

## COMMUNIQUE ON PRINCIPLES REGARDING INTERMEDIARY ACTIVITIES AND INTERMEDIARY INSTITUTIONS

(Published in the Official Gazette Dated 7 September 2000 No: 24163)

**SERIAL** : V  
**NO** : 46

### SECTION ONE

#### PURPOSE, SCOPE, DEFINITIONS AND ABBREVIATIONS

##### Purpose and Scope

ARTICLE 1 – The purpose of this Communiqué is to regulate the principles regarding the intermediary activities listed in subparagraphs (a), (b) and (c) of Article 30 of the Capital Market Law No: 2499 as amended by Law No: 4487 dated 15/12/1999, and establishment, operation and authorization of the institutions to undertake these activities within the framework of Articles 31, 32, 33, 34 and 50 of the Law.

##### Definitions

ARTICLE 2 – For the purposes of this communiqué, the following definitions and abbreviations shall apply:

Law	: Capital Market Law No: 2499 amended by Law No: 4487 dated 15/12/1999,
Board	: Capital Markets Board
Stock Exchange	: Exchanges and other organized markets, where capital market instruments are traded
Issue	: Sales of capital market instruments by issuers with or without public offering in accordance with the Law,
Intermediary Institutions	: Brokerage houses and banks,
Capital Market Activities	: Activities defined in the Article 30 of the law,
Capital Market Instruments	: Securities and other capital market instruments defined in subparagraph (b) of paragraph one in Article 3 of the Law,
Agency	: Agency of a brokerage house,

Communiqué : Communiqué Serial:V, No:34 Regarding  
Serial: V No: Principles on the Capital and Capital Adequacy  
34 of Brokerage Houses,

Equity Capital : Equity capital calculated in accordance with the  
provisions of Communiqué Serial: V No: 34.

## **SECTION TWO**

### **INTERMEDIARY ACTIVITIES AND TYPES OF ACTIVITIES OF INTERMEDIARY INSTITUTIONS**

#### **Definition and Types of Intermediary Activities**

ARTICLE 3 – Intermediation in capital market means purchase and sale of capital market instruments for commercial purposes, within the framework of Article 30 and 31 of the law by authorized institutions in their own name and for their own account, in the name and for the account of another person and in their own name and for the account of another person.

Intermediary activities in capital market consist of intermediation in public offerings (primary trading), intermediation in the sale and purchase of previously issued instruments (secondary trading) and intermediation in derivative instruments trading.

Intermediation in public offerings, intermediation in secondary trading and intermediation in derivative instruments trading can only be undertaken by intermediary institutions authorized by the Board in accordance with Article 31 of the Law.

In accordance with Article 34 of the Law, the Board is authorized to make regulations so that each intermediary activity can be undertaken by different institutions.

#### **Capital Market Activities of Brokerage Houses**

ARTICLE 4 – In the context of intermediation, brokerage houses, on the condition that they obtain authorization from the Board for each activity separately, may engage in the following activities:

- a) Intermediation for the issuance or public offering of capital market instruments,
- b) Intermediation for the purchase and sale of capital market instruments issued previously (secondary trading),
- c) Intermediation for the purchase and sale of derivative instruments as a whole or partially on the basis of categories including the futures and options contracts based on economic and financial indicators,

capital market instruments, commodities, precious metals and foreign currencies.

Furthermore, brokerage houses may also undertake the following activities on the condition that they obtain authorization from the Board within the framework of principles determined by related communiqués and general conditions in this Communiqué for each activity.

- a) Repurchase and reverse repurchase of capital market instruments,
- b) Investment consultancy,
- c) Portfolio management.

### **Other Services That Brokerage Houses Can Perform**

ARTICLE 4/A – (As added by by Communiqué Serial: V, No: 83) On the condition that they are authorized by the Board, brokerage houses can provide other financial products and services in addition to ones stated in article 4. In case providing relevant product and service requires a special authorization according to its own legislation, brokerage houses should get necessary authorizations before initiating the activity. The Board is empowered to temporarily or permanently suspend the activity at any stage for brokerage houses totally or individually.

### **Capital Market Activities of Banks**

ARTICLE 5 – Banks may undertake

- a) Intermediation in the purchase and sale of capital market instruments that are previously issued. either;
  - 1) Off exchange, or
  - 2) On exchange, except for shares,
- b) Repurchase and reverse repurchase agreements
- c) Intermediation for the purchase and sale of derivative instruments as a whole or partially on the basis of categories including the futures and options contracts based on economic and financial indicators, capital market instruments, commodities, precious metals and foreign currencies.

Non-deposit banks may also undertake activities such as intermediation in the issuance or public offering of capital market instruments, portfolio management and investment consultancy in addition to the above mentioned activities.

The above mentioned activities can be undertaken on the condition that authorization from the Board is obtained within the framework of principles determined in this communiqué and in the pertinent Communiqué of each activity.

**SECTION THREE**  
**CONDITIONS FOR THE ESTABLISHMENT OF BROKERAGE HOUSES**  
**AND THEIR ACTIVITIES**

**Conditions for the Establishment of Brokerage Houses**

ARTICLE 6 – In order for the brokerage houses to obtain authorization of the Board for establishment;

- a) They must fulfill the conditions mentioned in Article 33 of the Law,
- b) Their paid-in capital must be no less than the amount determined by the Board, which cannot be below the minimum equity capital necessary for authorization regarding intermediation in sale and purchase, intermediation in public offering, repurchase and reverse repurchase agreements, portfolio management and investment consultancy activities, and the blockage or/and guarantees must be deposited as required by the Board,
- c) The founders must have the financial capacity and credibility necessary to be a founder and partner of a brokerage house.

**Commercial Title and Company Name**

ARTICLE 7 – It is obligatory that the term “securities” is included in the commercial titles of brokerage houses to indicate their engagement in capital market activities.

However, brokerage houses with authorizations for intermediation in secondary trading, repurchase and reverse repurchase agreements, portfolio management and investment consultancy may use the expressions “investment securities” or only “investment” in their commercial titles.

If brokerage houses are willing to use company names, they must get the permission of the Board and have the name registered and published.

It is obligatory for the brokerage houses to use their company names together with their commercial titles in all kinds of ads and announcements in the visual and printed media.

The commercial titles of brokerage houses can only be changed in order to illustrate a change in the ownership structure resulting a change in the majority of the management and the internal auditors and to fulfill legal obligations.

**Establishment Procedure of Brokerage Houses**

ARTICLE 8 – The founders shall apply to the Board with the Articles of Association drawn up in accordance with the conditions for establishment and with the documents proving that they fulfill the requirements laid down in

Article 6 of this Communiqué. Additional information and documents may be requested by the Board if necessary.

The Board may request the brokerage houses and their legal person shareholders to have independent external audits and ratings. These conditions may also be required for granting authorizations for activities and in changes in the ownership structure.

All amendments in the Articles of Association of the brokerage houses after establishment shall be subject to the permission of the Board.

## **SECTION FOUR**

### **AUTHORIZATION AND PRINCIPLES OF OPERATION**

#### **General Conditions**

ARTICLE 9 – The following general conditions must be met by the brokerage houses in order to obtain authorization from the Board to undertake the activities mentioned in Articles 4 and 5 of this Communiqué.

- a) Maintain the conditions for establishment,
- b) The part of their initial capital which is equal to the minimum capital requirement be fully paid in cash,
- c) Fulfill the obligations listed in Communiqué Serial: V No: 34 in accordance with their areas of activity,
- d) The partners, managers, expert personnel, inspectors and auditors appointed in accordance with Turkish Commercial Code No: 6762,
  - 1) Shall not have been sentenced for the violation of Capital Market legislation, Banking Law No: 438, Law on Prevention of Money Laundering No: 4208 and the provisions related with Money Lending Activities; and or/and excluding negligent offenses – even if pardoned, sanctioned with heavy imprisonment or imprisonment for over five years or for the offenses of infamous crimes such as embezzlement, speculation, extortion, bribery, theft, cheating, forgery, breach of trust, fraudulent bankruptcy, smuggling excluding smuggling for consumption purposes, for involvement in fraudulent activities in official award of contracts and sale contracts or revealing secrets of the State, tax evasion or attempt for tax evasion.
  - 2) Shall fulfill the conditions required for founders stated in paragraph (f) of Article 33 in the Law,
  - 3) Shall not be among the responsible persons at the institutions of which at least one of the authorization licenses has been cancelled by the Board or which have been permanently dismissed from the Stock Exchange membership,

- 4) No liquidation decision based on the “Decree by Law No. 35 Regarding the Transactions of Bankers in Financial Difficulty” and its Annexes must have been taken for themselves or for the establishments, of which they are partners.
- 5) (Added by Communiqué Serial V, No. 49) Shall not have a restriction on trading based on Article 46 paragraph (i) of the Law (This is required for the for the shareholders at the stage of establishment or in case of a transfer of shares)

Natural person shareholders having more than 10% share in legal entities which own 10% or more of the capital of the brokerage houses are also required to meet the conditions mentioned in this paragraph.

e) Service units in line with the preferred areas of activity must be established, adequate personnel for these units must be recruited, a strong management in line with the activity areas, an accounting, recording, information and documentation system in accordance with the regulations of the Board, and an organization sufficient for regular work flow and communication must be established, technical hardware must be provided, internal control and audit system consistent with the principles mentioned in Article 32 of this Communiqué must be set up, job descriptions, authorities and responsibilities of the personnel must be determined and cash, securities and other assets kept within the institution must be insured against fire and theft as a minimum in addition to other necessary security measures. If moving or expansion is not possible, the brokerage houses may move their units, other than the ones providing direct service to their customers, to another building in the same location with the headquarters without violating integrity of management and not exceeding a single location by informing the Board.

