COMMUNIQUÉ ON PRINCIPLES OF ESTABLISHMENT AND ACTIVITIES OF INVESTMENT FIRMS (III-39.1)

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FIRST PART
Purpose, Scope, Grounds, Abbreviations and Definitions

Purpose:

ARTICLE 1 – (1) The purpose of this Communiqué is to set down principles with regard to establishment, founders, shareholders, personnel, starting of operations, obligations and liabilities, decentralized organization units, outsourcing of services, activities, cessation of activities, and collaterals of investment firms engaged in investment services and activities and ancillary services.

Scope:

ARTICLE 2 – (1) This Communiqué covers the principles relating to establishment, starting of operations as well as activities, and cessation of activities of investment firms engaging in investment services and activities and ancillary services.

Grounds:

ARTICLE 3 – (1) This Communiqué is prepared and issued in reliance upon Articles 39, 40, 41, 42, 43, 44, 45, 46, 96, 97 and 98 of the Capital Markets Law no. 6362 dated 6/12/2012.

Definitions and Abbreviations:

ARTICLE 4 – (1) For the purposes and in the context of this Communiqué, following definitions shall apply:

a) **Intermediary Institution:** An investment firm authorized by the Board to deal exclusively with the investment services and activities listed in subparagraphs (a), (b), (c), (e) and (f) of first paragraph of Article 37 of the Law;

b) **Bank:** Deposit banks, participation banks and development and investment banks as defined in Article 3 of the Banking Law no. 5411 dated 19/10/2005;

c) **Association:** Capital Markets Association of Turkey;

ç) Exchange: Systems and market places authorized in accordance with this Law no.6362 and established in the form of joint stock corporations that are operated and/or managed by themselves or a market operator to ensure smooth and secure trading of capital market instruments, foreign exchange, precious metals and precious stones and other contracts, documents and assets deemed appropriate by the Board under free competition conditions and to determine and declare the prices formed, and which operate on a regular basis to bring together purchase and sale orders so as to execute them or to facilitate bringing together of such order,

d) Narrowly authorized intermediary institution: An intermediary institution engaging in any or all of reception and transmission of orders and/or investment advice related services and activities pursuant to regulations of Board pertaining to investment services and activities and ancillary activities,

e) Broadly authorized intermediary institution: An intermediary institution engaging in any or all of dealing on own account, general custody and/or underwriting related services and activities pursuant to regulations of Board pertaining to investment services and activities and ancillary activities,

f) Issue: The issuance of capital market instruments by issuers and their sale with or without public offering.

g) Law: Capital Markets Law no. 6362;

ğ) Partially authorized intermediary institution: An intermediary institution engaging in any or all of execution of orders, best effort, limited custody and portfolio management related services and activities pursuant to regulations of Board pertaining to investment services and activities and ancillary services;

h) Board": Capital Markets Board;

ı) CRA: Central Registry Agency Co., Inc. as defined in Article 81 of the Law

i) Qualifying shareholder: A shareholder either directly or indirectly holding shares representing 10% or more of the capital or the voting rights or those shares having the privilege of nominating director(s), even with holdings less than above mentioned percentage;

j) Shareholders' equity: Shareholders' equity capital calculated according to the regulations of the Board pertaining to capital and capital adequacy requirements for intermediary institutions;

k) **Capital market instruments:** Securities and derivative instruments as well as other capital market instruments designated as such by the Board including investment contracts;

l) **"Capital market activities":** Activities of capital market institutions within the context of Law, and their investment services and activities under the Law, and their ancillary services relating thereto;

m) **"SPL":** Capital Markets Licensing Registry and Training Services Co., Inc.;

n) **"Takasbank":** Istanbul Clearing and Settlement Bank Co., Inc.;

o) **"TCC":**Turkish Commercial Code no. 6102 dated 13/1/2011;

ö) **"Ancillary services":** The services listed in Article 38 of the Law;

p) **"Investment services and activities":** The services and activities listed in Article 37 of the Law;

r) **"Investment firms":** Intermediary institutions, banks and other capital market institutions established to perform investment services and activities, the establishment and operation principles of which are designated by the Board;

s) **"ICC":** Investor Compensation Center as defined in Article 83 of the Law.

SECOND PART
Conditions and Permission for the Establishment of Intermediary Institutions

Conditions of Establishment for Intermediary Institutions:

ARTICLE 5 – (1) In order for the Board to permit the establishment of intermediary institutions;

a) They must be established as joint-stock corporations;

b) All of their shares must be registered under the name of the shareholders;

c) Their shares must be issued against cash payment(s);

ç) Their initial capital must not be less than the predetermined amount by the Board, with the condition that, in any case, it is not less than the minimum shareholders' equity requirement for intermediary institutions having been broadly authorized, pursuant to regulations of the Board pertaining to capital adequacy;

d) Their articles of association must be in compliance with the provisions of the Law and other relevant regulations; and

e) Their founders must meet the conditions indicated in the Law and other relevant regulations;

f) Their shareholding structure must be transparent and clear.

(2) Shareholders' equity of intermediary institutions established pursuant to Article 63 shall not be less than the minimum shareholders' equity requirement pursuant to the regulations of the Board pertaining to capital adequacy requirements for any other group of intermediary institutions having the same authorizations for investment services rendered and activities engaged in.

Conditions Relating to Founders:

ARTICLE 6 – (1) Founding partners of intermediary institutions:

a) Must not be bankrupt, or have declared composition with creditors or a decision of postponement of bankruptcy must not have been taken about them; and

b) Must not be among persons liable for the sanction in institutions which have had one of their permissions for activity cancelled by the Board; and

c) Must not have a finalized sentence due to the crimes in the context of this Law; and

ç) A liquidation decision must not have been taken about them or the institutions where they were a partner according to the Decree Having the Force of Law dated 14/1/1982 and numbered 35 on the Transactions of Bankers in Payment Difficulty and its annexes; and

d) Must not, even if the durations indicated in Article 53 of the Turkish Criminal Code dated 26/9/2004 and numbered 5237 have elapsed, have been sentenced to prison for five years or more due to a crime committed on purpose or sentenced for crimes committed against the security of the state, crimes committed against the constitutional order and the functioning of this order, the crimes of embezzlement, extortion, bribery, theft, fraud, forgery, abuse of confidence, fraudulent bankruptcy, rigging an auction, rigging in terms of discharging an obligation, hindrance or destruction of an information system, deletion or alteration of data, abuse of bank or credit cards, laundering proceeds of crime, financing of terrorism, smuggling, tax evasion or unjustified benefit; and

e) Must have necessary financial strength as well as the honesty and reputation that the business requires.

(2) Concerning the application of first paragraph; conditions indicated in sub-paragraph (a) shall not be taken into consideration in the implementation of the paragraph in the event that ten years have elapsed since the decision regarding the rescission or closing of bankruptcy proceedings or the approval of composition offer while the conditions indicated in sub-paragraph (b) shall not be taken into consideration in the implementation of the paragraph in the event that ten years have elapsed since the date when the decision related to this has been finalized.

(3) Qualifying shareholders of founding legal entity shareholders of intermediary institutions are also required to fulfill the conditions listed in first paragraph hereinabove.

(4) In the changes of ownership structure after establishment, the conditions specified in this Article for founding shareholders of intermediary institutions are also sought for real and legal entity shareholders as well as qualifying shareholders of legal entity qualifying shareholders of intermediary institutions.

(5) In the applications to the Board regarding either the establishment of intermediary institutions or the changes in shareholding structure resulting in an increase of ownership rate, such shareholders are further required not to be banned from transactions in capital markets.

(6) In the case of any change in the status of shareholders as stipulated in this Article, intermediary institutions shall inform the Board of such changes within 3 business days.

Trade Name and Business Name:

ARTICLE 7 – (1) Trade name of intermediary institutions shall contain any one of the phrases “securities” or “stocks” to represent investment services and activities engaged in. Broadly authorized intermediary institutions may use either one of the phrases “investment securities” or “investment stocks”.

(2) Cases in which intermediary institutions choose to use a business name or a brand, a prior consent of the Board is required. However, such business name or brand shall be chosen so as to allow for associating it with the trade name of intermediary institution.

(3) Intermediary institutions are required to use their trade names, together with their business names, in all kinds of advertisements and announcements to be published in press and media and in all of their correspondences.

(4) Only in the case of a change in shareholding structure in such a manner that results in a change in management control, trade name of such intermediary institution can be changed

in order to indicate such change in shareholding structure or to fulfill the legal requirements in connection therewith.

Establishment Process of Intermediary Institutions:

ARTICLE 8 – (1) Founders shall apply to the Board with articles of association prepared in accordance with the conditions for establishment and with other documents proving that they meet the conditions specified in Article 6 hereinabove. If deemed necessary by the Board, some additional information and documents may also be requested in the application for establishment.

(2) The Board, regarding applications for establishment, operational license and changes in shareholding structure, may request intermediary institutions and their legal entity partners to specifically have independent audit and/or rating performed.

(3) Restructuring processes and amendments to articles of association of intermediary institutions are subject to the prior consent of the Board.

THIRD PART
Operating Conditions and License of Investment Firms

General Conditions For Starting Operations:

ARTICLE 9 – (1) In order to be authorized by the Board to operate pursuant to regulations of the Board pertaining to investment services and activities and ancillary services, the intermediary institutions are required to fulfill the following general conditions:

a) They must not have lost any one or more of the conditions for establishment; and
b) Their minimum initial capital must have been fully paid in cash; and
c) Obligations stipulated in the regulations of the Board pertaining to capital adequacy depending on the preferred services and activities, must have been fulfilled; and
ç) An organizational structure fulfilling the conditions listed in Article 10 hereof must have been established; and
d) The conditions stipulated in Article 13 relating to the personnel to be employed must have been fulfilled; and
e) General manager and his/her deputies must fulfill the conditions stipulated in Article 14 hereof; and
f) The data process infrastructure required for having a sound operational management must have been established; and
g) The security measures required including but not limited to insurance, must have been taken regarding assets kept within the intermediary institution; and
ğ) all collaterals, if any, stipulated in the related legislation must have been established.

(2) banks are required to meet the general conditions listed in subparagraphs (ç), (d) and (g) of first paragraph hereof in order to engage in investment services and activities permitted in accordance with related legislation,

(3) In the applications of investment firms for being authorized to operate, the Board may, if deemed necessary, seek for additional conditions.

Organizational Structure:

ARTICLE 10 – (1) In order to be authorized by the Board to operate, intermediary institutions shall have established an organizational structure fulfilling the following conditions:

a) Service units related to the preferred investment services and activities shall have been established with adequate space and technical hardware being provided, and a unit manager and an adequate number of personnel fulfilling the minimum conditions stipulated in the related legislation being employed; and

b) Unit in charge of documentation, recording and accounting services shall have been organized, and an adequate number of personnel shall have been employed; and

c) A sound managerial structure adequate for the preferred investment services and activities shall have been built, job definitions of related personnel have been determined, and related powers, duties and responsibilities have been designated, within the framework of regulations of the Board pertaining to internal audit systems of intermediary institutions; and

ç) Their organizational structure that involves an internal audit system composed of internal control, inspection and risk management systems within the framework of the regulations of the Board pertaining to internal audit system of intermediary institutions shall have been established; and

d) Their organizational structure shall have been arranged in compliance with the principles set down in Articles 11 and 12 regarding conflicts of interests.

(2) In order for banks to be authorized to operate, the conditions described in subparagraphs (a), (b), (c) and (d) of first paragraph are sought for.

(3) Intermediary institutions may move their organizational units other than the units having specialized personnel directly serving the customers, to an additional service building provided that they inform the Association and in such a manner that do not distort operational integrity or work flow. However, these units can by no means and in no case operate as if they were decentralized organization units. Intermediary institutions are responsible for taking all kinds of measures relating thereto.

Prevention or Disclosure of Conflicts of Interest:

ARTICLE 11 – (1) Investment firms shall act fairly and honestly by protecting the interests of their customers and the integrity of market, in the course of provision of investment services and activities and ancillary services.

(2) To this end, in its customer relations, an investment firm shall essentially create an organizational structure that prevents the probable conflicts of interest between its customers and itself, its shareholders, employees, managers, other persons who are directly or indirectly related to them or between two or more of its customers and shall take the required administrative measures.

(3) However, when a conflict of interest cannot be prevented due to reasonable causes arising from the functioning of the market, investment firm is required to inform the customer about contents and reasons of probable conflicts of interest between itself and its customers, before performing the relevant activity or providing the relevant service. The burden of proof of such information lies with the investment firm.

(4) Investment firm shall create and implement a written conflicts of interest policy to ensure compliance with the principles set forth in this Article. This policy may be put into force only with a decision of board of directors.

(5) Principles envisaged in this Communiqué with regard to conflicts of interest cannot be used or applied in a way that may result in conduct of acts and actions conflicting with the related legislation.

Conflicts of Interest Policy:

ARTICLE 12 – (1) In creating its conflicts of interest policy, the investment firm shall take into consideration its size, organizational structure and its investment services and activities and ancillary services. For cases in which an investment firm is a part of a group of companies, the conflicts of interest policy is created considering both the organizational structure and the activities of other members of the group thereof.

(2) Conflicts of interest policy shall contain; probable events that may contradict with customers' interests, measures that can be taken to prevent such events, and procedures to be followed in case of a failure to prevent such conflicts of interest, for each investment service and activity and ancillary service the investment firm is authorized for.

