

DECREE OF THE COUNCIL OF MINISTERS

Decree No.: 2014/5934

On 5 February 2014, the Council of Ministers resolved to enforce the attached “Turkish Capital Markets Association Statute” in accordance with Article 75 of the Capital Market Law no. 6362 as per the letter of the Office of the Deputy Prime Minister dated 14 January 2014, numbered 103, which was based on the suggestion of the Capital Markets Board of Turkey.

Abdullah GÜL

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Recep Tayyip ERDOĞAN

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TURKISH CAPITAL MARKETS ASSOCIATION STATUTE

SECTION ONE

Objective, Scope, Legal Basis and Definitions

Objective

ARTICLE 1- (1) This Statute is intended to set out the bodies, duties, powers, and operating principles and procedures of the Turkish Capital Markets Association that was established pursuant to the Capital Market Law no. 6362 dated 6 December 2012.

Scope

ARTICLE 2- (1) This Statute covers the matters in relation to the bodies, committees, duties and powers of the Turkish Capital Markets Association, and its expenses, revenues, members, membership requirements, disciplinary action, and operating principles and procedures.

Legal Basis

ARTICLE 3- (1) This Statute is drafted based on Articles 74 and 75 of the Law no. 6362.

Definitions and Abbreviations

ARTICLE 4- (1) The following terms shall have the meanings below as and when they appear herein:

- a) Bank: Deposit and participation banks, development and investment banks,
- b) Association: Turkish Capital Markets Association,
- c) Exchange: A regularly running system or marketplace incorporated as a joint stock company and authorized in accordance with the Law, which is either operated and/or managed by itself or by a market operator to ensure easy and secure trading of capital market instruments, currency exchange and precious metals and precious stones, as well as of other contracts, documents and assets deemed appropriate by the CMB under the terms of free competition, which determines and announces the prices that are formed, and which matches, or facilitate the matching of, buy and sell orders so as to finalize them,
- d) Law: The Capital Market Law no. 6362 dated 6 December 2012,
- e) CMB: Capital Markets Board of Turkey,
- f) Capital market institutions: Institutions named in Article 35 of the Law,
- g) Investment services and activities: Services and activities listed under Article 37 of the Law,
- h) Investment company: Brokerage firms, other capital market enterprises whose incorporation and operating principles are set by the CMB for being engaged in investment services and activities, and banks,
- i) Directive: Arrangements drawn up under this Statute by the Office of the Secretary General and approved by the Board of Directors.

SECTION TWO

The Association's Head Office, Objective, Duties and Powers, and Membership

Central and Peripheral Organization of the Association

ARTICLE 5- (1) The head office of the Association is located in İstanbul. The Association may set up the necessary organization in Turkey, and may also set up

representation offices abroad under the applicable legislation, subject to the permission of the CMB.

Objective of the Association

ARTICLE 6- (1) The objectives of the Association are to respond to the joint needs of its members, facilitate professional activities of members' employees, contribute to the development of the capital market, preserve professional discipline and ethics so as to ensure that the relations of members with other members and investors are dominated by integrity and trust, ensure that the members act in solidarity and pay the due diligence and exercise the discipline required by the capital market in their operations, protect members' economic interests and help them improve professionally, and fulfill the duties and exercise the powers incumbent upon it by the Constitution, the Law and this Statute so as to prevent unfair competition among its members and ensure development of the capital market.

Duties and Powers of the Association

ARTICLE 7- (1) The Association shall perform the following duties and exercise the powers below to achieve its objectives listed under Article 6 and to carry out other activities directed towards these objectives:

- a. Ensure execution of research that may be needed for the improvement of the capital markets and member enterprises' activities; organize publicity events, seminars, meetings, training programs and advertising activities.
- b. Establish professional guidelines for guaranteeing the fairness and integrity of the activities carried out by the Association members, ensuring business ethics, facilitating solidarity among the Association members, and securing prudent and disciplined conduct of business by its members.
- c. Take necessary action to prevent unfair competition.
- d. Make, execute and supervise regulations on matters that it has been charged with by the legislation and those specified by the CMB.
- e. Impose the disciplinary actions stipulated by the Statute.
- f. Cooperate with national and international establishments on behalf of member enterprises.
- g. Monitor professional developments, legal and administrative regulations in the national and international arena, and inform the members on the same.
- h. Create policies to help develop the activities of capital markets and member enterprises, and make decisions for their implementation.
- i. Raise awareness of the public about saving up and investing, and offer financial education to investors, which must be provided free of charge, so as to increase national savings.
- j. Join as a member and/or participate as a shareholder in national or international financial, economic and professional institutions, organizations and partnerships that are engaged in fields related to the Association's objective within the frame of applicable legislation.
- k. Represent the Association in the Association's subsidiaries.
- l. Set up and manage the necessary infrastructure for resolution of conflicts through arbitration, which may arise among the members or between members and their customers from their activities that fall under the Law.

