

COMMUNIQUÉ**Published by the Capital Markets Board****COMMUNIQUÉ ON PORTFOLIO MANAGEMENT COMPANIES
AND ACTIVITIES OF SUCH COMPANIES
(III-55.1)****FIRST CHAPTER****Purpose, Scope, Basis, Definitions and Abbreviations****Purpose and Scope**

ARTICLE 1 – (1) The purpose of this Communiqué is to regulate principles as to portfolio management companies and activities and operations of such companies within the frame of provisions of article 55 of the Capital Market Law numbered 6362 dated 6/12/2012.

Basis:

ARTICLE 2 – (1) This Communiqué is published on the basis of sub-paragraph (ç) of first paragraph of Article 35 and articles 39 and 55 of the Capital Market Law numbered 6362.

Definitions and Abbreviations:

ARTICLE 3 – (1) For the purposes of this Communiqué the following definitions shall apply:

- a) **“The Association”**: Capital Markets Association of Turkey,
- b) **“Exchange”**: Systems, marketplaces and foreign exchanges defined in sub-paragraph (ç) of the first paragraph of article 3 of the Capital Markets Law numbered 6362,
- c) **“Fund”** :An investment fund,
- d) **“Specialized Personnel”**: Personnel defined in the regulations of the Board pertaining to licensing,
- e) **“Law”**: Law numbered 6362,
- f) **“PDP”**: Public Disclosure Platform,

- g) **“Fund Units”** : A dematerialized capital market instrument which demonstrates the participation of the investor in the fund and which carries the rights of the investor,
- h) **“Collective Investment Scheme”**:: Investment funds and investment companies established under the Law,
- i) **“Board”**: Capital Markets Board,
- j) **“CRA”**: Central Registry Agency Incorporation,
- k) **“Inspector”**: Personnel in charge of supervision and audit of conduct of activities of central and decentralized organizations of the portfolio management company in accordance with the capital market legislation and other relevant laws and regulations and within the frame of provisions of articles of association and written procedures pertaining to internal control and risk management system,
- l) **“Customer”**: Collective investment schemes receiving services from a portfolio management company within the frame of a portfolio management agreement to be signed,
- m) **“Partner of Significant Influence”**: Ownership of shares representing 5% or more of capital shares or voting rights in the company, or of privileged shares which give the right to elect or nominate a number of directors corresponding to absolute majority of the number of members of the board of directors in the general assembly of shareholders, even if they are below this threshold,
- n) **“Portfolio”**: Total of money market and capital market instruments, precious metals and all other assets and transactions deemed appropriate by the Board,
- o) **“Portfolio Custodian”**: A firm providing portfolio custody services according to article 56 of the Law,
- p) **“Portfolio Management”**: Individual and collective portfolio management activities,
- q) **“SPL”**: Capital Markets Licensing Registry and Training Institution Incorporation,
- r) **“Company”**: A portfolio management company,
- s) **“Takasbank”**: İstanbul Settlement and Custody Incorporation,
- t) **“Other Organized Marketplaces”**: Alternative operating systems, multilateral trading platforms and other organized markets, other than exchanges, which bring together the buyers and sellers of capital market instruments, intermediate their trading, and establish and operate systems and platforms for them,

- u) “TCC” :Turkish Commercial Code numbered 6102 dated 13/01/2011,
- v) “TTRG” :Turkish Trade Registry Gazette,

“**Investment Firms**”: Intermediary institutions and other capital market institutions which are established to provide investment services and activities the establishment and operating principles of which are determined by the Board and banks.

SECOND CHAPTER

Foundation Principles of Portfolio Management Companies

Portfolio Management Company

ARTICLE 4 – (1) Portfolio management company is a capital market institution founded in the form of a joint-stock company the main field of activity of which is to establish and manage funds. Management of portfolios of investment companies, and pension funds established according to the Individual Pension Saving and Investment System Law numbered 4632 dated 28/03/2001, and foreign collective investment schemes established abroad which are their equivalents is also assessed as part of the main field of activity of the Company.

(2) It is also possible that the Company be founded in order to establish and manage a foreign collective investment scheme the shares of which will be exclusively marketed to persons resident abroad, or to offer portfolio management services to persons resident abroad, or to offer the ancillary services covered by this Communiqué, or to establish and manage solely venture capital investment funds or real estate investment funds within the frame of provisions of this Communiqué pertaining to collective portfolio management.

(3) The Company may engage in portfolio management and investment advisory services under the condition of receiving a license from the Board. A license may grant authorization for one or more investment services and activities.

(4) Without being dependent on a license, and with a prior notice to the Board, and within the frame of principles determined by the Board:

- a) the Company may provide ancillary services described in sub-paragraph (c) of the first paragraph of article 38 of the Law,
- b) the Company holding the capital indicated in sub-paragraph (c) of the first paragraph of article 28 of this Communiqué may further offer ancillary services described in sub-paragraph (a) of the first paragraph of Article 38 of the Law,
- c) the Company holding the capital indicated in sub-paragraph (ç) of the first paragraph of article 28 of this Communiqué may offer ancillary services described in sub-paragraphs (a) and (e) of the first paragraph of article 38 of the Law.

(5) Within 30 days following the notification to the Board, the ancillary services being the subject matter of notice shall be performed in accordance with provisions of the Board pertaining to investment services and activities, unless an opposing opinion is presented by the Board.

(6) The board of directors is authorized to represent and bind the funds founded by the Company. The board of directors may delegate this power to one or more managing directors or to one or more third persons appointed as managers. However, transactions relating to foundation, issue of fund units, transformation, liquidation, or increase of management fee, of the funds founded by the Company, and other transactions which may affect the investment decisions of the fund unit holders must be based upon a decision of the board of directors.

Foundation Conditions of Portfolio Management Company

ARTICLE 5 – (1) In order for the foundation permit applications to be eligible for evaluation by the Board, it is obligatory that;

- a) The Company be founded in the form of a joint-stock company subject to authorized capital system pursuant to provisions of TCC,
- b) All shares of the Company be registered shares,
- c) Shares of the Company be issued for cash,
- ç) The initial capital of the Company be at least TL 2,000,000,
- d) The articles of association of the Company be in conformity with the provisions of the Law and the Board regulations,
- e) The founding partners and the partners of significant influence of its legal entity founding partners:
 - 1) Must not be bankrupt, or have declared composition with creditors, or a for a decision of postponement of bankruptcy must not have been taken about them,
 - 2) Must not be among the persons liable for the sanction in institutions which have had one of their permission for activity cancelled by the Board,
 - 3) Must not have a finalised sentence due to the crimes in the context of the Law,
 - 4) A liquidation decision must not have been taken about them or the institutions, where they were a partner according to the Decree Having the Force of Law dated

14/1/1982 numbered 35 on the Transactions of Bankers in Payment Difficulty , and its annexes,

- 5) Must not, even if the durations indicated in article 53 of the Turkish Criminal Code dated 26/9/2004 and numbered 5237 have elapsed, have been sentenced to prison for five years or more due to a crime committed on purpose or sentenced for crimes committed against the security of the state, crimes committed against the constitutional order and the functioning of this order, the crimes of embezzlement, extortion, bribery, theft, fraud, forgery, abuse of confidence, fraudulent bankruptcy, rigging an auction, rigging in terms of discharging an obligation, hindrance or destruction of an information system, deletion or alteration of data, abuse of bank or credit cards, laundering proceeds of crime, smuggling, tax evasion or unjustified benefit,
 - 6) Must not have been sentenced due to crimes covered by the Law on Prevention of Financing of Terrorism dated 7/2/2013 and numbered 6415,
 - 7) Must have the required financial strength and the honesty and reputation that the job requires,
 - 8) Must not have any due and payable tax debts.
- g)** The ownership structure of the Company is transparent and clear.
- (2) The conditions stated in subclause (1) of sub-paragraph (e) of the first paragraph of this article, and the conditions stated in subclause (2) thereof, shall not be taken into consideration in implementation of this paragraph in cases where ten years have elapsed after the date of finalization of the decision of rescission or closing of bankruptcy or approval of proposal of composition with creditors, and the finalization of the related decision respectively..
 - (3) In applications for foundation of a company or for changes in ownership structure, the partners are also required not to have been banned from making transactions.
 - (4) If the Company partners are foreign nationals or are resident abroad, equivalents of the documents listed in this article are requested, and the Board takes opinions of the authorized institution in the home country of the foreign partner about the relevant partner.
 - (5) If a founding partner is a bank, submission of information and documents proving that the bank satisfies the conditions of subclause (8) of sub-paragraph (e) of the first paragraph of this article to the Board will be sufficient. Provisions of sub-paragraph (e) of the first paragraph of this article are not applicable to the persons indirectly holding shares in the Company through direct or indirect shareholding in the bank. If the bank directly or indirectly holds shares in the Company, assent of the Banking Regulatory and Supervision Agency will be taken.

Use of Trade Name and Company Name

ARTICLE 6 – (1) The Company is under obligation to include “portfolio management” in its trade name. If the Company is founded exclusively to establish and manage venture capital investment funds or real estate investment funds, it is obligatory that its trade name contains “venture capital portfolio management company” or “real estate portfolio management company”. If the Company would like to use a company name, it is required to obtain permission from the Board and to have this company name registered and announced as well.

(2) In all kinds of announcements and advertisements to be published in press and media and in all kinds of correspondences of the Company, it is obligatory to use the trade name together with the company name.