Additionally, the banks must have the organization providing continuous communication, information and document flow and management integrity, recording and documentation system between the headquarters and sub-units to be established in banks' other branches or separate from the branches within the activity areas that the banks have been authorized. They must also provide the necessary location and technical hardware for the mentioned sub-units as well as the personnel sufficient in terms of quality and quantity. The managers and expert personnel must fulfill the conditions stated in paragraph (d) of this Article.

f) Managers of brokerage houses refer to the members of board of directors, general managers, assistant general managers and individuals in charge of the management of the units within the brokerage house, whereas expert personnel imply the customer representatives, stock exchange member's representatives, institutional finance experts, portfolio managers and investment consultants working under the responsibility of the individuals who are authorized to manage the units within the brokerage house, and other individuals with similar responsibilities.

If different educational and professional experiences are not required in the related legislation concerning the line of operation, except for the members of the board of directors, the managers of brokerage houses must

be university graduates whereas the expert personnel must be at least high school graduates.

(As amended by Communiqué Serial V, No. 80) The general manager must be recruited exclusively for this post and the general manager and the vice general managers must either have minimum 7 years of Professional experience in the fields of financial markets or management, or possess a “Capital Market Activities Advanced Level License Certificate” in accordance with the regulations of the Board on licensing. A deputy can not assume the duties of the general manager for more than 6 months. The general managers can take posts such as member of board of directors or board of auditors at the enterprises which have a capital, management or auditing relation with brokerage firms, the enterprises over which the former enterprises have directly or indirectly management, capital or auditing control, stock exchanges and other organized markets, clearing and custody institutions and other financial institutions approved by the Board, on the condition that these posts do not impair the duties or responsibilities of management.

In accordance with the regulations of the Board on licensing, the managers and expert personnel must have license certificates proving their professional skills.

g) If the management authority in board of directors of brokerage house is to be delegated to the managing directors, it is obligatory to appoint at least two members as managing directors and define the responsibilities and authorities of each clearly without leading to any hesitation. The Board shall be notified of the decisions of the board of directors regarding the appointment of managing directors and determination of their responsibilities and authorities and pertinent amendments in three working days following the related decision of the board of directors.

h) The members of the board of directors of brokerage houses must inform the board of directors if they have been into a blood or marital relation in the last two years in terms of employment, capital and commercial context, up to third degree, including spouse, with the individuals party to the decisions taken by the board of directors and must have this recorded in the minutes of the board of directors meeting. In this respect, the provision in Article 332 of Turkish Commercial Code No: 6762 is reserved.

(As amended by Communiqué Serial V, No. 80) The Articles about competition ban and ban on interacting with the company of Turkish Commercial Code is reserved.

i) The collaterals and blockages laid down in the regulations must be allocated.

j) They must have applied for membership to Association of Turkish Capital Market Intermediary Institutions and participated in the Investor Protection Fund.

The conditions mentioned in paragraph (a), (b), (c), (g), (h) and (i) do not apply for banks involved in intermediary activities. Provisions of (d) and

(f) shall apply for the managers and expert personnel working in service units established in accordance with the preferred line of operation.

### **Application and Obtaining Certificates of Authorization**

ARTICLE 10 – Banks and brokerage houses which have completed their establishment procedures must fulfill the general conditions outlined in this Communiqué and the special conditions pertinent to their lines of operations, for obtaining authorization from the Board. The approval of the Board is needed on the adequacy of their qualifications to undertake their activities in accordance with the regulations of the Board. The Board grants a Certificate of Authorization upon a satisfactory result of examinations.

Intermediary institutions must apply to the Board with a petition including information and documents proving that they fulfill the general and special conditions outlined in this Communiqué and other documents and information requested by the Board. The documents and information submitted to the Board must be signed by individuals authorized to represent the organization and must be complete in order to prove the fulfillment of conditions necessary for the activity specified in the Communiqué. If the missing documents are not completed within the period given by the Board the applications shall become void .

Applications for permission to operate shall be evaluated separately and the institution approved by the Board shall be given a certificate of authorization indicating the types of activities in which they are authorized to engage. It is obligatory to have the certificates of authorization registered and published.

Prior to the granting of authorization certificates and each year following the granting of these certificates, it is obligatory to deposit the necessary fees in accordance with the Law on Duties No: 492 and submit the receipts of the payment to the Board. Following the operating permit, during the granting of certificates of authorization, the fees must be deposited in at most three months and the receipts must be submitted to the Board. Otherwise, the certificates of authorization shall be revoked.

The application for permission to operate by an institution shall be annulled if it fails to apply to the Board within the period given by the Board following the granting of the permission for establishment. These organizations are obliged to amend the provisions related to their commercial titles, purposes and lines of operation in their Articles of Association within at most three months following the notification of their inappropriateness for permission by the end of the above mentioned period so as not to cover capital market activities. Furthermore, they have to submit the Turkish Trade Registry Gazette in which the mentioned amendments have been published in 10 days following the publication.

An institution without a certificate of authorization or whose activities have been suspended temporarily and whose authorization certificates have been revoked may neither function without any authorization nor use any phrases or words in the commercial title, advertisement or announcement

which could create the impression that they perform the function of intermediation.

Intermediary institutions whose activities are suspended may start operating upon the approval of the Board after the violations causing this sanction are eliminated.

The provisions of this Article shall apply for the applications for other permissions to operate following the initiation of activities.

### **Principles of Operation**

ARTICLE 11 – The intermediary institutions have to abide by the following principles and rules in undertaking capital market activities.

These institutions;

a) Must be careful and show close attention to their work in providing these services as required by their profession, and must take the necessary measures in this regard,

b) Must act honestly considering the interests of their customers and integrity of the market in undertaking their operations, must prevent conflicts of interest with their customers and provide an organization suitable for this purpose. If a direct or indirect conflict of interest between them and their customers occur, they shall primarily consider the interest of the customer. If a conflict among customers can not be prevented, they shall treat their customers fairly.

c) Must use their resources in order to undertake these activities effectively,

d) Must provide sufficient information and transparency in all issues related to the customers, including customer based custody system as well as other regulations aiming at investor protection.

### **Know Your Customer Rule**

ARTICLE 12 – Intermediary institutions must obtain the identity information of their customers prior to opening an account according to the Law on Prevention of Money Laundering No: 4208 and the provisions of the related legislation.

(Second, third and fourth paragraphs added by Communiqué Serial: V, No: 62)

With respect to the joint accounts each account holder shall be identified separately.

Apart from the customer, only the persons who have been authorized through a proxy drawn up by public notary can make transaction on behalf of

the customer. The proxy holder's identification details should be verified in accordance with the first paragraph.

Brokerage houses must request from foreign banks and brokerage firms a written undertaking that they would provide identification details of the customers on behalf of whom the transaction is to be made, before getting their buy and/or sell orders.

Furthermore, the intermediary institutions are obliged to introduce standard forms in order to have sufficient information on the risk and return preferences, investment purposes and financial status of their customers, and to update the information in these forms and keep these forms. The customers have to be informed that the information is required for calculating their risk preferences, and if the customer refrains from providing the information, then this shall be at his responsibility. If the customer does not want to provide information, a written statement must be taken and kept together with the framework agreement of that customer.

### **Obligation to Conclude a Framework Agreement**

ARTICLE 13 – The brokerage houses have to conclude a written agreement with their customers prior to providing intermediation services for sales and purchase, portfolio management, investment consultancy, repo and reverse repo agreements, intermediation in sales of derivative instruments, margin trading, lending and borrowing of securities and short sales. The minimum aspects to be included in this agreement shall be determined by the Board. This contract is a framework agreement constituting a basis for separate transactions to be made, regulating the relation between the intermediary institution and customer in general, and concluded at the beginning, before the transactions take place.

The framework agreement shall be arranged as two copies with joint serial numbers and a copy shall be given to the customer.

(Added by Communiqué Serial: V, No: 62) The agreement should be renewed in case of any change in the parties, i.e. the customer(s), due to the reasons such as transfer, merger, inheritance, joining of new account holders in joint accounts or leaving of some existing account holders.

In the framework agreements, provisions against capital market legislation, provisions seriously violating the interests of customers, provisions providing extraordinary unilateral rights to the intermediary institution and provisions obliging the customer to prove their orders can not be included. In the absence of particular provisions in these agreements, then general provisions shall apply. The provision of this paragraph shall apply in all framework agreements concluded between the intermediary institutions and the customers in accordance with capital market legislation and public offering intermediation contracts between the intermediary institutions and their customers.

(Added by Communiqué Serial: V, No: 84) Intermediary institutions can not conclude a written agreement or provide services, unless the

customers have signed the “capital market activities risk notice form” explaining the risks of the capital market, and the contents of the form will be determined by the Board.

#### **Customer account number**

Article 13/A – (Added by Communiqué Serial: V, No: 62) A separate account number shall be assigned to each customer with whom a framework agreement of intermediation service for sales and purchase has been signed. An account number designated to a customer shall not be given to another customer unless at least 10 (ten) years have passed after the termination date of the above mentioned framework agreement.

For each customer, brokerage houses shall open a sub-custody account or ensure the account to be opened at the authorized clearing and settlement agency within 2 days following the date of contract. Customer account numbers shall also be used for the customer custody sub-accounts kept at the authorized clearing and settlement agency.

Any change in the names of natural person or titles of legal entity customers shall be notified to the authorized clearing and settlement agency within 2 days after it has been informed.

