CAPITAL MARKET LAW

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List of amendments:

1- Law No. 6495 Amending Certain Laws and Decree-Laws published in the Official Gazette edition 28726 on 2.08.2013.

2- Constitutional Court Decision No. E.2013/24, K.2013/43 of 14.11.2013.

3- Law No. 6525 Amending Certain Laws and Decree-Laws published in the Official Gazette edition 28926 on 27.02.2014.

4- Constitutional Court Decision No. E.2013/24, K.2013/133 of 14.11.2013 published in the Official Gazette edition 29068 on 22.7.2014.

5- Law No. 6637 Amending Certain Laws and Decree-Laws published in the Official Gazette edition 29319 on 07.04.2015.

6- Constitutional Court Decision No. E.2015/20, K.2015/95 of 12.11.2015 published in the Official Gazette edition 29530 on 12.11.2015.

7- Law No. 6704 Regarding the Granting of Monthly Allowances to Destitute and Vulnerable Turkish Citizens over the Age of 65 and Amending Certain Laws and Decree-Laws published in the Official Gazette edition 29695 on 26.04.2016.

8- Decree-Law No. 684 Regulating Certain Aspects in Relation to the State of Emergency published in the Official Gazette edition 29957 on 23.01.2017.

9- Decree-Law No. 690 Regulating Certain Aspects in Relation to the State of Emergency published in the Official Gazette edition 30052 on 29.4.2017.

10- Law No. 7061 Amending Certain Tax Laws and Certain Other Laws published in the Official Gazette edition 30261 on 05.12.2017.

11- Decree-Law No. 703 Amending Certain Laws and Decree-Laws for the Purpose of Conformity with Amendments to the Constitution published in the Official Gazette edition 30473 (repeated edition 4) on 09.07.2018.

12- Law No. 7159 Amending the Highway Traffic Law and Certain Other Laws published in the Official Gazette edition 30639 on 28.12.2018.

13- Law No. 7186 Amending the Income Tax Law and Certain Other Laws published in the Official Gazette edition 30836 (repeated edition 1) on 19.07.2019.

14- Law No: 7222 Amending the Banking Law and Certain Other Laws published in the Official Gazette edition 31050 on 25.02.2020.

15- Law No. 7247 Amending Certain Laws and Decree-Laws published in the Official Gazette edition 31167 on 26.06.2020.

16- Law No. 7292 Amending the Law on Financial Leasing, Factoring, Financing and Saving Financing Companies and Certain Other Laws published in the Official Gazette edition 31416 on 07.03.2021.

17- Law No. 7316 Amending the Law on Collection Procedure of Public Receivables and Certain Other Laws published in the Official Gazette edition 31462 on 22.04.2021.

FIRST SECTION

General Provisions

FIRST CHAPTER

Purpose, Scope and Definitions

Purpose

ARTICLE 1 – (1) The purpose of this Law is to regulate and supervise capital markets to ensure the functioning and development of capital markets in a secure, transparent, efficient, stable, fair and competitive environment and to protect the rights and interests of investors.

Scope

ARTICLE 2 – (1) Capital market instruments, the issue of these instruments, issuers, public offerors, capital market activities, capital market institutions, exchanges and other organised markets where capital market instruments are traded, market operators, Capital Markets Association of Turkey, Appraisal Experts Association of Turkey, central clearing institutions, central securities depositories, the Central Registry Agency and the Capital Markets Board are subject to the provisions of this Law. Private sales of shares of non-public joint stock corporations are outside the scope of this Law.

(2) General provisions shall apply to matters where no applicable provision exists in this Law and in the secondary legislation promulgated on the basis of this Law and where it is stated in other laws that this Law shall not be applied.

Abbreviations and definitions

ARTICLE 3 – (1) In the implementation of this Law the following definitions shall apply;

a)Intermediary institution: An investment firm authorised by the Board, exclusively for investment services and activities defined in sub-paragraphs (a), (b), (c), (e) and (f) of the first paragraph of the Article 37.

b) Initial capital: Minimum issued capital that joint stock corporations with authorised capital are required to possess,

c)The Association: Capital Markets Association of Turkey,

ç) Exchange: Systems and market places authorised in accordance with this Law 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, 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 orders,

d) Issued capital: Capital representing the sold shares of joint stock corporations with authorised capital,

e)**(As amended by Article 107 of Law No 7061 dated 28.11.2017)** Publicly held corporation: A joint stock corporation, the shares of which are offered to public or are deemed to be offered to public, with the exception of those that collect funds through crowdfunding platforms,

f) Public offer: A general call made through any means for the purchase of capital market instruments and the sale realised following this call,

g) Public offeror: Real persons or legal entities applying to the Board in order to offer to public the capital market instruments they possess,

ğ) Issue: The issue of capital market instruments by issuers and their sale with or without public offer.

h) **(As amended by Article 107 of Law No 7061 dated 28.11.2017)** Issuer: Legal entities, who issue capital market instruments, who apply to the Board for issue or whose capital market instruments are offered to public, and investment funds subject to this Law, with the exception of parties collecting funds through crowdfunding platforms,

ı) **(As amended by Article 165/a of Decree Law No. 703)** Related Minister: The Minister or Deputy President assigned by the President of the Republic[1],

i) Mortgaged capital market instrument: Mortgage covered securities, mortgage-backed securities, capital market instruments other than shares issued by mortgage finance institutions and other capital market instruments which are backed by the receivables derived from housing finance or under the guarantee of these receivables,

j) Prospectus: Public disclosure document which includes all information with respect to the financial status, performance, prospects, and operations of the issuer and guarantor, if any, or the characteristics of capital market instruments to be issued or traded on the exchange and the rights and risks associated with them in order to enable investors to make an informed assessment.

k)Public Disclosure Platform: The electronic system where information that has to be publicly disclosed according to legislation is transmitted with electronic signature and disclosed to public,

l) Authorised Capital: Capital of joint stock corporations registered and announced in the trade registry, showing the maximum amount of shares that can be issued by a decision of their board of directors without being subject to the provisions of the Turkish Commercial Code dated 13/1/2011 and numbered 6102 related to the increase of the equity capital, provided that there is a provision in their articles of association,

m) Collective Investment Schemes: Investment funds and investment companies,

n)Board: Capital Markets Board,

o)Securities: With the exception of money, cheques, bills of exchange and promissory notes;

1)Shares, other quasi-shares and depositary receipts related to these shares,

2)Debt instruments or debt instruments based on securitised assets and revenues as well as depository receipts related to these securities,

ö) Central counterparty: The central clearing institution, which undertakes to complete clearing by acting as seller against the buyer and buyer against the seller

p)CRA: The Central Registry Agency Incorporation which is a private law legal entity established in order to execute the operations related to the dematerialisation of capital market instruments, to monitor the records of these dematerialised instruments and their associated rights in the electronic environment as of members and right holders, to provide their central custody and to perform other tasks assigned by the Board pursuant to Capital Market Legislation,

r) Market operator: Joint stock corporations managing and/or operating exchanges or markets under exchanges,

[1] Under the Presidential Decree 2008/1 published in the Offical Gazette on 15.7.2018 The Board was associated with the Ministry of Treasury and Finance.

s) Custody Service: Services related to capital market instruments deposited or delivered in dematerialised or physical form in relation to capital market activities, whether due to capital market activities or as custodian or in order to manage or as a guarantee or regardless of the name,

ş) Capital market instruments: Securities and derivative instruments as well as other capital market instruments designated in this context by the Board, including investment contracts,

t) Capital market institutions: Institutions listed in Article 35,

u) Derivative instruments: Instruments listed below or other derivative instruments designated in this context by the Board:

1) Derivative instruments giving the right to buy, sell or exchange securities,

2) Derivative instruments the values of which depend on the price or return of a security; the price or a price change of a foreign currency; an interest rate or a change in the rate; the price or a price change of a precious metal or precious stone; the price or a price change of a commodity; statistics published by institutions deemed appropriate by the Board and changes in them; derivative instruments which provide the transfer of credit risk, which have measurement values such as energy prices and climatic variables and depend on an index level which is formed by these listed items or on changes in this index level; the derivatives of these instruments and derivatives giving the right to interchange the listed underlying assets.

3) Leveraged transactions on foreign exchange and precious metals as well as other assets to be designated by the Board,

ü) CBRT: Central Bank of the Republic of Turkey,

v) Investment firm: Intermediary institutions as well as other capital market institutions established to perform investment services and activities, the establishment and operation principles of which are designated by the Board, and banks,

y) ICC: The Investor Compensation Centre, which is a public legal entity established with the purpose of executing compensation decisions taken by the Board pursuant to this Law in cases where investment firms fail to fulfil their cash payment and capital market instrument delivery obligations deriving from investment services and activities.

z) **(Additional paragraph under Article 107 of Law No 7061 dated 28.11.2017)** Crowdfunding: The collection of funds from the public through crowdfunding platforms in order to fulfil the financing needs for a project or venture capital firm, under principles determined by the Board, without being subject to the provisions of this Law with respect to investor compensation.

SECOND SECTION

Principles Regarding the Issue of Capital Market Instruments, Public Disclosure and Issuers

FIRST CHAPTER

Issue of Capital Market Instruments

Obligation to prepare prospectus

ARTICLE 4 – (1) The preparation of prospectus and its approval by the Board is compulsory for the public offer of capital market instruments or their trading on the exchange. **(Additional sentence under Article 108 of Law No 7061 dated 28.11.2017)** Without prejudice to provisions of other laws with respect to the collection of aids and donations, the collection of funds from the public through crowdfunding platforms shall be conducted by crowdfunding platforms authorised by the Board and they shall not be subject to provisions with respect to the drawing up of prospectus or issue documents.

(2) The information in the prospectus shall be presented in a manner that can be easily

comprehensible and analysable by investors.

(3) The names and functions of real persons responsible for the prospectus as well as the trade names, headquarters and the contact information of legal entities shall be clearly indicated in the prospectus.

(4) The prospectus may be established in the form of one or more documents containing the information concerning the issuer and the capital market instruments to be issued and a summary section. The summary section shall consist of brief, clear and comprehensible statements associated with the issuer, the guarantor if any, the nature of the guarantee and the essential characteristics, rights and risks of the capital market instruments to be issued.

(5) During the preparation of the prospectus by the public offeror, it is compulsory that the issuer takes facilitating measures.

Authority of the Board

ARTICLE 5 – (1) According to the type and characteristics of the issuer and the capital market instruments to be offered to public or be traded on the exchange, the Board determines the procedures and principles regarding the minimum information that has to be included in prospectus, the guarantor and the nature of the guarantee, documents forming the prospectus, the form of the prospectus, its disclosure to public, its publication, announcement and advertisements, making references in the prospectus to information previously published, the sale conditions, amendments in the approved prospectus and total or partial exemption from preparing and publishing prospectus.

Approval of the prospectus

ARTICLE 6 – (1) The Board shall decide to approve the prospectus when it is determined that the information given in the prospectus is consistent, comprehensible and complete according to the prospectus standards determined by the Board. The procedures and principles regarding the examination to be made during the approval process of the prospectus shall be determined by the Board. In cases where the prospectus is composed of separate documents, each document shall be approved as well. The approval of the prospectus does not mean that the Board guarantees the accuracy of the information given in the prospectus, and cannot be construed as a recommendation regarding capital market instruments.

(2) The application regarding the approval of the prospectus shall be concluded within ten business days starting from the submission to the Board of the prospectus prepared in accordance with the regulations of the Board as well as other necessary information and documents and the state of affairs shall be notified to the interested persons. This time limit is twenty business days for initial public offers.

(3) In cases where the information and documents submitted with the application regarding the approval of the prospectus are incomplete or when additional information and documents are required, the applicant shall be notified within ten business days starting from the application date and be asked to fulfil the deficiencies within the duration to be determined by the Board. In this case, the durations foreseen in the second paragraph shall start from the date when the related incomplete or additional information and documents are submitted to the Board.

(4) In cases where applications are not approved as a result of the examination made in the context of this Article, this situation shall be notified to the interested person with an indication of its reason.

Publication of the prospectus, announcement and advertisements

ARTICLE 7 – (1) After the prospectus is approved, it shall be published according to the principles to be determined by the Board, it shall not be further registered to the trade registry or announced via the Turkish Trade Registry Gazette. However, the place where the prospectus has been published shall be registered to the trade registry and announced via the Turkish Trade Registry Gazette.

(2) It is possible for the prospectus to be announced in the framework of the principles to be determined by the Board before it is approved.

(3) Announcements, advertisements and statements regarding the issue shall be consistent with the prospectus, shall not contain information that is inaccurate, exaggerated and misleading.

Amendments to the prospectus and addition of new matters to the prospectus

ARTICLE 8 – (1) In cases where amendments or new matters which may affect the investment decision of investors occur in the prospectus and in information disclosed to the public before starting the sale or within the sale period, the situation shall be notified immediately by the issuer or the public offeror to the Board through the most convenient communication instrument.

(2) In cases where matters requiring an amendment or new matters develop, the sale process may be halted.

(3) Starting from the date of notification, the matters to be amended or to be added shall be approved within seven business days according to the principles indicated in Article 6 and be published as indicated in Article 7.

(4) Investors which have made a demand in order to buy capital market instruments before the publication of the amendments or of new matters possess the right to withdraw their demands within two business days starting from the publication of the amendments and additions made to the prospectus.

Validity period of the prospectus

ARTICLE 9 – (1) For issues to be realised by the issuer or the public offeror within twelve months starting from the first publication of the prospectus, the approval of supplements and amendments in the framework of the principles mentioned in Article 6 and their publication in line with Article 7 are sufficient. For public offers to be made after this duration, the entire prospectus must be approved.

Persons responsible for the prospectus

ARTICLE 10 – (1) Issuers are responsible for losses arising from inaccurate, misleading and incomplete information included in the prospectus. In cases where the loss cannot be compensated by the related persons or when it is clear that the loss cannot be compensated, those who act as public offeror, the leader intermediary institution which acts as intermediary during the issue, the guarantor if any, and the members of the board of directors of the issuer are responsible to the extent of their fault and to the extent the losses can be attributed to them according to the necessities of the situation.

(2) Persons and institutions such as independent audit, rating and appraisal firms preparing reports that are included in the prospectus shall also be responsible in the framework of the provisions of this Law due to inaccurate, misleading and incomplete information included in the reports they have prepared.

Issue of capital market instruments without public offer

ARTICLE 11 – (1) In order to issue capital market instruments without public offer, the issue document containing the nature and sale conditions regarding these instruments should be prepared and approved by the Board according to the principles laid down in Article 6.

(2) The Board shall establish the procedures and principles regarding the certificate of issue, the approval of this document and its announcement to public when deemed necessary.

(3) Regarding responsibility resulting from inaccurate, misleading and incomplete information included in the certificate of issue, Article 32 shall be implemented.

Sale of capital market instruments

ARTICLE 12 – (1) The issued shares must be fully paid for in cash. The Board may require that a guarantee is provided to the corporation that the shares which remain unsold within the sales period will be purchased and paid for completely. The Board is authorised to determine the conditions where payment in

cash is not compulsory, such as merger, division, exchange of shares and capital increases in similar company structures.

(2) In cases where the market prices or book values of shares are higher than their nominal values, the Board may require that shares to be issued are sold at the premium price and that pre-emptive rights are used at the premium price. In cases where the market price or book value is lower than nominal value, the Board may require that the shares are issued at a price below their nominal values. The principles and procedures with regard to this shall be determined by the Board.

(3) Capital market instruments must be delivered to the buyer at the time of sale. The regulations of the Board regarding issues to be made within the share capital system, the dematerialisation of capital market instruments and clearings are reserved.

(4) During the sale of the capital market instruments, the Board may require the issuer, the public offerors, the sellers and related exchanges to take measures which facilitate the purchase of these instruments by investors and protect their rights and interests.

(5) For applications made to the Board regarding capital raising, the duration of examination by the Board shall not be considered in the calculation of the duration mentioned in Article 456 of the Law numbered 6102 regarding the registration of capital.

(6) Article 346 and third paragraph of Article 462 of the Law numbered 6102 shall not be implemented with respect to corporations which are publicly held or have applied to the Board for public offer.

Dematerialisation of capital market instruments

ARTICLE 13 – (1) In principle, capital market instruments shall be issued in the dematerialised form in the electronic environment, without certificates. The Board shall determine the capital market instruments to be issued in dematerialized form and the rights to be monitored on record; establish the principles and procedures regarding their dematerialisation as to their types and issuers, the record keeping and, the termination of the monitoring of records belonging to issuers who have lost membership conditions.

(2) Dematerialised capital market instruments shall be kept in accounts created by name without considering whether they are registered or payable to the bearer. According to the type of the capital market instrument and the nature of its issuer or CRA member, the Board may decide accounts to be kept collectively, without opening an account in the name of the right holder of capital market instruments.

(3) Rights related to dematerialised capital market instruments shall be monitored by the CRA. The records shall be kept by CRA members, in the electronic environment created by this agency.

(4) Capital market instruments which are decided to be dematerialised must be delivered according to the principles established by the Board. Delivered capital market instruments shall automatically become invalid. Undelivered capital market instruments cannot be traded on exchange after the dematerialisation decision, intermediary institutions cannot provide intermediary services for the purchase and sale of these capital market instruments and fund units cannot be redeemed.[2]

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[2] Under the Constitutional Court Decision E.2015/29, K.2015/95 of 22.10.2015 published in the Official Gazette edition 29530 on 12.11.2015, the phrase "*fund units may not be redeemed*", as well as the fourth, fifth and sixth sentences have been repealed on grounds of violation of Articles 13 and 35 of the Constitution.

Repealed sentences are as follows:

"*Capital market instruments which are not delivered until the end of the seventh year following the date when they started to be monitored on records shall be transferred to the ICC. The limited real rights on them shall be automatically regarded as terminated. They shall be sold within three months starting from the date when they have been transferred to the account of ICC.*"

(5) The date of the notification made to the CRA shall be considered in the claim of the rights towards third parties on capital market instruments monitored on records.

(6) Regarding registration of share transfers in the share register by corporations, pursuant to the related provisions of the Law numbered 6102, the records at the CRA shall be taken as basis, without the need for further application of the interested parties.

(7) Measures, attachments and all kinds of similar administrative and judicial requests with regard to dematerialized capital instruments shall be carried out by CRA members. Provisions of related laws regarding the follow-up and collection of receivables for which a notice has been made in the electronic environment shall be reserved.

SECOND CHAPTER

Principles Regarding Public Disclosure

Financial reporting and independent audit

ARTICLE 14 – (1) The issuer is obliged to prepare and submit financial statements and reports to be disclosed to public or be requested by the Board when necessary in compliance with regulations established by the Board in the framework of the Turkish Accounting Standards in terms of format and content in a timely, complete and accurate manner.

(2) The issuer, and according to their faults and as the occasions require, members of the board of directors of the issuer shall be responsible for the preparation and submission of financial statements and reports as mentioned in the first paragraph in compliance with regulations established by the Board as well as for true and fair presentation of financial statements and reports. The board of directors shall take a separate decision regarding the approval of financial statements and reports to be prepared in the context mentioned in this Article. Furthermore, in notifications to be made to public about financial statements and reports by the corporation managers who prepared them and the responsible members of the board of directors, their declarations regarding the true and fair presentation of financial statements and reports must also be included.

(3) Issuers are obliged to obtain an independent audit report for the financial statements and reports determined by the Board in the framework of the Turkish Accounting Standards, by having them examined by independent audit firms accepted to the list pursuant to this Law, according to the Turkish Audit Standards in terms of the compliance of information to the principle of accurate and fair reflection of the truth.

(4) The Board is also authorised to require an independent audit report to be prepared according to the provisions of this Article from corporations which are a party; in public offers, applications regarding admission to trading on the exchange, significant transactions defined in Article 23 and in the events and developments which have a material effect on the activities and financial situation of the corporation.

(5) The financial statements and reports required by the Board to be prepared as well as the independent audit reports when being subject to independent audit requirement shall be disclosed to public according to the principles and procedures determined by the Board.

Material events in public disclosure

ARTICLE 15 – (1) Information, events and developments which may affect the value and price of capital market instruments or the investment decision of investors shall be disclosed to public by issuers or related parties.

(2) Principles and procedures regarding the disclosure of information, events and developments mentioned in the first paragraph, their notification to the related issuer, deferring or avoiding disclosure in exceptional cases shall be determined by the Board.

THIRD CHAPTER

Publicly Held Corporations

Gaining the status of publicly held corporation

ARTICLE 16 – (1) (**Amended first sentence under Article 109 of Law No 7061 dated 28.11.2017)** Corporations the shares of which are traded on the exchange and the shares of joint stock corporations with a shareholder number exceeding five hundred, with the exception of corporations that collect funds from the public through crowdfunding shall be deemed to be publicly held. These joint stock corporations shall also be subject to the provisions regarding publicly held corporations.

(2) Joint stock corporations the shares of which are not traded on exchange are obliged to apply to the exchange within two years at the latest after gaining the status of publicly held corporation in order to have their shares traded on the exchange. Otherwise, without seeking the demand of the corporation the Board shall take the necessary decisions in order to have these shares traded on the exchange or for removing corporation from the publicly held corporation status.

(3) **(Additional paragraph under Article 109 of Law No 7061 dated 28.11.2017) (Amended sentence under Article 8 of Law No. 7159 published in the Official Gazette on 27.12.2018)** The shares of cooperatives, the number of shareholders of which exceed five hundred, or cooperative unions where the number of shareholders in shareholding cooperatives exceed five hundred on a solo basis or in aggregate, or joint stock corporations where cooperative central unions control management and which have a minimum annual revenue of fifty million Turkish Liras shall be deemed to be publicly held. **(Repealed sentence under Article 8 of Law No. 7159 published in the Official Gazette on 27.12.2018**)(…). Provisions of the second paragraph shall not be applicable to corporations under this paragraph.

Corporate governance principles

ARTICLE 17 – (1) For publicly held corporations, the procedures and principles regarding corporate governance principles, the content and publication of corporate governance compliance reports, corporate governance compliance ratings and the independent memberships of board of directors shall be determined by the Board. The Board shall use this authority in a manner that would not result in unfair competition among publicly held corporations and by considering the principle of applying equal rules to equivalent corporations.

(2) Considering their qualifications, the Board is authorised to require publicly held corporations the shares of which are traded on the exchange to comply with corporate governance principles partially or completely, to establish the principles and procedures regarding these, to take decisions ensuring the fulfilment of the compliance obligation within a granted time period and to take actions ex officio in this regard in cases where the compliance requirement is not fulfilled, even where a time period is not granted, to request cautionary injunction for the determination of the unlawfulness of activities in violation of compliance obligations or for their cancellation, exempt from all kinds of guarantee, to file a lawsuit, to request for a court decision that will result in the fulfilment of the compliance obligation, to establish the procedures and principles regarding the execution of those operations.

(3) Before starting transactions with related parties, principles of which shall be determined by the Board, publicly held corporations are obliged to take a board of directors' decision, determining the principles of the transaction to be made. The approval of the majority of independent members of the board of directors is required for the implementation of the relevant decisions of the board of directors. In cases where the majority of the independent members of the board of directors does not approve the relevant transaction, this situation shall be disclosed to public according to the public disclosure regulations in a manner containing adequate information about the transaction, and the transaction shall be submitted to the approval of the general assembly. During these general assembly meetings, the decision shall be taken

by vote where the parties of the transaction and the persons related with them shall not be able to vote. During the discussion of this agenda item in the general assembly, meeting quorum shall not be required, the decision shall be taken with the simple majority of those having a voting right. Board of directors and general assembly decisions which have not been taken in accordance with the principles indicated in this paragraph shall not be valid.

(4) Publicly held corporations may fulfil their obligations regulated under both in this Article and the first paragraph of Article 1524 of the Law numbered 6102 via the electronic environment provided by the CRA.

(5) The principles and procedures regarding the implementation of this Article to publicly held banks shall be determined by taking the assent of the Banking Regulation and Supervision Agency.

Authorised capital system

ARTICLE 18 – (1) Publicly held corporations and corporations having applied to the Board in order to offer their shares to the public may adopt the authorised capital system, provided that they obtain of the approval of the Board. In so far, a further Board approval shall not be required for corporations which have adopted this system according to the Law numbered 6102.

(2) Within the authorised capital system, the board of directors shall be authorised to raise the capital until the upper limit of the authorised capital determined in the articles of association, without being subject to the provisions of the Law numbered 6102 regarding raising equity capital. In so far, this authority can be granted by the general assembly for a maximum period of five years. Duration of this authority may be extended with the decision of the general assembly for periods of maximum five years.

(3) In the authorised capital system, new shares may not be issued until issued shares are fully sold and paid for, or shares that could not be sold are cancelled.

(4) In cases where privileged shares exist, general assembly decisions on amendments to be made in the articles of association in the context of this Article, shall be approved by the assembly of privileged shareholders according to the principles stipulated in Article 454 of the Law numbered 6102. In so far, the decision of the private assembly of privileged shareholders shall not be required for raising capital within the upper limit of the authorised capital of corporations.

(5) In order to be able to take decisions on the issuance of privileged shares or shares below or above nominal value, restriction of pre-emptive rights of shareholders or decisions restricting the rights of privileged shareholders, the board of directors must be authorised by the articles of association. The authority to restrict pre-emptive rights shall not be exercised in a manner leading to inequality among shareholders. The provisions of the second and third paragraphs of Article 461 of the Law numbered 6102 shall not be applicable to publicly held corporations.

(6) In the framework of the provisions of the Law numbered 6102 regarding the annulment of general assembly decisions, members of board of directors or shareholders the rights of whom have been violated may" file a suit of nullity against the decisions taken by the board of directors in the context of the principles laid down in this Article at the commercial court of the place where the headquarters of the corporation is located, within thirty days starting from the announcement of the decision.

(7) After the completion of the capital raise in accordance with the provisions of this Article, the new form of the article indicating the issued capital in the articles of association shall be registered and announced by the board of directors.

(8) Decisions taken by the board of directors in the framework of the authority granted by the articles of association according to this Article shall be disclosed to the public following the procedure to be determined by the Board.

(9) In cases where publicly held corporations which are in the authorised capital system issue a convertible bond or a derivative instrument convertible to share, sum of the shares to be assigned as a result of the conversion and the issued capital of the corporation shall not exceed the authorised capital.

(10) Procedures and principles regarding the adoption of and exit from the authorised capital system by publicly held corporations or removal by the Board from the system and the conditional capital raise shall be determined by the Board. Corporations which had previously made the transition to this system according to the Law numbered 6102 and then have become publicly held are also subject to the provision of this sub-paragraph.