Foundation Procedures

ARTICLE 7 – (1) Founders apply to the Board for a foundation permit by submitting:

- a)** Foundation application form and draft articles of association prepared in accordance with the standards determined by the Board,
- b)** Notary-certified declaration prepared in accordance with the formats given in annexes (1) and (2) of this Communiqué,
- c)** Notary-certified copies of decisions taken by authorized organs of founding legal entities, related to participation in the Company as a partner;
- ç)** Documents authenticating that the founders satisfy the foundation conditions set forth in sub-paragraph (e) of the first paragraph and third paragraph of article 5 of this Communiqué,
- d)** Other information and documents that may be requested by the Board.

(2) If financial statements of legal entity founding partners, audited by an independent auditor are submitted to the Board, such partners shall not be obliged to prepare the declaration as specified in sub-paragraph (b) of the first paragraph of this article.

(3) The provisions of this article shall be applied by analogy about the information and documents to be submitted by foreign nationals or persons resident abroad. The Board may request that translations of the submitted documents be made by a sworn translator.

(4) In foundation applications, the Board may seek the condition that a special independent audit is conducted for legal entity partners of the Company. This condition may further be sought for in applications for operating license and for changes in ownership structure.

(5) Foundation applications shall be finalized by the Board within six months following full submission of all required documents to the Board, and the state of affairs shall be notified to the relevant persons. If the application is found acceptable as a result of evaluation by the Board, the Company shall apply to the Ministry of Customs and Trade for completion of foundation procedures.

THIRD CHAPTER
Operating Conditions of
Portfolio Management Companies

Operating Conditions and Permission for Activity

ARTICLE 8 – (1) In order to be entitled to start its portfolio management activities, the Company is under obligation to apply to the Board for the required permission for activity and license within no later than three months following the date of receipt of the foundation permit granted by the Board. Otherwise, the foundation permit shall be cancelled.

(2) In order for the permission for activity applications to be evaluated by the Board, the Company;

- a)** Must have not lost the foundation conditions,
- b)** Must have fulfilled the obligations related to capital adequacy, as specified in article 28 of this Communiqué,
- c)** Must have blocked the guarantee in Istanbul Settlement and Custody Incorporation the amount of which to be determined by the Board;
- ç)** Must have signed a contract with a portfolio custodian for receipt of portfolio custody services;
- d)** Must have all its managers and personnel to satisfy the conditions specified in article 20 of this Communiqué;
- e)** For its portfolio management activities, must have employed an adequate number of portfolio managers, not being less than two, satisfying the conditions specified in the relevant regulations of the Board, depending on the collective investment scheme the portfolio of which will be managed,
- f)** Must have established a research unit in its organization which is composed of a sufficient number of research experts for its research activities;
- g)** Must have established an adequate organization for regular work flow and communication and accounting, recording, information and documentation systems, and must have recruited a personnel solely in charge of these functions, and must have procured all of the required technical equipment including data processing infrastructure;

- g) Must have appointed its general manager,
- h) Must have established an organization structure in accordance with the principles stated in articles 10, 11, 12, 13, 14 and 19 of this Communiqué, and must have organized its internal control and risk management system and inspection unit and fund service unit, and must have determined the job definitions, powers, duties and responsibilities of its personnel accordingly.

(3) Job definitions and work flow procedures containing the powers, duties and responsibilities of all levels of specialized personnel of the Company will be documented in writing, and decided by the board of directors, and delivered to the relevant personnel against a signed acknowledgement of receipt. These job definitions must further contain obligations of all personnel to perform their duties and functions in strict compliance with written procedures to ensure effective internal control, as well as procedures for reporting to the top management of events such as applications in contradiction with professional rules and principles, illegal activities or activities contrary to corporate policies. Changes in duties, powers and responsibilities and in work flow procedures will also be notified to the personnel against a signed acknowledgement of receipt.

(4) The portfolio of funds established by the Company may either be managed by the Company itself, or this service may be received from another portfolio management company through an agreement to be signed. Principles relating to the portfolio management services to be received shall be determined within the frame of an agreement containing the minimum elements listed in annex (3) of this Communiqué. A copy of the agreement is required to be sent to the Board within six business days following the date of signature. If the party entering into agreement with the Company is operating in a foreign country, a document evidencing that said party has already been authorized to deal with portfolio management activities by the relevant authority of that country, and a copy of the said agreement, are required to be sent to the Board no later than 15 days prior to the effective date of the agreement. Even if the portfolio management services for a fund established by the Company are outsourced, the Company shall remain liable for management of the fund.

(5) Managers of portfolio custodian or investment company acting as an intermediary in trading of assets for the fund portfolio, and persons authorized to represent and bind them, cannot be a partner, manager or representative of the Company. Partners, managers and the persons authorized to represent and bind the Company cannot be a manager or representative of the portfolio custodian. In the implementation of this provision, managers and persons authorized to represent and bind are; chairman and members of board of directors, general manager, deputy general managers, and persons in charge of management of units relating to capital markets, as well as superiors to whom they report.

(6) In addition to the provisions of this Communiqué, for a Company which will establish and manage a real estate investment fund or a venture capital investment fund, the provisions

of the venture capital investment fund and real estate investment fund regulations of the Board pertaining to managers, personnel and organization structure are reserved.

(7) Before delivery of the licence, it is obligatory that the charges pursuant to the Charges Law dated 2/7/1964 and numbered 492 are deposited, and the receipt of this payment is submitted to the Board. The foundation permit shall be cancelled if a receipt evidencing payment of the charges is not submitted to the Board within a maximum period of one month following the date of notice of the Board.

(8) After receipt of a foundation permit, the Company must satisfy the operating conditions throughout its activities. If any one of these conditions is lost, it is obligatory that the Board is notified within three business days.

Principles on Portfolio Management Companies With Limited Activities

ARTICLE 9 – (1) With respect to companies founded exclusively to establish and manage foreign collective investment schemes shares of which will be marketed to persons resident abroad, and to offer portfolio management services to persons resident abroad, and to render the ancillary services covered by this Communiqué, and companies founded exclusively to establish and manage venture capital investment funds or real estate investment funds, without prejudice to other provisions of this Communiqué that are not in contradiction with the provisions of this article, the following principles shall be applied.

- a) The provisions of sub-paragraph (e) of the second paragraph of Article 8, and paragraphs (a), (b) and (c) of the third paragraph of Article 20, and the fifth paragraph of article 28 of this Communiqué shall not be applicable to the Company. The amount of initial capital specified in sub-paragraph (ç) of the first paragraph of article 5 of this Communiqué and the minimum shareholders' equity and capital amounts specified in the first, second and fourth paragraphs of article 28 shall be applied as one-half for the Company.
- b) It is obligatory that the Company employs at least one portfolio manager for management of the portion of the portfolio containing money market and capital market instruments.
- c) Tables to be prepared with respect to capital adequacy shall be sent to the Board once a month within five business days following the end of the relevant period by methods deemed appropriate by the Board. If deemed necessary, The Board may, change the timing of calculation and of delivery of these tables to the Board.
- ç) Within the frame of principles set down in article 19 of this Communiqué, the Company may receive inspection services, internal control services and research services from investment firms, and may receive risk management system services from investment firms and other specialized institutions deemed appropriate by the Board,

provided that such services are controlled and followed up by the board of directors. The duties and responsibilities of the internal control officer may also be assumed and performed by the inspector, provided that he satisfies the condition of experience.

- d)** Fund manager to be employed in real estate portfolio management companies and venture capital portfolio management companies is required to have a minimum three years of experience in the field of financial markets.
- e)** Real estate portfolio management companies and venture capital portfolio management companies cannot deal with individual portfolio management activities and investment advisory activities, or with marketing and distribution activities related to fund units of investment funds not founded or managed by them and cannot provide the ancillary services specified in this Communiqué.
- f)** At least one member of the board of directors, and general manager, of real estate portfolio management companies are required to have a minimum five years of experience on real estate investments, other than real estate trading. The Company must constitute an investment committee consisting of a real estate appraiser holding a real estate appraisal license pursuant to the regulations of the Board pertaining to licensing, as well as the member of the board of directors and the general manager mentioned in this paragraph.
- g)** At least one member of the board of directors, and general manager, of venture capital portfolio management companies are required to have a minimum five years of experience on venture capital investments. Furthermore, an investment committee consisting of a personnel holding a bachelor's degree and having a minimum five years of experience on venture capital investments, as well as the member of the board of directors and the general manager mentioned in this paragraph, is required to be constituted.
- ğ)** At least one member of the board of directors, and general manager, of a company founded exclusively to establish and manage foreign collective investment schemes shares of which will be marketed to persons resident abroad, and to provide portfolio management services to persons resident abroad, and to offer the ancillary services covered by this Communiqué, must have a minimum five years of experience in the field of financial markets.
- h)** General manager of a venture capital portfolio management company may assume an executive duty, limited by performance of the activities stipulated in the regulations of the Board pertaining to venture capital, in companies included in the portfolio of venture capital investment funds founded and/or managed by the company.

Prevention of Conflict of Interests

ARTICLE 10 – (1) In the course of its activities, the Company is required to behave fairly and honestly by considering the integrity of market and the interests of recipients of its services.