### **SECTION FIVE OBLIGATIONS**

#### **Obligation to Deposit Collaterals to a Blocked Account**

ARTICLE 14 – The Board is authorized to ask for general and special collaterals and/or collaterals on the basis of each operation to be deposited by brokerage houses and to determine the procedures for the use of these collaterals.

#### **Stock Exchange Membership**

ARTICLE 15 – Intermediary institutions with certificates of authorization from the Board willing to operate in a stock exchange must apply to the related exchange or exchanges for a Stock Exchange Membership Certificate.

#### **Changes in the Ownership Structure**

ARTICLE 16 – Changes in the ownership structure of brokerage houses are subject to the following rules:

a) Acquisition of shares by an individual becoming shareholder of the brokerage house through acquiring 10% or more shares of the corporation or shares of a single shareholder surpassing the brokerage house's capital by 10%, 20%, 33% or 50% or transfer of shares leading the ratio of a shareholder's shares to decline shall be subject to the permission of the Board.

Transfer of shares providing preference in terms of management and control rights and usufruct shares shall be subject to the permission of the Board regardless of any ratio.

If the transfer of shares belonging to legal person shareholders change the shareholder composition of the brokerage house directly or indirectly by 10%, 20%, 33% or 50% and additionally if the legal person has preferential shares in terms of control and management, the changes in the shareholder composition shall be subject to the approval of the Board in terms of conditions for operations of brokerage houses. The transfer of shares of legal entities with management and control preferences owning more than 10% of the brokerage house shall be subject to the approval of the Board as well.

Transfer of shares by foreign resident shareholders of brokerage houses shall be evaluated by the Board taking into account the legislation of the pertinent country within the framework of the provisions in this Article.

The Board shall be notified of the transfer of shares by an individual directly or indirectly that do not reach the above mentioned ratios of the brokerage house's capital or remains between these ratios t in 15 days following the transfer.

Operations resulting in the decrease of the number of shareholders below 5 and transfers without permission shall not be registered in the share register and individuals receiving such shares shall not benefit from the rights of shareholders except for preemptive rights.

b) For the purpose of this Article,

The shares belonging to the following individuals shall be treated as belonging to a single individual. In transfers of shares between such individuals, provisions in paragraph (a) shall apply.

1) A real person, spouse and children under custody, corporations in which they participate with unlimited liability or where they act as chairman or member of the board of directors, general manager, or assistant general manager,

2) Except for public legal persons, corporations in which a legal person or the above listed individuals have 25% or more of the capital directly or indirectly,

3) Individuals who are determined by the Board to have an employment or contractual relationship or co-operate for other reasons.

c) For brokerage houses, whose shares are registered with the Board and traded on the stock exchange if a single individual acquires 10%

or more of the shares or if shares of a single shareholder exceed 10%, 20%, 33% or 50% of the capital of the brokerage house, the transfer of shares shall be subject to the permission of the Board. In such a case, application for the change in ownership structure shall be made by real or legal entities reaching the ratios mentioned in this paragraph.

In transfer of shares, whereby the shares of a shareholder falls below the ratios mentioned in this paragraph, notification shall be made to the Board in 15 days. In transfer of shares resulting in the decrease of shares of a shareholder below 10 % of the capital of the brokerage house, it is obligatory to obtain permission from the Board prior to the sale. The application for permission or notification shall be made by the pertinent real or legal person in such a case.

### **Obligation of Registration and Announcement**

ARTICLE 17 – All types of certificates of authorization and permission, permissions for branch, agency or contact office and permissions for using the company name shall be registered at the pertinent trade registry in 15 days following the notification of the relevant permission of the Board.

An announcement regarding the registration of the certificate of authorization shall also be published in at least two national daily newspapers.

In case of an annulment of the certificate of authorization regarding permission for any operation, the situation shall be registered at the Trade Registry within 10 days following the notification of the Board and shall be announced in at least two daily national newspapers as well as the Turkish Trade Registry Gazette. In case of a temporary suspension of operations, the situation shall be announced in at least two daily national newspapers but shall not be registered at the trade registry.

In case of temporary suspension of activities of a branch, contact office or agency by the Board or upon the request of the brokerage house, the situation shall be announced in at least two national newspapers within 15 days following the notification by the Board. If the activities of a branch, contact office or agency are ceased permanently, in addition to the ads in newspapers, the registration of the branch, agency or contact office shall become null and void at the trade registry within 15 days following the notification by the Board. If the operations of an agency are ceased permanently, the contract between the agency and the brokerage house shall become void in at most one month and notarized copy of the annulment notice shall be sent to the Board in ten days.

The newspapers in which the above mentioned ads are published shall be sent to the Board in 10 days following their publication. The cost of the announcements related to the above mentioned conditions shall be paid by the related organization.

### **Obligation to Inform the Board**

ARTICLE 18 – If no contrary provision exists, the obligations of brokerage houses and banks regarding notification are as follows:

a) The brokerage houses shall inform the Board in writing within 15 days if any change occurs in conditions laid down in paragraph (d) of Article 9 in this Communiqué regarding the shareholders, managers, expert personnel and auditors.

b) (As amended by Communiqué Serial: V, No: 70) Brokerage houses shall inform the Association of Turkish Capital Market Intermediary Institutions in writing on the changes regarding the managers, expert personnel and auditors within 15 days following the changes with the documents presenting that they comply with the provisions stated in subparagraph (d) of Article 9 of this Communiqué and their identification details. The principles and procedures regarding the notification shall be determined by the Association of Turkish Capital Market Intermediary Institutions.

The banks are also obliged to inform the Association of Turkish Capital Market Intermediary Institutions, about such changes within the same period and abovementioned principles with regard to their capital market units except for their shareholders, members of the board of directors and auditors.

c) (Added by Communiqué Serial: V, No: 70) The intermediary institutions shall inform the Board in writing on the changes, including the ones in their field offices, about the institutional changes in the organization, location, documentation and recording systems with regard to general and special conditions laid down in this communiqué and in the related communiqués depending on their lines of operation, within 15 days following the changes.

If the general manager of the brokerage house resigns, the reasons shall be communicated to the Board within the same principles.

d) The Board shall be informed in case of any kind of limitation including mortgage on assets of the brokerage house and commitment by the brokerage house of another party's debts in 15 days following the realization of such operations.

e) The Board shall be informed in writing of the cases and prosecutions litigated by the brokerage houses against their customers, shareholders, personnel and other organizations or cases against the brokerage houses by those within 15 days following their finalization.

The banks are also subject to the provision of this paragraph limited to their capital market activities.

f) Except for the headquarters, banks with certificate of authorization from the Board must notify the Board of the sub-units to be established separately from their branches or within their branches with the condition that they operate in their authorized line of activity.

g) Following the initiation of operation of the abroad field offices of the brokerage houses and during their operations, in case of any administrative, legal or penal sanctions implemented by the competent authority of the

related country, with regard to either the organization itself or the personnel, this situation shall be disclosed to the Board in 15 days.

h) Brokerage houses shall inform the Board within 15 days following their acquisition of any affiliate companies that do not require the permission of the Board.

The Board may request the above notifications to be sent through electronic media or in a certain format.

### **Obligation to Keep the Notices and the Ads**

ARTICLE 19 - Institutions involved in capital market activities are obliged to keep a copy of all ads and notices regarding capital market activities published in the printed or written media for three years.

## **SECTION SIX**

### **FIELD OFFICES OF BROKERAGE HOUSES**

#### **Field Offices of Brokerage Houses**

ARTICLE 20 – Field offices of the brokerage houses comprise their branches, contact offices and agencies, which they set up with one or more banks.

The Board shall evaluate the applications for establishing field offices considering whether the brokerage houses have the capacity and quality to undertake their activities in accordance with the regulations of the Board and whether they pay necessary attention to comply with the legislation.

Following the initiation of the operations of the field office, , if as a result of the evaluations of the Board the field office is found to undertake operations against the legislation, the activities of the branch, contact office or agency bank might be ceased entirely or on the basis of certain branches and/or limitations can be imposed on opening new branches, contact offices or agencies by the brokerage houses.

#### **Conditions for Opening Branches by Brokerage Houses**

ARTICLE 21 – For the brokerage houses to open branches, it is obligatory that;

a) The technical hardware and location shall be sufficient for the service to be provided and the office should be furnished in accordance with this purpose,

b) A proper management is present meeting the needs of the branch and suitable to the services to be provided, an accounting system is set up complying with the regulations of the Board and connected to the headquarters, and a recording and documentation system, together with a

speedy work flow and communications system are present. Cash, negotiable instruments and other assets at the branch are insured at least against fire and theft and other security measures in this respect are taken.

c) A branch manager fulfilling the qualifications mentioned in paragraph (d) of Article 9 with at least a degree from institutions providing two years of education, expert personnel suitable to the necessities of the branch and other personnel are employed.

The responsibility for not complying with these conditions and any legal and penal responsibility stemming from the activities and operations undertaken by the branch belong to the brokerage house.

In case of a transfer of branches of brokerage houses, the conditions listed in this Article for opening a branch shall apply and registration of the previous branch shall become void. The new branch shall be registered and announced within the framework of the principles in this Communiqué.

### **Conditions for Opening Contact Offices by Brokerage Houses**

ARTICLE 22 – Contact offices are service units representing the brokerage house in order to promote business and the capital market activities for which the brokerage house is authorized.

Contact offices can only transfer the orders of the customers to the brokerage house.

For the brokerage houses to open contact offices, it is obligatory that;

a) The technical hardware and location necessary for the service are provided and the office is furnished in accordance with the purpose,

b) At least a high school graduate bureau officer fulfilling the qualifications mentioned in paragraph (d) of Article 9 in this Communiqué, sufficient number of expert personnel for the necessities of the office and other personnel are employed.