(3) In the creation of a conflicts of interest policy, to determine the probable events which may contradict with customers' interests, the investment firm shall take the following events as the minimum criteria in which the investment firm, its shareholders, employees, managers and other persons directly or indirectly related to those:

a) make a financial profit or be relieved of a financial loss to the detriment of customer; or

b) derive personal benefit from services and activities provided to the customer in spite of the fact that the customer does not have any personal benefit therein; or

c) derive personal benefit from the preference for a customer or a group of customers over another customer or another group of customers; or

ç) make a financial profit, other than standard fees and commissions, from a person, other than a customer, resulting from activities and services provided to such customer.

(4) Measures accepted for prevention of probable conflicts of interest, and procedures to be followed in case of a failure to prevent such conflicts of interest, shall at least contain the following points:

a) Measures to prevent or manage information flow within the investment firm or between members of the group of companies; and

b) Measures to supervise the units within an investment firm that are subject to conflicts of interest, and the employees of such units; and

c) Measures on compensation of employees working for the units of investment firm, that are subject to conflicts of interest; and

ç) Measures to determine the places of duty of investment firm employees in such a manner that will not to lead to a conflict of interest.

(5) The elements stated in the third and fourth paragraphs hereof shall at least be defined for the following matters:

a) The situation in which the loss incurred by the customer results in the investment firm making profit due to the very nature of the service or product offered when dealing on own account; and

b) Provision of investment advisory and portfolio management services concurrently with providing services within the context of the activity of dealing on own account; and

c) provision of investment advisory and portfolio management services concurrently with conducting the activity of underwriting in public offering for the same capital market instruments; and

ç) Keeping in confidence the issuer information obtained during the provision of underwriting in public offering; and
d) Protection of confidentiality of customer data and information obtained during the provision of custody services, against other service units.

(6) the Board, if determines that measures covered by the conflicts of interest policy; are not adequate for the management of conflicts of interests between a customer or a group of customers and the relevant investment firm, and/or are not applied, it may request additional measures on an investment firm basis or in general.

Conditions Relating to Personnel:

ARTICLE 13 – (1) Managers, specialized personnel, inspectors, internal control officers and risk management officers of intermediary institutions must satisfy all the conditions sought for founding partners in Article 6 hereof, except for the requirement to have enough financial power and must not have been banned from conducting transactions in capital markets.

(2) Managers, specialized personnel, inspectors, internal control officers and risk management officers of intermediary institutions are required to hold a certificate of license proving their professional competence specified in the regulations of the Board pertaining to licensing and registry.

(3) Except for directors; managers, inspectors, internal control officers, risk management officers, research professionals, investment advisors, corporate finance professionals and portfolio managers are required to graduate with at least 4-years university education, and customer representatives, derivative instruments customer representatives, stock exchange brokers, settlement and operation professionals and derivative instruments accounting and operation professionals are required to graduate with at least 2-years university education (associate degree), unless otherwise stated in the related legislation thereto.

(4) The Board may require different educational and professional experience conditions for intermediary institutions' personnel according to the activities undertaken.

(5) Regarding banks; the conditions stipulated in this Article are sought for bank managers and specialized personnel working in the service units related to the preferred fields of activity.

General Manager and Deputy General Managers:

ARTICLE 14 – (1) General manager and deputy general managers of an intermediary institution are required to have at least 7 years of professional experience specifically in financial markets or business administration and to have the honesty, integrity and reputation required for the position.

(2) A general manager of an intermediary institution shall be employed solely for this position. However, general manager may assume such positions as a member of board of directors at; other institutions having management or capital relations with the related intermediary institution, institutions where said institutions directly or indirectly hold management or capital control, stock exchanges and other organized markets, settlement and custody institutions, and other financial institutions deemed appropriate by the Board, provided that the position is not an executive one and it does not cause the general manager to fail in performing his duties at the intermediary institution.

(3) The general manager position cannot be deputized for more than six months.

(4) The names of persons appointed as general manager or deputy general manager are required to be submitted to the Board, along with documents proving that they meet the conditions sought for in Article 13 hereinabove. If the Board does not express a negative opinion within 7 business days after receiving this information, the relevant persons may be appointed, and this appointment shall be reported by the intermediary institution to the Association within 10 business days thereafter.

(5) Reasons for the retirement of general manager and the deputy general managers who leave office for any reason whatsoever are required to be notified by the relevant intermediary institution and the retiring personnel to the Board and the Association within 3 business days thereafter.

(6) Even if recruited as coordinator, director or with other position titles, the personnel who are equivalent to a general manager and/or a deputy general manager in terms of powers and duties are subject to provisions of this Communiqué pertaining to general manager and deputy general managers and other personnel.

Board of Directors:

ARTICLE 15 – (1) Board of directors of an intermediary institution is composed of at least three members. Majority of directors are required to graduate from universities with at least 4-years education.

(2) The conditions listed in Article 13 are sought for natural persons elected as a representative of a legal entity that is a member of the board of directors of an intermediary institution.

(3) If and when it is intended to delegate the managerial powers of board of directors of an intermediary institution to delegate member(s) of the board of directors, at least two members shall be assigned as delegate member, and their powers, duties and responsibilities shall be determined beyond any question.

(4) Members of the board of directors of an intermediary institution, if they at any time during the last two years entered into an employment, capital or commercial relationship with persons who are parties of a decision by the board of directors, or if those parties are blood relatives or relatives by marriage, up to third degree including spouses, shall disclose such relations with reasons to the board of directors and to ensure this fact recorded in the meeting minutes.

(5) The provisions of TCC pertaining to the prohibitions from participating in negotiations, trading with the company, indebtedness to the company or competing with the company imposed on directors are, however, reserved.

Professional Liability Insurance:

ARTICLE 16 – (1) the Board may request procurement of a professional liability insurance at the stage of granting authorization or during the term of operations, on the basis of investment firms or in general.

Application and Authorization for Operating:

ARTICLE 17 – (1) An intermediary institution, which fails to apply for an authorization for operating within 6 months following receipt of license for establishment from the Board, loses its right to take authorization for operating. The Board, if necessary, may extend this period of time by a maximum of 1 year.

(2) Intermediary institutions that fail to apply to the Board for authorization for operating in due time or intermediary institutions whose applications of authorization for operating are disapproved by the Board shall take a decision of dissolution or amend the clauses of its articles of association relating to trade name, objectives and fields of business to exclude investment services and activities therefrom, within no later than 3 months from the date of receipt of notice in connection therewith, and to send a copy of the relevant Turkish Trade Registry Gazette containing such amendment to the Board within 10 business days following the date of announcement.

(3) In order for an investment firm to be eligible to be authorized by the Board in order to initiate related business activity(ies) , the Board shall acknowledge that the investment firm has satisfied both the general conditions specified in this Communiqué and all special conditions stipulated for each investment service and activity in the regulations of the Board pertaining to investment services and activities and ancillary services, and that has the capacity and competence required to be able to perform its activities in compliance with the Board regulations.

(4) Investment firms shall apply to the Board with a petition accompanied with both information and documents proving that the investment firm satisfy all general and special conditions specified in this Communiqué and other information and documents which may be

requested by the Board. Applications which do not conform to the standards determined by the Board are not taken into consideration, and shall be returned. Information and documents to be submitted to the Board shall be signed by those authorized to represent the investment firm, and shall be complete for the purposes of proving that the required operational conditions are fulfilled. If additional information and documents requested by the Board are not delivered completely by the end of the time granted thereinfor, the application is cancelled. Applications are examined and finalized by the Board, and the decision is notified to the relevant persons, within maximum 6 months following the date of complete submission of all of the required documents to the Board.

(5) Applications for authorization to operate are separately examined, and if deemed appropriate by the Board, the investment firm is given a single authorization certificate showing all the investment services and activities that it may perform. Operations shall not be started before the receipt of authorization certificate.

(6) Before the delivery of authorization certificate, the public fees levied in reliance upon the Public Fees Law no. 492 dated 2/7/1964 shall be deposited, and the receipt of payment thereof shall be submitted to the Board. Authorization to operate is cancelled if the investment firm fails to submit the Board a receipt of payment of public fees within no later than 1 month following the notification of authorization from the Board.

(7) Firms which do not have an authorization for providing investment services and performing activities from the Board or the authorization of which are cancelled shall neither engage in these services and activities, nor use any word, phrase or expression giving public the impression of provision of such services and activities in their articles of association, trade name, advertisements and announcements. Firms, the business operations of which are temporarily suspended are also subject to these principles, except for the principles for articles of association and trade name.

(8) The provisions of this Article also apply to the applications for investment services and activities after the start of business operations.

(9) Investment firms shall also meet all general and special operational conditions throughout the term of their business operations after being authorized. An investment firm no longer fulfilling these conditions shall inform the Board within 3 business days thereafter.

(10) Investment firms, the business operations of which are temporarily suspended may, if and when it is determined by the Board that the breaches necessitating such sanction have been resolved, restart their business operations if and to the extent deemed appropriate by the Board considering the general and special conditions relating to business activities to be performed by the related investment firms.

FOURTH PART
Investment Firm Personnel, and Principles Relating to the Personnel

Personnel of Investment Firms:

ARTICLE 18 – (1) Intermediary institution personnel is composed of managers, specialized personnel, inspectors, internal control officers and risk management officers.

(2) The term "managers" includes Board directors, general manager and deputy general managers, and managers from all levels in the units where specialized personnel work, and personnel in levels between manager and specialized personnel in such units (deputy manager, supervisor, etc.), and branch managers and liaison office executives. The manager of specialized personnel assigned to work at bank branches is the manager of the unit to which said personnel are functionally linked to in the hierarchy in terms of the subject investment activities and services.

(3) Specialized personnel are the personnel reporting to the managers. Specialized personnel are composed of customer representatives, derivative instruments customer representatives, stock exchange brokers, research professionals, investment advisor, corporate finance professionals and portfolio managers, settlement and operation professionals and derivative instruments accounting and operation professionals.

(4) Customer representatives are personnel of investment firms, including, but not limited to the ones at decentralized organizational units, session halls and call centers, who take customer orders, and transmit these to relevant markets or institutions, and provide general investment advice or financial information to customers, and monitor the customer risks and collaterals (margins) in the process of receiving orders, and inform the customers about their accounts, and invest the cash receivables of customers, and carry out marketing activities related to the investment services and activities, and fully or partially performs other similar duties. If and when these activities are conducted for derivative instruments, the personnel fully or partially performing these duties are called "derivative instruments customer representatives".

(5) Personnel of call centers and bank branches who only work for receiving and transmitting customer orders to the system and generally, inform the customers about their accounts regarding investment fund participation units and public debt instruments issued by the Undersecretariat of Treasury listed and traded in stock exchanges and other organized markets are not deemed as customer representatives.

(6) Research professionals are the personnel in charge of activities such as conducting economic and financial researches, and following the developments in national and foreign markets and assessing their probable effects, preparing information which help customers make accurate investment decisions, and using and interpreting methods such as fundamental

and technical analyses. Personnel either working in specialized units in charge of capital market activities at development and investment banks or offering the services described in this paragraph to the said specialized units are considered as research professionals for the purposes of this Communiqué.

(7) Investment advisor is a personnel responsible for the provision of influential investment recommendations and comments to customers in authorized institutions regarding capital market instruments, those companies and institutions issuing them and similar other topics, and for partially or fully carrying out the activities listed in the regulations of the Board pertaining to investment advisory activity.

(8) Corporate finance professional at an authorized institution is a personnel who is fully or partially responsible for preparing price determination reports on public offerings of capital market instruments, preparing prospectuses, certificates of issue or announcements of sales to investors and if any, other sales documents presented to the Board for approval, together with issuers and/or public offerers, and working on the determination of details such as issue price, issue amount and public offering process.

(9) Portfolio manager is a personnel who is fully or partially responsible as and in the capacity of a proxy in authorized institutions for creating and managing portfolios in conformity with financial situation, risk – yield preferences and investment periods of customers, and for carrying out the activities stated in the regulations of the Board pertaining to individual portfolio management activities.

(10) Settlement and operations professional is a personnel of investment firms who fully or partially conducts netting, clearing and settlement operations relating to capital market instruments following the execution of orders, and reflects the transactions to customer accounts, and makes the daily account balance checks, and follows up on the customer identity information, and executes transfers between accounts, and monitors collaterals in the name of customers, and monitors capital increases and dividend distributions and ensures that the customer benefits from thereof, and takes similar other actions. If and when these activities are conducted for derivative instruments, the personnel fully or partially performing them are called “derivative instruments accounting and operations professionals”.

(11) Inspectors, internal control officers and risk management officers are those personnel employed by intermediary institutions for performing tasks defined for them in the internal audit system pursuant to the relevant regulations of the Board.

(12) The personnel performing tasks and exercising powers that are attached to a position title even if these personnel are in fact employed for a different position title, are governed by the provisions of this Communiqué. However those employed as specialized personnel shall use the position titles specified in this Article.

Principles Relating to Personnel:

ARTICLE 19 – (1) During the provision of investment services and activities and ancillary services, the managers, specialized personnel, inspectors, internal control officers and risk management officers of intermediary institutions shall abide by the principles set forth in Articles 20, 21, 22 and 23 herein below.

(2) Banks are also governed by and subject to the provisions of the preceding first paragraph with regard to their services and activities under the Law.

