

The Association of Global Custodians - Questionnaire 2023 - 2024

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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- * Please deselect/uncheck any responses in the sub-questions where those responses are no longer applicable.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- * Any responses that appear in open text boxes should be deleted if the information is no longer applicable.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*Mint 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 Türkiye and Central Bank of Türkiye. The CMB is the regulatory authority empowered to administer and enforce laws related to capital markets in Türkiye . The Central Bank of Türkiye 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

7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.

<https://www.mkk.com.tr/en/about-us/legislation>

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?**

The Board of Directors consists of 9 members, which represent market infrastructure and government authorities. 8 of the 9 board members are non-executive directors. 5 members are elected by the MKK general assembly from the candidates nominated by the group A shareholders i.e. from Borsa Istanbul (BIST) and Takasbank, one member who is also the chairman of the board is appointed by the Capital Market Board, one member is elected by the general assembly from the candidates nominated by group B shareholder, Turkish Capital Markets Association. One of the remaining members is appointed by the Ministry of Trade and lastly, the CEO of MKK is the native member of the board. The chairman of the board of directors is the member representing the Capital Markets Board. In the selection of the candidates nominated by the A group within the group, three members are selected from among the candidates nominated by group A share exchanges and two members by group A shareholder clearing houses.

This can be summarised as following:.

- 1 (Chairman – Representing the CMB)
- 1 Turkish Capital Markets Association (Deputy Chairman)
- 1 MKK (CEO)
- 3 Borsa Istanbul
- 2 Takasbank
- 1 Ministry of Trade

Members of the Board of Directors must be graduates of four-year departments of higher education institutions, preferably with undergraduate or graduate education in the fields of business administration, economics, finance, public administration, international relations, law, engineering, capital markets or banking. At least one-third of the members of the Board of Directors must have ten years of professional experience in the field of economics, finance or capital markets.

7e. What are the election procedures?

The term of office of board members is 3 years. It is possible to be re-elected or appointed. If this title of the General Manager ends for any reason, his membership in the board of directors ends. When the Electronic Registry Agency activity ends for any reason, the membership of the person appointed by the Ministry of Commerce automatically terminates and a member is elected from among the candidates nominated by Group A shareholders.

If the membership of the board of directors becomes vacant before its term for any reason, the board of directors temporarily selects the member to be proposed by the share group that has nominated the vacant membership and submits it to the approval of the first general assembly to convene. The member elected in this way serves until the general assembly meeting where it is submitted for approval and, if approved, completes the term of his predecessor. If the general directorate is vacant, the board of directors elects the person appointed to the general directorate for membership temporarily and submits it to the approval of the first general assembly to be convened.

The management and representation of the company belong to the board of directors. The Board of Directors is authorized to make decisions on all kinds of business and transactions necessary for the realization of the company's business, except those left to the authority of the general assembly in by the relevant legislation and articles of association. The Board of Directors convenes as the business of the company necessitates, but not less than once a month. Meetings can be held at the Company's headquarters or in another place that the chairman of the board of directors deems appropriate.

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 Türkiye and the Central Bank of Türkiye 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 Türkiye.

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 Türkiye

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:

MERKEZİ KAYIT KURULU - 31.12.2022 ENG (SIGNED).pdf

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/en/about-us/mkk-corporate/annual-reports
*MKK's 2022 Annual Report is not published yet, thus 2022 Independent Financial Report of MKK uploaded into link.

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), ITSM (Information Technology Service Management) 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: 01/01/2023

Please list the period that the audit covered: 01/01/2022 to 31/12/2022

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 corrective actions were planned and assigned to the responsible personnel. Incident records documented. Continuous improvement 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.

For the year 2022, a financial audit was performed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi which is a member firm of Ernst&Young Global Limited. The Capital Markets Board of Türkiye and the Central Bank of the Republic of Türkiye 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:

19/01/2023

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

01/01/2022 to 31/12/2022

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 Türkiye (CBRT).
The Capital Market Board of Türkiye (CMB).
E&Y Türkiye (Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi).