The responsibility for not complying with these conditions and any legal and penal liability stemming from the activities and operations undertaken by the contact office belong to the brokerage house.

In case of a transfer of the contact office by the brokerage house, the conditions listed in this Article shall apply and registration of the previous contact office shall become void. The new contact office shall be registered and announced within the framework of the principles in this Communiqué.

### **Preliminary Permission and Process of Obtaining Permission for Branches and Contact Offices**

ARTICLE 23 – Brokerage houses with authorization certificates for intermediation in secondary trading shall apply to the Board for preliminary permission together with the notarized copy of the board of directors'

decision on the opening of a branch or a contact office, a feasibility report, and other documents and information that may be requested by the Board.

The preliminary permission application of the brokerage house shall be examined by the Board, and if the application is approved, pre-permission for opening a branch or a contact office shall be granted to the brokerage house. The Board's approval of a pre-permission application does not imply the approval of the application for permission.

The brokerage houses are obliged to apply to the Board in at most 45 days following the notification of the pre-permission to them by the Board together with the documents and information requested by the Board.

If the application for permission is approved by the Board, following the notification of this approval, the brokerage house shall have the decision of its board of directors with regard to the opening of a branch or a contact office under their commercial titles registered and announced, and shall start operations.

The brokerage house failing to apply to the Board in 45 days for a permission following the granting of pre-permission for opening a branch or contact office or brokerage houses found unsuitable shall lose the permission right regarding this application.

The brokerage houses may apply to the Board directly for permission without being subject to the pre-permission process by fulfilling all the requirements laid down in the legislation with regard to opening a branch or a contact office.

Applications for permission and pre-permission shall be processed by the Board within 30 days; however, the period granted for completion of missing documents shall not be included in this 30 day period.

### **Agencies of Brokerage Houses**

ARTICLE 24 –Written agency contract may be concluded between the banks and the brokerage house within the context of this Communiqué. The brokerage house may trade in capital market instruments within the framework of intermediation activities in line with the orders routed through their agencies, within the locations determined in the agency contract.

The banks that conclude agency contracts with the brokerage houses may engage in the following activities as agencies;

a) To intermediate in the transmission of sale and purchase orders on capital market instruments to the brokerage house and clearing and settlement of realized orders,

b) To provide teller services in public offers including demand collection, transmission of demand to the headquarters of the brokerage house, and collections payments,

c) If the brokerage house of the agency has a certificate of authorization for portfolio management, to promote this activity as an agency and to undertake only collection or payment related to this activity,

d) If the brokerage house of the agency has a certificate of authorization for investment consultancy, to disclose the documents and information from the brokerage house within the context of this activity to the customers and promote the activity of investment consultancy,

### **Conditions for an Agency**

ARTICLE 25 – For the permission of brokerage houses to set up agency agreements with banks, it is obligatory that;

a) Information will be given to the Board on the unit of the bank, which will be responsible for the agency activities and with which the agency contract is concluded, ,

b) In the related branches of the bank, with which the agency contract is concluded, a customer representative in charge of the agency operations is determined and information is given to the Board,

c) The expert personnel of the bank, with which the agency contract is concluded the unit manager in charge of this personnel , have the qualifications listed in paragraph (d) of Article 9 in this Communiqué,

d) The bank, with which the agency contract is concluded, openly displays a board showing the name of the brokerage house that the bank is an agency of, so that the customers can notice easily.

Legal and penal responsibility stemming from failure to fulfill the mentioned conditions shall belong to the brokerage house.

The brokerage houses shall give information to the Board on the branches of the banks undertaking agency activities.

### **Permission Process for Agencies**

ARTICLE 26 – The brokerage houses shall apply to the Board for permission to become agencies of the banks by fulfilling the agency requirements laid down in this Communiqué together with the notarized copy of the decision of the board of directors on setting up of an agency and other documents and information requested by the Board. The applications shall be processed by the Board within 30 working days without taking into account the period granted for completion of the missing documents. If the application is approved by the Board, following the notification of the approval to the brokerage house, the agency shall start operating after the registration and announcement of the decision of the board of directors, the company title including the commercial title of the brokerage house, and its own commercial title. The mentioned title shall be used in all written documents, ads and notices regarding the activities of the agency.

## **Principles to be abided by the Agency in its Operations**

ARTICLE 27 - The agency must;

a) Openly display the document indicating the activities it is authorized as a bank and activities to be undertaken as an agency in accordance with this Communiqué in its office at a place easily seen by its customers,

b) Sign a framework agreement as an agency with the customer for each activity consisting of the minimum aspects as laid down in the related communiqués and bearing an expression stating that it is the agency of the client brokerage house and carrying the commercial title of the brokerage house and submit a copy of this contract to the customer (if services regarding activities authorized as a bank are also provided, it is possible to sign a single contract in accordance with the principles mentioned in this paragraph),

c) Monitor the accounts and transactions of the customers on customer basis both at the brokerage house and agency itself. However, in cases where the accounts cannot be monitored on a customer basis at the brokerage house;

- 1) The infrastructure enabling the monitoring of these accounts and operations on customer basis must be established in the branches of the agency banks in which the intermediation activities are undertaken,
- 2) Consolidated information regarding the operations monitored in various branches of the agency bank undertaking intermediation must be present in the unit of the bank undertaking agency activities,
- 3) Infrastructure necessary for the brokerage house to reach the information regarding the operations monitored in the branches of the agency bank undertaking intermediation must be established,
- 4) The documents regarding these operations and accounts must be submitted to the Board or the customers upon request,

d) Abide by the regulations of the Board with regard to accounting, documentation and recording for intermediation activities.

Except for the areas of operation permitted in this Communiqué, the agency can not engage in activities and provide service in areas where the brokerage houses are authorized. However, operations of the agency bank in relation to its certificates of authorization as a bank are outside of the scope of this provision.

The obligation to notify the customer in clearing of purchase and sale orders of agency's customers may also be fulfilled by the agency.

The obligation to send the extract of account, customer securities flow chart and statement in accordance with the Communiqué Serial: V No: 6 on Bookkeeping, Documentation and Recording for Intermediary Activities may be fulfilled by the agency or the brokerage house depending on where the

related account and operations are monitored on customer basis. If the agency bank and the brokerage house provide services to the customers for different capital market activities, a single account extract may be submitted to the customer by the agency or the brokerage house with the condition that it covers all the realized operations.

#### **Legal Liability in Transactions made through Agencies**

ARTICLE 28 – The legal liability stemming from the operations undertaken via the agency and relations established with the customers with regard to these operations shall belong to the brokerage house and the agency jointly. The brokerage house and the agency bank have the right to recourse to each other in accordance with the contract and legislation.

The brokerage house or agency bank shall not include any provisions eliminating or diminishing the liabilities in the first paragraph in the contracts concluded between them or with the customers.

#### **Monitoring the Operations of the Agency by the Brokerage House and Obligation to Notify the Board**

ARTICLE 29 – The brokerage houses are obliged to make necessary research about the individuals and institutions that they have account relations within the scope of their capital market activities. If these individuals or institutions are discovered to operate in the name of more than one individual or as representative in connection to these operations, the brokerage houses must determine;

a) Whether these individuals or institutions demand commission under any name,

b) Whether these institutions or individuals provide the technical hardware, personnel, location and similar organization required for the agency, branch, contact office or brokerage houses,

c) Whether these institutions or individuals prepare payment bills or receipts, in and out statements for securities, customer order forms and similar documents.

In relation to the above mentioned issues, if it is understood that unauthorized intermediation activities are undertaken, then the brokerage house is obliged to end its account relations with the individual or institution and inform the Board. Otherwise, the legal and penal liabilities stemming from the operations of the individual or institution, implying to undertake operations as an agency shall belong to the brokerage house.

## **SECTION SEVEN**

### **ESTABLISHMENTS OF BROKERAGE HOUSES OUTSIDE TURKEY**

#### **Establishments of Brokerage Houses outside Turkey**

ARTICLE 30 – The brokerage houses may have establishments outside Turkey with the permission of the Board through;

- a) Opening a branch or a contact office,
- b) Establishing agencies with the intermediary institutions that have certificates of authorization from the competent authority of the related country,
- c) Establishing agencies with the foreign branches of the banks they have concluded agency contract in accordance with Article 26 of this Communiqué.

If the brokerage houses are willing to establish agencies with the foreign branches of the banks they have concluded an agency contract in accordance with Article 26; they must obtain permission of the Board for each branch.

For the brokerage house to become a member of any stock exchange outside Turkey, it is necessary to obtain permission from the Board. In this case, the operations shall be undertaken in accordance with the legislation of the pertinent country.

#### **Permission for establishments outside Turkey**

ARTICLE 31 – The brokerage houses must apply to the Board with the following documents for having establishments outside Turkey as mentioned in Article 30, paragraphs a, b, and c. :

- a) A document from the competent authority proving that the brokerage house or the branch of the bank party to the agency contract has been certified by the competent authority of the pertinent country,
- b) Feasibility report consisting of the organizational structure of the off center organization, and the operations planned to be undertaken,
- c) Information about the responsible personnel to be employed in the off center organization, and documents illustrating any kind of penal, legal or administrative sanction imposed on the personnel by the competent authority of the pertinent country as well as the document explaining the type of the imposed sanction.

Furthermore, if additional conditions are required by the country in which the off center organization is to be established, related information

shall be provided by the brokerage house to the Board and pertinent documents shall be submitted to the Board.