Professional Competence Principle:

ARTICLE 20 – (1) Intermediary institutions shall seek for and assure the required professional competences in their personnel. Professional competence refers to an educational background such as an associate, bachelor's or postgraduate degrees and a professional experience appropriate for performing relevant tasks at intermediary institutions.

(2) Intermediary institutions shall offer qualified investment services and activities throughout their operations, and be aware of the fact that customers expect them to fulfill such obligations. To this end, they shall provide professional training or provide opportunities to enhance the personnel's professional and technical knowledge.

Professional Care and Diligence Principle:

ARTICLE 21 – (1) Intermediary institutions personnel shall take professional care and diligence in their activities and decision making process. Care and diligence refer to the importance to be attached to details, and the care and efforts to be shown by a careful and prudent personnel under the same conditions.

(2) Minimum level of the required care and diligence is full compliance with the framework agreement signed with the customer, and the provisions of this communiqué, and the rules and principles of services and activities in the regulations of the Board pertaining to investment services and activities and ancillary services, and the standards determined by the Association in its rules and by the intermediary institution in its internal rules and procedures.

Principle of Honesty:

ARTICLE 22 – (1) Intermediary institutions and their personnel, when conducting their professional activities, shall act and behave with manners and considerations that assure honesty and objectivity.

(2) Intermediary institution personnel should avoid all kinds of conflicts of interest they may encounter when conducting their activities, and should not permit any intervention that may affect their honesty and objectivity.

Principle of Secrecy:

ARTICLE 23 - (1) Intermediary institutions, intermediary institution personnel and external service providers of intermediary institutions cannot disclose confidential information they learned about intermediary institutions and their customers within the scope of the provision of investment services and activities in the course of performing the assigned tasks and cannot use these secrets and confidential information in the interests of themselves or third parties.

(2) Announcements and notifications made for the purposes of public disclosure as required by the legislation and the provision of information to relevant official authorities during all kinds of administrative investigations and prosecutions and about situations forming an offence, are not considered within the scope of the principle of secrecy as long as they are based on official documents and certificates received from authorized institutions or persons pursuant to the related legislation.

FIFTH PART
Principles for the Activities of Investment Firms

General Principles to Be Complied With Throughout the Performance of Activities:

ARTICLE 24 – (1) Investment firms shall comply with the following rules and principles in the course of performance of their investment services and activities. These firms are required:

a) To carry out their activities in accordance with the principles set down in the framework agreement signed with customers, the obligation to execute customer orders with best effort and the obligation of due care and loyalty; and

b) To behave like a prudent merchant during performance of their activities, to show appropriate professional care and diligence required for business, and to this end, to take all kinds of necessary measures; and

c) To effectively use the sources they have for sustaining the performance of their activities; and

d) In their relations with customers, to provide sufficient information and transparency about rules and regulations concerning dematerialized system and investor protection as well as all issues relating to customers.

(2) Investment firms have to become member of the Association and to participate in ICC (Investor Compensation Center).

Obligation to Inform Customers About Risks:

ARTICLE 25 – (1) Before signing a framework agreement with regard to investment services and activities, the investment firms shall inform their general customers, as defined in Article 31 hereof, about general risks relating to capital market instruments and investment services and activities, and to this end, submit a copy of "Investment Services and Activities General Risk Statement Form", the minimum contents of which are determined by the Board as shown in Annex 1, and get a written statement verifying that this form is read and understood by the customer, and give one copy to each customer.

(2) Before starting to render services to their general customers in the context of the activity of intermediation in trading transactions, the investment firms shall explain to their customers the risks of capital market instruments to be traded in addition to the general risk statement referred to in the preceding first paragraph, and get a written statement verifying that the explanations are read and understood by the customers. A copy of said explanations is also required to be delivered to each customer.

(3) The explanations to be made pursuant to the preceding second paragraph must at least contain the following information:

- **a)** Rates or amounts of all kinds of commissions, fees and taxes relating to transactions; and
- **b)** Information as to whether the relevant capital market instrument has a secondary market or not; and
- **c)** Risk profile of capital market instrument to be traded, including but not limited to the counterparty risk, liquidity risk and market risk; and
- **ç)** Information on how over-the-counter derivative products are generally structured and priced; and
- **d)** Information on market maker and issuer, if any; and
- **e)** Information on how the risks about capital market instruments will be monitored; and
- **f)** Regarding the transactions in foreign markets, in addition to the information above information on :
  - **1)** How the money is transferred abroad; and
  - **2)** Exchanges and platforms used for transactions; and
  - **3)** Where the capital market instruments or customer assets are kept in custody; and
  - **4)** The counterparty if the transaction is executed in over-the-counter markets; and
  - **5)** Whether the markets at which transactions are executed have some type of investor compensation schemes, and if any, the scope of compensation.

In principle, the information listed above shall be explained by using quantitative or concrete examples as far as possible, rather than by general and ambiguous expressions or references made to regulations and laws.

(4) Specifically for leveraged transactions as a minimum, circumstances in which the investment firm takes a position as a counterparty to customer, and as a requirement of nature

of the service or product offered, the loss incurred by the customer results in a profit obtained by the investment firm, said conflict of interest shall separately be stated and indicated in risk statement form.

(5) In the case of a change in the abovementioned explanations, a notice shall be sent to relevant customers regarding the change and a written statement of the customer shall be taken, within 3 business days following the date the investment firm realize the change,. If and when the customer intends to invest on a new capital market instrument, the relevant risk statement shall be made before starting any transaction. Notices to be sent to the customer pursuant to this paragraph may also be transmitted via electronic media.

(6) Explanations required to be made under this Article must be plain and understandable. The burden of proof relating to these explanations and the updates required therein lies with the investment firm.

(7) If demanded so by professional customers described in Article 31, the investment firm shall make the explanations mentioned in second and third paragraphs hereof.

Obligation to Sign Framework Agreement:

ARTICLE 26 – (1) Before starting any transactions with customers, investment firms shall sign a written agreement regarding the services and activities to be offered thereunder. Minimum contents of this agreement are determined by the Board. This agreement is a framework agreement that generally regulates the relations between investment firm and its customers, and is signed once at the beginning, and constitutes the baseline for individual transactions.

(2) A single framework agreement may be signed with regard to more than one investment service and activity, provided that the required minimum contents for each different agreement are included in that single framework agreement.

(3) Agreements shall be issued with consecutive serial numbers and printed at least in one original copy, and the copy of said original that contains the signature of approver and the seal of investment firm verifying that it is the same as the original shall be delivered to the customer. The signed and sealed original copy of agreement retained by the investment firm shall contain the phrase saying that a copy thereof is received by the customer and shall be signed.

(4) The agreement shall be renewed when there is a change in the party (parties), to the agreement resulting from cases such as acquisition, merger, inheritance, incorporation of new beneficiaries to joint accounts, or parting of some beneficiaries therefrom.

(5) Framework agreements cannot contain provisions that contradict with capital markets legislation, and provisions that seriously impair the rights of customers and that provide

unilateral and extraordinary rights in favor of investment firms and that impose the burden of proof for orders to customers.

(6) General provisions shall be applied to circumstances for which there is no provision in the framework agreements.

Customer Number and Customer Accounts:

ARTICLE 27 – (1) A different customer number shall be assigned to each customer with whom a framework agreement is signed. More than one account may be opened with the number assigned to customer according to the agreement signed. Customer and account numbers assigned to a customer shall not be assigned to any other customer before the end of 10 years following the date of expiration of the framework agreement signed with that customer.

(2) The investment firm shall open or provide the opening of, a customer custody sub-account at the authorized settlement and custody institution and/or at CRA before accepting any order from the customer or before transmitting any order given in the name of the customer who is a party to the signed framework agreement with the investment firm, and shall get a registry number and enable matching it with the customer number. A registry number which is already assigned shall also be matched to the customer number.

(3) The same customer account number is used also for the customer custody sub-account at the authorized settlement and custody institution and/or CRA.

(4) Investment firms shall not accept orders from customer accounts that have not been assigned a registry number or have not been matched with registry number at the authorized settlement and custody institution and/or at the CRA. The Board, however, reserves the right to make exemptions to this provision for different types of capital market instruments.

(5) Changes in the names of natural person customers or in the trade names of legal entity customers shall be notified to the authorized settlement and custody institutions and/or the CRA immediately after receiving such information.

Internet Sites of Investment Firms:

ARTICLE 28 – (1) Investment firms shall open an internet website containing information about investment services and activities for which they are authorized, and about the company, or shall improve their existing websites accordingly, and shall create a separate section at this web site for each investment services and activities for which they are authorized.

(2) Internet website is required to contain at least:

a) the types of services the firm is authorized to offer; and

b) Introductory information, if any, on the institution in favor whom the operations are carried out; and
c) Minimum elements and risks of transactions; and
ç) Conditions for safe keeping and use of personal data and information received; and
d) Methods in which transmission, execution, clearing and settlement of orders are done; and
e) Order execution policies; and
f) Instantaneous price bids for buying/selling capital market instruments not listed and traded in stock exchange(s), except for derivative instruments created one to one with any customer in line with the customer's needs and demands; and
g) Principles for transactions that can be made by customers via electronic media, and for notices to be delivered to customers via electronic media; and
ğ) Information on capital market instruments, stock exchanges and markets they are traded at; and
h) The provisions of the legislation that professional customers cannot benefit from; and
ı) Emergency contact information that customers can use in emergency and contingency situations and minimum measures to reduce the risks to customers, pursuant to the "Contingency Plans" specifically designed against probable risks; and
i) A statement stating that "information provided in the page is general, and the page may not contain adequate information that support trading decisions of customers"; and
j) Probable risks and security of computer network and encrypting systems used; and
k) Characteristics and risks (if any) of, and security measures for, trading platform and computer network used, and alternative communication methods that may be used against probable risks in the platform.

(3) With respect to leveraged transactions, intermediary institutions shall announce within 2 business days following the end of each quarter the proportional distribution of accounts in profit and in loss on the website, as will be detailed by the Board. Accounts closed during the relevant period are also taken into account in the distribution.

SIXTH PART
Customer Classification and Appropriateness Test

Definition of Customer and Know-Your-Customer Rule

ARTICLE 29 - (1) Customer refers to all natural and legal persons to whom investment services and activities and ancillary services are provided and offered by investment firms.

(2) Investment firms shall, pursuant to the provisions of the Law no. 5549 dated 11/10/2006 on Prevention of Laundering Proceeds of Crime and other relevant legislation, verify the identity information of their customers before opening an account for them.

(3) Verification of identity shall be made separately for each beneficiary in the case of joint accounts.

(4) Other than customer, persons only duly authorized by the customer through a notary-certified power of attorney may conduct transactions in the name and account of the customer. Identity information of the proxy shall be verified as per second paragraph hereof. Said information and any changes therein will be notified to the authorized settlement and custody institution and/or to CRA immediately after receiving such information by investment firms.

(5) Investment firms shall, before opening an account for foreign banks and intermediary institutions, receive a letter of undertaking from such banks or institutions stating that identity information of their customers for whose account the transactions are executed, will be disclosed.

Customer Classification:

ARTICLE 30 – (1) Investment firms shall classify all their customers as either professional or general customer in line with the principles set forth in this Part of the Communiqué, offer services and carry out activities in tandem with this classification, and to fulfill their obligations in accordance with customer classes.

(2) When classifying customers, investment firms shall inform their customers about the class they are included in pursuant to this Communiqué and provisions of the applicable legislation, and their rights of changing the class they are included in.

(3) Customers, in an event that may affect the customer classification, shall inform their investment firms whereas the investment firms upon receiving an information on an event which may affect the customer classification, shall take the required actions to fulfill their obligations from the applicable legislation. The customers are responsible for the accuracy of the information given, and if necessary, updating, the information within the frame of the principles cited hereinabove.

(4) Investment firms shall request from their customers the documents proving that the customer is a professional customer, and keep such documents for a period of time set forth in the regulations of the Board pertaining to documentation and recording.

Professional Customer and General Customer:

ARTICLE 31 – (1) "Professional customer" refers to a customer who has experience, knowledge and expertise required for giving his own investment decisions and evaluating and assessing associated risks. In order to be categorized as a professional customer, a customer shall be from one of the following institutions or must have the listed qualifications:

a) Intermediary institutions, banks, portfolio management companies, collective investment schemes, pension funds, insurance companies, mortgage finance corporations, asset management companies and their equivalent institutions residing abroad; and

b) Pension and charity funds, and funds established pursuant to temporary article 20 of the Social Security Law no. 506 dated 17/7/1964; and

c) Public entities and institutions, and Turkish Central Bank, and such international organizations as World Bank and International Monetary Fund; and

ç) Other institutions which may be accepted by the Board to be similar to the aforementioned institutions due to their characteristics; and

d) Institutions meeting at least two of the criteria of having a total assets of more than 50,000,000 Turkish Lira, a yearly net sales of more than 90,000,000 Turkish Lira, and a shareholders' equity of more than 5,000,000 Turkish Lira; and

e) Customers accepted as a professional customer upon the demand mentioned in Article 32 herein below.

(2) Investment firm should, before engaging in any activity or providing any service, inform its professional customers in writing about the provisions of the legislation that they cannot benefit from.

(3) If a customer does not prefer being categorized as a professional customer and submits a written request to the investment firm accordingly, the investment firm has to take this request into consideration.

(4) Customers who are not included within the scope of the professional customer definition shall be accepted and treated as "general customers".