- m. Assist in the resolution of conflicts which may arise among the members or between the members and their customers from transactions other than exchange transactions; set up the arbitration committee and the necessary infrastructure subject to the procedures and principles that will be drawn up for this purpose and approved by the CMB.
- n. Evaluate the complaints filed about its members and inform the CMB on the results of the action to be taken in line with the principles and procedures to be determined by the CMB.
- o. Make arrangements regarding the principles about the ratios and limits of commissions, fees and expenses the members will collect in return for the services they will render to their customers within the frame of capital market activities.
- p. Determine the principles the members will adhere to in relation to announcements and advertisements; impose the disciplinary action as specified herein against the breaching member, in the event breach of these principles are established based on notifications and complaints.
- q. Maintain general and statistical information about its members and publicly disclose them regularly.
- r. Provide regular information flow between its members and the Association and between the Association and CMB within the required framework.
- s. Bring lawsuits in matters concerning the joint interests of members based on board of directors' decision.
- t. Perform other duties assigned by the CMB.

(2) In respect of the arrangements and decisions it will make, the Association is obliged to abide by the Law, this Statute, applicable legislation and the CMB decisions.

(3) In the event that it establishes contradiction with the legislation in force, the CMB may require the Association to cancel or alter the arrangements made.

Membership

ARTICLE 8- (1) Those establishments that are authorized to engage in investment services and activities, listed investment trusts, and corporations operating in capital markets which are deemed fit by the CMB must apply to the Association for membership. The establishments mentioned above and investment trusts are obliged to file the necessary application within three months from the receipt of their authorization certificate and commencement of trading of their stock on the exchange, respectively. Failure to fulfill the said obligation shall cause suspension of operations by the CMB.

(2) Prior to filing the membership application, the membership admission fee must be deposited in the account opened in the name of the Association and the receipt for payment must be submitted along with the application documents. Membership applications will not be accepted for those establishments that do not deposit the admission fee. This provision shall not apply to establishments that have been re-admitted to the Association membership following the execution of the disciplinary punishment specified in Article 24-1(d) hereof.

(3) An objection may be filed with the CMB within ten business days following the service of the notice to the addressee against the decision for rejection of membership admission application. The objection shall be finally decided by the CMB. The ten-business-day period of time shall be negative prescription.

(4) Establishments, whose activities have been permanently stopped through revocation of their authorization certificates in full, and companies, which have lost their investment trust status, will be removed from membership roster.

(5) Members of the Association must abide by this Statute and the decisions passed by the Association.

Representation of Members at the Association

ARTICLE 9- (1) Members are represented in the Association bodies by the relevant member's chairperson of the board of directors, board member or general manager or by an executive holding at least assistant general manager position who has been vested in representation authority by the aforementioned. A representative possessing the said qualifications shall be notified to the Association, who will represent the member before the Association in procedures related to the Association and will vote in the member's name. Members shall be obliged to notify in writing any changes concerning these representatives to the Association within no later than three business days.

SECTION THREE

Bodies, Management and Committees of the Association

Bodies of the Association

ARTICLE 10- (1) The bodies of the Association are the general assembly, the board of directors and the board of auditors. The Association also embodies the Secretary General unit.

General Assembly

ARTICLE 11- (1) The General Assembly is the highest body of the Association and is made up of the Association members.

(2) The General Assembly convenes ordinarily every year during May upon invitation by the Board of Directors.

(3) The General Assembly meetings may be held totally on electronic medium or through electronic participation of some members in a meeting where some other members are physically present.

(4) The General Assembly may also convene extraordinarily when necessary upon invitation by the CMB or the Board of Directors. The Board of Directors shall summon the General Assembly for a meeting within one month upon written application by the Board of Auditors or by one fifth of the Association's members.

(5) The Board of Directors shall decide on the place, date, hour, and agenda of the General Assembly meeting, as well as the list of members and their representatives that will attend the meeting, along with the details regarding the second meeting to be held in case quorum is not achieved. The time between the first and the second meeting cannot be shorter than fifteen days.

(6) The abovementioned considerations related to the General Assembly meetings and documents pertaining to agenda items shall be notified by registered mail to the CMB and to the members at least thirty days and fifteen days in advance of the meeting, respectively.

