

SECOND CHAPTER

Capital Market Crimes

Insider trading

ARTICLE 106 – (1) The persons mentioned below who give purchase or sale orders for capital market instruments or change the orders they have given or cancel them and thus provide a benefit to themselves or someone else based on information concerning directly or indirectly capital market instruments or issuers which can affect the prices of the related capital market instruments, their values or the decisions of investors and which have not been declared to the public yet, shall be sentenced to imprisonment from 2 years up to five years or be punished with judicial fine:

- a) Managers of issuers or those of their subsidiaries or their controlling corporations,
- b) Persons who possess this information by holding a share in issuers' corporation or in their subsidiaries or their controlling corporations,
- c) Persons who possess this information due to the performing of their jobs, professions and tasks,
- ç) Persons who obtained this information by committing crimes,
- d) Persons who know that the information they possess is of the nature mentioned in this paragraph or that should know it in case when demonstrated.

However, if a judicial fine has been imposed due to this crime, the fine to be imposed cannot be less than twice of the benefit obtained.

Manipulation

ARTICLE 107 – (1) Those who make purchases and sales, give orders, cancel orders, change orders or realise account activities with the purpose of creating a wrong or deceptive impression on the prices of capital market instruments, their price changes, their supplies and demands, shall be sentenced to imprisonment from two years up to five years and be punished with a judicial fine from five thousand days up to ten thousand days. However, the amount of the judicial fine to be imposed due to this crime cannot be less than the benefit obtained by committing the crime.

(2) Those who give false, wrong or deceptive information, tell rumors, give notices, make comments or prepare reports or distribute them in order to affect the prices of capital market instruments, their values or the decisions of investors, shall be sentenced to imprisonment from two years up to five years and be punished with given a judicial fine up to five thousand days.

(3) In the event that the person who has committed the crime defined in the first paragraph displays remorse and pays to the Treasury an amount which is twice of the benefit he/she has obtained or has caused to be obtained, not being less than five hundred thousand Turkish Liras,

- a) No penalty shall be imposed if the payment has been made before the investigation starts.
- b) The penalty to be imposed shall be reduced by half, if the payment is made during the phase of investigation.
- c) The penalty to be imposed shall be reduced by one third, if the payment is made during the phase of prosecution until the judgement has been rendered.

Cases which are not considered as insider trading and manipulation

ARTICLE 108 – (1) The following cases shall not be considered as abuse of information or market fraud:

- a) Applying policies of money, foreign exchange rate, public debt management or realising transactions aimed at providing the financial stability by the Central Bank of the Republic of Turkey or another authorised official institution or persons acting on behalf of them.
- b) Repurchase programs applied according to the Board regulations, share acquisition programs directed to workers or allocation of other shares directed to the workers of the issuer or his/her subsidiary
- c) Making the purchase and sale of capital market instruments or giving or cancelling orders for the purpose of supporting exclusively the market price of these instruments for a pre-determined period, provided that these operations are performed in conformity with the regulations of the Board in the context of this Law regarding the price stabilising operations and market maker,

Improper public offer and unauthorised capital market activity

ARTICLE 109 – (1) Those who make public offers of the capital market instruments without fulfilling the obligation of publishing an approved prospectus or those who sell the capital market instruments without an approved certificate of issue shall be sentenced to imprisonment from two years up to five years and punished with a judicial fine from five thousand days up to ten thousand days.

(2) Those who perform unauthorised activities in the capital market shall be sentenced to imprisonment from two years up to five years and be punished with a judicial fine from five thousand days to ten thousand days. Those who commit this crime at the same time with the crime defined in the first paragraph, shall be fined only due to the crime defined in this paragraph and the fine shall be increased by half.

Abuse of confidence and forgery

ARTICLE 110 – (1) The actions mentioned below constitute major abuses of confidence; however in this case the penalty to be imposed according to the second paragraph of Article 155 of the Law numbered 5237 cannot be less than three years:

a) Selling, using, pledging, hiding or disowning

capital market instruments, cash and all kinds of other assets delivered or submitted in a dematerialized form or physically to the investment firm, the board of fund under Article 58 and the guarantee monitors under Article 59 due to their capital market activities or as depository or for managing or as a guarantee or regardless of the name for personal or one's interest,

b) Decreasing the profit or assets of publicly held corporations by carrying out deceitful transactions with another company or individual with whom he/she is related directly or indirectly as of management, auditing or capital such as applying prices, fees and charges which are obviously different from their similars.

c) Decreasing the profits or assets of publicly-held corporations and collective investment firms as well as their associates and subsidiaries, or preventing the increase of their assets or profits by making agreements containing different prices, fees, charges, conditions that are not convenient to their similars, to market practices, to the foresight and fairness principles of commercial life with real persons or legal entities with whom they are related directly or indirectly, as of management, auditing and capital, or by making such commercial applications or producing a trade volume.

