e) not have received any jail sentence of five years or longer for any preconceived offense, or a sentence for any offense committed against national security or constitutional order and its enforcement; or for offenses listed in the Regulation.

Furthermore, directors should hold university degrees in relevant disciplines, and have experience of at least 10 years in financial markets and economics.

7e. What are the election procedures?

The Board consists of a minimum of 7 and maximum of 11 persons. One member is appointed by the Capital Markets Board as per the Turkish Commercial Code Article 334, and another member is appointed by the Ministry of Trade and Customs with regard to MKK's designation as the Electronic Registry Agency in accordance with the provisions of the Agricultural Products Licensed Warehouse Act. No. 5300 and the e-Warehouse Receipt Regulation which is based on this Act. Lastly, the CEO of MKK is the native member of the Board. The member appointed by the CMB acts as the chairman of the BoD.

7f. What is the maximum length of time a board member can serve?

Serving term of board members is maximum 3 years, but each member can be re-elected by the General Assembly.

7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

Each board member has the right for a "single" vote. Board resolutions are taken by majority votes.

7h. Who is responsible for regulating the board members?

The General Assembly of MKK is responsible for regulating the BoD members. The Capital Markets Board regulations are the primary legal resources for regulating the BoD. The structure of the Board is determined by MKK's Articles of Association. It is also protected by the "Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository".

Response Necessary/Eligibility Question

8. Rule 17f-7 requires that an Eligible Securities Depository "is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act", with section 2(a)(50) establishing that "foreign financial regulatory authority' means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending,

insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above.”

Who regulates the activities of the depository? (Choose all that apply.)

- A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.
- A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.
- A membership organization which regulates the participation of its members in securities matters or other financial activities.
- Other (please answer 8a)

9. Please provide the name of regulatory authority(ies) identified in question 8:

The Capital Markets Board (CMB) of Turkey and the Central Bank of Turkey regulate the activities of MKK with respect to the Capital Market Law and the Law on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions.

Response Necessary/Eligibility Question

10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”

Is the depository subject to periodic examination by: (Choose all that apply.)

- Regulatory authorities?
- Independent accountants?
- Other (please answer 10a)

11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)

Name of Authority #1 (please answer 11a):

The Capital Markets Board of Turkey.

11a.

- Fines
- Restrictions on depository activities.
- Suspension of depository activities.
- Termination of depository activities.
- Other (please answer 11b)

11b. Please explain:

MKK shall comply with the Capital Markets Law (CML) Articles 103 and 105 which states that real persons and legal entities who are determined to have acted in violation of the regulations, standards and forms or general and special decisions made by the CMB based on the CML, shall be imposed a pecuniary punishment by the CMB.

Name of Authority #2 (please answer 11c):

The Central Bank of Turkey

11c.

- Fines
- Restrictions on depository activities.
- Suspension of depository activities.
- Termination of depository activities.
- Other (please answer 11d)

11d. Please explain:

As a securities settlement system operator MKK is obliged to comply with the related articles of the Law on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions. According to the Article 9 of the Law, the CBoT can revoke MKK's system operator license or temporarily suspend its operating license in case MKK violates the Law. Furthermore, The CBoT has the authority to temporarily take over the management of MKK to prevent any systematic risk that may threaten the financial stability.

12. Has there been any use of such enforcement actions in the last three years?

- Yes (please answer 12a)
- No
- Other (please answer 12a)

Capital**13. Are annual financial statements publicly disclosed?**

- Yes (please answer 13a)
- No (please answer 13e)
- Other (please answer 13h)

13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?

- Yes (please answer 13b)

No (if no, please send a copy of the annual report to the Washington office of Baker & McKenzie, 815 Connecticut Ave., NW, Washington, DC

- 20006, Attn: Robin Truesdale)

13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:**13c. If more than one document for 13b, please upload the additional document here:****13d. Please insert web link(s) for 13b here:**

https://www.mkk.com.tr/project/MKK_EN/file/content/About%20Us%2FAnnual%20Reports%2FAnnual_Report_2018

Internal Audit**14. Is an internal audit undertaken in your depository?**

- Yes (please answer 14a)
- No (please proceed to 15)

14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?

The internal audit covers all activities (financial, legal, operational, IT operations, ISMS (Information Security Management System), BCMS (Business Continuity Management System) etc.) of MKK and also addresses the efficiency and effectiveness of the internal control and risk management activities and reviews the application of the required control procedures. MKK's Internal Audit Department performs audits annually.

14b. Please list the date of your last internal audit: 30/03/2019

Please list the period that the audit covered: 01/01/2018 to 31/12/2018

14c. How frequently does the internal audit occur? (Choose one.)

- Two or more times a year (please answer 14e)

Annually (please answer 14e)

Less than annually (please answer 14d)

14e. Are the results of the internal audit publicly available?

Yes

No

14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)

No material exceptions found.

Minor exceptions found. (please answer 14g)

Material exceptions found. (please answer 14g)

14g. If minor or material exceptions were found, what actions were taken? Please describe:

Necessary actions were planned and assigned to the responsible personnel. Plans are reviewed quarterly by the internal audit department.

15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

Yes (please answer 15a)

No (please proceed to 16)

15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.

KPMG (KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.) performs financial statements and reports audit annually. Capital Markets Board of Turkey and The Central Bank of the Republic of Turkey performs financial audits on an ad hoc basis.

15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

29/03/2019

15c. Please list the period that the audit covered:

01/01/2018 to 31/12/2018

15d. How frequently does the financial audit occur? (Choose one.)

Two or more times a year (please answer 15f)

Annually (please answer 15f)

Less than annually (please answer 15e)

15f. Are the results of the financial audit publicly available?

Yes

No

15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)

No material exceptions found.

Minor exceptions found. (please answer 15h)

Material exceptions found. (please answer 15h)

16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?

Yes (please answer 16a)

No (please proceed to 17)

16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.

The Central Bank of the Republic of Turkey (CBRT)

16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:

19/04/2019

16c. Please list the period that the audit covered:

01/01/2017 to 31/12/2018

16d. How frequently does the operational audit occur? (Choose one.)

- Two or more times a year (please answer 16f)
- Annually (please answer 16f)
- Less than annually (please answer 16e)

16f. Are the results of the operational audit publicly available?

- Yes
- No

16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)

- No material exceptions found.
- Minor exceptions found. (please answer 16h)
- Material exceptions found. (please answer 16h)

16h. If minor or material exceptions were found, what actions were taken? Please describe:

PARTICIPANTS AND PARTICIPATION

The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.

