COMMUNIQUÉ ON PRINCIPLES REGARDING PORTFOLIO MANAGEMENT COMPANIES AND ACTIVITIES OF SUCH COMPANIES (III-55.1)

(Published in the Official Gazette edition 28695 on 02.07.2013)

List of Amendments:
1. Communiqué III-55.1a published in the Official Gazette edition 29038 on 22.06.2014.
2. Communiqué III-55.1.b published in the Official Gazette edition 29222 (repeated edition 4) on 31.12.2014.
3. Correction on Article 1 of Communiqué III-55.1.b published in the Official Gazette edition 29243 on 21.01.2015.
4. Communiqué III-55.1.c published in the Official Gazette edition 29951 on 17.01.2017.

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,

ç) (As amended: OG 31.12.2014 – 29222 (repeated edition 4))[(2)] **"Specialized Personnel"**: Research expert, fund manager, internal control staff, inspector, portfolio manager, risk management unit staff and investment advisor,

d) "Law": Law numbered 6362[(2)],

e) "PDP": Public Disclosure Platform,

f) "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,

g) "Collective Investment Scheme":: Investment funds and investment companies established under the Law,

ğ) "Board": Capital Markets Board,

h) "CRA": Central Registry Agency Incorporation,

ı) "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,

i) "Customer": Collective investment schemes receiving services from a portfolio management company within the frame of a portfolio management agreement to be signed,

j) "Shareholder 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,

k) "Portfolio": Total of money market and capital market instruments, precious metals and all other assets and transactions deemed appropriate by the Board,

l) "Portfolio Custodian": A firm providing portfolio custody services according to Article 56 of the Law,

m) "Portfolio Management": Individual and collective portfolio management activities,

n) "SPL": Capital Markets Licensing Registry and Training Institution Incorporation,

---

[(2)] The notations "(d)" and "d)" contained in Article 1 of Communiqué Amending the Communiqué (III-55.1) on Portfolio Management Companies and Activities of Such Companies (III-55.1.b), were corrected as "(ç)" and "c)" in accordance with the letter of the Capital Markets Board dated 20/1/2015 No: 82196778-010.05-87/698.

o) "Company": A portfolio management company,

ö) "Takasbank": İstanbul Settlement and Custody Bank Inc.,

p) "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,

r) "TCC" :Turkish Commercial Code numbered 6102 dated 13/01/2011,

s) "TTRG" :Turkish Trade Registry Gazette,

ş) "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.

t) (Added: OG 31.12.2014 – 29222 (repeated edition 4)) **Sub-Portfolio Management:** The management of a part or whole of a portfolio managed by an authorized institution under a contract, without concluding contracts directly with the clients of the company to which services are provided.

SECOND CHAPTER
Principles for the Establishment of Portfolio Management Companies

Portfolio Management Company

ARTICLE 4 – (1) Portfolio management company is a capital market institution established 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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) The Company may also be established to perform services limited with the activities listed in Article 9.

(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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) Companies must inform ancillary services they plan to perform to the Board along with their application for authorization to conduct activities. In cases where the Company wishes to perform additional ancillary services, these shall be informed separately to the Board. Within 20 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. Periods elapsed during completion of lacking documents and information requested by the Board shall not be taken into consideration in calculation of mentioned period.

(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.

Conditions for the Establishment of a Portfolio Management Company

ARTICLE 5 (As amended: OG 22/6/2014 - 29038) – **(1)** In order for applications on permission for establishment to be eligible for evaluation by the Board, the Company:

a) must be established in the form of a joint-stock company subject to authorized capital system pursuant to provisions of TCC;

b) all of its shares must be registered shares;

c) its shares must be issued against cash payment;

ç) its initial capital must be at least TL 2,000,000;

d) its articles of association must be in conformity with the provisions of the Law and the Board regulations;

e) its founding shareholders:

1) must not have been adjudged bankrupt, or entered into composition with their creditors, or be subject to a verdict for postponement of bankruptcy;