(2) The persons who damage, destroy, change or make the records kept by investment firm inaccessible, the board of fund under Article 58 and the guarantee monitor under Article 59 shall be sentenced to imprisonment from two years up to five years and be punished with judicial fine from five thousand days to ten thousand days. However, legal results which are concluded with condemnation according to the provisions of the Law numbered 5237 concerning the forgery of documents shall also be applied for those condemned from this crime.

(3) In cases where the person who has committed the crime of abuse of confidence entering into the scope of subparagraphs (b) and (c) of the first paragraph displays effective repentance and makes the payment mentioned in the fourth paragraph of Article 21 along with the payment amounting to twice of this payment to the Treasury,

a) No penalty shall be imposed if the payment has been made before the investigation starts.

b) The penalty to be imposed shall be reduced by half, if the payment is made during the phase of investigation.

c) The fine to be imposed shall be reduced by one third, if the payment is made during the phase of prosecution until the judgement has been rendered.

Withholding information and document, preventing the auditing

ARTICLE 111 – (1) The person who does not give at all or under the demanded format the information, documents and registers, including those kept in the electronic environment, requested by the Board or by those assigned according to this Law, shall be sentenced with prison from one year up to three years.

(2) The person who prevents the Board or those assigned according to this Law from carrying out their duties shall be sentenced to prison from six months up to two years. In the event that coercion or threat has been used against assigned persons during this prevention, the sentence shall also be imposed according to the related articles of the Law numbered 5237.

Irregularities in legal books, accounting records and financial statements and reports

ARTICLE 112 – (1) Those who intentionally;

- a) Do not duly keep the books and records they are legally obliged to keep,
 - b) Do not preserve the books and documents they are legally obliged to preserve throughout the legal period,
- shall be sentenced to prison from six months up to two years and punished with judicial fine up to five thousand days.

(2) Those who intentionally;

- a) Draw up the financial statements and reports so as not to reflect the truth, b) Open accounts contrary to facts,
- c) Commit all kinds of accounting frauds on records,
- c) Draw up wrong or misleading independent audit and assessment reports as well as the responsible managers or members of the board of directors of issuers who provide their drawing up,

shall be penalised according to the related provisions of the Law numbered 5237. However, in order to impose a penalty due to the crime of forgery on private documents, the usage of the forged document shall not be stipulated.

(3) Investment firms as well as institutions mentioned in the Fourth Chapter of the Third Section of this Law, shall be regarded as banks or credit institutions with regard to the crimes of hindrance or destruction of the system, deletion or alteration of data, defined in Article 244 of the Law numbered 5237.

Obligation of confidentiality

ARTICLE 113 – (1) Those who make explanations to others concerning the information and documents requested in the framework of the examination or auditing activity carried out by the Board, shall be sentenced to prison from one year up to three years and be punished with a judicial fine up to five thousand days.

Security precautions regarding legal entities

ARTICLE 114 – (1) In the event that the crimes defined in Articles 106 and 107 are committed to the interest of a legal entity, security precautions exclusive to legal entities shall be adjudged on the related legal entity.

Written application and special investigation procedures

ARTICLE 115 – (1) Making an investigation due to the crimes defined or referred to in this Law is subject to a written application to be made by the Board to the Chief Public prosecutor's office. This application qualifies as a cognizance condition.

(2) In the event that a public prosecution has been filed upon the application, a copy of the bill of indictment shall be notified to the Board with its acceptance and at the same time the Board would gain the title of participating party.

(3) The Public Prosecutor may benefit from the professional staff of the Board in the investigations made for crimes defined or referred to in this Law. The attendance of the professional staff of the Board may be provided while taking the testimony of persons as suspected or witness due to these crimes.

(4) In the event it is concluded that there is no need to serve proceedings as a result of the investigation made due to the crimes defined or referred to in this Law, the Board is authorised to waive an objection to this decision.

(5) Article 8 of the Law dated 4/5/2007 and numbered 5651 on the Regulation of the Broadcasts Made in the Internet Environment and the Fight Against the Crimes Committed with those Broadcasts, shall also be applied to the crimes in the Article 109.