Distribution of dividend and gratis share and donations

ARTICLE 19 – (1) Publicly held corporations shall distribute their profits in the framework of the profit distribution policies to be determined by their general assembly and in accordance with the provisions of relevant legislation. The Board may determine different principles regarding the profit distribution policies of publicly held corporations on the basis of similar corporations.

(2) Unless the legal reserves and the dividends determined for shareholders in the articles of association are allocated, no decision shall be taken for allocating other reserves, transferring profits to the following year or distributing a share out of profit to usufruct right holders, members of the board of directors and employees of the corporation, and as long as the determined dividend is not paid, no share out of profit may be distributed to these persons.

(3) In publicly held corporations, dividends shall be distributed equally to all existing shares as of the date of distribution without taking into account the issue or acquisition dates of such shares.

(4) In the capital raises of publicly held corporations, gratis shares shall be distributed to the shares existing as of the date of raise.

(5) In order for publicly held corporations to be able to make donations or distribute dividend to persons other than shareholders, a provision must exist in the articles of association. The limit of the donation to be made shall be determined by the general assembly of the publicly held corporation. The Board is authorised to set an upper limit to the amount of the donation. The donations made by corporations within the related fiscal year shall be added to the distributable profit base.

Advance dividend

ARTICLE 20 – (1) The total advance dividends to be provided in an accounting period shall not exceed one half of the profit of the previous year. No decision shall be taken regarding provision of additional advance dividends or distributing dividends before offsetting the advance dividends paid during the previous period.

(2) According to their faults and to the necessities of the situation and to the extent the damage can be attributed individually to them, members of the board of directors, and limited with reports they have prepared, independent auditors shall be liable to the corporation, the shareholders, creditors of the corporation and furthermore directly to persons who have acquired shares within the accounting period in which an advance dividend has been decided to be paid or has been paid, for damages arising from distribution of incorrect advance dividends due to interim financial statements that do not reflect the truth fairly or are not prepared in accordance with legislation and accounting principles and rules. In case of the existence of conditions where civil liability arises, a lawsuit of nullity may be filed by shareholders and members of the board of directors within thirty days starting from the announcement of the decision as provided in the sixth paragraph of Article 18.

(3) Principles and procedures regarding the implementation of this Article shall be established by the Board.

Prohibition of illegal transfer pricing activities

ARTICLE 21 – (1) Publicly held corporations and collective investment schemes and their subsidiaries and associates are prohibited from transferring income to real persons or legal entities with whom they have a direct or indirect relationship in terms of management, audit or capital by decreasing their profits or their assets or by preventing the increase of their profits or their assets via performing transactions such as making contracts or commercial practices containing different prices, fees, costs or conditions or producing a trading volume in violation of the conformity with market practices and comparability to similar transactions, prudence and honesty principles of commercial life.

(2) Cases where publicly held corporations and collective investment schemes as well as their subsidiaries and associates do not perform activities expected from them as prudent and honest merchants in the framework of their articles of association or their fund rules or where they do not perform activities in order to conserve or increase their profits or assets in accordance with market practices, thereby providing for an increase in the profits or assets of real persons and legal entities with whom they are related shall also be deemed as illegal transfer pricing activities.

(3) Publicly held corporations and collective investment schemes are obliged to document that related party transactions have been performed under conditions in conformity with similar transactions, market practices, prudence and honesty principles of commercial life and, to keep the documents and information certifying this situation for at least eight years. The principles and procedures to be followed in cases where an inconsistency with the rules indicated in the first paragraph is detected, shall be determined by the Board.

(4) In the event that the income transfer is detected by the Board, publicly held corporations, collective investment schemes as well as their subsidiaries and associates shall request from parties to which income transfer has been made, to return, the amount transferred and its legal interest to the corporation or collective investment scheme the assets or profit of which have been decreased, within the duration to be determined by the Board. Parties which have received an income transfer are obliged to return the transferred amount with its legal interest within the period to be determined by the Board. Articles 94 and 110 regarding the violation of the prohibition of illegal transfer pricing and the civil, penal and administrative sanctions foreseen in related legislation shall be reserved.

Acquisition of a Corporation's own shares and taking its own shares in pledge

ARTICLE 22 – (1) Publicly held corporations may acquire their own shares and take them in pledge under conditions to be determined by the Board. The Board shall establish the principles and procedures regarding conditions with respect to the acquisition and taking in pledge of their own shares by publicly held corporations, the limits of transactions, the disposal and amortisation of shares which have been acquired and the disclosure of these issues to the public.

(2) The acquisition of shares of publicly held corporations by corporations which have been included in the consolidated balance sheet of the related publicly held corporation shall also be subject to the provisions of this Article.

Significant transactions of corporations

ARTICLE 23 – (1) **(Amended paragraph under Article 25 of Law No. 7222 dated 20.02.2020)** Fundamental transactions of publicly held corporations, pertaining to the structure of the corporation, that will alter the investment decisions of investors, such as being party to merger or demerger transactions, conversion, establishment of privileges or amendment of the scope or subject of existing privileges shall be deemed as significant transactions in the implementation of this Law. In accordance with the attributes of publicly held corporations, the Board is authorised to determine significant transactions and the procedures and principles that have to be followed in order to execute such transactions or to decide on them, including significance criteria.

(2) The Board may impose administrative fines and may file a lawsuit for the annulment of these transactions in accordance with provisions of the Law numbered 6102 regarding the annulment of the general assembly decisions in the event that the situation prior to the transaction cannot be restored within thirty days starting from the date of notification of the Board decision regarding the removal of transactions performed in violation of obligations established in the framework of the first paragraph,

Appraisal right

ARTICLE 24 – (1) **(Amended Article under Article 26 of Law No 7222 dated 20.02.2020)** Shareholders who have attended the general assembly meeting regarding the significant transactions mentioned in Article 23 and who cast a negative vote and had their dissention recorded in the minutes shall have an appraisal right through the sale of their shares to the publicly held corporation. The Board is authorised to determine principles regarding the exercise of the appraisal right for shares held as of the date of announcement of the significant transaction that is the basis for the appraisal right. The publicly held corporation shall be liable to purchase such shares upon request of shareholders, in return for a fair price to be determined in accordance with principles set forth by the Board. The Board may regulate the procedures and principles with respect to the offering of such shares to investors or other shareholders prior to their purchase by the publicly held corporation.

(2) In the event that the shareholder has been unfairly prevented from attending the general assembly meeting regarding the significant transactions under Article 23, that an invitation to the general assembly meeting has not been made in due form or that the agenda has not been duly announced, the provisions of the first paragraph shall be applicable, without the requirement of opposing to the general assembly meeting decisions and having their dissention recorded in the minutes.

(3) Principles and procedures regarding cases where the appraisal right does not arise as well as granting of an exemption to the corporation from the obligation of exercise of such right and calculation of the fair price shall be determined by the Board. The Board may establish different procedures and principles with respect to such issues pertaining to the exercise of the appraisal right, in accordance with attributes of corporations.

Takeover bid

ARTICLE 25 – (1) In publicly held corporations, procedures and principles related to voluntary takeover bids or mandatory takeover bids arising from significant transactions shall be determined by the Board.

(2) In cases where a takeover bid is prohibited by the Board, the transactions conducted on the basis of the prohibited bid shall be null and void.

Obligation regarding takeover bid

ARTICLE 26 – (1) In the event that shares or voting rights entitling the control of management of publicly held corporations have been acquired, it is mandatory to make an offer in order to purchase **(Additional phrase under Article 27 of Law No. 7222 dated 20.02.2020)** the shares of other shareholders who held the shares as of the date of announcement of the acquisition of such shares or voting rights. The procedures and principles regarding the execution of takeover bids and the exemption from the obligation of takeover bid shall be determined by the Board.

(2) Holding directly or indirectly more than fifty percent of the voting rights of the corporation alone or together with persons acting in concert, holding privileged shares granting the right to elect the absolute majority of the members of the board of directors or the right to nominate the same number of members as directors in the general assembly shall be deemed as gaining control of management. However, cases where control of the management cannot be obtained due to the existence of privileged shares shall not be considered within the context of this Article.

(3) Even where no change occurs in the shareholding of the corporation, gaining of control of management by some shareholders through specific arrangements they would conclude between themselves without complying with procedures and principles foreseen to be designated by the Board in the first paragraph of Article 23 and the procedures and principles mentioned in the sixth paragraph of Article 29 shall also be considered in the context of this Article.

(4) In order to protect shareholders of publicly held corporations, the field of activity of which had involved the conduct of a business for which concessions are provided and lost these concessions, or which lost their operating permission , or the equity rights except dividend as well as the management and inspection of which have been transferred to the Savings Deposit Insurance Fund according to the Banking Law dated 19/10/2005 and numbered 5411; the Board may impose an obligation regarding takeover bids to real persons and legal entities in the position of controlling shareholders of such corporations which have been determined to cause the revocation of the concession or the implementation of the provisions of the Law numbered 5411.

(5) The Board may impose an obligation regarding takeover bid for approving the amendments in the articles of association which would lead to a change or loss in the investment company qualifications of investment companies.

(6) Voting rights of real persons and legal entities obliged to make takeover bids and of those who act in concert with them shall be frozen automatically, in the event that such obligation is not fulfilled within the duration to be determined by the Board. The related shares shall not be considered in the quorum of the general assembly meeting.

Squeeze out and sell-out rights

ARTICLE 27 – (1) In the event that shares acquired as a result of takeover bid or through other means, including acting in concert with others, reach or surpass a certain ratio of the voting rights of the publicly held corporation which is determined by the Board, the persons holding these shares shall be entitled to the right to squeeze out the shareholders who have become a minority. These persons may request from the corporation, within the period to be determined by the Board, the cancellation of the shares of shareholders who became a minority and the sale of the new shares to be issued corresponding to these shares to themselves. The sale price shall be determined according to Article 24.

(2) In cases where squeeze out right arises in the context of the conditions mentioned in the first paragraph, sell- out right shall arise for shareholders who have become a minority. These shareholders may request their shares to be purchased at a fair price within the period to be determined by the Board from real persons or legal entities who hold voting rights at or above a ratio to be determined by the Board, or from those who act in concert with them.

(3) Article 208 of the Law numbered 6102 shall not apply to publicly held corporations.

(4) Procedures and principles regarding the implementation of this Article shall be determined by the Board.

Privileged shares

ARTICLE 28 – (1) All privileges must be disclosed to the public in transparent and clear detail at the time of the initial public offer of the capital market instruments of corporations.

(2) Without prejudice to the circumstances where their activities render it reasonable and compulsory, in the framework of the principles determined by the Board, privileges concerning voting rights and representation in the board of directors shall be removed by a decision of the Board in publicly held corporations which have had losses for five consecutive years according to financial statements prepared in accordance with legislation. In cases where the related privileged shares belong to public institutions and organisations, this provision shall not be applicable.

Principles regarding general assembly meetings

ARTICLE 29 – (1) Publicly held corporations are obliged to invite their general assemblies to the meeting as indicated in the articles of association, with an announcement published in the website of the corporation, in the Public Disclosure Platform and in other places determined by the Board. This invitation shall be made at least three weeks prior to the date of the meeting, excluding the announcement and meeting days. The procedures and principles regarding this paragraph shall be determined by the Board.

(2) The first paragraph of Article 414 of the Law numbered 6102 shall not be applicable to registered shares traded on the exchange.

(3) With respect to general assembly meetings of publicly held corporations, Article 418 of the Law numbered 6102 shall be applicable, unless higher quorums are foreseen in this Law or in their articles of association by clearly indicating a ratio, except decisions regarding the transfer of the headquarter abroad and imposing an obligation or a secondary obligation for settling the balance sheet losses. That the articles of association only make a reference to the Law numbered 6102 or to the related article number without writing its content shall not be considered as a contrary provision. The provision of the sixth paragraph shall be reserved.

(4) In the general assemblies of publicly held corporations, it is obligatory to include in the general assembly Agenda, the matters that the Board requires to be discussed or disclosed to shareholders, without complying with the principle of adherence to the agenda.

(5) The right of adding an agenda item accorded to the minority in Article 411 of the Law numbered 6102 shall also include in publicly held corporations, the opening up of discussions on the draft decisions regarding agenda items.

(6) As long as higher quorums are not foreseen in their articles of association by explicitly indicating a ratio, the affirmative votes of the two-thirds of shares with voting rights participating in the general assembly of the corporation, without any requirement of meeting quorum, shall be required in publicly held corporations for acceptance by the general assembly of decisions concerning the restriction of the pre-emptive rights, the authorization of the board of directors to restrict pre-emptive rights in authorized capital system, reduction of capital and the significant transactions determined according to the first paragraph of Article 23. However, as long as higher quorums are not foreseen in the articles of association, if at least half of the voting rights representing the share capital are present at the meeting, decision shall be taken with the majority of the shares participating in the meeting and holding a voting right. In these transactions, shareholders who are a party according to the first paragraph of Article 436 of the Law numbered 6102 may not vote in general assembly meetings where these transactions would be voted. The articles of association provisions diminishing the quorums mentioned in this paragraph shall be null and void.

Participation in the general assembly meeting and voting

ARTICLE 30 – (1) The rights to participate and to vote in the general assembly of publicly held corporations may not be made conditional upon depositing of the shares of shareholders at any institution.

(2) The shareholders whose names take place in the list of attendees prepared by considering the shareholders list that the board of directors has provided from CRA, may participate in general assembly meetings of publicly held corporations the shares of which are dematerialised. The right-holders whose names are in this list shall participate in the general assembly by showing an identity card. The Board is authorised to determine the maximum number of days prior to the date of the general assembly meeting that should be considered in the determination of the shareholders list and/or the principles, when necessary, regarding the notification that shareholders and their representatives would make to the CRA on the electronic environment indicated in the fifth paragraph of this Article about their participation to the meeting.

(3) Provisions of the Law numbered 6102 shall be applicable in the determination of the shareholders who have the right to participate in the general assembly meetings of publicly held corporations the shares of which are not dematerialised.

(4) Those holding a voting right in the general assembly of publicly held corporations may also use their rights through persons they have appointed as proxy holder. However, it is also possible to vote according to general provisions in publicly held corporations the shares of which are not dematerialised by transferring the actual ownership of bearer shares or by transferring documents verifying ownership. The provision of this paragraph shall also be applied when those who provide custody services use voting rights as proxy holder related to the shares to which they provide custody services. Procedures and principles regarding proxy solicitation and proxy voting shall be determined by the Board. Article 428 of the Law numbered 6102 shall not be applicable in the context of this Law.

(5) Participation in the electronic environment to general assemblies of joint-stock corporations the shares of which are dematerialised shall be realised through the electronic environment provided by the CRA.

Issue limit and authority regarding capital market instruments qualified as debt instruments

ARTICLE 31 – (1) The total amount of capital market instruments qualifying as debt instruments that may be issued by issuers shall not exceed the limit to be determined by the Board. The Board may determine different limits according to the nature of the issue, issued debt instrument, and the issuers.

(2) Issue limits indicated in other laws shall not be applicable, without prejudice to the provisions of the Decree Having the Force of Law on State Economic Enterprises dated 8/6/1984 and numbered 233 and except the limits indicated in article 51 of the Special Provincial Administration Law dated 22/2/2005 and numbered 5302 as well as article 68 of the Municipality Law dated 3/7/2005 and numbered 5393.

(3) The authority to issue capital market instruments qualifying as debt instruments may be transferred to the board of directors by the articles of association temporarily or permanently.

(4) **(Additional paragraph under Article 27 of Law No 7186 dated 17.7.2019)** The document drawn up and assigned to right holders by the CRA due to defaults by issuers in relation to debt securities, shall be deemed to be among documents under the first paragraph of Article 68 of the Enforcement and Bankruptcy Law of 9.6.1932 numbered 2004.

Debt Security Holders Meeting

ARTICLE 31/A – (Additional Article under Article 28 of Law No. 7222 dated 20.02.2020) (1) The holders of outstanding debt securities of an issuer shall form the debt security holders meeting. The holders of each tenor of debt securities may also form a separate debt security holders meeting.

(2) It is mandatory to specify principles and conditions with regard to the invitation to a debt security holders meeting by the board of directors of the issuer or by debt security holders, and with regard to decision making at the of debt security holders meeting within the prospectus and/or issue document published in relation to the issuance of the debt securities.

(3) In order for decisions to be taken at the debt security holders meeting, debt security holders representing as a minimum half of the total nominal value for each tenor of debt securities, or in the case of a debt security holders meeting that will convene for the entirety of outstanding debt securities of the issuer, debt security holders representing as a minimum half of the total nominal value of the entirety of outstanding debt securities of the issuer must cast a positive vote, unless heavier a quorum is prescribed by the Board or in the prospectus and/or issue document.

(4) Proxies may be designated to represent holders of debt securities.

(5) In cases where the provisions and conditions in relation to debt securities are altered following the occurrence of default in repayment, all execution due to the default in debt securities shall be ceased,

cautionary injunction and attachment decisions shall not be implemented, statute of limitations and foreclosures that may be interrupted by an execution proceeding shall not be carried out. Any ceased execution shall be extinguished upon the performance of obligations.

(6) The Board is authorised to determine the procedures and principles in relation to the implementation of this Article.

Collateral Management Contract and Collateral Manager[3]

ARTICLE 31/B – (Additional Article under Article 29 of Law No. 7222 dated 20.02.2020) (1) Capital market instruments specified by the Board may be collateralized to ensure that obligations arising from such instruments are performed on their maturity date. Ownership of assets constituting collateral shall be transferred as collateral to the collateral manager qualified as an investment firm holding the license for general custody. The transfer as of collateral assets shall be recorded in the declarations section of the relevant registry as collateral.

(2) In relation to collateral assets comprising the obligations arising from capital market instruments the ownership of which are transferred to a collateral manager or limited real rights are established in their favour, the collateral manager shall be authorised with a collateral management contract that will be concluded with the issuer in writing prior to the issuance, in order to ensure management, safekeeping, maintenance, taking legal action, liquidation of collateral assets in case of default or for reasons specified in legal or contractual provisions in order to use collateral to perform the debt, allocating sale revenue of collateral assets among investors, returning any remaining assets after the performance of debts to the provider of collateral assets, returning collateral assets to the provider of collateral upon the expiration of the debt, conducting other business and transactions including the protection of investor interests. The Board is authorised to determine the procedures, principles and minimum content requirements to which collateral management contract shall be subject.

(3) The collateral manager shall be authorised to conduct all business and transactions concerning the establishment, removal, annulment, termination of collateral on his behalf and on account of investors with respect to pledge, mortgage or the registration and recording of any real right, annotation, lien, rights and receivables on special registries including but not limited to title deed registration, ship registers, vehicle registers, chattel mortgage registers.

(4) With respect to each collateral manager approved by the Board, trade name, issue with regard to which they were designated, and their authorities shall be registered by the issuer in a discernible manner at the trade registry where the headquarters of the issuer is located and shall be published in the Turkish Trade Registry Gazette.

(5) The collateral manager may sell collateral assets and allocate the sale revenue among investors in cases where the collateral will be used to perform the debt in case of default or for reasons specified in legal or contractual provisions, without the obligation to perform any prerequisite condition such as extending a notification or warning, granting a period, obtaining permission or approval from a judicial or administrative authority, liquidating collateral through an auction or other means.

(6) Collateral assets are separate from the assets of the collateral manager and shall be recorded as such. Collateral assets may not be attached, pledged, included in the bankruptcy estate, and may not be subject to cautionary injunction or cautionary attachment due to obligations of the collateral manager even for public receivables.

(7) The Board is authorised to determine types and qualifications of collateral assets, collateral compatibility between capital market instruments and collateral assets, recordkeeping with respect to collateral assets, rights and liabilities, qualifications of the collateral manager, registration with and

[3] Trust Indenture and Trustee

removal from the trade registry, and procedures and principles regarding payments that will be made to the collateral manager in exchange for their services, as well as other issues relating to collateral structure on issuances of capital market instruments.

(8) Agreements, provisions or declarations that alleviate or eliminate the liability of the collateral manager shall be null and void.

(9) Where capital market institutions are designated as collateral manager, first paragraph of Article 96 shall be applicable with respect to collateral managers who fail to fulfil their requirements under the second paragraph of this Article, and the first and third paragraphs of Article 92 shall be applicable in case of violation of the sixth paragraph of this Article.

(10) In cases where the collateral manager uses the assets ownership of which are transferred to them as collateral for purposes other than those for which they were deposited, the sentence to be imposed in line with the second paragraph of Article 155 of Law No. 5237 may not be less than five years.

(11) The Board is authorized to determine the procedures and principles with respect to the implementation of this Article.

Responsibility arising from public disclosure documents

ARTICLE 32 – (1) In the framework of Article 10, the persons who are indicated as being responsible in the same article as well as those who sign or legal entities on behalf of which miscellaneous public disclosure documents that are foreseen by the Board pursuant to the legislation to be prepared with the purpose of public disclosure such as prospectus, information form prepared in takeover bids, material events disclosure, announcement texts to be prepared in merger and division proceedings, disclosure of the admission to trading on the exchange and financial reports are signed shall be jointly liable for the damages resulting from inaccurate, misleading or incomplete information contained in these documents.

(2) Persons and institutions such as independent audit, rating and appraisal firms who prepare reports to be included or used as basis in public disclosure documents shall also be responsible in the framework of the provisions of this Law.

(3) Persons who prove that they were not informed about the inaccurate, misleading or incomplete information included in public disclosure documents and that this information deficiency does not arise from their intention or gross negligence shall not be responsible.

(4) During the validity period of the prospectus containing inaccurate, misleading or incomplete information and immediately after the disclosure of the other public disclosure documents to public, in the event that a loss arises in the assets of investors upon the sale or purchase on the exchange of capital market instruments, purchased at the initial public offer or purchased or sold on exchange immediately after the date when the information consistent with the reality has arisen, a casual link shall be deemed as established between the public disclosure documents and the loss, in regards of the compensation requests to be asserted according to this Article.

(5) Compensation requests arising from inaccurate, misleading or incomplete public disclosure documents may be rejected in the event that;

a) The purchase or sale of capital market instruments is not based on the public disclosure document,

b) The purchase or sale of capital market instruments has been realised although it was known that the information contained in the public disclosure document was inaccurate, misleading or incomplete,

c) The correction regarding the inaccurate, misleading or incomplete information contained in public disclosure documents has been disclosed before the investment decision has been taken or before the transaction based on this document has been made,

ç) The investors would have incurred a loss even though the information contained in the public

disclosure documents was not inaccurate, misleading or incomplete.

(6) The compensation requests arising from public disclosure documents shall lapse within six months starting from the date when the loss mentioned in the fourth paragraph has occurred.

(7) Agreements, provisions or expressions mitigating or removing the responsibility arising from public disclosure documents shall be null and void.

Other common provisions

ARTICLE 33 – (1) Corporations shall notify the Board within ten business days starting from the date when they become aware that their capital market instruments have been sold to public in any way or that the status of publicly held corporation has been gained.

(2) It is obligatory to obtain the assent of the Board in order to amend the articles of association of publicly held corporations.

(3) The Board may exempt fully or partially, the issues entering into the scope of this Law, from obligations arising from this Law by considering nature and conditions such as the volume of the issue, investors it is addressed to, guarantees provided, information submitted about the issue or issuer, trading of the related capital market instruments on the exchange or sale method to be utilised during the issue.

(4) Among corporations which are deemed to be publicly held due to their number of shareholders, those which do not prefer that their shares be traded on the exchange according to Article 16, may be excluded from the scope of this Law with a general assembly decision to be taken with affirmative votes of at least two-thirds of the total number shareholders or with three fourths of the total votes. In this case, shareholders who did not cast an affirmative vote to the decision of exclusion from the scope of the Law shall be entitled to the appraisal right according to Article 24. The controlling shareholders of corporations which would be rejected ex officio by the Board from the publicly held corporation status according to the second paragraph of Article 16 may be obliged to make a takeover bid for other shares. The principles and procedures regarding this matter shall be determined by the Board.

(5) Even where issuers and publicly held corporations have a higher number of shareholders than the number mentioned in Article 16, they may be exempted fully or partially from the obligations arising from this Law or may be excluded from the scope of this Law ex officio or upon request, in the event of the presence of conditions such as the size of the balance sheet and of the share capital, the continuity of activities, the fact that the partnership is limited with persons having certain characteristics, the distribution of the capital among partners.

THIRD SECTION

Capital Market Institutions and Activities

FIRST CHAPTER

General Provisions

Capital market activities

ARTICLE 34 – (1) Capital market activities consist of the activities of capital market institutions under the scope of this Law, investment services and activities in the context of this Law and ancillary services provided in addition to them.

Capital market institutions

ARTICLE 35 – (1) Capital market institutions which may operate in accordance with this Law are indicated below:

a) Investment firms

b) Collective investment schemes

c) Independent audit firms, appraisal firms and credit rating agencies that are to perform activities in the capital market

ç) Portfolio management companies

d) Mortgage finance institutions

e) Housing finance and asset finance funds

f) Asset leasing companies

g) Central clearing institution

ğ) Central depository institutions

h) Trade repositories

ı) Other capital market institutions the establishment and activity principles for which are determined by the Board

Crowdfunding Platforms

ARTICLE 35/A (Additional Article under Article 110 of Law No 7061 dated 28.11.2017) (1) Crowdfunding platforms are institutions that provide intermediation in crowdfunding and operate through electronic media. **(Additional sentences under Article 30 of Law No. 7222 dated 20.02.2020)** The Board may make specifications with respect to the performance of crowdfunding activities through crowdfunding platforms by collecting funds from the public in the form of equity based crowdfunding or debt based crowdfunding. Debt based crowdfunding shall not be subject to provisions of banking legislation.

(2) Crowdfunding platforms must obtain permission from the Board in order to be established and to commence activities. The principles with respect to the establishment of such platforms, their shareholders, share transfers, employees, the maximum limit of funds that may be deposited by each provider of funds or collected by project owners and venture capital firms, and other rules and principles they must adhere to in the performance of their activities as well as principles regarding control and supervision with respect to the use of funds for announced purposes shall be determined by the Board. **(Additional sentence under Article 30 of Law No. 7222 dated 20.02.2020)** Article 29 and the second and fifth paragraphs of Article 30 shall be applicable by analogy under principles to be determined by the Board with respect to venture capital firms the shares of which are dematerialised.

(3) With respect to the measures to be implemented in case of unlawful activities and transactions of crowdfunding platforms, provisions of Article 96 of this Law shall be implemented by analogy.

(4) Crowdfunding, transactions in relation thereto and crowdfunding platforms shall not be considered under the provisions of Articles 37 and 38 of this Law. These activities shall not be subject to the provisions of this Law with respect to exchanges, market operators and other organised marketplaces.

(5) The relationship between crowdfunding platforms and persons collecting funds from the public through crowdfunding, and providers of funds shall be subject to general provisions.