- (2) For the sake of prevention of conflicts of interests, the Company:
- a) Must establish organizational structure and decision making processes and must take the required measures which minimize the probable conflicts of interests,
 - b) Must identify and define the probable conflicts of interests among its own personnel, or between its personnel and the recipients of its services, or among the recipients of its services, and must formulate a written conflicts of interests policy containing the measures that may be taken for prevention of conflicts of interests and the procedures to be followed if a conflict of interests cannot be prevented, and must have this policy formalized by a decision of its board of directors,
 - c) Must fairly treat the recipients of its services in a manner not substantially different from the current prices, rates and practices in the market, and must inform the recipients of its services in the case of an inevitable conflict of interests,
- ç) Must create transparent and effective procedures for recording and evaluation of complaints of the recipients of its services.
- (3) In formulating its conflicts of interests policy, the Company takes into consideration size of the Company, size of managed portfolios, its organization structure and its activities. If the Company is a member of a group of companies, the conflicts of interests policy is formulated by considering the organization structure of the group of companies, and activities of other institutions included in the group.
- (4) The principles of this Communiqué pertaining to conflict of interests cannot be used so as to result in unlawful acts and transactions.

Internal Control System

ARTICLE 11 – (1) It is obligatory that internal control system is established by covering the organization plan applied and all principles and procedures of the Company, in order to ensure that all operations and activities of the Company including its decentralized organization units are carried out regularly, efficiently and effectively in accordance with its management strategies and policies, and within the frame of the applicable legislation and rules, and that its accounting and recording systems are held integrally and reliably, and that information in its data system can be obtained and collected timely and accurately, and that probable mistakes, frauds and breaches are detected and prevented, and that;

- a) All activities relating to the managed portfolios are carried out in accordance with the legal requirements, fund rules, prospectus, investor information form and portfolio management agreement,
- b) Transactions in the name of the managed portfolios are realized in reliance upon general and special authorities, and in accordance with the relevant agreements, and the documents required for such transactions are issued,
- c) Accounting, documentation and recording systems of the managed portfolios are operated effectively,
- ç) Risks are identified and necessary measures are taken in order to minimize the risks arising out of irregularities and errors,
- d) It is determined whether the transactions executed by the Company personnel in their own names may lead to conflict of interests with the managed portfolios or not,
- e) It is determined whether the expenditures made from the managed portfolios are based upon documents and are in conformity with the current market rates or not,
- f) The compliance of valuation related to managed portfolios determination of fund unit value of managed funds and rates of limitations on managed portfolio with the legislation, fund rules, prospectus and the agreement is checked,
- g) The principles to be followed in the operations and transactions with the related parties are determined.

(2) All policies and procedures relating to internal control system required to be formed in the Company must be written and must be put into force by a decision of the board of directors. It is necessary that the same procedures and principles are also applied to changes in these policies and procedures.

(3) Internal control activities of the Company are regulated and conducted as an integral part of daily activities so as to allow the monitoring of the identified risks as well. To ensure an effective internal control, the obligation of the personnel to perform their duties in accordance with written procedures and for providing that they report to top management events such as applications in contradiction with professional principles illegal activities, activities contrary to corporate policies, the duties and powers of all personnel are defined in writing and notified to the relevant personnel. Procedures are formed in such manner to ensure effective participation of all levels of personnel to internal control system. The reports to be prepared with respect to internal control activities are required to be presented to the Company's board of directors on a monthly basis.

(4) The Company's board of directors appoints one of its members who is not responsible for executive units as the "Member of Board of Directors In Charge of Internal Control". The member of board of directors in charge of internal control shall be responsible:

- a)** to take actions for operation of internal control system in accordance with the regulations, professional rules and written procedures, and for determination and management of the probable risks, and to inform the board of directors accordingly,
- b)** to identify the acceptable risk levels within the frame of the Board regulations and the Company policies, and to prepare internal control policies and procedures and present them to the approval of the board of directors,
- c)** for appropriateness of internal control targets, traceability of control results, and independency, objectivity and reliability of internal control activities.

(5) At least one internal control officer is employed for performance of activities within the internal control system. Internal control officer is required to have a minimum three years of experience in the fields of capital markets, accounting, tax, foreign exchange, information systems audit, business enterprise analysis, organization and supervision or law , and a license evidencing his professional competences pursuant to the regulations of the Board pertaining to licensing. Internal control officer cannot assume any duty, function or responsibility other than internal control.

(6) Depending on size of the managed portfolio, in a Company covered by sub-paragraph (a) or (b) of first paragraph of article 28 of this Communiqué the duties, functions and responsibilities of the internal control officer may also be performed by an inspector, provided that he satisfies the experience condition.

Risk Management System

ARTICLE 12 – (1) The Company is required to establish a risk management system for the portfolios under its management, and to document its related procedures in writing. Written procedures relating to the risk management system must be accepted and implemented by a decision of board of directors of the Company. The same procedures and principles shall be applied also for changes of these procedures.

(2) Risk management system must contain formation of a risk measurement mechanism including identification of basic risks to which the managed portfolio may be exposed, and regular review of risk definitions, and updating of risk definitions parallel to the material developments, and consistent assessment, determination, measurement and control of the exposed risks. Risk management system must be formed in accordance with investment strategy of the managed portfolio, and structure and risk level of the invested assets, and must be integral to the internal control system of the Company.

(3) The unit providing the risk management service in the Company must be independent from the unit in charge of portfolio management. Personnel of the unit providing the risk management services are required to have the knowledge and experience needed for the risk control transactions, and to hold Capital Market Activities Advanced Level License and Derivative Instruments License, and these personnel are responsible for creation and application of risk management system of the portfolio.

(4) Risk management unit is responsible:

- a)** to determine and identify the risks to which the Company and its managed portfolios are or will be exposed,
- b)** to determine the risk measurement methods and the risk measurement model to be used in this context together with the manager it is reporting to and present them to the board of directors, and implement the risk measurement model approved by the board of directors, and regularly review the model within the frame of the changing activities and market conditions, and report the demands of change required in the model, if any, to the manager it is reporting to,
- c)** to monitor on daily basis the compliance with the risk limits determined by the board of directors, and report the limit excesses to the manager it is reporting to in the same day, and if and when deemed necessary, request changes in limits in accordance with the market and corporate conditions,
- ç)** to monitor on daily basis all risks arising out of all transactions, and submit written reports daily to the manager it is reporting to, and weekly to the board of directors about the probable results of and the measures and actions required to be taken against risks,

- d) in the case of determination of any event which may result in extraordinary results for the financial situation of the Company, to submit its relevant report to the board of directors as soon as possible.
- (5) Risk management system of companies intending to establish or manage venture capital investment funds and real estate investment funds must not only comply with the provisions of this article, but also be organized in such manner to cover the principles related to finance risk and liquidity risk of the these investments at the minimum.
- (6) The risks exposed by capital guaranteed funds, capital protected funds and hedge funds managed by the Company due to derivative instruments included in their portfolios shall be governed by and subject to principles determined by the Board.

Inspection Unit and Supervision of Internal Control System

ARTICLE 13 – (1) The Company must have an inspection unit independent from daily activities of the Company, and in charge of supervision and inspection functions covering all activities, operations and organization units of the Company, particularly the functioning of internal control system and risk management system, also including audits of compliance with laws and the Company policies, depending on requirements of management and structure of the Company.

- (2) The Company is required to employ an adequate number of inspectors working solely and exclusively in inspection unit.
- (3) The inspection unit reports directly to and is responsible towards the board of directors. The board of directors may delegate its powers in relation to the inspection unit to the member of the board of directors in charge of internal control. However, if the Company has an audit committee, the board of directors may also delegate its powers related to the inspection unit to the audit committee.
- (4) The procedures and principles relating to functioning of inspection process shall be determined by the Company and presented to the approval of the board of directors.
- (5) Reports prepared by inspectors as a result of inspection activities conducted separately for each accounting period are submitted to the Company's board of directors within no later than three months following the end of that accounting period, and such reports are finalized by the board of directors. These reports are required to be kept in the Company for a minimum period of five years or any reports being the subject matter of a dispute during this time are required to be kept in the Company until finalization of the dispute.
- (6) Upon determination of any event which may weaken the financial situation of or may create extraordinary results for the Company, or upon determination of breaches of legislation which may lead to suspension or termination of activities of the Company, the inspection unit

presents its relevant report to the board of directors as soon as possible, and sends a copy of such report to the Board in the same day.

(7) The Company is under obligation to make it convenient for the inspector or inspectors to conduct their inspection activities and have access to all kinds of information and documents.

(8) Wages and other personal rights and benefits of inspectors are determined by the board of directors.

(9) The inspectors are required to be objective and to abide by confidentiality obligations in their activities.

(10) By taking into consideration the activities and operations of the Company, the Board is authorized to impose additional obligations on inspection unit or to grant an exemption from any of the obligations stated above.

(11) depending on size of the managed portfolio, in a Company covered by sub-paragraph (a) or (b) of the first paragraph of article 28 of this Communiqué the duties, functions and responsibilities of the internal control officer may also be performed by the inspector, providing that he satisfies the experience condition.

Fund Service Unit

ARTICLE 14 – (1) Fund service unit performs at minimum duties such as keeping of fund accounting records, cash reconciliations, control of fund unit purchase and sale orders, and preparation of fund reports at the ends-of-day, as well as the trial balance, balance sheet and income statement of the fund.

(2) It is obligatory that the fund service unit is established to consist of a fund manager and an adequate number of specialized personnel, and to be equipped by the place, technical equipment and accounting system needed for fund operations. Fund manager is at least responsible for organization of fund service unit, and coordination, performance and follow-up of legal and other procedures in connection with the fund. Fund manager cannot be engaged in portfolio management activities. In cases where the fund manager retires from office for any reason, a new fund manager is appointed within six business days and notified to the Board

Branches and Agents of Portfolio Management Company

ARTICLE 15 – (1) The Company may open branches at home or at abroad, and may establish agency relations with banks and intermediary institutions.

