CENTRAL SECURITIES DEPOSITORY OF TURKEY
AGENDA

» MKK in Brief
» Key Functions
» CDS Software
» Dematerialized System Services
» Investor Services
» MKK in Figures
» MKK Vision 2023
» e-MKK Information Portal & Projects
CENTRAL SECURITIES DEPOSITORY

Central Securities Depository is a financial institution that offers securities custody and securities transfer services for markets.
**MISSION, VISION AND STRATEGIC GOALS**

**MISSION**

As an significant actor of the Turkish Capital Markets, MKK’s main mission is to provide central depository, trade repository and public disclosure services in a trustworthy, transparent and efficient environment and to present its data and technology products to global financial markets.

**VISION**

With respect to the Istanbul International Finance Center vision, MKK aims to become a global central securities depository and financial technology company by providing services to capital markets at global scale and standards.

**Organizational Efficiency** → **Technological and Operational Efficiency** → **Developing Central Depository, Trade Repository and Public Disclosure Services**

**Developing Data and Technology Products and Services** → **Strong and Sustainable Financial Structure**
ANALYSIS – Organisational Developments, Milestones and Future Plans

- 1999 – 2002 Regulatory Framework and Establishment of MKK
- 2002 – 2005 MKK Operations and Dematerialisation Process
- 2005 – 2011 MKK 1.0: Core Services and Developments
  - Central Dematerialised System
- 2011 – 2015 MKK 2.0: Value Added Services
  - Cooperation with the Ministry of Trade
- 2015 – 2019 MKK 3.0: Domestic and International Technology Export
  - e-LRS (Electronic Leasing Registry System)
  - Technology export to AfriClear Global and KSEI Indonesia
- 2019 – … MKK 4.0: Data and Technology Products in the Age of Digital Transformation
  - Blockchain and DLT practices
  - Big Data Mining and Data Analysis
  - Mobile Applications
<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep 2018</td>
<td>With the authority given by the Ministry of Trade, <strong>Electronic Meeting Center</strong> for the companies (e-BDS)</td>
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<tr>
<td>Jun 2015</td>
<td>With the authority given by the CBOT, <strong>Securities Settlement System</strong> operator for all Dematerialized Capital Market Instruments</td>
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<td>Apr 2015</td>
<td>With the authority given by the CMB, <strong>Trade Repository</strong> for derivatives transactions</td>
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<td>Mar 2014</td>
<td>With the authority given by the CMB, <strong>Public Disclosure Platform</strong> for all Borsa Istanbul listed companies (PDP)</td>
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<tr>
<td>Nov 2013</td>
<td>With the authority given by the Ministry of Industry and Technology, <strong>R&amp;D Center</strong> for its Software Development Technologies</td>
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<td>Oct 2013</td>
<td>With the authority given by the Ministry of Trade, <strong>Digital Company Center for Companies</strong> (e-COMPANY)</td>
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<td>Dec 2012</td>
<td>With the authority given by the Ministry of Trade, <strong>Electronic Registry Center</strong> for all dematerialized agriculture products (e-WAREHOUSE)</td>
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<tr>
<td>Aug 2012</td>
<td>With the authority given by the Ministry of Trade, <strong>Electronic General Meeting Center</strong> (e-GEM) for all Borsa Istanbul listed companies</td>
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<tr>
<td>Oct 2011</td>
<td>With the authority given by the CMB, <strong>Financial Accounts Center of Turkey</strong></td>
</tr>
<tr>
<td>Nov 2005</td>
<td>With the authority given by the CMB, <strong>Central Securities Depository &amp; Registrar</strong> of Dematerialized Capital Market Instruments</td>
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CENTRAL REGISTRY AGENCY

» Central Securities Depository of the Turkish Capital Markets
» Capital Market Law Articles 13, 80 and 81
» Private Law Legal Person

» Holds capital market instruments and rights in an electronic environment on an investor basis with respect to participant institutions.
LEGAL BASIS

» Articles 13, 80 and 81 of the Capital Market Law
» The Regulation Concerning Incorporation, Operation and Supervision of the Central Registry Agency
» Communiqué on Principles Regarding Book-entry Recording of Dematerialised Capital Market Instruments
KEY FUNCTIONS

» Central Depository Institution: Holds capital market instruments and rights in an electronic environment on an investor basis with respect to participants.
SHAREHOLDER & BOARD STRUCTURE