2) must not be among the persons held liable for the sanction in an institution or entity any one of the operating licenses of which is withdrawn and cancelled by the Board;

3) must not have been finally convicted of crimes listed in the Law;

4) a liquidation order must not have been issued for them or for institutions, they are shareholders of, pursuant to the Governmental Decree in Force of Law About Transactions of Bankers Declared Insolvent, no. 35, dated 14/1/1982, and its exhibits;

5) must not have been sentenced to imprisonment for five years or more due to a crime committed maliciously, and must not have been convicted of crimes against security of government, crimes against the constitutional order and operations of that order, embezzlement, extortion, bribery, theft, fraud, forgery, abuse of trust, fraudulent bankruptcy, bid rigging, fraud in the performance of obligations, prevention or distortion of information systems, destruction or alteration of data, abuse of debit or credit cards, laundering of criminal assets, smuggling, tax evasion or unjust acquisition of properties, even if the periods referred to in Article 53 of the Turkish Criminal Code no. 5237 dated 26/09/2004 have elapsed;

6) must not have been convicted of crimes covered by the Law on Prevention of Financing of Terrorism no. 6415 dated 7/2/2013;

7) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) must not have been subject to a trading ban;

8) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) must not have any due tax liabilities;

9) must have honesty and reputation as required by the business;

10) must have sufficient financial strength;

f) its shareholding structure must be transparent and clear;

g) its shareholders having significant influence must also bear and satisfy the conditions listed in items (1) to (9) of subparagraph (e) of the first paragraph.

(2) The conditions or events referred to in item (1) of sub-paragraph (e) of first paragraph of this Article, and the conditions or events referred to in item (2) thereof, will not be taken into consideration in implementation of this paragraph if and when ten years have elapsed after the date of finalization of respectively the decision relating to removal or closing of bankruptcy or approval of proposal of composition with creditors, and the decision relating thereto.

(3) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) If Company shareholders are resident abroad, equivalents of the documents listed in this Article are requested. For cases where the shareholder which has significant influence is resident abroad, the criteria for the assessment of conditions listed in subparagraph (g) of the first paragraph shall be specified by the Board.

(4) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) If a founding shareholder or a shareholder with significant influence is a bank, submission of information and documents verifying that the bank satisfies the conditions of item (8) of sub-paragraph (e) of first paragraph of this Article to the Board will be sufficient and the opinion of the Banking Regulation and Supervision Agency, that will be obtained by the Board shall be sufficient. Provisions of sub-paragraph (e) of first paragraph of this Article are not applicable on the persons who have significant influence over the Company through direct or indirect shareholding in the bank.

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 established 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.

Establishment Procedures

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

a) 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 shareholder;

ç) (As amended: OG 22.06.2014 – 29038) documents verifying that founders satisfy the conditions for establishment set forth in sub-paragraph (e) of first paragraph of Article 5 of this Communiqué, and documents verifying that shareholders having significant influence satisfy the conditions for establishment set forth in items (1) to (9) of subparagraph (e) of first 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 shareholders, audited by an independent auditor are submitted to the Board, such shareholders shall not be obliged to prepare the declaration as specified in sub-paragraph (b) of the first paragraph of this Article.

(3) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) Provisions of this Article shall be applied by analogy about the information and documents to be submitted by persons residing abroad. The Board may request submitted documents to be translated by a sworn translator.

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

(5) Applications for establishment 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 establishment procedures.

THIRD CHAPTER
Operating Conditions of
Portfolio Management Companies

Operating Conditions and Permission for Activity

ARTICLE 8 – (1) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) 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 permission for establishment granted by the Board. Otherwise, the permission for establishment shall be cancelled. The three month period mentioned in this paragraph may be extended once for three months in case of the existence of justification deemed reasonable by the Board.