Customers Accepted As Professional Customers Upon Request:

ARTICLE 32 – (1) General customers having proved to meet at least two of the following criteria can make use of the services and activities that the investment firm can provide as professional customers, only if they request so in writing. Customers to be accepted as "professional customers" shall meet at least two of the following criteria:

a) They executed at least 10 transactions and a minimum trading volume of 500,000 Turkish Lira in the markets where trading is requested for each quarterly period during the past one year; and

b) Their total financial assets, including but not limited to their cash deposits and owned capital market instruments, must exceed 1,000,000 Turkish Lira; and

c) They worked at any one of top managerial positions in the field of finance for at least 2 years or as a specialized personnel in capital markets for at least 5 years, or must hold Capital Market Activities Advanced Level License or Derivative Instruments License.

(2) The amounts determined in this Article and in the first paragraph of Article 31 may be changed by the Board, if and when deemed necessary.

(3) Within the scope of the definition of "qualified investors" in the related regulations of the Board, in the determination of customers to be accepted as professional upon request, customers who only meet the criteria in subparagraph (b) from all the criteria listed in first paragraph of this Article are accepted and treated as qualified investors.

Appropriateness Test:

ARTICLE 33 – (1) Appropriateness test is a type of test conducted to determine whether the customer has adequate knowledge and experience for understanding the risks of product or service, for the purposes of assessing whether the product or service marketed by investment firm or requested by customer is fit and proper for that customer. Investment firms are obliged to conduct an appropriateness test only for general customers as part of their activity of intermediation in trading transactions and the activity of intermediation for public offering.

(2) Provided that the product or service is offered in line with the customer's own demand and the customer is informed that the investment firm is not obliged to conduct an appropriateness test, the investment firm is not obliged to perform an appropriateness test for:

a) investment fund participation units; and

b) public debt instruments issued by the Undersecretariat of Treasury and listed and traded in stock exchanges and other organized marketplaces.

The burden of proof concerning notification lies with the investment firm.

(3) Investment firm shall develop standard forms for the purpose of collecting the information needed for conducting the appropriateness test, and keep the information in this form updated. Initial information needed for the appropriateness test shall be obtained in writing, however updates may be made via electronic media. For the appropriateness test to be done, the following information shall be collected as a minimum:

a) The investment period and the customer's risk and return preferences; regarding the investment objectives of the customer.

b) The customer's age and profession, educational status, and types, kinds, volume and frequency of transactions of capital market instruments executed in the past so as to evaluate whether the customer has adequate knowledge and experience for understanding the risks of transactions to be executed in his portfolio or account;

(4) Minimum content of standard forms to be used for conducting appropriateness test is determined by the Association and submitted to the Board for approval.

(5) Work flow procedure containing the procedures and principles for collecting and updating customer information required for conducting the appropriateness test shall be documented in writing and be approved by the board of directors.

(6) Investment firms shall not only keep aforementioned forms, but also keep the names, surnames and the position titles of the customer representative opening the account and/or collecting the information and of the authorized personnel approving the account opening.

(7) Customers shall be informed that these information are requested for the assessment of appropriateness of services and activities to-be-provided for them. Investment firms cannot inculcate their customers not to disclose said information.

(8) The investment firm shall warn the customer in writing, if and to the extent that the customer refuses to disclose information or gives incomplete or non-current information to the investment firm required for the appropriateness test, about which products or services are impossible for the investment firm to be determined as fit and proper for the customer.

(9) The investment firm shall warn the customer in writing if the compliance test reveals that a specific product or service is not fit and proper for the customer. Under such circumstances, the investment firm cannot make a general investment advice one-to-one to the customer for the said product or service.

(10) The investment firm can decide whether to provide or refuse to provide services to the customer in line with the customer's demand, when the customer wishes to buy a product or service, despite the warnings of investment firm on the impossibility of determining which products or services are fit and proper for the customer or on the conclusion that a specific product or service is not fit and proper for the customer.

(11) Investment firms shall keep standard forms developed pursuant to this Article, documents of proof as to whether services or products are fit and proper for the customer, information and documents provided by customers, and the warnings made to customers, for a period of time determined pursuant to the regulations of the Board pertaining to documentation and recording.

SEVENTH PART
Obligations of Investment Firms

Permission or Notification Obligations About Changes in Shareholder Structure of Intermediary Institutions:

ARTICLE 34 – (1) Acquisition of shares that result in a person becoming a shareholder of an intermediary institution by acquiring shares representing 10% or more of capital or voting rights, or acquisition of shares of a single shareholder exceeding the capital or the voting rights of an intermediary institution by 10%, 20%, 33% or 50% or the transfer of shares that result in a decline below the ratios mentioned above for a single shareholder shall be subject to approval of the Board.

(2) Transfer of shares giving management and control privileges or carrying rights of usufruct, regardless of any ratio, is also subject to the approval of the Board.

(3) The transfer of legal person shareholders' own shares if such transfer of shares change the shareholding structure of the intermediary institution directly or indirectly by 10%, 20%, 33% or 50% or in the cases where the legal person has privileged shares in terms of control and management, the changes in its shareholder structure by 10%, 20%, 33% or 50% or changes in shareholding structure due to transfers of its privileged shares shall be subject to the approval of the Board in terms of operating conditions for intermediary institutions. The transfer of shares with management and control privileges belonging to legal entities owning more than 10% of the intermediary institution shall also be subject to the approval of the Board in terms of operating conditions for intermediary institutions.

(4) In the case of direct or indirect share transfers by a person that do not reach or remain between the aforementioned thresholds, the Board shall be notified within 10 business days following the date of transfer.

(5) Under circumstances in which Banking Regulation and Supervision Agency gives approval to direct or indirect changes in shareholding structure of banks, causing a change in the shareholding structure of an intermediary institution, the Board shall be notified within 10 business days following the date of the approval of Banking Regulation and Supervision Agency.

(6) Transfer of shares contradicting with the provisions of this Article cannot be recorded in the book of shares and amendments to the book of shares in contradiction with the provisions of this Article are null and void.

Permission or Notification Obligations for Shares Acquired From Stock Exchange:

ARTICLE 35 – (1) Concerning the shares of intermediary institutions which are offered to the public and traded on an exchange, acquisition of shares representing 10% or more of capital or acquisition of shares that result in a single shareholder's ownership rate exceeding the capital of an intermediary institution by 10%, 20%, 33% or 50%, are subject to the approval of the Board in terms of the use of shareholder rights excluding the rights to collect dividends attached to these shares,. In this case, the application for a change in shareholding structure shall be filed by the natural persons or legal entities whose shares reach the percentages cited in this paragraph. The provisions of this paragraph shall also be applied to cases in which said percentages are reached through acquisition of shares of intermediary institutions listed and traded in stock exchange, including acquisition of shares from off the exchange.

(2) Transfer of shares resulting in a decline in the ownership percentages of a shareholder of an intermediary institution whose shares are traded on an exchange below the percentages specified in the preceding first paragraph, the Board shall be notified within 10 business days. However, Board approval is required if sale of shares that result in a decline in the ownership percentage of a shareholder below 10% of the capital of intermediary institution. In such a situation, the application for permission or notification, as the case may be, shall be filed by the relevant natural persons or legal entities.

Shares Treated as Associated:

ARTICLE 36 – (1) For the purposes of Articles 34 and 35, the shares belonging to:

a) a natural person, his/her spouse and children under guardianship, corporations to which they participate with unlimited liability, or serve as president, member of board of directors, general manager or deputy general manager; and

b) Corporations whose 25% or more of capital is owned directly or indirectly by aforementioned persons or legal entities excluding public legal entities and

c) those who are determined by the Board that they act together due to employment or contractual relationship or other similar reasons

are deemed to be owned by one person.

Registration and Announcement Obligations:

ARTICLE 37 – (1) Intermediary institutions can establish decentralized organization units and can use business name or brand name with the approval of the Board. In such cases intermediary institutions shall have the related matter registered in the relevant trade registry and announced in the Turkish Trade Registry Gazette within 10 business days following the

notification date of the approval of the Board in connection therewith. Furthermore, all kinds of authorizations for operation and approvals to establish decentralized organization units and to use business name or brand name shall be announced in the investment firm's internet website and in the Public Disclosure Platform upon the receipt of the relevant notice of the Board about authorization/approval.

(2) In the case of temporary suspension of business operations or of cancellation of any authorizations for operations, such event shall immediately be announced in the investment firm's internet website and in the Public Disclosure Platform upon receipt of the relevant notice of the Board.

(3) When temporary suspension of operations of decentralized organization units by a decision of the Board or upon the request of the intermediary institution, it shall be announced in the intermediary institution's internet website and the Public Disclosure Platform immediately upon the receipt of the notice of the Board. When any of such decentralized organization units are closed down, the registration of the unit shall be deleted from the relevant trade registry and the deletion shall be announced in the Turkish Trade Registry Gazette within 10 business days following the date of receiving notification from the Board in connection therewith.

(4) Costs relating to announcements made in accordance with this Article are borne by the relevant investment firm.

Notifications of Investment Firms to the Association and SPL:

ARTICLE 38 – (1) Intermediary institutions shall inform SPL about the service unit for which managers, specialized personnel, inspectors, internal control officers and risk management officers will work and their position titles determined in accordance with Article 18 hereof within 10 business days following the date of their recruitment together with documents of proof of that show compliance with the conditions stipulated in Article 13 hereof and with their curriculum vitae indicating their detailed business experience. Leave from job, change in job position or service unit, or all kinds of other similar changes relating to the aforementioned personnel shall also be notified to SPL within 10 business days thereafter.

(2) When there is any change in the information referred to in Article 13 hereof with respect to managers, specialized personnel, inspectors, internal control officers and risk management officers, the intermediary institution shall inform SPL within 10 business days following the date of change.

(3) With respect to their centralized and decentralized organizational units used for the provision of investment services and conduct of investment activities, and managers and specialized personnel employed in such units, banks shall also inform SPL in accordance with the principles set forth in the preceding first and second paragraphs.

(4) Decisions of the intermediary institutions' board of directors relating to the appointment of managing (executive) directors and determination of their powers, duties and responsibilities pursuant to third paragraph of Article 15 hereof, and any changes in such decisions, shall be notified to the Association within 3 business days following the date of registration of the relevant decision of the board of directors.

(5) Intermediary institutions shall inform the Association within 10 business days following the date of changes in addresses and operating conditions of their centralized and decentralized organizational units, and all and any changes therein, together with substantiating documents of proof.

(6) Intermediary institutions shall send to the Association their current signature circulars showing their authorized signatories, and in the case of any change therein, their revised and updated signature circulars, within 10 business days thereafter. Banks are also subject to this provision solely for their units relating to their capital market activities.

(7) Intermediary institutions shall inform the Association within 10 business days following the date that they find out both the civil actions and proceedings brought forward by them against their shareholders, personnel, customers and other natural persons or legal entities, and the civil actions and proceedings brought forward by the said persons or entities against them, as well as the results thereof. If the amount of claim in said civil actions and proceedings exceeds 10% of shareholders' equity, it shall also be notified to the Board. Banks are also subject to this provision solely for their investment services and activities.

(8) Intermediary institutions shall provide the Association with the information about independent audit firm selected by them in accordance with regulations of the Board pertaining to independent audit, and about any changes therein, within 10 business days thereafter.

(9) Investment institutions shall provide the Association with their contact information, and such information as internet website address, tax identity number and trade registry number, and all and any changes therein, within 10 business days thereafter.

(10) Copies of newspapers where the announcements referred to in Article 37 are published, shall be sent to the Association within 10 business days following the date of announcement.

(11) The Association and SPL shall create a database within the scope of the information provided to them pursuant to and under this Article, and open such databases to the access of each other and in any case, to the access of the Board. All notices and correspondences addressed to the Association and SPL may also be sent with electronic signature thereon.

(12) The Association and SPL shall, if and when a breach of the provisions of this Communiqué by the investment firms, their decentralized organization units and personnel is detected in the light of the notices and information provided to them hereunder, send a written notification thereabout to the Board within 3 business days following the date of detection.

Monitoring and Notification Obligations With Respect to Unauthorized Capital Market Activities:

ARTICLE 39 – (1) In the event that the investment firm learns that persons or entities with whom an account relationship is established with regard to capital market activities are acting for and on behalf of more than one person or as a representative, unless otherwise allowed or permitted by the legislations, then, the investment firm is under obligation to check:

a) whether they collect commissions under any name whatsoever or not; and
b) whether they enter into transactions resulting in actually a portfolio management activity or not; and
c) whether they have provided spaces, technical equipment, personnel and similar other organizational facility needed and specified for branch offices, liaison offices or intermediary institutions or not; and
ç) whether they issue frame-work agreements, documents of receipt or payment, customer order form or similar other documents or not.

(2) Upon detection of concrete and strong signs indicating an unauthorized capital market activity as stipulated in the preceding paragraph, the investment firm is under obligation to terminate its account relationship with that person or entity, and to inform the Board thereabout urgently, or otherwise, the investment firm will be deemed to have assumed all kinds of legal liabilities arising out of such transactions of said person or entity acting in such manner to give the impression of an unauthorized capital market activity.

Subsidiaries and Participation Limits:

ARTICLE 40 – (1) Holding of 10% or more of capital shares in a company, being a member of its board of directors, voting in its general assembly meeting as a principal, or not disposing of the acquired capital shares for more than 1 year is deemed as a partnership for participation purposes.

(2) Intermediary institutions may participate as a shareholder in capital market institutions, stock exchanges, precious metals intermediary institutions, or insurance, private pension, financial leasing, factoring, financing and asset management companies, and other financial institutions deemed appropriate by the Board, without being subject to any limitation.