(6) (**Additional paragraph under Article 30 of Law No. 7222 dated 20.02.2020**) Real persons and legal entities undersigning the information form drawn up in relation to crowdfunding transactions shall be jointly liable for any damages resulting from inaccurate, misleading or incomplete information contained the information form**.**

Common provisions

ARTICLE 36 – (1) Article 14 shall be implemented by analogy in the preparation and publication of the financial statements and reports of capital market institutions.

(2) The first and second paragraphs of Article 17 shall be implemented by analogy to capital market

institutions regarding corporate governance principles.

SECOND CHAPTER

Investment Services and Activities

Investment services and activities

ARTICLE 37 – (1) Investment services and activities under the scope of this Law are as follows:

a) Reception and transmission of orders in relation to capital market instruments

b) Execution of orders in relation to capital market instruments in the name and account of the customer or in their own name and in the account of the customer

c) Dealing on own account

ç) Portfolio management

d) Investment advice

e) Underwriting of capital market instruments on a firm commitment basis

f) Placing of financial instruments without a firm commitment basis

g) Operation of multilateral trading systems and regulated markets other than exchanges

ğ) Safekeeping and administration of capital market instruments in the name of the customer and portfolio custody services

h) Conduct of other services and activities to be determined by the Board.

Ancillary services

ARTICLE 38 – (1) Ancillary services which may be carried out by investment firms and portfolio management companies are as follows:

a) Providing advisory services concerning capital markets

b) **(Amended paragraph under Article 31 of Law No. 7222 dated 20.02.2020)** Providing credits and loans and foreign exchange services without prejudice to foreign exchange regulations, with respect to services and activities that will be specified by the Board, including project finance

c) Providing investment research and financial analysis or general advice concerning transactions in capital market instruments

ç) Providing services in relation to the conduct of underwriting

d) Providing intermediary services for obtaining financing by borrowing or through other means

e) Wealth management and financial planning

f) Conduct of other services and activities to be determined by the Board.

Obligation to obtain permission for activities

ARTICLE 39 – (1) The performance of investment services and activities as a regular occupation, business or a professional activity requires permission from the Board. Investment services and activities can only be performed by investment firms. Provisions regarding investment companies, portfolio management companies and exchanges shall be reserved. The Board is authorised to make regulations that allow the performance of each investment service and activity by separate institutions on the basis of capital market instruments or investment services and activities.

(2) Ancillary services shall be performed by investment firms and portfolio management companies according to principles determined by the Board, without being subject to a separate license.

(3) The Board may also grant permission for one or more than one types of investment services and activities on the basis of the capital market instrument. The Board may classify investment firms according to types of their investment services and activities and capital structure.

(4) The Board shall decide on applications to obtain permission for activity within a maximum period of six months starting from the full submission of necessary documents to the Board, and the state of affairs shall be notified to the interested person.

(5) Persons and institutions that do not meet the conditions mentioned in this Law and that are not permitted by the Board, may not carry out investment services and activities, even in cases where they have been authorized according to their special laws.

(6) The Board may require professional liability insurance for the conduct of investment services and activities as well as ancillary services.

(7) The Board is authorised to determine principles and procedures regarding borrowing and lending transactions of capital market instruments as well as short selling transactions and to make regulations concerning margin trading of capital market instruments upon taking the opinion of the Undersecretariat of Treasury and the Central Bank of the Republic of Türkiye.

(8) Principles and procedures regarding the conduct of investment services and activities as well as ancillary services shall be established by the Board.

(9) Investment services and activities enumerated in sub-paragraphs (a), (b), (c), (ğ) and (h) of Article 37 of this Law may also be carried out by banks. Investment and development banks may also carry out the services enumerated in sub-paragraphs (ç), (d), (e) and (f) of the same Article. The principles and procedures regarding investment services and activities to be carried out by banks in the context of the same Article shall be determined by the Board. With regard to these services and activities the Board may determine different principles and procedures according to the nature of capital market instruments and upon taking the opinion of the Banking Regulation and Supervision Agency according to characteristics of banks.

Licenses

ARTICLE 40 – (1) A license showing investment services and activities to be carried out shall be granted to those that have been permitted by the Board to perform investment services and activities. Permission for one or more investment service and activity may be granted through a single license.

(2) Those who have not been permitted by the Board to perform investment services and activities and those whose permission has been cancelled may not carry out these services and activities and may not use any word or expression in their trade names or their announcements and advertisements which would create the impression that they perform these services and activities.

Withdrawal of the license and activity permission

ARTICLE 41 – (1) In cases listed below, the Board may withdraw the permission for activity and license it has granted in the scope this Law, without prejudice to other related provisions of this Law:

a) Expressly renouncing the authority to carry out activities, or not performing any activity under the related permission for two years starting from the date the permission was granted

b) Having obtained permission for activity by making false or misleading statements or through other illegal means

c) No longer being able to meet the conditions required for the permission for activity and not

being able to meet them again within three months starting from the date when it has been established by the Board that they have been lost,

(2) Those who have had all of their permissions withdrawn, are obliged to take the decision of termination or to change the related provisions of their articles of association including trade name, purpose and fields of activity, so as not to cover investment services and activities, within three months at the latest.

Principles regarding financial liability limits and employees and contracts to be concluded with customers[4]

ARTICLE 42 – (1) The maximum limit of financial liability that may be undertaken in respect of investment services and activities and ancillary services and minimum conditions to be required for managers of investment firms as well as the employees to be tasked with carrying out these services and activities shall be determined by the Board.

(2) **(Additional paragraph under Article 15 of Law No. 7247 dated 18.06.2020)** The relations between investment firms and portfolio management companies and their customers with respect to fields of activity in this Law, shall be governed by contracts that may be concluded in writing or remotely through use of telecommunication tools or, regardless of whether they are concluded remotely or not, by contracts concluded through an informatics or electronic communication device deemed appropriate by the Board as a substitute for written contracts, with methods that will enable customer identification, and procedures and principles relating thereto shall be determined by the Board.

THIRD CHAPTER

Investment firms

Establishment conditions

ARTICLE 43 – (1) 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,

c) Their shares must be issued for cash,

ç) Their capital must not be less than the amount determined by the Board,

d) Their articles of association must be in compliance with the provisions of this Law and related regulations,

e) Their founders must meet the conditions indicated in this Law and related regulations,

f) Their ownership structure must be transparent and clear.

g) Conditions laid down in the first paragraph shall also be required for other investment firms with the exception of banks. The Board may determine additional conditions for these institutions.

(2) Principles and procedures regarding the implementation of this Article shall be determined by the Board.

Conditions related to founders

ARTICLE 44 – (1) Founding-partners of intermediary institutions;

a) Must not be bankrupt, or have declared composition with creditors or a decision of

[4] The title of the Article which was previously “Principles regarding financial liability limits and employees” was amended as shown in the text, by Article 15 of Law No. 7247 dated 18.06.2020.

postponement of bankruptcy must not have been taken about them,

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,

c) Must not have a finalised sentence due to the crimes in the context of this Law,

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,

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, smuggling, tax evasion or unjustified benefit,

e) Must have necessary financial strength and the honesty and reputation that the job requires.

Conditions indicated in sub-paragraph (a) shall not be taken into consideration in the implementation of this 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 this paragraph in the event that ten years have elapsed since the date when the decision related to this has been finalised.

(2) Legal entities which are founding-partners of intermediary institutions as well as partners having directly or indirectly a significant influence, for which conditions shall be determined by the Board, shall meet the conditions mentioned in the first paragraph.

(3) The assent of the Board is required for the transformation processes of intermediary institutions and for amendments to their articles of association and; the permission of the Board is required for their share transfers and related principles and procedures shall be determined by the Board. Transfers which have been realised in violation of regulations made according to this paragraph shall not be registered to the share register and the records that are made in violation of this provision shall be null and void.

(4) Principles and procedures regarding outsourcing of supporting services by intermediary institutions in order to carry out their activities under the scope of this Law shall be determined by the Board.

(5) Conditions required for the founders of other investment firms with the exception of banks shall be determined by the Board.

Conditions regarding the performance of activities

ARTICLE 45 – (1) The requirements of investment firms and the rules and principles and they are obliged to abide by during the performance of investment services and activities and ancillary services shall be determined by the Board.

(2) Managers of investment firms shall meet the conditions other than financial strength mentioned in the first paragraph of Article 44 as well as conditions with regard to experience and education to be determined by the Board.

(3) In order to trade in exchanges, investment firms are required to obtain the authority of trading from the related exchange.

(4) The Board is authorized to classify investors in order to determine the protection to be provided to investors during the performance of investment activities and services by investment firms.

(5) Investment firms are obliged to establish internal control units and systems that are appropriate to the investment services and activities they perform and that protect the rights and interests of investors in order to provide the follow-up and conclusion of investor complaints by also considering risks that may develop due to their activities.

Guarantees, investor assets and utilization principles

ARTICLE 46 – (1) The Board may impose the obligation to deposit or hold a guarantee on those that perform investment services and activities.

(2) Investment firms may request from investors to provide a guarantee for margin trading of capital market instruments, lending transactions of capital market instruments or short sale transactions as well as other investment services and activities and ancillary services. Exchanges as well as clearing institutions and securities depositories may request from investment firms and investors to provide a guarantee in the context of investment services and activities.

(3) The principles and procedures concerning the type, amount, area and form of utilization of guarantees regulated in this Article as well as their deposit and release shall be determined by the Board.

(4) Guarantees regulated in this article shall not be used for purposes other than those for which they were deposited, shall not be transferred to third persons, attached even for public receivables, pledged, included in the bankruptcy estate and be subject to cautionary injunction.

(5) Cash and capital market instruments of investors under any form that are maintained at investment firms shall be monitored separately from the assets of investment firms. The assets in question shall not be used by deposited institutions without the express consent of investors for purposes other than those for which they were deposited or in a way that would provide a benefit to themselves or to third persons.

(6) Cash and capital market instruments of investors under any form that are maintained at investment firms may not be attached even for public receivables, pledged without the prior consent of investors, included in the bankruptcy estate and be subject to cautionary injunctions due to debts of investment firms and the same applies for the assets of investment firms due to the debts of investors.

Contracts of guarantee relating to capital market instruments

ARTICLE 47 – (1) Contracts of guarantee with underlying capital market instruments that are monitored in a dematerialized form by the CRA shall be made in written form. The ownership of the capital market instruments underlying these contracts of guarantee may be transferred to the guarantee taker according to legal procedures in the framework of the contract or it may remain with the guarantee provider. In cases where there is no provision about this issue in the contract, the ownership of capital market instruments underlying the guarantee shall not be deemed to be transferred to the guarantee taker.

(2) Contracts of guarantee where ownership is transferred to the guarantee taker; the guarantee taker shall take over ownership rights of capital market instruments underlying the guarantee by complying with legal procedures at the moment of the conclusion of the contract of guarantee. Upon the termination of the contract of guarantee, the guarantee taker shall return the ownership of the underlying capital market instruments or their equivalents to the guarantee provider.

(3) Contracts of guarantee where ownership remains at the guarantee provider; parties shall come to an agreement about the context in which the guarantee may be used, including the sale of the underlying capital market instrument. Upon the termination of the contract of guarantee, the guarantee taker shall return to the guarantee provider the underlying capital market instruments or their equivalents if he has used these instruments.

(4) Where a receivable would be met from the guarantee in case of default or due to reasons foreseen in the law or the provisions of the contract, the following provisions shall apply without the obligation to make any notification or warning, allow a period, permission or approval from judicial or administrative authorities or without the obligation to fulfil any pre-condition such as liquidation of the guarantee, through auctioning or another method:

a) In contracts of guarantee where ownership is transferred to the guarantee taker; unless otherwise provided in the contract between the parties, the guarantee taker holds the right to sell the capital market instruments underlying the guarantee and meet receivables from the sale amount provided that this value is not below the values on the exchange or other organised markets if they are listed in these markets, or the right to deduct the value of these instruments from the obligations of the guarantee provider.

b) In contacts of guarantee where ownership remains at the guarantee provider; the guarantee taker, holds the right to sell the capital market instruments underlying the guarantee to meet receivables provided that this value is not below the values on the exchange or other organised markets if they are listed in these markets, or the right to deduct the value of these capital market instruments from the obligations of the debtor by assuming ownership of these instruments. In order for the guarantee taker to be able to assume ownership of the capital market instruments underlying the guarantee, the fact that this right may be used and the way the valuation should be made if the capital market instrument is not listed in the exchange or in other organised markets shall be expressly stated in the contract of guarantee concluded between the parties.

c) In the utilization of the rights arising in case of default in the implementation of sub-paragraphs (a) and (b), the highest value at the due date shall be considered for the capital market instruments underlying the guarantee listed in the exchange or other organised markets. The amount remaining after guarantee taker makes use of this right and meets receivables, shall be returned to the guarantee provider.

(5) In the event that a decision on the restructuring of assets or a similar decision or a liquidation decision is taken by judiciary or administrative authorities concerning the guarantee taker or the guarantee provider, the capital market instruments underlying the guarantee as well as the rights of the guarantee taker and the guarantee provider shall not be affected by this decision and shall also be valid for the related restructuring or liquidation authority. This provision shall also be valid for transactions realised the same day after such decisions have been taken, provided that the guarantee has been provided before the related decision and that the guarantee taker acts in good faith.

(6) The provisions of this Article shall not be applicable to contracts of guarantee and guarantee provisions the provisions and consequences for which have been established in specific laws.

FOURTH CHAPTER

Collective Investment Schemes

Investment companies

ARTICLE 48 – (1) Investment companies are joint stock corporations with fixed or variable capital established in order to issue their shares and with the purpose of managing the portfolios comprised of capital market instruments, real estate, venture-capital investments and other assets and rights to be determined by the Board.

(2) The principles and procedures regarding the establishment and the founders of investment companies, the transformation of joint stock corporations into investment companies, removal from investment company status, minimum free float rate, activity principles, types and share transfers, prospectus and the publication of prospectus, valuation of the assets and rights in their portfolios and safekeeping of assets, portfolio restrictions, management principles, capital increases and reduction of capital, issue of privileged shares, profit distribution and acquisition of their own shares, liquidation and

termination as well as the other obligations they would be subject to shall be determined by the Board.

(3) It is compulsory to take the assent of the Board for amendments of the articles of association of investment companies.

(4) **(Additional paragraph under Article 40 of Law No. 6525 dated 20.02.2014)** Procedures and principles in relation to issues of privileged shares by investment companies shall be specified by the Board. Provisions of Article 360 and second paragraph of Article 479 of Law numbered 6102 shall not be applicable in case of issues of shares granting privileges in the representation of certain groups in the board of directors and in voting.

Conditions regarding the establishment and activities of investment companies

ARTICLE 49 – (1) In order to authorise the establishment of investment companies, it is compulsory that;

a) They are established as joint stock corporations with authorised capital,

b) Their initial capital is not less than the amount determined by the Board,

c) Their shares are issued for cash and the amount of their shares are paid fully and in cash during the establishment,

ç) Their trade names include the designation of "Investment Company",

d) Their articles of association conform to the provisions of this Law and other related regulations,

e) An institution authorized by the Board has been determined for the purpose of carrying out the portfolio custody service,

f) They meet other conditions to be determined by the Board.

Provisions related to investment companies with variable capital shall be reserved.

(2) The provisions of Article 44, the second paragraph of Article 45 and Article 42 shall be implemented by analogy to respectively the founders, managers and employees of investment companies.

(3) Conditions related to the establishment of investment companies shall also be required in transformation to investment companies,

(4) Investment companies may receive services from a portfolio management company, provided that there is a provision in their articles of association and that they obtain the approval of the Board.

(5) Assets that are deemed suitable to be taken into the portfolio may be as assigned as capital in kind at the establishment and capital increase of real estate investment companies. The principles and procedures regarding the valuation of these assets shall be determined by the Board. Real estate investment companies may offer to public the shares they would issue in return for capital in kind according to the principles to be determined by the Board.

(6) Provisions of sub-paragraph (f) of the second paragraph of Article 408 of the Law numbered 6102 as well as provisions of Article 23 of this Law shall not be applied in the wholesale of the assets of real estate investment companies, the maximum ratio of which shall be determined by the Board.

Investment companies with variable capital

ARTICLE 50 – (1) Investment companies with variable capital are investment companies the capital of which remains at any time equal to their net asset value. Net asset value is the amount calculated by deducting liabilities from the total market value of assets.

(2) The shares of investment companies with variable capital consist of investor's shares and

founder's shares that have to be in the name of the holder. The shares of investment companies with variable capital do not have a nominal value. Founder's shares shall be allocated to those who established the investment company with variable capital by fulfilling the capital commitment. The founder's shares may also be issued after establishment in order to be allocated to existing founder partners or third persons with the permission of the Board and the decision of the general assembly. The transfer and redemption of founder's shares shall be subject to the approval of the Board within the framework of the principles determined by the Board. The transfer of founder's shares executed without taking the approval of the Board shall not be recorded to the share register and records made in violation of this provision shall be null and void. Investor's shares do not provide administrative rights to their holders.

(3) Investment companies with variable capital shall issue shares and redeem issued shares in accordance with the provisions of this Law. Investment companies with variable capital are obliged to redeem shares upon the request of the shareholder and pay back the corresponding share value in the capital of the company. Principles and procedures regarding the redemption of shares shall take place in the articles of association.

(4) In the event that the value of the founder's shares of investment companies with variable capital falls under the amount determined by the Board or that the investment company's financial situation deteriorates to the extent that it becomes insolvent, the board of directors shall notify this situation to the Board without delay. Following the notification, the board of directors shall immediately call the general assembly to a meeting for the purpose of taking necessary measures and the general assembly shall convene within thirty days at the latest. In the event that the founder's shares cannot be raised to the amount determined or that the weakness of the financial situation cannot be recovered, the Board is authorised to take all kinds of measures about investment companies with variable capital, including but not limited to liquidation.

(5) Investment companies may be transformed into investment companies with variable capital. The principles regarding the transformation procedure, general assembly meeting and decision quorums concerning the transformation, takeover bids to be made to shareholders because of the transformation and the determination of the bid price, protection of the rights and obligations of existing shareholders and other issues shall be determined by the Board.

(6) The principles and procedures regarding the activity and management principles of investment companies with variable capital, valuation of assets and rights in their portfolios, safekeeping of their assets, portfolio restrictions, prospectus and publication of prospectus, the issue, sale and redemption of their shares, cessation of redemption, their liquidation and termination shall be determined by the Board.

Provisions not applicable for investment companies with variable capital

ARTICLE 51 – (1) Provisions of the Law numbered 6102 with respect to joint stock corporations regarding the principles of equity capital, minimum amount of capital, minimum content of articles of association, commitments of capital in-kind, nominal value, acceptance of own shares by the corporation as acquisition or in pledge, the procedure of capital raising and reduction, share commitment and its payment, restrictions of share transfer, profit and loss account and profit distribution, reserves and liquidation shall not be applicable for investment companies with variable capital.

Investment Funds

ARTICLE 52 – (1) An investment fund is a property without legal identity, which is established by portfolio management companies within fund rules in conformity with fiduciary ownership principles on the account of savers, with money or other assets collected from savers pursuant to the provisions of this Law in return for fund units in order to operate the portfolio or portfolios consisting of instruments and rights determined by the Board.

(2) For obtaining permission for the establishment of an investment fund, the founder must come to an agreement with an institution which has been authorised by the Board in order to provide portfolio depositary services and the fund rules must be approved by the Board. Applications regarding the establishment of an investment fund shall be concluded by the Board within two months starting from the full submission of necessary documents to the Board, and the state of affairs shall be notified to the interested persons.

(3) The portfolio management company shall represent, manage or supervises the management of the fund so as to protect the rights of the investment fund unit holders. The portfolio management company shall be entitled, in its own name and in the account of the investment fund, to dispose of the assets belonging to an investment fund in accordance with the legislation and fund rules and to exercise any rights attaching thereto.

(4) In the event that no provision takes place in this Law, in related legislation and in fund rules, provisions of Article 502 to 514 of the Turkish Code of Obligations dated 11/1/2011 and numbered 6098 shall be applied by analogy to the relations between the portfolio management company and the holders of fund units.

(5) **(Amended Article under Article 32 of Law No. 7222 dated 20.02.2020)** The fund shall be deemed as a legal entity limited to all transactions regarding official registration including registration amendment, removal and correction requests with the land registry and other official registries, as well as all trade registry transactions including establishment, capital increase and share transfer transactions in relation to limited liability companies and joint stock corporations where they will be shareholders. Real estate in the portfolio of the investment fund, rights based on real estate and the bills based on real estate shall be registered to the land register in the name of the fund. Transactions to be performed in the land registry in the name of the fund shall be executed with the common signatures of persons authorised to represent each of the portfolio management company and the institution carrying out the portfolio depositary service.

(6) The Board may permit, upon consulting the Central Bank of the Republic of Turkey and the Undersecretariat of Treasury, the purchase and redemption of fund units to be made in terms of foreign currencies of which the selling and buying rates are declared daily by the Central Bank of the Republic of Turkey.

Segregation of fund assets

ARTICLE 53 – (1) The assets of the fund are segregated from the assets of the portfolio management company and of the institution that would carry out the portfolio depositary service.

(2) Fund assets may not be used as collateral or be pledged, other than being used for taking credits, derivative instrument transactions, short selling transactions, or similar transactions realised as a party in the name of the fund, provided that these transactions are on the account of the fund and that a provision exists in the fund rules. The fund assets may not be disposed of for any other purpose, even when the management or supervision of the portfolio management company or of the institution carrying out the portfolio depositary service is transferred to public institutions, may not be attached including the purpose of collecting public receivables, may not be included in the bankrupt’s estate and may not be subject to cautionary injunction.

(3) In the event that the fund assets are liquidated, payments may only be made to the holders of fund units.

(4) The debts and liabilities of portfolio management companies toward third persons and the receivables of investment funds from the same third persons may not be set off against each other.

Other authorities granted to the Board regarding investment funds

ARTICLE 54 – (1) The Board shall determine the principles and procedures related to the following;

a) The establishment of the fund, eligible assets that can be allowed in portfolios as of fund types, portfolio restrictions, valuation principles, rules regarding the determination of the fund profit and its distribution as well as principles concerning the activities and management of the fund, its merger, transformation, termination and liquidation,

b) The preparation of the fund rules, management and depositary contracts, their scope, amendments, registration and announcements, the value of fund units, calculation and announcement of issue and redemption prices, purchase and sale principles, fund management and depositary fees,

c) The issue of fund units,

ç) The prospectus of funds and other public disclosure requirements.

Portfolio management company

ARTICLE 55 – (1) A portfolio management company is a joint stock corporation the main field of activity of which is the establishment and management of investment funds. It is compulsory to obtain authorisation from the Board for the establishment of a portfolio management company and the launching of its activities. Related principles and procedures shall be determined by the Board. The applications of portfolio management companies for establishment shall be concluded by the Board within six months starting from the full submission of the necessary documents to the Board, and the state of affairs shall be notified to related persons.

(2) The provisions of Article 43, Article 44, the second paragraph of Article 45 and Article 42 shall be applied by analogy respectively to the establishment of the portfolio management company, its founders, managers and employees.

(3) Assets included in the portfolios of persons and institutions to whom the portfolio management company provides services and which may be subject to custody shall be kept by institutions providing portfolio depositary services according to the principles determined by the Board.

(4) Principles and procedures regarding the shareholders of portfolio management companies, share transfers, minimum capital and capital adequacy, establishment and management of investment funds, portfolio management and investment advisory activities as well as other capital market activities they may carry out besides their main field of activity and obligations to deposit a guarantee related to their activities shall be determined by the Board. Guarantees deposited by portfolio management companies may not be pledged, attached even for public receivables, disposed of for purposes other than the intended ones, transferred to third persons, included in the bankrupt's estate and be subject to any cautionary injunction.

(5) It is compulsory to obtain the assent of the Board for the transformation processes of portfolio management companies and for the amendments of their articles of association.

(6) Portfolio management companies are obliged to protect the interests of funds they manage, holders of fund units and their other clients in carrying out their activities.

Portfolio depositary service and the responsibility arising from it

ARTICLE 56 – (1) Assets in the portfolios of collective investment schemes, shall be entrusted to the institution carrying out portfolio depositary services in order to be kept in a separate custody account opened in the name of these institutions. The portfolio depositary service includes the following;

a) Ensuring that the issue and redemption of fund units of investment funds are carried out in

accordance with the provisions of legislation and fund rules,

b) Ensuring that the issue and redemption of the shares of investment companies with variable capital are carried out in accordance with the provisions of legislation and articles of association,

c) Ensuring that the value of a unit for investment funds or a share for investment companies with variable capital are calculated in accordance with valuation principles determined within the framework of the provisions of legislation and the provisions of fund rules or of the articles of association,

ç) Carrying out the directives of portfolio management companies, investment companies with variable capital, and investment companies, on condition that they are not in conflict with the legislation, the fund rules and the articles of association,

d) Ensuring that in transactions involving the assets of collective investment schemes, the amounts arising from obligations are transferred to them within the appropriate period,

e) Ensuring that the incomes of collective investment schemes are disposed in accordance with the legislation and the fund rules or articles of association,

f) Ensuring that purchase and sale of assets of collective investment schemes, portfolio structures and transactions are in accordance with the legislation and fund rules or articles of association.

(2) The institution which carries out portfolio depositary services in the context of this Article shall be liable for any damages it has caused to the portfolio management company and holders of fund units in investment funds and to the corporation in investment companies, due to not fulfilling its obligations.

(3) The portfolio management company or the investment company is obliged to request from the institution carrying out depositary services, and the institution carrying out depositary services is obliged to request from the portfolio management company or the investment company, the compensation of damages arising due to the violation of the provisions of this Law. The right to file a suit shall be reserved for shareholders or holders of fund units.

(4) The institution carrying out portfolio depositary services may keep assets under its custody totally or partially at other institutions carrying out depositary services. In this case, all the institutions providing the portfolio depositary service shall be jointly liable.

(5) The Board may set out the obligation to monitor the assets that are deemed appropriate and are included in the portfolios of collective investment schemes in the accounts opened in the name of the related collective investment scheme at the central depository institution or the central clearing institution. The obligations of the institution carrying out the portfolio depositary service shall also continue in this case.

(6) The institution carrying out the portfolio depositary service and the portfolio management company may not be the same legal entity. As they perform their tasks, the institution carrying out the portfolio depositary service and the portfolio management company are obliged to act independently and solely in the interest of the fund unit holders or shareholders.

(7) The managers of the institution carrying out the portfolio depositary service and the ones of the investment firm providing intermediary services in the purchase and sale of assets to the fund portfolio as well as the persons authorised to represent and bind these institutions may not be shareholders, managers or representatives of the portfolio management company. The shareholders of the portfolio management company, managers as well as the persons authorised to represent and bind these companies may not be managers or representatives of the institution providing the portfolio depository service.