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

a) Must have not lost establishment conditions,

b) Must have fulfilled the obligations related to capital adequacy, as specified in Article 28 of this Communiqué,

c) (As amended: OG 22/6/2014 – 29038)[(1)] Must have deposited and frozen any security deposits that may be stipulated in applicable legislation in Takasbank in the name of the Board,

[(1)] This amendment shall enter into force on 1.07.2017.

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;

ğ) 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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) Job definitions and work flow procedures containing the powers, duties and responsibilities of specialized personnel at all levels of the Company will be documented in writing, decided upon by the board of directors, and delivered to relevant personnel against a signed acknowledgement of receipt. These job definitions must further contain obligations of all personnel to perform their duties in strict compliance with written procedures to ensure effective internal control, as well as procedures for reporting to senior management of events such as practices in contradiction with professional 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) (As amended: OG 22/6/2014 – 29038)[(1)] 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, may not be a shareholder, manager or representative of the Company. Shareholders, managers and persons authorized to represent and bind the Company may not be a manager or representative of the portfolio custodian. Other regulations of the Board pertaining hereto are, however, reserved. For the purposes of this paragraph, the terms "managers" and "persons authorized to represent and bind" refer to 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 license, 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 permission for establishment 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 permission for establishment, 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.

(9) (Added: OG 22.06.2014 – 29038)[(1)] In cases where the customers of the Company have already signed a contract with a portfolio custodian authorized by the Board, or the customer of the Company, or persons with whom a fund distribution and marketing agreement is signed by the Company, or persons to whom the Company provides individual portfolio management services are resident abroad or are citizens of a foreign country, and have already signed a contract with a portfolio custodian authorized within the frame of laws of the relevant foreign country, the Company is not required to sign a contract with a portfolio custodian, provided that said persons provide the Company with information and documents in verification thereof and with a statement to the effect that said persons assume the risks arising out of non-execution of a contract with a portfolio custodian authorized by the Board.

Principles on Portfolio Management Companies with Limited Activities

ARTICLE 9 – (As amended: OG 31.12.2014 – 29222 (repeated edition 4))
(1) (As amended: OG 17.01.2017 – 29951) The company may be established;

a) Exclusively to found and manage foreign collective investment schemes the units of which will be marketed to foreign residents and to provide portfolio management services to persons residing abroad,

b) Exclusively to found and manage venture capital investment funds,

c) Exclusively to found and manage real estate investment funds,

ç) To found and manage real estate and venture capital investment funds.

(2) Without prejudice to the other provisions of this Communiqué that are not contrary to the provisions of this Article, companies under the first paragraph will be subject to the following conditions.

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) Tables to be prepared with respect to capital adequacy and information on the number and size of portfolios managed in the scope of sub-portfolio management 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) Regardless of portfolio size and in the context 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 the condition regarding experience is fulfilled.

(3) Personnel responsible for accounting in real estate portfolio management companies may perform the duties listed in the first paragraph of Article 14 without the need to establish a fund service unit. The company may not provide individual portfolio management and investment advice services, or marketing and distribution of units of funds where it is not the founder or fund manager, and may not provide the ancillary services under this Communiqué. At least one member of the board of directors, 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, and the general manager must have a Capital Market Activities Level 3 license or 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. For the management of the portion of the portfolio containing money market and capital market instruments, the company must employ at least one portfolio manager, or receive investment advice and/or portfolio management from other Companies under a contract. This requirement will not be applicable in cases where investment in money market and capital market instruments is made for the sole purpose of providing liquidity to the fund.

