

COMMUNIQUE ON PRINCIPLES REGARDING BOOK-ENTRY RECORDING OF DEMATERIALIZED CAPITAL MARKET INSTRUMENTS

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SECTION ONE GENERAL PROVISIONS

Purpose

Article 1. The purpose of this Communiqué is to regulate principles of book-entry recording of capital market instruments and rights related to them by means of relevant records by the Central Registry in order to ensure reliable and efficient performance of capital market transactions.

Scope

Article 2. This Communiqué covers book-entry recording of capital market instruments and rights related to them.

Legal Basis

Article 3. This Communiqué has been drawn up based upon article 10/A, added to the Capital Market Law No. 2499 by means of the Law No. 4487.

Definitions and Abbreviations

Article 4. For the purposes of this Communiqué, the following definitions shall apply:

Law : Capital Market Law dated 28 July 1981 No: 2499,

Board : Capital Markets Board,

Stock Exchange: Istanbul Stock Exchange,

MKK : Central Registry Agency Inc.

Intermediary Institutions : Brokerage firms and banks.

Issuer :Joint stock corporations, state owned enterprises, including those subject to privatization in accordance with the legislation, administrations and establishments, administrations and undertakings operating with the special legislation related to these administrations and founders of mutual funds.

Account Representative: (Overruled by Communiqué Serial:IV, No:34)

Dematerialized capital market instruments: Capital market instruments which are designated to be dematerialized by the Board,

Member: (Amended by Communiqué Serial:IV, No:34) Issuers, intermediary institutions, and authorised custody and clearing institutions and other institutions determined by the Board.

Book-entry Process

Article 5. Records of dematerialized capital market instruments and rights related to them are recorded by MKK in electronic book-entry form with respect to members. Opening and recording of, and amendments to accounts shall be carried out through amendments to MKK records by members according to instructions of right owners via an electronic method whose terms and conditions shall be determined by MKK. Members may amend records at MKK by communication means other than electronic transmission depending upon frequency and volume of transactions in accordance with terms and conditions as designated by MKK. MKK shall designate terms and methods of transmission of, and amendment to the records when it is required to make an amendment to the records during connection times as well as other times, and in case of data flow problems due to force majeure events such as acts of god and technical failures.

Records are also maintained with respect to the authorised clearing and custody institutions in order to ensure conduct of clearing transactions. Records of right owners are maintained through establishment of a connection with member accounts. In accordance with the provision of Article 7 of Law, note shall not be required for those rights that are recorded.

Coding system to be implemented to keep records with respect to members shall be determined by MKK.

Records to be kept at MKK shall not be subject to any restriction or condition other than those set forth herein.

The personnel of members authorised to conduct transactions at MKK system shall be notified to MKK, and transactions shall be conducted solely by this personnel. If a member makes a recording in order to correct any erroneous or deficient records at any account, then such correction shall be notified to MKK and respective right owner in accordance with terms and conditions as designated by MKK. In case of missing information in an application made to a member for the purpose of opening or recording any account, then it shall be possible to reject such application.

(Amended by Communiqué Serial:IV, No:34) In this case member shall inform MKK and respective right owner of the ground on which decision for rejection is based.

(Amended by Communiqué Serial:IV, No:34) A member may, with prior consent of MKK, conduct its transactions through technical facilities of any other member providing that it is not permanent. A member may conduct its transactions at MKK indirectly through any other member instead of through its own personnel or technical facilities in accordance with terms and conditions as designated by MKK, and approved by the Board.

SECTION TWO ACCOUNTS

Account types

Article 6. (Amended by Communiqué Serial:IV, No:34)Accounts to be recorded at MKK shall be opened with respect to issuers, intermediary institutions, authorised custody and clearing institutions and other institutions determined by the Board.

Accounts to be opened in the name of right owners shall be subject to prior notification of their identity informations to MKK, and a connection shall be established with members who are authorised to conduct transactions on such accounts. However, authorised clearing and custody institutions may open accounts directly at MKK without making a connection with any member. MKK shall designate principles of opening and recording of accounts at MKK by foreign central depository organisations.

No account shall be opened, nor any record be maintained in a manner so as to hide true nature of these account types.