(8) The Board may determine different principles or grant an exemption regarding the portfolio depositary obligation according to the qualifications of the assets in fund portfolios, the issuer, investors

to whom the issue is directed, the capital structures of portfolio management companies and investment companies as well as the nature of the issue.

(9) The principles and procedures regarding qualifications of institutions that would carry out portfolio depositary services and the carrying out of this activity shall be determined by the Board.

FIFTH CHAPTER

Housing and Asset Finance and Mortgage Finance Corporations

Housing and asset finance

ARTICLE 57 – (1) Housing finance is the extension of loans to consumers to acquire houses; leasing of houses to consumers through financial leasing; extension of loans to consumers under the guarantee of the houses that the consumer owns and the extension of loans for the refinancing of these loans. The transactions performed by housing finance institutions, housing finance funds and mortgage finance corporations on the basis of these loans and receivables or under their guarantee are also in this scope.

(2) Housing finance institutions are banks that lend or lease directly to the consumer in the context of housing finance as well as leasing companies and (**Amended phrase under the fourth paragraph of Article 20 of the Law No. 7292 dated 04.03.2021)** financing and saving financing companies which are deemed appropriate to operate in the housing finance activity by the Banking Regulation and Supervision Agency.

(3) It is compulsory that housing finance institutions determine the purpose of acquiring a house with adequate information and documents and that the granted loan or the financial leasing made be secured with mortgage or with guarantees deemed appropriate by the Board.

(4) Asset finance is the issue of asset-backed capital market instruments deemed appropriate by the Board, including those under housing finance.

(5) The Board may compel that valuation be made in the context of housing and asset finance at each phase by appraisal institutions meeting the qualifications determined by the Board.

(6) The Undersecretariat of Treasury is authorized to determine the principles and procedures regarding insurance contracts related to housing and asset finance while the Ministry of Customs and Trade is authorized to determine the principles and procedures regarding the refinance of loans extended to consumers or receivables within the context of housing and asset finance.

Housing and asset finance funds

ARTICLE 58 – (1) The housing finance fund is a property established by means of the funds collected in return for mortgage-backed securities, on behalf of the mortgage-backed securities holders, while the asset finance fund is a property established by means of the funds collected in return for asset-backed securities, on behalf of the asset-backed securities holders; both funds are established in accordance with the principle of fiduciary ownership with the fund rules and do not have a legal identity. Mortgage-backed and asset-backed securities are capital market instruments issued against assets in the portfolios of the related funds or mortgage institutions.

(2) The assets of the funds mentioned in this article may not be used as collateral or be pledged, except being used for taking credits, performing derivative instrument transactions, short selling transactions, or similar transactions realized as a party in the name of the fund, provided that they are on the account of the fund and that a provision exists in the fund rules. The assets of the fund are separate from the assets of the founder, the assets of those providing services to the fund and of those transferring their receivables or assets to the fund portfolio. Until mortgage or asset-backed securities have been redeemed; the fund assets may not be disposed of with another purpose, even when the management or

audit of the founder, of those providing services to the fund and of those who transferred their receivables and assets to the fund portfolio is transferred to public institutions, they may not be attached even for the purpose of collecting public receivables, they may not be included in the bankruptcy estate and may not be subject to a cautionary injunction.

(3) The fund board represents and manages the fund so as to protect the right of the mortgage-backed or asset- backed securities holders. The fund board shall be responsible for the accuracy of records related to assets included in the fund portfolio as well as for the protection and safekeeping of these assets.

(4) In the event that no provision takes place in this Law, in the related legislation and in the fund rules, provisions of Articles 502 to 514 of the Law numbered 6098 shall be implemented by analogy to the relations between the founder, the fund board and the holders of mortgage-backed or asset-backed securities.

(5) In the event that an asset which is collateralized with mortgage is included in the fund portfolio, the fact that this asset has been transferred to the fund shall be registered in the declaration section of the related registry. In this case, the Board may require that the mortgage of property be registered to the related registry in the name of the fund.

(6) The principles and procedures regarding the establishment of the fund, its founders, activity conditions, its management and termination as well as the principles and procedures concerning the issuance of mortgage-backed or asset-backed securities shall be determined by the Board.

(7) Mortgage finance corporations may issue mortgage-backed or asset-backed capital market instruments without establishing a housing or asset finance fund. The principles and procedures regarding these issuances shall be determined by the Board.

(8) **(Additional paragraph under Article 33 of Law No. 7222 of 20.02.2020)** The fund shall be deemed as a legal entity limited to all transactions regarding official registries including registration, amendment, removal and correction requests in the land registry, trade registry or other official registries. Assets and rights, transfers of which depend on a title deed or registration, and which are acquired by the housing or asset finance fund portfolio, shall be registered with the land registry or other relevant registry under the name of the fund. Transactions to be performed in the land registry, trade registry or other official registries in the name of the fund shall be executed with the common signatures of persons authorised to represent each of the founder and fund board.

Mortgage-backed and asset-backed securities

ARTICLE 59 – (1) Mortgage-backed and asset-backed securities are capital market instruments qualified as general obligation for issuers and are issued against collateral.

(2) The issuers are obliged to follow-up the assets which are collaterals of mortgage-backed or asset-backed securities apart from the other assets. The Board may require that the records of assets put up as collateral be also kept by a separate institution besides the issuer.

(3) Until mortgage or asset-backed securities have been redeemed; assets put up as collateral may not be disposed of with a purpose other than collateral, even when the management or audit of the issuer is transferred to public institutions, they may not be pledged, put up as collateral, be attached even for the purpose of collecting public receivables, they may not be included in the bankruptcy estate and may not be subject to a cautionary injunction.

(4) In the event that the issuer cannot meet its obligations arising from mortgage-backed or asset-backed securities in due time, its management or audit is transferred to public institutions, its activity licence is cancelled or in the event of its bankruptcy, the income generated from assets put up as collateral shall be used primarily in the payment to be made to the holders of mortgage-backed and asset-backed securities and to the counterparties of contracts that have been made in order to protect assets put up as

collateral from risks. In the event that the holders of mortgage-backed and asset-backed securities and the counterparties of contracts that have been made in order to protect the assets put up as collateral from risks, cannot meet their receivables with assets put up as collateral, they may have recourse to the other assets of the issuer.

(5) The principles and procedures regarding the issuers of mortgage-backed and asset-backed securities, their issue, issue limit, issue conditions, types and qualities of assets put up as collateral, collateral compatibility between mortgage and asset-backed securities and assets put up as collateral, keeping of records of assets put up as collateral, qualifications of parties responsible for collateral and their responsibilities, the principles and procedures regarding the calculation of the payment in case a payment is made from assets put up as collateral to the ICC in return for its services as well as other matters concerning mortgage-backed and asset-backed securities shall be determined by the Board.

Mortgage finance corporations

ARTICLE 60 – (1) Mortgage finance corporations are joint stock corporations established in the context of housing and asset finance for the purpose of taking over the assets the types and qualities of which are determined by the Board, transferring them, managing the assets taken over and taking the assets as collateral as well as performing other activities deemed appropriate by the Board.

(2) It is compulsory that the capital of mortgage finance corporations be paid in cash and free from all kinds of collusion, that it is not less than the amount determined by the Board; that the founders as well as the shareholders holding, directly or indirectly, ten percent or more of their capital or their voting rights qualify for the requirements set for the banks' founding partners in the Law No. 5411.

(3) In the event that a resource has been procured from mortgage finance corporations by putting up as collateral the assets mentioned in the first paragraph, the assets put up as collateral may not be disposed of for another purpose, be pledged, be put up as collateral, be attached by third persons even for the purpose of collecting public receivables, be subject to any cautionary injunction and be included in the bankruptcy estate, even when the management or audit of the institution which has been provided with the resource is transferred to public institutions. The Board may require that the records of assets put up as collateral be also kept by a separate institution.

(4) Assets taken as collateral in the context of the first paragraph may be accepted as the collateral of mortgage- backed or asset-backed securities to be issued under Article 59. The structure of the issuance shall be established so as to let the mortgage-backed and asset-backed securities under the general obligation of the institution which has been provided with a resource.

(5) The principles and procedures concerning the establishment of mortgage finance corporations, their founders, shareholders, their management and organisation structure, rules and principles for their activities, their issuance of mortgage-backed capital market instruments as well as the principles and procedures regarding other obligations they would be subject to shall be determined by the Board.

Lease certificates and asset leasing companies

ARTICLE 61 – (1) Lease certificates are capital market instruments the qualities of which are determined by the Board and issued by asset leasing companies for the purpose of providing financing for all kinds of assets or rights and assuring that their owners obtain a right proportional to their shares from incomes generated. The principles and procedures regarding the issuance and sale of lease certificates shall be determined by the Board.

(2) Asset leasing companies are joint stock corporations established exclusively for issuing lease certificates.

(3) The asset leasing company may not deal with any other activity except those indicated in its

articles of association which has been given assent by the Board and no real rights may be established in favour of third persons on the assets and rights it holds except those permitted in its articles of association and it may not lease or transfer these assets and rights against the interests of lease certificate holders. Until lease certificates have been redeemed, the assets and rights in the portfolio of the asset leasing company may not be pledged other than for the purpose of collateral, may not be put up as collateral, may not be attached even for the purpose of collecting public receivables, may not be included in the bankruptcy estate and may not be subject to any cautionary injunction even when the management or audit of the issuer is transferred to public institutions.

(4) In the event that the issuer cannot fulfil its obligations arising from lease certificates in due time, its management or audit is transferred to public institutions, its permission of activity is cancelled or it goes bankrupt, the income generated from the assets in its portfolio shall be used primarily in the payments to be made to lease certificate holders. In this case, the Board is authorised to take all kinds of measures for the purpose of protecting the rights of lease certificate holders.

(5) The principles and procedures concerning the establishment of asset leasing companies, their articles of association, their activity principles, the types and qualities of the assets and rights they can take over, the keeping of the records related to them, their management principles, their liquidation and termination as well as the principles and procedures regarding the calculation of the payment in case when a payment is made to the ICC from the assets in the portfolio of the asset leasing company in return for its services shall be determined by the Board.

(6) **(Additional paragraph under Article 9 of Law No. 7159 dated 27.12.2018)** Provisions of the second sentence of the third paragraph, and of the fourth paragraph shall not be applicable in issues of lease certificates in the form of additional tier 1 and tier 2 capital performed under the provisions of Law numbered 5411 and where participation banks are fund users.

Real estate certificates

ARTICLE 61/A – (Additional Article under Article 66 of Decree-Law No. 690) (1) Real estate certificates are capital market instruments that are issued by issuers with equal nominal value with the purpose of funding real estate projects that are being built or that are to be built, to represent certain independent sections of the real estate project, or area units within independent sections. Procedures and principles regarding the issuance of real estate certificates shall be determined by the Board. Exemptions from the principles determined by the Board may be granted or different principles may be determined on the basis of issuers.

(2) Until the redemption of real estate certificates, funds obtained through the issue of real estate certificates as well as independent units underlying the real estate certificates may not be used outside their purposes, may not be provided as collateral, pledged, attached even for the collection of public receivables, included in bankruptcy estate or be subject to cautionary injunction decisions, even in cases where the management and audit of the issuer is transferred to public institutions.

(3) In cases where deeds cannot be performed at the maturity of real estate certificates, or where it becomes apparent that deeds will not be performed, a meeting of real estate certificate holders will convene to discuss the issue, without prejudice to the obligations of the issuer in relation to real estate certificates. The principles with respect to such meetings shall be determined by the Board. With respect to issues outside the principles determined by the Board, provisions of Law No. 6102 in relation to general assembly meetings of joint stock corporations shall be applicable.

Project finance, project finance funds and project-backed securities

ARTICLE 61/B – (Additional Article under Article 34 of Law No. 7222 dated 20.02.2020) (1) Project finance refers to obtaining financing through project finance funds to ensure the completion of long

term capital intensive projects such as infrastructure, energy, industry or technology.

(2) Project finance fund refers to the property established by investment firms under fiduciary ownership principles, with fund rules in order to manage a portfolio constituted by cash and/or other assets obtained in exchange for project-backed securities, based upon revenue from assets and rights subject to project finance, on account of holders of project-backed securities.

(3) Revenues and other rights arising from the project that is the subject of project finance shall be transferred to the project finance fund.

(4) Procedures and principles with regard to assets and rights that will be the subject of project finance, founders of the project finance fund, establishment of the fund, conditions for their operation, their management and termination as well as the issuance of project backed securities shall be determined by the Board.

(5) In the event that no provision takes place in this Law, in related legislation and in the fund rules, provisions of Articles 502 to 514 of the Law numbered 6098 shall be implemented by analogy to the relations between the founder, the fund board and holders of project-backed securities.

(6) The fund shall be regarded as a legal entity limited to all transactions relating to official registration including registration, amendment, removal and correction requests with the land registry, trade registry and other official registries. Assets and rights the validity of transfers for which depends on a title deed or registration and which are acquired by the fund portfolio, shall be registered with the land registry or other relevant registry in the name of the fund. Transactions to be performed at the land registry, trade registry or any other official registry in the name of the fund shall be realised with the common signatures of persons authorised to represent each of the project finance fund founder and the fund board.

(7) Until the redemption of project-backed securities, assets and rights within the project finance fund portfolio may not be used outside their purposes, may not be provided as collateral, pledged, attached even for the collection of public receivables, included in bankruptcy estate or be subject to cautionary injunction decisions, even in cases where the management and audit of the issuer is transferred to public institutions.

SIXTH CHAPTER

Independent Audit Firms, Rating Agencies and Appraisal Firms

Activity principles

ARTICLE 62 – (1) Additional conditions to be requested from independent audit firms authorised by the Public Oversight Accounting and Auditing Standards Authority, that would carry out independent audit activities in accordance with this Law, shall be determined by the Board and the list of independent audit firms meeting these conditions shall be disclosed to the public. As a result of quality control studies and inspections conducted by the Board on independent audit activities performed under this Law by independent audit firms included in the list, the Board is authorised to delist those that are determined to act in violation of standards and legislation. The Board shall notify the Public Oversight, Accounting and Audit Standards Authority of the results of quality control studies and inspections it has conducted.

(2) The Board shall publish regulations and perform surveillance and supervision for the purpose of securing reliable and independent conduct of information systems auditing, rating and appraisal activities of firms under this Law and, in order to ensure this, to provide for the establishment of quality assurance systems and conformity to international standards considering public interest. Principles and procedures regarding authorisation of these firms, licensing of their managers and employees, registering information concerning these firms and the disclosure of this information to the public shall be determined by the Board

Responsibility

ARTICLE 63 – (1) Independent audit firms shall be responsible, with the auditors that have signed the report, within the limited scope of their duties, for damages that may result from the fact that financial statements and reports they have audited have not been audited in accordance with legislation. Independent audit firms, credit rating agencies and appraisal firms shall be liable for damages they have caused due to false, misleading and incomplete information included in reports they have prepared as a result of their activities.

Obligation

ARTICLE 64 – (1) Independent audit firms and independent auditors carrying out audit of financial statements of an investment firm or a collective investment scheme or performing another duty determined in the context of this Law and related regulations are obliged to notify immediately to the Board all kinds of information they become aware of during the performance of their duties in these companies or in one of the entities that are related with these companies in terms of capital and management, which;

a) Violate the provisions of this Law and related legislation concerning the authorisation and activity principles,

b) May prevent the continuous and regular conduct of the activities of the firm,

c) Require an adverse opinion or disclaimer of opinion.

(2) The notification made by independent audit firms to the Board under this Article shall neither entail the violation of a law or contract provision concerning the disclosure of information, nor cause legal or penal liability for the notifying persons.

FOURTH SECTION

Exchanges in Capital Markets

Association of Capital Markets of Turkey and Other Institutions

FIRST CHAPTER

Exchanges

Exchanges and market operators

ARTICLE 65 – (1) **(Amended phrase under Article 165 (b) of Decree-Law No: 703)** The establishment of exchanges and market operators shall be authorised by the President of the Republic upon the assent of the Board. The launching of the activities of these institutions is subject to the permission of the Board.

(2) In order to obtain permission for establishment, exchanges and market operators must;

a) Be established as a joint-stock corporation,

b) Have all of their shares in the registered form,

c) Have their shares issued for cash,

ç) Have capital not less than the amount determined by the Board,

d) Have their founders or their shareholders having directly or indirectly a significant influence on the exchange or the market operator meet the requirements listed in Article 44,

e) Have their articles of association conforming to the provisions of this Law and related regulations.

(3) Applications for permission for establishment and operation can be made by the exchange, market operator or by the market operator on behalf of the exchange. In granting permission for

establishment to exchanges and market operators, the general status of domestic and foreign financial markets as well as systemic risk factors shall be considered.

(4) An exchange which has been granted permission for establishment must apply to the Board to obtain permission for operation within one year at the latest after receiving permission for establishment. The Board shall decide on applications made for obtaining permission for operation within a maximum period of six months starting from the full submission of necessary information and documents to the Board, and the state of affairs shall be notified to the interested persons. The permission for establishment granted to an institution which fails to apply to the Board within one year or which has not been deemed appropriate to be granted permission for operation as a result of its application, shall be withdrawn. This period may be extended for one year by the Board in case of the existence of compulsory conditions or in cases where the failure to apply is due to reasons which cannot be attributed to the institution that has obtained the permission for establishment. The provisions of Article 41 shall be applicable to the withdrawal of the permission for operation granted by the Board.

(5) Exchanges may make an agreement with one or more market operators for the operation and/or management of markets. This agreement shall be null and void without the approval of the Board. Upon the approval of the Board, market operators, within the framework of the agreement made with the exchange, shall use the rights that the exchange holds and shall ensure in the framework of the agreement made with the exchange, the fulfilment of the obligations provided for the exchange in this Law and related legislation.

(6) Managers of exchanges or market operators must meet the conditions listed in the first paragraph of Article 44 with the exception of the condition of financial strength, as well as the conditions of experience and education to be determined by the Board. In cases where a change occurs in the managers of the exchange or market operator, the situation shall be notified immediately to the Board. In the event it is determined that managers of exchanges or market operators do not meet the conditions mentioned in this Law or related legislation during their terms in office or in cases where they lose these conditions, the Board shall request that they resign from office and this request shall be executed by the exchange bodies holding the power of appointment.

(7) Amendments to the articles of association of exchanges and market operators, their share transfers or all kinds of transactions which result in a direct or indirect transfer of control even if a share transfer is not in question, shall be subject to the permission of the Board. Amendments to the articles of association as well as share transfers or transactions resulting in transfer of control which are not allowed by the Board shall be null and void on the exchange or market operator in administrative terms. Share transfers in violation of this provision shall not be recorded in the share register and the records made so shall be null and void. The principles and procedures regarding the implementation of this paragraph shall be determined by the Board.

(8) Exchanges shall determine necessary principles and procedures in order to monitor regularly and effectively the adherence to exchange rules by capital market institutions carrying out activities in their markets, issuers of capital market instruments traded on the exchange and real persons or legal entities placing orders or trading, and to prevent violations. In the event that their rules are violated with gross negligence and intention, exchanges shall notify the Board.

(9) Without prejudice to the provisions of this Law, principles and procedures regarding the establishment of exchanges, their capital structure, exchange activities that will be carried out in the context of this Law and the supervision of these activities, the suspension and permanent cessation of their activities as well as the principles and procedures concerning the market operator shall be established with a by-law to be issued by the Board. The related issues can also be determined with a by-law prepared by the relevant exchange and approved by the Board.

(10) Without prejudice to the provisions of this Law, exchanges are subject to private law

provisions and shall independently fulfil the duties and exercise the authorities granted by this Law under their own responsibility. Exchanges shall determine their budgets and staff through the bodies indicated in their articles of association. In administrative and financial matters, exchanges, their parent companies and affiliates and market operators shall not be subject to legislative provisions, restrictions and practices concerning public administration or state owned companies, enterprises and institutions.

(11) Law suits to be filed against exchanges shall be heard by judicial courts. Labour courts shall be in charge regarding conflicts between exchanges and their staff employed in accordance with the Labour Law dated 22/5/2003 and numbered 4857.

(12) Investigations on the chairman of the exchange, members of its board of directors and its senior management due to their activities regulated in this Law shall be subject to the written permission of the Board.

Other organised market places

ARTICLE 66 – (1) Principles and procedures regarding the establishment, authorisation, capital, capital market instruments to be traded, competition conditions and operation principles of alternative trading systems, multilateral trading facilities and other organised markets outside exchanges, which bring together buyers and sellers of capital market instruments, provide intermediary services in purchase and sale transactions, establish and operate systems and facilities for these purposes shall be established with by-laws to be published by the Board. The Board is the surveillance and supervision authority of these markets.

Principles regarding exchange activities

ARTICLE 67 – (1) In order to ensure trading of capital market instruments, foreign exchange and precious metals as well as precious stones and other contracts, documents and assets deemed appropriate by the Board in a reliable, transparent, effective, stable, fair and competitive environment, principles and procedures related to the following matters shall be determined with by-laws to be prepared by the related exchange and approved by the Board:

a) Listing, delisting as well as trading and suspension of trading in the exchange,

b) Transmitting and matching orders,

c) Performing in due time obligations related to executed trades,

ç) Granting authorisation to trade in the exchange,

d) Executing discipline regulations,

e) Exchange revenues and their collection,

f) Resolution of disputes,

g) Preventing potential conflicts of interest between the exchange, shareholders of the exchange and/or market operators,

ğ) Operation, audit and surveillance systems of exchanges,

h) Establishing, operating and managing markets.

(2) With the exception of exchanges where related derivative products are traded, opinions shall be obtained from;

a) The Undersecretariat of Treasury for the by-law establishing principles concerning the granting of authorisation to trade in exchanges where foreign exchange and precious metals as well as precious stones are traded and the obligations of those who have been authorised,

b) The Ministry of Energy and Natural Resources and the Energy Market Regulatory Authority

for the by-law establishing principles concerning the granting of authorisation to trade in exchanges where energy products are traded and the obligations of those who have been authorised.

(3) Exchanges are tasked with and authorised to publish and enforce regulations related to the duties and authorities granted to them with this Law and other legislation, to supervise the compliance of institutions and bodies subject to these regulations and the accuracy of information submitted to them.

Listing in the exchange

ARTICLE 68 – (1) Capital market instruments may only be listed in the exchange when conditions specified in regulations published on the basis of this Law have been met.

(2) Exchanges shall make regulations in order to ensure that issuers of listed capital market instruments fulfil their obligations of public disclosure. In relation to access to information to be publicly disclosed, exchanges must comply with rules determined by the Board.

(3) Exchanges and market operators shall make necessary arrangements for regularly monitoring that listed capital market instruments fulfil conditions for staying listed.

(4) A capital market instrument listed in an exchange can also be listed in another exchange in the framework of this Law and other related regulations.

Suspension of trading and delisting

ARTICLE 69 – (1) In the event that conditions specified in their regulations occur, the exchange or market operator may suspend trading in the relevant capital market instrument or delist it. This shall be notified immediately to the Board and publicly disclosed.

(2) The authority of the Board to suspend trading of capital market instruments in the exchange and to delist them shall be reserved.

Resolution of disputes and surveillance of exchange transactions

ARTICLE 70 – (1) Principles and procedures regarding the resolution of disputes among investment firms or with their customers due to exchange transactions defined in sub-paragraphs (b) and (c) of the first paragraph of Article 67 shall be determined by the boards of directors of exchanges. In the event the amount mentioned in the related decisions of the board of directors exceeds the amount taking place in the fifth paragraph of Article 84, an objection can be made to the Board against this decision.

(2) For the purpose of ensuring reliable, transparent, effective, stable, fair, honest, and competitive execution of transactions and of identifying transactions executed in violation of the Law, exchanges shall establish necessary surveillance systems within their organisation and may take any preventive measures. Exchanges shall also fulfil other duties that shall be assigned to them by the Board regarding surveillance.

(3) Exchanges may perform the tasks specified in the second paragraph by outsourcing services. Issues indicated in the second paragraph shall be among the activity fields of institutions that would provide such services. Principles concerning the activities and supervision of these institutions shall be determined by the Board. These institutions may provide services to a single exchange or to more than one exchange. The fact that exchanges receive services from these institutions shall not eliminate their responsibilities regarding their duties.

Cooperation

ARTICLE 71 – (1) With regard to exchange activities deemed necessary, exchanges are authorised to request information and documents from capital market institutions that are authorised to carry out activities in the markets within exchanges, issuers of capital market instruments traded on exchanges, founders as well as real persons and legal entities placing orders or trading and to perform examinations. Regarding issues within the scope of duties of exchanges, parties from which information and documents

have been requested may not refrain from providing information by relying on the privacy and confidentiality provisions in their special legislation.

(2) For the purposes of preventing, monitoring or supervising criminal activities and market abuse acts regulated in this Law as well as of effective implementation of regulations based on this Law, exchanges and other related institutions are obliged to provide and receive all kinds of technical assistance, to provide support to each other and to share information in the framework of principles and procedures determined by the Board. Exchanges are authorised to cooperate and share information in the framework of the principle of reciprocity with foreign exchanges and international institutions in the context of their surveillance and supervision activities. Operations and actions carried out within this framework shall not constitute a violation of secrecy and confidentiality provisions of this Law and other laws.

Supervision of the financial and information systems of exchanges and market operators

ARTICLE 72 – (1) The Board is the regulation, surveillance and supervision authority for exchange activities of exchanges and market operators. In this context, the Board may request from exchanges, market operators and other related institutions to carry out the issues it deems necessary, to send all kinds of information and documents upon its request or regularly and to provide all kinds of technical support.

(2) The financial audit of exchanges and market operators shall be performed by independent audit firms that are on the list announced by the Board.

(3) Principles and procedures concerning the audit of information systems of exchanges and market operators as well as the institutions to carry out the audit shall be determined by the Board.

Other issues

ARTICLE 73 – (1) Exchanges shall make necessary arrangements and take necessary precautions for the secure management of their systems. Exchanges are obliged to establish the necessary internal control units and systems.

(2) Assets in the guarantee fund established according to regulations published by the Board with the guarantees kept by exchanges and clearing institutions for the purpose of preventing clearing risks, may not be used for purposes other than that for which they were deposited, may not be attached even for public receivables, may not be pledged, may not be affected by liquidation decisions of administrative authorities, may not be included in the bankruptcy estate and may not be subject to cautionary injunction

(3) First and second paragraphs of Article 17 shall be applicable by analogy to exchanges, market operators and other organized market places in what concerns corporate governance principles.