(4) Personnel responsible for accounting in venture capital portfolio management companies may perform the duties listed in the first paragraph of Article 14 without the need to establish a fund service unit. The company may not provide individual portfolio management and investment advice services, or marketing and distribution of units of funds where it is not the founder or fund manager, and may not provide the ancillary services under this Communiqué. At least one member of the board of directors, of venture capital portfolio management companies are required to have a minimum five years of experience in venture capital investments, and the general manager must have a Capital Market Activities Level 3 license or minimum five years of experience in venture capital investments. The company must constitute an investment committee consisting of a person who holds a bachelor's degree and minimum five years of experience in venture capital investments, as well as the member of the board of directors and the general manager mentioned in this paragraph. For the management of the portion of the portfolio containing money market and capital market instruments, the company must employ at least one portfolio manager, or receive investment advice and/or portfolio management from other Companies under a contract. This requirement will not be applicable in cases where investment in money market and capital market instruments is made only for the purpose of providing liquidity to the fund. 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. For the management of the portion of the portfolio containing money market and capital market instruments, the company must employ at least one portfolio manager, or receive investment advice and/or portfolio management from other Companies under a contract. This requirement will not be applicable in cases where investment in money market and capital market instruments is made for the sole purpose of providing liquidity to the fund.

(5) (Added: OG 17.01.2017 – 29951) Real estate and venture capital portfolio management companies must fulfill the conditions pertaining to personnel and organizational structure as well as other conditions listed in the third and fourth paragraphs, and further conditions in these paragraphs are applicable to these companies. The company general manager must hold a Capital Market Activities Level 3 license and have minimum five years of experience in any one of real estate investment other than real estate trading and venture capital investments.

(6) Companies established exclusively to found and manage foreign collective investment schemes, the units of which will be marketed to persons residing abroad may provide investment advice and portfolio management services, as well as the ancillary services under

this Communiqué to persons residing abroad, and may conduct marketing and distribution of units of funds where they are not the founder or fund manager. In cases where the company constitutes an organizational structure that will fulfill the duties and responsibilities of the fund service unit for the foreign collective investment schemes where it is founder and / or manager in its country of establishment, and submits documents and information verifying this to the Board, the requirement to establish a fund service unit under Article 14 shall not be applicable only in relation to those clients. At least one member of the board of directors, and general manager, of such companies must have a minimum five years of experience in the field of financial markets. For the management of the portion of the portfolio containing money market and capital market instruments, the company must employ at least one portfolio manager.

Prevention of Conflicts of Interest

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 may not 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 may not 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) (As amended: OG 22.06.2014 – 29038)[(1)] The Company is required to establish a risk management system for its activities and 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 applicable for amendments to 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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) The unit providing risk management services in the Company must be independent from the unit in charge of portfolio management. Personnel of the unit providing risk management services are required to have knowledge and experience needed for the risk control operations, and to hold Capital Market Activities Level 3 License and Derivative Instruments License, and at least one personnel of the unit will be responsible to establish and implement the risk management system for the portfolio.

(4) Risk management unit is responsible:

a) (As amended: OG 22.06.2014 – 29038)[(1)] to determine and identify the risks to which the Company and its managed portfolios may 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) (Repealed: OG 22.06.2014 – 29038)[1]

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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) Wages and other personal rights and benefits of inspectors are determined by the board of directors or if transferred under Article 367 of TCC by the member of the board of directors responsible for internal control.

(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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) 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 with the space, technical equipment and accounting system needed for fund operations. Fund manager is responsible as a minimum for the organization of fund service unit, and coordination, performance and follow-up of legal and other procedures in connection with the fund. Fund manager may not be engaged in portfolio management activities. In cases where the fund manager retires from office for any reason, a new fund manager shall be 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 may not 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 sub clause (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 licenses 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 borne by the Company.

Prohibited Transactions and Actions of Company

ARTICLE 16 – (1) The Company:

a) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) may not engage in intermediary activities,

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 5411,

d) (Added: OG 31.12.2014 – 29222 (repeated edition 4)) May not hold shares in partnerships which own over 10 % of its capital or where its managers hold over 25 % of the capital individually or jointly.

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 center 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 customer accounts, 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, Takasbank, 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 license, 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 establishment 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 license.

(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 license 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 licenses of the Company shall be cancelled.