(2) The agency service will be limited to promotion of the Company's activities, and only collections and payments relating to portfolio management and/or marketing and distribution activities for fund units, and disclosure to the agency service recipients of information and

documents received from the Company in the course of investment advisory activities. If the Company appoints banks and intermediary institutions as its agent, the following principles shall be applicable:

- a) The Company reports to the Association the intermediary institution and bank branches acting as its agency.
- b) The legal liability arising out of transactions performed through agencies and out of relations established with the recipients of services will be jointly and severally borne by the principal Company and the agent intermediary institution or bank. The rights of recourse of the Company and the agent intermediary institution or bank to each other pursuant to the legislation and agreement are reserved. The Company and the agent intermediary institution and bank cannot incorporate clauses eliminating or diminishing the liabilities arising out of this sub-paragraph into contracts signed between them or with the recipients of services.
- c) During its agency activities, the agent is under obligation:
 - 1) during its activities conducted as agent, to sign as a contract with the recipients of services, which contains the minimum elements stipulated in the relevant communiqués separately for each activity, and the principal Company's trade name, and a phrase stating that it is an agent of the principal Company, provided that the conditions specified in article 107 of TCC are satisfied, and to deliver a copy of this contract to the recipients of services,
 - 2) to comply with the regulations of the Board pertaining to accounting, recording and documentation systems related to its activities.

ç) If the intermediary institution or bank providing agency services also offers the recipients of services with investment services and activities, a single contract may be signed, provided that the principles specified in subclause (1) of sub-paragraph (c) of the second paragraph of this article are complied with.
- (3) Other than the powers granted by this Communiqué, the agent may not enter into transactions or offer services on other issues covered by the fields of business of the Company. However, the activities of the agent intermediary institution or bank based on its licences in its capacity as bank or intermediary institution are excluded from this provision.
- (4) In order to open a branch, the Company:
 - a) must provide adequate place and technical equipment required for its services,

- b)** must have established a sound management appropriate for the fields of business and the needs of the branch, and accounting, recording and documentation systems linked to the head office and in conformity with the Board regulations,
 - c)** must have employed a branch manager and an adequate number of specialized personnel satisfying the conditions stated in article 20 of this Communiqué.
- (5)** The Company shall apply to the Board for a branch opening permission with a notary-certified copy of a decision of its board of directors and with other information and documents that may be requested by the Board.
- (6)** Also in the case of transfer of a branch of the Company, the same conditions as specified in this article for branch opening are sought for, and former branch is cancelled from the registry, and the new branch is registered and announced in accordance with the principles specified in this Communiqué.
- (7)** After any branch of the Company starts its activities, if any transactions or actions of the branch in contradiction with the legislation are determined as a result of the audits to be conducted by the Board the branch activities may be halted and/or restrictions may be imposed on branch opening activities of the Company.
- (8)** All kinds of civil and criminal liabilities arising out of the transactions and actions of the branches shall be born by the Company.

Prohibited Transactions and Actions of Company

ARTICLE 16 – (1) The Company:

- a)** may not engage in intermediary activities other than marketing and distribution of fund units,
- b)** may not issue documents containing its own financial commitments related to or independent from capital market instruments, may not deal with lending, and may not borrow loans except for meeting its short-term cash requirements. Loans borrowed for the transactions executed as per the delivery versus payment principle defined in the regulations of the Board pertaining to custody of capital market instruments are not considered under this sub-paragraph,
- c)** other than the transactions and activities of its probable operations within the frame of this Communiqué, may not engage in any commercial, industrial or agricultural activities, and may not acquire real properties more than necessary,
- ç)** may not collect deposits or may not take actions which may result in collection of deposits as defined in the Banking Law dated 19/10/2005 and numbered.

Emergency and Contingency Plan

ARTICLE 17 – (1) It is obligatory that the Company prepares an Emergency and Contingency Plan and work flow procedures which set down the conditions, methods and procedures regarding its obligations towards its customers, intermediary institutions, market participants and third parties in emergency and contingency situations. The adequacy of these work flow procedures must be reviewed on yearly basis by considering the activities of the Company as well as changes in its organization structure, such as opening or closing of branches, and the necessary changes must be made in these procedures.

(2) Notwithstanding that work flow procedures related to emergency and contingency plans are required to be determined according to size and requirements of the Company, these work flow procedures must at least contain the following items:

- a)** Withholding financial statements and all kinds of records and negotiable instruments that are required to be kept in accordance with the applicable legislation as printed documents and/or in the electronic environment pursuant to article 82 of TCC,
- b)** Providing the continuity of data processing systems for the purpose of uninterrupted conduct of activities of the Company, taking backing up systems and keeping these electronic back-ups for a period of five years,
- c)** Assessment of operational risks including financial and information communication infrastructure,
- ç)** Providing and maintaining the continuity of alternative channels of communication with the recipients of services,
- d)** Providing and maintaining the continuity of alternative channels of communication with the Company and its employees ,
- e)** Determining alternative Company centre and decentralized organization units,
- f)** An assessment about probable effects of emergency and contingency situations on the counterparty,
- g)** Notification of the Board about the measures taken, and method of routine mandatory notifications,
- ğ)** In cases where the Company decides that the activities cannot be continued, access to the accounts of customers, and transfer of these accounts to another company.

(3) If any one of the items listed above is not included in work flow procedures, the reason of non-inclusion is required to be separately explained in the work flow procedures. The

Company is under obligation to inform the recipients of its services about the methodology of business continuity in emergency and contingency situations and about the relevant work flow procedures. This information should be given at the time of signature of a portfolio management agreement and separately via the Company's website.

(4) Data processing systems in emergencies and contingencies refer to the systems which are used to enable the Company to continue its activities normally, and used for transmission and execution of orders of the recipients of services, clearing and custody operations, and for custody and follow-up of accounts of the recipients of services.

(5) Emergency and contingency plan and the associated work flow procedures are required to be approved by the Company's board of directors, and a Company employee at least at the level of a deputy general manager, and another Company employee as an alternative are required to be appointed by the board of directors as persons responsible for implementation of emergency and contingency plan, and names and all kinds of communication data of these persons are required to be reported to the Board, CRA, Istanbul Settlement and Custody Incorporation, and other institutions to be designated by the Board.

Limitation and Cancellation of Permission for Activity, or Temporary Suspension of Activities

ARTICLE 18 – (1) Upon occurrence of any one of the following events, the Board may, depending on the nature and materiality of the event, cancel the Company's permission for activity and/or licence, or limit or temporarily suspend its activities:

- a) Pursuant to the first paragraph of article 96 of the Law, determination of breaches of the applicable legislation, standards determined by the Board, articles of association, fund rules and prospectus;
- b) Pursuant to the first paragraph of article 97 of the Law, determination of weakening of financial situation of the Company and of failure of the Company in performance of its obligations,
- c) In cases where it is determined that the Company does not satisfy the conditions listed in this Communiqué pertaining to foundation and operations, or has lost the qualifications, failure of the Company to comply with these conditions within three months following the date of delivery to the Company of a notice of the Board for compliance with legislation;
- ç) In cases where the guarantees specified in the relevant regulations are required to be increased or completed after receipt of the permission for activity, if it is determined that the additional or deficient guarantees are not deposited within no later than three months following the date of occurrence of this situation,

- d) If the Company explicitly waives from its permission for activity, or fails to start any activities covered by the permission for activity for a period of two years following the date of being granted the permission for activity,
 - e) If the permission for activity has been obtained by making wrong or misleading statements or through other unlawful ways.
- (2) In cases where after receipt of the permission for activity, the Company willingly suspends or halts its activities for a period of longer than one year, the Board may cancel the Company's permission for activity and/or licence.
- (3) If the same activity of the Company is temporarily suspended twice in a period of two years, the same sanction shall not be applied to the Company for a third time, but the Company's licence covering its relevant permission for activity shall be cancelled.
- (4) The Company whose activities are decided to be temporarily suspended shall be granted a maximum period of one year starting from the date of decision of the Board. This period may be extended for a maximum period of one year either upon demand of the Company or ex officio by the Board. If the Company does not restart its activities by the end of the period of time granted by the Board, all permissions for activity and licences of the Company shall be cancelled.
- (5) The Company whose licence is cancelled upon its own demand or by a decision of the Board, and the Company who fails to file a permission for activity application within the time stated in the first paragraph of article 8 of this Communiqué and/or whose application is found non-acceptable by the Board shall, within maximum three months after notification of the state of affairs, be liable to amend the provisions of its articles of association pertaining to trade name, objectives and fields of activities so as to exclude the collective portfolio management activities, and to submit to the Board a copy of TTRG where the aforementioned amendments are published, within six business days following the date of publishing.
- (6) Upon cancellation of the licence or permission for activity, the funds founded and managed by the Company, and portfolios of other persons managed by the Company shall be transferred to another company deemed appropriate by the Board.

Principles on Outsourcing of Services

ARTICLE 19 – (1) Within the frame of principles set down in this article, the Company may, with the assent of the Board, outsource the inspection service, internal control service, research service and fund service unit services, and risk management system and information systems services during its activities.