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

01/01/2023

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

01/01/2022 to 31/12/2022

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)

16e. If less than annually, please explain:

Operational audits are carried out by the CMB & CBRT on an ad hoc basis. The last audit was performed on 24.06.2019 by the CBRT. Also, follow up audits (between 2019 and 2021) and surveillance were performed within the framework of the CBRT regulation. The next audit is expected to be performed in 2023 by the CBRT. An Information Technologies audit was performed by E&Y in 2022. Moreover, the CMB's IT audit is started as of September, the process is not finalized yet. It covers all Information Technologies processes which includes operational aspects of MKK, and assets within the framework of CMB regulations.

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)

As of 30.09.2023 the number of bank participants were 40.

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/sites/default/files/2021-12/regulation.pdf>

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 as per the CMB regulations.

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

As of 30.09.2023 the number of broker participants were 71.

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/sites/default/files/2021-12/regulation.pdf>

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 under the context of CMB regulations.

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

2

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:

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 and approved by the CMB, are also eligible to become MKK participants according to the regulation and CMB Decision. "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/sites/default/files/2021-12/Foreign-Central-Securities-Depositories-Membership-Directive.pdf>

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

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

As of end September 2023 Issuers of Equities: 559 , Issuers of both Equities and Corporate Dept Securities:100 , Issuers of Corporate Debt Securities: 141 Issuers of Mutual Funds:56, Issuers of Equities and Corporate Dept Securities and Structured Products: 2, Issuers of Structured Products:2 , Issuers of Corporate Dept Insturements and Other Insturements: 8 Issuers of Electronic Warehouse Receipts: 184 Issuers of Other Insturements: 23 , Clearing and Settlement Instutions:1 (Takasbank), Foreign CSDs: 2 (Euroclear Bank), Azerbaijan CSD

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/sites/default/files/2021-12/regulation.pdf>

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.)

- | | |
|---|---|
| <input checked="" type="checkbox"/> Relevant law and regulation | <input checked="" type="checkbox"/> Standard participation contract |
| <input checked="" type="checkbox"/> Established terms and conditions of participation | <input checked="" type="checkbox"/> By-laws of the depository |
| <input checked="" type="checkbox"/> Rules of the depository | <input type="checkbox"/> Other (please answer 20a) |
| <input type="checkbox"/> 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 that 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. The rules of the depository; "MKK Internal Directive for the Business and IT Operations Rules and Procedures of the Central Dematerialized System" governs the depository system operations.

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 announcement and general letters are also published on MKK web-site. And they also sent via email and 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 2023 (as of end September) 1 of the participants was cancelled due to loss of membership requirements. There are 2 membership cancellations occurred due to member’s own request and/or merger reasons.

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, Mint Certificates.

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. (The bank proprietary portfolios of government debt securities are held at CBOT.)

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:

Istanbul Settlement and Custody Bank Inc. (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 is the CSD's cash clearing agent.

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:

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’s Bearer Shares Registry System (HPKS) is a registry system for bearer shares of unlisted companies . The system enables shareholders to monitor their bearer shares on MKK’s e-INVESTOR application and to register their shares (new shareholders). In 2022 MKK started to provide customized depository services for the company shares that are listed at the Turkish Republic of Northern Cyprus (TRNC) Stock Exchange. MKK developed Crowdfunding System (KFS) which is a platform that trustees, entrepreneurs or entrepreneurship companies and investors who will be funded as members of the platforms participate and perform their transactions in crowdfunding processes.

MKK carry out procedures related to dematerialization of electronic warehouse receipts issued by licensed warehouses on agricultural products, electronic recording, reporting of these and the related rights and establishing a platform for them.

MKK provides a group of corporate governance services such as e-GEM which is an electronic general meeting system that provides electronic participation, proxy and voting in general meeting with live broadcast capability.

MKK operates the Public Disclosure Platform (KAP), an electronic system through which electronically signed notifications required by the capital markets and Borsa Istanbul regulations are publicly disclosed (material events, corporate action notifications, financials, etc.) MKK also provides Electronic Board of Directors System (e-BDS) that enables Board of Directors (BoD) and other executive meetings to be held virtually. Under Trade Repository (TR)and Reporting services, MKK operates three services: Electronic Trade Repository (e-VEDO), Data Analysis Platform (VAP in Turkish) and Investor Risk Monitoring System (YRTS). In e-VEDO platform all financial and non-financial companies report their derivatives transactions by using XML file upload based on T+1 and T+0 reporting. MKK’s data analysis platform, VAP, furthermore presents capital markets data, especially the data held in the KAP, CDS, Trade Repository, and the e-GEM, for the use of all market participants. And as part of the TR services; MKK established the Investor Risk Monitoring System (IRMS) as per its trade repository role. IRMS aims monitoring of systemic risks and providing a system to measure the risks of intermediary institutions and

their clients (investors) who engage in margin trading, short selling and securities lending transactions.