Issuer Account

Article 7. (Amended by Communiqué Serial:IV, No:34)An issuer account is opened for dematerialized capital market instruments.

An issuer account is comprised of the pooling account, shareholder accounts, and non-appeared shareholder account of the issuer. However, only issuer pooling account is opened for founders of investment funds.

Issuer pooling accounts are used to record temporary records concerning issuance of dematerialized capital market instruments. Dematerialized capital market instruments to be issued are maintained in the pooling account throughout the public offering process, and proceeds of the sale of the dematerialized capital market instruments are deducted from this account upon recording to the relevant accounts.

A shareholder account is opened for each shareholder upon notification by the issuer to MKK of the identity particulars of shareholders as set forth in Annex 2 hereto. Only those shares not having been traded previously at the stock exchange may be maintained in shareholder accounts. Dematerialized capital market instruments are maintained at this account as to their types and right owners based on the details furnished by the issuer.

A non-appeared shareholder account is opened to maintain shares collectively if their right owners are not known to issuer during the conversion process. In case of actual dematerialization of capital market instruments maintained at this account, issuer makes a notification to MKK for the purpose of recording identity particulars of right owners. MKK makes the recording to the relevant account upon request of the right owner following completion of the conversion process.

Opening of an issuer account

Article 8. In order for an issuer account to be opened by MKK, issuer is obliged to make an application to MKK with details as set forth in Annex 1 during the period from the issue date of the certificate evidencing registration of the dematerialized capital market instruments to the Board to the date on which prospectus is registered to the Trade Registry. Application may also be made to MKK by the member* which underwrites public offering.

For the opening of Shareholder and participant* accounts, it is obliged to comply with the principles set forth in Article 10. However, information and documents specified in the said article are furnished to MKK by the issuer.

(Amended by Communiqué Serial:IV, No:34) Issuer makes an application to MKK together with details set forth in paragraph (b) of Annex 1 hereto in order to ensure opening of a non-appeared shareholder account.

MKK may request any additional information other than those set forth in Annex 1 for opening an issuer account.

Intermediary Institution Account

Article 9. An intermediary institution account is comprised of intermediary institution pooling account and investor accounts.

An intermediary institution pooling account is used by the intermediary institution to conduct clearing* transactions in its capacity as power of attorney of the account owner.

Investor accounts are comprised of accounts opened in the name of right owners for which the intermediary institution is authorised to carry out transactions. For the opening of investor accounts, it is obliged to comply with the principles set forth in Article 10..

Investor Account

Article 10. (Amended by Communiqué Serial:IV, No:34) An investor account is opened in the name of the right owner to maintain bearer and registered rights.

Investor accounts are opened with an application to MKK by a member intermediary institution and authorised custody and clearing institutions upon request of investor. In order to open an account by MKK, it is obliged to inform the informations required by the Board set forth in annex

Upon furnishing of the complete said details to MKK, the investor is assigned a registration number, and subsequently the investor account is made available for use. An intermediary institution may be allowed, upon consent of the Board, to open the account, and furnish identity particulars to MKK within a period of time as designated by the Board, but no later than 30 days. The account is blocked if identity particulars are not furnished to MKK within the specified period of time. Blockade means prevention of debiting and crediting transactions on the account. In applications made by any other

intermediary institution or account representative, MKK assigns the same registration number with respect to the same investor details for the purpose of opening an investor account.

In case it is detected later that more than one registration numbers have been assigned to the same investor, a single registration number is assigned providing that a respective notification is made to the investor by MKK.

If several persons make a request for opening of a joint account upon furnishing of information and documentation set forth in this article, then members open a joint investor account. Participation rates of owners are also maintained through records.

Account representative account

Article 11. (Overruled by Communiqué Serial:IV, No:34)

Authorised clearing and custody institution account

Article 12. (Amended by Communiqué Serial:IV, No:34) Authorised clearing and custody institution account is comprised of clearing pooling account, pooling account, and investor accounts. However, prior approval has to be obtained from the Board for investor types whose records can be maintained at investor accounts of these institutions.