(5) The Company whose license 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 license 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 – (Amended: OG 31.12.2014 – 29222 (repeated edition 4))

(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) Subject to sub-paragraph (a) of the first paragraph of Article 28 of this Communiqué 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, provided that such services are controlled and followed up by the board of directors,

b) Subject to sub-paragraph (b) of the first paragraph of Article 28 of this Communiqué may receive research services from investment firms, and risk management system services from investment firms and from other specialized institutions, provided that such services are controlled and followed up by the board of directors.

(3) The Company may receive services of the 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.

(4) In order to enable outsourcing, the Company should maintain the decision making power and responsibility in functions such as service management, content design, access, control, audit and supervision, updating, information or reporting.

(5) Outsourcing of services is conducted under a contract in accordance with the nature of the business, concluded 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 the provision of the services of desired quality. Specialized personnel commissioned by the service provider must fulfill conditions of this Communiqué. In cases where services are provided by investment firms, it shall be adequate for personnel to fulfill the conditions in the Communiqué for professional competence and experience, if any. Furthermore, job descriptions including duties, powers and responsibilities of related specialized personnel as well as work flow procedures must be documented in writing and annexed to the outsourcing contract and must be delivered to related persons against a signed acknowledgement of receipt.

(7) The Company outsourcing the services is under obligation to create work flow procedures and install internal control mechanisms required for outsourcing of services. Information relating to 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 included 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 may not preclude the Company from performing its legal liabilities, complying with the relevant regulations and being effectively supervised.

(9) The Company shall be held liable to take all kinds of measures for purposes of protection of interests of recipients of portfolio management services and for confidentiality, for the services outsourced under this Communiqué as well.

(10) In the event that services are outsourced from abroad;

a) Relevant regulations and practices of the foreign country where service providers are operating must not contain any clause preventing the Board from acquiring and obtaining needed information and documents timely, completely and accurately, or from conducting inspections with respect to services received from such service providers.

b) The Company is under obligation to consider country risks, and to make and implement action plans for business continuity and if required, for receipt of the same services from local service providers, in the case of any interruption or suspension in the services.

c) The Board will assess the standing of the service provider and its employees vis-à-vis this Communiqué by considering the legislation in the relevant country.

(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 CHAPTER
Principles on Managers and Personnel of Portfolio Management Companies

Conditions Relating to the Company Managers and Personnel

ARTICLE 20 – (1) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) The Company personnel is composed of general manager, deputy general managers and specialized personnel, 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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) Chairman and members of board of directors, and general manager of the Company, must satisfy conditions listed in sub-paragraph (e) paragraphs (1) through (9) of the first paragraph of Article 5 of this Communiqué, deputy general managers, specialized personnel and mangers of units to which they report must satisfy conditions listed in sub-paragraph (e) paragraphs (1) through (7) of the first paragraph of Article 5 of this Communiqué. Furthermore, the Company managers and fund manager must hold a bachelor's degree.

(3) (As amended: OG 31.12.2014 – 29222 (repeated edition 4))

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 Level 3 License pursuant to the regulations of the Board pertaining to licensing,

b) The majority of the board of directors of the Company, comprising of at least three members, are required to have minimum seven years of professional experience in financial

markets field, and in addition, at least one member of the board of directors must to hold a Capital Market Activities Level 3 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 Level 2 License pursuant to the regulations of the Board pertaining to licensing,

ç) Specialized personnel, of the Company must hold a license pursuant to the regulations of the Board pertaining to licensing evidencing their professional competence.

d) Any managers of units where personnel title and duties is subject to licensing requirements under this Communiqué and other relevant regulations must also hold the relevant license.

(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 may not be deputized for more than three months in an annual 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 CHAPTER
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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) Changes in shareholder structure of the Company are subject to the following principles.

a) Share acquisitions by a new shareholder equal to or exceeding 10% of the capital of the Company or share acquisitions making an existing shareholder's share in the capital of the Company to exceed or fall below 10%, 20%, 33% or 50%, and transfers of shares as a result of which the shares of a shareholder drops below the mentioned percentages 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 shareholders holding the majority of such shares, a notification to the Board is sufficient.

c) If and to the extent share transfers of legal entity shareholders of the Company cause the percentage in capital or voting rights of the Company held by shareholders of such legal entities to indirectly rise above or fall below 10%, 20%, 33% or 50%, such share transfers are subject to approval of the Board in terms of the operating conditions of the Company.