(3) Total sum of participations of intermediary institutions in the corporations not listed in the preceding second paragraph may not exceed 25% of their shareholders' equity. For broadly authorized intermediary institutions, this threshold may be 50%. The capital shares acquired from a capital increase through gratis issue, and increase in the value of capital shares not requiring any fund outflow are not taken into consideration in the calculation of participation limits.

(4) Intermediary institutions cannot participate in those corporations holding more than 10% of their paid capital or those corporations where their managers individually or jointly own and hold more than 25% of capital shares.

Advertisements, Announcements and Promulgations:

ARTICLE 41 – (1) Investment firms are required to be objective in publications, advertisements, announcements and promulgations made for their investment services and activities via all and any means of communication. Investment firms cannot make publications, advertisements, announcements and promulgations, or make other written or verbal explanations, based on false, wrong or misleading information and abusing the lack of knowledge or experience of customers.

(2) Investment firms cannot give absolute return commitments and/or guarantees against loss in their publications, advertisements, announcements and promulgations, except the cases allowed by the relevant legislation.

(3) In advertisements and promulgations, quantitative data relating to financial situation of an investment firm, and expressions relating to the managed "portfolio size", "number of customers" or "transaction volume" or expressions provable by similar other official data can only be used by making reference to the sources supporting such data and expressions. For this type of information, only the relevant publications of government entities and institutions, and the sources of professional organizations in the financial field may be shown as a reference.

(4) The principles set down in this Article shall be complied also with respect to the promotions and briefings one-to-one to the customers.

(5) Investment firms are obliged to keep a copy of all publications, advertisements, announcements and promulgations relating to their investment services and activities for a period of time determined in the Board regulations pertaining to documentation and record-keeping.

EIGHTH PART
Decentralized Organization Units of Intermediary Institutions

Decentralized Organization Units:

ARTICLE 42 – (1) Decentralized organization units of intermediary institutions are composed of branch offices and liaison offices.

(2) The Board evaluates applications for opening of decentralized organization units by considering whether the relevant intermediary institution is competent and eligible for performing the authorized activities in accordance with the relevant regulations of the Board, whether it meets and satisfies the conditions envisaged by the legislations, and whether it shows the required care and diligence in compliance with the legislations.

(3) After any decentralized organization unit of intermediary institutions has started to operate, if and when, as a result of Board's inspections, that decentralized organization unit is

detected to have been involved in unlawful acts and transactions, the activities of such branch or liaison office may be terminated, and/or a restriction may be imposed on opening of new decentralized organization units by the intermediary institution.

(4) The intermediary institution assumes and bears all kinds of civil and criminal liabilities arising out of unsatisfied conditions described in Articles 43 and 44 for opening of branches and liaison offices, or arising out of acts and transactions of such branches and liaison offices.

(5) If and when the decentralized organization activities of intermediary institutions are suspended temporarily upon the intermediary institution's demand or by the Board, the Board shall be informed about the customer accounts held with the relevant decentralized organization units.

(6) Decentralized organization units cannot be established and operated in a way conflicting with their legal status especially in terms of ownership and management.

Conditions of Branch Establishment

ARTICLE 43 – (1) In order to be eligible to establish a branch, the intermediary institution:

a) must have provide adequate spaces and technical equipment required for services, and must have furnished and decorated the workplaces fit for the intended purposes; and

b) must have established a healthy management system fit to its fields of activity and to the needs of branch , and an accounting system and a documentation and recording arrangement linked to the head offices and in conformity to the relevant regulations of the Board, and a fast work flow and communication, and must have taken all required security measures and actions, including, but not limited to, insurance, for protection of assets to be kept in possession of the branch ; and

c) must have employed a branch manager bearing the qualifications stated in Article 13, and an adequate number of specialized personnel depending on needs of the branch .

(2) Also in the case of transfer of branch offices of intermediary institutions, the branch establishment conditions stipulated in this Article are sought for, and registration of the old branch office is removed, and new branch office is duly registered and announced according to principles set forth in this Communiqué.

Conditions of Liaison Office Establishment:

ARTICLE 44 – (1) Liaison offices are service units in charge of representing the intermediary institution for the purpose of promoting the intermediary institution and authorized investment services and activities of the intermediary institution. Liaison office may only transmit the customer orders to intermediary institution.

(2) In order to be eligible to establish a liaison office, the intermediary institution:

a) must have provided adequate spaces and technical equipment required for services, and must have furnished and decorated the workplaces fit for the intended purposes; and

b) must have employed an office responsible, graduated with at least 2-years university education (associate degree), bearing the qualifications enumerated in Article 13, and an adequate number of specialized personnel depending on needs of the liaison office.

(3) Also in the case of transfer of liaison offices of intermediary institutions, the liaison office establishment conditions stipulated in this Article are sought for, and registration of the old liaison office is removed, and new liaison office is duly registered and announced according to the principles set forth in this Communiqué.

Branch and Liaison Office Authorization Process:

ARTICLE 45 – (1) Intermediary institutions apply to the Board for authorization by submitting a notary-certified decision of the board of directors regarding to establishment of branch or liaison office, and a feasibility study related to branch or liaison office, and information and documents proving that they have fulfilled all conditions sought for establishment of branch or liaison office in Articles 43 or 44, as relevant.

(2) If an application for authorization is approved by the Board, following receipt of the notice relating thereto, the intermediary institution opens and activates its branch or liaison office by having the name of branch or liaison office, and the decision of the board of directors pertaining thereto, duly registered and announced under its own trade name.

(3) Applications for authorization are evaluated and responded by the Board within 30 business days. Time period spent for completion of missing information and documents that may be requested by the Board do not count in calculation of this duration.

Cross- Border Activities of Intermediary Institutions:

ARTICLE 46 – (1) With a prior authorization of the Board, intermediary institutions may engage in cross- border activities**:**

a) by establishing a branch or a liaison office abroad, and

b) by entering into a contract with an institution holding an operating license received from the competent authority of the relevant foreign countries allowing to execute in domestic markets the orders of customers resident abroad.

(2) In order to start their cross-border activities intermediary institutions apply to the Board with the documents proving that they have satisfied the conditions sought for in Article 47 or 48. In the evaluation of those applications, it shall be considered whether there is an adequate information flow between the Board and the competent authority of the relevant foreign country, and whether the pertinent legislations of two countries are harmonious or not.

(3) In the event that the competent authority of the relevant foreign country inflicts any administrative, civil or criminal sanction on the intermediary institution itself or on its personnel at any time during cross- border operations of the intermediary institution, the Board will be informed thereabout in writing as soon as it comes to the knowledge of the intermediary institution.

(4) Banks may also operate as per subparagraph (b) of first paragraph hereof, whereupon the relevant provisions of this Communiqué are applied.

Authorization to Establish Decentralized Organization Units Abroad :

ARTICLE 47 – (1) An intermediary institution may open a decentralized organization unit abroad pursuant to subparagraph (a) of first paragraph of Article 46 subject to the following conditions:

a) Preparation of a feasibility study report containing information about organization structure and planned activities of decentralized organization unit to be established; and

b) Written statement containing information introducing the personnel to be employed and assigned in the decentralized organization unit abroad to be established, and information as to whether any administrative, civil or criminal sanction has been imposed on those people by the competent authority of the relevant foreign country or not, and if so, nature and kind of sanctions.

(2) If the country where decentralized organization unit will be established seeks for other additional conditions, the information and documents relating thereto will be sent by the intermediary institution to the Board.

Other Cross- Border Activities of Intermediary Institutions:

ARTICLE 48 – (1) An intermediary institution may execute the orders of customers, resident abroad, as stipulated in subparagraph (b) of first paragraph of Article 46 in domestic markets, subject to the following conditions:

a) The relevant institution resident abroad must have been authorized by the competent authority of the relevant foreign country, and that institution and intermediary institution must have signed a written agreement containing their mutual rights and obligations; and

b) If and when the authorized institution resident abroad is intended to intermediate for the reception and transmission of orders, the frame-work agreement must have been signed by and between the intermediary institution and the customer resident abroad, and the intermediary institution must have issued a statement of risk pursuant to Article 25 hereof. In this case, each customer resident abroad, with whom an agreement is signed, will be subject to all rights and obligations of customers resident in Turkey in terms of capital markets legislation; and

c) If and when the authorized institution resident abroad is intended to intermediate for the execution of orders, such details as trading principles, custody and safekeeping of traded assets, and collateralization are determined by the Board by capital market instrument basis.

(2) Each one of the authorized institution resident abroad intermediating for the reception and transmission of orders, and the intermediary institution is held liable towards the customer for their transactions. Limits of liability of each institution are determined in the agreement entered into by and between these institutions, in strict compliance with the operating principles and rules set down by the capital markets legislation, and such provisions are included in frame-work agreements to be signed with customers.

(3) Applications are evaluated as to whether there is an adequate information flow between the Board and the concerned authority of the relevant foreign country, and whether the pertinent laws of two countries are harmonious or not.

NINTH PART
Principles of Outsourcing of Services by Intermediary Institutions

Outsourcing of Services and Scope:

ARTICLE 49 – (1) Intermediary institutions may purchase the services that may be needed for performance of their obligations arising out of capital markets legislation in the course of conduct of their investment services and activities and ancillary services from another service provider under an agreement to be signed as per Article 52 hereof.

(2) The below listed activities of intermediary institutions can, however, not be outsourced:

a) Activities required to be carried out solely and exclusively by board of directors of intermediary institution; and
b) Investment services and activities requiring a prior permission of the Board, and activities for marketing them; and
c) Accounting of transactions and preparation of financial reports of intermediary institution; and
ç) Activities covered by the internal audit system.

(3) Consulting, training, advertisement, security, catering, transportation, cleaning, attorney and legal advisor, market data services, mail and cargo services and similar other services are excluded from the scope of this Communiqué.

(4) Service purchases related to personnel who, though employed in another company, will be permanently or temporarily assigned in job duties listed in the preceding third paragraph in the intermediary institution are excluded from the scope of this Communiqué.

(5) Intermediary institutions may purchase call center services solely for reminder calls, technical support and help desk, provision of account information to customers, updating of personal data and information of customers, and transmission of customer requests and demands to intermediary institution, other than order transmission.

(6) The Board will, if and when deemed necessary, be authorized to determine the services which can be outsourced by intermediary institutions, or to limit or prohibit the services which can be outsourced by groups of intermediary institutions, or to hold the intermediary institution liable to take out a liability insurance, or to require that a prior permission be taken for outsourced services depending on the kind or nature thereof.

Principles on Outsourcing of Services:

ARTICLE 50 – (1) Outsourcing of services shall be conducted within the scope of an agreement to be signed by and between intermediary institution and service provider in accordance with the nature or kind of services.

(2) Intermediary institution intending to outsource services builds its work flow procedures and establishes the required internal control mechanisms under the conditions set down in this Communiqué. An action plan indicating the probable risks of outsourcing of services and the actions to be implemented upon interruption or hindrance of services in any manner whatsoever, and information relating to management of the aforementioned risks and substitutability of services will be given in an emergency plan to be prepared in accordance with regulations of the Board pertaining to internal audit system of intermediary institutions.

(3) Service provider will immediately inform intermediary institution about all and any developments which may materially affect its capability to perform and provide its services effectively and in accordance with the applicable laws.

(4) Service provider is under obligation to keep in strict confidence all secrets and confidential information about intermediary institution and its customers both during the outsourcing of services and after expiration of the outsourcing agreement.

(5) If and when it is necessary to provide customer information to service provider at any time during the outsourcing of services, it is required to determine the rules about informing the customers in the frame-work agreement or to notify the customers.

(6) Outsourcing of services does not relieve intermediary institution from its obligations and liabilities arising out of capital markets legislation. Intermediary institution bears the civil liability arising out of relations established with customers with respect to services provided by service provider.

(7) Outsourcing of services does not relieve intermediary institution from its obligation to keep and hold all kinds of its accounts and records as well as the information and documents required to be kept pursuant to the legislation in its own possession.

(8) Outsourcing of services should not preclude intermediary institutions from performing their legal obligations and liabilities, and complying with the relevant laws and regulations, and being effectively audited.

(9) In the case of outsourcing of services related to information systems, as for the obligations necessitated by investment services and activities pursuant to the capital markets legislation, the intermediary institution must hold the power and responsibility to take decisions on such functions as management, content design, access, control, audit, updating, information or reporting with respect to said services.

(10) Where service providers or subcontractors are established or resident abroad or carry out their business activities through their foreign branches or partnerships, the laws and regulations and current practices of the foreign country where they are established or active should contain no clause or rule precluding the Board from acquisition of all needed information and documents completely, accurately and timely, and from conducting audits related to services purchased from such institutions. In the case of purchase of services from a service provider operating abroad under the scope of this Communiqué, intermediary institutions are under obligation to take the relevant country risk into consideration, and to make ready an action plan for business continuity and if required, for purchase of same services from the domestic market upon interruption or hindrance of subject services in any manner or for any reason whatsoever.

Contents of Assessments and Work Flow Procedures Related to Outsourcing of Services:

ARTICLE 51 – (1) Before outsourcing of a service, intermediary institutions should check whether the subject activity is a type of service which is permitted to be outsourced or not, and assess the expected benefits and probable costs of outsourcing of services, and determine whether the service provider has the technical equipment, infrastructure, financial power, experience, know-how and human resources adequate for performance of the subject services at the desired quality.