- (2) Depending on size of the managed portfolio, a Company;
 - a) Covered by sub-paragraph (a) of the first paragraph of article 28 of this Communiqué may receive inspection service, internal control service and research service from investment firms, and may receive risk management system service from investment

firms and other specialized institutions deemed appropriate by the Board, provided that such services are controlled and followed up by the board of directors,

- b)** A Company covered by sub-paragraph (b) of the first paragraph of article 28 of this Communiqué may receive research service and risk management system service from investment firms and from other specialized institutions deemed appropriate by the Board, provided that such services are controlled and followed up by the board of directors.
- (3)** The Company may receive the services of fund service unit to be constituted for smooth performance of the fund-related operations and the services related to information systems from investment firms and other specialized institutions deemed appropriate by the Board
- (4)** For outsourcing purposes, the Company should keep the decision making power and responsibility in such functions as service management, content design, access, control, audit and supervision, updating, information or reporting.
- (5)** Outsourcing of services is conducted under a contract fit to the nature of the business, signed between the Company and the service provider.
- (6)** The Company must determine whether the service provider has the required technical equipment, infrastructure, financial power, experience, know-how and human resources for provision of the services in the desired quality or not.
- (7)** The Company outsourcing the services is under obligation to create the work flow procedures and install the internal control mechanisms required for outsourcing of services. Information relating to the risks that may arise out of outsourcing of services, and an action plan to be implemented in cases where the services are interrupted or halted for any reason, management of these risks, and substitutability of the support services received shall be given in the emergency and contingency plan to be prepared pursuant to this Communiqué.
- (8)** Outsourcing of services does not relieve the Company from its liabilities arising out of capital markets legislation and cannot preclude the Company from performing its legal liabilities, complying with the relevant regulations and being effectively supervised.
- (9)** Also for the services outsourced under this Communiqué, the Company shall be held liable for taking all kinds of measures necessary for protection of interests of recipients of portfolio management services and for confidentiality

(10) In the event that the service provider is seated abroad or carries out its activities through its foreign branches or affiliates, the relevant regulations and practices of the foreign country where such units are operating must not contain any clause preventing the Board to acquire and obtain the needed information and documents timely, completely and accurately, or to conduct audits with respect to services received from such units. In the case of receipt of services from a foreign service provider, the Company is under obligation to consider the country risk, and to make and apply action plans for continuity of business and if required, for receipt of the same services from local service providers, in the case of any interruption or suspension in the services.

(11) The Board is authorized to request from service providers all kinds of information related to the provisions of the Law and this Communiqué, and to examine all of their books and documents, and all records and other data storage means including those kept in electronic, magnetic and similar other environments, as well as data processing system, and to request access to these, and to take their copies, and to audit their transactions and accounts, and to receive written or verbal information from the relevant persons, and to issue the required memoranda, and the relevant persons are obliged to provide access to the desired information, books and documents, and records and other data storage means including those kept in electronic, magnetic and similar other environments, as well as data processing system, and to give copies of records and other data storage means, and to disclose written and verbal information, and to sign the memoranda.

FOURTH PART

Principles on Managers and Personnel of Portfolio Management Companies

Conditions Relating to the Company Managers and Personnel

ARTICLE 20 – (1) The Company personnel is composed of general manager, deputy general managers, fund manager, specialized personnel, inspectors and internal control officers, as well as other personnel except for service personnel. Managers are chairman and members of the board of directors, general manager, deputy general managers and persons in charge of management of the units relating to capital markets.

(2) Chairman and members of board of directors, and personnel of the Company, must not be subject to any transaction ban, and must satisfy all conditions listed in sub-paragraph (e) of the first paragraph of article 5 of this Communiqué, except for the financial power condition. Furthermore, the Company managers and fund manager must hold a bachelor's degree.

(3)

a) General manager and deputy general managers of the Company are required to have minimum seven years of professional experience in financial markets field, and to hold

a Capital Market Activities Advanced Level License pursuant to the regulations of the Board pertaining to licensing,

- b) The majority of the board of directors of the Company, comprising at least three members, are required to have minimum seven years of professional experience in financial markets field, and in addition, at least one of the directors is required to hold a Capital Market Activities Advanced Level License and a Derivative Instruments License pursuant to the regulations of the Board pertaining to licensing,
- c) Fund manager of the Company is required to have minimum seven years of experience in capital markets, and to hold a Capital Market Activities Basic Level License pursuant to the regulations of the Board pertaining to licensing,
- ç) Specialized personnel, inspectors and internal control officers of the Company are required to hold a licence pursuant to the regulations of the Board pertaining to licensing evidencing their professional competence.

(4) General manager must be employed on full-time basis and solely for this position. However, the general manager may also be employed as a portfolio manager in the Company, and/or as a member of board of directors in entities with which the Company has managerial, supervisory or ownership relations, or the entities whose management, capital or supervision is controlled by the aforementioned entities, or in exchanges and other organized market places, clearing banks and portfolio custodians and other financial institutions deemed appropriate by the Board, providing that such directorship is non-executive and does not preclude the general manager from performing his functions in the Company.

(5) In the case of retirement of general manager from office for any reason whatsoever, the person to be appointed as new general manager, together with documents proving that he satisfies all conditions specified in second paragraph and sub-paragraph (a) of third paragraph of this article, should be declared to the Board within 15 business days following the date of retirement from office. Only if the Board does not express a negative opinion about the proposed appointment within 15 business days following the notification to the Board, the relevant person may be appointed, and this appointment is reported by the Company to the Association within 10 business days thereafter. General manager's office cannot be deputized for more than three months in a yearly period.

Professional Attention and Care Principle

ARTICLE 21 – (1) Managers and personnel of the Company are expected to show the required professional attention and care in their work and decisions. Attention and care refers to the importance given to details, and the care and efforts to be shown, by a diligent and prudent person under the same conditions.

Independency Principle

ARTICLE 22 – (1) The Company and portfolio managers and inspectors are required to be independent in their activities. Independency is a set of conceptions and behaviors which ensures honest and objective conduct of professional activities. Portfolio managers must act honestly and objectively in their activities, and there must not exist any special circumstances which may prejudice their independency.

(2) Managers and personnel of the Company are under obligation to keep away from conflicts of interests that may arise during performance of their job duties, and not to allow any interventions that may affect their honesty and objectivity, and to refrain from all kinds of acts and transactions which may affect their honesty and objectivity.

Confidentiality

ARTICLE 23 – (1) Managers and personnel of the Company may not disclose to third parties, and may not use in their own interests or in interests of third parties, any of the confidential information that may come to their knowledge about the recipients of their services.

(2) The announcements and advertisements published for public disclosure purposes as per the applicable legislation, and all kinds of juridical investigations and prosecutions, and all kinds of administrative investigations and prosecutions conducted by persons authorized by legislation, and reporting of information about criminal acts and activities are not considered as a part of confidentiality obligation.

FIFTH PART **Obligations Applicable for** **Portfolio Management Companies**

Amendments to Articles of Association and Share Transfers

ARTICLE 24 – (1) Amendments to articles of association of the Company are subject to permission of the Board.

- (2)** Changes in shareholder structure of the Company are subject to the following principles.
- a)** Share acquisitions by a new person equal to or exceeding 10% of the capital of the Company or share acquisitions making an existing partner's share in the capital of the Company to exceed or fall below 10%, 20%, 33% or 50% are subject to permission of the Board.
 - b)** Transfer of shares which give privilege in management participation rights or grant a right of usufruct is subject to permission of the Board, irrespective of the ratio. However,

in the case of acquisition of shares which give a privilege in management participation rights or are granted a right of usufruct by the existing partners holding such shares, a notification to the Board suffices.

- c) If and to the extent share transfers of legal entity partners of the Company directly or indirectly change the shareholdings in the Company by 10%, 20%, 33% or 50%, such share transfers are, and in cases where a legal entity partner has privileges in management participation rights in relation with the Company, all shareholding structure changes of such legal entity partner are, subject to approval of the Board in terms of the operational conditions of the Company. Transfer of shares, having managerial or supervisory privileges, of legal entities holding more than 10% of capital of the Company are also subject to approval of the Board in terms of the operational conditions of the Company.
- ç) Share transfers made by the Company partners resident abroad within the frame of provisions of this article are evaluated and assessed by the Board by considering also the legislation of the relevant foreign country.
- d) In the case of direct or indirect transfer of shares which do not reach to or which remain between the ratios of capital of the Company specified hereinabove, a notification will, within 10 business days following the date of transfer, be sent to the Board together with information and documents relating to the new partner.
- e) For the natural persons or legal entities who alone or jointly acquire the shares in direct or indirect share transfers under this article, the qualifications and conditions specified in sub-paragraph (e) of the first paragraph and in third paragraph of article 5 of this Communiqué, other than the financial power condition, will be sought for.
- f) Acquisition of shares by banks under this article is subject to satisfaction of the conditions set forth in the fifth paragraph of article 5 of this Communiqué.
- (3) For the purposes of this article, shares owned:
 - a) by a natural person or his/her spouse and minor children or by companies where they are partners with unlimited liability or serve as chairman or member of board of directors, general manager or deputy general manager,
 - b) by companies where legal entities, other than public legal entities, or persons mentioned in the preceding sub-paragraph directly or indirectly hold 25% or more of the capital,
 - c) by persons or entities of which the Board determines that such persons and entities have an employment relation or contractual relation or act together for other reasons,

are considered to be held by one single person. The provisions of sub-paragraph (a) of the second paragraph of this article are applicable also in share transfers between these persons.

(4) Transfers executed in contrary with this article are not to be registered in the share register, and the records in the share register in conflict with this article is null and void.

Book and Record Keeping and Independent Audit Obligations

ARTICLE 25 – (1) The Company is under obligation to keep the books and records required to be kept pursuant to TCC and the Tax Procedures Code dated 4/1/1961 and numbered 213 and to keep these documents pursuant to article 82 of TCC, and to comply with the regulations of the Board in its accounting records and transactions relating to its activities.

(2) The Company is under obligation to comply with the regulations of the Board pertaining to financial reporting and independent audit.