MKK also operates the platform PUSULA where the portfolio and investor data held by intermediary institutions trading on the Borsa Istanbul Equity Market, as well as by development and investment banks on MKK’s Central Dematerialized System (MKS) can be found in different breakdowns. MKK has also launched an information platform (GEFAS) with the aim of improving transparency and efficiency in capital markets by facilitating access to product, issuer and performance data on Lease Certificates, Real Estate Investment Company Shares and Real Estate Investment Funds. MKK’s Investor Services includes an electronic platform called e-INVESTOR where investors can view account status and portfolio distribution of their accounts, put/remove freeze on their securities, access corporate actions information on their shares, receive periodic notifications with regards to their transactions, monitor their limits on Crowdfunding platforms and remotely open investment accounts at intermediary institutions. Besides, MKK also offers Call Center services for all stakeholders via MKK Communication Center (MIM). For further information on MKK’s other services, please check our website <https://www.mkk.com.tr/en>

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 Türkiye 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 Türkiye, Takasbank (Istanbul Settlement and Custody Bank Inc.), OeKB (CSD.Austria) , Euroclear Bank (ICSD) , Azerbaijan CSD.

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 (ESTS) for the settlement of transactions in client portfolios of government debt securities. A systemic interruption in ESTS does not affect MKK’s main depository system. Message Oriented Middleware is used as the interface with Takasbank (the CCP). Entities/Their systems are not affected directly from 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. Euroclear Bank and Azerbaijan CSD (NDC), as direct members of MKK, have omnibus accounts with MKK for the settlement of transactions in the Turkish government debt

securities. MKK opened a corresponding omnibus account with NDC for the settlement of government debt securities in Azerbaijan.

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

43b. If other, please explain:

Although it is an obligation for the investors to have beneficial owner based accounts at MKK, foreign CSDs are allowed to open omnibus accounts by becoming a direct member of MKK for holding Turkish Government Debt Securities (GDS). It is also possible for local custodians to open omnibus accounts for their customers (foreign institutional investors and funds) for holding GDS. The securities in omnibus accounts are registered under the same process as other securities held at MKK in the name of the account holder, however, article 12/A, as mentioned above, stipulates that "Foreign central securities depository is accepted to be the fully authorized representative to dispose and directly exercise all rights in the name and for the account of beneficial owners on the capital market instruments held in these accounts and the ownership of which belong to beneficial owners.

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:

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.

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?

Although we are unable to share this information in details, the data is kept in various formats in data storage, exadata system, and separate domains.

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.

- ☐ Daily
- ☐ Annually
- ☐ Weekly
- ☒ Upon request
- ☐ Monthly
- ☒ Other (please answer 46c)
- ☐ Quarterly

46c. If other, please explain:

Online, real-time information on investor accounts via e-Investor and Call Center; participants can have reports through via the CDS system directly

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

- ☐ 6 months or less
- ☐ 5 years

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

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
- ☐ Not applicable
- ☐ No (please answer 49a)
- ☐ 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:

Securities are registered in the MKK system on designated securities accounts which are opened on the name of beneficiary owners. An investor account is an account opened in the name of the beneficiary where dematerialized capital market instruments are kept, whether bearer or registered. An investor account is opened pursuant to an application made to MKK by participant investment institutions and central clearing houses upon the request of investors. In order for MKK to open an investor account, participants should first provide the information MKK requires. MKK launched Bearer Shares Registration System (HPKS) that enables shareholders to monitor their bearer shares on MKK’s e-Investor application and new shareholders to register their shares to the system. "Communiqué On The Procedures And Principals For The Book-Keeping Of Dematerialized Capital Market Instruments (II-13.1)" determines the procedures and principles applicable to recordkeeping of capital market instruments and rights thereof by MKK, to ensure that capital markets transactions are performed in a reliable, fast and effective manner.

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)

55l. 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. Also, our company can successfully cover losses in the event of any loss and damages the depository or a participant would face with, under favor of the effective well-constructed restructuring plans of our organization.