Task and authority

ARTICLE 116 – (1) The criminal courts of first instance to be tasked as specialised court by the High Council of Judges and Prosecutors is authorised to judge due to the crimes defined or referred to in this Law.

SEVENTH SECTION

Principles Regarding the Capital Markets Board

Establishment and independency

ARTICLE 117 – (1) The Capital Markets Board possessing a public legal entity and an administrative and financial autonomy has been established for carrying out the tasks and exercising the authorities granted with this Law and the related legislation. The headquarters of the Board is in Istanbul. The Board consists of the Board Decision Making Body and the

Chairman's organisation.

(2) The Board shall fulfill the tasks and exercise the authorities granted to it with this Law and the legislation under its own responsibility and independently. The decisions of the Board may not be subject to propriety audit. No organ, position, authority or person may give any orders and instructions for the purpose of affecting the decisions of the Board.

(3) The Board shall make use of the financial resources it disposes in the context of this Law and the related legislation freely, as much as its tasks and authorities require and in the framework of the principles and procedures determined in its own budget.

(4) The Board shall employ staff in an adequate number and quality for the purpose of carrying out the tasks and use the authorities given with this Law and the related legislation.

(5) All the money, documents and property of the Board qualify as state property, they cannot be attached and pledged.

The Board Decision Making Body

ARTICLE 118 – (1) The Board Decision Making Body consists of seven members, one of whom being the Chairman and one the Acting Chairman. The Chairman of the Board is also the head of the Chairman's organization.

(2) In the event that the Chairman is not holding office due to leave of absence, sickness, assignment within the country and abroad and other reasons and in the event that he is discharged or his membership is terminated, the Acting Chairman, and when the Acting Chairman is also not present, the deputy chairman shall substitute the Chairman.

Principles regarding the Chairman and Board members

ARTICLE 119 – (1) The Chairman and the Board members must meet the following conditions:

a) Meeting the conditions mentioned in sub-paragraphs (1), (4), (5), (6) and (7) of paragraph (A) of Article 48 of the Public Servants Law dated 14/7/1965 and numbered 657

b) Having made an education at least at the level of bachelor's degree

(2) The members shall be appointed by the Council of Ministers among persons who have at least ten years of experience in the fields of financial markets, economics, public finance, business management, capital markets, banking, or finance or in the branches of law related to the foregoing, or among persons who have worked as academic members in the above mentioned academic branches for at least ten years. At least one of the members should be graduated from the faculty of law, at least one should have gained the ten year experience mentioned in this paragraph in private sector capital market institutions and at least one should have worked for at least ten years at the Board. The Council of Ministers shall appoint one of the members as Chairman. The decision of appointment shall be published in the Official Gazette. The Decision Making Body of the Board shall appoint one of the members as Acting Chairman and one of them as deputy chairman upon the proposal of the Board Chairman.

(3) The Chairman and the members of the Board shall take an oath in the presence of the Board of First Presidency of the Supreme Court that during the course of their term of office they shall perform their duties with utmost care, honesty and objectivity and that they shall not act or allow other persons to act in violation of the provisions of the Law. The application submitted for the oath shall be considered as an urgent matter by the Supreme Court. The Chairman and members of the Board shall not be regarded as having taken office unless they have taken the oath.

Terms of Office of the Chairman and Board members

ARTICLE 120 – (1) The term of office of the Chairman and members of the Board is five years. The Chairman and members whose term of office is terminated may be re-appointed for once. In cases where the chairmanship or a membership becomes vacant for any reason, the appointment shall be made for the vacant membership within a maximum period of two months in accordance with the principles stated in Article 119.

(2) The offices of the Chairman and members of the Board shall not be terminated for any reason prior to completing their terms of office. However, if they cannot take office for a period longer than six months due to fatal disease or disability, if they lose the required qualifications for appointment or it is determined that their situation is in violation of Article 121 or if a sentence imposed on crimes they have committed related to their duties becomes final, they shall be discharged prior to

the completion of their term of office with the approval of the Prime Minister. Furthermore in the event that the temporary incapacity to work lasts for more than six months, memberships of these members shall be cancelled.

Prohibitions

ARTICLE 121 – (1) The Chairman and members of the Board can make scientific publications, give lectures and conferences and receive the copyrights arising from these activities and obtain their lecture and conference fees, provided that

they do not disrupt their fundamental duties. However, unless based on a special law, they may not enter into any other public

or private task other than fulfilling their official tasks at the Board, they may not be managers of associations, foundations, cooperative companies and hold similar management positions, they may not be involved in commercial business, perform their self-employment activities, hold a share in partnerships where the Board is authorized to regulate and inspect and they may not act as arbitrators and experts.