ç) Share transfers made by the Company shareholders resident abroad under the provisions of this Article shall be assessed by the Board with due consideration of legislation of the relevant foreign country.

d) In case of direct or indirect transfer of shares which do not reach or which remain between the ratios of capital of the Company specified hereinabove, a notification will be sent within 10 business days following the date of transfer to the Board along with information and documents relating to the new shareholder.

e) For natural persons or legal entities who individually or jointly acquire the shares in direct or indirect share transfers under this Article and for shareholders with significant influence, the qualifications and conditions specified in sub-paragraph (e), paragraphs (1) through (9) of the first paragraph of Article 5 of this Communiqué are applicable. In cases where the natural person or legal entity acquiring shares, or the shareholder with significant influence are resident abroad, the third paragraph of Article 5 will be applicable.

f) Acquisition of shares by banks under this Article is subject to satisfaction of the conditions set forth in the fourth 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 shareholders 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) (As amended by: OG 22.06.2014 – 29038) The Company is under obligation to comply with the regulations of the Board pertaining to financial reporting and independent auditing, and to publish its financial reports in PDP.

(3) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) The Company must keep books and records of cash and securities movements in accounts of customers, to whom the Company provides individual portfolio management, investment advice, fund unit marketing and distribution services and ancillary services through their head offices and branches, if any.

Notification Obligations

ARTICLE 26 – (1) (As amended by: OG 22.06.2014 – 29038) [(1)] The Company is under obligation to inform SPL of:

a) any change in the conditions of its shareholders and shareholders having significant influence under Article 5 of this Communiqué, and any change in the conditions of its managers and personnel under in Article 20 of this Communiqué, within 10 days following the date of change;

b) any retirement of its managers and personnel or personnel of branch offices, or their replacement by new recruits, or recruitment of additional personnel, or change of job position or place of duty, and all other similar changes, along with identity information of new recruits and with documents verifying 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 shareholders, 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) (As amended by: OG 22.06.2014 – 29038) [(1)] 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, or SPL detects a breach of provisions of this Communiqué with respect to its directors and personnel, then the Association or SPL, as the case may be, will send a written notice thereabout 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) (As amended: OG 31.12.2014 – 29222 (repeated edition 4)) 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, portfolios managed in the context of sub portfolio management and the Company's own assets. However the number and size of

portfolios managed in the context of sub portfolio management must be included in notifications made to the Board under the fifth paragraph of this Article.

(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 may not 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 establishment 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) (Repealed: OG 31.12.2014 – 29222 (repeated edition 4))

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 CHAPTER
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 may not 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.

ç) 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 may not 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) (As amended by: OG 22.06.2014 – 29038) [(1)] The assets included in the customer portfolio are required to be kept in custody in accordance with the regulations of the Board pertaining to portfolio custody services and providers of such services. This obligation is deemed to have been fulfilled also in case of custody of assets included in the portfolio of foreign collective investment schemes in a custodian authorized within under the laws of the relevant foreign country.

(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 CHAPTER
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) (As amended by: OG 22.06.2014 –29038) (1) The Company may accept fund participation unit trading instructions only by signing an agreement with the instructing party. The cash funds and fund participation 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, in accordance with regulations of the Board pertaining to investment services and activities. This obligation is deemed to have been fulfilled also in case of custody of the cash and fund participation units belonging to persons who are resident abroad or are citizens of a foreign country and with whom a fund distribution and marketing agreement is signed, in and through a custodian authorized under the laws of the relevant foreign country.