Notification Obligations

ARTICLE 26 – (1) The Company is under obligation to inform SPL of:

- a) any change in the conditions of its managers and personnel as specified in article 20 of this Communiqué, within 10 days following the date of change; and
 - b) any retirement of its managers, personnel and personnel in branches from office, or replacement of them by new recrutees, or recruitment of new personnel, or change of job position or place of duty, and all kinds of similar other changes, together with identity of new recrutees and with documents evidencing that they satisfy the conditions specified in article 20 of this Communiqué, within 10 days following the date of change.
- (2) The Company is under obligation to inform the Association of:
- a) decisions of the board of directors related to appointment of managing directors in the Company and determination of their powers and responsibilities pursuant to sixth paragraph of article 4 of this Communiqué, and changes therein, within 10 business days following the date of the relevant decision of the board of directors,
 - b) contact information, website, tax identity number and trade registry number and changes therein, within 10 business days following the date of change,
 - c) information about the independent audit firm selected pursuant to the regulations of the Board pertaining to independent audit, and changes therein, within 10 business days following the relevant date,
- ç) documents showing the addresses of head offices and branches and the conditions of activity, and changes therein, within 10 business days following the relevant date,

- d)** the current signature circular and in the case of a change therein, the updated signature circulars, within 10 business days following the date of the relevant decision of the board of directors,
 - e)** legal actions and proceedings commenced by the Company against its partners, managers, personnel, customers and other entities, or legal actions and proceedings commenced by them against the Company, and results thereof, within 10 business days following the date of learning,
 - f)** newspapers where the advertisements made pursuant to article 27 of this Communiqué are published, within 10 business days following the date of publishing.
- (3)** The Association and SPL will create and keep a database with the information notified to them pursuant to this article, and will immediately open such database to access of each other and the Board. All notifications to the Association and SPL may also be taken with electronic signature.
- (4)** If, as a result of the notifications made pursuant to this article, the Association detects a breach of provisions of this Communiqué with respect to the Company or its decentralized organization units or directors and personnel, then the Association shall send a written notice thereof to the Board within three business days thereafter.
- (5)** If the Company general manager or inspector vacates the office, the reasons of vacation from office shall be notified also to the Board within the frame of the same principles.
- (6)** If, at any time after the date of acquisition of an affiliate, any kind of encumbrances, including, but not limited to, mortgages, is established on its assets, or the Company gives guarantee for repayment of debts of third parties, the Company is under obligation to inform the Board of such encumbrances or guarantees in writing within 10 business days following the date thereof.
- (7)** The Company is obligated to inform the Board about the information of the number of customers or recipients of individual portfolio management services and the size of the portfolios under management in a way of which standards and periodicity is determined by the Board.

Registration and Announcement Obligations

ARTICLE 27 – (1) All kinds of licence and permission certificates, branch or agency opening permits, and company name utilization permits shall be published in the Company’s website and in PDP immediately upon the receipt of permission from the Board. In addition, permits granted for opening of decentralized organization units by the Company will be registered in the relevant trade registry and announced in TTRG within 10 business days following the date of receipt of permission from the Board.

(2) Upon temporary suspension of activities or cancellation of any operating licence, it shall be published in the Company’s website and in PDP immediately upon receipt of relevant notification from the Board.

(3) In cases where the activities of a decentralized organization unit are temporarily suspended by the Board or upon demand of the Company, it shall be published in the Company’s website and in PDP immediately upon receipt of relevant notification from the Board. In the case of closure of a decentralized organization unit, in addition, that decentralized organization unit shall be cancelled from the trade registry, and such cancellation shall be announced in TTRG, within 10 business days following the date of receipt of relevant notification from the Board.

(4) Costs of announcements published as per this article will be in the account of the Company.

Obligations on Capital Adequacy

ARTICLE 28 – (1)If the assets under management is;

- a)** Up to or equal to TL 100,000,000, the Company must have a minimum shareholders’ equity of TL 2,000,000,
- b)** Equal to or more than TL 100,000,001 and up to or equal to TL 500,000,000, the Company must have a minimum shareholders’ equity of TL 3,000,000,
- c)** Equal to or more than TL 500,000,001 and up to or equal to TL 5,000,000,000, the Company must have a minimum shareholders’ equity of TL 5,000,000; and
- d)** More than TL 5,000,000,000, the Company must have a minimum shareholders’ equity of TL 10,000,000.

(2) The arithmetic average of the assets under management in the capital adequacy statements of the last three months is taken into account in determination of minimum capital requirement of the Company pursuant to first paragraph of this article. On the other hand, if the assets under management exceeds TL 10,000,000,000, the Company is required to hold an

additional shareholders' equity equal to 0.02% of the amount in excess of TL 10,000,000,000. If, however, the Company's shareholders' equity is above TL 20,000,000, this additional shareholders' equity amount is not be applicable.

(3) The assets under management of the Company as specified in first paragraph of this article include the assets of recipients of individual portfolio management services, the assets of investment companies, pension funds, and investment funds founded by the Company, but do not include the assets of investment funds only managed by the Company and the Company's own assets.

(4) In addition to the obligations set down in this article, the Company is subject also to capital adequacy requirements regulated by the Board with respect to intermediary institutions. As to the capital adequacy regulations, the Company's minimum shareholders' equity requirement is determined by taking into consideration the amount of shareholders' equity corresponding to the assets under management to be calculated pursuant to first and second paragraphs of this article. The Company's minimum paid capital cannot be less than TL 2,000,000.

(5) Tables of capital adequacy are sent to the Board once every 15 days within three business days following the end of the relevant period by methods deemed appropriate by the Board. The Board may, if deemed necessary, change the timing of calculation and delivery of these tables to the Board.

(6) The minimum shareholders' equity requirement mentioned in first paragraph of this article shall be applied by half for a period of two years following the date of registration of foundation of the Company.

(7) A capital increase required for remedy and correction of a breach of capital adequacy obligations is required to be completed within one month following the date of detection of such breach by the Board.

Documentation System and Customer Notification Obligations

ARTICLE 29 – (1) The Company is under obligation to send an account statement, containing information about nominal and current values of assets included in their portfolios, and about cash and trade activity therein, as well as a form indicating the calculation method, amount and ratio to the portfolio of the fees collected from the customer account, with reference to the related parties defined in the relevant regulations of the Board, to its customers and to recipients of its individual portfolio management services. Such documents are not needed to be sent if demanded otherwise in writing by the customers and the recipients of individual portfolio management services.

(2) All notifications are required to be in writing and sent by registered and reply paid mail to addresses of the customers and the recipients of individual portfolio management services.

However, these documents may be opened for access in electronic environment, and may be sent to the designated electronic mail address, or may be transmitted to the customer by any other appropriate method to be determined upon written demand of the customers and the recipients of individual portfolio management services.

(3) The Company is, pursuant to article 82 of TCC, required to keep all documents relating to its activities under this Communiqué. The documents related to a dispute must be kept until the resolution of the dispute.

Associates and Participation Limitations

ARTICLE 30 – (1) Holding of capital shares of a company which are not listed and traded in the exchange, or holding 10% of shares or voting rights or rights of nomination for the board of directors of a company, or holding of capital shares of a company for more than one year is considered and treated as an associate for participation purposes.

(2) Total amount of participation of the Company may not exceed 25% of its shareholders' equity. Company shares acquired as bonus shares due to capital increases and increases in value of company shares not requiring any fund outflow shall not be taken into consideration in calculation of the aforementioned limitation of participation.

(3) The Company may participate in capital market institutions, precious metals intermediary institutions, insurance firms, private pension companies, financial leasing, factoring, finance and asset management companies, asset lease companies and other financial institutions deemed appropriate by the Board, as specified in article 35 of the Law, without being subject to any limitation.

(4) The Company cannot participate in companies which own and hold more than 10% of its capital, or in companies where managers separately or collectively hold more than 25% of capital.

Know-the-Recipient of Portfolio Management Services Rule

ARTICLE 31 – (1) Before opening of an account, the recipients of portfolio management services must be identified, and in joint accounts, such identification must be made separately for each account holder pursuant to the provisions of the Law on Prevention of Laundering of Criminal Revenues dated 11/10/2006 and numbered 5549 and other applicable laws and regulations,.

SIXTH PART

Collective Portfolio Management

Collective Portfolio Management

ARTICLE 32 – (1) Collective portfolio management refers to management of customer portfolios as a proxy in the name of each customer, within the frame of a signed portfolio management agreement, in consideration of a commission.

- (2) Collective portfolio management covers the following activities and services:
- a) Portfolio management,
 - b) Legal and accounting services, and keeping of records,
 - c) Customer relations management,
 - ç) Valuation and calculation of fund unit prices,
 - d) Monitoring and control of compliance of portfolios with applicable laws, fund rules, prospectus and articles of association,
 - e) Calculation and distribution of fund revenues and expenses,
 - f) Issue and buy back of fund units,
 - g) Performance of obligations arising due to transactions and agreements related to portfolio management.
- (3) Portfolios of funds and portfolios of investment companies that outsource the portfolio management services are managed exclusively and solely by portfolio management companies.

Principles on Collective Portfolio Management

ARTICLE 33 – (1) The Company is under obligation to protect the interests of holders of fund units and shares of collective investment schemes in the course of conduct of its activities within the frame of this Communiqué. Accordingly:

- a) If the Company receives commissions, discounts or similar other benefits from any issuer or investment firm due to a trading transaction made for portfolio, it is under obligation to disclose such benefits in PDP.
- b) The Company may in no event purchase assets above their current value for, or sell assets below such market price from, the customer portfolio. Current value refers to the exchange market price for assets traded in the exchange, and the lowest price in purchases for the portfolio, or to the highest price in sales from the portfolio, current in the trading day, for assets not traded in the exchange.
- c) The Company cannot enter into any legal transaction in its own favor or in favor of third parties with respect to assets in the portfolio. Nor may the Company transfer or deliver

assets in the portfolio to any third party for any purpose other than the portfolio management, without a written instruction of the customer.