(7) In General Assembly meetings during which elections will be made for the bodies of the Association, the list identifying the Association members and their representatives who will take part in the elections, along with a letter specifying the agenda, place, date, and time of meetings, and the details regarding the second meeting to be held in case quorum is not achieved, shall also be delivered in three counterparts to the judge who will serve as the chairperson of the election board to be designated by the Supreme Board of Elections at least

fifteen days in advance of the first meeting. The judge shall approve the list and other details upon necessary review and assign one chairperson and two members for the ballot box committee, along with alternate members for each. Voting shall be carried out on the basis of secret ballot and public classification under judicial supervision. At the end of the balloting time, the results shall be entered into an official report, and signed by the chairperson and members of the ballot box committee. Objections against elections may be raised within two business days following the issuance of the official report. All objections shall be reviewed and finally decided on the same day by the judge serving as the chairperson of the election board. If the judge establishes that election was made in contradiction with the considerations mentioned above or that there were irregularities or non-conformities with the legislation at an extent that will affect the election results, he or she shall decide to cancel the elections and hold a second election within two to seven days, which decision shall be notified to the Association by the judge. In the absence of any objection, the judge shall announce the final results and notify the same to the Association. The CMB has the right to raise an objection in terms of the implementation of the Law, and any objections that may be raised by the CMB shall be reviewed and decided upon in the same manner.

(8) The General Assembly meeting shall be held at the Association's head office or at any other place to be determined by the Board of Directors. Individuals who are assigned by the CMB to attend the Association's General Assembly meeting shall do so, but shall not have the right to vote.

Meeting and Decision Quorums

ARTICLE 12- (1) The quorum for the General Assembly meeting is the absolute majority of the full number of members. If the required quorum is not achieved in the first meeting, the second meeting shall be held with those present in the meeting, without requiring quorum.

(2) Decisions shall be passed with the absolute majority of participating members.

General Assembly Meetings

ARTICLE 13- (1) Only the items covered in the agenda shall be discussed in General Assembly meetings. However, it is compulsory to include in the agenda those matters that are demanded to be discussed by the CMB or requested to be addressed by at least one tenth of the full membership of the Association. The representative of a member may not vote on any matter related to that member.

(2) Each member shall have one vote at the General Assemblies. However, voting shall be made by secret ballot and public classification in elections of the Association bodies. Secret ballot shall be practiced also on matters decided by the General Assembly. Members, who have defaulted for one calendar year on their expense contributions and annual fees shall not be allowed to vote at the General Assembly.

(3) Before the end of January each year, the CMB shall determine the investment companies, asset management companies and listed investment trusts in accordance with the criteria specified under Article 16-1 hereof and notify the same to the Association.

(4) The General Assembly shall be presided by a meeting chair elected from among the participating member representatives, and two secretaries shall be elected. If so decided by the General Assembly, the meeting chair and secretaries shall be elected by open ballot. Minutes of discussions and decisions shall be signed by the meeting chair and the secretaries, and a copy of each of the decisions shall be sent by the Association to the members and the CMB within three business days.

Duties of the General Assembly

ARTICLE 14- (1) The duties of the General Assembly are as follows:

- a) Approve the professional rules and disciplinary guidelines drawn up by the Board of Directors,
- b) Elect the members of the Board of Directors, the Board of Auditors and the Discipline Committee of the Association,
- c) Determine annual fees and expense contributions,
- d) Discuss and finally decide on the annual budget and the final account,
- e) Discuss the annual report of the Board of Directors,
- f) Absolve the Board of Directors, and decide to take legal action for those who are considered liable, when deemed necessary,
- g) Discuss and decide on the report of the Board of Auditors,
- h) Pass decisions to purchase immovable properties necessary for the Association or to sell existing ones, or to authorize the Board of Directors about the same,
- i) Decide on opinions to be notified to the CMB on intended amendments to this Statute,
- j) Determine the attendance fees and remunerations to be paid to the members of the Board of Directors and Board of Auditors.

Board of Directors

ARTICLE 15- (1) The Board of Directors shall consist of eleven members in the following composition:

- a) Three members from brokerage firms,
- b) Two members from banks,
- c) Two members from asset management companies,
- d) One member from listed investment trusts,
- e) One member representing the Association of Appraisal Experts of Turkey (TDUB),
- f) Two independent members to be elected by the General Assembly from amongst nominees identified by the Nomination Committee and put up by the CMB,

(2) Members of the Board of Directors must be actively working in a position no lower than general manager at the Association member they are representing or must be holding at least 10% share in an Association member.

(3) Each Association member shall be represented on the Board of Directors by one member maximum. No more than one member shall represent those Association members, among which there is a direct or indirect management relation and/or capital relation in excess of 10%, on the Board of Directors.

(4) The term of office for Board of Directors members is two years.

(5) Members of the Board of Directors shall elect a chairperson from among themselves, and also a vice chairperson who shall perform necessary duties in the absence of the chairperson of the Board for various reasons.

(6) Members of the Board of Directors may be elected by the General Assembly for maximum two consecutive terms. No member may be a candidate for a seat on the Board of Directors without a term in between.

(7) The General Assembly may discharge any Board member if there is a related item on the agenda, or, in the absence of such an agenda item, upon written demand of two thirds of the full membership. New members shall be elected to succeed discharged members within no later than one month in accordance with the principles specified under Article 11 hereof, taking into consideration the requirements set out in Article 16 of this Statute.