SHAREHOLDERS

% 64.9

TAKAS ISTANBUL

% 30.1

BORSA ISTANBUL

% 5

TCMA

TURKISH CAPITAL MARKETS ASSOCIATION

BOARD STRUCTURE

1 MEMBER

1 MEMBER

3 MEMBER

BORSA ISTANBUL

2 MEMBER

TAKAS ISTANBUL

1 MEMBER

TCMA

TURKISH CAPITAL MARKETS ASSOCIATION

1 MEMBER

1 MEMBER

1 MEMBER

MERKEZİ KAYIT ISTANBUL
## AFFILIATIONS

<table>
<thead>
<tr>
<th>AFFILIATIONS</th>
<th>SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sarajevo Stock Exchange</td>
<td>% 5</td>
</tr>
<tr>
<td>Capital Markets Licensing and Training Agency of Turkey</td>
<td>% 10</td>
</tr>
<tr>
<td>TURİB</td>
<td>% 5</td>
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DEMATERIALIZED SYSTEM SOFTWARE

» In-house developed product, e-signature usage
» Web Based – Java Application – Remote Access
» Secure messaging infrastructure MOM (Message-Oriented-Middleware)
» ISO 27001 Information Security Certification
» e-GEM qualified as the winner under “Best Use of Online Services” category in FSTech Awards 2013
» ISO 22301 Business Continuity Management Certification
» Award of merit at the 7th Technology Conference by
  » TUBITAK (Scientific and Technological Research Council of Turkey)
  » TTGV (Technology Development Foundation of Turkey)
  » TUSIAD (Turkish Industrialists’ and Businessmen’s Association)
» TUBITAK R&D support
DEMATERNALIZED SYSTEM SERVICES

Companies which issue Stocks, Private Sector Debt Instruments (Bonds & Bills), Mutual Funds, Exchange Traded Funds, Bank Bills, Structured Products, Asset Covered Securities, Asset Backed Securities, Sukuk

ISSUER COMPANY

638

TÜBİTAK

FS tech 2013 WINNER

MKK
Central Dematerialized System

MKS

ISO 27001 ve Bilgi Güvenliği Yönetim Sistemi

CENTRAL SEcurities DEPOSITORY

ACCOUNT OPENING

FOP AND DVP TRANSACTIONS

ON AND OFF EXCHANGE SETTLEMENT OPERATIONS

CORPORATE ACTIONS ISSUER OPERATIONS

INVESTOR SERVICES

LEGAL OPERATIONS

ELECTRONIC FUND PLATFORM

SECURITIES BORROWING AND LENDING PLATFORM

REPORTING

OTHER OPERATIONS

BANK & INTERMEDIARY INSTITUTION

117

UKAS MANAGEMENT SYSTEM

0063

CERTIFICATION INTERNATIONAL

SOCOTEC
ELECTRONIC ACCOUNT OPENING

APPLICATION FOR ACCOUNT OPENING

Legal Entity
- Tax ID No
- INVESTORS

Real Person
- T.R. ID No
- INTERMEDIARY INSTITUTION/BANK

ISSUER COMPANY

INTEGRATION

MINISTRY OF FINANCE
- Tax ID No

MKK Central Dematerialized System
- T.R. ID No

INTERMEDIARY INSTITUTION/BANK
- MINISTRY OF INTERNAL AFFAIRS
- e-Government Integration

MKK MEMBER AND ACCOUNT STRUCTURE

ISSUER COMPANY
- INVESTOR ACCOUNTS

INTERMEDIARY INSTITUTION/BANK
- INVESTOR ACCOUNTS

444 0 655
- Registry No & Password

INVESTORS

ACCOUNTS

Investors
MKK: FINANCIAL ACCOUNTS CENTER

» All accounts opened in Turkish Financial Markets
» ID and contact information of every Investor in Turkey (phone numbers, e-mail and mail addresses of investors)
FINANCIAL ACCOUNTS CENTER

» All accounts opened in the financial system
» ID and contact information (phone numbers, e-mail and mail addresses of investors)
» System integration with Ministry of Internal Affairs and Ministry of Finance
» MKK Registry Number with T.R. ID No and TAX ID No
» MKK Registry Number & Password to investors by mail
» Integration with e-GOVERNMENT for investors to create electronic MKK Registry Number & Password
e - GOVERNMENT INTEGRATION

Application for e-GOVERNMENT Password

- MKK Registry No. & Password
- TR ID No and MKK Password
- E-mail Address
- e-Government Password
- Mobile Signature
- Electronic Signature