(2) As of the date when they take office, the Chairman and members of the Board shall dispose of all kinds of capital market instruments of institutions the Board is responsible for regulating and supervising belonging to themselves or their spouses and children under their guardianship and sell them within thirty days to persons other than their spouses, adopted children and persons other than up to 3rd degree blood relatives and up to 2nd degree relatives by marriage, except the debt instruments issued by the Undersecretariat of Treasury and the pension fundunits. Members who do not abide by this rule within 30 days starting from the date when they take office shall be deemed to have resigned from their membership.

(3) The Chairman and members of the Board as well as the Board staff shall not disclose confidential information and commercial secrets to those other than legally competent authorities and they shall not use them for their interest or the interest of others even though they have retired from office.

(4) The Chairman and members of the Board cannot hold office in investment firms within two years following their retirement from office. Those who do not abide by the provision of this paragraph shall be fined according to Article 4 of the Law on the Tasks that cannot be performed by Persons Having Retired from Public Service dated 2/10/1981 and numbered 2531.

(5) The Chairman and members of the Board are subject to the Law on Making Declaration of Property and Fighting against Corruption and Bribery dated 19/4/1990 and numbered 3628.

(6) After retiring from office, the Board professional staff cannot hold office for two years in the publicly held corporations and capital market institutions they have examined or inspected within the last two years.

Duties and authorities of the Board Decision Making Body

ARTICLE 122 – (1) The Board Decision Making Body, which consists of the Chairman and members of the Board, shall perform the following duties and exercise the following authorities apart from those mentioned in this Law and other legislation:

- a) Discussing and finalizing the draft by-laws and communiques concerning the Board and the field that the Board is tasked with regulating and supervising as well as the files of application and the examination and audit reports prepared by the Board staff
- b) Discussing and finalizing the Board budget, its final account and its annual report
- c) Appointing the executive vice chairmen of the Board and heads of department upon the proposal of the Chairman
- c) Discussing and finalizing proposals concerning the opening of representation offices within the country or abroad and the purchase, sale, construction or renting of real estate
- d) Deciding about all kinds of operations concerning the receivables, rights and debts of the Board with third persons as well as their peace settlement, release and arbitration when necessary
- e) Deciding about memberships to international organizations concerning the field of activity of the Board, the payments to be made to these organizations as well as deciding to contribute to the projects related to the field of activity of

the Board which are carried out by these organizations and by the international organizations where the Republic of Turkey is a member

(2) Among the duties and authorities of the Board mentioned in the first paragraph of article 128, the Board Decision Making Body may delegate those mentioned in sub-paragraphs (d), (e), (i) to the Board Chairman, on condition that the scope of the delegation is clearly indicated and made in writing.

Working principles of the Board Decision Making Body

ARTICLE 123 – (1) In principle, the Board Decision Making Body shall gather when necessary at least once every two weeks, with an agenda. The texts of proposals included in the meeting agenda determined by the Board Chairman and their annexes shall be communicated to the members three days prior to the date of the meeting, the issues which are not included in the meeting agenda can also be discussed during the meeting of the Board, on condition that they are accepted by the majority of the members participating in the meeting. In such a case, the decision taken shall be determined with a minute. The meetings of the Board may be held at the headquarters of the Board and its representation offices as well as in other places within the country to be decided by the Board. Holding a meeting without an agenda with the participation of all the members except those who have a valid excuse, remote participation in the Board meetings and other miscellaneous issues concerning meetings shall be determined with an internal by-law to be issued by the Board. Upon the request of the members, the Board Decision Making Body may also determine the Board representation offices outside the Board headquarters as the permanent work place of the related member.

(2) The Board member who does not attend a total of five meetings in a calendar year without any excuse such as leave of absence and sickness shall be regarded as having seceded. This situation shall be determined with a Board decision and notified to the related Minister.

(3) The Board Decision Making Body shall gather with at least five members and shall take its decision with the votes of at least four members in the same direction. Members may not abstain from voting. In cases where the votes are equal, the decision shall be deemed as taken in the direction of the Chairman's vote, and in the absence of the Chairman, in the direction of the acting chairman.