(2) For use as a base for the outsourcing decision to be taken as per the preceding first paragraph, a report containing the aforementioned determinations and assessments and at least the following information will be presented by general manager to board of directors of the intermediary institution:

a) Which services are needed to be outsourced separately according to the fields of business; and

b) How will the conversion, internal regulation, infrastructure and training works required at the stage of transition to outsourcing of services be carried out; and

c) Probable effects of interruptions in the outsourced services on reputation, financial situation and operational activities of intermediary institution; and

ç) Probable effects of outsourcing of services on services of intermediary institution provided to its customers; and

d) Probable effects of outsourcing of services on capability of intermediary institution to perform its obligations arising out of the pertinent laws, and on its capacity of adaptation to probable changes therein; and

e) Cost of outsourcing of services; and

f) Partnership, participation and other relations between service provider and intermediary institution; and

g) Assessment as to satisfaction by service provider of the conditions specified in this Communiqué; and

ğ) Assessment as to selection of an alternative service provider, if and to the extent needed, and as to time needed for performance of the subject activity by intermediary institution itself, and as to probable difficulties therein.

(3) For use in the course of outsourcing of services, intermediary institutions create and prepare procedures containing authorities, duties, responsibilities and work flows pertaining to:

a) Actions and measures to be taken for uninterrupted performance of obligations that may arise out of capital markets and other relevant legislation, and detection and management of probable risks in relation therewith; and

b) Monitoring and if required, audit of service provider.

Service Outsourcing Agreement:

ARTICLE 52 – (1) Agreement to be signed by and between intermediary institution and service provider must at least contain the following information, and be open, clear and easily understandable:

a) Subject, scope and duration of services to be outsourced, and fees payable in consideration of services, and introductory information about parties, and rights and liabilities of parties; and

b) The obligation of service provider to provide timely and accurately all kinds of information that may at any time be requested by the Board or stock exchanges or other institutions approved by the Board pursuant to and under capital markets legislation, and right of access of the Board or stock exchanges or other institutions approved by the Board to all kinds of information, documents and records kept in the service provider with regard to the services offered under the agreement; and

c) Principles as to continuous monitoring and assessment of contractual activities of service provider by intermediary institution; and

ç) Principles on termination of agreement, and clause verifying that the services will be continued to be provided until transfer of the outsourced service activities to another service provider or to the intermediary institution itself; and

d) Procedure of resolution of disputes that may arise between intermediary institution and service provider; and

e) Clause stating that service provider or subcontractor is not allowed to transfer and assign their contractual obligations to another natural person or legal entity without a prior consent of the intermediary institution; and

f) Clause stating that if and when the relevant legislation envisages obligations for intermediary institution about an activity covered by outsourcing of services, then, such obligations will be performed by service provider as well; and

g) Clause stating that service provider will immediately inform intermediary institution about all and any developments which may materially affect its capability to perform and provide its services effectively and in accordance with the applicable laws; and

ğ) Clause stating that the information and documents relating to intermediary institution and its customers in the course of provision of services by service provider will not be used for any non-intended purposes and not be disclosed to third parties; and

h) Clause enabling the intermediary institution to decide termination of purchase of services from service provider before the end of term of the agreement, and to terminate the agreement, in the case of limitation or prohibition of outsourcing of services by the Board.

(2) The agreement cannot contain provisions eliminating or amending the principles set forth in this Communiqué.

Principles on Service Provider:

ARTICLE 53 – (1) Service providers are required:

a) To have been founded in the form of a capital company, and to have a transparent and clear shareholding structure; and

b) To have the required organization structure, technical equipment, documentation and recording systems, and an adequate number of sufficiently qualified personnel for the services to be provided.

Obligation of Notification of Outsourcing of Services to Board:

ARTICLE 54 – (1) Intermediary institutions are required to inform the Board before starting to outsource services.

(2) Before starting to outsource services, intermediary institutions files a petition to the Board accompanied by a copy of the relevant decision of board of directors, and a copy of the report submitted to the board of directors pursuant to second paragraph of Article 51, and information and documents proving that they have satisfied and met all conditions set forth in this Communiqué. Unless otherwise declared and notified by the Board within 20 business days following receipt of the said petition by the Board, the subject services will be started to be conducted in accordance with the principles stipulated in this Communiqué. Periods of time spent for completion of missing information and documents that may be requested by the Board do not count in calculation of this time.

(3) In the case of renewal of the service outsourcing agreement at the end of its term, intermediary institution is required to inform the Board thereabout within 10 business days. If it is intended to terminate the service outsourcing agreement before the end of its term, the Board should be immediately informed thereabout, with the reasons of termination and the actions to be taken in connection therewith.

(4) If and when it is determined that intermediary institution and service provider have engaged in actions and practices in conflict with provisions of the Law or this Communiqué, or have lost the conditions required under this Communiqué, the Board may request stoppage of outsourcing of services.

Board Audit on Outsourcing of Services:

ARTICLE 55 – (1) The Board is fully authorized to request from service providers all and any information about relevant provisions of the Law and this communiqué, and to inspect their books and documents, and all records, including, but not limited to, those kept in electronic, magnetic or similar other media, and other data carriers and data processing systems, and to request access thereto, and to take copies thereof, and to audit transactions and accounts of them, and to take written or verbal information from the related persons, and to issue the required memoranda, and the relevant counterparties are under obligation to grant access to the desired information, books and documents, and all records, including, but not limited to, those kept in electronic, magnetic or similar other media, and other data carriers and data processing systems, and to give copies of records and data carriers, and to provide information in writing or verbally, and to sign the relevant memoranda.

(2) Where service providers are established or resident abroad or carry out their business activities through their foreign branches or partnerships, the laws and regulations and current practices of the foreign country where they are established or active should contain no clause

or rule precluding the Board from acquisition of all needed information and documents, and from conducting audits relating to services purchased from such institutions.

TENTH PART
Prohibited Activities and Transactions of Investment Firms

Prohibited Activities and Transactions of Investment Firms:

ARTICLE 56 – (1) Intermediary institutions cannot:

a) engage in any industrial or agricultural activities other than the activities and transactions related to investment services and activities and ancillary services permitted by the Board; and

b) issue bonds or debentures containing their own fiscal obligations or commitments other than capital market instruments, unless otherwise permitted by the applicable laws relating thereto; and

c) enter into trading of real estate for commercial purposes; and

ç) deal with money lending business, unless otherwise permitted by the applicable laws relating thereto; and

d) collect deposits or participation funds, or enter into activities and transactions which may result in collection of deposits or participation funds, as described in the Law no. 5411; and

e) give any written or verbal commitment or guarantee that capital market instruments will provide a certain yield, unless otherwise permitted by the applicable laws related thereto; and

f) dispose of the customer's capital market instruments and cash funds in favor of themselves or third parties, unless they have the right and authority to do so; and

g) allow their employees and customers to transact in their own name and account by making use of rights and interests other than the ordinary customer – intermediary institution relationship; and

ğ) trade the shares issued by themselves in their own name and account, except for the cases permitted by Article 379 and relevant articles of TCC and Article 22 of the Law; and

h) open fictitious accounts, keep their transactions unrecorded, or establish or keep records unfit to their true nature; and

ı) without prejudice to portfolio management activities, transact in the name or account of their customers by taking from their customers a power of attorney containing such broad powers as giving buy and sell orders, signing ordino and other documents, depositing and withdrawing cash funds and capital market instruments, and making interaccount transfers with regard to capital market instruments, or in such manner to create this result, or in reliance upon such verbal authorization granted by the customer, through all and any of their employees, also including their managers and decentralized organization units; and

i) take actions which may impair rights and interests of customers, or act or behave against good faith rules, or derive a profit for themselves by affecting the trading decisions of customers by taking advantage from their lack of knowledge or experience about the market; and

j) pave the way for unnecessary and/or excessive trading of customers, also including the excess of limits granted to customers, or direct or manipulate the customers to that end, or transact in the account of customers without an order of the customer, with the intention of increasing their own revenues by any means; and

k) make donations in an amount in excess of zero point five percent of their shareholders' equity in a fiscal year. Procedures and principles as to implementation of this provision are determined by the Board.

(2) Banks engaged in investment services and activities are governed by and subject to provisions of subparagraphs (e), (f), (g), (h), (ı), (i) and (j) of first paragraph hereof.

ELEVENTH PART
Suspension of Activities in Its Own Volition, and Cancellation of Operating License

Temporary Suspension of Activities in Its Own Volition:

ARTICLE 57 – (1) Intermediary institutions may apply to the Board demanding temporary suspension of all of their activities. If this application is accepted, an appropriate time of maximum 2 years is granted by the Board to intermediary institutions. This time starts to count as of the date of decision of the Board. Upon demand of intermediary institution, an additional time may further be granted, providing that total period of temporary suspension of activities does not exceed 2 years. If an intermediary institution the activities of which are suspended in its own volition re-stops its activities again in its own volition within 5 years following the date of re-activation, the previous suspension time is also taken into account in the calculation of the 2 years period.

(2) If an intermediary institution fails to apply to the Board for re-activation at the end of the granted period of time or for cancellation of all of its authorization certificates for foundation of a new intermediary institution pursuant to Article 63 herein below, all of its operating licenses will be cancelled, whereupon the provisions of Article 59 hereof are applied.

Partial Waiver From Operating Licenses:

ARTICLE 58 – (1) If an intermediary institution partially waives from its operating licenses, the Board cancels the relevant operating licenses.

(2) An intermediary institution which partially waives from its operating licenses cannot re-apply to the Board for the relevant operating licenses within 2 years following the date of decision of the Board pertaining to cancellation.

(3) The provisions of the preceding first and second paragraphs are applicable also in case of partial waiver of banks from their operating licenses.

Full Waiver From Operating Licenses:

ARTICLE 59 – (1) If an intermediary institution fully waives from its operating authorization, the Board cancels all of its operating licenses.

(2) In order for an application for full waiver from operating licenses to be assessable by the Board:

a) a written agreement must have been signed with all customers; and

b) for the purpose of informing the customers thereabout and inviting the creditors for a declaration, the text of announcement given in ANNEX-2 stating that all operating licenses of the intermediary institution will be cancelled, and all of its activities as intermediary institution will be terminated through dissolution after cancellation or through change of its fields of business, is required to be published in at least two of the first ten daily nationwide newspapers with the highest circulation, and in the intermediary institution's own internet site and in the Public Disclosure Platform (for at least 5 business days), and a copy of each of these announcements is required to be sent to the Board; and

c) cash funds and/or capital market instruments available in the accounts of customers with whom a mutual written agreement cannot be reached over the account balance, also including those customers who are inaccessible by the end of the time period stated in the announcement, are required to be blocked by the intermediary institution in the Takasbank in the name of relevant customers within the frame of principles set down in Article 60 herein below; and

ç) with respect to the disputes in which the intermediary institution is involved as of the end of the time period stated in the announcement, the amount of claim raised in the pending lawsuit, and/or the cash funds and/or capital market instruments being the subject matter of execution proceedings commenced as per the Execution and Bankruptcy Law no. 2004 dated 9/6/1932, and all interests accrued on the disputed amounts until the date of blocking are required to be blocked by the intermediary institution in the Takasbank in the name of investors within the frame of principles set down in Article 60 herein below; and

d) if there is no investor which is inaccessible or with which a written agreement cannot be reached, or if there is no investor dispute being involved in, then, a notary-certified decision of the board of directors containing this determination is required to be sent to the Board; and

e) a letter of undertaking to be received from all partners holding more than 10% of capital shares of intermediary institution, or in the case of availability of partners holding less than 10% of capital shares of intermediary institution, from other partners of intermediary institution total amount of capital shares of which constitutes at least 90% of existing capital, stating that the partners are liable in proportion to their capital shares for all kinds of debts of intermediary institution arising out of its capital market activities, and a letter of undertaking issued in the form shown in ANNEX-3 are required to be submitted to the Board.

(3) Intermediary institutions are, within no later than 3 months following the date of receipt of the decision of the Board relating to cancellation of their operating licenses, required to take a decision of dissolution or to amend their articles of association, including, but not limited to, articles relating to trade name and objectives and fields of business, so as to exclude investment services and activities therefrom. Copy of the edition of Turkish Trade Registry Gazette where these amendments are published is sent to the Board within 10 business days following the date of announcement.

(4) The provisions of the preceding first and second paragraphs are applicable also in case of full waiver of banks from their investment services and activities.

Principles as to Assets Blocked in the Name of Customers:

ARTICLE 60 – (1) The cash funds and/or capital market instruments to be blocked pursuant to subparagraphs (c) and (ç) of second paragraph of Article 59 are reported by intermediary institution to the Board with a list issued on the basis of customers.

(2) A report issued by an independent audit firm verifying that the information given in the said list is consistent with the intermediary institution's own records and reflects the truth will also be sent to the Board, together with the notice.

(3) After delivery of the intermediary institution's list by the Board to the Takasbank, the relevant assets will be blocked by the intermediary institution in the Takasbank and/or in CRA in the name of customers. These assets, if eligible for blocking in the Takasbank, will be blocked by the Takasbank, and if pursued on book-entry basis, will be blocked by CRA upon demand of the Takasbank, on the basis of customers.

(4) Transactions related to blocking of the aforementioned assets in the Takasbank or in CRA and releasing therefrom are carried out by the Takasbank.