- c) The Company may not engage in purchase and sale of assets in its own interests in any manner. The Company is under obligation to show the required attention, care and prudence in its orders given in the account of its customers.
- d) The Company may invest its own cash in the instruments and transactions covered by its portfolio management activities, provided that it acts like a prudent proxy who assumes business and services in similar fields and does not lead to any conflict of interests with portfolios under management.
- e) If the Company manages more than one portfolio, it cannot make transactions in favor of one or more of portfolios and in disfavor of other portfolios in conflict with the objective good faith rules.
- f) The Company is under obligation to rely its investment decisions upon reliable grounds, information, documents and analyses, and to comply with the investment principles set down by fund rules, prospectus and/or articles of association. Both such information and documents, and researches and reports relied upon in the trading decisions are required to be kept by the Company for a minimum period of five years.
- g) The Company may not give any verbal or written assurance that the portfolio will provide a certain pre-determined income, and may not use such and similar words or expressions in its advertisements and promotions. Nor may the Company give any representation or warranty beyond the contents of the prospectus with respect to the guarantee in capital guaranteed investment funds, or to the targeted protection and yield in capital protected investment funds within the frame of regulations of the Board pertaining to investment funds.
- ğ) The Company is obliged to act in favor of the portfolio in the case of a conflict of interests between interests of its customer portfolio and its own interests.
- h) The Company is liable to establish and manage the portfolios in accordance with the investment strategy described in the fund rules, prospectus and articles of association of collective investment scheme.
- ı) The Company may not trade unnecessarily for portfolios under management with the aim of providing revenue in its own interests, and may not help or assist third parties in doing so.

- i) The Company may not use names and expressions associated with any activity, other than portfolio management, with respect to customer portfolios, and may not cause the savers participate in a particular portfolio, and may not publish advertisements and promotions containing such expressions.
- j) The Company may by no means allow or permit its employees to trade in their own name and account by using the means of the Company beyond the ordinary customer – company relations.
- k) The Company may not use the results of investment-oriented researches in its own favor or in favor of third parties before its customers.
- l) The Company may not use any information obtained during portfolio management in its own favor or in favor of third parties.
- m) The Company is liable to ensure that the intermediary institution uses customers' numbers in trading of shares in the exchange when the transaction is made for the portfolio.

Portfolio Management Agreement

ARTICLE 34 – (1) Except for the funds founded by it, the Company is obliged to enter into a written agreement containing the minimum contents specified and listed in annex (3) of this Communiqué with its customers with respect to its activities in connection therewith. Portfolio management agreement sets down the rules of management by the Company of the customer's portfolio, the management of which is transferred according to fiduciary transfer principle, within the frame of principles stipulated in this Communiqué and in the agreement, and under diligence and loyalty obligations.

(2) In cases where the portfolio manager or managers named in the agreement leave the Company or are replaced, the Company is under obligation to immediately inform its customers by the most appropriate communication means. The customers may then unilaterally terminate the agreement if they do not find the newly appointed portfolio manager appropriate.

(3) The agreement is drafted with serial numbers and in at least two original copies, one of which is delivered to the customer.

(4) The Company shall be held directly liable towards the customer for all kinds of transactions committed by portfolio managers in conflict with the agreement, fund rules, prospectus, articles of association, capital markets regulations and general law provisions during performance of their duties, and for damages and losses they may cause to their customers due to acts contrary to diligence and loyalty obligations. No provision or clause stating otherwise may be inserted in the portfolio management agreement.

(5) The agreement may not contain provisions contrary to the regulations of the Board and the exchange, or provisions which prejudice to the rights of customers or provide unilateral and extraordinary rights in favor of the Company. Any matters on which the agreement remains silent shall be governed by general law provisions.

Custody of Customer Assets

ARTICLE 35 – (1) The assets included in the portfolios of customers are required to be kept in custody within the frame of regulations of the Board pertaining to portfolio custody services and providers of such services.

(2) The Company is obliged to request the portfolio custodian to indemnify compensate any damages caused by breach of the provisions of the Law or the regulations of the Board pertaining to portfolio custody services and providers of such services.

Principles on Use of Administrative and Financial Rights

ARTICLE 36 – (1) The Company may offer such services as collection and payment of principal, interests, dividends and similar other revenues of portfolio assets, and use of preemptive rights and voting rights associated to shares, in the name and account of the customer depending upon the powers granted by the customer in the portfolio management agreement.

SEVENTH PART

Activities of Marketing and Distribution of Investment Fund Units, Investment Advisory Activity and Individual Portfolio Management Activity

Principles on Marketing and Distribution of Investment Fund Units

ARTICLE 37 – (1) In order for the Company to be eligible for marketing and distribution of fund units including the units of funds founded by it, and of shares of variable capital investment companies, the Company must have received a permission from the Board for such activities, and its articles of association must contain a clause in relation to this, and it must have place, technical equipment and an adequate number of personnel, proper for such activities, so as to be capable of carrying out the works and processes.

(2) In order for the Company to be eligible for marketing and distribution of units of funds founded by other companies, the Company must have entered into an agreement with such other companies. This agreement must at least contain the following terms:

- a) Parties to agreement, and name of the fund the units of which are covered by the agreement,
- b) Term of agreement,

- c) Fees payable to the Company in consideration of marketing and distribution of fund units, and terms of payment,
- ç) Principles on purchase and sale of fund units,
- d) Principles of notification of the daily purchase-sale results to the founding company,
- e) Other terms that may be deemed necessary by the Board.

(3) The Board may determine and apply different principles if the fund units are marketed and distributed through a central fund distribution platform deemed appropriate by the Board, and founded in exchanges and/or clearing institutions.

(4) The Company may accept the fund unit trading instructions only by signing an agreement with the instructors. The cash and fund units of persons with whom a portfolio management agreement is not signed must also be kept in custody in the portfolio custodians authorized by the Board, within the frame of regulations of the Board pertaining to investment services and activities.

Principles on Investment Advisory Activity

ARTICLE 38 – (1) The Company may provide investment advisory activity on condition that it has been licenced by the Board and within the frame of regulations of the Board pertaining to investment services and activities.

Principles on Individual Portfolio Management Activity

ARTICLE 39 – (1) In order for the Company to be eligible to provide individual portfolio management within the frame of regulations of the Board pertaining to investment services and activities, it is sufficient for the Company to meet the operating conditions set down in this Communiqué.

(2) Assets of portfolio of the recipients of individual portfolio management services are kept in custody in the portfolio custodians authorized by the Board, within the frame of regulations of the Board pertaining to investment services and activities.

EIGHTH PART Other Provisions

Principles on Advertisements and Announcements

ARTICLE 40 – (1) The Company is under obligation to comply with the following rules and principles in all kinds of advertisements published in press and media and in the electronic environment with respect to activities of the Company.

(2) In the expressions, words and digital data contained in advertisements and announcements:

- a) it is required not to use expressions or words that may deceive or mislead the service recipients, or may exploit their lack of knowledge and experience,
- b) it is required not to use graphics and figures visually misleading the customers by exaggeratedly changing the words, images, photos or scales,
- c) non-objective information must not be given,

ç) information which is determined by the Board or is required to be disclosed as per other Board regulations must not be concealed.

(3) Quantitative data about the financial situation of the Company, and data about “size of assets under management” and “number of customers”, and similar other expressions which can be proven by official data may be used in advertisements and announcements only by making reference to sources relied upon. For such information, only the relevant publications of the public authorities and entities and the relevant sources of professional organizations in finance may be shown as reference.

(4) The Company is under obligation to keep a copy of all kinds of advertisements and announcements published in press and media and in the electronic environment with respect to activities of the Company, and the documents associated for a period of five years.

Redetermination of Amounts

ARTICLE 41 – (1) The amounts specified in articles 5 and 28 of this communiqué may be re-determined by the Board every year. The Company is required to provide the re-determined capital as specified in sub-paragraph (ç) of first paragraph of article 5 and in fourth paragraph of article 28 of this Communiqué by no later than the end of sixth month of the relevant year.

Repealed Communiqué

ARTICLE 42 – (1) The Communiqué on Principles of Portfolio Management Activities and Providers of Portfolio Management Services (Serial V, No. 59), published in the Official Gazette dated 21/1/2003 and numbered 25000, is hereby repealed.

Transition Provisions

TEMPORARY ARTICLE 1 – (1) The companies active and operating as of the date of promulgation of this Communiqué are obliged to adapt their articles of association, structure and organization to the provisions of this Communiqué and other relevant regulations, and to comply with provisions of sub-paragraph (ç) of first paragraph of article 5 and first, second and fourth paragraphs of article 28 of this Communiqué within one year following the effective date

of this Communiqué, or otherwise, they must apply to the Board in order to change their main fields of business and the portfolio management company phrase in their company name.