17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)

- Banks (please answer 17a)
- Brokers (please answer 17e)
- Individuals (please answer 17i)
- Foreign Institutions (please answer 17m)
- Other entities (please answer 17q)
- Not applicable

17a. How many Bank participants are there currently? (then please answer 17b)

Banks:50

17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)

- Financial Thresholds (please answer 17c)
- Regulatory Oversight (please answer 17c)
- Market Experience (please answer 17c)
- Other (please answer 17d)

17c. Where can a description of the specific eligibility requirements for Bank participants be found?

The Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository, Article 21:
https://www.mkk.com.tr/project/MKK_EN/file/content/Information%20Center%2FRegulations%2FLegislation%2FRegulation

17d. Please explain:

Although there are no minimum capital requirements to be a MKK member, participation in the Turkish securities market entail various minimum capital requirements for intermediary institutions including banks.

17e. How many Broker participants are there currently? (then please answer 17f)

Broker:72

17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)

- Financial Thresholds (please answer 17g)
- Regulatory Oversight (please answer 17g)
- Market Experience (please answer 17g)
- Other (please answer 17h)

17g. Where can a description of the specific eligibility requirements for Broker participants be found?

The Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository, Article 21:
https://www.mkk.com.tr/project/MKK_EN/file/content/Information%20Center%2FRegulations%2FLegislation%2FRegulation

17h. If other, please explain:

Although there are no minimum capital requirements to be a MKK member, participation in the Turkish securities market entail various minimum capital requirements for brokerage houses depending on the relevant market activity licenses that organizations acquire.

17m. How many Foreign Institution participants are there currently?

Foreign issuers participants currently. Foreign central securities depositories can also become MKK participants.

17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)

- Financial Thresholds (please answer 17o)
- Regulatory Oversight (please answer 17o)
- Market Experience (please answer 17o)
- Other (please answer 17p)

17p. If other, please explain:

MKK designates terms and conditions of membership for these institutions according to the Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository and the Communiqué on the Procedures and Principles for the Book-keeping of Dematerialized Capital Market Instruments.

17q. If you have selected "Other entities" above, please explain:

Issuers (of MKK eligible dematerialized securities) and settlement and custody institutions (i.e. Takasbank). Foreign central securities depositories or any other organizations to be determined by the CMB, are also eligible to become MKK participants according to the regulation. "Internal Directive on Procedures for Account Opening and Membership of Foreign Central Securities Depositories, and Account Opening by MKK with Foreign Central Securities Depositories" regulates membership of foreign CSDs: https://www.mkk.com.tr/project/MKK_EN/file/content/Information%20Center%2FGuide%20Books%2FForeign_Central_Securities_Depositories_Membership_Directive

17r. Indicate how many "Other entities" are currently participants?

As of September 2019) Issuers of Equities: 373, Issuers of both Equities and Corporate Dept Securities:65, Issuers of Corporate Dept Securities: 124, Issuers of Mutual Funds: 46, Issuers of Equities and Corporate Dept Securities and Structured Products: 3, Issuers of Structured Products:1, Issuers of Corporate Dept Instruments and Other Instruments:5, Issuers of Electronic Warehouse Receipts: 86, Issuers of Other Instruments: 16, Clearing and Settlement Institutions:1 (Takasbank)

17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)

- Financial Thresholds (please answer 17t)
- Regulatory Oversight (please answer 17t)
- Market Experience (please answer 17t)
- Other (please answer 17u)

17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

The Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository, Article 21:
https://www.mkk.com.tr/project/MKK_EN/file/content/Information%20Center%2FRegulations%2FLegislation%2FRegulation

17u. If other, please explain:

Although there are no minimum capital requirements to be a MKK member, participation in the Turkish securities market entail minimum capital requirements for issuers.

18. Are participants required to contribute capital to the depository that would result in ownership of the depository?

- Yes (please answer 18a)
- No
- Not applicable
- Other (please answer 18b)

19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

- Yes
- No
- Not applicable
- Other (please answer 19a)

Conditions of Participation

20. What governs the relationship between the depository and the participants? (Choose all that apply.)

- Relevant law and regulation
- Standard participation contract
- Established terms and conditions of participation
- Bye-laws of the depository
- Rules of the depository
- Other (please answer 20a)
- Not applicable

Response Necessary/Eligibility Question

21. Rule 17f-7 requires that an Eligible Securities Depository "holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants."

Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

- Yes (please answer 21b)
- No (please answer 21a)
- Not applicable (please answer 21a)

Other (please answer 21a)

21b. Please confirm the basis for the arrangements in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)

- Relevant Law and Regulation (please answer 21d)
- Standard participation contract (please answer 21d)
- Established terms and conditions of participation (please answer 21d)
- By-laws of the depository (please answer 21d)
- Rules of the depository (please answer 21d)
- Other (please answer 21c)

21d. For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or depository rule(s), participation condition(s), or participant contract provision(s), as applicable.

MKK is established and governed under * The Turkish Capital Market Law - Articles on Dematerialization of Capital Market Instruments (Art. 13, 80 and 81), * The Regulation on the Establishment, Operation, Conduct and Audit Principles of the Central Securities Depository, * Communiqué on the Procedures and Principles for the Book-keeping of Dematerialized Capital Market Instruments and * the relevant decrees of the Capital Market Law.

22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)

- By e-mail
- By telephone
- By public announcement
- By press release
- Other (please answer 22a)
- Not applicable

22a. Please explain:

General letters are also sent via fax.

Governance of Participants

23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)

- The depository
- The exchange
- The depository's regulator
- Other (please answer 23a)
- Not applicable

23a. Please explain:

24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)

- Fines
- Restrictions on participation
- Suspension of participation
- Termination of participation
- Other (please answer 24a)

Not applicable

25. Has there been any such enforcement actions in the last three years?

- Yes (please answer 25a)
 No
 Not applicable
 Other (please answer 25b)

25a. If yes, please explain, including information relative to any suspensions of depository participants:

According to the MKK regulation suspension or cancellation of a membership is possible if requested or authorized by the CMB. If the certificate of authority to act as an intermediary institution for trading activities or the custody authorization for capital market instruments of a participant has been annulled by the CMB, membership of the participant is suspended or terminated on the request of the regulator. In the last three years, membership of 7 MKK participants were suspended or cancelled due to revocation of their authorizations by the CMB.

DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS

Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.