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)

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:

Please refer to 66c.

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. Also, our company can successfully cover losses in the event of any loss and damages the depository or a participant would face with, under favor of the effective well-constructed restructuring plans of our organization.

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 will assess the damages and the consequent responsibilities.

<https://www.mkk.com.tr/sites/default/files/2021-12/spkn-eng.pdf>

For more information please refer 67b.

67d. Insurance

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

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

MKK's insurance coverage is deemed adequate by regulatory authorities with respect to any potential claims that may arise. MKK has several sets of insurance policies as follows:

1. Financial Institution and 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 2 million, with a deductible of USD 500,000 per claim. TÜRKİYE Sigorta is the insurer for this policy.
2. Borsa Istanbul, Takasbank and MKK have a common insurance policy (comprehensive crime insurance policy) that provides coverage for crimes. It has an annual benefit limit of USD 2 million with a deductible of USD 500,000 per claim. TÜRKİYE Sigorta is the insurer for this policy.
3. Directors and Officers Liability Insurance provides financial protection for the directors and officers of Borsa Istanbul, Takasbank and MKK (MKK is a subsidiary of Borsa Istanbul). It has an annual benefit limit of USD 4 million with a deductible of USD 25,000 each and every claim. The insurer of this policy is also TÜRKİYE Sigorta.
4. 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 equipment and other properties. The maximum yearly coverage is up to TRY 93.684.307,34. There is no deductible amount for this insurance and the insurer is TÜRKİYE sigorta.
5. MKK has employer liability insurance. The total coverage is USD 750 thousand. There is no deductible amount for this insurance and the insurer is TÜRKİYE Sigorta.
6. MKK has also 3rd party liability insurance. The total coverage is USD 500 thousand. There is no deductible amount for this insurance and the insurer is TÜRKİYE Sigorta.

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 held by MKK, Takasbank and Borsa Istanbul. The contract period expiration date is 3 November 2023. (above section 67.e can be updated once the new policies are renewed) 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 will 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

69a. Please explain:

Participants receive e-mail and SMS messages through from e-Investor application and participants receive SWIFT messages concurrently. Moreover by using our Central Dematerialized System, participants can also obtain detailed reports about their current accounts.

Entity Name Türkiye Merkezi Kayıt Kuruluşu A.Ş. (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 Türkiye 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)

74a. Please explain:

Besides the methods provided above, MKK is monitored continuously by camera line.

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

76b. Please explain the process of how the loss is shared: (Choose one.)

- ☐ Equally, among participants
- ☐ Pro-rata based on participant's volume
- ☐ Limited to participants with transactions with failing counterparty
- ☒ Other (please answer 76c)

76c. If other, please explain:

Takasbank has default management waterfall for the defaults that occur in markets for which CCP service is provided.
In normal market conditions, initial margin deposited by members are used to cover losses.
In stressed market conditions, the following resources are utilized consecutively to cover losses:

1. Default fund contribution of member in default.

- 2. Dedicated capital of Takasbank for covered risks (Skin in the Game).
- 3. Default fund contributions of non-defaulting members (Funded).
- 4. Additional default fund contributions of non-defaulting members (Unfunded).
- 5. Commitment from remaining capital of Takasbank.

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, Over-the-Counter Derivatives 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 Türkiye , 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

Please find the summary of loss sharing mechanism and default management process at below link under Principle 13: Participant-default rules and procedures section

https://www.takasbank.com.tr/documents/CategoryDocument/ASSESSMENT%20OF%20COMPLIANCE%20WITH%20THE%20TAKASBANK%E2%80%99S%20CENTRAL%20COUNTERPARTY%20ACTIVITIES%20TO%20THE%20CPMI-IOSCO%20CORE%20PRINCIPLE%202_260522_2022-05-26-09-43-34.pdf

For detailed documentation, please find Takasbank Central Counterparty Directive on Default

https://www.takasbank.com.tr/documents/CategoryDocument/Takasbank%20CCP%20Directive%20on%20Default%20Management%20Implementation%20Principles_2021-04-12-11-55-21.pdf

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)

78a. If yes, please respond to the following questions:
What is the size of the fund (then please answer 78b)?