(8) If a Board member no longer fulfills the prerequisites specified under paragraph 2 of this article, the Association member shall be required to notify the situation in writing to

the Association within three business days. The membership on the Board of Directors shall automatically end on the date of such notification, and the Association member shall, within ten days, notify in writing a representative who shall complete the remaining term of office of the former Board member.

(9) If the Association member fails to notify a new representative pursuant to paragraph 8 of this article or if a seat on the Board of Directors is vacated during the term for any other reason, the Board of Directors shall appoint as a Board member the second highest-voted Association member's representative, apart from the members elected in the previous General Assembly in the group in which the vacancy occurred. If the votes were even in the preceding General Assembly, then the Association member among equals possessing the highest total assets as of the end of the preceding calendar year shall be appointed as a Board member.

(10) In the absence of any other candidate in the group from which election is to be made other than those Association members elected in the preceding General Assembly, the Association member belonging to the group in which the vacancy occurred and possessing the highest total assets as of the end of the preceding calendar year shall be appointed as member of the Board of Directors. If such Association member declines Board membership, the Board of Directors shall appoint the next Association member as a Board member in accordance with the criteria defined in this article.

(11) The Board membership of the representative of the Association member newly appointed to a seat on the Board of Directors pursuant to paragraphs 9 and 10 of this article shall be laid down for approval at the next General Assembly to be convened.

(12) If the ties of the Chairperson of the Board are severed with the Association member or if the Chairperson seat is vacated for any other reason, upon notification and appointment of the new representative in accordance with paragraphs 8 and 9 of this article, the Board of Directors shall, within one month, elect the new Chairperson of the Board pursuant to paragraph 5 of this article, who shall complete the remaining term of office of his/her predecessor.

(13) Board of Directors members may be paid an attendance fee in an amount to be determined by the General Assembly. However, it is compulsory to pay an attendance fee to independent Board members; the amount of such fee, which is determined by the General Assembly, may not be less than the amount to be paid to the other members and it may not be less than one fourth of the total monthly remuneration paid to the Association's Secretary General.

(14) The matters specified under paragraphs 2, 8, 9, 10, 11 and 12 of this article shall not be applicable to subparagraphs (d) and (e) of the first paragraph of this article.

(15) If the member seat representing the Turkish Association of Appraisers (TDUB) mentioned in subparagraph (d) of paragraph 1 of this article is vacated for whatsoever reason, then the Turkish Association of Appraisers shall notify a new representative within one month for such vacant seat.

(16) If the member seats mentioned under subparagraph (e) of paragraph 1 of this article are vacated for whatsoever reason, then the Board of Directors shall appoint the alternate independent Board member designated in the previous General Assembly meeting at which election was made as an independent Board member.

Election Procedure for a Member Seat on the Board of Directors

ARTICLE 16- (1) The following procedures shall be applied for each member group when electing members to the Board of Directors.

These members shall be elected at the General Assembly via secret ballot among candidates nominated by respective groups as follows:

a) For identifying the three members who will represent brokerage firms:

1) One member from the top ten brokerage firms ranked according to their annual trading volume on the stock market during the calendar year preceding the one in which the General Assembly was held,

2) One member from the top ten brokerage firms ranked according to the sum of public offering undertaking and management commissions, acquisition or merger intermediation commissions, investment consultancy income, and other corporate finance and consultancy income to be determined by the CMB based on their independently audited interim financial statements preceding the calendar year in which the General Assembly was held,

3) One member from among all member brokerage firms,

b) For identifying the two members who will represent the banks:

1) One member from the top ten brokerage firms ranked according to the sum of their annual repo or reverse repo commitments and trading volume of fixed income securities (including over-the-counter transactions that are registered according to the conditions set by the exchange) during the calendar year preceding the one in which the General Assembly was held,

2) One member from the banks not belonging with those defined under subparagraph (1),

c) For identifying the two members who will represent asset management companies,

1) One member from the top ten asset management companies ranked according to the value of the assets under management,

2) One member from asset management companies not belonging with those defined under subparagraph (1),

d) For identifying the member who will represent listed investment trusts: one member from the top ten investment trusts ranked according to total assets based on their independently audited interim financial statements preceding the calendar year in which the General Assembly was held.

e) The following principles are adhered to in the designation of independent Board members:

1) Independent Board members must not have held a de facto duty at the Association members and at the companies in which they possess management control, or must not have been in a business and/or partnership relationship with the members during the past five years, including consultancy.

2) Independent Board members must have at least ten years of professional experience in the field of capital markets.

3) The Nomination Committee shall consist of three individuals, namely the CMB Chairperson, Chairperson of the Board of Borsa İstanbul Inc., and the Association Chairperson, or by three individuals, each of whom shall be designated by the foregoing. The members of the Nomination Committee shall only serve for the respective term in which the election will be made. The Nomination Committee shall be set up by no later than the end of January in the year in which independent Board members shall be elected.

4) Those possessing the qualifications required of independent board members shall apply in writing for being an independent Board member to the Nomination Committee before the end of February in the relevant year. The principles for the application process are announced on the Association's website.