26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)

- Government securities
 Equities
 Corporate bonds
 Corporate money market instruments
 Others (please answer 26a)
 Not applicable

26a. Please name the other security types:

Mutual Funds, Exchange Traded Funds, Warrants, Covered Bonds, Asset Backed Securities, Real Estate Certificates, Sukuk.

27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)

- Yes by law for settlement of all instrument types (please answer 27a)
 Yes by law for safekeeping of all instrument types (please answer 27a)
 Yes by market practice for settlement of all instrument types (please answer 27b)
 Yes by market practice for safekeeping of all instrument types (please answer 27b)
 Yes by law for settlement, but not for all instrument types (please answer 27a)
 Yes by law for safekeeping, but not for all instrument types (please answer 27a)
 Yes by market practice for settlement, but not for all instrument types (please answer 27b)
 Yes by market practice for safekeeping, but not for all instrument types (please answer 27b)
 Neither/other (please answer 27c)

27c. If neither/other, please explain:

The use of MKK for safekeeping and settlement for all dematerialized securities in the Turkish capital markets is compulsory according to the Capital Markets Law.

28. Settlement and Safekeeping Percentages

28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled

within your institution, exclusive of your links with third parties.

100% of the dematerialized capital market instruments and government debt securities portfolios of non-bank investors are settled through the MKK system.

28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

The percentages of the total market (in nominal value) are: 100 % for all equities (floating and non-floating) and other dematerialized securities that are held in safekeeping within MKK. All non-bank investor portfolios of government debt securities are also held at MKK.

29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

- Yes (please answer 29a)
- No
- Not applicable
- Other (please answer 29i)

29a. If third parties are employed, please indicate which services they supply (then please answer 29b):

In accordance with the requirements of the regulations, Takasbank accepts delivery of physical shares due to the dematerialization process as the dematerialization agent of MKK. Dematerialization of equities is nearly completed as 99.99% of all floating and non-floating shares of public companies are held in book-entry form at MKK.

29b. If third parties are employed, does the depository assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?

- Yes (please answer 29c)
- No

30. Has any participant suffered any losses in the past three years due to the depository's performance?

- Yes (please answer 30a)
- No
- Not applicable
- Other (please answer 30m)

30c. Corporate Action. Please specify total loss in USD:

30e. Settlement Process - Securities. Please specify total loss in USD:

30g. Settlement Process - Cash. Please specify total loss in USD:

30i. System Outage. Please specify total loss in USD:

30k. For Other, please specify number of instances:

30l. For Other, please specify total loss in USD:

30m. If other, please explain:

Other Services

31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository (please answer 31a)
- Neither/others (e.g. credit lines used please answer 31b)
- Not applicable

31a. Please name banks:

Takasbank

32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository (please answer 32a)
- Neither/others (please answer 32b)
- Not applicable

32a. Please name banks appointed by depository:

Takasbank

32b. If others, please explain:

For depository transactions, especially corporate actions is conducted by MKK's cash agent Takasbank.

33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository (please answer 33a)
- Neither/others (please answer 33b)
- Not applicable

33a. Please name banks appointed by depository:

Takasbank

33b. If others, please explain:

As the cash agent of MKK, Takasbank is also responsible in the movement of cash deposits.

34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository. (please answer 34a)
- Neither/others (please answer 34b)
- Not applicable

34a. Please name banks appointed by depository:

Takasbank

35. Please indicate services you provide. (Choose all that apply.)

- Information in advance on corporate (annual or special) meetings in order that owners can vote.
- Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.
- In order to avoid fails, an automatic securities lending facility - if requested - is provided for. (please answer 35a)
- Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc. Please provide details. (please answer 35c)
- Same day turnaround settlements.
- Information on distribution of new issues (IPO, Privatization).
- Other (please answer 35d)
- Not applicable

35c. Collateral Handling: please provide details:

Participants handle the collaterals by means of utilizing the Central Dematerialization System (CDS) features. MKK is only involved in conducting securities transfers and custody for collaterals.

Collateral management is mainly carried out by Istanbul Settlement and Custody Bank (Takasbank), which is the CCP for Borsa Istanbul markets.

35d. If other services, please explain:

MKK has a variety of services such as registration of new issues, corporate actions (i.e. rights issues, interest payments, redemptions, mergers), registration of specific legal transactions (lien, pledge, etc.), processing of portfolio securities on the Electronic Fund Distribution Platform, and reporting. MKK also serves as a securities settlement agent for Takasbank's Lending and Borrowing facilities. MKK provides value-added services to its participants and investors to third parties through the MKK Information Platform (e-MKK); e-GEM (Electronic General Meeting System), e-BDS (Electronic Board of Directors System), e-CAS (Investor Notification and Alert System), e-GOVERNANCE (Corporate Governance and Investor Relations Portal), e-DATA (Capital Markets Data Bank), e- TRADE REPOSITORY (Electronic Trade Repository), e-WAREHOUSE RECEIPT (Electronic Warehouse Receipt Center), e-COMPANY (Companies Information Portal), and AloMKK Instant Voice Recognition System and Call Center. MKK furthermore manages the Public Disclosure Platform (PDP), the main source of corporate information for all listed companies in Turkey.

36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)

- Credited to the securities account on the day indicated below regardless of whether actually collected by the depository on the scheduled date. (please answer 36a)
- Credited to the securities account upon actual receipt by the depository.
- Corporate action entitlements are handled by an entity separate from the depository. (please answer 36c)
- Not applicable
- Other (please answer 36d)

37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)

- Credited to the cash account on the day indicated below regardless of whether actually collected by the depository on the scheduled date. (please answer 37a)
- Credited to the cash account upon actual receipt by the depository.
- Income and dividend collection is handled by an entity separate from the depository. (please answer 37c)
- Not applicable
- Other (please answer 37d)

37d. If other please explain:

Takasbank acts as MKK's agent bank for distribution of rights issues, dividend, interest and principal payments that are executed on the MKK system. Issuers are required to deposit cash into the relevant MKK account with Takasbank. MKK instructs Takasbank to distribute cash to participant accounts, and participants in turn distribute cash to investor accounts. For interest payments and redemptions of government debt securities the Central Bank of Turkey distributes cash amounts to participant accounts.

Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)

38. Please list all depositories or settlement systems to which you have an electronic link.

The Central Bank of Turkey, Takasbank (Istanbul Settlement and Custody Bank Inc.) and OeKB (CSD.Austria).