(4) The Board Chairman and members, may not participate to discussions and votings concerning subjects related to themselves, their spouses, their adopted children and persons up to 3rd degree blood relatives, including the 3rd degree, and persons up to 2nd degree relatives by marriage, including the 2nd degree. This situation shall also be mentioned in the text of the decision.

(5) As a principle, the meetings of the Board Decision Making Body shall be confidential. In cases where it is deemed necessary, the Board staff and the persons outside the Board whose participation is deemed to be beneficial by the Board Decision Making Body may be invited to the meeting of the Board Decision Making Body. However, the Board decisions may not be taken in the presence of those participating to the meeting from outside.

(6) Without prejudice to the provisions foreseen in this Law, the Board Decision Making Body shall declare its decisions to public by appropriate means, the internet being in the first place, except those which are regarded as inconvenient in terms of the economy of the country and public order.

(7) The professional and ethical principles that the Board members and the Board staff shall abide by as well as other issues concerning the working principles and procedures of the Board Decision Making Body shall be regulated in the by-law to be issued by the Board.

Chairman

ARTICLE 124 – (1) The Chairman, who is the top manager of the Board, is responsible for the general administration and representation of the Board.

(2) The duties and authorities of the Chairman are as follows:

- a) Determining the agenda, day and hour of the Board Decision Making Body meetings, chairing the meetings
- b) Finalizing the proposals submitted by service units and presenting them to the Board Decision Making Body
- c) Providing the publication of the Board Decision Making Body's decisions, ensuring that the necessary actions for

these decisions are taken and monitoring their implementation

- c) Ensuring the preparation of the annual budget in accordance with the strategies and objectives of the Board, its financial statements, annual reports and performance reports and submitting them to the approval of the Board Decision Making Body
 - d) Ensuring the efficient working of service units in harmony and productively, solving the problems about duties and authorities between the service units of the Board, granting additional duties and responsibilities to service units when necessary
 - e) Making evaluations concerning the strategies, policies and related legislation within the field of activity of the Board as well as evaluations concerning the performance criteria of the staff
 - f) Carrying out the relations of the Board with other institutions
 - g) Nominating the Board staff other than those foreseen to be nominated by the Board Decision Making Body
 - ğ) Making declarations and explanations to media organs in the name of the Board
 - h) Ensuring the implementation of the Board budget, the collection of its revenues and making expenditures which are not under the authority of the Board Decision Making Body
 - ı) Determining the principles regarding the establishment and functioning of the necessary internal organization in order to provide the carrying out of the scientific researches mentioned in sub-paragraph (1) of the first paragraph of Article 128
 - ı) Performing the other duties related to the administration and functioning of the Board
 - j) In cases where the investment contract regulated in this Law and in the related legislation is related to fields that require sectoral expertise, requesting expert staff to work together with or study reports from public institutions and bodies,
- (3) The Chairman may partially delegate his duties and authorities which are not related to the Board Decision Making Body, on condition that the scope of the delegation is clearly indicated and made in writing.

Executive Vice Chairmen of the Board

ARTICLE 125 – (1) Five executive vice chairmen of the Board shall be nominated with a Board decision for the purpose of giving assistance to the Chairman in his duties. It is obligatory that the executive vice chairmen of the Board meet the conditions mentioned in the second paragraph of article 119.

Service units

ARTICLE 126 – (1) The service units of the Board consist of twelve service units organized as departments. Upon the proposal of the Board Decision Making Body and the approval of the related Minister, new departments may be established provided that their number does not exceed half of this number, the existing departments may be terminated or merged on condition that their number is not under twelve or a certain part of their duties and authorities may be delegated to the new departments to be established. The service units shall be determined with a by-law entering into force upon the proposal of the Board Decision Making Body and the decision of the Council of Ministers in accordance with the field of activity, duties and authorities mentioned in this Law.

(2) Representation offices may be opened with the decision of the Board Decision Making Body where deemed necessary, within the country and with the decision of the Council of Ministers in countries with which intensive relations exist in terms of capital markets. The places where representation offices would be opened and their duration as well as the working principles and procedures of representation offices, the qualities, number, term of office of the staff that would work in these representation offices, the determination of wages to be to them, the expenditures to be made other than staff payments and the principles and procedures regarding expenditures shall be determined by the Council of Ministers.

(3) The Decision Making Body may establish a Directorate of Research Center for the purpose of carrying out scientific research regulated in sub-paragraph (1) of the first paragraph of Article 128.