These applications shall be evaluated by taking into account the existence of harmony between the legislations of the related countries and sufficient information flow between the Board and competent authority of the related country.

## **SECTION EIGHT**

### **PRINCIPLES ON INTERNAL CONTROL, AUDITING AND COMPLIANCE WITH THE LEGISLATION**

#### **Internal Control**

ARTICLE 32 – (Overruled by Article 23 of the Communiqué Serial: V, No: 68 Regarding the Principles of Internal Control Systems of Brokerage Houses)

#### **Auditing unit**

ARTICLE 33 – (Overruled by Article 23 of the Communiqué Serial: V, No: 68 Regarding the Principles of Internal Control Systems of Brokerage Houses)

#### **Compliance with the Legislation**

ARTICLE 34 – (Overruled by Article 23 of the Communiqué Serial: V, No: 68 Regarding the Principles of Internal Control Systems of Brokerage Houses)

#### **Appointment and Resignation of Inspectors**

ARTICLE 35 – (Overruled by Article 23 of the Communiqué Serial: V, No: 68 Regarding the Principles of Internal Control Systems of Brokerage Houses)

#### **Professional Proficiency Principle**

ARTICLE 36 – (Overruled by Article 23 of the Communiqué Serial: V, No: 68 Regarding the Principles of Internal Control Systems of Brokerage Houses)

**SECTION NINE**  
**PRINCIPLES ON THE OPERATION OF INTERMEDIARY INSTITUTIONS**  
**WITH FOREIGN DOMICILE**

**Intermediary Institutions with Foreign Domicile**

ARTICLE 37 – Intermediary institutions established outside Turkey authorized by the competent authority of the pertinent country, may provide service

a) Exclusively to their non resident customers by remote access , in markets approved by the Board with proper permission from the relevant Turkish exchange, as well as from the Board

b) In markets established within the framework of the agreements concluded with the approval of the Board.

These applications shall be evaluated by taking into account the principles of reciprocity and whether there exists harmony between the legislation of the countries and sufficient information flow between the Board and competent authority of the pertinent country.

The organizations established abroad must have the permission of the Board if they are to provide services mentioned in Article 4 of this Communiqué to the investors residing in Turkey via all kinds of electronic information, communication device, media and similar devices including internet.

The Board shall determine the criteria to determine whether the activities are directed to the investors residing in Turkey.

**SECTION TEN**  
**INTERMEDIATION IN PUBLIC OFFERING**

**Definition of Intermediation in Public Offering**

ARTICLE 38 – Intermediation in public offering means intermediation in the sale through public offering of capital market instruments registered with the Board.

Intermediation in public offering may be described as;

- a) Best effort intermediation,
- b) Underwriting.

“Best effort intermediation” means sale of capital market instruments registered with the Board within the sale period stated in the prospectus,

return of the unpaid portion to the seller or sale of these to third parties that have committed to purchase before.

“Underwriting” consists of the following commitments:

a) To purchase the entire unsold portion of the capital market instruments to be registered with the Board after the public offer, with full payment in cash at the end of the sale period (Standby),

b) To purchase the capital market instruments to be registered with the Board with full payment in cash before the public offer (Firm Commitment),

c) To purchase part of the unsold portion of the capital market instruments to be registered with the Board after the public offer, with full payment in cash at the end of the sale period (Partial Standby) or to purchase part of the capital market instruments to be registered with the Board with full payment in cash before the public offer (Partial Firm Commitment)

With regard to the public offer of capital market instruments, intermediation includes studies for determining the public offer period, determining the amount and issue price together with the issuer or/and shareholder, application to the Board after drawing up the prospectus and other documents and information necessary for the registration application, making use of consultancy services for the accuracy of the information in the registration application documents, establishment of a sales group providing teller services, registration, organization of domestic and international campaigns for the sales and promotion of capital market instruments to be offered to public, undertaking of institutional finance activities such as organization of sale, similar activities and undertaking of other liabilities mentioned in the intermediation agreement. In addition to these, organizations with the certificate of authorization for intermediation in the public offer may undertake activities such as financial and economic analyses with regard to the corporation whose capital market instruments shall be offered to public and market research, harmonization of the financial statements of the related corporation with the capital market legislation and determination of the documents and information to be disclosed to public.

Within the scope of intermediation in public offers, during private placements, brokerage houses and non-deposit banks may also intermediate in organizing the issuance of debt instruments as required by the related corporation and privately placing these issues to a certain group of investors or domestic – international institutional investors.

Brokerage houses may get teller services from the banks operating as their agents within the scope of intermediation activities including demand collection, transmission of this demand to the brokerage house, collection of the cash paid by customers for the related capital market instrument or repayment and may form a sales group with this purpose.

Banks other than non-deposit banks can never be involved in intermediation in public offering except for such teller services.

Organizations with certificates of authorization for both intermediation in public offering and investment consultancy may undertake activities with the purpose of rehabilitation of corporations by participating in such corporations planned to go to public in the future or by finding shareholders to participate in these corporations.

### **Special Conditions Regarding Intermediation in Public Offering**

ARTICLE 39 – Brokerage houses and non-deposit banks that shall give intermediation services in the public offer of capital market instruments,

a) Must fulfill the minimum equity capital requirement for this activity in accordance with Article 7 of Communiqué Serial: V No: 34,

b) Must have adequate number of managers, institutional finance experts and other expert personnel, competent to handle the public offer intermediation procedure. They must be university graduates employed exclusively with this purpose and having the necessary licenses in accordance with the relevant regulations of the Board. Must also have sufficient technical hardware, and organization to provide intermediation in the public offering and research activities.

In applications for permission by non-deposit banks for intermediation in public offering in accordance with Article 5 of the Communiqué, only the conditions listed in sub-paragraph (b) in the first paragraph of this Article shall apply.

Non-deposit banks may conclude contracts with the banks limited for each public offering intermediation activity regarding teller services.

### **Principles for Intermediation in Public Offering**

ARTICLE 40 – Organizations with certificates of authorization for intermediation in public offering;

a) Shall undertake intermediation activities in public offering within the framework of the principles determined in the circular, prospectus, notice and advertisement and the intermediation agreement.

b) Shall not act so as to create artificial markets or to provide benefits for themselves or third parties other than the intermediation commission.

c) With regard to public offering of capital market instruments, shall not engage in activities violating the related legislation.

d) With regard to public offering of capital market instruments, shall spend the best effort to undertake detailed and careful examination of the issuer or/and shareholder,

e) Shall pay maximum attention so that the public offering price reflects the real value of the capital market instrument.

f) During the public offering process, shall prevent the transmission of non-public information to outside the institution and to different units within the institution.

g) The amount of underwriting commitment by brokerage houses in the public offering intermediation operations can not exceed the limit determined by the Board with regard to capital adequacy regulations.

### **Public Offering Intermediation Agreement**

ARTICLE 41 – It is obligatory that the public offering of capital market instruments is undertaken under a written intermediary agreement between the issuer of the capital market instruments and the brokerage house or the non-deposit bank. The minimum aspects to be included in this agreement shall be determined by the Board.

If the intermediation and consortium agreements are intended to be concluded jointly, the provisions to be included in both agreements may be merged in a single agreement and the agreement shall be signed jointly the issuer of the capital market instruments, the manager of the consortium and other brokerage houses and non-deposit banks participating in the consortium.

### **Intermediary Consortium**

ARTICLE 42 – After the signing of the intermediary agreement, if establishment of a consortium is intended, it is obligatory to have the approval of the seller.

If such a consortium is established, then the management of it shall belong to the brokerage house or one of the non-deposit banks. The management will represent the consortium against the Board, the official institutions, the issuer of the capital market instrument and third parties.

### **Consortium Agreement**

ARTICLE 43 – In case of establishment of a consortium, a written consortium agreement shall be concluded between the brokerage house and the non-deposit banks participating in the consortium. The minimum aspects to be included in this agreement shall be determined by the Board.

### **Appropriateness of the Conditions of the Agreement**

ARTICLE 44 – At the stage of registration of the capital market instruments, the Board shall examine the public offering intermediation agreements and consortium agreements, if any. The Board can request amendments and additions to be made as necessitated by the capital market legislation in these agreements.

**SECTION ELEVEN**  
**INTERMEDIATION IN SECONDARY TRADING**

**Definition and Principles of Intermediation in Secondary Trading**

ARTICLE 45 – Intermediation in secondary trading means trading as an intermediary for commercial purposes in capital market instruments that have been issued previously in accordance with the relevant legislation.

Brokerage houses may accept the orders of the customers for the sale and purchase of the capital market instruments after signing a relevant framework agreement. Orders necessitating trading on the stock exchange shall be received and executed within the framework of principles laid down in the relevant legislation. In off –exchange transactions, brokerage houses shall accept the customer orders within the framework of the principles laid down in the framework agreement and execute them with due diligence. Brokerage houses executing off exchange transactions have to announce the purchase and sale price of capital market instruments they trade at their offices unless a contrary provision exists in the legislation.

**Services provided in addition to Intermediation in Secondary Trading**

ARTICLE 46 – In providing intermediation services for secondary trading, the brokerage houses may give written or oral information to their customers about the capital market instruments, the corporations and institutions issuing these instruments and market tendencies. Such services shall not be regarded as investment consultancy services. However, the given information must be fair and impartial and should not have the purpose of serving the interests of a certain individual, group or portfolio and must not be in return of any material benefit.

**Special Conditions for Intermediation in Secondary Trading**

ARTICLE 47 – The brokerage houses that shall give intermediation service in secondary trading must

- a) Fulfill the minimum equity capital condition laid down for this operation in accordance with Article 7 of Communiqué Serial: V No: 34,
- b) Provide sufficient technical hardware, location and sufficient number of managers and expert personnel and other personnel to undertake the necessary operations.