39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

- Yes (please answer 39a)
- No (please answer 39a)
- Other (please answer 39a)
- Not applicable

39a. Please explain:

MKK is a member of the Electronic Securities Transfer System for the settlement of transactions in client portfolios of government debt securities. MKK system is not affected from a systemic interruption in ESTS. Message Oriented Middleware is used as the interface with Takasbank. Entities are not affected directly by each other. MKK also has a two way FOP link with the Austrian CSD OeKB. All necessary security measures are in place and subject to the General Terms and Conditions of OeKB.

Message Oriented Middleware is used as the interface with Takasbank. Entities are not affected directly by each other.

MKK also has a two way FOP link with the Austrian CSD OeKB. All necessary security measures are in place and subject to the General Terms and Conditions of OeKB.

40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?

- Yes
- No (please answer 40a)
- Other (please answer 40a)
- Not applicable

ACCOUNT STRUCTURES AND RECORDKEEPING

The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.

41. Are participants permitted to maintain more than one account at the depository?

- Yes (please answer 41a)
- No
- Not applicable
- Other (please answer 41d)

41a. If yes, please indicate number: (Choose one.)

An unlimited number of accounts.

More than one account (please answer 41b and indicate how many)

Other (e.g. subaccounts) (please answer 41c)

42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?

Yes (please answer 42a)

No

Not applicable

Other (please answer 42d)

42a. If yes, is segregation required or simply permitted?

Required (please answer 42b)

Permitted (please answer 42b)

Other (please answer 42e)

42b. How does segregation occur? (Choose all that apply.)

By separately designated participant accounts.

By sub-accounts within a single participant account.

By separately designated beneficial owner accounts.

Other - e.g. share registration (please answer 42c)

42c. If other, please explain:

The CML Article 13 indicates that dematerialized financial instruments must be recorded with respect to issuers, intermediary institutions and owners of rights. In the Central Dematerialization System (CDS), participants are obliged to open segregated accounts of their own and for their clients. Clients can have more than one account in the CDS. The legislation and MKK's rules require investors to open accounts in the CDS via participants and have registry IDs. Therefore, investors can not open accounts directly in the MKK system. Account holder (investor) bears the ownership as the beneficial right owner. Only foreign depository institutions (i.e. foreign CSDs) can open omnibus custody accounts at MKK as per CMB approval.

43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?

Yes (please answer 43a)

No

Other (please answer 43b)

Not applicable

44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:

44a. By the participant's clients?

Yes (please answer 44b)

No

Not applicable

Other (please answer 44c)

44b. If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

In case there is a blockage on a participant's single account, the participant's client will not be affected by the blockage as client assets are segregated from participant assets. Securities of clients are held in the accounts that are opened in their names as beneficial right owners with regard to MKK's direct holding system. If a participant's operations are suspended temporarily, clients can still access their holdings through that participant. If a bankruptcy decision is taken about a participant, the participant's clients would access their holdings through the Investors Indemnification Fund (IIF) or the Bankruptcy Office.

44d. By the intervening authorities controlling insolvency or other proceedings?

Yes (please answer 44e)

- No
- Not applicable
- Other (please answer 44f)

44e. If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

If there is a bankruptcy decision regarding a participant, the Bankruptcy Office would access the holdings. If there is an administrative liquidation decision given by the CMB regarding a participant, the Investors Indemnification Fund (IIF) which is managed by the CMB will have access to the holdings in the participant account in order to perform the liquidation process. As a corporate body, the IIF has its own legal entity, however it does not have any administrative body of its own and it is administered and represented by the CMB.

44g. By the participant's creditors?

- Yes (please answer 44h)
- No
- Not applicable
- Other (please answer 44i)

44j. By the depository's creditors?

- Yes (please answer 44k)
- No
- Not applicable
- Other (please answer 44l)

45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)

- Computer file (please answer 45b)
- Microfiche (please answer 45b)
- Hard copy (please answer 45b)
- Computer tape (please answer 45b)
- Other (please answer 45a)

45b. In which format is the source data maintained?

Hitachi G800 Data Storage, Oracle Exadata System, EMC DataDomain

Response Necessary/Eligibility Question

46. Rule 17f-7 requires that an Eligible Securities Depository “provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account.”

Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

- Yes (please answer 46b)
- No (please answer 46a and then proceed to 48)
- Other (please answer 46a)

46b. If yes, please indicate the scheduled frequency: (Choose one.)

- Daily
- Weekly
- Monthly
- Quarterly
- Annually

- Upon request
- Other (please answer 46c)

46c. If other, please explain:

Online, real-time information on investor accounts is provided.

47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)

- 6 months or less
- 1 year
- 3 years
- 5 years
- 7 years
- Other (please answer 47a)

47a. If other, please explain:

At least 10 years.

SETTLEMENTS

The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.

48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)

- Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a)
- Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a)
- Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. (please answer 48a)
- Not applicable
- Other (please answer 48b)

48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?

MKK serves DVP systems that are managed by Takasbank as a securities agent. Takasbank, the CCP for Borsa Istanbul equities markets, runs two different DVP systems in which MKK is involved. One of them is for on-exchange broker to broker trade settlements and the other is a DVP system that covers on-exchange broker to custodian trades (e.g. trades of foreign institutional investors). The DVP systems do not vary materially from the models chosen above. MKK also runs the settlement system for the FOP OTC trades. Through its FOP Matching System it is made possible for all participants to match and settle their FOP OTC transactions automatically.

48b. If other, please explain:

On-exchange trades of equities between direct and indirect participants and off-exchange transactions in other securities can settle on a free-of-payment (FOP) basis.

Question 48 Help:

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by bookentry.

Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities

transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.

The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.

Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.

During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final transfers of the net securities balances and net funds balances are executed.

49. Are the cash and security movements simultaneous?

- Yes
- No (please answer 49a)
- Not applicable
- Other (please answer 49c)

OWNERSHIP OF SECURITIES

The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.

50. How are depository eligible securities held by the depository?

- Securities in the depository are held in dematerialized form.
- Securities in the depository are held in certificated form.
- Other (please answer 50a)

51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?

- All eligible securities must be held in the depository. (please answer 51b)
- Securities may move freely into and out of the depository. (please answer 51h)
- Once entered into the depository, eligible securities must remain in the depository. (please answer 51b)
- Certain designated securities may be held outside the depository. (please answer 51a)
- Not applicable
- Other (please answer 51k)

51b. If depository eligible securities are required to be centrally immobilized at the depository, where and with whom are the certificates safekept? (then please answer 51c)

Investors holding physical shares shall lodge their certificates in MKK. MKK cancels these certificates and abolishes them in three days as the dematerialization process is completed according to regulations.