5) The Nomination Committee shall adopt decisions based on at least two affirmative votes in the same parallel. The Committee shall send the list of nominees, made up of candidates up to two times of the required number of permanent and alternate independent Board members to be elected to the CMB before the end of March. The CMB shall send the

short list covering the required number of permanent and alternate independent members plus one to be elected from among the candidates on the list submitted by the Nomination Committee to the Association by no later than three weeks in advance of the Association's General Assembly meeting for laying it down for election by the General Assembly.

6) The General Assembly shall vote the candidates in the short list. The candidates shall be ranked in descending order based on the votes received, and shall be designated as permanent or alternate members depending on the number of candidates to be elected.

Board Meetings and Decisions

ARTICLE 17- (1) The Board of Directors shall convene at least once every month. The Board shall also convene upon call of the Chairperson, or in his absence, the Vice Chairperson, whenever necessitated by the affairs of the Association. Any Board member may request in writing the Chairperson to summon the Board of Directors for a meeting. The Board of Directors shall convene at the head office of the Association or at any other place to be considered appropriate by the Chairperson of the Board. The meeting agenda shall be sent to the members of the Board of Directors and the Board of Auditors by the Secretary General. If the Chairperson decides to hold the meeting at a place other than the Association's head office, then the details about the meeting place shall be notified to the members of the Board of Directors and the Board of Auditors along with the agenda.

(2) At least seven members must participate in the meeting in order for a Board meeting to be held. Decisions shall be passed by the affirmative votes of at least seven Board members. Items may be added to the agenda upon demand by the majority of attending members.

(3) Board meetings may be held fully on electronic medium or through electronic participation of some members in a meeting where some other members are physically present.

(4) Board members may not participate, nor may they cast votes in the meetings held for decisions, directly or indirectly, concerning them or persons related to them or members that they represent.

Duties and Powers of the Board of Directors

ARTICLE 18- (1) The Board of Directors is the executive and decision-making body of the Association and has the following duties:

- a) Decide on matters that are included among the duties of the Association and are beyond the powers of the General Assembly,
- b) Decide on membership applications,
- c) Prepare, and present to the General Assembly, the professional rules and disciplinary guidelines,
- d) Establish standards for members' procedures in implementing in their transactions,
- e) Establish the principles for use of the Association's name by the members,
- f) Impose the disciplinary penalties specified in Article 24 of this Statute,
- g) Determine the principles for the operation of the Association for recruitment; appoint the Association's Secretary General and other employees, and determine the raises to their remunerations upon obtaining approval from the CMB,
- h) Set up working committees for the performance of the Association's activities and determining their operating principles,
- i) Prepare the budget, final account, and annual report of the Association and present them to the General Assembly,
- j) Ensure collection of, and follow up, the Association's revenues,

- k) Determine the periodical reports and information to be provided to the Association about the activities of the members,
- l) Determine the organization, representation offices and offices the Association will set up in and out of Turkey,
- m) Submit proposals to the General Assembly about amendments to be made to this Statute,
- n) Perform other duties incumbent upon it as per the legislation and this Statute.

Resolution Book of the Board of Directors

ARTICLE 19- (1) Decisions passed in Board meetings shall be recorded, and then written in the resolution book and signed by the Chairperson and the participating members within no later than fifteen days.

(2) The resolution book of the Board of Directors can be kept in electronic environment. If it is kept in hard copy, then Board decisions shall be written in chronological and ascending order in a notarized and bound book having consecutively numbered pages, without leaving any blank space between pages or without any insertions between the lines, so as to avoid any doubts about the soundness of the text.

Board of Auditors

ARTICLE 20- (1) The Board of Auditors consists of five members. These auditors shall be elected at the General Assembly via secret ballot among candidates who are nominated by respective groups from among Association members not represented on the Board of Directors as follows:

- a) Two members from brokerage firms,
- b) One member from banks,
- c) One member from asset management companies,
- d) One member from listed investment trusts.

The candidates to be elected must possess the qualifications listed under Article 15-2 of this Statute.

(2) Each member shall have not more than one auditor on the Board of Auditors. Association members having a direct or indirect management and/or capital relation in excess of 10% between them shall have not more than one auditor on the Board of Auditors.

(3) Term of office for the members of the Board of Auditors is two years. Members may be elected by the General Assembly for two consecutive terms maximum. No member may be a candidate for a seat on the Board of Auditors without a term in between.

(4) If the ties of a Board of Auditors member are severed with the Association member that he/she is representing, the Association member should notify the situation in writing to the Association within three business days. Membership on the Board of Auditors shall automatically end on the date of such notification. In such an event, the Association member shall, within ten days, notify in writing a representative possessing the qualifications specified under Article 15-2 hereof, who shall complete the remaining term of his/her predecessor.