SECOND CHAPTER

Capital Markets Association of Turkey, Association of Appraisal Experts of Turkey, Central Clearing Houses, Central Securities Depositories and Central Registry Agency

Capital Markets Association of Turkey

ARTICLE 74 – (1) Institutions authorized to perform investment services and activities according to Article 37 of this Law and institutions deemed appropriate by the Board among those that carry out activities in capital markets, shall apply for membership to the Capital Markets Association of Turkey, which is a public professional organisation possessing a legal identity. The mentioned institutions are obliged to make the required application within three months starting from the date when they receive their licenses. The activities of institutions which do not comply with this obligation shall be ceased by the Board.

(2) The Association is tasked with and authorised to;

a) Conduct research in order to ensure the development of capital markets and the activities of member institutions,

b) Establish professional rules aimed at providing that the members of the Association work in solidarity with due care and discipline required by the capital markets and the occupation,

c) Take necessary measures in order to prevent unfair competition,

ç) Make regulations on issues assigned to it by legislation and determined by the Board, execute and supervise them,

d) Impose disciplinary penalties specified in the Statute of the Association,

e) Cooperate with national and international institutions on behalf of member institutions,

f) Follow-up on national and international professional developments, legal and administrative regulations and inform members about these issues,

g) Establish and manage the necessary infrastructure regarding the resolution of disputes arising from the activities of its members within the scope of this Law through arbitration,

ğ) Perform the other tasks determined by the Board.

(3) The Association is obliged, when making regulations and taking decisions, to act in accordance with this Law and related legislation.

Statute and bodies of the Capital Markets Association of Turkey

ARTICLE 75 – (1) The statutory bodies of the Association are the general assembly, board of directors and board of auditors.

(2) Not less than fifteen days prior to the general assembly meeting at which the bodies of the Association are to be elected, a list identifying the members of the Association and their representatives who shall participate in the elections, along with a notice specifying the location, date, time and agenda of the meeting and also information with respect to a second meeting in case a meeting quorum is not obtained for the first meeting, shall be submitted in three copies to the judge appointed as chairman of the election board by the Supreme Election Council. The judge shall approve the list and other issues upon making the required examination, appoint a chairman and two members to the balloting board and one substitute member for each of these. The voting process shall be made in accordance with the principles of secret ballot and open vote counting. At the end of the election period, election results shall be determined in an official report signed by both the chairman and members of the balloting board. All kinds of objections regarding the election to be made within two business days following the preparation of the official report shall be examined at the same day by the judge and a final decision shall be made. The Board holds a right of objection on issues regarding the implementation of this Law and the objection made by the Board shall also be examined and finalised according to the same procedure.

(3) The bodies of the Association, its revenues, expenses and operating principles, acceptance to membership, and principles regarding temporary or permanent removal from membership shall be regulated in the Statute **(Amended phrase under Article 165 (c) of Decree-Law No: 703)** which shall be put into force with a decree of the President of the Republic upon the recommendation of the Board and the proposal of the Related Ministry. Upon the request of the Association or ex officio, where deemed necessary, the Board may propose to the Related Ministry to make amendments to the Statute.

(4) In principle, all of the Association members determined in Article 74 shall be represented in the board of directors of the Association. The procedures to be followed for being candidate and nominating a candidate in order to meet this principle shall be indicated in the Statute of the Association.

(5) Association fees not paid within the period determined in the Statute shall be collected by the

Association through attachment. Decisions related to the payment of Association fees shall be deemed to constitute an official document in the context of Article 68 of the Execution and Bankruptcy Law dated 9/6/1932 and numbered 2004.

(6) Members are obliged to abide by the Statute of the Association and the decisions to be taken by the Association.

(7) The Association shall be inspected by the Board every year. Principles and procedures related to the inspection of all kinds of operations and accounts of the Association shall be determined by the Board. A copy of the inspection report with respect to the inspection made by the Board in this context shall be sent to the related Ministry at the latest by the end of the sixth month of the following year. The related Minister may request from the Capital Markets Board to take necessary measures for ensuring the compatibility of the activities of the Association with the objectives of its establishment and is also authorized to inspect all kinds of operations and accounts of the Association. An objection can be made before the Board regarding decisions taken by the authorised bodies of the Association within ten business days following the notification of the decision to the related person. The decisions to be taken by the Board with regard to the objection shall be final.

The Association of Appraisal Experts of Turkey

ARTICLE 76 – (1) Those who possess a real estate appraisal Expert license and appraisal firms are required to apply to become members of the Association of Appraisal Experts of Turkey, which is a public professional organization possessing a legal identity.

(2) The license holder is obliged to make the necessary application to the Association of Appraisal Experts of Turkey within three months starting from the date of becoming entitled to hold the license. The licenses of those who do not comply with this obligation shall be cancelled by the Board.

(3) Appraisal firms are obliged to make the necessary application to the Association of Appraisal Experts of Turkey within three months starting from the date when they have gained the status of appraisal firm. In the event that this obligation is not fulfilled, the Board is authorised to take all kinds of measures about these firms firms, including the cessation of their activities and the cancellation of their authorities.

(4) The Association of Appraisal Experts of Turkey is tasked with and authorised to; conduct research in order to ensure the development of the real estate market and real estate appraisal activities, provide training and certificates, constitute professional rules and appraisal standards aimed at providing that the members of the Association work in solidarity with the due care and discipline required by the occupation, take necessary measures in order to prevent unfair competition, make regulations on issues that have been assigned to it by legislation or determined by the Board, to execute and supervise them, impose disciplinary penalties specified in the Statute of the Association of Appraisal Experts of Turkey, cooperate with related institutions on behalf of members on related issues, follow-up on professional developments, administrative and legal regulations and inform members on these issues.

(5) Information concerning appraisals made within the context of housing finance must be transmitted to the Association of Appraisal Experts of Turkey in line with principles and procedures to be determined by the Association of Appraisal Experts of Turkey.

(6) Principles regarding the amounts and limits of appraisal fees related to the services performed by the members of the Association of Appraisal Experts of Turkey shall be determined each year by the Board by taking the opinion of the Banking Regulation and Supervision Agency, the Association of Appraisal Experts of Turkey, the Banks Association of Turkey and the Capital Markets Association of Turkey. The minimum annual fee tariff determined by the Board shall be published in the Official Gazette.

(7) The Association of Appraisal Experts of Turkey is obliged to act in accordance with this Law and related legislation in the decisions it takes and regulations it makes.

(8) A representative of the Association of Appraisal Experts of Turkey shall be member of the

board of directors of the Association of Capital Markets of Turkey.

(9) Provisions of Article 75 shall be implemented by analogy for the Association of Appraisal Experts of Turkey, its members, bodies and its Statute.

(10) Members of the Association of Appraisal Experts of Turkey are obliged to abide by the Statute of the Association of Appraisal Experts of Turkey and the decisions to be taken by the Association of Appraisal Experts of Turkey. Members who do not fulfill this obligation shall be imposed an administrative fine between five thousand Turkish Liras and fifty thousand Turkish Liras by the Association of Appraisal Experts of Turkey.

(11) The Association shall be inspected by the Board every year. Principles and procedures related to the inspection of all kinds of operations and accounts of the Association shall be determined by the Board. A copy of the inspection report concerning the inspection made by the Board in this context shall be sent to the related Ministry at the latest by the end of the sixth month of the following year. The related Minister may request from the Capital Markets Board to take the necessary measures for ensuring the compatibility of the activities of the Association with the objectives of its establishment and is also authorized to inspect all kinds of operations and accounts of the Association. An objection can be made before the Board regarding the decisions taken by the authorised bodies of the Association within the ten business days following the notification of the decision to the related person. The decisions to be taken by the Board with regard to the objection shall be final.

Central Clearing Institutions

ARTICLE 77 – (1) Central clearing institutions are private law legal entities, established in the form of joint stock corporations carrying out the operations regarding delivery and payment with respect to capital market instruments traded on exchanges and other organized market places and fulfilment of guarantee obligations for such transactions. The establishment of clearing institutions shall be approved by the related Minister upon the proposal of the Board. The commencement of operations of these institutions is subject to authorisation by the Board. Principles and procedures regarding the capital of central clearing institutions, their activities in the context of this Law and the suspension or permanent cessation of their activities, their supervision, surveillance, financial reporting standards, independent auditing of their financial statements and their cooperation with other institutions and bodies shall be determined by the Board. Central clearing institutions established according to this Law may also carry out transactions mentioned in this paragraph with regard to commodity certificates issued by licensed warehouses, provided that they are authorised according to related legislation.

(2) Regulations concerning membership, guarantees, clearing principles, disciplinary principles, capital, income and other issues with regard to central clearing institutions shall be determined by the Board or when deemed appropriate by the Board, with by-laws prepared by the related clearing institution and approved by the Board. Principles and procedures regarding the clearing system, membership, transactions in case of default, guarantees provided to the central clearing institution in order to ensure clearing security as well as the establishment, operation and utilisation of guarantee funds to be formed with the participation of members for the cases where liability is assumed as central counterparty shall be established with a by-law prepared by the central clearing institution and approved by the Board.

(3) The Board shall determine the exchanges and other organized market places where central clearing institutions may provide clearing services. The assent of exchanges shall be taken in the determination of the exchanges where central clearing institutions may provide clearing services. When deemed appropriate by the Board, central clearing institutions may also carry out clearing, payment and guarantee transactions for markets established or to be established outside capital markets, with the exception of those established by the CBRT. Furthermore, the Board may require transactions in capital market instruments executed outside exchanges and other organised market places to be cleared at the central clearing institution.

(4) The Board is the regulation, surveillance and supervision authority for central clearing institutions within the scope of this Article. The Board may request from central clearing institutions and members of these institutions to carry out the issues it deems necessary about central clearing operations and to send all kinds of information and documents regularly, or upon its demand.

(5) Article 44 shall also be applied to central clearing institutions.

(6) Central clearing institutions are authorized to request information and documents from their members on issues they deem necessary for their operations and transactions and to perform examinations. Regarding issues in the scope duties of central clearing institutions, members may not refrain from providing information by relying on the provisions in their specific legislation

Central counterparty

ARTICLE 78 – (1) **(Amended paragraph under Law No. 6704 dated 14.04.2016)** The Board may require central clearing institutions to serve as central counterparty in terms of markets or capital market instruments whereby they commit to complete clearing by assuming the role of seller against buyer and buyer against seller. Exchanges or other organized marketplaces may also apply to the Board in order to initiate the central counterparty practice regarding capital market instruments traded there. Central clearing institutions may apply to the Board to provide central counterparty services at organised money markets.

(2) **(Amended paragraph under Law No. 6704 dated 14.04.2016)** Financial liability of clearing institutions with regard to clearing transactions, in which they act as central counterparty, shall be determined within the limits to be established and within the framework of the collaterals to be received from members as well as other guarantees. The ownership of collaterals received by clearing institutions in the context of central counterparty services shall be transferred to the same. Second and fifth paragraphs and subparagraph (a) of the fourth paragraph of Article 47 shall be applicable for collaterals the ownership of which is transferred to the clearing institution, unless otherwise stipulated by law. Clearing institutions shall not be liable for the obligations of their members to their clients. Clearing institutions, within the scope of default management in markets they provide central counterparty services, may utilise; resources such as member collaterals, guarantee funds, their own capital as well as insurance contracts, deduction from own profits, methods such as transfer of positions and collaterals of clients to other members ex officio or upon the request of clients of defaulting members without requiring the consent of defaulting members, closing of positions ex officio, netting of debts, receivables, positions, collaterals, rights and obligations with the same party, and other methods deemed appropriate by the Board.

(3) **(Amended paragraph under Law No. 6704 dated 14.04.2016)** Central clearing institutions may acquire capital or quasi-capital resources, may pledge collaterals and assets in the guarantee fund as collateral for borrowing purposes within the context of default management. Central clearing institutions may keep cash collaterals for interest accrual or securities for safekeeping in bank accounts or at depository institutions under their names. Provisions of the second paragraph of Article 73 shall also be applicable for capital and quasi-capital resources allocated to default management by central clearing institutions. Second paragraph of Article 73 and first paragraph of Article 79 shall also apply for assets subject to currency exchange and/or currency swap transactions deposited in or transferred to clearing and settlement accounts at a central clearing institution or a central securities depository limited to the period until the finalisation of settlement.

(4) Conditions related to clearing membership and membership types including the obligations of members and minimum requirements concerning capital, internal audit and risk management, as for capital market instruments subject to the central counterparty practice, shall be established by the related clearing institution upon obtaining the approval of the Board.

(5) Central clearing institutions that are to provide central counterparty services must have and

maintain an adequate level of capital in line with the financial risks undertaken for related capital market instruments and other risks, establish and maintain a data processing infrastructure as well as internal control, risk management and internal audit systems. The internal audit units of these institutions are obliged to control the reliability and adequacy of their risk management and data processing infrastructures at least semi-annually and to notify the Board of the results. The Board may decide the related control be conducted more frequently and require an independent audit to be conducted with regard to issues mentioned above. Furthermore, the Board is authorised to request the financial adequacy of the institution that is to provide central counterparty services to be assessed with methods it would specify, including stress tests, and to request a credit rating to be assigned in cases where it deems necessary.

(6) The Board may impose additional obligations including capital requirements on these institutions of systemic importance and their members for the purposes of maintaining financial stability.

(7) In principle, collaterals received by the central counterparty and the properties and assets of account holders therein shall be monitored separately from the properties and assets of the said institution. The institution providing central counterparty services shall not use these collaterals or assets for purposes other than those they were deposited for with the exception of transactions with regard to the execution of clearing. The institution that is to provide central counterparty services shall take necessary measures in order to comply with this paragraph.

(8) Institutions that are to provide central counterparty services are not obliged to make separate contracts with the parties in each transaction.

(9) **(Additional paragraph under Law No 6704 dated 14.04.2016)** Procedures and principles with respect to default management within the scope of this Article, and procedures and principles regarding the collaterals clearing institutions shall accept from their members as well as guarantee funds to be included therein shall be determined by the Board upon the proposal of the clearing institution.

(10) **(Additional paragraph under Law No 6704 dated 14.04.2016)** Capital and quasi-capital resources allocated for each market, collaterals received and guarantee funds established by central clearing institutions for each market in which they provide central counterparty services, shall not be used outside their purposes. Collaterals and assets in the guarantee funds received within the scope of counterparty services in capital markets shall be monitored separately from the collaterals and guarantee fund assets received within the same scope in connection with money markets.

Clearing finality and right of pledge

ARTICLE 79 – (1) Clearing orders and transactions of capital market instruments as well as payment transactions cannot be undone or cancelled, including cases where the activities of central clearing institution members have been suspended or ceased permanently or when liquidation processes have started before administrative and judicial authorities.

(2) In cases where member institutions have provided as guarantee, assets belonging to them as well as to their customers or third persons, Articles 988 to 991 of the Turkish Civil Code dated 22/11/2001 and numbered 4721 shall also be applied to property or limited real right acquisitions on dematerialised capital market instruments constituting the guarantee. The fact that investment firms do not have power of disposition over assets constituting the guarantee for any reason does not prevent the central clearing institution to acquire real rights with good faith. Remuneration or limited real right claims of third persons on asset values constituting the guarantee may not be claimed against the central clearing institution.

(3) The rights and authorities of central clearing institutions on assets they have taken as guarantee due to the transactions they carry out as a clearing institution and central counterparty may under no circumstances be restricted. Granting period of composition to the member institution or to the person establishing the guarantee, the approval of its composition, its entering the process of composition with creditors either after bankruptcy or by renouncing assets, its restructuring through reconciliation, its

bankruptcy, the postponement of its bankruptcy or other execution procedures under the Law numbered 2004 or the provisions of this Law regarding gradual liquidation shall by no means restrict the exercise of rights and authorities that the central clearing institution holds on the related guarantees.

Central securities depositories

ARTICLE 80 – (1) Central securities depositories are private law legal entities in the form of joint stock corporations providing central custody services for capital market instruments and services concerning the exercise of rights related to them. The approval for the establishment of central securities depositories shall be given by the related Minister upon the assent of the Board and the commencement of the activities of these institutions is subject to authorisation by the Board. The principles and procedures for these institutions regarding capital, profit distribution, activities in the context of this Law and the temporary or permanent suspension of their activities, auditing, surveillance, financial reporting standards, the independent auditing of their financial reports and their cooperation with other institutions and bodies shall be determined by the Board.

(2) Membership, guarantee and custody principles in central securities depositories, regulations on discipline, income and other issues shall be determined by the Board or when deemed appropriate by the Board by the by-laws prepared by the related central securities depositories and approved by the Board.

(3) The Board shall determine the types of capital markets instruments for which central securities depositories can act as central custodian. The Board may require that certain capital market instruments be kept in one or more central security depository. When deemed suitable by the Board, central securities depositories may also perform custodial operations of markets established or to be established outside capital markets. The central depository institution of dematerialised capital market instruments is the CRA.

(4) The Board is the supervision and surveillance authority of central securities depositories under this Article. The Board may request from central securities depositories and their members to carry out the issues it deems necessary about central custody activities and to send all kinds of information and documents upon its request or regularly.

(5) Article 44 shall also apply to central securities depositories.

Central Registry Agency

ARTICLE 81 – (1) The Central Registry Agency is a joint stock corporation possessing the status of private law legal entity established in order to realise the operations related to the dematerialisation of capital market instruments, to monitor the records of these dematerialised instruments and the rights associated with them in the electronic environment as of members and right holders and, to provide their central custody.

(2) The establishment, activity, membership, operation and auditing principles of CRA as well as its revenues and dividend distribution principles shall be determined with a by-law to be published by the Board.

(3) Apart from the tasks in the first paragraph, CRA shall also perform the following activities:

a) Establishing an electronic platform through which the communication between companies, their partners and investors can be carried out, for the purpose of providing that companies comply with the corporate governance principles included in the Law numbered 6102 and other related legislation

b) Establishing a data bank for the purpose of collecting data related to capital markets at a single centre, providing for the utilization of data according to principles to be established by the Board

c) Performing other tasks assigned by the Board in the framework of capital market legislation and other related legislation as well as operations required by regulations

ç) Performing operations regarding the dematerialisation of commodity certificates issued by licensed warehouses, the monitoring of these certificates and the rights attached to them in a dematerialised form on the electronic environment and the establishment of a platform for them, provided that it is authorised under related legislation

(4) In the framework of the regulations made by the Board, CRA is authorised to request information and documents from its members regarding matters it deems necessary about the operations and transactions and to perform examinations. Regarding issues in the scope of duties of the CRA, members may not refrain from providing information by relying on provisions in their specific legislation.

(5) CRA and its members shall be held responsible for damages incurred by right holders due to incorrect recordkeeping in proportion to their fault.

(6) The Board is the supervision and surveillance authority of the CRA. The Board may request from the CRA and its members to carry out the issues it deems necessary about the monitoring of capital market instruments in a dematerialised form and to send all kinds of information and documents in written format or in the electronic environment upon its request or regularly.

THIRD CHAPTER

Other Institutions

Investor Compensation

ARTICLE 82 – (1) When it is determined that investment firms are unable to fulfil their obligations regarding cash payment or capital market instruments delivery or that they will not be able to fulfil them within a short period of time, the Board shall decide to compensate investors. This decision shall be taken within three months starting from the determination of the situation. The authority of the Board to take measures in the context of this Law shall be reserved.

(2) The Board shall obtain the opinion of the Banking Regulation and Supervision Agency in order to take the compensation decision about banks according to the first paragraph. The provisions of this Law related to the compensation of investors shall not be applied to cash payment obligations which are considered as deposit or participation fund according to banking legislation.

Investor Compensation Centre

ARTICLE 83 – (1) The ICC possessing a public legal identity has been established for the purpose of investor compensation in the context of the conditions specified in this Law. ICC shall be administered and represented by the Board in the framework of a by-law to be issued by the Board. In principle, the operations and transactions to be carried out by the ICC shall be performed by the Board staff and staff to be employed for this purpose. The principles and procedures regarding this issue shall be determined with a by-law to be issued by the Board.

(2) Investment firms are obliged to participate in the ICC. The principles and procedures regarding the participation of investment firms to the ICC as well as their obligations to pay entrance fees, annual fees and additional fees shall be established with a by-law to be issued by the Board. In this by-law, different principles may be specified in the determination of the fee amount depending on types and risk conditions of firms.

(3) When deemed necessary by the ICC, with regard to firms for which an investor compensation decision has been taken by the Board, it may be decided to suspend the payments of the firm and to grant the ICC sole authority to dispose of all of its assets. With regard to banks, this provision shall be applied to the cash payment and capital market instrument delivery obligations of banks arising from their capital market activities.

(4) **(As amended by Article 12 of Law No. 7316, dated 15.04.2021)** All kinds of deposits and

receivables arising from investment services and activities shall be transferred to the ICC for safekeeping, in cases where they are not claimed and collected within ten years starting from the date of the last claim, transaction or any written order of the account holder. All shareholding rights relating to capital market instruments transferred to the ICC, with the exception of the right to obtain bonus shares and dividends, shall be frozen until capital market instruments are returned to title holders. Principles and procedures in relation to the transfer and record keeping for such deposits and receivables, the exercise of rights arising from such deposits and receivables, and their return to title holders upon application shall be determined by the Board. However, amounts recorded as revenue to the ICC prior to the date of publication of the Law amending this paragraph shall not be returned.

(5) The assets of the ICC may not be; used outside their purpose, provided as guarantee, attached even for public receivables, pledged, included in the bankruptcy estate and be subject to any cautionary injunction.

(6) The transactions to be made by the ICC in the scope of this Law shall be exempt from charges and the documents it would issue shall be exempt from stamp duties. A commercial enterprise in terms of the Corporate Tax Law dated 13.06.2006 and numbered 5520 shall not be deemed to be formed due to the activities of the ICC performed in the context of this Law.

Scope of compensation

ARTICLE 84 – (1) The scope of compensation consists of claims arising from failure to fulfil cash payment or capital market instrument delivery obligations with regard to assets belonging to investors kept or managed by investment firms in the name of the investor in relation to investment services and activities or ancillary services.

(2) The investors of investment firms subject to an investor compensation decision, are entitled to claim compensation in the framework of this Article. Losses incurred by investors due to investment advice or price movements in the market are not included in the coverage of compensation.

(3) Claims of investors sentenced due to crimes mentioned in Articles 106 and 107 or the laundering of crime proceeds, shall be outside the scope of compensation in what regards receivables in relation to the mentioned actions. Payments to be made to persons for whom an indictment has been made due to the mentioned crimes shall be suspended from the beginning of the investigation on the related crimes until the finalisation of the court decision.

(4) Persons and institutions listed below shall not be compensated:

a) Members of board of directors, managers, personally liable shareholders of investment firms for which an investor compensation decision has been taken, their shareholders holding a share of five percent or more, members of their board of auditors or persons who are in similar positions in other companies in the same group with the related investment firm as well as their spouses, relatives by blood or marriage up to second degree and third parties acting on behalf of those persons

b) Other companies in the same group with investment firms for which an investor compensation decision has been taken

c) Companies where real persons and legal entities mentioned in sub-paragraph (a) of this paragraph hold a share of twenty-five percent or more

ç) Persons that have caused investment firms to enter into financial distress or persons liable for actions having an important impact in the deterioration of the financial status of investment firms or those acquiring benefit from these actions

(5) The maximum compensation amount to be paid to each right holder investor shall be one hundred thousand Turkish Liras. This amount shall be increased at the rate of the revaluation coefficient announced each year. The total compensation amount may be increased up to five times by the **(Amended**

phrase under provision 165/ç of Decree-Law No. 703) President of the Republic upon the proposal of the Board. This limit includes all the claims of an investor from the same investment firm, regardless of the currency or the number or type of account. In the event that the amount exceeding the maximum amount to be paid by the ICC has been transferred in order to be paid to another investor, no payment shall be made by the ICC to the transferee.

Compensation process

ARTICLE 85 – (1) Investors shall make their compensation claims to the ICC in writing. The right to make a compensation claim shall lapse after one year starting from the announcement of the compensation decision to the public.

(2) The ICC is obliged to make necessary preparations in order to compensate as soon as possible the investors which have been entitled for compensation and to make payments within three months after determining the right holders and compensation amounts. In compulsory cases, this period may be extended for a maximum of three months with the approval of the Board.

(3) Compensation claims of investors shall be calculated upon the cash payment and capital market instrument delivery obligations which have not been fulfilled by investment firms. Capital market instruments kept in the name of investors shall primarily be distributed to right holders. These capital market instruments shall be deducted on the basis of each account and especially for unfulfilled clearing obligations. The compensation amount shall be determined by also taking into account deduction and similar requests of investment firms based on legal and contractual conditions. The principles and procedures related to the calculation of investor receivables shall be determined by the Board.

(4) After the completion of the investor compensation process, the Board shall decide to close the compensation process upon the notification of the ICC. The ICC shall present the results of the compensation process to the Board along with its reasoned proposal on whether requesting the gradual liquidation or bankruptcy of those about whom an investor compensation decision had been taken is beneficial or not. The gradual liquidation or bankruptcy decision shall not prevent the operation of the compensation process. The ICC shall be the successor to rights of investors with the compensation amount it has paid.

(5) Those the investors of whom have been compensated partially or totally are obliged to make payments and expenses made by the ICC and arising from the compensation including the principal and legal interest in order to be able to relaunch investment services and activities, without prejudice to other conditions required by legislation.

(6) Without prejudice to the issues regulated in other articles of this Law, the principles and procedures regarding the notification and announcement of the compensation decision, the operating procedure of the compensation, obligations of firms for which a compensation decision has been taken against the ICC, sanctions to be imposed in cases where these obligations are not fulfilled, principles regarding the protection of investors in domestic or foreign branches, obligations regarding the notification of investors by those for whom an investor compensation decision had been taken, rights and obligations of the ICC, issues regarding the investment of the assets of the ICC, financial statements, books and reports of the ICC as well as other issues shall be determined with a by-law to be issued by the Board in the context of general provisions.

Gradual liquidation

ARTICLE 86 – (1) For those about whom an investor compensation decision has been taken according to Article 82, the Board may also take the decision of gradual liquidation along with the decision to close the compensation process, with the exception of banks. In this case gradual liquidation operations shall be conducted by the ICC.

(2) The purpose of gradual liquidation is to pay remaining receivables of investors which have not been compensated within the context of the investor compensation process established in Article 85 as well as the receivables of the ICC arising from its position as successor to investors, through the allocation of assets of those who have been subject to a gradual liquidation decision or the allocation of the amount obtained by liquidating these assets into cash. Provisions of the Law numbered 6102, the Law numbered 2004 and provisions of other legislation related to liquidation shall not be applicable to gradual liquidation decisions and operations. The principles and procedures regarding gradual liquidation shall be determined with a by-law prepared by the Board.