In applications by banks for obtaining permission to provide intermediary services in secondary trading off exchange in accordance with Article 5 of this Communiqué, only the conditions laid down in sub-paragraph

(b) of the first paragraph in this Article shall apply. However, banks have to abide by the principles laid down in this Communiqué with regard to intermediation in secondary trading in providing intermediary services in secondary trading off exchange.

### **Off Exchange Trading**

ARTICLE 48 – Brokerage houses may trade off exchange under the following conditions with the permission of the Board;

a) In markets established in accordance with Article 40 of the Law, for shares not traded on the Stock Exchange,

b) For the shares traded on exchange, abiding by the principles determined by the Board within the framework of pertinent legislation,

Brokerage houses that shall intermediate in off-exchange trading must have an off center organization network for undertaking these activities and the technical infrastructure enabling them to announce the information with regard to the realized operations immediately and receipt of orders electronically.

Brokerage houses willing to intermediate in off exchange trading must apply to the Board for permission with documents proving that they fulfill the conditions listed in the second paragraph of this Article and other documents requested by the Board.

The Board shall grant authorization upon approval after the examinations

The banks shall also be subject to the above principles if they are authorized to intermediate in off exchange trading by the Board.

### **Electronic Transmission of Sale and Purchase Orders**

ARTICLE 49 – Brokerage houses may accept orders from their customers via electronic media in order to transmit to the exchange with the condition that they sign a contract with these customers within the intermediation activity and they open an account

The brokerage houses have to inform the Board prior to initiation of the mentioned activity.

Brokerage houses that shall accept orders electronically to transmit to the exchange are obliged to;

a) Prevent inequalities among the customers transmitting orders by other methods and customers transmitting orders via electronic media by following the valid priority rules in transmission of orders accepted orally and in written form for the electronically received orders,

b) Shall fulfill the liabilities listed in Communiqué on Documentation and Recording System in Intermediation Serial: V No: 6 for the electronically received orders,

c) Shall have adequate computer network in terms of security, capacity and back up, and provide alternative communication methods,

d) Shall employ sufficient number of personnel to monitor the electronically received orders, their transmission to the exchange, and recording of the orders and to communicate with the customers.

Institutions must have the following information in their related internet page:

a) Transmission of orders, realization and clearing of transactions,

b) Following up of the status of the customer orders received electronically by the customer in electronic media and principles concerning the notification of the customers through electronic media,

c) Information on capital market instruments, the stock exchange and market information,

d) Possible risks and security of the used computer network and the coding system,

e) Content of contingency plans prepared against possible risks,

f) Alternative communication methods that can be used in case of trouble in the computer network,

g) A declaration stating that “the information provided in the page are of general type and information sufficient to support the sale and purchase decisions of the customers may not be included in the page”,

Electronically received orders are accepted as oral orders under general provisions.

The conditions of operation of brokerage houses that shall operate only via electronic media shall be separately evaluated by the Board at the time of application.

### **Use of the Cash in the Credit Balance of the Customer Accounts**

ARTICLE 50 – Brokerage houses may utilize the cash balances in the accounts of their customers that have not been subject to any customer order by the end of the day in line with their authorized areas of activity, management policies and preferences of the customer with the condition that they follow these on the basis of accounts in their accounting systems on customer basis or as a whole. If the mentioned cash is utilized as a whole, the resulting revenues must be distributed to the customer accounts by respecting the ratio. In such a case, it is possible to group the customer cash amounts in intervals and reflect the resulting revenues with different ratios among these groups.

The brokerage houses may determine base limits in utilization of cash balances in customer accounts if this is clearly stated in the framework agreement. The customers must be informed in writing on the changes with regard to this determined base limit. Principles with regard to utilization of

amounts below the determined base limit shall be indicated in the contract separately.

Brokerage houses with certificate of authorization on intermediation in sale and purchase, intermediation in public offering, repo and reverse repo, portfolio management and investment consultancy may provide services to their customers in terms of utilizing the cash balance in their accounts for the periodic payments of the customers to various institutions and individuals with the condition that such a provision exists in the framework agreement.

### **Principles on the Exercise of Administrative and Financial Rights**

ARTICLE 51 – The brokerage houses may, in accordance with the authorization given by their customers by the framework agreement, provide services such as collection and payment of the principal, interest, dividend and similar revenues of capital market instruments, and exercise voting rights, preemptive rights and rights to stock dividends in the name and for the account of their customers.

### **Intermediation in Trading in Foreign Markets**

ARTICLE 52 – (As amended by Communiqué Serial: V, No: 83) It is obligatory that the intermediary institutions shall abide by the following principles in intermediation activities with regard to securities and other capital market instruments in foreign markets reserving the legislation on the Protection of the Value of the Turkish Currency.

a) Intermediation of securities and other capital market instruments in foreign markets can be undertaken by means of either by becoming member of an exchange or an organized market abroad or through intermediary institutions authorized in accordance with the legislation of the related country. If the intermediary institution is willing to become a member of any exchange abroad, the principles laid down in the last paragraph of Article 30 of this Communiqué shall apply. In case the operations are undertaken through an intermediary institution authorized in accordance with the legislation of the related country, it is obligatory to conclude a written agreement with the mentioned intermediary institution.

b) It is obligatory to conclude sale and purchase intermediation framework agreement with the customers and concerning the operations abroad, special issues like transfer of the capital market instruments related payments, custody operations, confirmation of transactions, bilateral rights and liabilities, the scope of investor protection for transactions in foreign markets, brief and up-to-date information regarding the investor rights and liabilities stated in legislation of relevant foreign markets must be included in this agreement.

c) The intermediary institutions are obliged to monitor the operations they shall undertake abroad on a customer basis and establish the necessary documentation, recording, communication, accounting and internal control systems correspondingly.

d) The intermediary institutions are obliged to comply with the Board's regulations regarding reporting and recording requirements for intermediation activities in foreign markets.

e) Intermediary institutions that undertake intermediation activity in foreign markets through intermediary institutions authorized in accordance with the legislation of the related country are required to notify the Board before commencing this activity. In this notification made to the Board, information and documents authenticating that the above principles are fulfilled, the name of the exchanges or markets, securities and capital market instruments in the country in which the transactions will take place shall be included.

f) Intermediary institutions that undertake intermediation activity in foreign markets by means of becoming member of exchanges abroad are required to inform the Board on the issues that may influence their legal and financial conditions reported to authorities in the relevant country and sanctions imposed by the relevant foreign authority in 15 days following the occurrence of such situation.

## **SECTION TWELVE**

### **INTERMEDIATION IN DERIVATIVES TRADING**

#### **Definition of Intermediation in Derivatives Trading**

ARTICLE 53 – According to sub-paragraph (c) of the first paragraph in Article 30 of the Law, intermediation in derivative instruments trading implies sale and purchase as intermediary and with commercial purposes of all kinds of derivative instruments based on economic and financial indicators, capital market instruments, commodities, precious metals and foreign currency including futures and options contracts

Intermediary institutions may be granted authorization certificates for intermediation in derivative instruments trading on the basis of the categories listed in the first paragraph of this Article separately or as a whole.

(As added by Communiqué Serial: V, No: 83) On the condition that it is approved by the Board, intermediary institutions that are authorized to undertake intermediation activities in derivative instruments can also perform this activity abroad in foreign instruments which are not traded in domestic markets with regard to their underlying asset or indice.

The members of Istanbul Gold Exchange that have obtained certificates of authorization for intermediation in sale and purchase of future and option contracts based on gold and foreign currency, prior to the effectiveness of this Communiqué, may engage in derivative instruments trading based on gold and foreign currency only. During the operations of

these organizations, with regard to intermediation in derivative instruments trading, it is obligatory for them to abide by the principles regulated in this Communiqué. Members of Istanbul Gold Exchange other than brokerage houses and banks may apply to the Board for only “certificate of authorization in intermediation in sale and purchase of futures and option contracts based on gold and foreign currency”.

#### **Coverage of Derivative Instruments Trading**

ARTICLE 54 - Intermediation in derivative instruments trading comprises taking orders from customers on derivative instruments as a representative or directly, routing these orders to other individuals or institutions, opening offices with this purpose, signing contracts, intermediation in the signing of a contract or in collection or payment with regard to the realized operations. These activities shall be subject to provisions of this Communiqué.

#### **Special Conditions With Regard To Intermediation in Derivative Instruments Trading**

ARTICLE 55 – The brokerage houses have to fulfill the following to be able to provide intermediation services in derivative instruments trading;

a) They must have a certificate of authorization for intermediation in secondary trading,

b) A unit manager must be employed, exclusively in charge of controlling and auditing the operations of derivative instruments. The unit manager, to whom the derivative instruments expert personnel shall report, must be a university graduate and must have successfully completed the training programs designated by the Board.

c) Sufficient number of customer representatives and accounting and operations officers must be employed to be appointed exclusively for separate duties. They must be university graduates and must have successfully completed the training programs designated by the Board, and have the necessary license certificates in accordance with the regulations of the Board on licensing.

d) In order to undertake the intermediation operations for derivative instruments trading, sufficient technical hardware, organization and location must be provided, service units and internal control system must be established, the job descriptions, authorities and responsibilities of the personnel must be defined in accordance with the internal control system, accounting, registration, information and documentation system and an organization enabling a regular work flow and communication must be established, technical hardware must be provided, risk calculation mechanisms for derivative instruments must be formed and the computer system that can control the risks on customer basis considering the daily market prices with regard to derivative instruments, calculate the necessary guarantees and inform the customers against the emerging risks shall be established.