51c. Are these certificates:

- Bearer
- Registered (please answer 51d)
- Other (please answer 51g)

51d. If registered, how are the depository eligible securities registered?

- In the name of the depository.
- In the name of the depositing participant or its nominee.
- In the name of a separate nominee of the depository. (please answer 51f)
- Other (please answer 51e)

51e. If other, please describe:

They are registered on a beneficiary owner basis.

52. If securities are dematerialized:

May dematerialized security positions be re-certificated and held outside the depository?

- Yes (please answer 52a)

- No (please answer 52a)
- Not applicable
- Other (please answer 52j)

52a. Are the securities held: (Choose all that apply.)

- Through book-entry at the depository
- Through book-entry at a registrar or issuer (please answer 52b)
- Other (please answer 52k)

52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)

- Yes (please answer 52e)
- No (please answer 52g)
- Other (please answer 52l)

52e. If yes, how are securities held at the registrar for the account of the depository? (Choose one.)

- In the name of the depository
- In the name of a separate nominee of the depository
- Other (please answer 52f)

52f. Please describe:

It is not possible to register securities in the name of the depository (or its nominee) but securities shall be registered in the name of beneficial right owners (investors). However, the CMB is the legal authority to permit opening of omnibus accounts at MKK with regard to the types of MKK participants (i.e. foreign CSD and ICSD) and capital market instruments that will be held in those accounts. Omnibus accounts that can be opened at MKK by foreign CSDs and custodians are regulated according to Article No. 12/A of the Dematerialization Communiqué. According to Article 13 of Capital Market Law the date of notification to MKK is taken as reference in claiming rights on dematerialized capital market instruments against third parties. Furthermore, according to the legislation, in registering transfer of shares at the share register of companies pursuant to the Turkish Commercial Code, the records at MKK are taken as basis without the need for further application by any party.

52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

Not applicable.

Response Necessary/Eligibility Question

53. Rule 17f-7 requires that an Eligible Securities Depository “maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants.”

Does the depository maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

- Yes
- No
- Not applicable (please answer 53a)
- Other (please answer 53a)

54. Does the law protect participant assets from claims and liabilities of the depository?

- Yes
- No
- Not applicable

Other (please answer 54a)

55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)

Yes (please answer 55a)

No

Not applicable

Other (please answer 55o)

55c. Please indicate the limits of this lien as indicated below: (Choose one.)

The lien is limited to securities in the participant's proprietary account.

The lien is limited to securities in the course of purchase and sale transactions, but does not extend to settled positions.

The lien may extend to settled client positions. (please answer 55d)

Other (please answer 55d)

55d. Please explain:

MKK does not have the authority to assess lien on participant accounts.

55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?

Yes (please answer 55f)

No (please answer 55h)

Other (please answer 55n)

55i. If other, please describe:

55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

Yes (please answer 55k)

No

Other (please answer 55m)

55i. Please explain:

55m. If other, please explain:

MKK can not place a lien on client accounts directly for the obligations arising from safe custody and administration of these accounts. Assessment of a lien can only be instigated on participant portfolio accounts following a court decision.

55n. If other, please explain:

MKK does not have the authority to assess lien on client accounts.

56. Transfer of Legal Ownership

Does the depository have legal authority to transfer title to securities?

- Yes (please answer 56a)
- No
- Not applicable
- Other (please answer 56e)

56a. When does title or entitlement to depository securities pass between participants? (Choose one.)

- At the end of the business day on which the transfer occurs. (please answer 56c)
- When corresponding money or other consideration is transferred. (please answer 56c)
- When the transaction is processed on an intra-day basis. (please answer 56c)
- Other (please answer 56b)

56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)

- On the depository books
- On the registrars books
- Other (please answer 56d)

56e. If other, please explain:

HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT

The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.

57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)

- A registered certificate in the name of the depository is delivered to the depository.
- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the depository which then effects registration.
- A registrar re-registers the security in the name of the depository.
- Other (please answer 57a)
- Not applicable

58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)

- Securities are reflected in the participant depository account immediately upon delivery to the depository.
- Securities are re-registered prior to being reflected in the participant's depository account.
- Other (please answer 58a)
- Not applicable

59. How long does it usually take to lodge securities with the depository? (Choose one.)

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks (please answer 59a)
- Not applicable

Other (please answer 59b)

59b. If other, please explain:

Immediately after the physical certificates are lodged in MKK to be abolished in three days.

60. During the process of lodging securities into the depository, can the securities: Be traded?

- Yes
- No (please answer 60c)
- Not applicable
- Other (please answer 60c)

60a. During the process of lodging securities into the depository, can the securities: Be settled?

- Yes
- No (please answer 60d)
- Not applicable
- Other (please answer 60d)

60b. During the process of lodging securities into the depository, can the securities: Have ownership transferred?

- Yes
- No (please answer 60e)
- Not applicable
- Other (please answer 60e)

60c. If they cannot be traded, or if you answered other, please explain:

Securities can only be traded when they become dematerialized.

60d. If they cannot be settled, or if you answered other, please explain:

60e. If ownership cannot be transferred, or if you answered other, please explain:

Only ownerships on dematerialized securities can be transferred.

61. Are securities immediately available for delivery upon transfer to the depository?

- Yes
- No (please answer 61a)
- Not applicable
- Other (please answer 61d)

62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income,

corporate actions and proxy services.

All dematerialized capital market instruments are held at MKK.

63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)

- Securities are re-registered into the name of the beneficial owner or a nominee.
- Securities are re-certificated and re-registered into the name of the beneficial owner or a nominee.
- Securities are re-certificated and delivered as bearer instruments.
- Securities are transferred as is any physical delivery in the market.
- Other (please answer 63a)
- Not applicable.

63a. Please specify:

Securities cannot be removed from the depository once dematerialized.

64. How long does it usually take to remove securities from the depository? (Choose one.)

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks (please answer 64a)
- Not applicable
- Other (please answer 64b)

65. While the securities are being removed from the depository, can they:

65a. Be traded? (Choose one)

- No (please answer 65b)
- Not applicable
- Yes
- Other (please answer 65b)

65c. Be settled?

- No (please answer 65d)
- Not applicable
- Yes
- Other (please answer 65d)

65e. Have ownership transferred?

- No (please answer 65f)
- Not applicable
- Yes
- Other (please answer 65f)

STANDARD OF CARE

The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.