Principles on Investment Advisory Activity

ARTICLE 38 – (1) The Company may provide investment advisory activity on condition that it has been licensed 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) (As amended by: OG 22.06.2014 – 29038) (1) Assets included in the portfolio of the recipients of individual portfolio management services shall be kept in custody by portfolio custodians authorized by the Board, in accordance with regulations of the Board pertaining to investment services and activities. This obligation is deemed to have been fulfilled also in case of custody of the assets included in the portfolio of the persons who are resident abroad or are citizens of a foreign country and who receive individual portfolio management services, in and through a custodian authorized under the laws of the relevant foreign country.

EIGHTH CHAPTER
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.

Principles on Security Deposits to Be Deposited By Companies

ARTICLE 41/A – (Added: OG 22.06.2014 – 29038) (1)

(1) The Board may, if deemed necessary in the light of their financial situation, request all, some or any one of the Companies to deposit and freeze a security deposit of a certain amount or rate in the Takasbank in the name of the Board for a certain period of time.

(2) Principles relating to use of the security deposits will be specified clearly in the decision of the Board pertaining to security deposits. Security deposits may not be used for any other purposes, or transferred to third parties, or attached, pledged, included in the bankrupt's estate or encumbered by an injunction even for collection and recovery of the public receivables.

(3) Security deposits to be deposited by the Companies may be in the form of cash, government debt instruments, lease certificates issued pursuant to and under the Law on Regulation of

Public Finance and Debt Management no. 4749 dated 28/3/2002, a letter of guarantee issued by a bank which is established and seated in Turkey and does not have any direct or indirect relationship with the Company in terms of capital, management or audit and supervision, or money market investment fund participation units where the Company is not the founder.

Principles on Deposit, Monitoring, Appraisal and Utilization of Security Deposits

ARTICLE 41/B – (Added: OG 22.06.2014 – 29038) (1)

(1) The Company required to deposit a security deposit shall freeze security deposits of an amount determined by the Board in Takasbank for the period of time specified in the related decision of the Board. The Board may, where deemed necessary, extend the period for freezing the security deposits.

(2) If and when the security deposit is provided by a third party in the name of the Company, the third party shall issue a letter of conveyance verifying that its rights on the security deposit are assigned and conveyed to the Company. The Company shall carry out processes with regard to the security deposit at the Board. Transactions relating to release of the security deposit shall also be handled by the Company.

(3) Security deposits deposited by the Companies shall be valued in accordance with the principles of valuation contained in the regulations of the Board pertaining to the capital and capital adequacy of intermediary institutions. Accordingly, security deposits are monitored and checked by Takasbank on a monthly basis, and all relevant transactions, also including ensuring that security deposits of Companies which fail to meet and satisfy their obligations as to security deposits are supplemented, shall be performed by Takasbank.

(4) Companies which fail to perform their obligations relating to the initial deposit or supplementation of security deposits within five business days following the date of receipt of the relevant notice will be urgently reported by Takasbank to the Board.

(5) Takasbank shall issue and submit to the Board a report about the status of security deposits within 20 business days following the end of each year.

Release of Security Deposits

ARTICLE 41/C – (Added: OG 22.06.2014 – 29038) (1)

(1) Security deposits of Companies in operation frozen at Takasbank in the name of the Board pursuant to first paragraph of Article 41/A will be released and returned by Takasbank to the Companies upon receipt of a written notice from the Board and without imposition of any condition upon elimination of the cause specified in the decision of the Board pertaining to freezing of security deposits or upon expiration of the period of time determined by the Board.

(2) Security deposits of Companies, the operations of which are suspended, frozen at Takasbank in the name of the Board pursuant to first paragraph of Article 41/A will not be released until they resume their activities or their operation license is cancelled. Security deposits of Companies that resume activities will be released by Takasbank upon receipt of a written notice from the Board, provided that they carry out their operations continuously for a minimum period of one year. For Companies the operations of which are suspended again before the end of the mentioned one year period, and which subsequently resume operations, one year period shall start to be calculated as of the last date of resuming operations.