Information Portal (www.mkk.com.tr)

- e-CAS: Investor Notification
- e-GOVERNANCE: Corporate Governance & Investor Relations
- e-GEM: Electronic General Assembly Meetings
- e-DATA: Capital Markets Data Bank

IVR System/ Call Center
er@gon: Electronic Report Posting System

M KK Investor Services are among the many services provided by e-Government application

Reporting
- Portfolio Status
- Account Movements
- Securities Reports
- Company Information and Documents
- Company Announcements
- Information on Corporate Actions
- GM Docs and Information
- Statistics
- Surveys
- Investor Blockage
- Electronic Voting
- Electronic Proxy

MKK Electronic Registry No & Password

MKK (444 0 655)
Electronic Reports (e-posta)
Electronic Notification (SMS & e-mail)
INVESTOR SERVICES

- MKK Registry No. & Password
- TR ID No and MKK Password
- E-mail Address

**e-Government**
- e-Government Password
- Mobile Signature
- Electronic Signature

**Information Portal**
(www.mkk.com.tr)

**MERKEZİ KAYİT İSTANBUL**
- Alo MKK (444 0 655)
- Electronic Reports (e-posta)
- Electronic Notification (SMS & e-mail)

**e-CAS: Investor Notification**

**e-GOVERNANCE**
- Corporate Governance & Investor Relations

**e-GEM**
- Electronic General Assembly Meetings

**e-DATA: Capital Markets Data Bank**

**IVR System/Call Center**

**er@gon: Electronic Report Posting System**

**Reporting**
- Portfolio Status
- Account Movements
- Securities Reports
- Company Information and Documents
- Company Announcements
- Information on Corporate Actions
- GM Docs and Information
- Statistics
- Surveys
- Investor Blockage
- Electronic Voting
- Electronic Proxy

**Information**
- Portfolio Status
- Account Movements
- Reports
- Investor Blockages
- Periodic Notification
- Portfolio Status
- Account Movements
- Instant Notifications
- Account Movements
- Information on Corporate Actions
- Portfolio Status
## FIGURES (AUGUST 2019)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of Securities under Safekeeping</td>
<td>217 BILLION US $</td>
</tr>
<tr>
<td>Number of Investors</td>
<td>26.49 MILLION</td>
</tr>
<tr>
<td>Number of Investors with a Balance</td>
<td>3.95 MILLION</td>
</tr>
<tr>
<td>Number of Accounts</td>
<td>46.84 MILLION</td>
</tr>
<tr>
<td>Number of Accounts with a Balance</td>
<td>4.63 MILLION</td>
</tr>
</tbody>
</table>
CUSTODY – SECURITIES (AUGUST 2019)

Foreign Ownership: 63.64%

- STOCKS
  - 1,187,943 INVESTORS
  - 145.35 BILLION US $

- GOVERNMENT DEBT SECURITIES
  - 66,582 INVESTORS
  - 37.21 BILLION US $

- MUTUAL FUNDS
  - 2,951,886 INVESTORS
  - 15.44 BILLION US $

- CORPORATE BONDS
  - 73,033 INVESTORS
  - 15.25 BILLION US $

- EXCHANGE TRADED FUNDS
  - 3,095 INVESTORS
  - 45.41 MILLION US $

- STRUCTURED PRODUCTS
  - 6,072 INVESTORS
  - 9 MILLION US $

- ASSET BACKED SECURITIES & SUKUK
  - 11,262 INVESTORS
  - 3.75 BILLION US $

Free Float: 58.19 bil. US $
Non Free Float: 87.16 bil. US $
ISTANBUL FINANCIAL CENTER PROJECT & MKK

» Action No: 49 - "Electronic General Assembly"
   (Responsible Institution)

» Action No: 48 - "Electronic Fund Trading Platform"
   (Joint Responsibility with Takasbank)

» Cooperating institution for 22 Actions.
MKK VISION 2023

» Minimized Core Business Revenues (Maximizing Industry Benefits)

» Maximized Ancillary Service & Value Added Service Revenues (50%)
  » Data/Information Vendoring
  » Financial Information Services
  » Investor Services
  » Commodity & Capital Market Integration

» Innovative IT Services & Software Development

» New Value Added Services to utilize information capacity

» Integration, Cooperation and Partnerships with Europe, Middle East, North Africa and Turkic Republics counterparties to complete the post-trading chain from West to East
MKK 2.0: VALUE ADDED PRODUCTS

- e-GOVERNANCE: Corporate Governance & Investor Relations Portal (TUBITAK R&D Support) (September 2011)
- e-GEM (Electronic General Meeting) (TUBITAK R&D Support) (October 2012)
- e-CAS: Investor Notification and Alert System (October 2011)
- e-DATA: Capital Markets Data Bank (November 2012)
- e-COMMODITY: Electronic Warehouse Receipt Center (November 2012)
- e-COMPANY: Companies Information Portal (2013)
Mobile Corporate Governance Project which is a platform to enhance corporate governance and investor relations and develop transparency and information access for market participants.