Depository Liability

66. Does the depository accept liability (independent of any insurance coverage) for the following:

66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

- No
- Not applicable
- Yes (please answer 66b)
- Other (please answer 66d)

66b. If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66c)

66c. If other, please explain:

The Turkish Capital Market Law, Article 81 and related MKK regulations indicate that MKK, issuers, and intermediary institutions shall be liable to the extent of their faults for damages to the holders of a right due to errors in the recordkeeping. Accordingly, Turkish legal system would assess the damages and the consequent responsibilities.

66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?

- No
- Yes (please answer 66f)
- Not applicable
- Other (please answer 66h)

66f. If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66g)

66g. If other, please explain:

Please refer to 66c.

66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

- No
- Yes (please answer 66j)
- Not applicable
- Other (please answer 66l)

66j. If yes, please check all of the following that apply:

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses

The depository assumes liability for indirect or consequential losses

Other (please answer 66k)

66k. If other, please explain:

Please refer to 66c.

66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?

No

Yes (please answer 66n)

Not applicable

Other (please answer 66p)

66n. If yes, please check all of the following that apply:

Financial limits are imposed on the amount of liability assumed by the depository

The depository assumes liability for direct losses

The depository assumes liability for indirect or consequential losses

Other (please answer 66o)

66o. If other, please explain:

Please refer to 66c.

66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?

No

Not applicable

Yes (please answer 66r)

Other (please answer 66t)

66u. Does the depository guaranty settlement?

No

Yes (please answer 66v)

Not applicable

Other (please answer 66w)

66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?

No

Yes (please answer 66y)

Not applicable

Other (please answer 66-1)

66y. If yes, please check all of the following that apply:

Financial limits are imposed on the amount of liability assumed by the depository

The depository assumes liability for direct losses

The depository assumes liability for indirect or consequential losses

Other (please answer 66z)

66z. If other, please explain:

Liabilities are to be determined in line with Turkish Laws by Turkish Courts.

66-2. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?

- No
- Yes (please answer 66*)
- Not applicable
- Other (please answer 66!)

66!. If other, please explain:

67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?

67a. Indemnification

- Yes (please answer 67b)
- No
- Other (please answer 67b)
- Not applicable

67b. Please explain (then please answer 67c):

The Turkish Capital Market Law, Article 81 and related MKK regulations indicate that MKK, issuers, and intermediary institutions shall be liable to the extent of their faults for damages to the holders of a right due to errors in the recordkeeping. Accordingly, Turkish legal system would assess the damages and the consequent responsibilities. Furthermore, the insurance scheme arrangements will provide the basis.

67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

The Turkish Capital Market Law, Article 81 and related MKK regulations indicate that MKK, issuers, and intermediary institutions shall be liable to the extent of their faults for damages to the holders of a right due to errors in the recordkeeping. Accordingly, Turkish legal system would assess the damages and the consequent responsibilities.

67d. Insurance

- Yes (please answer 67e)
- No
- Other (please answer 67e)
- Not applicable

67e. Please explain (then please answer 67f):

A Professional Indemnity Policy that provides coverage against errors or omissions of MKK employees and/or failures of MKK systems. The maximum yearly coverage under this policy is capped at USD 5 million, with a deductible of USD 200,000 per claim.

67f. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

The above information is found in the Professional indemnity and Directors & Officers Liability insurance policy agreements maintained by MKK, Takasbank and Borsa Istanbul. The contract period expiration date is 3 Nov 2019.

The contract includes two sections. Section A covers Professional Indemnity insurance and Section B covers Directors & Officers Liability insurance.

67g. Acknowledgement of liability for losses caused by depository's own actions.

- Yes (please answer 67h)
- No
- Other (please answer 67h)
- Not applicable

67h. Please explain (then please answer 67i):

The Turkish Capital Market Law, Article 13, 80, 81, 87 and related MKK regulations indicate that MKK, issuers, and intermediary institutions shall be liable to the extent of their faults for damages to the holders of rights due to errors in record keeping. Accordingly, the Turkish legal system would assess the damages and the consequent responsibilities.

67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

The Turkish Capital Market Law Article 81-5 specifically determined that acknowledgement of liability for losses caused by depository's own actions.

67j. Other

- Yes (please answer 67k)
- No

68. Is the depository immune from legal action in its own jurisdiction?

- Yes
- No
- Other (please answer 68a)

Security Control

69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)

- By direct electronic link
- By receipt of physical account holding statements
- Other (please answer 69a)
- Not applicable

Entity Name

Turkey Merkezi Kayit Kurulusu A.S. (MKK)

70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

- Yes (please answer 70a)
- No
- Other (please answer 70d)
- Not applicable

70a. How is access given to participants? (Choose all that apply.)

- By direct electronic link (please answer 70b)
- Other (please answer 70c)

70b. Please select type of electronic link:

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax

71. Regarding data security:

71a. Are passwords used by participants to access their accounts?

- Yes
- No
- Not applicable
- Other (please answer 71b)

71b. If other, please explain:

Participants as well as the MKK staff use smart cards which are based on PKI (Public Key Infrastructure) and their PINs to conduct all transactions in the MKK system. The application user id and password must also be entered to log on. Every transaction is signed by electronic signatures. Server certificates are also used for those transactions which require system integration with other institutions like Takasbank.

71c. Does each user have a unique user ID?

- Yes
- No
- Not applicable
- Other (please answer 71d)

71e. Are passwords regularly changed?

- Yes (please answer 71f)
- No
- Not applicable
- Other (please answer 71g)

71f. How often?

At least every 90 days.

71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?

- Yes (please answer 71i)
- No
- Not applicable
- Other (please answer 71j)

71i. How many? 3 times.

72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

- Yes (please answer 72a)
- No (please proceed to 74)
- Not applicable (please proceed to 74)
- Other (please answer 72a)

72a. Please explain:

MKK has secured linkages with the Central Bank of Turkey and Takasbank for the settlement of client government debt securities transactions, and cash clearing and settlement.

73. How does the depository communicate with other market entities?

73a. Stock Exchanges (Choose all that apply.)

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper/other
- Not applicable

73b. Payment Systems (Choose all that apply.)

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper/other
- Not applicable

73c. Clearing Houses (Choose all that apply.)

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper/other
- Not applicable

73d. Registrars (Choose all that apply.)