(5) Intermediary institution and independent audit firm are jointly responsible for accuracy of information contained in lists of assets to be blocked, and if it is detected that factitious lists are sent to the Board, the provisions of Article 111 of the Law will be applied on intermediary institution managers and independent auditors held liable thereinfor.

(6) Cash funds of customers are invested by the Takasbank, providing that the principal sum thereof is not lost. Such revenues as dividends and interests of these assets are also required to be registered on the basis of customers. Principles related to implementation of this paragraph are determined by the Board.

(7) Assets blocked in the name of customers may be used only for return to the relevant customers or if the intermediary institution wins the lawsuits pertaining thereto, for return to the intermediary institution. Such assets cannot be used for other purposes, or transferred to third parties, or attached or pledged even as a security for public debts, or included in bankrupt's estate, or restricted by an injunction.

Release of Assets Blocked Due to Non-agreement:

ARTICLE 61 – (1) Assets blocked due to failure of intermediary institutions in coming to a mutual agreement pursuant to subparagraph (c) of second paragraph of Article 59 hereinabove will be returned to customers by the Takasbank, upon application of customers directly to the Takasbank. All kinds of revenues, such as dividends and interests, of the released cash funds and/or capital market instruments are also returned to customers.

(2) All transactions related to release of these assets are handled by the Takasbank. The Takasbank releases and/or procures CRA to release these assets by reviewing the documents kept in its own possession and the documents submitted by the customer and by taking a written statement of payment from the customer. The Takasbank sends a quarterly report issued with regard to the released collaterals or margins to the Board.

Release of Blocked Assets Due to Disputes:

ARTICLE 62 – (1) Assets of intermediary institutions blocked due to customer disputes pursuant to subparagraph (ç) of second paragraph of Article 59 hereinabove, upon submission of a copy of final judgment of competent court or a certificate verifying that the execution proceeding is finalized under the Code no. 2004 to the Takasbank, will be released by the Takasbank and/or by CRA upon demand of the Takasbank for return to the party winning the subject lawsuit or execution proceeding. In the case of release of assets in the name of

customers, the Takasbank is required to take a notary-certified release form from customers. At the time of release of these assets, all kinds of revenues such as dividends and interests associated thereto will also be released for return to customer or intermediary institution.

(2) In the case the customers win the subject lawsuit or execution proceeding, it is essentially required to use assets blocked in the Takasbank and/or in CRA for the payments to the customers. However, if intermediary institution's assets, other than the said collaterals or margins, are used in payments to the customers, following submission to the Takasbank of a notary-certified release form acknowledging the payment to customers, said collaterals or margins are released by the Takasbank and/or upon demand of the Takasbank, by CRA, for return to intermediary institution. At the time of such payments, the relevant intermediary institution is held liable for probable repeated payments that may be made by both intermediary institution and the Takasbank to customers.

(3) In case a residual amount remains after the payments made from the blocked assets, it is released by the Takasbank and/or upon demand of the Takasbank, for return to intermediary institution by CRA at the end of the statute of limitations.

(4) The Takasbank releases and/or provides CRA to release these assets by reviewing the documents kept in its own possession and the documents submitted by the customer and by confirming the satisfaction of all conditions related thereto. The Takasbank sends to the Board a quarterly report issued with regard to the released collaterals or margins.

TWELFTH PART
Cancellation of Authorization Certificate
For Foundation of a New Intermediary Institution

Cancellation of Authorization Certificate For the Purpose of Founding a New Intermediary Institution:

ARTICLE 63 – (1) If and when at least one non-publicly held intermediary institution ceases its investment services and activities by applying for cancellation of all of its operating licenses, a new intermediary institution may be permitted to be founded, subject to satisfaction of all conditions sought in this Communiqué for foundation of an intermediary institution. In this case, intermediary institution or institutions intending to cease investment services and activities file an application to the Board with decisions of their board of directors pertaining to cancellation of their operating licenses.

(2) Capital distribution in the new intermediary institution to be founded in place of intermediary institution or institutions the operating licenses of which will be cancelled may be determined freely, subject to satisfaction of the conditions specified in this Communiqué for partners thereof. Application of founding partners of the to-be-founded intermediary institution for foundation of a new intermediary institution and for operating license shall be

evaluated and responded by the Board within the framework of provisions of this Communiqué.

(3) Applications of intermediary institution or institutions for cancellation of their operating licenses are handled in accordance with provisions of Article 59 hereinabove, and their operating licenses are cancelled as of the date the to-be-founded new intermediary institution completes all legal processes and starts its business activities.

Delivery of Letter of Undertaking:

ARTICLE 64 – (1) All partners holding more than 10% of capital shares of intermediary institution, or in the case of availability of partners holding less than 10% of capital shares of intermediary institution, other partners of intermediary institution total amount of capital shares of which constitutes at least 90% of existing capital, will, before the date of cancellation of operating licenses, submit to the Board a letter of undertaking stating that the partners are liable in proportion to their capital shares for all kinds of debts of intermediary institution arising out of its capital market activities. However, the responsibilities of partners of an intermediary institution arising out of Article 98 of the Law are reserved.

THIRTEENTH PART
Measures on Investment Firms

Limitation of Operating Licenses, and Temporary Suspension or Cancellation of Activities:

ARTICLE 65 – (1) Upon occurrence of any of the following events, the Board may, by considering the nature, kind and significance of the event, limit the scope of services and activities of investment firms on the basis of capital market instruments, markets, or decentralized organization units, or investment firms to be collaborated with for investment services and activities, or temporarily suspend their activities entirely or by certain capital market activities, or cancel their operating licenses:

a) If the investment firm does not engage in any activity under the operating license for 2 years following the date of operating license; or

b) If the investment firm has received its operating license by making untrue or misleading statements or through other unlawful ways; or

c) If the conditions stipulated for foundation, activation and operating license of investment firms, and the conditions or qualifications sought for in partners, managers, personnel or decentralized organization units of intermediary institutions, as listed in the Law and in the relevant regulations of the Board, are not satisfied or are lost, and

such default is not remedied within a period of time to be granted by the Board up to maximum three months following the date of determination of such default; or

ç) Where collaterals or margins are required to be increased or fulfilled after the operating license is received, if the additional or missing collaterals or margins are not deposited within a period of time to be granted by the Board up to maximum three months following the date of occurrence of such event; or

d) If unlawful actions or activities are detected pursuant to Article 66 hereof; or

e) In the case of weakening of its financial situation under Article 67 hereof.

(2) Intermediary institutions the business operations of which are decided to be temporarily suspended pursuant to this Communiqué are granted an appropriate time up to 2 years by the Board. The time period starts to count as of the date of decision of the Board. Period of temporary suspension of activities may be extended up to 2 years in total by the Board ex officio or upon demand of intermediary institution. If the intermediary institution fails to reactivate its business activities at the end of this time, all of its operating licenses are cancelled.

(3) If the business operations of an intermediary institution are temporarily suspended twice in 2 years, this measure is not taken for the third time, but its operating licenses are cancelled. Again within this time period, if the same activity of an intermediary institution is temporarily suspended twice, the same sanction is not applied for the third time, but only its relevant operating license is cancelled.

(4) The provisions of second and third paragraphs of Article 59 are applicable on intermediary institutions all of the operating licenses of which are cancelled by the Board.

(5) Furthermore, upon occurrence of the events enumerated in the first paragraph hereof, the Board is authorized to temporarily or permanently suspend the provision of any ancillary service for all investment firms or for a specific investment firm.

Measures Applicable on Unlawful Activities or Transactions of Investment Firms:

ARTICLE 66 – (1) Upon detection of any breach of the applicable laws, the standards determined by the Board, or the articles of association by investment firms, the Board is authorized to request the relevant entities to remedy and correct all such breaches and to comply with the applicable laws and operational purposes and principles within a period of time granted by the Board, or directly to limit or restrict the scope of activities of these firms, or to temporarily suspend , or to cancel their licenses and authorizations entirely or for particular capital market activities, or to take all kinds of other measures deemed fit.

(2) The Board is authorized to apply the following sanctions on managers and employees held liable for the unlawful activities or transactions:

a) To temporarily or permanently cancel their licenses; and

b) To restrict or withdraw their signature authorizations for the period from the date of decision of denunciation to the end of legal proceedings.

(3) The Board is further authorized to dismiss the directors held liable by a final court judgment for the unlawful activities or transactions, and to appoint new directors in place of them until the next meeting of the general assembly of shareholders.

(4) A prior opinion of the Banking Regulation and Supervision Agency is taken before taking any action related to dismissal of directors of banks.

Measures Applicable in Case of Weakening of Financial Situation:

ARTICLE 67 – (1) If and when the investment firms fail to fulfill their capital adequacy obligations or fail to perform their obligations of cash payment and delivery of financial instruments arising out of capital market activities or it is understood that they will not be able to perform their such obligations in a short time or independently therefrom, it is detected that their financial structure is severely weakening or they have become unable to pay their outstanding debts, then and in this case, the Board is authorized:

a) To request strengthening of their financial standing within an appropriate time period up to 3 months; and
b) To directly and temporarily suspend the activities of these firms without granting any additional time period ; and
c) To withdraw their authorizations and to cancel their operating licenses entirely or for particular capital market activities; and
ç) To decide to compensate the damages of investors; and
d) To temporarily or permanently cancel licenses, and to restrict or withdraw signature authorizations of managers and employees detected to be liable thereinfor; and
e) If and when required, to dismiss the directors and to appoint their successors until the next meeting of the general assembly of shareholders; and
f) To take a decision of gradual liquidation of these firms and request their bankruptcy if deemed necessary upon completion of liquidation proceedings, or to directly request their bankruptcy without any gradual liquidation proceedings; and
g) To take all kinds of other measures deemed necessary.

(2) Except the measures aimed at eliminating the conflict with capital markets laws and regulations or at conducting the capital market activities, the Banking Regulation and Supervision Agency decides to apply the sanctions and measures listed in first paragraph hereof about banks. The application of these sanctions and measures about banks the

management or supervision of which is transferred to the Saving Deposits Insurance Fund pursuant to the pertinent provisions of the Law no. 5411 is decided by the Saving Deposits Insurance Fund.

(3) If and when a letter of release is taken for at least 10% of outstanding debts and obligations of an intermediary institution or from more than 10% of total number of its creditors, collectively or individually, through a mutual release agreement or otherwise, for reduction and partial performance of debts and obligations, then and in this case, its business activities are permanently stopped and their authorization certificates are cancelled. Provided, however, that even if a mutual release agreement is made or debts and obligations are otherwise reduced at a rate below the percentage cited above, the Board may decide to apply the provisions of Articles 96, 97 and 98 of the Law by considering the current situation of the intermediary institution.

Measures Applicable in Case of Gradual Liquidation and Bankruptcy:

ARTICLE 68 – (1) Upon bankruptcy of investment firms or upon start of gradual liquidation proceedings pursuant to Article 86 of the Law, the Board is authorized to claim personal bankruptcy of their partners directly or indirectly holding more than 10% of capital shares therein, or of past or present directors and authorized signatories thereof, providing that they are held liable thereinfor as per Article 97 of the Law.

Consolidation and Merger:

ARTICLE 69 – (1) If and when an intermediary institution holds 10% or more of capital shares in another intermediary institution, or is represented in the board of directors of the latter, or votes in its general assembly meetings acting as a principal therein, or one of two intermediary institutions directly or indirectly controls the management of the other, or majority shareholder of two intermediary institutions is the same natural person or legal entity, and therefore, there is no separation or difference in management control thereof, the Board may, if and to the extent deemed necessary, request them to merge under a single trade name.

FOURTEENTH PART
Collaterals and Guarantees

Collaterals and Guarantees:

ARTICLE 70 – (1) If and to the extent deemed necessary due to their financial situation, the Board may request all, some or any one of intermediary institutions to deposit and block collaterals of a particular amount or percentage in the Takasbank in the name of the Board for a certain time period.

(2) Principles of use of collaterals are clearly specified in the Board decision requesting the depositing of collaterals. Collaterals cannot be used for non-intended purposes, and cannot be transferred to third parties, and cannot be pledged or attached even for recovery of public debts, and cannot be included in bankrupt's estate, and cannot be restricted by an injunction.

(3) Collaterals to be deposited by intermediary institutions may be cash, public debt instruments, lease certificates issued pursuant to the Law on Regulation of Public Finance and Debt Management no. 4749 dated 28/3/2002, letters of guarantee received from a bank with which the intermediary institution does not have any direct or indirect relationship in terms of capital or management, or participation units of investment funds not founded by them.

(4) Collaterals requested by stock exchanges and settlement and custody institutions for investment services and activities are not subject to the principles set down in this Communiqué.

Principles on Depositing, Monitoring and Valuation of Collaterals:

ARTICLE 71 – (1) The intermediary institution requested to deposit collaterals blocks the collaterals of an amount as determined by the Board in the Takasbank for the period of time stated in the relevant Board decision. If deemed necessary, the Board may extend the period of blocking of collaterals.

(2) If the collaterals are delivered by a third party acting in the name of the intermediary institution, the third party issues a certificate of assignment verifying that it has transferred all of its rights associated with collaterals to the intermediary institution. All transactions required to be handled in the Board with regard to collaterals are carried out by the intermediary institution.

(3) Collaterals deposited by intermediary institutions are valued and appraised in accordance with the appraisal principles specified in regulations of the Board pertaining to capital adequacy. Accordingly, collaterals and guarantees are monitored by the Takasbank monthly, and the Takasbank manages the whole process, also including margin calls for completion of collaterals of intermediary institutions who fail to deposit adequate collaterals. The Takasbank issues a report on collaterals and submits it to the Board within 20 business days following the end of every year.