(3) The duties and authorities of the statutory bodies of those about whom a gradual liquidation decision has been taken by the Board shall be fulfilled by the ICC, starting from the gradual liquidation decision until the finalisation of the liquidation. Among the operations made, those which have to be registered shall be registered and announced upon the request of the ICC, without being subject to charges. At the date of announcement of the finalisation of the gradual liquidation, the legal bodies present prior to the decision of gradual liquidation shall assume their duties and authorities, without the need for any further operation.

(4) The payments of those about whom a gradual liquidation decision has been taken shall be suspended and solely the ICC can dispose of all their assets. The ICC shall determine the assets and liabilities of those subject to gradual liquidation. Rights and obligations of related persons deriving from their contracts which become due after the gradual liquidation decision, shall also be determined as of their maturity dates. Guarantees provided according to legislation shall also be considered within assets. The default interest to be applied during the period between the compensation and the liquidation process shall be determined by the Board. In cases where a gradual liquidation decision has been taken, no bankruptcy decision shall be taken until the decision on the closing of this liquidation. No proceedings shall be made in the scope of the Law numbered 2004 and the Law on Procedures of Collection of Public Receivables dated 21/7/1953 and numbered 6183 about those for whom a liquidation decision has been taken, proceedings which have started previously shall stop; statutes of limitation and lapses of time which can be interrupted by a proceeding and foreclosures shall not apply.

(5) The ICC shall identify actual right holders in the context of liquidation as well as the amounts of their receivables and debts on the basis of information and documents obtained during the compensation process. The receivables of the ICC as a successor to investors, and its liquidation expenses shall also be considered as receivables of the ICC. The cash assets of those about whom a gradual liquidation decision had been taken shall be used directly in the payment of these receivables while those which are not in cash shall be used after being liquidated. Primarily the receivables of customers shall be paid from the assets. In the event that the totality of customers' receivables cannot be met, a pro-rata payment shall be made. After all receivables have been paid, first a pro-rata payment shall be made for public receivables from the remaining amount and then the receivables of the ICC deriving from the payments it has made in the context of Article 85 and its liquidation expenses shall be paid from the residual. The remainder shall be allocated to other creditors. Other issues with regard to principles and procedures relating to the liquidation of the non- cash assets belonging to those about whom a gradual liquidation decision has been taken as well as pro-rata payments to be made shall be established with a by-law to be issued by the Board.

(6) The Board may decide on the transfer of management of portfolios managed by those about whom a gradual liquidation decision has been taken, to another institution.

(7) Without any delay, the ICC shall request from shareholders holding directly or indirectly, alone or together, the management and audit of investment firms about whom a gradual liquidation decision has been taken with the compensation decision as well as from real person shareholders holding more than five percent of the capital of its legal entity shareholders to make a declaration of properties showing real estate and participations, attachable movable properties, rights and receivables, securities and all kinds of earnings and revenue which belong to themselves, their spouse and their children under guardianship; as

well as the real estate, attachable movable properties, rights, receivables and securities that they have acquired or transferred gratuitously or non-gratuitously within two years prior to the declaration of the liquidation. It is obligatory to submit the declaration of property requested according to the provisions of this paragraph to the ICC within seven days at the latest. The ICC is authorised to request from the related court to take all kinds of conservation measures necessary for the interests of creditors including cautionary injunction and cautionary attachment decisions without requiring any guarantee on the assets of shareholders holding management and audit directly or indirectly, alone or in concert, as well as a ban on leaving the country for related persons. The related provisions of the Law numbered 2004 shall be valid for the provisions and consequences of this declaration of property. In the event that no lawsuit has been filed or no demands for execution or bankruptcy proceedings have been made within six months starting from the injunction and attachment decisions taken in the framework of this paragraph, these decisions shall be cancelled automatically.

(8) The Board shall decide to close the gradual liquidation upon the application of the ICC. In the event that it is determined that the assets of those about whom a gradual liquidation decision has been taken are not adequate to meet receivables of right holders in the scope of the purpose of liquidation, payments made in the context of the compensation, and liquidation expenses, the ICC may also request the bankruptcy of related persons with the assent of the Board.

(9) All lawsuits for damages and actions for debts filed or to be filed against legal representatives, managers and staff of the ICC due to the performance of their duties shall be filed against the ICC. On the other hand, the provision of Article 133 shall be applied for criminal lawsuits to be filed against the ICC staff. ICC staff may not be held responsible for the public debts of firms the gradual liquidation of which they are carrying out, the debts of these firms to social security institutions and their other financial obligations which have incurred or will incur during gradual liquidation operations. ICC staff shall not have any obligation to make a notification to the court due to the loss of capital of capital market institutions which have been decided to be gradually liquidated and/or due to the fact that they are heavily in debt. The provisions of Article 179, 277 and the following, as well as Article 345/a of the Law numbered 2004 shall not be applied to these persons due to not making a notification; no personal liability lawsuit may be filed against them according to Article 341 of the Law numbered 6102. The ICC shall reserve its right of recourse against staff having gross negligence or intent.

(10) ICC's right to file a lawsuit due to those about whom a gradual liquidation decision has been taken shall be subject to the general statute of limitations. In the presence of the circumstances mentioned in Articles 278, 279 and 280 of the Law numbered 2004, the ICC may file a lawsuit without requiring to submit a certificate of insolvency. While performing its tasks arising from this Article, the ICC is authorized to request cautionary injunction and cautionary attachment exempt from all kinds of guarantee.

Trade Repositories

ARTICLE 87 – (1) With the purpose of monitoring systemic risk and maintaining financial stability, in what regards capital market transactions, the Board may request from those executing these transactions that information regarding these transactions be notified under the form and content it shall determine directly to itself or to a trade repository that it would authorise. In the context of this Article, those who are obliged to make a notification may not refrain from providing requested information by relying on the secrecy and confidentiality provisions in their special legislation.

(2) In the event that the notification is made to a trade repository authorised by the Board, obligations of the related trade repository, the form and media in which information shall be kept as well as principles and procedures concerning activities in relation to their duties under this Article shall be determined with a regulation to be published by the Board.

(3) Sharing of information kept at trade repositories with third persons, including public legal entities, shall be subject to the approval of the Board. The legislation concerning the usage of personal data

shall be complied with in the implementation of this paragraph.

(4) In order to increase efficiency in data storage, the Board may require persons executing financial transactions in Turkey to obtain an identifier code or number from an institution to be determined by the Board. The principles and procedures regarding the implementation of this paragraph shall be determined by the Board.

FIFTH SECTION

Supervision and Measures in Capital Markets

FIRST CHAPTER

Supervision, Search and Seizure

The supervision activity and supervision authorities

ARTICLE 88 – (1) Professional staff shall be authorised for the implementation of the provisions of this Law and other laws concerning the capital market and the supervision of all kinds of capital market activities and transactions. This authority shall be exercised by the professional staff assigned by the Chairman of the Board.

(2) The Board shall determine the principles of materiality and priority, the criteria to be considered in risk evaluation and codes of practice related to supervision activities. The supervision activity shall be conducted in accordance with the program to be prepared by the Chairman of the Board in the context of the principles of materiality and priority as well as risk evaluations. The Chairman of the Board may get non-scheduled supervision executed out of the prepared program when he/she deems it necessary.

The execution of the supervision activity

ARTICLE 89 – (1) Supervision shall comprise the activities and transactions of all institutions and organisations and other related real persons and legal entities within the scope of this Law concerning the provisions of this Law and other relevant legislation related to capital markets. Staff assigned with supervision is authorised to request from related real persons and legal entities information and documents they may deem as relevant to the provisions of this Law and other relevant legislation related to capital markets; to examine all books and documents including records kept for tax purposes, and all records including those kept electronically and miscellaneous means that contain information, and information systems; to request access to these systems and obtain copies; to audit their accounts and transactions; to acquire written and verbal information from the relevant persons; to draw up the necessary minutes.

(2) The relevant persons are obliged to fulfil the requests of those assigned with supervision mentioned in the first paragraph, and to sign the minutes. In cases where they refrain from signing, the reasons of this shall be clearly mentioned in the minutes.

(3) Upon the request of the Chairman of the Board and the decision of the judge of the criminal court of peace, a search may be carried out with the help of police forces in required locations. The books and documents found during the searches and required to be examined shall be identified with detailed minutes and in cases when on-site examination is not possible, they shall be protected and sent to the work place of the person making the examination.

Confidentiality and Secrecy

ARTICLE 90 – (1) Real persons and legal entities from whom information is requested within the framework of the first and second paragraphs of Article 89 shall not refrain from providing information by claiming the confidentiality and secrecy provisions existing in this Law and special Laws.

(2) Persons subject to examination as well as real persons and legal entities including public institutions that have been requested information and documents concerning the event and matter, are obliged to keep the existence and nature of the examination as a secret.

SECOND CHAPTER

Measures

Measures to be implemented for issuances in violation of the Law and contradictions with information and disclosure in the prospectus[5]

ARTICLE 91 – (1) The Board is authorised to take all necessary measures exempt from all kinds of charges and guarantees about those that have been identified to have issued or have made an attempt to issue capital market instruments in violation of this Law, provided that all kinds of civil and penal liabilities are reserved; to request cautionary injunctions and attachments exempt from all kinds of charges and guarantees for the equivalent of the amount sold and the capital market instrument to be sold.

(2) In order to eliminate the consequences resulting from the illegal issuance and to refund cash and other assets to right holders, the Board shall make a written notice to the issuer within thirty days starting from the date of determination. The addressee shall announce by means of instruments to be determined by the Board the detailed information concerning the real persons and legal entities from which\whom it has raised money as well as the raised amount and shall report this information to the Board within at least thirty days from the notice. Within three months following this announcement, real persons and legal entities from whom money has been raised may file an objection to the civil court of first instance of the place where the corporation is located. Upon the finalization of the related list, right holders shall be refunded by the person who made the related issue. The cautionary injunctions and attachments put according to the first paragraph cannot be removed before the fulfilment of this restitution.

(3) **(Additional paragraph under Article 35 of Law No. 7222 dated 20.02.2020)**[6] In cases of conduct in contradiction with commitments and disclosures that may affect the investment decisions of investors, or of failure to perform commitments in a reasonable period, and where commitments and disclosures have not been amended under relevant regulations of the Board, the Board is authorized to demand from relevant parties to correct such contradictions or to perform necessary transactions without prejudice to any legal or penal liability, in cases where documents and/or explanations verifying that the situation is due to a reasonable economic or financial reason cannot be presented to the Board regardless of whether or not commitments and disclosures were amended, the Board is authorized to request a cautionary injunction and cautionary attachment exempt from any charges or guarantees, or to implement any other measures it deems necessary with respect to dealings and transactions contradicting commitments and disclosures in public disclosure documents in order to prevent cash or other assets obtained as a result of the issuance. With respect to dealings and transactions that have been detected to result in the use of funds obtained from the issuance in contradiction with the prospectus, the Board is authorized to file a lawsuit within three months following the detection of the fact, for annulment of the transaction and the restitution of cash and other assets obtained to the corporation or collective investment scheme publishing the prospectus and in any case to file a lawsuit within two years for the annulment of the transactions conducted in contradiction with the prospectus.

(4) In the event that the consequences resulting from this illegal issuance are not totally eliminated within one year starting from the date of the written notice made by the Board, the Board is authorised to file a lawsuit for refunding the cash and other assets to right holders or for the liquidation of the corporation.

(5) The rights arising from general provisions of persons from whom money has been raised shall be reserved.

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[5] The Article title was amended under Article 35 of Law No. 7222 dated 20.02.2020.

[6] The paragraph cited above was added to follow the second paragraph under Article 35 of Law No. 7222 dated 20.02.2020, remaining paragraphs have been continued accordingly.

Measures to be applied to illegal transactions of issuers and their transactions reducing assets or capital

ARTICLE 92 – (1) In cases where it is determined by the Board that there is a capital or asset decrease or loss due to the situations and acts of issuers contrary to the Law, the capital market legislation, the articles of association and the provisions of fund rules or the purpose and field of enterprise, the Board is authorised to;

a) request from related parties to take measures in order to resolve the violations and to make the envisioned transactions and convey the situation to the related authorities if necessary, without prejudice to the provisions of the Law numbered 6102,

b) file a lawsuit of nullity within three months starting from the date when it has been determined by the Board that these situations and acts were illegal and in any case within three years starting from the date when these situations and acts have occurred, and file a lawsuit for determination of nullity and validity within five years,

c) remove the authorities to sign of those who are responsible for these transactions if the existence of these situations and acts are determined by the decision of a court of first instance or if it is decided by a court upon the request of the Board without awaiting such decision; in cases where an indictment is made about related persons, discharge them from office until the trial is finalised and assign new members of the board of directors to replace those who have been discharged from office until the first general assembly meeting.

(2) Before taking any measures about publicly held banks according to this Article, the Banking Regulation and Supervision Agency shall be consulted.

(3) **(Additional paragraph under Article 6 of Decree-Law No. 684)** The Board shall be exempt from all fees and guarantees with respect to lawsuits and proceedings it opens and cautionary injunctions and cautionary attachments it requests.

Measures to be applied in the authorised capital system

ARTICLE 93 – (1) The Board is authorised to file a lawsuit of nullity against board of directors decisions taken within the framework of the principles mentioned in Article 18 at the commercial court of first instance where the headquarters of the corporation is located within three months starting from the date of the announcement of these decisions to public, and to request to defer the execution of these decisions without guarantee.

Measures to be applied in the illegal transfer pricing activities

ARTICLE 94 – (1) The Board is authorised to request the announcement of supervision results from publicly- held corporations, and collective investment schemes as well as their associates and subsidiaries which have been determined to be engaged in the transactions mentioned in Article 21; to file a suit for the return of the amount determined by the Board within the period specified by the Board.

(2) **(Amended paragraph under Article 7 of Decree-Law No. 684)** The first and third paragraphs of Article 92 shall also be applicable with respect to this Article.

Sending an observer to general assembly meetings

ARTICLE 95 – (1) When it deems necessary, the Board may send an observer to general assembly meetings of publicly held corporations, without any voting rights.

Measures to be applied in the illegal transactions and activities of capital market institutions

ARTICLE 96 – (1) In cases where capital market institutions are determined to be engaged in

activities in violation of the legislation, the standards determined by the Board, the articles of association, the provisions of the fund rules; the Board is authorised to request from the related parties to eliminate the violation within the period determined by the Board and to ensure the compliance with the Law, the purpose and principles of the enterprise; or to restrict directly the scope of the activities of these institutions or to suspend their activities temporarily or; to cancel their licenses fully or as of certain capital market activities or; take all kinds of other measures that the Board would stipulate.

(2) The Board is authorised to cancel temporarily or permanently the licenses held by managers and employees who have been determined to be responsible for such illegal activities or transactions; to restrict or cancel their authorities to sign starting from the date when it has been decided to make an indictment about them until the trial is finalised; to discharge members of the board of directors from office found responsible for illegal activities or transactions with a court decision and to assign new ones to replace them until the first general assembly meeting to be held. Before taking a measure in the direction of discharging the members of the Board of Directors of a bank, the Banking Regulation and Supervision Agency shall be consulted.

Measures to be applied in the deterioration of the financial situation

ARTICLE 97 – (1) In cases where it is determined that capital market institutions cannot fulfil their capital adequacy obligations, their cash and financial instrument delivery liabilities resulting from capital market transaction or that they could not fulfil them in a short period or independently from these facts that their financial structures is weakening seriously or that their financial situations have weakened to the extent that they could not able to meet their commitments; the Board is authorised to request them to strengthen their financial structures in a given pertinent period that shall not exceed three months or to stop temporarily the operations of these institutions directly without granting any time; to cancel their licenses fully or as of certain capital market activities; to decide on the compensation of the investors; to cancel temporarily or permanently the licenses of the managers and the employees who are responsible for these illegal activities, to restrict or cancel their authorities to sign and to discharge members of the board of directors from office when necessary and assign new ones to replace them until the first general assembly meeting; to decide on the gradual liquidation of these institutions and to request their bankruptcy after the end of the gradual liquidation or without going through any gradual liquidation or to take other measures it deems necessary.

(2) With the exception of transactions to be made by the Board and those to be performed by the ICC in the context of gradual liquidation, the assets of capital market institutions which are subject to withdrawal of authorities permanently shall not be transferred, pledged, collateralized, be subject to cautionary injunction and attachment from the date of the Board decision regarding the withdrawal of authority until it is announced that the gradual liquidation procedures have been completed; and until the court has made a decision on the merit of the demand for bankruptcy in cases where bankruptcy has been requested directly or following the gradual liquidation. All of the attachments and cautionary injunctions shall lapse and all bankruptcy and execution proceedings shall automatically stop, the lapses of time which can be interrupted with a follow-up execution procedure shall not apply. In cases where a bankruptcy decision has been taken, the claims of the ICC arising from the payments it has made shall be collected primarily as preferred claim, following the claims of the State and those of social security institutions which are in the scope of the Law numbered 6183. These claims shall be paid according to the cash position of the bankrupt's estate without waiting for the finalisation of the list shown in Article 232 of the Law numbered 2004. With regard to banks and institutions which are subject to the provisions of the Law numbered 5411, as well as real persons and legal entities subject to the provisions of the Law numbered 5411, the claims of the ICC shall follow the claims of the Savings Deposit Insurance Fund.

(3) With the exception of transactions to be performed by the Board, the assets of capital market institutions the activities of which have been suspended temporarily according to the first paragraph shall also not be transferred, pledged, collateralised, be subject to cautionary injunction or attachment from the

date of temporary suspension decision until the date of reauthorisation to launch activities, all the attachments and all the cautionary injunction on these institutions and all bankruptcy and execution proceedings shall automatically stop. The lapses of time which can be interrupted with a follow-up execution procedure shall not apply. The capital market institutions about which a decision is taken by the Board regarding the pursuance of their activities, all the transactions which have stopped within the framework of the first sentence of this paragraph shall resume.

(4) The temporary suspension period of the capital market institutions, the activities of which have been suspended temporarily according to this Law by the Board or by their own request shall not exceed two years.

(5) With the exception of measures to eliminate violations of capital market legislation or those for carrying out capital market activities, the Banking Regulation and Supervision Agency shall decide upon the implementation of the measures determined in the first paragraph on banks. On the other hand, the Savings Deposit Insurance Fund shall decide upon the implementation of related measures on banks the management or supervision of which has been transferred to the Savings Deposit Insurance Fund according to the related provisions of the Law numbered 5411.

Measures to be applied in cases of gradual liquidation and bankruptcy

ARTICLE 98 – (1) In case of the bankruptcy of capital market institutions or when they go through gradual liquidation according to Article 86, the Board is authorised to request the individual bankruptcy of their shareholders who hold directly or indirectly more than ten per cent of the shares, their members of board of directors who have resigned or are holding office and their managers having an authority to sign, the managers of portfolio management companies and the members of the fund board of housing finance funds and of asset finance funds; provided that their responsibility has been determined in accordance with Article 97.

Measures to be applied in unauthorized capital market activities

ARTICLE 99 – (1) Provided that all kinds of civil and penal liabilities are reserved, the Board is authorised to take all necessary measures to stop the unauthorised capital market activities, inter alia to file a lawsuit within one year starting from the date when unauthorised capital market activities and transactions have been detected and in any case within five years starting from the date when they have occurred, to refund right holders their money or capital market instruments and to annul the consequences caused by unauthorized capital market activities and transactions.

(2) Second paragraph of Article 96 shall be applied by analogy for real persons and legal entities who have engaged in unauthorised capital market activities as well as for shareholders and managers determined to be responsible for these activities by the Board, unconditional on the finalisation of losses arising from related activities.

(3) When it is determined that unauthorised capital market activities have been carried out via the internet; if the domain and hosting are within the country, the courts shall decide on prohibiting internet access upon the request of the Board in line with the related legislation. In cases where the domain and hosting are abroad, the Information and Communications Technologies Authority shall prohibit internet access upon the request of the Board.

(4) **(Additional paragraph under Article 67 of Decree-Law No. 690) (Amended paragraph under Article 111 of Law No. 7061 dated 28.11.2017)** Where it is detected that funds have been collected from the public through crowdfunding platforms without the permission of the Board, or that persons resident in Turkey have been made party abroad to leveraged transactions or derivative transactions that are found to be subject to the same terms as leveraged transactions via the Internet, the Information Technologies and Communication Authority shall prevent access to the related website upon the request of the Board.

Measures to be applied in illegal notices, advertisements and disclosures

ARTICLE 100 – (1) In cases where it is determined that an entity has conducted activities in capital markets without authorisation or that an entity has used words or phrases in its commercial titles, notices and advertisements which gives the impression that they conduct activities in capital markets even though its licenses have been cancelled or its operations have been stopped or its branch offices have been closed down, in circumstances where it is found to be detrimental to postpone action, unconditional on an ongoing penal prosecution conducted on those liable, their notices and advertisements may be stopped, and the notices and advertisements may be confiscated with the documents which are in violation of the Law under the related legislation, and upon the request of the Board their workplaces may be closed temporarily by the relevant local highest officials of the civil service.

(2) The Board may request that notices, advertisements and disclosures which have been found to be in violation of the third paragraph of Article 7 be stopped or removed.

Measures to be applied in the investigations of insider trading and manipulation

ARTICLE 101 – (1) In what concerns real persons or legal entities, as well as the authorised officers of those legal entities; about whom a reasonable doubt exists concerning the execution of actions mentioned in Article 106 and 107, and also regarding related capital market instruments, the Board is authorised to take all kinds of necessary measures to provide the effective and robust functioning of the market and to determine the principles and procedures regarding the implementation of these measures, including;

a) Temporarily or permanently prohibiting trading activities in the exchanges,

b) Changing the methods of clearing,

c) Imposing restrictions on margin trading, short selling, borrowing and lending transactions,

ç) Imposing a guarantee obligation or changing the obligation,

d) Being traded in different market or markets or determining different transaction principles,

e) Restricting the extent of the distribution of market data,

f) Imposing a transaction or position limit.

(2) When a buy-back program has been put into force in accordance with Article 22, the Board may impose a restriction on transactions on the shares of the related publicly held corporation of real persons or legal entities with whom it is associated, directly or indirectly as of management, auditing or capital and on transactions made by other associated persons.

Obligation of notification

ARTICLE 102 – (1) If there is a matter implying any information or doubt that a transaction constitutes the crimes enumerated in Articles 106 and 107, investment firms and capital market institutions to be determined by the Board are obliged to notify this situation to the Board or to other institutions and organisations to be determined by the Board. The Board shall determine the principles and procedures in relation to the notification obligation.

(2) Even where a provision exists in special laws, those who make a notification to the Board may not provide information to third parties, agencies and institutions including those who are engaged in the transactions, about the notification made according to this Article and about those to whom the notification has been made, except courts, prosecution offices and the Presidency of the Financial Crimes Investigation Board.

SIXTH SECTION

Actions Requiring Administrative Fine and Capital Market Crimes

FIRST CHAPTER

Actions Requiring Administrative Fine

General principles

ARTICLE 103 – (1) Persons who have acted in violation of the regulations, determined standards and forms based on this Law as well as general and specific decisions of the Board, shall be imposed an administrative fine from twenty thousand Turkish Liras up to two hundred fifty thousand Turkish Liras by the Board. However, in cases where a benefit has been gained due to the violation of the obligation, the amount of the administrative fine to be imposed shall not be less than twice of this benefit. **(Additional sentence under Article 36 of Law No. 7222 dated 20.02.2020)** With respect to legal entities, considering the number of injured parties, an administrative fine of up to the highest one of 1 % of gross sales revenue and 20 % of pre-tax profits according to audited annual financial statements shall be imposed, provided that such administrative fine is not less than the minimum amount in the first sentence of this paragraph.

(2)In cases where the person acting in violation of the provisions of the first paragraph is a body or representative of a private legal entity, or when this person is tasked within the scope of the activity of this legal entity although they are not a body or representative, an administrative fine shall also be imposed on the legal entity according to the provision of the first paragraph. If the violation prompts an outcome to the disadvantage of the legal entity which is represented or acted on behalf of, no administrative fine shall be imposed on the legal entity.

(3)An administrative fine shall be imposed by the Board up to the total amount of shares subject to takeover bids for real persons and legal entities who fail to fulfil their takeover bid obligations in accordance with the Article 26 and if necessary, within the additional time that may be granted by the Board.

(4)Without requiring the existence of information as mentioned in Article 106, with the exception of situations permitted by the Board, the members of the board of directors and managers of issuers who have acquired a gain from the purchase and sale of the related capital market instruments shall be obliged to deliver the net gain they have obtained to the issuer, within the timeframe determined by the Board. The Board shall impose an administrative fine amounting to twice the acquired benefit on those who do not fulfil this obligation within thirty days.

(5) Members who do not fulfil the obligation mentioned in the sixth paragraph of Article 75 shall be imposed an

administrative fine by the Capital Markets Association of Turkey from five thousand Turkish Liras up to fifty thousand Turkish Liras.

(6) In cases where publicly held corporations and collective investment schemes as well as their subsidiaries and associates provide an increase in the profits or assets of real persons or legal entities with whom they are related by not performing activities expected from them as prudent and honest merchants or in accordance with the market practices with the aim of preserving or increasing their profits or assets according to their articles of association or their fund rules, the related legal entity shall be imposed an administrative fine from twenty thousand Turkish Liras up to two hundred fifty thousand Turkish Liras. However, the amount of the administrative fine to be imposed shall not be less than twice the benefit acquired.

(7) **(Additional paragraph under Article 36 of Law No. 7222 dated 20.02.2020)** An administrative fine under the first sentence of the first paragraph shall be imposed on persons who do not deliver information, documents, explanations and records (including those kept in electronic media)

requested by the Board or those appointed by the Board from related real persons or legal entities under this Law and provisions of other related regulation with respect to capital markets at all or in the requested format within the assigned period, or on persons who present incomplete, untrue, misleading information or explanations, and on those who prevent or obstruct the Board or those appointed under this Law from performing their duties.

(8) **(Additional paragraph under Article 36 of Law No. 7222 dated 20.02.2020)** An administrative fine of one thousand to twenty-five thousand Turkish Liras shall be imposed on persons who present false, misleading information, documents and explanations to the Board thereby unnecessarily causing inspections to be launched under Article 88 of the Law.

Market abuse actions

ARTICLE 104 – (1) Actions and transactions which cannot be explained with a reasonable economic or financial justification, which are of a nature deteriorating the functioning of exchanges and other organized markets in security, openness and stability, shall be regarded as market abuse actions, provided that they do not constitute a crime. An administrative fine from twenty thousand Turkish Liras up to five hundred thousand Turkish Liras shall be imposed to those who perform the market abuse actions determined by the Board. However, in cases where a benefit has been procured by such means, the amount of the administrative fine to be imposed shall not be less than twice this benefit.