Clearing pooling account is used for the clearing and custody institution to perform clearing transactions of members in its capacity as power of attorney of members. Pooling account is used by the clearing and custody institution to perform transfer transactions of right owners in its capacity as power of attorney of right owners.

Investor accounts are opened subject to the provisions of Article 10.

Sub-accounts of shareholder and investor accounts

Article 13. (Amended by Communiqué Serial:IV, No:34) In case of registration of pledge, confiscation, general assembly blockade, investor blockade, sales blockade and etc., rights subject to these transactions are maintained by MKK through opening of sub-accounts under the relevant accounts.

SECTION THREE TRANSACTIONS

Notification at the time of issuance and sale

Article 14. (Amended by Communiqué Serial:IV, No:34) Issuers notify MKK of the details set forth in paragraph (b) of Annex 1 hereto no later than the end of business day following registering of the prospectus. Issuers are obliged to notify MKK as soon as practically possible the issue resolution about approval or rejection in the business day following the resolution date in case the issue is subject to approval of a public authority, and any modifications emerged as a result of the said issue resolution no later the end of business day following the date on which such modifications take place. Dematerialized capital market instruments are temporarily recorded to the pooling account of relevant issuer upon the said notification.

For capital increases through rights issues, pre-emptive rights are enjoyed as Per the Board regulations. Pre-emptive rights affixed to the capital market instruments registered as of the date of the paid capital increase as announced by issuer are also registered to their respective accounts. Said pre-emptive rights are deleted from accounts upon depositing of the consideration for pre-emptive right; transfer of the capital market instrument from the pooling account of issuer to the shareholder accounts and investor accounts are effected by the relevant members. Pre-emptive rights not enjoyed within the respective period of time are deleted from accounts upon expiration of the said period.

For bonus shares, rights recorded to the pooling account of issuer upon notification of the issuer are transferred to the member accounts as Per the announced rates as of the date of capital increase.

For off-exchange trades, amount of shares sold as well as investment account details requested by buyers to be recorded are notified by issuer to MKK no later than the end of the business day following the actual day of trade.

Recording of shares sold at the stock exchange due to capital increases is subject to Article 15 of this Communiqué.

For issuers in the declared capital system, records made as Per the above paragraphs are of a temporary nature, and become definite upon registration of the capital to the Trade Registry. Registration of the capital to the Trade Registry is notified by issuer to MKK in the business day following the registration.

For issue and sale of other dematerialized capital market instruments, recording is effected as Per Article 15 if the transaction is performed at the stock exchange. If the transaction is performed off the stock exchange, then amount sold as well as investment account details requested by buyers to be recorded are notified by issuer to MKK no later than the end of the business day following the actual day of trade.

If sale is performed through an intermediary institution, then respective notifications may be effected by the intermediary institution in accordance with the provisions of this article.

Rights are transferred from the pooling account of issuer to the relevant member pooling accounts based on the notifications. Distribution to investor accounts is made by the relevant members.

For the registered capital system, details of shares not sold within the specified period of time are notified by issuer to MKK no later than the end of the business day following expiration of the said period, and these shares are deleted from the pooling account of the issuer.

Book-entry recording of purchase and sale transactions

Article 15. Clearing transactions are performed by the authorised clearing and custody institution*through clearing pooling account and intermediary institution pooling accounts at MKK in accordance with clearing regulations of the relevant stock exchange

Upon fulfilment of the transactions at the stock exchange, intermediary institutions may transfer capital market instruments which is sold at the stock exchange to the sub-account opened by MKK for the said transaction in the form of a sub-account of investor accounts according to Article 13. Dematerialized capital market instruments which is sold are transferred by intermediary institutions from investor accounts to intermediary institution pooling accounts on the day of clearing for the purpose of fulfilling clearing obligation. Liabilities of the intermediary institution resulting from the clearing transactions are settled upon transfer of capital market instruments from the intermediary institution pooling accounts to the clearing pooling account.

Clearing receivables are transferred by the authorised clearing and custody institution* from the clearing pooling account to the relevant intermediary institution pooling accounts. Distribution of said capital market instruments to investor accounts is fulfilled by intermediary institutions.