(3) Companies the operation license of which is cancelled and which are not adjudged bankrupt are required to file an application to the Board for release of their security deposits. Such applications may be taken into consideration only if and when:

a) there exists no inspection conducted at the relevant Company, or no complaint and dispute reported to the Board, in such manner to prevent the release of security deposits;

b) the relevant Company does not have any financial liability or obligation towards the Stock Exchange, Takasbank, CRA, the Association and the Board; and

c) the name and the fields of business of the Company are changed in such manner not to cover capital market activities, or a decision is taken for the termination of the Company.

Security deposits of the Companies which have satisfied these conditions and the application of which is found acceptable by the Board will be released by Takasbank upon receipt of a written notice from the Board in connection therewith.

(4) The security deposits of the Companies the operation license of which are cancelled pursuant to Article 41 of the Law and which are adjudged bankrupt will not be released until the bankruptcy process is completed. Said security deposits are kept and held in the Takasbank until the bankruptcy administration applies to the competent commercial court for closing of bankruptcy process, and the competent court decides to close the bankruptcy process pursuant to the Execution and Bankruptcy Law no. 2004 dated 9/6/1932, and said decision is announced by the bankruptcy office, and the bankruptcy liquidation process is completed. Creditors who are given a certificate of insolvency by the bankruptcy administration according to the order of priority of receivables received from the bankruptcy office after completion of the bankruptcy liquidation process and who have a right of claim on the security deposits will be announced by the Board in at least two of the ten daily nationwide newspapers with the highest circulation, as well as in PDP for a minimum period of five business days. Those who file an application by the end of three months following the date of such notices and whose right of claim is proven against the Companies will be reported to Takasbank for full payment of debts owed to them if the amount of security deposits is sufficient to repay all outstanding debts, or for proportional payment of debts owed to them if the amount of security deposits is not sufficient to repay all outstanding debts. Any security deposit remaining after these payments will be released by Takasbank for transfer to the relevant bankruptcy office upon receipt of a written notice from the Board at the end of sixth month following the date of publication of the mentioned notices.

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

TRANSITIONAL 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) (As amended: OG 22.06.2014 – 29038) [(1)] If at least one of the directors, and general manager, and deputy general managers, existing as of 1/7/2014, and fund manager on duty as of 1/7/2014, of the Companies active and operating prior to 1/7/2014 do not hold the license certificates stipulated in third paragraph of Article 20 of this Communiqué, mentioned persons will continue their jobs until the date of declaration of results of the fourth examination providing 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 License Certificate will continue his job until the date of declaration of results of the sixth examination providing that he enters in the first six examinations to be opened as from the effective date of this Communiqué, provided also, that they satisfy the past experience condition. Those who are not eligible for the required licenses 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, or as of 1/7/2016.
(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

TRANSITIONAL ARTICLE 2 – (1) In the applications for establishment 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.

Release of Existing Security Deposits

TRANSITIONAL ARTICLE 3 – (Added OG 22.06.2014 – 29038) (1)
(1) Security deposits of Companies, active and operating as of the effective date of this Communiqué, which are frozen in Takasbank in the name of the Board pursuant to first paragraph of Article 6 of the repealed Communiqué on Principles of Use of Security Deposits Deposited by Portfolio Management Companies (Serial V, No. 130), will be released by Takasbank upon receipt of a written notice from the Board following submission to the Board of information and documents verifying that this Communiqué is complied with.

(2) In the case of disputes filed with competent courts for any reason whatsoever with regard to the security deposits frozen in Takasbank by the Companies the operations of which are ceased or the fields of business of which are changed prior to the effective date of this Communiqué, these security deposits shall not be released until the decisions and judgments relating to such disputes are finalized.

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 Establishment:
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 system[1],and fund rules/prospectus/articles of association.

V. Introductory Information on Portfolio Management Company

a) Date of establishment 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 shareholders, 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.

l) Intermediary institutions it works with

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

Principles set down in Article 33 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 system[2], 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

(1) This amendment shall enter into force on 1.07.2017.

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