(2) If at least one of the directors, and general manager, deputy general managers, and fund manager of the said companies do not hold the licences stipulated in third paragraph of article 20 of this Communiqué, said persons shall continue their jobs until the date of declaration of results of the forth examination provided that they enter in the first four examinations to be opened as from the effective date of this Communiqué, while the director who is required to hold a Capital Market Activities Derivative Instruments Licence shall continue his job until the date of declaration of results of the sixth examination provided that he/she enters in the first six examinations to be opened as from the effective date of this Communiqué, provided, however, that they satisfy the past experience condition. Those who are not eligible for the required licences as a result of the aforementioned examinations will be deemed to have lost the required job qualifications as of the end of the month following the declaration of results of the last examination.

(3) If a person working as general manager as of the date of promulgation of this Communiqué is continuing this job since at least one year and has a past experience of 10 years or more in the local and foreign capital markets, the licence condition specified in sub-paragraph (a) of the third paragraph of article 20 of this Communiqué is not sought for.

Finalization of Current Applications

TEMPORARY ARTICLE 2 – (1) In the applications for foundation not yet decided by the Board as of the effective date of this Communiqué, the requirement of minimum initial capital is in the amount specified in sub-paragraph (ç) of the first paragraph of article 5 of this Communiqué.

(2) Applications not yet decided by the Board as of the effective date of this Communiqué are finalized and responded according to the provisions of this Communiqué.

Effective Date

ARTICLE 43 – (1) Sub-paragraph (ç) of the first paragraph of article 5 of this Communiqué shall become effective as of the date of publishing, while other provisions shall become effective as of 01/07/2014.

Enforcement:

ARTICLE 44 – (1) The provisions of this Communiqué shall be enforced by the Board.

ANNEX 1

**Statement on Founders / Transferees of Shares of
Portfolio Management Company
(For Legal Entities)**

Legal Entity's:						
Name:						
Tax Department and Account Number:						
Registered Offices and Trade Registry Number:						
Date of Foundation:						
Ownership Structure:						
Paid / Issued and Nominal Capital:						
Address:						
Fields of Business:						
Balance Sheet Figures For the Last Five Years (TL)						
Year	Net Profit (Loss) (1)	Shareholders' Equity	Total Assets			
Associates (2)						
	Company Name	Fields of Activity	Capital	Share Price		
Owned Real Properties (3)						
	Location	Kind	Plot No.	Block No.	Parcel No.	Encumbrances
Securities (Detailed) (4) (5)						

Detailed List of Sources of the Subscribed Capital					
Banks (6) (7)	1	2	3	4	5
Bank's Name					
Branch Name					
Deposits (TL)					
Time Deposits					
Demand Deposits					
Credits (TL)					
Amount					
Collaterals					
Types					
Maturity					
Debts Owed to Persons or Entities, Other Than Banks (8)					
	Creditor's Name	Debt's			
		Type	Amount	Maturity	
Material Projects Previously Completed in Its Fields of Business					
Whether the credits utilized by the Company or by persons or entities holding more than 10% of capital of the Company from local or foreign banks during the last five years have been subject to legal proceedings or not:					
Detailed explanations about the current material legal disputes of the Company:					
Exhibit: Copies of Corporate Tax Returns of the Company for the last three years					

Signature

Date:

EXPLANATIONS

- (1) Amount remaining after the tax provisions are set aside shall be inserted.
- (2) To be filled in if the rate of participation is equal to 5% or more of capital of the affiliate.
- (3) All owned real properties, together with encumbrances thereon, if any, shall be inserted.
- (4) Shares, bonds, debentures, gold, precious metals, etc., together with encumbrances thereon, if any, shall be inserted.
- (5) Shares of affiliates shall be excluded.
- (6) If more than one type of credits are used from the same bank, they shall be shown separately.
- (7) In the case of working with more than one branch of the same bank, they shall be shown separately.
- (8) Debts equal to 5% or more of the legal entity capital shall be inserted.

Sums insured of the insured assets shall be specified separately.

Note: An additional form may be used if the boxes of the form do not suffice.

ANNEX 2

**Statement on Founders / Transferees of Shares of
Portfolio Management Company
(For Natural Persons)**

Name & Surname:		Photograph				
Birth Place and Date:						
Nationality:						
Mother's Name:						
Father's Name:						
Residence Address:						
Education Status (Detailed):						
Name and Address of Present Premises:						
Profession and Job Position:						
T.R. Identity Number:						
Tax Identity Number:						
Previous Premises and Employers						
	Company Name (1)	Dates of Recruitment & Retirement	Job Position			
Yearly Income Taxes and Paid Income Taxes of Last Five Years (TL)						
Year	Net Income	Paid Income Tax				
Companies Shares of Which Are Held (2)						
	Company Name	Fields of Activity	Capital	Share Price		
Owned Real Properties (3)						
	Location	Kind	Plot No.	Block No.	Parcel No.	Encumbrances

Capital Market Instruments (Detailed) (4) (5)					
Detailed List of Sources of the Subscribed Capital					
Other Assets Owned					
Banks (6) (7)	1	2	3	4	5
Bank's Name					
Branch Name					
Deposits (TL)					
Time Deposits					
Demand Deposits					
Credits (TL)					
Amount					
Collaterals					
Types					
Maturity					
Debts Owed to Persons or Entities, Other Than Banks					
	Creditor's Name	Debt's			
		Type	Amount	Maturity	
For which financial sector has the applicant previously applied for an operating license in Turkey or in another country, and if the application has been refused, or the operating license has been cancelled, the reasons thereof (8):					
Whether the credits or other financial sources utilized by the applicant from local or foreign banks or other financial institutions during the last five years have been subject to legal proceedings or not:					
Whether the credits utilized by companies, shares of which are held by the applicant, from local or foreign banks or other financial institutions during the last five years have been subject to legal proceedings or not:					

Whether there is a pending public action brought forward against the applicant or not; if any, subject matter of the public action:
Whether there is a pending action, other than public actions, brought forward against the applicant or not; if any, subject matter of the action:
Name & surname, address and telephone numbers of two persons for reference purposes:
Detailed explanations about the current material legal disputes of the applicant:

Signature

Date:

EXPLANATIONS

- (1) Name or trade title of the company, employer or legal entity shall be inserted.
- (2) To be filled in if the rate of participation is equal to 5% or more of capital of the affiliate.
- (3) All owned real properties, together with encumbrances thereon, if any, shall be inserted.
- (4) Shares, bonds, debentures, gold, precious metals, etc., together with encumbrances thereon, if any, shall be inserted.
- (5) Shares of the companies listed under the heading of "Companies Shares of Which Are Held" shall be excluded.
- (6) If more than one type of credits are used from the same bank, they shall be shown separately.
- (7) In the case of working with more than one branch of the same bank, they shall be shown separately.
- (8) Banks, insurance, financial leasing, factoring companies, authorized enterprises and institutions operating according to the Capital Markets Law, etc. shall be inserted. Sums insured of the insured assets shall be separately stated.

ANNEX 3
Minimum Contents of Portfolio Management Agreement
To Be Signed With Collective Investment Schemes and
Pension Funds

I. Signature Date and Number of Agreement

II. Definitions and Abbreviations Used in Agreement

III. Parties

- a) Name of Investment Fund / Pension Fund / Investment Company
- b) Title/name of portfolio management company
- c) Title, and if any, company name, trade registry number and contact data of pension company
- d) Information about authorized signatories of parties, and their representation powers, and change of authorized signatories or limits of representation powers (if any)

IV. Subject and Scope of Agreement

Clause stating that portfolio of Investment Fund / Pension Fund / Investment Company shall be managed in accordance with and within the frame of investment strategies determined pursuant to the capital markets laws, regulations pertaining to private pension system¹, and fund rules/prospectus/articles of association.

V. Introductory Information on Portfolio Management Company

- a) Date of foundation and past activities of the Portfolio Management Company,
- b) Title, address, telephone number and similar other information,
- c) Current issued capital and shareholding structure,
- d) Net profit of period of last three years,
- e) Names of members of the Board of Directors,
- f) Names of portfolio managers, and companies they worked in the last five years, and their job positions therein,
- g) Whether any indictment has been filed about partners, directors and specialized personnel of the Portfolio Management Company in accordance with the capital markets laws and other applicable legislation,
- h) Information about portfolio custodian,
- i) Information on applicable portfolio management fee, brokerage commission and other commissions
- j) Number of customers as individuals, legal entities and collective investment schemes
- k) Size of assets under management

¹ It is a must to use this phrase in the portfolio management agreement relating to pension funds.

D) Intermediary institutions it works with

VI. Principles Relating to Collective Portfolio Management / Portfolio Management of Pension Funds

Principles set down in article 32 of this Communiqué / principles set down in articles 20 and 21 of the Regulation on Principles of Foundation and Activities of Pension Funds promulgated in the Official Gazette dated 13/03/2013 and numbered 28586

VII. Technical Principles on Portfolio Management

VIII. Principles on Portfolio Management Fee and Performance-Based Fees

Method of calculation to be applied in determination of fees or commissions payable to the portfolio management company, and terms of payment thereof

IX. Portfolio Custody Principles

X. Principles of Use of Managerial and Fiscal Rights Arising out of Capital Market Instruments Kept in Custody in Portfolio Custodian

XI. Principles of Exchange of Information Between Parties to the Agreement

XII. Term and Termination of Agreement

XIII. Amendments to Conditions of Agreement

XIV. Applicable Provisions

“Provisions of the Agreement in conflict with the Board regulations are not applicable. All and any matters on which the Agreement remains silent shall be governed by the pertinent Board regulations and the laws pertaining to private pension system², and all and any matters on which the said regulations remain silent shall be governed by the general law provisions.” Clause will be inserted.

XV. Competent Courts and Execution Offices

XV. Authorized Signatures and Notice Addresses

² It is a must to use this phrase in the portfolio management agreement relating to pension funds.