Separate guarantee funds are established for each market that Takasbank submits CCP service. Please see below for Q2 end of day figures:

Markets for which Takasbank submits CCP service	Guarantee Fund Requirement (TL)
Borsa Istanbul A.Ş Equity Market	129,900,400
Borsa Istanbul A.Ş Debt Instruments Market	1,040,618,810
Over-the Counter Derivatives Market	11,052,926
Borsa Istanbul A.Ş. SWAP Market	572,559,410
Borsa Istanbul A.Ş. Money Market	1,751,032
Takasbank Securities Lending Market	280,000
Borsa Istanbul A.Ş. Future and Options Market	1,478,245,289

78b. How is the size of the fund determined? (Choose one.)

- ☐ By participant volume
- ☐ By asset value
- ☐ A fixed amount
- ☒ Other (please answer 78c)

78c. If other, please explain:

In the markets where Takasbank submits CCP service, Takasbank maintained a pre-funded default fund to cover losses that exceed the losses to be covered by margin requirements. It is essential that the size of default fund cannot be less than the greater of the resource requirement under stress conditions that would arise in case of the default of the member with the largest open position and the joint default of the members with the second and third highest open positions. The resource requirement consists of the portion that exceeds the initial margin where the margin requirement is calculated under stress conditions.

The contribution to be made by the members for default fund is composed of fixed and variable portions. The level of fixed portion is revised at least once a year in light of the developments across the domestic and international economic conditions and may be changed, if deemed necessary. The variable contribution amounts to be paid for default funds by CCP members are proportional to the risks arising from the operations of the CCP member in the relevant market and recalculated monthly periods.

Please see Article 28 of Takasbank CCP Regulation for general principles and relevant market procedures for details.

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)

78f. If so, what is the amount or percentage per participant?

The contribution to be made by the members for default fund is composed of fixed and variable portions. The level of fixed portion is revised at least once a year in light of the developments across the domestic and international economic conditions and may be changed, if deemed necessary. The variable contribution amounts to be paid for default funds by CCP members are proportional to the risks arising from the operations of the CCP member in the relevant market and recalculated monthly periods.

Please see Article 28 of Takasbank CCP Regulation for general principles and relevant market procedures for details.

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

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

78i. If other, please explain:

Takasbank offers CCP service via the “principal model” where the legal respondents are members and all transactions belonging to clients (investors) are under the members’ responsibility. Guarantee fund per market covers any default occurs in the relevant market and the positions held in these markets.

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

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

78k. If other, please explain:

Takasbank offers CCP service via the “principal model” where the legal respondents are members and all transactions belonging to clients (investors) are under the members’ responsibility. Guarantee fund per market covers any default occurs in the relevant market and the positions held in these markets. The sequence of utilizing the guarantee fund is also submitted in question 76 and relevant sub-questions of this questionnaire.

In case the member is decided to be in default, default management process is initiated. All steps and the order of utilization of the resources are written and publicly submitted via market directives and procedure. (Directives - Procedures)
Please find the summary of loss sharing mechanism and default management process at below link under Principle 13: Participant-default rules and procedures section.
ASSESSMENT OF COMPLIANCE WITH THE TAKASBANK’S CENTRAL COUNTERPARTY ACTIVITIES TO THE CPMI-IOSCO CORE PRINCIPLES:
https://www.takasbank.com.tr/documents/CategoryDocument/ASSESSMENT%20OF%20COMPLIANCE%20WITH%20THE%20TAKASBANK%E2%80%99S%20CENTRAL%20COUNTERPARTY%20ACTIVITIES%20TO%20THE%20CPMI-IOSCO%20CORE%20PRINCIPLE%202_260522_2022-05-26-09-43-34.pdf

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:

Takasbank is subject to the regulations published by Capital Markets Board, where it should have the extensive monitoring and analysis capability which covers all above items. Please see below documentation for Central clearing and CCP mechanisms that Takasbank should obey.
<https://www.takasbank.com.tr/en/rules-and-regulations/regulations>

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, Borsa Istanbul and MKK member institutions. The last test has been conducted on December 3, 2022. The next test will be conducted in Q4 in 2023.

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

Please refer to 81b.

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

Please refer to 81b.

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

Please refer to 81b.

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

None.

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)

84f. Please explain:
System interruptions are also disclosed through MKK’s CDS system and sent through e-mail notifications.