Board staff

ARTICLE 127 – (1) The permanent duties and services to be fulfilled by the Board according to this Law and other

related legislation shall be carried out by the Board staff consisting of the professional staff, advisors to the Chairman and the staff holding office in other cadres included in the annexed list number (1). Professional staff consists of the executive vice chairmen of the Board, heads of department, deputy heads of department, capital market senior experts, experts, assistant experts, senior legal experts, legal experts and assistant legal experts as well as senior information technologies experts, information technologies experts and assistant information technologies experts. Advisors to the Chairman, heads of group as well as directors who had assumed the title of professional staff beforehand shall also be regarded as professional staff.

(2) Apart from the issues established with this Law, the Board staff shall be subject to the Law numbered 657.

(3) The cadres of the Board are indicated in the annexed list numbered (1). The Board Decision Making Body is authorized to change the cadres, titles and degrees as long as the total number of cadres in the related list is not surpassed and as long as the change is limited with the cadre titles taking place in the lists annexed to the Decree having the force of Law on General Cadre and Cadre Procedure dated 13/12/1983 and numbered 190 and to determine the principles and procedures concerning the usage of these cadres.

(4) The Board staff other than professional employees may not be seconded in other public institutions and bodies.

(5) Additional Article 41 of the Law numbered 657 shall be applied to those to be appointed as assistant capital market experts and assistant legal experts as well as assistant information technologies experts.

(6) The working principles and procedures of the Board staff shall be established with a by-law to be issued by the Board.

Duties, authorities and responsibilities of the Board

ARTICLE 128 – (1) The duties and authorities of the Board are as follows:

- a) Carrying out the tasks and activities for fulfilling the duties and implementations imposed by this Law and ensuring the foreseen results
- b) Taking general and special decisions in order to ensure timely, adequate and accurate public disclosure
- c) Determining the conditions and operating principles concerning independent auditing, rating, appraisal and information systems auditing activities of institutions and corporations within the scope of this Law and declaring those who meet these conditions in the form of lists
- ç) Exchanging information and cooperating in any manner with other financial regulatory and supervisory institutions in order to ensure financial stability and fulfil the requirements of national or international legislation
- d) Cooperating in any manner in relation to capital markets and signing bilateral or multilateral memoranda of understanding in accordance with the principles of reciprocity and the protection of professional confidentiality, with corresponding foreign institutions that are authorised to regulate and supervise capital markets, in order to exchange information, meet requests for document, inspecting the headquarters, branch offices or subsidiaries or affiliates located in Turkey of institutions performing activities in the capital markets of foreign countries as well as in the bodies from which they outsource within the framework of a written contract and to take the necessary administrative measures, share the expenditures related to the activities to be carried out in this context,
- e) To ensure the development of the capital market, regulating the principles and procedures concerning new capital market institutions and instruments and supervising them
- f) Determining the principles regarding those who would be employed in publicly held corporations, the professional education of managers and other employees of capital market institutions, awarding of certificates which certify their professional competence and professional license, establishing headquarters or companies for these purposes and determining the principles and procedures of their activities
- g) Determining the principles and procedures which are to be abided by those who provide investment advisory to capital market investors and savers
- ğ) Determining the operation and working principles of the Public Disclosure Platform as well as the principles and procedures concerning the notifications and applications to be made to the Board in the scope of this Law
- h) Determining the principles and procedures concerning the operation of information systems belonging to capital

market institutions, publicly-held corporations, exchanges and self-regulatory organisations and their supervision in the framework of this Law

i) Assigning that national or international scientific researches on capital markets be made by persons or by working groups consisting of national or foreign academicians or practitioners, for the purpose of forming a basis for the existing and future regulation preferences

i) Participating to the works conducted by international institutions, financial, economic and professional organizations where the Board is a member as well as the works carried out by international institutions where Turkey is directly a member, developing common projects with those institutions and contributing to their projects

j) Becoming a member of international institutions, financial, economic and professional organizations concerning the field of activity of the Board

(2) The Board shall use its authorities by enacting regulations and taking special decisions. The Board may decide to publish its decisions in the Official Gazette or by convenient means, including the internet. Regulations enacted in the form of the by-laws and communiques having the attribute of rulemaking shall enter into force with publication in the Official Gazette.

(3) In the framework of the memorandum of understanding to be signed according to the related legislation with the equivalent institutions authorised to regulate and supervise capital markets of foreign countries, the Board may communicate to the concerned authorities the information and documents it has taken from these institutions and use them, except for the demand of judicial organs or the prosecution of other subjects constituting a crime,

(4) The Chairman's organisation of the Board may request opinion or information from ministries, related public and private institutions and persons while carrying out its duties. The aforementioned shall be obliged to meet the related demand and provide convenience to the Board staff. The Board shall communicate to the concerned authorities the issues that have to be pursued by other authorities according to the Law.