- Communication bridge between companies and shareholders.
- Continuous information exchange between shareholders and companies through internet, e-mail and mobile applications.
- Enables companies to reach their shareholders directly.
- Enables shareholders to access information on companies easily and completely.

*Investor Information Center*

*TUBITAK R&D support*
**e-GEM**

Electronic General Meeting

- One of the pioneering applications in scope
- Shareholder participation to General Assembly meetings by remote access and mobile applications through e-MKK Information Portal
- Action Plan numbered 49 for Istanbul Financial Center
- All ISE Listed Companies
  (The First National Market & Corporate Products Market)
- All General Meeting Transactions in Electronic Medium
- Live General Meeting Broadcast at e-MKK Information Portal
- All operations on a single point
  - Review and Participation Statement
  - Proxy Assignment
  - Electronic Voting Services
- TÜBİTAK R&D Support
e-GEM
Electronic General Meeting

- Perfect Harmonisation of International Regulations & EU Directives
- Abolition of all Obstacles relating Cross-Border Voting
  - Broadcast in English Option
  - Up to date Beneficial Ownership Information
  - No Submission of Power of Attorney
  - General Meeting Participation without Blockage
  - Unlimited Access of Information and Documents at e-MKK Information Portal
  - Partial & Split Voting
  - Instant Informing (e-MKK Information Portal/SMS/e-mail/SWIFT)
- Participation in Person or by Proxy Holder
- All Representative Types (Corporate, Independent, Company, Custodian etc.)
- Proxy by Electronic Means
- Vote Instructions by Electronic Means
- Recording votes in Advance
e-GEM
Electronic General Meeting

» Offering of suggestions and Expressing Opinions Concurrently
» Informing all stakeholders instantly on transactions
» Voting Concurrently
» Intelligent Reports
» Usage of Digital Signature
» Integration with e-GOVERNMENT
» Instantly See Vote Results
» Electronic Archive
» Training by e-Learning Method
» Registration Concurrently with MERSİS Integration
e-CAS
Investor Notification and Alert System

» Notification of Investors via SMS & e-mail instantly
» Activates whenever a transaction on their accounts is made
» Real time notification of investors on possible errors and fraudulent attempts that take place on their accounts.
» Decreases possible individual or systemic risks
  » Notification Phase: Notification is made after the transaction is completed.
  » Blocking Phase: Transaction is not completed unless the investor subscribes to e-CAS Service.
  » Approval Phase: Transaction is executed only if investor approves electronically.
» Adapting the dematerialized system to agricultural industry of Turkey and Turkic Republics

» Integration of agricultural sector with capital markets

» Conversion of agricultural products stored in licensed warehouses to electronic warehouse receipts

» Safekeeping of electronic warehouse receipts in MKK’s electronic book-keeping system

» Trading of products at the Commodity Exchange

» Farmers Notification System
Central data bank of the capital markets
Co-operation with Ozyegin University & Markit Partners
Distribution of all data produced in the Turkish capital markets by econometric models in a secure, consistent and reliable manner
Statistics on capital markets in international standards
Academic articles and research reports
Electronic securities database
Contributing to academic research and decision-making processes of policy makers
Providing reliable & consistent data to ratings institutions
Investor Confidence Index, Investor Risk Appetite Index, Attachment Index and Financial Indicators
Article No. 1524 of the new Turkish Commercial Law:

- Joint stock companies are required to open web sites and
- Disclose information and documents stated by the law on their web sites

On the MKK e-COMPANY Portal:

- Integration with the company web sites
- Gathering of company information and documents
- Providing data and information on all companies from a single source
- Disclosure of corporate & financial information and documents in XBRL
- Ensuring necessary security levels
- Enabling effective access from a single source and stability
- Data transfer to the Central Corporation Registry Number System (MERSIS) infrastructure
THANK YOU