The applications for permission by brokerage houses for intermediation in derivative instruments trading shall be evaluated by the Board by taking into account the experience of the pertinent organization in international markets, its competitive power, the cooperation agreements it has concluded and similar criteria.

#### **Duties of Derivative Instruments' Unit Manager**

ARTICLE 56 – The unit manager of derivative instruments shall work directly under the general manager and shall be in charge of monitoring the risks of all derivative instrument operations daily. He/she shall submit daily reports to the general manager of the institution and weekly reports to the board of directors concerning these risks, the possible outcomes of these risks and measures to be taken.

In case of determination of any kind of situation that shall weaken the financial status of the customers or the brokerage house or that shall bear extraordinary outcomes, the unit manager of derivative instruments shall submit his/her report to the board of directors in the shortest time and shall send a copy of it to the Board as well.

#### **Derivative Instruments Risk Information Statement**

ARTICLE 57 – Institutions undertaking intermediation in derivative instruments trading have to make an explanation about the risks of the operations they shall undertake for their customers prior to these operations and signing of the contract.

The intermediary institutions have to use the “derivative instruments risk information statement” in the explanations they provide to their customers. The content of this statement shall be determined by the Board and a copy of it shall be given to the customers.

### **SECTION THIRTEEN**

#### **OPERATIONS THAT THE INTERMEDIARY INSTITUTIONS CAN NOT UNDERTAKE, OTHER LIABILITIES, AUDIT AND BAN ON OPERATIONS**

##### **Transactions and Operations that the Intermediary Institutions Can Not Undertake**

ARTICLE 58 – Brokerage houses,

a) (As amended by Communiqué Serial: V, No: 83) Except for the situations permitted by the legislation, can not issue documents consisting of their own financial commitments either on the capital market instruments they sell and buy with the purpose of intermediation or independent from them, except for capital market instruments that are debt securities. They can not issue depositary receipts representing their own shares. They can

not engage in real estate trading with commercial purposes. They can not be involved in lending money except for the situations allowed by the legislation with regard to margin trading operations.

b) (As amended by Communiqué Serial: V, No: 83) Except for the activities permitted by the Board and transactions and operations with regard to those, they can not be involved in any kind of industrial and agricultural activity, they can not have real estate in excess of their requirement for undertaking their capital market operations. Provisions in article 4/A of this Communiqué is reserved.

c) They can not collect deposits as described in the Banking Law and can not be involved in transactions and operations bearing the result of deposit collection.

d) Except for the situations permitted by the legislation, they can not make any written or verbal commitment implying that the capital market instruments may provide a certain return.

e) They can not have any notice, advertisement and other verbal or written releases consisting of information distorting public opinion or exaggerated information contradicting the truth.

f) Brokerage houses may only keep in custody the securities lodged for realization of the customer orders and securities purchased due to the order of the customer within the maximum period envisioned for the clearing of the realized purchase order and validity period of the sale order determined by the legislation of the exchange. Except for this situation, the brokerage house can not keep securities belonging both to itself and its customers in any place other than the authorized Clearing and Custody institution.

g) They can not use the capital market instruments and the cash belonging to the customers for their own benefit or for the benefit of third parties.

h) They can not provide any opportunity to their personnel in any way to undertake operations in their name and for their account by making use of the facilities other than normal client and brokerage house relationship.

i) Except for the situations permitted in Article 329 of Turkish Commercial Code No: 6762, they can not sell and buy in their name and for their account the shares that they have issued.

j) They can not open fictive accounts, they can not leave their operations unrecorded and they can not create records contradicting with the real content.

k) The managers and the personnel of the brokerage house including the field offices, can not act in the name of the customer by obtaining a power of attorney consisting of extensive authorities such as giving purchase and sale orders , signing orders and other documents, depositing and withdrawing securities and making transfers. Portfolio management operations do not fall under this scope.

l) They can not act and operate against the principles of good will deteriorating the rights and benefits of investors. They can not obtain profit for themselves by exploiting the inexperience and ignorance of their customers about the market and by affecting their decisions on trades. They can not prepare a ground for unnecessary trades for their customers to increase their revenues by any method.

m) Shareholders, managers, expert personnel, inspectors and auditors appointed in accordance with the Turkish Commercial Code No: 6762 can not disclose the confidential information they gather about the brokerage house and customers during their work and can not use these secrets for their own benefit or for the benefit of third parties.

Notices and advertisements required by the legislation for disclosure purposes, disclosing information to the related authorities on situations constituting crime, and all judiciary or, when authorized by the legislation, administrative inspections and investigations fall outside the scope of secrecy.

Banks engaged in intermediation shall be subject to the provisions laid down in sub-paragraphs (d), (e), (f), (g), (h), (i), (j), (k), (l) and (m) of the first paragraph in this Article.

#### **Definition of Participation**

ARTICLE 59 – Unless otherwise stated in the legislation, brokerage houses, other than the ones with certificate of authorization for intermediation in public offering, may participate in companies directly related to their areas of activity such as banks, brokerage houses, precious metal brokerage houses, insurance companies, portfolio management and investment consultancy companies, mutual funds, special finance institutions, financial leasing, factoring and finance companies if permitted by the Board. To have 10% or more shares of a corporation, to participate in the boards of directors and auditors, to vote in general assemblies or not to sell the issued shares for more than one year shall be accepted as shareholding with the purpose of participation.

Brokerage houses with certificates of authorization for both intermediation in public offering and investment consultancy can also participate in institutions other than the ones mentioned in the first paragraph of this Article with the condition that it is confined to the purposes mentioned in Article 38 of this Communiqué.

#### **Limits of Participation**

ARTICLE 60 – Including the no par value shares of brokerage houses, the total participation amount shall not exceed 25% of their equity capital. This limit is 50 % for brokerage houses with certificates of authorization for both intermediation in public offering and investment consultancy.

Brokerage houses shall not participate in corporations owning more than 10% of the paid in capital of the brokerage house and in corporations, which the managers of the brokerage house have more than 25% of the capital separately or collectively.

### **Consolidation and Mergers**

ARTICLE 61 – If a brokerage house has 10% or more shares in another brokerage house, participates in the boards of directors and auditors, votes in the general assembly or in case of direct or indirect management and control of a brokerage house by another, the Board may request the consolidation of the financial statements of the brokerage houses and a merger of these mentioned brokerage houses under a single commercial title

If the brokerage houses have subsidiaries and participations outside Turkey, the financial reports and statements of these brokerage houses shall be consolidated at least once a year at a time determined by the Board and consolidated financial statements shall be externally audited in accordance with international accounting standards.

In case of application to the Board for going public within a year following the merger of two brokerage houses, two-thirds of the minimum paid-in capital amount required by the Board with regard to public offering shall be sufficient. This ratio shall be one-thirds in case of a merger of more than two brokerage houses under the same conditions.

### **Brokerage House Shareholders' Application for the Annulment of Authorization Certificates in order to establish a New Brokerage House**

ARTICLE 61/A – (Added by Communiqué Serial: V, No: 67) The establishment of a new brokerage house may be allowed, provided that the board of directors of at least 2 privately held brokerage houses decide to annul their authorization certificates under the provisions of this Communiqué. The capital distribution of the newly established brokerage house may be determined freely provided that the permission to be given by the Board is reserved.

Application to the Board in order to establish a new brokerage house shall be made following the decision of the board of directors of the brokerage house concerning the annulment of authorization certificates.

### **Submitting a Written Undertaking**

ARTICLE 61/B - (Added by Communiqué Serial: V, No: 67) The shareholders holding 10% or more of the shares of brokerage houses whose authorization certificates are to be annulled to establish a new brokerage house, shall submit to the Board a written undertaking that they are responsible for the liabilities of the brokerage houses arising from securities market activities proportionate to their shares, provided that the

responsibilities mentioned in Article 46, sub-paragraph (k) of the Law are reserved.

### **Provisions to be applied for the Annulment of Authorization Certificates**

ARTICLE 61/C - (Added by Communiqué Serial: V, No: 67) Turkish Commercial Code provisions regarding changes in the Articles of Association or liquidation of joint stock companies shall be applied to the brokerage houses whose authorization certificates are to be annulled to establish a new brokerage house. Any change in the line of activity or liquidation of the brokerage house shall be published in at least two daily national newspapers as well as Turkish Trade Registry Gazette for the purpose of informing customers and inviting the creditors for declaration.

Cash and/or other assets in the accounts of the customers who could not be reached during the process of the change of line of activity or liquidation shall be blocked in the accounts to be opened for the name of customers at the central custody agency authorized by the Board. On the other hand, during this process, cash and/or other assets subject to lawsuit and/or executive proceedings regarding controversial customers should be blocked in the same manner.

Other legislation regarding the change of the line of activity and liquidation of joint stock companies shall be reserved.

### **Blockage and Other Collaterals to be deposited**

ARTICLE 61/D - (Added by Communiqué Serial: V, No: 67) Among the brokerage houses whose authorization certificates were annulled to establish a new brokerage house,

a) Restitution of the assets deposited to related persons or institutions in order to fulfill the regulatory obligations arising from capital market activities by those that changed their line of activity, will be made according to the procedure mentioned in Appendix 1,

b) Restitution of the assets deposited to related persons or institutions in order to fulfill the regulatory obligations arising from capital market activities by those that were liquidated will be evaluated by the Board according to the liquidation procedure mentioned in the Turkish Commercial Code.