Transparency and accountability

ARTICLE 129 – (1) The annual report shall be submitted to the related Minister and be published on the Board's website until the end of June of the year following the period it belongs to. The Board shall provide information to the Plan and Budget Commission of the Turkish Grand National Assembly about its activities at least once a year.

(2) The Board shall give information to the Council of Ministers when deemed necessary by the related Ministry.

(3) The regulations made by the Board, shall be permanently published at the webpage of the Board and continuously updated

(4) The Board shall determine the form, content, principles and procedures of periodic reports to be prepared by the Board. Shall be determined by the Board.

Budget of the Board, audit of its expenditures and transactions

ARTICLE 130 – (1) In principle, the revenues of the Board shall meet its expenditures. The Board budget shall be prepared and accepted according to the principles and procedures determined in the related provisions of the Law on Public Financial Administration and Control dated 10/12/2003 and numbered 5018.

(2) In case when the revenues of the Board do not meet its expenditures, the deficit shall be met from Treasury grants to be made from the general budget.

(3) Issuers or public offerors must deposit a fee corresponding to three per thousand of the issue value of capital market instruments to be sold, which is not to be below their nominal values, if any, for the purpose of being recorded as revenue to the Board budget. At the last working day of three-month periods; a fee corresponding to five per hundred thousand of the net asset values of investment funds and investment companies with variable capital shall be deposited to the Board account in the following ten business days. Provided that the ratios mentioned in this paragraph are not exceeded, the Board Decision Making Body may determine different ratios by considering the nature, maturity or issuer of the capital market instrument. The Council of Ministers is authorised to increase the fees to be taken provided not to exceed two folds of

their legal ratios or decrease them to their legal ratios.

(4) Maximum ten percent of the whole revenues, except the interest revenues, of the exchanges and other organised markets, central clearing institutions, central securities depositories and the CRA which are regulated and supervised by the Board, may be recorded as revenue to the Board budget by the Board, However, the timing and amounts of the payments to be made according to this Article, shall be notified by the Board to the related institutions at least thirty days in advance, by considering the cash position of the Board in the calendar year following the year when the revenue had been obtained. The amounts that are not requested within a calendar year shall be added to the amounts to be paid in the following years and may be requested by the Board according to the same procedure. The ratios to be applied in the collection of these revenues and the institutions from which they would be collected shall be determined by the Board for each calendar year.

(5) Every year, the Board shall prepare an annual report regarding its activities until the end of June, which analyses the decisions of the previous year, the secondary regulations it has made and their economic and social consequences. The annual report shall also contain the performance objectives of the Board and the comparison and evaluation of application results.

(6) The principles concerning the sale of the inventories and assets of the Board and its similar transactions, application of the budget, making expenditures as well as the principles and procedures concerning the internal audit of the Board shall be determined with a by-law to be issued by the Board, without prejudice to the provisions of the Law numbered 5018 to which the Board is subject to.

Wages, financial and social rights

ARTICLE 131 – (1) The payments made within the scope of financial and social rights to the Chairman and members of the Board and the Board staff and the equivalent staff determined according to additional article 11 of the Decree Having the force of Law dated 27/6/1989 and numbered 375 shall be made pursuant to the same principles and procedures. The Chairman and members of the Board and the Board staff shall also be accepted as being equal to the staff determined as equivalent in terms of retirement rights. The payments made to the equivalent staff that are not subject to taxes and other legal deductions shall also not be subject to taxes and other legal deductions according to this Law.

Retiring from office of the Chairman and members of the Board

ARTICLE 132 – (1) As long as the persons nominated as Chairman and members of the Board hold office, they shall be discharged from their prior posts. However, those who are nominated as members while they were civil servants, shall be nominated within one month to a cadre suitable to their acquired rights by the authority holding the power of appointment in cases where their terms of office end or they request to retire from office and they apply within thirty days to their previous institutions, provided that they do not lose their conditions required for entering into the civil service. The Board shall continue to make them all kinds of payments they were receiving until the appointment is realized. Those who have been nominated as Chairman and members of the Board as they were not working in a public institution and whose term of office has ended as indicated above shall continue to receive all kinds of payments made by the Board until they start any other duty or work. The duration of the payments to be made by the Board to those whose membership is terminated due to the reasons mentioned in this Article shall not exceed two years.