(5) If the Association member fails to notify a new representative within ten days from the date its representative leaves or if a seat on the Board of Auditors is vacated during the term for any other reason, the Board of Directors shall appoint as a member on the Board of Auditors the second highest-voted Association member's representative apart from the members elected in the previous General Assembly in the group, in which the vacancy occurred and which is not represented on the Board of Directors. If the votes were even in the preceding General Assembly, then the Association member among equals possessing the

highest total assets based on the independently audited financial statement as at the end of the preceding calendar year shall be appointed as member.

(6) In the absence of any other candidate in the group from which election is to be made other than those Association members elected in the preceding General Assembly, the Association member belonging to the group in which the vacancy occurred, possessing the highest total assets based on the independently audited financial statement as at the end of the preceding calendar year and not represented on the Board of Directors shall be appointed as a member of the Board of Auditors. If such Association member declines membership on the Board of Auditors, the Board of Auditors shall appoint the next Association member determined in accordance with the criteria defined in this article as a member to complete the remaining term of office of the predecessor.

(7) The Board of Auditors membership of the newly appointed Association member shall be laid down for approval at the next General Assembly.

(8) Members of the Board of Auditors shall examine all accounts and transactions of the Association and submit their comments on the Association's activities in a report for the ordinary General Assembly meetings.

(9) Members of the Board of Auditors may, if they so wish, attend Board of Directors meetings without the right to vote, and may demand the matters they deem necessary to be included in the Board of Directors agenda.

(10) Members of the Board of Auditors may be paid an attendance fee in the amount to be determined by the General Assembly.

Chairperson of the Association

ARTICLE 21- (1) The Chairperson of the Board of Directors is also the Chairperson of the Association. The Chairperson is the highest-ranking position in the Association and is charged with the overall management and representation of the Association. The Chairperson represents the Association before administrative and judicial authorities and third parties, and manages the Association according to applicable legislation, and General Assembly and Board of Directors decisions.

(2) In the absence of the Chairperson of the Association due to leave, sickness, assignments in or out of the country or other reasons, the Vice Chairperson shall provide uninterrupted performance of the duties and exercise of the powers vested in the Chairperson of the Association.

Secretary General

ARTICLE 22- (1) The business affairs and operations of the Association are carried out by the Secretary General who shall be appointed by the Board of Directors. The prerequisites for appointment as Secretary General, and other duties and powers of this position are regulated by the Association's guidelines. The primary duties and powers of the Secretary General are stated below:

- a) Perform the duties assigned by the Chairperson and the Board of Directors,
- b) Manage the affairs and correspondences of the Association,
- c) Ensure that personnel registry records of the staff are kept and maintained,
- d) Prepare the draft budget of the Association,
- e) Ensure that records of fixtures and materials are kept and maintained,
- f) Make sure that accounting books and other records of the Association are kept,
- g) Provide that the General Assembly and Board of Directors decisions are communicated to, and implemented by, the members,
- h) Handle media and press relations,

(2) The CMB may impose an upper limit on the total payments made to the Secretary General during the course of one year under the name of salary, wage, remuneration, bonus, raise, compensation, premium, overtime, dividend or any other name. Remunerations paid to the Association's other employees must not be in excess of the amount determined for the Secretary General.

Discipline Committee

ARTICLE 23- (1) The Discipline Committee is composed of five members. The Committee members shall be elected to assist with the execution of disciplinary investigations under Article 24 at the General Assembly via secret ballot among candidates who are nominated by respective groups from among Association members not represented on the Board of Directors as follows:

- a) Two members from brokerage firms,
- b) One member from banks,
- c) One member from asset management companies,
- d) One member from listed investment trusts.

The candidates to be elected must possess the qualifications listed under Article 15-2 of this Statute.

(2) Each Association member shall have not more than one member on the Discipline Committee. Association members having a direct or indirect management and/or capital relation in excess of 10% between them shall be represented on the Discipline Committee by not more than one member.

(3) Term of office for Discipline Committee members is two years. Members whose term of office expires may be re-elected.

(4) If the ties of a Discipline Committee member are severed with the Association member that he/she is representing, the Association member should notify the situation in writing to the Association within three business days. Membership on the Discipline Committee shall automatically end on the date of such notification. In such an event, the Association member shall, within ten days, notify in writing a representative possessing the qualifications specified under Article 15-2 hereof, who shall complete the remaining term of his/her predecessor.

(5) If the Association member fails to notify a new representative within ten days from the date its representative leaves or if a seat on the Discipline Committee is vacated during the term for any other reason, the Discipline Committee shall appoint as a member of the Discipline Committee the second highest-voted Association member's representative apart from the members elected in the previous General Assembly in the group in which the vacancy occurred and which is not represented on the Board of Directors. If the votes were even in the preceding General Assembly, then the Association member among equals possessing the highest total assets based on the independently audited financial statement as at the end of the preceding calendar year shall be appointed as member.