- Dial-up modem

Secured, leased, dedicated telephone line

Internet

Fax

Paper/other

Not applicable

74. How is access to the physical building controlled? (Choose all that apply.)

By guards

By electronic keys/personal ID card

By alarm system

Other (please answer 74a)

75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)

Not applicable no vault is maintained

Electronic keys/combinations

Dual access control

Visitor logs

Vault counts (please answer 75a)

Intrusion alarms

Fire alarms

Guards

Other (please answer 75b)

Participant Default Protections Resulting from a Participant Failure

76. If a participant defaults, how is the loss covered? (Choose all that apply?)

Depository insurance covers the loss (please answer 76a)

The depository guaranty fund covers the loss

Loss is shared among participants (please answer 76b)

Other (please answer 76d)

Not applicable

76d. Please explain:

Takasbank has established pre-funded guarantee funds for each market to which the CCP service is provided (Borsa Istanbul Equities Market, Debt Market, Futures and Options Market, Swap Market, Takasbank Securities Lending Market and Borsa Istanbul Money Market) in order to cover losses that exceed the losses covered by margin requirements of defaulting members. These guarantee funds are made up of clearing member contributions which is proportional to each clearing member's exposure and each guarantee fund must be in enough size to protect non defaulting members and Takasbank against defaults that may arise under extraordinary market conditions. The size(s) of the guarantee fund(s) is determined by taking into consideration the market conditions, and the funds shall at least enable Takasbank to withstand, under extreme but plausible market conditions, the default of the clearing member to which it has the largest exposures or of the second and third largest clearing members, if the sum of their exposures is larger.

Another important aspect of default management process is the segregation of position, collateral and exposure of client and house accounts in line with international standards and guidelines and related market procedures. Principles regarding segregation and portability of the positions and collateral in the markets to which Takasbank provides CCP service are stipulated in detail in the Takasbank CCP Regulation. Market-specific arrangements for the segregation and portability of the positions and collateral are also included in the relevant Market Directives and Procedures.

Position and collateral segregation in the markets in which the central counterparty service is provided are addressed in two levels.

(i) The positions and collateral of the members' customers are monitored separately at Takasbank from the positions and collateral of the member's own portfolio.

(ii) The positions and collateral of the individual customers can be monitored, upon their request, in the individual customer accounts associated with the member, separately from the positions and collateral of other customers; and whether or not to offer an individual account alternative to the customers in the spot (cash) markets is at Takasbank's discretion.

However, offering an individual position and collateral account alternative to the customers is compulsory in the derivative markets.

Takasbank invests the amount of the Turkish Lira denominated cash guarantee fund contributions, which remains upon deduction of the part to be kept as statutory reserves based on reserved requirements of Central Bank of Turkey, under best effort basis, where large-scale public banks are preferred. The members are paid interest, if any, in case that there is investment of Turkish Lira denominated cash guarantee fund contributions.

Default begins; Borsa Istanbul Equity Market: After 16:45 p.m. at T+2 both for cash and securities settlement obligations for stocks.

Borsa Istanbul Debt Securities Market: After 16:45 p.m. at T+0 both for cash and securities settlement obligations for Debt Securities.

In the equity market, after the beginning of the default, Takasbank executes buy-in, sell-out process for blocked settlement receivables of the defaulted market participant. If the receivables value under pledge is not sufficient to discharge the obligations as a whole, the member's collateral with Takasbank is used to fulfill the rest of the obligation. Default payments are executed by Takasbank.

In the debt securities market, after the beginning of the default, Takasbank informs Borsa Istanbul on the settlement transactions, in which the defaulting counterparty could not fulfill its obligations on the settlement date. Borsa Istanbul pursues buy-in, sell-out process for relevant securities on behalf of the defaulted market participant. If the receivables value under pledge is not sufficient to discharge the obligations as a whole then, the market participant's trading collateral within the Borsa Istanbul will be liquidated.

77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

- Yes (please answer 77a)
- No
- Not applicable
- Other (please answer 77a)

78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?

- Yes (please answer 78a)
- No (please proceed to 79)
- Not applicable (please proceed to 79)
- Other (please answer 78l)

78d. How is the fund financed? (Choose one.)

- Contributions from owner (please answer 78e)
- Contributions from participants (please answer 78f)
- Funding from retained earnings
- Other (please answer 78g)

78h. Who is covered by the fund? (Choose all that apply.)

- Direct depository participants only
- The beneficial owner also
- Other (please answer 78i)

78j. When is the guaranty fund used? (Choose all that apply.)

- When a broker defaults
- When a direct participant defaults
- Other (please answer 78k)

79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)

- Participant eligibility requirements
- Participant volumes
- Participant financial strength
- Other loss or default protections the depository maintains (please answer 79a)
- Collateral requirements for participants (please answer 79b)
- Debit caps for participants (please answer 79c)
- Settlement controls that minimize or eliminate the risk of default by a participant (please answer 79d)
- Blocking of securities movement before receipt of payment
- Blocking payment until securities are moved
- Other forms of risk management used for assessing and monitoring participant exposures (please answer 79i)
- Not applicable

79e. Please explain:

79f. Please explain:

79g. Please explain:

79h. Please identify and explain:

80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- Other (please answer 80a)
- No
- Not applicable

BUSINESS RECOVERY PLAN

This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.

81. Do you have a formal business recovery plan?

- Yes (please answer 81a)
- No
- Other (please 81g)

81a. Does your Business Recovery Plan include: (Choose all that apply.)

- Back-up of all computer files
- Off-site data storage
- Back-up files stored and locked
- Off-site operations facility
- Other (please answer 81h)

81b. Please identify both the frequency and the last date of testing for the following third party:

Depository participants/members

Once a year (including Takasbank). The last test was realized on 12 October 2019.

81c. Please identify both the frequency and the last date of testing for the following third party:

Stock exchange

81d. Please identify both the frequency and the last date of testing for the following third party:

Central bank

81e. Please identify both the frequency and the last date of testing for the following third party:

Local brokers

Once a year. The last test date was on 12 October 2019.

81f. Please identify both the frequency and the last date of testing for the following third party:

Any other third party

82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable
- Other (please answer 82a)

83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable
- Other (please answer 83a)

83a. If other, please explain:

The system immediately switches to one of the stand-by states.

84. Will the depository publicly announce any system interruption?

- Yes (please answer 84a)
- No (please proceed to 85)
- Not applicable
- Other (please answer 84g)

84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)

- To the depository regulators
- To all direct participants
- To direct and indirect participants
- To the public via the internet (please answer 84b)
- In the press (please answer 84c)
- Other (please answer 84d)

84b. If so, please list webpage address:

<http://www.mkk.com.tr/>

84e. How will the depository disclose any system interruptions? (Choose all that apply.)