- 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)

90d. If no, why not?

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 coverage for crimes. It has an annual benefit limit of USD 2 million with a deductible of USD 500,000 per claim. TÜRKİYE Sigorta is the insurer for this policy. (The insurer agreement will be renewed in November 2023).

92b. What is the amount of the deductible?

Please refer to 92a.

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?

USD 500,000
Financial Institution and Professional Indemnity Policy that provides coverage against errors or omissions of MKK employees and/or failures of MKK systems. The insurer agreement will be renewed in November 2023.

93b. What is the amount of the deductible?

Please refer to 93a.

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?

Please refer 93a.

94b. What is the amount of the deductible?

Please refer 93a.

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?

Please refer to 67e.

95b. What is the amount of the deductible?

Please refer to 67e.

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?

Please refer to 67e .

96b. What is the amount of the coverage?

Please refer to 67e .

96c. What is the amount of the deductible?

Please refer to 67e .

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.

Please refer to 67e .

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 2023.

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:

Please refer to 67e .

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/about-us/mkk-corporate/international-relations>

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

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 00-7253 (extension line)

99f. Please provide facsimile number:

+90 212 334 57 57

99g. What is the preferred street address for mailing requests?
Merkezi Kayıt Kurulusu (MKK) A.S. Resitpasa Mah. Borsa Cad. No: 4 Sarıyer 34467, İstanbul/Türkiye

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

CYBER SECURITY

101. Does your organization have a documented cybersecurity policy in place? If so, please provide a copy or overview.

- ☒ Yes
- ☐ No

Comments:

Our organization has a cyber security policy in place. Currently, there is a Network and Cyber Security Management team in our organization, dedicated to cyber security activities. Due to MKK’s regulatory responsibilities as theCSD of Türkiye ourcyber security activities constitute the backbone of our processes.
In relation to our company's information systems, the management of information security and cybersecurity incidents and the processes to be operated in this context have been identified in our cybersecurity procedure. All employees and assets of MKK are covered by this procedure. The duties and responsibilities of the Cyber Incident Response Team are also determined in this procedure.

102. Please confirm that your staff receive relevant training about this policy:

- ☒ Yes
- ☐ No

Comments:

Our company gives periodic trainings (at least once a year) to our staff in order to increase awareness regarding information security issues like social engineering, hacking and any other vicious activities damaging company assets and resources. Monthly we are publishing information security awareness bulletins to all of our employees. Bulletins mostly contain trend topics and measures to be taken regarding cyber security risks.

103. Please provide an overview of your policy for continuity of business in the event of a large data breach or cyber attack against your organization.

Cybersecurity risks are addressed through various system tools (e.g. HP openview, IPS/IDS, log analysis, virus and malware prevention, domain and local authorizations, etc.). In addition to data protection tools and systems, a DLP system is in place to enhance the protection level of MKK (CSD of Türkiye) data. The DLP System monitors data outflow from the MKK system and reports on possible misconduct to risk managers. The system is centrally managed and pre-defined resources are protected. Policies defined in the framework, where all procedures are performed on the protected resources, are reported and allow monitoring of the resources in a safe manner.

104. In the last 12 months have there been any changes to the policy? If yes, please detail.

- ☐ Yes
- ☒ No

Comments:

105. Please advise how often you review the policy.

- ☐ Semi-Annually
- ☒ Annually
- ☐ Other

Comments:

The policy is reviewed annually. Changes or updates to the policy must be approved by the Board of Directors.

106. Please provide (as an attachment) a diagram showing where your cybersecurity function resides and who it reports to.

Comments:

The diagram cannot be shown for information security reasons. However, there is an Information Security Management System Group established to manage information security and cyber security-related functions within the organization. However, with Information Security Management System Organization, assigned and dedicated to manage the information security system. Information Security and Risk Management Department, which oversees the system, directly reports to the MKK CEO.

107. How does your organization identify which business functions carry a cyber risk?

MKK is legally obliged to implement cyber resilience of its critical systems to comply with the CMB (Capital Market Board) Communiqué on Information Systems Management and on Independent Audit of Information Systems. MKK further complies with the cybersecurity measures that are covered by its ISO 27001 Information Security Management System . Our organization has the ISO 27001 Information Security Management System Certification, which is continued successfully.