(6) In the absence of any other candidate in the group from which election is to be made other than those Association members elected in the preceding General Assembly, the Association member belonging to the group in which the vacancy occurred, possessing the highest total assets based on the independently audited financial statement as at the end of the preceding calendar year and not represented on the Board of Directors shall be appointed as member of the Discipline Committee. If such Association member declines membership on the Discipline Committee, the Discipline Committee shall appoint the next Association member determined in accordance with the criteria defined in this article as a member to complete the remaining term of office of the predecessor.

(7) The Discipline Committee membership of the newly appointed Association member shall be laid down for approval at the next General Assembly.

(8) Members of the Discipline Committee may not participate, nor may they cast votes, in the meetings held for decisions, directly or indirectly, concerning them or persons related to them or Association members that they represent.

(9) Members of the Discipline Committee shall not be paid any remuneration under whatsoever name in consideration for the duties they perform.

Disciplinary Penalties

ARTICLE 24- (1) The following disciplinary penalties shall be applied, depending on the nature and severity of the breach, to members who breach professional honor, principles and rules, or fail to fulfill their obligations towards their customers without a justified cause, or fail to act in the manner as required by being a member of the Association, or injure the order of the capital market, cause unfair competition in the market, violate the principle of honesty, commit fraudulent acts, or prevent the transparent and orderly execution of activities or act in violation of applicable legislation and decisions:

a) Warning: a written notice to the concerned member that it has to act more diligently and carefully in performing its activities, liabilities and in its behavior.

b) Censure: a written notice to a member that it is faulty in its profession and in its behavior.

c) Administrative Fine: a penalty imposed pursuant to Article 103-5 of the Law. If an Association member has been penalized pursuant to Article 103-1 of the Law on account of an act thereby, then this provision shall not be applied for the same act. Objections against administrative fines are to be made in accordance with the provisions of the Misdemeanor Law.

d) Suspension of the Association membership: temporary discharge of an Association member, who was given a disciplinary penalty or administrative fine as a result of an act or transaction, for a maximum period of six months in view of the nature and severity of the act and deprivation of such member from the rights vested in it by virtue of being an Association member.

e) Permanent discharge from the Association membership: Permanent withdrawal of the title of the Association membership.

(2) The members may object to the CMB for disciplinary resolutions passed with respect to them, within ten business days following the notification of the resolution to the concerned member. Decisions to be passed by the CMB for such objections shall be final.

(3) Principles regarding actions requiring disciplinary penalty, the execution of disciplinary proceedings and disciplinary records shall be established in the guidelines, which will be prepared by the Association upon obtaining the CMB's clearance and approval of the General Assembly.

Professional and Other Committees

ARTICLE 25- (1) Professional committees are in the nature of a consultative unit of the Board of Directors and are set up to present opinions and recommendations, upon collaboration with the other committees, if necessary, in relation to subjects assigned thereto by the Board of Directors or identified *sua sponte* thereby in such fields that concern their respective groups.

(2) The Board of Directors shall appoint committee members in the number to be deemed necessary as follows:

a) From brokerage firms to the Brokerage Firms Professional Committee,

b) From banks to the Banks Professional Committee,

- c) From asset management companies to the Asset Management Companies Professional Committee,
- d) From listed investment trusts to Investment Trusts Professional Committee.

The Board of Directors shall also appoint a Board member designated from within the related groups to each committee as the committee president. A member to be elected by the committee shall function as vice president.

(3) The Association's Board of Directors may set up committees to deal with other matters that it deems necessary in addition to the above-mentioned committees. The Board of Directors shall establish the principles for appointment of members to the committees and for their operating principles.

(4) Members of professional committees shall not be paid any remuneration under whatsoever name in consideration for the duties they perform.

(5) Professional committees shall meet as and when necessitated by the affairs of the Association, but no less than twice a year, upon invitation by the committee president. Secretariat services for the professional committees shall be rendered by the relevant units of the Association, which will be designated by the Secretary General. Committee presidents shall present the results of the professional committees' activities to the Association's Chairperson for their incorporation in the Board of Directors agenda.

(6) Representatives from the CMB could take part in professional committees, upon demand by the Association.

SECTION FOUR Financial Provisions

Revenues of the Association

ARTICLE 26- (1) The Association derives its revenues from the following sources:

- a) One-time membership admission fees payable by members,
- b) Expense contributions,
- c) Annual membership fees,
- d) Surplus income carried forward from the preceding year,
- e) All kinds of donations,
- f) Income from publications,
- g) Income from training, courses and seminars,
- h) Other income.

Financial Provisions

ARTICLE 27- (1) The fiscal term of the Association is the calendar year.

(2) The Association shall send its year-end financial statement, income-loss statement and annual report to members and the CMB together with an invitation for the General Assembly.

(3) No annual membership fee shall be charged in the year in which the membership admission fee is paid. The admission fee shall be determined based on the proposal of the General Assembly and upon approval of the CMB.