The application of administrative fines

ARTICLE 105 – (1) The defence of the related person shall be obtained before the application of administrative fines. If the defence is not submitted within thirty days starting from the notification of the letter requesting the defence, the related person shall be deemed to have waived the right of defence.

(2) In cases where one of the delinquencies defined in this Law is committed more than once until the decision of administrative fine has been made, according to the related provision the related real person or legal entity shall be imposed an administrative fine which shall be raised by twofold. However, in cases where a benefit has been obtained by means of this delinquency or a loss has been caused, the amount of the administrative fine to be imposed shall not be less than three times this benefit or loss.

(3) Fifty percent of the collected administrative fines shall be registered as income to the state budget, fifty percent shall be transferred to the ICC for being recorded as income.

(4)It is possible to appeal to the administrative justice process against the administrative fines imposed according to this Law.

SECOND CHAPTER

Capital Market Crimes

Insider trading

ARTICLE 106 – (1) The persons mentioned below who place purchase or sale orders for capital market instruments or change the orders they have place or cancel them and thus provide a benefit for themselves or someone else based on information directly or indirectly concerning capital market instruments or issuers which can affect the prices of related capital market instruments, their values or the decisions of investors and which have not yet been declared to the public, shall be sentenced to imprisonment from **(Amended phrase under Article 37 of Law No. 7222 dated 20.02.2020)** three years up to five years or be punished with judicial fine:

a) Managers of issuers or those of their subsidiaries or their controlling corporations,

b) Persons who possess this information by holding a share in issuers' or in their subsidiaries or their controlling corporations,

c) Persons who possess this information due to performing their jobs, professions and tasks, ç) Persons who obtained this information by committing crimes,

d) Persons who know that the information they possess is of the nature mentioned in this paragraph or that should know it in case when demonstrated.

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

Manipulation

ARTICLE 107 – (1) Those who make purchases and sales, place orders, cancel orders, change orders or carry out account activities with the purpose of creating a false or misleading impression on the prices of capital market instruments, their price changes, their supplies and demands, shall be sentenced to imprisonment from (**Amended phrase under Article 37 of Law No. 7222 dated 20.02.2020)** three years up to five years and be punished with a judicial fine from five thousand days up to ten thousand days. However, the amount of the judicial fine to be imposed due to this crime shall not be less than the benefit obtained by committing the crime.

(2) **(Amended paragraph under Article 11 of Law No. 6637 dated 27.03.2015)** Those who provide false, wrong or misleading information, start rumours, give notices, make comments or prepare reports or disseminate them in order to affect the prices of capital market instruments, their values or the decisions of investors, thereby obtaining benefits shall be sentenced to imprisonment from **(Amended phrase under Article 37 of Law No. 7222 dated 20.02.2020)** three years up to five years and be punished with a judicial fine of up to five thousand days.

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

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

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

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

Cases which are not considered as insider trading and manipulation

ARTICLE 108 – (1) The following cases shall not be considered as insider trading or manipulation:

a) Implementation of money, foreign exchange rate, public debt management policies or conduct of transactions with the purpose of financial stability by the Central Bank of the Republic of Turkey or another authorised official institution or persons acting on their behalf.

b) Repurchase programs implemented according to the Board regulations, share acquisition programs directed to workers or allocation of other shares directed to the workers of the issuer or its subsidiary

c) Purchasing and selling capital market instruments or placing or cancelling orders exclusively for the purpose of supporting the market price of these instruments for a pre-determined period, provided that these operations are performed in conformity with the regulations of the Board in the context of this Law regarding price stabilising transactions and market makers.

Improper public offer and unauthorised capital market activity

ARTICLE 109 – (1) Those who make public offers of capital market instruments without fulfilling

the obligation of publishing an approved prospectus or those who sell capital market instruments without an approved issue document shall be sentenced to imprisonment from two years up to five years and punished with a judicial fine from five thousand days up to ten thousand days.

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

Abuse of confidence and forgery

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

a) Selling, using, pledging, hiding or denying for their own interest or for the interest of others, capital market instruments, cash and all kinds of other assets delivered or submitted in a dematerialized form or physically to an investment firm, a fund board of fund under Article 58 and guarantee monitors under Article 59, due to their capital market activities or as depository or for managing or as guarantee or for any purpose,

b) Decreasing the profit or assets of publicly held corporations by carrying out deceitful transactions with another company or individual with whom they are is related directly or indirectly as of management, auditing or capital, …[7] applying prices, fees and charges which are obviously different from precedent.

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

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

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

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

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

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

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[7] The phrase "… such as…" in this subparagraph has been repealed with Constitutional Court Decision E.: 2013/24, K.: 2013/133 of 14.11.2013.

Withholding information and documents, preventing the inspection

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

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

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

ARTICLE 112 – (1) Those who intentionally;

a) Do not duly keep the books and records they are legally obliged to keep,

b) Do not preserve the books and documents they are legally obliged to preserve throughout the legal period,

shall be sentenced to prison from six months up to two years and punished with judicial fine up to five thousand days.

(2)Those who intentionally;

a) Draw up the financial statements and reports so as not to reflect the truth,

b) Open accounts contrary to facts,

c) Commit all kinds of accounting fraud on records,

ç) Draw up wrong or misleading independent audit and appraisal reports as well as the responsible managers or members of the board of directors of issuers who enable their drawing up,

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

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

Obligation of confidentiality

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

Security precautions regarding legal entities

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

Written application and special investigation procedures

ARTICLE 115 – (1) Conducting an investigation due to the crimes defined or referred to in this Law is subject to a written application to be made by the Board to the Office of the Chief Public Prosecutor. This application qualifies as a cognizance condition.

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

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

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

(5)Article 8 of the Law dated 4/5/2007 and numbered 5651 on the Regulation of Publications Made on the Internet and Combatting Crimes Committed by Means of such Publication, shall also be applied to the crimes in the Article 109.

Task and authority

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

SEVENTH SECTION

Principles Regarding the Capital Markets Board

Establishment and independency

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

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

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

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

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

The Board Decision Making Body

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

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

Principles regarding the Chairman and Board members

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

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

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

(2)**(Amended by provision 165/d of Decree-Law No 703)** The Chairman, acting chairman, deputy chairman and members shall be appointed by the President of the Republic

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

Terms of Office of the Chairman and Board members

ARTICLE 120 – (1) **(The first two sentences were repealed by provision 165/e of Decree Law No. 703)**[8] In cases where the chairmanship or a membership becomes vacant for any reason, the appointment shall be made for the vacant membership within a maximum period of two months in accordance with the principles stated in Article 119.

(2) The offices of the Chairman and members of the Board shall not be terminated for any reason prior to completing their terms of office[9]. However, if they cannot take office for a period longer than six months due to serious disease or disability, if they lose the required qualifications for appointment or it is determined that their situation is in violation of Article 121 or if a sentence imposed on crimes they have committed related to their duties becomes final, **(Amended phrase under provision 165/e of Decree Law No.703)** they shall be discharged prior to the completion of their term of office with the approval of the President of the Republic. Furthermore, in the event that the temporary incapacity to work lasts for more than six months, memberships of these members shall be cancelled.

Prohibitions

ARTICLE 121 – (1) The Chairman and members of the Board may make scientific publications, give lectures and conferences and receive copyrights arising from these activities and obtain their lecture and conference fees, provided that they do not disrupt their fundamental duties. However, unless based on a special law, they may not enter into any other public or private task other than fulfilling their official tasks at the Board, they may not be managers of associations, foundations, cooperative companies and hold similar management positions, they may not be involved in commercial business, perform their self-employment activities, hold a share in corporations where the Board is authorized to regulate and supervise and they may not act as arbitrators and experts.

(2) As of the date they take office, the Chairman and members of the Board shall dispose of all kinds of capital market instruments of institutions the Board is responsible for regulating and supervising belonging to themselves or their spouses and children under their guardianship and sell them within thirty days to persons other than their spouses, adopted children and persons other than up to third degree blood

[8] Under Article 7 of Presidential Decree No. 3 on Senior Public Officials and Appointment Procedures in Public Institutions published in the Official Gazette edition 30474 on 10.07.2018, duration of the terms of chairpersons of Regulatory and Supervisory Authorities with the exception of Radio and Television Supreme Council, have been determined as 4 years in Table III annexed to the Decree.

[9] Under the fourth paragraph of Additional Article 34 added to Decree-Law 375 by Article 178 of Decree Law 703, senior public officials appointed by the President of the Republic may be dismissed before the expiration of their term due to inability to fulfill institutional goals, in addition to any other reasons specified in related laws.

relatives and up to second degree relatives by marriage, with the exception of debt instruments issued by the Undersecretariat of Treasury and pension fund units. Members who do not abide by this rule within 30 days starting from the date they take office shall be deemed to have resigned from membership.

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

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

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

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

Duties and authorities of the Board Decision Making Body

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

a) Discussing and finalizing draft by-laws and communiqués concerning the Board and the field that the Board is tasked with regulating and supervising as well as the files of application and the examination and inspection reports prepared by the Board staff

b) Discussing and finalizing the Board budget, its final account and its annual report

c) Appointing the executive vice chairs of the Board and heads of department upon the proposal of the Chairman

ç) Discussing and finalizing proposals concerning the opening of representative offices domestically or abroad and the purchase, sale, construction or renting of real estate

d) Deciding about all kinds of operations concerning the receivables, rights and debts of the Board with third persons as well as their peace settlement, release and arbitration when necessary

e) Deciding about memberships to international organizations concerning the field of activity of the Board, the payments to be made to these organizations as well as deciding to contribute to projects related to the field of activity of the Board which are carried out by these organizations and by the international organizations where the Republic of Turkey is a member

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

Working principles of the Board Decision Making Body

ARTICLE 123 – (1) In principle, the Board Decision Making Body shall convene when necessary at least once every two weeks, with an agenda. The texts of proposals included in the meeting agenda determined by the Board Chairman and their annexes shall be communicated to the members three days prior to the date of the meeting, the issues which are not included in the meeting agenda may also be discussed during the meeting of the Board, on condition that they are accepted by the majority of the members participating in the meeting. In such a case, the decision taken shall be determined with a minute.

The meetings of the Board may be held at the headquarters of the Board and its representative offices as well as in other domestic locations to be decided by the Board. Holding a meeting without an agenda with the participation of all the members except those who have a valid excuse, remote participation in Board meetings and other miscellaneous issues concerning meetings shall be determined with an internal by-law to be issued by the Board. Upon the request of the members, the Board Decision Making Body may also determine the Board representative offices outside the Board headquarters as the permanent work place of the related member.

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

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

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

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

(6) Without prejudice to the provisions foreseen in this Law, the Board Decision Making Body shall declare its decisions to public by appropriate means, primarily on the internet, with the exception those which are regarded as objectionable in terms of the economy of the country and of public order.

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

Chairman

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

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

a) Determining the agenda, date and time of the Board Decision Making Body meetings, chairing the meetings

b) Finalizing proposals submitted by service units and presenting them to the Board Decision Making Body

c) Providing the publication of the Board Decision Making Body's decisions, ensuring that the necessary actions for these decisions are taken and monitoring their implementation

ç) Ensuring the preparation of the annual budget in accordance with the strategies and objectives of the Board, its financial statements, annual reports and performance reports and submitting them to the approval of the Board Decision Making Body

d) Ensuring the efficient working of service units in harmony and productively, resolving problems about duties and authorities between the service units of the Board, granting additional duties and

responsibilities to service units when necessary

e) Making evaluations concerning strategies, policies and related legislation within the field of activity of the Board as well as evaluations concerning the performance criteria of the staff

f) Carrying out the relations of the Board with other institutions

g) Appointing Board staff other than those foreseen to be appointed by the Board Decision Making Body

ğ) Making declarations and explanations to media organs on behalf of the Board

h) Ensuring the implementation of the Board budget, the collection of its revenues and making expenditures which are not under the authority of the Board Decision Making Body

ı) Determining principles regarding the establishment and functioning of the necessary internal organization in order to provide for the conduct of scientific research mentioned in sub-paragraph (1) of the first paragraph of Article 128

i) Performing other duties related to the administration and functioning of the Board

j) In cases where the investment contract regulated in this Law and in related legislation is related to fields that require sectoral expertise, requesting expert staff to work together with or study reports from public institutions and bodies,

(3) The Chairman may partially delegate his duties and authorities which are not related to the Board Decision Making Body, on condition that the scope of the delegation is clearly indicated and made in writing.

Executive Vice Chairs of the Board

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

Service units

ARTICLE 126 – (1) The service units of the Board consist of twelve service units organized as departments. Upon the proposal of the Board Decision Making Body and the approval of the related Minister, new departments may be established provided that their number does not exceed half of this number, the existing departments may be terminated or merged on condition that their number is not under twelve or a certain part of their duties and authorities may be delegated to new departments to be established. Service units shall be determined with a by-law entering into force **(Amended phrase under provision 165/f of Decree Law No 703)** upon the proposal of the Board Decision Making Body and the decision of the President of the Republic in accordance with the field of activity, duties and authorities mentioned in this Law.

(2) Representative offices may be opened with the decision of the Board Decision Making Body where deemed necessary, domestically and **(Amended phrase under provision 165/f of Decree Law No 703)** with the decision of the President of the Republic in countries with which intensive relations exist in terms of capital markets. The places where representative offices would be opened and their duration as well as the working principles and procedures of representative offices, the qualities, number, term of office of the staff that would work in these representative offices, the determination of wages to be payed to them, the expenditures to be made other than staff payments and the principles and procedures regarding expenditures shall be determined **(Amended phrase under provision 165/f of Decree Law No 703)** by the President of the Republic.

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

Board staff

ARTICLE 127 – (1) The permanent duties and services to be fulfilled by the Board according to this Law and other related legislation shall be carried out by the Board staff consisting of the professional staff, advisors to the Chairman and the staff holding office in other cadres included in the annexed list number (1). Professional staff consists of the executive vice chairs of the Board, heads of department, deputy heads of department, capital market senior experts, experts, assistant experts, senior legal experts, legal experts and assistant legal experts as well as senior information technologies experts, information technologies experts and assistant information technologies experts. Advisors to the Chairman, heads of group as well as directors who had assumed the title of professional staff beforehand shall also be regarded as professional staff.

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

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

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

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

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

Duties, authorities and responsibilities of the Board

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

a) Carrying out the tasks and activities for fulfilling the duties and practices imposed by this Law and ensuring the foreseen results

b) Taking general and special decisions in order to ensure timely, adequate and accurate public disclosure

c) Determining the conditions and operating principles concerning independent auditing, rating, appraisal and information systems auditing activities of institutions and corporations within the scope of this Law and declaring those who meet these conditions in the form of lists

ç) Exchanging information and cooperating in any manner with other financial regulatory and supervisory institutions in order to ensure financial stability and fulfil the requirements of national or international legislation

d) Cooperating in any manner in relation to capital markets and signing bilateral or multilateral memoranda of understanding in accordance with the principles of reciprocity and the protection of professional confidentiality, with corresponding foreign institutions that are authorised to regulate and supervise capital markets, in order to exchange information, meet requests for documents, inspecting the headquarters, branch offices or subsidiaries or affiliates located in Turkey of institutions performing activities in the capital markets of foreign countries as well as in the bodies from which they outsource within the framework of a written contract and to take the necessary administrative measures, share the expenditures related to the activities to be carried out in this context

e) Ensuring the development of the capital market, regulating the principles and procedures

concerning new capital market institutions and instruments and supervising them

f) Determining the principles regarding those who would be employed in publicly held corporations, the professional education of managers and other employees of capital market institutions, awarding of certificates which certify their professional competence and professional license, establishing headquarters or companies for these purposes and determining the principles and procedures of their activities

g) Determining the principles and procedures which are to be abided by those who provide investment advice to capital market investors and savers

ğ) Determining the operation and working principles of the Public Disclosure Platform as well as the principles and procedures concerning the notifications and applications to be made to the Board in the scope of this Law

h) Determining the principles and procedures concerning the operation of information systems belonging to capital market institutions, publicly held corporations, exchanges and self-regulatory organisations and their supervision in the framework of this Law

ı) Commissioning national or international scientific research on capital markets to be made by persons or by working groups consisting of national or foreign academics or practitioners, for the purpose of forming a basis for the existing and future regulation preferences

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

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

k) **(Additional subparagraph under Article 57 of Law No. 6495 dated 12.07.2013)** In cases where boards of directors of publicly held corporations cannot fulfil a meeting quorum due to the expiration of the terms of some or all members of the board of directors or, to vacancies in boards of directors, and where a general assembly meeting cannot be convened within 30 days following the end of terms of members of boards of directors, or the occurrence of vacancies therein, or where an adequate number of members of boards of directors cannot be elected in general assembly meetings, the Board shall appoint ex officio, the minimum number of members of boards of directors that fulfil the independence criteria under the corporate governance principles published by the Board, in order to enable a meeting quorum, until the publicly held corporation can elect new members or until the Board appoints new members. With respect to cases where the terms of members of the board of directors have expired, members of boards of directors whose terms have expired shall continue to perform their duties until the Board appoints new members. With respect to remaining vacancies in the boards of directors after the appointment by the Board, publicly held corporations shall be requested to nominate a number of persons three times the number of vacancies among its shareholders. The Board shall specify such request by considering the proportions of shares owned by shareholders in the publicly held corporation and shall make the appointments under the principles in this subparagraph. With respect to publicly held corporations, that have failed to convene a general assembly meeting within the statutory periods in two consecutive accounting periods, and all or some of members of boards of directors of which have been appointed by the Board, the authorities of the general assembly may be exercised by the ICC. The procedures and principles with respect to the implementation of this subparagraph shall be specified by the Board.

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

shall enter into force upon publication in the Official Gazette.

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

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

Transparency and accountability

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

(2)The Board shall provide information to the **(Amended phrase under provision 165/g of Decree-Law No. 703)** Presidency of the Republic when deemed necessary by the related Ministry.

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

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

Budget of the Board, audit of its expenditures and transactions

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

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

(3)Issuers or public offerors must deposit a fee corresponding to three per thousand of the issue value of capital market instruments to be sold, which is not to be below their nominal values, if any, for the purpose of being recorded as revenue to the Board budget. At the last working day of three-month periods; a fee corresponding to five per hundred thousand of the net asset values of investment funds and investment companies with variable capital shall be deposited to the Board account within the following ten business days. Provided that the ratios mentioned in this paragraph are not exceeded, the Board Decision Making Body may determine different ratios by considering the nature, maturity or issuer of the capital market instrument. **(Amended phrase under provision 165/ğ of Decree-Law No. 703)** The President of the Republic is authorised to increase the fees to be taken provided that they do not exceed two folds of their legal ratios or decrease them to their legal ratios.

(4)**(Amended paragraph under Article 12 of Law No. 6637 dated 27.03.2015)** Starting with revenues for the year 2015, the amount calculated by revaluing the amounts recorded as revenue for the Board from revenues of the year 2014 with the exception of interest revenues, of exchanges and other organised markets, central clearing institutions, central securities depositories and the CRA which are regulated and supervised by the Board, by the arithmetic average of the ratios of change in the Consumer Price Index and Domestic Producer Price Index calculated by the Turkish Statistics Institution for Turkey

in general for the period between December of current and previous year shall be recorded by the Board as revenue to the budget of the Board. With respect to institutions subject to this paragraph that are established after this paragraph enters into force, starting with the year following their establishment, a proportion of revenues with the exception of interest revenues that will be specified by the Board for each calendar year and not exceeding ten percent of revenues shall be recorded by the Board as revenue to the budget of the Board. However, the timing and amounts of the payments to be made according to this paragraph, shall be notified by the Board to the related institutions at least thirty days in advance, by considering the cash position of the Board in the calendar year following the year when the revenue had been obtained. The amounts that are not requested within a calendar year shall be added to the amounts to be paid in the following years and may be requested by the Board according to the same procedure.

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

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

Wages, financial and social rights

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

Retiring from office of the Chairman and members of the Board

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

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

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

ARTICLE 133 – (1) Investigations concerning crimes alleged to be committed by the Chairman and members of the Board and the Board staff in relation with their duties, shall be conducted according to general provisions with the permission of the related Minister for the Chairman and members of the

Board and the permission of the Chairman for the Board staff. In investigations concerning crimes alleged to be committed collectively by the Board members and Board staff, the authority to grant an investigation permission belongs to the related Minister.

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

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

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

Recourse to courts against Board decisions

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

Keeping and disclosing secrets

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

(2) Information and documents that the Board would provide according to the provisions of this Law in the framework of the memoranda of understanding it would sign with its equivalent supervisory authorities abroad shall not in the context of the secret in the first paragraph. The Board is responsible for ensuring the protection of secrets it has obtained through memoranda of understanding or otherwise. Information and documents having the attribute of secret that the Board would obtain may be used in public

offer, granting of permission for establishment and activity, supervision of activities, monitoring compliance with regulations, and proceeding of administrative lawsuits to be filed against Board decisions. Information and documents having the attribute of secret that the Board would obtain in the context of this paragraph shall not be provided to any person, body and institution other than prosecution offices and criminal courts in the context of investigations and prosecutions as well as the Chairman and members of the Board and Board staff who would request them in relation with the prosecutions and investigations started due to the crimes alleged to be committed by them in relation with their duties, even if they have retired from office. The Board shall not be responsible for supplying information which enters into the scope of secret according to a court decision.

(3) In the event that the memorandum of understanding mentioned in the second paragraph gives an authority to share, the limits of which are clearly defined or that the reciprocity principle does not take place in the memorandum of understanding or that the counterparty is not subject to the obligation of keeping secrets at the same level, the provisions mentioned in the paragraph keeping secrets shall be applied by analogy.

EIGHTH SECTION

Final and Transitional Provisions

Reserved provisions and exemptions

ARTICLE 136 – (1) With the exception of Article 47, the provisions of this Law shall not apply to the CBRT, the transactions of CBRT, the markets within the body of the CBRT as well as payment, security transfer and consensus systems established at the CBRT.

(2) With the exception of Article 13, provisions of the first and second chapters of the second section of this Law as well as its 31st article and the first paragraph of its 69th article shall not apply to capital market instruments issued by the CBRT, the Undersecretariat of Treasury and asset leasing companies established in the framework of the Law on the Regulation of Public Finance and Debt Management dated 28/3/2002 and numbered 4749. The principles regarding the application of Articles 13 and 80 for capital market instruments issued by the CBRT, the Undersecretariat of Treasury and the asset leasing companies established in the framework of the Law numbered 4749 shall be designated by the Board, without prejudice to the regulations concerning the monitoring, custody and trading of these instruments before the CBRT.

(3) Provisions of the Law on the Central Bank of the Turkish Republic dated 14/1/1970 and numbered 1211 and the provisions of other laws giving tasks and authorities to the CBRT shall be reserved.

(4) The special status to be applied in the membership of the CBRT to institutions under the scope of this Law as well as the principles to be implemented for its transactions at such institutions shall be determined in related regulations by the Board upon taking the opinion of the CBRT.

(5) Banks which sell their own capital market instruments through public offer or private sale as well as banks carrying out investment services and activities defined in this Law, shall be subject to this Law in the framework of these activities. The provisions of this Law shall not apply to banks in terms of the number of shareholders. Banks subject to the Law numbered 5411 and insurance companies shall be subject to their special legislation in what concerns establishment, surveillance, accounting and independent audit as well as the distribution of the dividends and the usage of the equity capital of revaluation funds by banks shares of which have been sold through public offer shall also be subject to its special legislation.

(6) The Undersecretariat of Treasury and the asset leasing companies established according to the Law numbered 4749 shall be exempt from the provisions of Article 61, first paragraph of Article 71 and Article 130 of this Law.

(7) The provisions of Article 53 of the Law of The Union of Chambers and Commodity Exchanges of Turkey, and Chambers and Commodity Exchanges dated 18/5/2004 and numbered 5174 concerning the commodity stocks and the time bargain contracts shall be reserved.

Miscellaneous provisions

ARTICLE 137 – (1) Article 47 may also be applied to contracts of guarantee concerning all or certain capital market instruments that are not monitored in a dematerialized form at the CRA with the decision of the **(Amended phrase under provision 165/h of Decree-Law No. 703)** President of the Republic.

(2) Strike and lock-out are not allowed in services carried out by exchanges and other organised market places, central clearing institutions, central securities depositories and the CRA, which are established and performing their activities according to this Law.

(3) It is not possible to refrain from registering the shares of publicly held corporations purchased as a result of transactions at the exchange to the share registry. Articles 493 and 494 of the Law numbered 6102 shall apply to the shares of these corporations which are not traded on the exchange.

Borsa Istanbul A.Ş.

ARTICLE 138 – (1) A joint stock company subject to the provisions of this Law with the trade name Borsa Istanbul A.Ş. has been established in order to carry out the exchange activities mentioned in Article 67. The related Corporation shall be registered ex-officio to the trade registry at the date when this Law enters into force, without need for any further transaction. Upon the registration of its articles of association to be prepared according to the second paragraph of this Article to the trade registry, Borsa Istanbul A.Ş. shall be deemed to have taken the permissions concerning the establishment and activity of exchanges and market operators mentioned in Article 65 of this Law.

(2) The articles of association of Borsa Istanbul A.Ş. which includes its field of activity and purpose, amount of its capital, its shares, principles of its share transfers, privileges to be granted to shares without being subject to the fourth paragraph of Article 478 of the Law numbered 6102, liquidation, acquisition, merger, dissolution, public offer restrictions, its bodies and committees as well as their formation, its tasks, authorities and responsibilities, operating principles and procedures, its accounts, the principles concerning the distribution of its profits, its organisation and other issues shall be prepared by the Board and be directly registered and announced without being subject to general provisions within six months starting from the date when this Law enters into force, following the approval of the related Minister. This duration may be extended for up to three months with the decision of the related Minister. Until the registration and announcement of the articles of association, the provisions of the existing regulations concerning the establishment and bodies of Stock Exchanges which are not contrary to this Law shall continue to be applied.

(3) The transactions to be carried out in the context of the establishment and registration of Borsa Istanbul A.Ş. under this Article and the preparation, registration and announcement of its articles of association shall be exempt from charges and the papers to be prepared shall be exempt from stamp duty. No fee shall be taken from the transactions concerning the registration to the Trade Registry.

(4) The legal entities of Istanbul Stock Exchange established according to the Decree- Law numbered 91 repealed by this Law and Istanbul Gold Exchange established according to Article 40/A of the Law numbered 2499 repealed by this Law shall be terminated upon the registration of the articles of association of Borsa Istanbul A.Ş.