108. Do you conduct ongoing testing and monitoring processes to ensure that all internal and external connectivity and system

configurations are not at risk of cybersecurity breaches? If yes, please provide details and indicate frequency.

- ☒ Yes
- ☐ No

Comments / frequency:

With increasing threats of cybercrime, we protect our systems against cyber attacks via several powerful tools and programs. Our company has a department in its organization which is specifically dedicated to prevent cyber attacks and ensure powerful systems, policies and procedures. Within the scope of these procedures, application security tests, code source analyses and server scanning tests are performed. Furthermore, penetration tests are performed annually.

109. What technological controls and protections are in place for your systems and networks?

Firewall, WAF, IPS/IDS, log analysis, virus and malware prevention, domain and local authorizations etc.

110. Does your organization use multi-factor authentication?

- ☒ Yes
- ☐ No

Comments:

Yes, our company uses multi-factor authentication prior to obtaining privileged access, including for remote administrative access.

111. Where your organization has outsourced activities or functions to a third-party provider, is your cyber risk exposure documented?

- ☒ Yes
- ☐ No

Comments:

In our Supplier Relations Information Security Procedure the processes to be operated and the controls to be applied in order to minimize various security risks that may arise from 3rd party providers and supply chain have been determined.

112. What measures does your organization have to ensure early detection of a cyber attack?

Security notifications and announcements related to suspicious e-mails, insecure connections and doubtful entities, malicious information etc. are sent to MKK by USOM (TRCERT-Computer Emergency Response Team of Türkiye). The action plans are designed to mitigate the suspicious situation and the parties concerned are informed by taking actions.

113. What is the agreed resumption time for critical operations following a cyber attack?

Although there has been no critical cyber attack against our company till now, our response plans are determined in detail in our Information Security Procedures regarding the actions to be taken before / in case of / after a cyber attack, and instant actions will be taken in coordination with the TRCERT (Government of Türkiye - Computer Emergency Response Team) in case of an attack.

114. How would you advise clients of a successful cyber attack against your organization?

Depending on the content of the incident, with the decision of the Crisis Management Committee, necessary announcements are made to the stakeholders (members, clients, suppliers, etc.) using available communication channels according to the Cyber Incident Response Plan. It is also mandatory by regulation to notify all stakeholders in case of a cyber attack. There have been no successful cyber attacks so far.

115. In the last 12 months has your organization been subject to a cyber attack that impacted the service you provide to us? If yes, please provide details.

- ☐ Yes
- ☒ No

Comments:

116. Are the following elements of your cybersecurity framework tested pre and post deployment of changes?

Vulnerability assessment:

- ☒ Yes
- ☐ No

Scenario based penetration tests:

- ☒ Yes
- ☐ No

Testing of incident response process and technical/business/operations (e.g. table-top exercise):

- ☐ Yes
- ☒ No

Other - Please describe in comments:

All systems and system components are periodically scanned for vulnerabilities. All internet connected applications are tested before they are deployed into production. They are also tested after significant changes occur, and tested at least once a year.

117. For cloud technology and associated cybersecurity risks, please confirm:

(i) that you have procedures and controls in place to protect our information from mishandling or theft;

(ii) how these procedures and controls tie back to your record retention policy

- ☐ Yes
- ☒ No

Comments:

N/A. Our company does not use cloud service, and the CMB (Government’s regulatory and supervisory authority of financial markets) has a regulation in this regard.

118. Does your organization conduct dark web searches for signs of a breach (internet protocol or customer/client personally identified information for sale)?

- ☒ Yes
- ☐ No

Comments:

Computer Emergency Response Team of Türkiye conducts these kinds of searches. The action plans are designed to mitigate the suspicious situation and the parties concerned are informed by taking actions. However MKK has never experienced such a breach.

119. Is your organization aware of SWIFT's Customer Security Program (CSP)?

- ☒ Yes
- ☐ No

Comments:

120. Does your organization ensure compliance with SWIFT's CSP controls?

- ☒ Yes
- ☐ No

Comments:

121. Does your organization respond to requests for your institution's attestations?

- ☒ Yes
- ☐ No

Comments:

122. Does your organization request the attestation details of your counterparties and incorporate the responses into ongoing relationship and risk management programs?

- ☒ Yes
- ☐ No

Comments:

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.