(2) The periods that the Chairman and members of the Board have passed at these posts shall be evaluated in their service according to the provisions of the Law they are subject to. This provision shall also be applied to the Chairman and members of the Board who are academic staff of universities, without prejudice to the conditions required for acquiring academic titles.

Civil and penal liability of Chairman and members of the Board and Board staff

ARTICLE 133 – (1) Investigations concerning crimes claimed to be committed by the Chairman and members of the Board and the Board staff in relation with their duties, shall be conducted according to general provisions with the permission of the related Minister for the Chairman and members of the Board and the permission of the Chairman for the Board staff. In investigations concerning crimes claimed to be committed collectively by the Board members and Board staff, the authority to grant an investigation permission belongs to the related Minister.

(2) In order to be able to grant an investigation permission about the Chairman and members of the Board and the Board staff due to the crimes claimed to be committed by them in relation with their duties, there should be clear and sufficient indications proposing that these persons have acted with the intention to derive benefits for themselves and cause harm to the Board and that as a result of these activities they have derived benefits for themselves. In cases where the investigation permission is granted, this situation shall be notified to the relevant persons. It is possible to make an appeal before the Council of State against the decisions related to granting or not granting an investigation permission within fifteen days starting from the date of notification. Even if the permission has been granted, the investigation cannot be started until the appeal period lapses or the judgement has been rendered as a result of the appeal made to the Council of State.

(3) The investigations and prosecutions that have been started about the Chairman and members of the Board as well as the Board staff due to the crimes claimed to be committed by them in relation with their duties even if they have retired from office shall be prosecuted by a lawyer to be charged by means of an attorney agreement made with the related member or staff, in case they request. The legal expenses related to the mentioned suits as well as the attorney fee shall be paid from the Board budget, as long as this fee does not exceed the amount equal to fifteen times of the minimum attorney fee tariff declared by the Union of Turkish Bar Associations.

(4) All kinds of actions for indemnification and actions of debt commenced or to be commenced against the Chairman and members of the Board and the Board staff while they were holding office as well as after they have retired from office, due to the decisions, actions and operations of the Board related to the duties mentioned in this Law, shall be deemed to be commenced against the Board. In these suits, the hostility shall be directed to the Board. The provision of the third paragraph concerning the attorney fee and legal expenses shall also be exactly valid for these suits. At the end of the trial, if a decision has been taken against the Board and the Board has made a payment due to the finalization of the decision, the Board shall request this amount from the interested persons. In order to be able to request from the interested persons the payments made by the Board, the court decision about these persons determining their faults must be finalized.

Recourse to courts against Board decisions

ARTICLE 134 – (1) The administrative suits to be filed against Board decisions shall be heard before administrative courts. The applications made against Board decisions shall be considered as urgent matters.

Keeping and disclosing secrets

ARTICLE 135 – (1) The Chairman and members of the Board as well as the Board staff shall not disclose the secrets they have learned during their services to anyone, except the persons authorised according to this Law and their special laws and they cannot use them for the benefit of themselves or others. Persons and institutions from which the Board has outsourced support services as well as their employees shall also be subject to this provision. This obligation shall also continue after retiring from office.

(2) Information and documents that the Board would give according to the provisions of this Law in the framework of the memoranda of understanding it would sign with its equivalent supervisory authorities abroad shall not in the context of the secret in the first paragraph. The Board is responsible for providing the conservation of the secrets it has obtained through memoranda of understanding or otherwise. Information and documents having the attribute of secret that the Board would obtain may be used in public offer, granting of the permission for establishment and activity, supervision of activities, monitoring whether the regulations are being obeyed or not, and hearing of the administrative suits to be filed against Board decisions. Information and documents having the attribute of secret that the Board would obtain in the context of this paragraph shall not be given to any person, body and institution other than prosecution offices and criminal courts in the context of investigations and prosecutions as well as the Chairman and members of the Board and Board staff who would request them in relation with the prosecutions and investigations started due to the crimes claimed to be committed by them in relation with their duties, even if they have retired from office. The Board shall not be responsible for supplying information which enters into the scope of secret according to a court decision.

(3) In the event that the memorandum of understanding mentioned in the second paragraph gives an authority to share, the limits of which are clearly defined or that the reciprocity principle does not take place in the memorandum of

understanding or that the counterparty is not subject to the obligation of keeping secrets at the same level, the provisions mentioned in the paragraph keeping secrets shall be applied by analogy.