Release of Collaterals and Guarantees of Active Intermediary Institutions:

ARTICLE 72 – (1) Collaterals of active intermediary institutions blocked in the Takasbank in the name of the Board pursuant to first paragraph of Article 70 hereinabove are released and returned by the Takasbank to the intermediary institution upon removal of the reason stated in the Board decision relating to blocking of these collaterals, or upon expiration of the period of time determined by the Board, upon receipt of a notice relating thereto from the Board and without any further condition.

Release of Collaterals of Intermediary Institutions the Activities of Which Are Temporarily Suspended:

ARTICLE 73 – (1) Collaterals of intermediary institutions the activities of which are temporarily suspended which are blocked pursuant to first paragraph of Article 70 hereof are not released until they are reactivated or their operating licenses are entirely cancelled.

(2) Collaterals of an intermediary institution reactivated are released by the Takasbank upon a notice of the Board, providing that it has continued its activities continuously for at least 1 year. If the activities of an intermediary institution is re-suspended temporarily before the end of the said 1 year period, and the institution restarts its activities, then the 1 year period starts to be counted as of the date of last reactivation.

Release of Collaterals of Intermediary Institutions All Operating Licenses of Which Are Cancelled:

ARTICLE 74 – (1) Collaterals of intermediary institutions all operating licenses of which are cancelled which are blocked pursuant to first paragraph of Article 70 hereof are released in accordance with the principles regulated by this Article.

(2) Collaterals of these intermediary institutions about whom the Board takes a decision of compensation of damages of investors and/or a decision of gradual liquidation are released by the Takasbank upon a notice of the Board for submission to ICC.

(3) Collaterals of these intermediary institutions which are adjudged bankrupt by a competent court are kept in the Takasbank until bankruptcy administration applies to the competent commercial court for closing of bankruptcy process, and the competent court judges to close bankruptcy process pursuant to the Law no. 2004, and said judgment is announced by bankruptcy administration, and thus, the bankruptcy liquidation proceedings are completed. After completion of the bankruptcy liquidation proceedings, for the customers who may have rights of claim on collaterals out of the creditors to whom a certificate of insolvency is given by bankruptcy administration according to the order table received from bankruptcy administration, this completion is published by the Board in at least two of the first ten daily nationwide newspapers with the highest circulation, and in the Board's internet site and in the Public Disclosure Platform for at least 5 business days. Customers who apply by the end of 3rd month following the aforementioned announcements, who are determined to have receivables from the intermediary institution, are reported to the Takasbank for repayment of their receivables in full if the total sum of collaterals is adequate to pay all outstanding debts, or for repayment of their receivables pro rata if the total sum of collaterals is not adequate to pay all outstanding debts. Any collaterals remaining after these debt repayments are released by the Takasbank for delivery to the relevant bankruptcy administration upon a notice of the Board as of the end of 6th month following the date of publishing of these announcements.

(4) An application is required to be filed to the Board for release and return of collaterals of intermediary institutions all operating licenses of which are cancelled and about whom a decision of gradual liquidation or bankruptcy has not been taken. In order to be eligible for evaluation of this application:

a) The intermediary institution must not be exposed to any investigation, complaint or dispute with regard to capital market activities which prevents release of collaterals; and

b) The intermediary institution must not have any outstanding financial liability to stock exchanges, the Takasbank, CRA, Association or Board; and

c) The intermediary institution must have changed its trade name and its fields of business so as to exclude investment services and activities therefrom, or must have taken a decision of dissolution.

Collaterals of intermediary institutions which meet these conditions and the applications of which are accepted by the Board are released by the Takasbank to the intermediary institution upon a notice of the Board.

Special Provisions on Use of Collaterals For Payments:

ARTICLE 75 – (1) Some mandatory operating and utility expenses, such as electricity, water, telephone, taxes, insurance premiums and ICC subscriptions, of intermediary institutions the activities of which are temporarily suspended by the Board ex officio or upon their own demand or all operating licenses of which are cancelled, may be paid out of the portion of their collaterals in excess of the amount claimed by the Board. For these payments, a prior written consent of partners of intermediary institution must have been taken, and the board of directors must have taken a decision, and the payment made by the intermediary institution must have been documented. If such payments are made collusive or in breach of laws or are not made to real right owners, the intermediary institution's board of directors is held liable for such payments.

FIFTEENTH PART
Miscellaneous and Final Provisions

Repealed Communiqués and References:

ARTICLE 76 – (1) The Communiqué on Principles of Use of Collaterals Deposited by Intermediary Institutions (Serial V, No. 101) published in the Official Gazette edition 27200 on 14/4/2009 is hereby superseded and repealed. All references made to the repealed Communiqué will hereafter be deemed to have been made to this Communiqué.

Compliance With the Provisions of the Communiqué:

TEMPORARY ARTICLE 1 – (1) Investment firms are required to document and prove that they have adapted themselves to and have performed all obligations required in this Communiqué, at the time of their application to the Board in accordance with regulations of the Board pertaining to investment services and activities and ancillary services.

Provisions on Existing Personnel:

TEMPORARY ARTICLE 2 – (1) Employees of investment firms working as a liaison bureau responsible or specialized personnel as of the date of publishing of this Communiqué may, if they are graduates of high school, continue their job duties.

Transition Period Relating to Existing Customers:

TEMPORARY ARTICLE 3 – (1) Within 1 year after they receive a permission from the Board for their intended investment services and activities and ancillary services in accordance with regulations of the Board pertaining to investment services and activities and ancillary services, the investment firms are liable to sign frame-work agreements with their existing customers, and to classify them, and to apply a compliance test on them, as stipulated in this Communiqué.

Release of Existing Collaterals:

TEMPORARY ARTICLE 4 – (1) Collaterals deposited by the intermediary institutions active and operating as of the effective date of this Communiqué in accordance with the Communiqué on Principles of Use of Collaterals Deposited by Intermediary Institutions (Serial V, No. 101) repealed hereby, are released by the Takasbank unconditionally within 1 month following satisfaction of the minimum shareholders' equity obligation relating to activities and operations pursuant to temporary article 2 of the Communiqué on Principles of Investment Services and Activities and Ancillary Services no. III-37.1.

(2) The principles set forth in Article 73 hereof are applicable in release of collaterals of the intermediary institutions the activities of which are temporarily suspended by the Board ex officio or upon demand of intermediary institution as of the effective date of this Communiqué, as deposited in accordance with first paragraph of Article 4 of the Communiqué on Principles of Use of Collaterals Deposited by Intermediary Institutions (Serial V, No. 101) repealed hereby.

(3) The principles set forth in second paragraph of Article 59 and in Article 74 hereof are applicable in release of collaterals of the intermediary institutions all operating licenses of which are cancelled as of the effective date of this Communiqué, as deposited in accordance with first paragraph of Article 4 of the Communiqué on Principles of Use of Collaterals Deposited by Intermediary Institutions (Serial V, No. 101) repealed hereby. However, for the

purposes of second paragraph of Article 59, out of the letters of undertaking stipulated in subparagraph (e), only the letter of undertaking given in Annex-3 is sought for.

Entry into Force:

ARTICLE 77 – (1) This Communiqué becomes effective as of 1/7/2014.

(2) The definitions of professional customer and customers accepted as professional upon demand, given in Articles 31 and 32 hereof, will be applicable as of the date of publishing of this Communiqué for the sake of identification of qualified investors as stipulated in the relevant Board regulations.

Execution:

ARTICLE 78 – (1) The provisions of this Communiqué will be enforced and executed by the Board.

ANNEX-1

INVESTMENT SERVICES AND ACTIVITIES
GENERAL RISK STATEMENT FORM

Important Statement:

You may make profit or may as well incur losses as a result of your trading transactions in the capital markets. That is why before deciding to enter into trading transactions hereunder, you have to understand and recognize all the risks available in the market, and to decide by considering your financial situation and your restrictions and limitations.

To this end, as further specified in Article 25 of the "Communiqué on Principles of Foundation and Operation of Investment Firms", Serial III, No. 39.1 ("Communiqué"), you have to understand the following provisions contained in this "Investment Services and Activities General Risk Statement Form".

Warning

Before starting to transact, please check whether the intermediary institution you are planning to work with holds a valid "Certificate of Authorization For Capital Market Transactions" you are intending to enter into. You may check and retrieve the list of banks and capital market intermediary institutions holding this certificate of authority via websites at the address of www.spk.gov.tr or www.tspakb.org.tr.

Risk Statement

In addition to the points stated in the "Frame Agreement" to be signed with the intermediary institution you are planning to work, it is very important for you to understand and recognize the following points as well:

(1) The account you are going to open in the intermediary institution and all of the transactions you are going to effect through that account shall be governed by and subject to all kinds of legislative acts and statutory instruments and similar other administrative and legal arrangements issued or to be issued by the Capital Markets Board, the stock exchanges and the clearing institutions.

(2) Capital market transactions are exposed to many risks of varying degrees. As a result of price movements and fluctuations in the market, you may fully lose the money deposited in the investment firm, and your losses may even exceed the amount of your investment depending on the type of transactions effected.

(3) In such transactions as margin trading or short selling, due to the leverage effects, you must keep in mind that trading with a low shareholders' equity may have effects in favor of you or on the contrary in disfavor of you in the market, and accordingly, such leverage effects may either bring you high level of profits or cause substantial losses to you.

(4) You must always keep in mind that the information and advice to be given by the investment firm to you with respect to trading in the markets may be incomplete and may require verification and validation by you.

(5) You must take into consideration that the technical and basic analyses to be conducted and reported by the authorized officers of the investment firm with respect to trading of capital market instruments may differ from person to person, and the forecasts in such analyses may not definitely realize or come out to be true.

(6) For the transactions effected in foreign currency, in addition to the risks enumerated above, it must be known and noted that there is also an exchange rate risk, and that due to exchange rate fluctuations, there may be a loss of value in Turkish Lira, and that the governments may impose restrictions on foreign capital and foreign exchange movements, and may levy additional and/or new taxes, and that the trading transactions may not be executed on time.

(7) Before entering into the trading transactions, you must get confirmation from your investment firm about all of the commissions and other trading fees and charges to be paid by you. If the fees and charges are not expressed in monetary terms, you must request a written statement or memorandum containing comprehensible examples showing how the said fees and charges will be reflected onto you in monetary terms.

This Capital Market Transactions Risk Statement Form intends to generally inform the customer about the available risks, and may thus not cover all of the risks that may emerge from the trading of capital market instruments and the practices relating thereto. For this reason, you must yourself conduct a careful and diligent study and inquiry before depositing your savings in this type of investments.

I, the undersigned, hereby declare, acknowledge and accept that I have read and understood the preceding paragraphs, and without prejudice to my rights of claim and action for my losses and damages that may be caused by faults or negligence of Intermediary Institution/ Bank during implementation of these principles, I have signed this “Investment Services and Activities General Risk Statement Form” with my own will and volition, and thereafter, I have signed the Agreement and received a copy of this form.

P.S. Risk statement form may be preprinted. It is adequate for the customer to sign this form under “I have read and understood” phrase.

ANNEX-2

TEXT OF ANNOUNCEMENT
(In the case of full waiver from operating licenses)

ANNOUNCEMENT BY
PRESIDENCY OF CAPITAL MARKETS BOARD
WITH REGARD TO …… SECURITIES CO., INC.

…… Securities Co., Inc. ("Company") has filed an application to the Capital Markets Board ("Board") for cancellation of all of its operating licenses. If and when this application is approved by the Board, the Company will cease its capital market activities by being dissolved or by changing its fields of business, thereby losing its intermediary institution status.

Therefore, customers who have an outstanding claim against the Company with regard to investment services and activities and ancillary services are required to send to the Company and the Board within 3 months following the date of this announcement either a marginal note to be received from the relevant court relating to the pending lawsuit if a lawsuit has already been brought forward, or the documents of proof relating to execution proceedings, if any, or their statement as to the amount of alleged and disputed debts arising out of their account held with the intermediary institution.

It is announced to the public for the sake of avoidance of any loss of rights of customers.

Capital Markets Board
Address: Eskişehir Yolu 8. Km No. 156, 06530 ANKARA
Telephone: +90 (312) 292 90 90
Facsimile: +90 (312) 292 90 00

Company Name:
Address:
Telephone and Facsimile Numbers:

ANNEX-3

LETTER OF UNDERTAKING

Due to and upon cancellation of all of the operating licenses of …… Co., Inc., I, as a director / a partner holding …% of capital shares thereof, hereby declare, acknowledge and accept with regard to …….. Co., Inc.:

(1) that its capital adequacy statements and overall trial balance and account statements showing its receivables in cash and of capital market instruments by customers, as enclosed hereto, reflect the truth and do not contain any error or deficiency as of the date of this letter of undertaking; and

(2) that all debts owed to customers, arising out of investment services and activities and ancillary services and finalized by a final court judgment, whether reflected onto the records or not, will be paid unconditionally, and that the amount of debts to customers will be paid immediately and unconditionally upon receipt of a notice relating thereto, and that the customers may start legal proceedings directly against me, and that I will be personally, jointly and severally liable with all of my personal properties for these claims up to the amount paid to me within the legal prescription time in connection therewith.

DATE:

SIGNATURE
(BOARD CHAIRMAN / DIRECTORS / PARTNERS)