(5) Upon the registration of the articles of association of Borsa Istanbul A.Ş., all kinds of assets, debts and receivables, rights and obligations, all kinds of records including those in the electronic environment and other documents belonging to Istanbul Stock Exchange and Istanbul Gold Exchange shall

be deemed to be transferred to Borsa Istanbul A.Ş. as a whole without the need for any other transaction apart from the exceptions mentioned in this Article. In so far as, the immovable assets in the annexed list number (2), the ownership of which belongs to Istanbul Stock Exchange and their innovations have been transferred to the Board. The immovable assets in the annexed list number (3), the ownership of which belongs to Istanbul Stock Exchange, shall be registered ex-officio free of charge in the name of the Treasury at the title deed and shall be deemed to be allocated to the Ministry of National Education. The opinion of the Ministry of Finance shall be taken regarding the intended use of the immovable assets in the annexed list number (3). The immovable assets in the annexed list number (4), the ownership of which belongs to Istanbul Stock Exchange, shall be registered ex-officio free of charge in the name of the Treasury at the title deed. The immovable assets in the annexed list number (4) shall be directly left to the use of Borsa Istanbul A.Ş. for twenty-nine years together with the constructions on them, the first fifteen years being free of charge. The Undersecretariat of Treasury is authorised to make a protocol with the Borsa Istanbul A.Ş. regarding the intended use of immovable assets left to the use of Borsa Istanbul A.Ş., the cost of their use, the principles concerning their building, construction and modification and other issues. Following the transfer to be made according to the first sentence of this paragraph, the positive balance between the liabilities and the assets other than the immovable assets transferred to the Treasury and the Board, shall constitute the founding capital of Borsa Istanbul A.Ş.. The transactions to be made under this Article shall be exempt from inheritance and succession tax and charges and the papers to be prepared shall be exempt from stamp duty.

(6)In the articles of association of Borsa Istanbul A.Ş., forty-nine percent of its shares shall be registered in the name of the Treasury, all the transactions concerning this share ownership to be carried out by the Undersecretariat of Treasury and fifty-one percent shall be registered in the name of Borsa Istanbul A.Ş., to be used primarily for the following purposes:

a) Upon the registration and announcement of the articles of association, four percent of the capital shall be transferred to the existing members of the Istanbul Stock Exchange, three per thousand shall be transferred to the existing members of Istanbul Gold Exchange equally and free of charge; and the part corresponding to one percent shall be transferred to the Capital Markets Association of Turkey free of charge.

b) Within one month starting from the date when the articles of association of Borsa Istanbul A.Ş. has been registered, upon their request, the existing shareholders of Turkish Derivatives Exchange shall be given a proportion of the shares of Borsa Istanbul A.Ş. to be calculated by multiplying the share rate they own with 0,05 in return for the shares they hold in Turkish Derivatives Exchange. Article 7 of the Law dated 7/12/1994 and numbered 4054 shall not apply to this share transfer.

c) When necessary, a certain part of the shares belonging to Borsa Istanbul A.Ş. may be transferred with the approval of the Board to related parties in consideration of the establishment of strategic partnerships and/or to other exchanges and markets or system operators in consideration of transfers of technology, technical information and competence.

ç) In the event that any shares remain at Borsa Istanbul A.Ş. within three years starting from the publication date of this Law, these shares shall devolve to the Treasury free of charge.

(7) The public offer of the shares of Borsa Istanbul A.Ş. belonging to the state or their sales through other methods shall be realised in the framework of principles and procedures to be determined by the **(Amended phrase under provision 165/ı of Decree-Law No. 703)** President of the Republic.

(8) Until the chairman and members of the executive board of Borsa Istanbul A.Ş. have been elected according to its articles of association, the existing chairman of Istanbul Stock Exchange shall officiate as the chairman of the executive board of Borsa Istanbul A.Ş.; and the executive board members of Istanbul Stock Exchange shall officiate as the executive board members of Borsa Istanbul A.Ş.. **(Repealed second sentence under Article 23 of Law No 6637 dated 27.3.2015)**. In cases where the chair

and memberships of the executive board become vacant for any reason until the election of the chairman and members of the executive board of Borsa Istanbul A.Ş. have been realised, the Undersecretariat of Treasury shall make assignments to replace them. The assignments of the chairman and members of the executive board of Istanbul Gold Exchange shall be terminated as of the date when the articles of association of Borsa Istanbul A.Ş. has been registered.

(9)a) The provisions of the existing regulations concerning Istanbul Stock Exchange and Istanbul Gold Exchange which are not contrary to this Law shall continue to be applied until the regulations to be made according to this Law enter into force.

b) The references made in the legislation to Istanbul Stock Exchange and Istanbul Gold Exchange shall be deemed to be made to Borsa Istanbul A.Ş., as to their relevancy.

(10)With the termination of the legal entities of Istanbul Stock Exchange and Istanbul Gold Exchange, all their exchange activities that are being carried out as well as all their other ongoing businesses, transactions and activities shall be conducted by Borsa Istanbul A.Ş.. Borsa Istanbul A.Ş. shall automatically acquire the title of party in the lawsuits filed or to be filed in favour of or against these exchanges and in executive proceedings.

(11) Until the share of the State in Borsa Istanbul A.Ş. falls below fifty percent, the auditing of all kinds of accounts and transactions of itself and its associates shall only be carried out by an independent audit firm to be selected by the Undersecretariat of Treasury among the independent audit firms list of the Board. The report prepared at the end of the independent auditing shall be submitted simultaneously to the Board and the Undersecretariat of Treasury. The first and third paragraphs of Article 72 of this Law shall also be applied to Borsa Istanbul A.Ş..

(12) Borsa Istanbul A.Ş. and its associates and subsidiaries, shall not be subject to the legislation, practices and restrictions implemented to public bodies, institutions and corporations where more than half of the capital belongs to the State, including State Economic Enterprises, or to those established under special laws or **(Additional phrase under provision 165/ı of Decree-Law No. 703)** under a Presidential Decree. Regarding the securities they issue, the Undersecretariat of Treasury as well as the asset leasing companies established according to the Law numbered 4749 shall be exempt from the registration fee and listing fee that have to be paid by the issuers to Borsa Istanbul A.Ş..

(13) Provisions of the Decree Having the Force of Law numbered 233, the Decree Having the Force of Law dated 22/1/1990 and numbered 399 on the Regulation of the Personnel Regime of State Economic Enterprises and on the Repeal of Certain Articles of the Decree Having the Force of Law numbered 233, the Law numbered 657, the Decree Having the Force of Law dated 4/7/2001 and numbered 631 on the Regulations Concerning the Financial and Social Rights of Civil Servants and Other Public Officials and on the Amendment of Some Decrees Having the Force of Law, the Decree Having the Force of Law numbered 190, the Travel Expense Law dated 10/2/1954 and numbered 6245, Law on the Court of Accounts dated 3/12/2010 and numbered 6085, the Law on the Regulation of the Supervision of State Economic Enterprises and Funds by the Turkish Grand National Assembly dated 2/4/1987 and numbered 3346, the Public Procurement Law dated 4/1/2002 and numbered 4734, the Public Procurement Contracts Law dated 5/1/2002 and numbered 4735, the State Procurement Law dated 8/9/1983 and numbered 2886, the Law numbered 5018, the Vehicle Law dated 5/1/1961 and numbered 237, the Public Housing Law dated 9/11/1983 and numbered 2946, the Law on the Foundation of the Press Release Institution dated 2/1/1961 and numbered 195, the Law on Privatisation Applications dated 24/11/1994 and numbered 4046, the Decree Having the Force of Law dated 18/5/1994 and numbered 527, the Law on the Protection of Competition dated 7/12/1994 and numbered 4054 as well as the provisions of their annexes and amendments shall not be applied for Borsa Istanbul A.Ş. as well as for its associate and subsidiaries which have become subject to it due to the direct or indirect share ownership of Borsa Istanbul A.Ş.. **(Annulled second sentence in accordance with the decision of the Constitutional Court of 14.11.2013 No. E.:**

2013/24, K.: 2013/133)

(14) The related Minister shall be authorised to clarify any ambiguities that may arise in the implementation of this Article.

Amended and repealed provisions

ARTICLE 139 – The Capital Market Law dated 28/7/1981 and numbered 2499 has been repealed. The references made in the legislation to the provisions of the Law numbered 2499 shall be deemed to be made to relevant provisions of this Law.

ARTICLE 140 –Decree Having the Force of Law on Stock Exchanges dated 3/10/1983 and numbered 91 has been repealed.

ARTICLE 141 – The paragraph below has been added to the Additional Article 4 of the Law on the Establishment and Duties of the Undersecretariat of Treasury dated 9/12/1994 and numbered 4059.

"In the event that a negative development which can affect to the whole financial system arises and that the Financial Stability Committee determines this situation, the Council of Ministers shall be authorised to determine the measures to be taken, and all the related institutions and organisations shall be authorised to and responsible with applying immediately these determined measures."

ARTICLE 142 – The fourth paragraph of Article 6 of the Law on the Liquidation of Certain Funds dated 23/5/2000 and numbered 4568 has been repealed.

ARTICLE 143 – The first paragraph of Article 53 of the Law numbered 5174 shall be repealed and the following paragraphs shall be added to the same article.

"Commodity exchanges having a national or international field of activity, bringing together the demand and supply of one or more products in its listing in confidence and under free competition and stability by considering the economic requirements, mediating the purchase and sale of products classified according to the product standards in force in physical or electronic forms, carrying out the trade of products physically as well as through commodity stocks representing the commodity and issued by licensed depository entities operators and through time bargain contracts, having safe recording and safekeeping facilities related to transactions, possessing a data processing infrastructure, a technical and electronic equipment infrastructure as well as an institutional and financial infrastructure that can announce the prices formed within, the information produced and other similar and alternative markets monitored and announced shall be established under the status of joint stock company with the decision of the Council of Ministers upon the proposal of the Ministry and the Capital Markets Board. The commodity exchanges may make agreements with one or more market operators subject to the provisions of the Capital Market Law for the purpose of operating and/or managing themselves or the markets within their body. This agreement shall not be in force without the approval of the Ministry and the Capital Markets Board. Upon the given approval, the market operators shall use the rights held by the commodity exchanges and shall provide the fulfilment of obligations foreseen in the Capital Market Law and the related legislation in the framework of the agreement made with the commodity exchange."

"Actions which cannot be explained with a reasonable economic or financial justification and are of a nature deteriorating the functioning of commodity exchanges in security, openness and stability, shall be deemed as market abuse actions unless they constitute a crime. Administrative fines shall be imposed according to the Capital Market Law to those committing market abuse actions.

The principles and procedures concerning the intermediary services related to the purchase and sale of commodity stocks and time bargain contracts in commodity exchanges, the authorisation of intermediaries and the suspension and cancellation of this authority, the monitoring and auditing of intermediaries and the other transactions concerning intermediary services related to commodity stocks and time bargain contracts shall be established with by-laws to be issued jointly by the Ministry and the

Capital Markets Board.

The monitoring and inspection activities regarding transactions conducted on commodity stocks and time bargain contracts shall be established with a by-law to be issued jointly by the Ministry and the Capital Markets Board. The measures to be taken and the transactions to be made on the issues that would arise as a result of these activities shall be subject to the Capital Market Law and the related legislation."

ARTICLE 144 – The second paragraph of Article 15 of Law on Licensed Depository Entities for Agricultural Products dated 10/2/2005 and numbered 5300 has been repealed.

ARTICLE 145 – a) The first paragraph of Article 33 of the Law numbered 5411 has been amended as follows.

"The additional conditions to be requested from independent audit firms authorised by the Public Oversight, Accounting and Auditing Standards Authority in the context of Article 15 shall be determined by the Board by taking the opinion of the Central Bank and institution associations and the list of independent audit firms meeting these criteria shall be declared to public. The Board is authorised to delist temporarily or permanently the independent audit firms taking place on the list, which have been determined to have acted against the standards and the legislation, following the quality controls and supervisions it conducts on independent auditing activities of these listed independent audit firms within the scope of this Law. The Board shall notify to the Public Oversight, Accounting and Audit Standards Authority the results of the quality controls and supervisions it would carry out. Independent audit firms shall be responsible for the damages they have caused to third persons as a result of the activities they have performed according to this Law."

b) The first paragraph of Article 37 of the Law numbered 5411 has been amended as follows.

"Banks are obliged to apply the uniform accounting system in accordance with the principles and procedures that the Board has determined by taking the opinions of the Public Oversight, Accounting and Auditing Standards Authority and institution associations; to make the accounting of all their transactions in line with their real characteristics, in accordance with the accounting and financial reporting standards published by the Public Oversight, Accounting and Auditing Standards Authority and to prepare their financial statements in a form and content so as to meet the demand of knowledge acquisition, in an understandable, trustable and comparable manner, on time and correctly, convenient to auditing, analysing and interpretation."

c) Article 72 of the Law numbered 5411 has been repealed.

ARTICLE 146 – The following paragraph has been added to Article 23 of the Decree Having the Force of Law on the Organisation and Responsibilities of the Public Oversight, Accounting and Auditing Standards Authority dated 6/9/2011 and numbered 660.

"(4) The provisions of the Capital Market Law and Banking Law shall be reserved in the application of this Article."

ARTICLE 147 – The following paragraph has been added to Article 26 of the Decree Having the Force of Law numbered 660.

"(3) An administrative fine from ten thousand Turkish Liras up to fifty thousand Turkish Liras shall be imposed by the Board to independent audit firms for infringements of the regulations, forms and standards determined on the basis of the provisions of this Decree Having the Force of Law as well as the general and special decisions taken by the Board. The administrative fines imposed according to this Article shall be recorded as revenue to the budget."

ARTICLE 148 – The third paragraph of Article 27 of the Decree Having the Force of Law numbered 660 has been amended as follows.

"(3) Institutions and boards founded by laws for regulation and supervision of particular areas, may publish regulations limited with details in what concerns the standards that would be valid for their domains, on condition that they conform to the Turkish Accounting Standards."

ARTICLE 149 – The following sentence has been added to the fourth paragraph of Transitional Article 1 of the Decree Having the Force of Law numbered 660.

"The Capital Markets Board and the Banking Regulation and Supervision Agency reserve the authority to impose administrative fines to independent audit firms authorised according to their own legislations."

Regulatory actions

TRANSITIONAL ARTICLE 1 – (1) The regulations concerning the implementation of this Law shall be put into force within one year starting from the date of publication of this Law. Until the regulations that would be put into force according to this Law enter into force, the provisions of existing regulations which are not contradictory to this Law shall proceed to be applied.

(2) The existing applications which had not been discussed and finalized by the Decision Making Body of the Board at the date of publication of this Law shall be concluded according to the provisions of this Law.

Transitional provisions concerning intermediary institutions and derivatives intermediary institutions

TRANSITIONAL ARTICLE 2 – (1) Principles and procedures concerning the offering of investment services and activities as well as ancillary services shall be determined by the Board within six months starting from the publication date of this Law. Relevant institutions shall comply with these principles and procedures within a reasonable period to be granted, during the preparation and assignment of new licenses to intermediary institutions and derivatives intermediary institutions. Otherwise, the relevant institution shall not carry out the investment services and activities in question.

(2) Until necessary regulations enter into force according to the first paragraph, intermediary institutions and derivatives intermediary institutions shall carry out their activities according to their existing licenses.

(3) Intermediary institutions and derivatives intermediary institutions which had been previously granted permission for activity by the Board at the date of publication of this Law, shall continue the activities they were performing in accordance with the Law numbered 2499 repealed with this Law until the end of the period mentioned in the first paragraph.

Special Fund

TRANSITIONAL ARTICLE 3 – (1) A Special Fund has been established for the purpose of partial compensation in the framework of the principles in this Article, of receivables arising from capital market activities of investors working with intermediary institutions all licenses of which have been cancelled by the Board prior to 18/12/1999. The management and representation of the Special Fund shall be carried out by the ICC.

(2)In order to be able to make a payment to the claimants of related intermediary institutions by also considering the resources of the Fund, a bankruptcy suit should be filed about these institutions before or after 18/12/1999 and during the winding-up of bankruptcy, the receivables should be documented by a certificate of insolvency in execution proceedings. Without prejudice to the rights of those who have applied before the date of entry into force of this Law, no payment shall be made from the Special Fund to the claimants who did not apply to the bankruptcy estate for registering their receivables within two years starting from the publication date of this Law.

(3) In the calculation to be made by the bankruptcy administration during the winding-up of bankruptcy, the amount of the receivables in cash or securities as of the date of cancellation of licenses shall be converted into US Dollars with the foreign exchange purchasing rate of the CBRT at the date when licenses of intermediary institutions had been cancelled. After the announcement of the bankruptcy of these intermediary institutions, payments made during the winding-up of bankruptcy shall be converted into US Dollars with the foreign exchange purchasing rate of the CBRT at the date of payment and then deducted from the principal receivable on a US Dollar basis. The remainder calculated by this method shall be converted into Turkish Liras with the foreign exchange purchasing rate of the CBRT at the date of the certificate of insolvency in execution proceedings and then it shall be paid to right holders according to principles indicated in the fourth paragraph.

(4)The amount of payment to be made to a claimant until 31/12/2012 shall not exceed 18.729 Turkish Liras. After 1/1/2013, this amount shall be increased at the rate of the revaluation coefficient announced each year. However, according to the third paragraph, the amount of interim payments deducted from the principal receivable on a US Dollar basis shall be converted into Turkish Liras on the foreign exchange purchasing rate of the CBRT as of the date of cancellation of licenses, and then it shall be deducted from the maximum payment amount mentioned in this paragraph in order to determine the maximum amount to be paid to right holders.

(5)The principles concerning the management and accretion of the assets of the Special Fund shall be determined with a by-law to be prepared by the ICC and approved by the Board. The Special Fund shall not be used for purposes other than payments to be made in accordance with this Article. In the event that the Special Fund is not sufficient to meet the payments to be made, the additional resource to be determined by the decision of the **(Amended phrase under provision 165/i of Decree-Law No. 703)** President of the Republic shall be met by the Treasury. Assets of the Special Fund which are contained within the Istanbul Stock Exchange as of the publication date of this Law shall be transferred within three months starting from the date when receivables, debts and rights have devolved from the Investors Protection Fund to the ICC.

(6)Payments to be made for receivables submitted by bankruptcy administrations, that have been documented by a certificate of insolvency in execution proceedings shall be determined according to the calculation method under the third and fourth paragraphs and made by the Special Fund to the bankruptcy administrations. For the purpose of making payments in accordance with the provisions of this Article, the Special Fund holds the right to make cross examinations on the basis of the final list of the sequence of payments to creditors, documents in the bankruptcy file, and documents it may request from the bankruptcy administration and the bankruptcy office; and to reject payment claims which are in violation of this Article and provisions of other related legislation.

(7)Payments to right holders shall be made by bankruptcy administrations. No payments shall be made in the context of this Article to the partners, the members of the board of directors and board of auditors and the employees of the bankrupt intermediary institution who appear to be its claimants as well as their spouses and relatives by blood or marriage including the third degree and the capital market institutions. The rights of claimants arising from general provisions shall be reserved for their receivables exceeding payments made according to this Article.

(8)The Board is authorised to determine principles and procedures concerning the implementation of this Article and to make the necessary regulations.

Transitional provisions concerning the Investor Protection Fund

TRANSITIONAL ARTICLE 4 – (1) Rights, receivables and debts of the Investor Protection Fund shall be transferred to the ICC within six months starting from the publication of this Law.

(2) Lawsuits concerning institutions the gradual liquidation of which had started before the date of

publication of this Law as well as the operations and transactions with regard to their liquidations shall be finalised by the CRA. The ICC shall make necessary payments to the CRA for these operations and transactions.

(3) Article 84 shall not be applied to intermediary institutions the gradual liquidations of which continue according to Article 46/B of the Law numbered 2499 repealed by this Law. Cash payment including accretions and stock delivery obligations of these institutions against their customers due to their capital market activities and transactions, arising from transactions in stocks shall be met.

Transitional provisions concerning the Capital Markets Association of Turkey and the Appraisal Experts Association of Turkey

TRANSITIONAL ARTICLE 5 – (1) The title of the Association of Capital Market Intermediary Institutions of Turkey established by article 40/B of the Law numbered 2499 repealed with this Law has been amended as Capital Markets Association of Turkey established by Article 74 of this Law. This title change shall be implemented starting from the date when, according to the third paragraph of Article 75 of this Law, the Statute change would enter into force with the decision of the Council of Ministers.

(2) The institutions that have to become a member of the Capital Market Association of Turkey, other than the existing members of the Association of Capital Market Intermediary Institutions of Turkey, are obliged to apply to the Capital Market Association of Turkey within one month starting from the date when the Statute changes enter into force. Within the two months following this period, the Association shall call its members to the general assembly meeting in order to elect its bodies in accordance with the new Statute.

(3) The appraisal institutions that have to become a member of the Appraisal Experts Association of Turkey, are obliged to apply to the Appraisal Experts Association of Turkey within three months starting from the date when the Statute prepared according to the third paragraph of Article 75 enter into force. Within the three months following this period, the Appraisal Experts Association of Turkey shall call its members to the general assembly meeting in order to elect its bodies in accordance with the new Statute.

(4) The Board is authorised to clarify any ambiguity that may arise in the implementation of this Article.

Transitional provisions concerning collective investment schemes

TRANSITIONAL ARTICLE 6 – (1) The principles and procedures regarding the regulations included in Articles 48 to 56 shall be determined by the Board within six months starting from the date of publication of this Law.

(2) Until the regulations necessary in the framework of the first paragraph enter into force, the regulations made on the basis of the Law numbered 2499 repealed with this Law shall continue to be implemented and the applications shall be concluded according to these regulations.

(3) Investment funds and investment companies which have been established prior to the date of publication of this Law are obliged to apply to the Board within one year starting from the entry into force of the secondary legislation mentioned in the first paragraph in order to bring their fund rules or their articles of association, structures and organisations in conformity with the related regulations. Otherwise, the Board shall decide to liquidate or transfer the investment funds. On the other hand, investment companies shall be deemed to have left the investment company status, in this case, the fifth paragraph of Article 26 shall be applied by analogy.

(4) The portfolio management companies which have been established prior to the date of publication of this Law shall bring their articles of association, structures and organisations in conformity with the related regulations within one year starting from the entry into force of the secondary legislation mentioned in the first paragraph. Otherwise, they are obliged to apply to the Board in order to change their

main fields of activity and the phrase portfolio management company taking place in their trade names.

(5)The Board shall be authorised to prolong the durations mentioned in this Article up to two folds.

Transitional provisions concerning the Chairman and members of the Board and the Board staff

TRANSITIONAL ARTICLE 7 – (1) The memberships of the Chairman and members of the Board who held office at the date of publication of this Law shall be terminated at the date of publication of this Law. These persons shall be deemed to be appointed to the cadres of Advisor to the Chairman created with the attached list number (5) without the need for any action in order to take office until the end of their terms of office according to the legislation establishing their appointments and they shall perform the consultative duties determined by the Chairman. The cadres of Advisor to the Chairman created with this paragraph shall be deemed to be cancelled without the need for any action as they become vacant for any reason and in any case as the remaining terms of duty of the Chairman and members who are deemed to be appointed to the related cadres terminates according to the legislation establishing their appointment. The payments made in the context of financial and social rights as Chairman and Board member to those deemed to be appointed to the cadres of Advisor to the Chairman according to this paragraph shall continue in the framework of the second paragraph until the end of their terms of office according to the legislation establishing their appointment.

(2) Regarding the staff in the cadres of the Board on 15.01.2012, legislation provisions that were in force prior to that date shall continue to be applied, by also taking into consideration the provisions of interim Article 10 of the Decree Having the Force of Law numbered 375. In the event that the total payment calculated according to the provisions that are continued to be applied is lower than the total payment calculated according to the provisions of this Law, the payments of the related persons shall be made according to the provisions of this Law. The affiliations of those who are subject to social security institutions other than the Social Security Institution at the date of entry into force of this Article shall continue.

(3) The staff the cadre titles of whom do not change due to this Law shall be deemed to be appointed to their cadres with the same title. Those whose cadre titles have changed or have been cancelled shall be appointed to a new cadre suitable to their situations within one year starting from the date of entering into force of this Article; until the appointment is made they may be charged in tasks required by the Board. Until they are appointed to a new cadre, these persons shall continue to receive the monthly wage, bonus and payments made under similar names belonging to their former cadre titles, by considering the provisions of the second paragraph.

(4) The legislation provisions that were in force prior to the publication date of this Law shall continue to be applied about the financial and social rights and other employment issues concerning the staff who were employed at the Board as contracted employees according to the Law numbered 2499 repealed with this Law as of the date when this Article entered into force.

(5) The headquarters of the Board shall be in Ankara until the processes and operations concerning relocation of the Board headquarters to Istanbul have been completed.

(6) The provisions of the fourth and sixth paragraph of Article 121 shall not be applied to the Chairmen and members of the Board and professional staff who have left the Board prior to the date of publication of this Article.

Other transitional provisions

TRANSITIONAL ARTICLE 8 – (1) Istanbul Stock Exchange Clearing and Custody Incorporation shall continue to perform operations and transactions concerning capital market activities it carries out at the date of publication of this Law as the central clearing institution, without the need for any

permission or authorisation.

(2)The provision of the fourth paragraph of Article 13 shall be applied to dematerialised and delivered capital market instruments prior to the date of publication of this Law as well as to capital market instruments that had not been delivered yet although the dematerialisation decision had been taken.

(3) For corporations that were publicly held according to this Law but the shares of which were not traded at the stock exchange at the publication date of this Law, the two-year period in Article 16 shall start from the publication date of this Law.

(4)For corporations, the number of shareholders of which was between 250 and 500 as of the publication date of this Law and which were thus regarded as publicly held corporation under the Law numbered 2499 repealed with this Law, that do not qualify as publicly held corporations according to this Law, the third sentence of the fourth paragraph of Article 33 shall be applied

(5)The restriction mentioned in the sixth paragraph of Article 26 shall be implemented starting from the publication date of this Law.

(6)The five-year period mentioned in the second paragraph of Article 28 shall start from the publication date of this

Law.

(7) The provision of Article 32 shall be applicable to the responsibility that would arise from public disclosure documents to be disclosed to the public after the publication date of this Law.

(8)The implementation of the revaluation coefficient ratio set in the fifth paragraph of Article 84 of this Law shall start from the date 1/1/2014.

Registration of trading transactions of securities

TRANSITIONAL ARTICLE 9 – (1) The trading transactions conducted by investment firms outside Borsa Istanbul A.Ş. in what concerns the securities traded on, listed in or recorded at Borsa Istanbul A.Ş. must be registered to Borsa Istanbul A.Ş. under the conditions determined by Borsa Istanbul A.Ş. and approved by the Board.

Entry into Force

ARTICLE 150 – (1) This Law shall enter into force at the date of its publication.

Execution

ARTICLE 151 – (1) The provisions of this Law shall be executed by the Council of Ministers.