(4) The Association is not authorized to spend more than its income. To ensure consistent performance of the Association's activities, income surplus mentioned in Article 26-d shall be set aside as reserve fund until such time that it adds up to 25% of the current year budget.

(5) Annual membership fees and expense contributions approved by the General

Assembly must be paid in two equal installments in January and July.

(6) Upon termination of the Association membership, annual membership and expense contributions collected in advance shall not be returned.

(7) Brokerage firms, whose activities are suspended temporarily by the CMB, shall not pay annual membership fees and expense contributions until the CMB decides that the brokerage firm in question may resume its activities. If and when such a brokerage firm resumes its activities, it shall be obliged to pay expense contributions and annual membership fees for the suspension period, including the legal interest thereon, within one month following the date of recommencement of activities.

(8) In case the activities of a member, whose operations were suspended temporarily, shall have been permanently terminated, the unpaid annual membership fees and expense contributions for the period of inactivity shall be cancelled.

(9) If amounts payable to the Association are not paid within the specified period of time, the said amounts shall be collected by the Association by way of enforcement. Decisions regarding payment of fees to the Association shall have the nature of written official document as defined in Article 68 of the Enforcement and Bankruptcy Law no. 2004 dated 9 June 1932.

(10) Membership admission fees, expense contributions and annual membership fees shall be deposited in specific accounts opened in banks decided by the Association's Board of Directors.

SECTION FIVE Other Provisions

Legal books

ARTICLE 28- (1) The Association shall keep the following books and other necessary books in hard copy or electronically:

- a) Member registration book,
- b) Journal, ledger, inventory and the required auxiliary accounting books,
- c) Board resolutions book,
- d) Incoming and outgoing documents book.

Activities Prohibited to the Association

ARTICLE 29- (1) The Association may not engage in any activity other than its objectives of establishment and those specified herein.

(2) If the Association's responsible bodies are engaged in activities beyond their objectives, such bodies shall be relieved of their duties based on court order upon demand by the CMB or the public prosecutor, and their replacements will be caused to be elected within the frame of the principles hereunder, provided that replacements shall not be representing the relieved institutions. Penal liabilities of the members of terminated bodies of the Association shall be reserved. The actions of the Association bodies, which caused termination of their duties under the foregoing provisions, shall be null and void.

Obligation of Secrecy

ARTICLE 30- (1) The members of the Association's Board of Directors, members of all other committees, and Association employees may not disclose the secrets about concerned parties and third parties, which they become privy to because of their titles and positions, to anybody other than those legally authorized, and may not use, directly or

indirectly, these secrets to derive benefits for self or others. Such liability survives their departure from duty.

Audit

ARTICLE 31- (1) The Association shall be audited by the CMB on an annual basis. The CMB shall establish all the principles and procedures for the auditing of all the Association's transactions and accounts. A copy of the audit report on the audit conducted within this frame by the CMB shall be delivered to the Ministry with which the CMB is affiliated by no later than the end of the sixth month of the following year. The concerned Minister may require the CMB to take necessary action to ensure that the Association's activity conforms to its purpose of establishment. The Minister shall also be authorized to audit all transactions and accounts of the Association.

(2) The authorized bodies of the Association may raise objections before the CMB against the decisions passed within ten days following service of the decision to the concerned party. Decisions to be passed by the CMB for such objections shall be final.

Superseded Legislation

ARTICLE 32- (1) The Statute of the Association of Capital Market Intermediary Institutions of Turkey, which had been put into force by the Council of Ministers Resolution no. 2001/1914 dated 8 January 2001, has been repealed.

(2) Any reference made in the legislation to the Statute of the Association of Capital Market Intermediary Institutions of Turkey shall be deemed as a reference made to this Statute.

Election Process for the Initial Independent Board Members

PROVISIONAL ARTICLE 1- (1) The Nomination Committee, which is required to be set up pursuant to Article 16 hereof for the election of the Association's bodies under the Provisional Article 5 of the Law, shall be formed within one month from the publication of the Statute; during this one-month period, individuals who will run for a seat as an independent member on the Board of Directors shall file their written membership application with the Association. Application terms and conditions shall be posted on the Association's website. Candidates for independent Board membership designated by the Nomination Committee shall be notified to the CMB at the end of the month following the month in which the Statute was issued, the latest.

Membership Admission Fee

PROVISIONAL ARTICLE 2- (1) Membership admission fee shall not be payable by the existing members of the Association of Capital Market Intermediary Institutions of Turkey.

(2) Membership admission fee is TL 5,000 for institutions that will become a member of the Association for the first time pursuant to Provisional Article 5 of the Law, and for all institutions that will become members in 2014.

Enforcement

ARTICLE 33- (1) This Statute shall come into force on the date of its publication.

Execution

ARTICLE 34- (1) The provisions of this Statute shall be executed by the Minister with which the Capital Markets Board of Turkey is affiliated.