- By e-mail
- By telephone
- Public announcement
- Press release
- Other (please answer 84f)

85. In the past three years, has it been necessary to activate the recovery plan in a live situation?

- Yes (please answer 85a)
- No
- Not applicable
- Other (please answer 85e)

PERFORMANCE, INSURANCE, AND LOSS

This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.

86. Has there been any material loss by the depository during the past three years?

- Yes (please answer 86a)
- No
- Other (please answer 86b)
- Not applicable

87. Has the depository been subject to any litigation involving a participant during the past three years?

- Yes (please answer 87a)
- No
- Other (please answer 87b)
- Not applicable

88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)

- Yes for all three years
- Yes for two of the last three years
- Yes for one of the last three years
- None of the last three years
- Not applicable
- Other (please answer 88a)

89. Does the depository maintain a reserve for operating losses?

- Yes (please answer 89a)
- No
- Not applicable
- Other (please answer 89b)

89a. Please describe and indicate reserve amount:

MKK maintains reserves for operating losses as: i) Legal reserves which are obligatory to be spared from distributable earnings according to the Turkish Commercial Code. The amount of these reserves is set as five percent of the net income while the total reserve is not to exceed twenty percent of the paid capital. ii) MKK Articles of Association, Article 23, requires that twenty percent of the residual net income (net income minus legal reserves) is kept as the unforeseen liabilities reserve.

90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

- Yes (please answer 90a)
- No
- Not applicable
- Other (please answer 90f)

90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?

- Yes (please answer 90c)
- No (please answer 90d)
- Other (please answer 90e)

91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?

- Yes (please answer 91a)
- No
- Not applicable
- Other (please answer 91c)

91b. What is the amount of the deductible?

92. Does the depository have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

- Yes (please answer 92a)
- No

Not applicable

Other (please answer 92c)

92a. What is the amount of the coverage?

Borsa Istanbul, Takasbank and MKK have a common insurance policy (comprehensive crime insurance policy) that provides the coverage for crimes. It has an annual benefit limit of USD 5,000,000 with a deductible of USD 200,000 per claim.

92b. What is the amount of the deductible?

USD 200,000 per claim.

93. Does the depository have insurance for Operational Errors?

Yes (please answer 93a)

No

Not applicable

Other (please answer 93c)

93a. What is the amount of the coverage?

Annually USD 5,000,000 provided through the Professional Indemnity Policy.

93b. What is the amount of the deductible?

USD 200,000 per claim.

94. Does the depository have Errors and Omissions insurance?

Yes (please answer 94a)

No

Not applicable

Other (please answer 94c)

94a. What is the amount of the coverage?

Annually USD 5,000,000 provided through the Professional Indemnity Policy.

94b. What is the amount of the deductible?

USD 200,000 per claim.

95. Does the depository have insurance for the Premises?

Yes (please answer 95a)

No

Not applicable

Other (please answer 95c)

95a. What is the amount of the coverage?

1. MKK operates in a rented office. And there is a property damage and electronic equipment insurance policy providing coverage for MKK's tangible assets, such as electronic equipments and other properties. The maximum yearly coverage is up to TRY 18,274,159.

2. MKK also has employer liability insurance. The total coverage of our insurance \$5,000,000 There is no deductible amount for this insurance.

95b. What is the amount of the deductible?

The maximum deductible amount for these policies is up to 20% of electronic equipment damage and 20% of other intangible asset damage.

96. Does the depository have any other insurance?

Yes (please answer 96a)

No

Not applicable

Other (please answer 96d)

96a. If so, what is it for?

Directors and Officers Liability Insurance provides financial protection for the directors and officers of MKK in the event they are sued in conjunction with the performance of their duties as they relate to MKK.

96b. What is the amount of the coverage?

For directors and officers liability insurance, the yearly limit of liability is USD 50,000,000 for the 3 companies; MKK, Takasbank, Borsa İstanbul, against any one claim and in aggregate.

96c. What is the amount of the deductible?

There is no deductible amount for MKK's officers and directors.

97. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.

Gunes Sigorta is the carrier for the MKK's Professional Indemnity Policy. Generali Sigorta is the carrier for the Borsa Istanbul, Takasbank and MKK's common comprehensive crime insurance policy. Ak Sigorta is the carrier for the property damage and electronic equipment insurance policy.

97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

Not applicable.

97b. What is the term of the policy?

3 November 2019

97c. Who does the insurance cover? (Choose all that apply.)

- Depository
- Direct depository participants
- Final investors
- Other (please answer 97d)
- Not applicable

97d. If other, please identify:

Borsa Istanbul and Takasbank. Generali Sigorta is the carrier for Borsa Istanbul, Takasbank, and MKK common insurance policy. This policies cover comprehensive crime issues.

98. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:

98a. Upload document here:

PUBLIC AVAILABILITY

99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)

- Yes (please answer 99a)
- No

99a. If yes, how will you be making it publicly available: (Choose all that apply.)

- Web site (please answer 99b)
- By individual request with depository (please answer 99c)
- Other (please answer 99i)

99b. Please provide web site address of publicly available questionnaire:

<https://www.mkk.com.tr/en/content/About-Us/International-Relations>

99c. Please provide name of contact at depository who has been designated to receive such requests (then please answer 99d).

Mr. Bora Karaagacli

- 99d. How would they prefer to be contacted? (Choose all that apply.)**
- Telephone (please answer 99e)
 - Facsimile (please answer 99f)
 - By mail/air courier (please answer 99g)
 - By e-mail (please answer 99h)

99e. Please provide telephone number: +90 212 334 57 00-5714 (extension line)

99f. Please provide facsimile number:

+90 212 334 57 57

99g. What is the preferred street address for mailing requests?

Merkezi Kayit Kurulusu (MKK) A.S. Resitpasa Mah. Borsa Cad. No: 4 Sariyer 34467, Istanbul/TURKEY

99h. What is the preferred e-mail address for such requests:

international.relations@mkk.com.tr

100. Association members from time to time receive requests from their direct investor-clients for an informational copy of a depository's completed questionnaire. Such requests typically lead to interactions between personnel at the depository in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories.

Do you approve of Association members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

Yes

No

Please provide any comments you have regarding the questionnaire.

You have reached the end of the questionnaire. Please be sure your contact details are updated. Your contact information is located in the first section of Part One of the questionnaire.