### **Establishment of a New Brokerage House**

ARTICLE 61/E - (Added by Communiqué Serial: V, No: 67) Application made by the founder shareholders of the new brokerage house, which will be established instead of the brokerage house whose authorization certificates are to be annulled, to establish a new brokerage

house and obtain authorization certificates shall be concluded by the Board according to the provisions of this Communiqué.

The authorization certificates that the brokerage houses whose authorization certificates are to be annulled to establish a new brokerage house hold shall be annulled by the day when the new brokerage house completes the legal procedure and begins operating.

### **Book Keeping, Recording and Documentation**

ARTICLE 62 – The brokerage houses must keep the books and records kept by first grade tradesmen within the framework of the provisions of the Turkish Commercial Code No: 6762, Tax Procedure Law No: 213, and the legislation on stock exchanges. They also have to abide by the regulations of the Board in recording and documenting their transactions in relation to their intermediation activities.

### **Brokerage Houses with Weakened Financial Status or Violating of the Legislation and Articles of Association**

ARTICLE 63 – For the brokerage houses with weakened financial status or undertaking operations against the provisions of the legislation and Articles of Association, the provisions in sub-paragraphs (g), (h) or/and (k) in the first paragraph of Article 46 of the Law shall apply.

The operations of brokerage houses shall be permanently ceased and their authorization certificates shall be revoked in case of getting acquaintance for partial execution by decreasing more than 10% of the number of creditors or 10% of the commitments through acquaintance or by a similar method. If acquaintance below the mentioned rate has been realized or if the commitments have been decreased similarly, by taking into consideration the situation of the brokerage house, measures may be taken by the Board in accordance with the first paragraph of this Article.

### **Revocation of Authorization Certificates or Temporary Suspension of Operations**

ARTICLE 64 – In case of the following situations, the Board may revoke the certificates of authorization for the operations of the intermediary institutions completely or on the basis of areas of activity or suspend their operations temporarily by taking into account the content and significance of the situation.

a) The necessary measures in accordance with sub-paragraph (g) of the first paragraph in Article 46 of the Law are not taken, violation of the legislation and provisions of the Articles of Association are observed

b) The financial standing has weakened to a degree that the commitments in accordance with sub-paragraph (h) of the first paragraph in Article 46 of the Law cannot be fulfilled,

c) Any of the conditions required by the regulations of the Board and the Law for the establishment, operations, and for obtaining authorization for operations, also conditions and qualifications regarding the shareholders, managers, personnel, agencies, branches and contact offices of the brokerage house has been lost or unfulfilled.

d) In cases where the guarantees are required to be increased or completed after the granting of permission for operation, the amount to be completed or increased must be deposited within three months following the occurrence of this situation,

e) In cases of violations of the regulations of the Board on capital adequacy, failure to meet the necessary conditions within the period granted by the Board.

The same sanction shall not be imposed for the third time on the brokerage house, whose entire activities have been suspended within two years. Instead its authorization certificates with regard to these activities shall be permanently revoked. The same sanction shall not be imposed for the third time on the brokerage house, whose activities of the same nature have been suspended for twice within two years. Only the certificate of authorization for the related activity shall be permanently revoked.

(Amended by Communiqué Serial: V, No: 76) In the evaluation undertaken by the Board, if it is understood that no operation and task has been realized in one of the activities under the authorization certificate of brokerage houses within 12 months or if the brokerage house notifies that it shall not undertake one of these activities for 6 months or longer, the related certificate of authorization shall be revoked. However these periods may be extended by the Board provided that a justified cause is presented by the brokerage house.

Brokerage houses, whose certificates of authorization have been permanently revoked by the Board or upon their own request, shall change the provisions in their Articles of Association with regard to their commercial titles, purpose and activity areas so as not to cover capital market activities within three months following the submission of the relevant decision. They have to submit the Turkish Trade Registry Gazette in which the mentioned amendments are published to the Board in ten days following the publication.

The capital market activities of the banks may be suspended and their certificates may be cancelled by the Board, in case of situations mentioned in sub-paragraph (b) of the first paragraph in this Article or in the loss of general and special requirements for obtaining licenses.

## **SECTION FOURTEEN**

### **MISCELLANEOUS AND FINAL PROVISIONS**

#### **Overruled Provisions**

ARTICLE 65 – The following communiqués have been overruled.

1) Communiqué Serial: V No: 19 on “Principles Regarding Intermediation Activities and Intermediary Institutions” published in the Official Gazette dated 1 March 1995 No: 22217,

2) Communiqué Serial: V No: 24 published in the Official Gazette dated 7 June 1995 No: 22306 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

3) Communiqué Serial: V No: 25 published in the Official Gazette dated 19 July 1995 No: 22348 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

4) Communiqué Serial: V No: 26 published in the Official Gazette dated 20 January 1996 No: 22529 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

5) Communiqué Serial: V No: 27 published in the Official Gazette dated 14 February 1996 No: 22554 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

6) Communiqué Serial: V No: 28 published in the Official Gazette dated 3 July 1996 No: 22685 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

7) Communiqué Serial: V No: 30 published in the Official Gazette dated 16 March 1997 No: 22395 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

8) Communiqué Serial: V No: 31 published in the Official Gazette dated 5 April 1997 No: 22955 adding a Provisional Article to Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

9) Communiqué Serial: V No: 32 published in the Official Gazette dated 11 October 1997 No: 23137 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Operations and Intermediary Institutions”,

10) Communiqué Serial: V No: 33 published in the Official Gazette dated 20 March 1998 No: 23292 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Operations and Intermediary Institutions”,

11) Communiqué Serial: V No: 35 published in the Official Gazette dated 26 June 1998 No: 23384 (supplement) Amending the Communiqué

Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

12) Communiqué Serial: V No: 36 published in the Official Gazette dated 28 August 1998 No: 23447 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

13) Communiqué Serial: V No: 38 published in the Official Gazette dated 8 October 1998 No: 23487 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

14) Communiqué Serial: V No: 40 published in the Official Gazette dated 1 December 1998 No: 23540 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”,

15) Communiqué Serial: V No: 42 published in the Official Gazette dated 2 July 1999 No: 23743 Amending the Communiqué Serial: V No: 19 on Principles Regarding Intermediation Activities and Intermediary Institutions”.

**Supplementary Article 1** - (Added by Communiqué Serial: V, No: 54)  
Intermediary institutions, their managers, personnel and other natural and legal persons can not engage in any business which will lead to contributing, assisting or bringing about the trading activities on capital market instruments with the purpose of artificially, having influence on supply of or demand for them; conveying an impression of an active market; or increasing, decreasing or keeping their prices at the same level.

**Supplementary Article 2** - (Added by Communiqué Serial: V, No: 64)  
Besides banks, special finance institutions may also enter into an agency contract with the brokerage houses being subject to Articles 20, 24, 25, 26, 27, 28 and 29 of this Communiqué.

**Provisional Article 1** – Until the regulations of the Board on Licensing of Intermediaries enter into force, the manager of the derivative instruments expert personnel and the institutional finance experts in the intermediary institutions must have at least three years of professional experience in financial markets or in management.

**Provisional Article 2** – If no contrary provision exists in the legislation; the intermediary institutions have to meet the obligations laid down in this Communiqué within 6 months following the effectiveness of this Communiqué.

**Entry into Force**

ARTICLE 66 – This Communiqué will enter into force on the day of its publication.

**Execution**

ARTICLE 67 – The provisions of this Communiqué shall be executed by the Capital Markets Board.

(Added by Communiqué Serial: V, No: 67)

**Withdrawal of the Brokerage House from Capital Markets by Changing its Line of Activity According to the Article 61/A**

1) Decision of the general assembly and board of directors of the brokerage houses whose all certificates of authorization are to be annulled concerning the annulment of authorization certificates and application to the Board to establish a new brokerage house upon the completion of the procedure stated in the legislation related to the establishment of a new brokerage house,

2) Provision of conformity from all customers of the brokerage houses whose all authorization certificates are to be annulled by reaching them with reply-paid letter and announcements published in at least two daily national newspapers,

3) Depositing of securities and/or cash which is subject to a lawsuit and/or an executive proceeding on behalf of the customers that can not be reached and/or are in dispute at the authorized clearing and settlement agency,

4) Application of the brokerage houses whose all authorization certificates are to be annulled, to the Board for the annulment of authorization certificates and closure of field offices along with the special external audit reports for each such brokerage house,

5) Application of the newly established brokerage house to the Board in order to begin operation upon the completion of the related procedure stated in the legislation,

6) Permission by the Board concerning the annulment of authorization certificates and closure of field offices of the brokerage houses whose authorization certificates are to be annulled and operation of the newly established brokerage house,

7) Deregistration of authorization certificates and field offices from the trade registry, announcement in the Turkish Trade Registry Gazette and in at least two daily national newspapers, concerning the annulment of certificates of authorization and closure of field offices, indicating that it was made upon the permission of the Board, delivery of a copy of the newspapers where the announcements were published to the Board,

8) Announcement in at least two daily national newspapers and in the Stock Exchange Bulletin, concerning that the customers of the brokerage house whose certificates of authorization was annulled who has not applied at the first announcement or persons who are the creditors of the brokerage

house shall apply to the brokerage house and the Board with the related documents in a month after the announcement,

9) Permission by the Board concerning the amendments in the Articles of Association of the brokerage house whose certificates of authorization were annulled, about the changes in the commercial title, purpose and line of activity so as to exclude any indication of capital market activities,

10) Decision of the general assembly concerning the amendment in the line of activity,

11) Delivery of the Turkish Trade Registry Gazette in which the amendments were published,

12) Evaluation by the Board concerning the restitution of the assets deposited, provided that the related provisions of the legislation is reserved.