(Amended by Communiqué Serial:IV, No:34) Modifications required on records due to off-stock exchange trades are effected by the member to which the account bearing the dematerialized capital market instrument is corresponded at MKK. Above-mentioned principles are also applicable for transfers between accounts. MKK designates terms and conditions of notifying justification of such transfers.

Exercising and recording of financial rights

Article 16. MKK monitors the records concerned modifications arising from utilisation of financial rights of dematerialized capital market instruments maintained at MKK.

Issuers are obliged to inform MKK of such details as designated by MKK for utilisation of financial corporate actions in the business day following the resolution of the authorised body, and of the resolution about approval or rejection in the business day following the resolution date in case the issue is subject to approval of a public authority, and of any modifications emerged as a result of the said resolution no later the end of business day following the date on which such modifications take place. Thereafter MKK creates necessary records at the pooling accounts under the issuer account, and effects necessary modifications, if any.

Amounts of interests and dividends accrued from dematerialized capital market instruments are transferred to MKK on the day of their accrual, or no later than the next business day for distribution to the relevant accounts. These amounts are transferred to the relevant member pooling accounts based on MKK records for immediate further transfer to right owners.

Issuers are liable for delays in notification, or missing or inaccurate notification of financial corporate actions.

Annulment of shares due to capital decreases

Article 17. (Amended by Communiqué Serial:IV, No:34) If an issuer resolves for a capital decrease, then decreased portion of the capital is collected at the pooling account of issuer, and annulled thereafter upon registration of the resolution passed by the general assembly.

Utilising of managerial corporate actions and the general assembly blockade

Article 18. (Amended by Communiqué Serial:IV, No:34) Issuers notify MKK of the place and date of the general assembly meeting at least 15 days prior to the date of meeting. If a shareholder wishes to attend the meeting as Per Article 360(3) of Turkish Commercial Code, then shares are blocked through opening of a sub-account at the investor account and shareholder account. General assembly blockade on shares maintained at the investor accounts which are managed by account representatives, but no identity particulars are available at MKK for such accounts, is performed through notification by the account representative to MKK of identity particulars of the party requesting blockade, details of shares subject to the blockade as well as other information as requested by MKK.

Upon implementation of blockade, MKK prepares a certificate evidencing amount and owners of blocked shares, and submit it to the requesting member.

MKK submits to the issuer a list of amount and owners of blocked shares. MKK designates submission date and content of the list, and, in case of a change therein, terms and conditions of its notification, and announce these facts to the issuer. Issuers are obliged to compare the blockade certificates prepared by MKK to the said list

MKK releases the blockade on shares ex officio within the first business day following the general assembly meeting.

Recording and blockade regarding collateral, pledge and usufruct

Article 19. (Amended by Communiqué Serial:IV, No:34) Documents concerning establishment of a collateral, pledge, or a usufruct on dematerialized capital market instruments are submitted by parties to the relevant members for immediate reflection thereof to MKK records by the relevant members.

Unless otherwise resolved by parties, dematerialized capital market instruments which are to be issued as collateral to the third parties, or on which an usufruct is to be imposed, are recorded at MKK through opening of a sub-account under the present account of right owner. The said sub-account contains identity particulars of the usufruct owner as well as the third party on behalf of whom the collateral has been established.

Pledged capital market instruments are transferred from the account of existing right owner to a sub-account under the account of the party who has imposed the pledge. In case of recording to the sub-account of the transferee of the capital market instrument subject to a collateral, usufruct, or pledge, identity particulars of the transferor

imposing such rights are also maintained in connection with the said sub-account.

Blockade by Investor

Article 20. (Amended by Communiqué Serial:IV, No:34) MKK shall determine principles concerning blockade by investors on investor accounts and shareholder accounts for the purpose of restricting transaction capabilities of the relevant member.

Recording of transfers through succession

Article 21. For transfers based on a succession, the relevant member makes necessary modifications to MKK records based on the certificate evidencing right ownership upon fulfilment of required legal formalities, and then notifies MKK accordingly. MKK informs other members which maintain investor accounts for the same investor.

Issuers whose dematerialized capital market instruments are maintained at MKK are obliged to inform MKK of such details as designated by MKK for transactions such as merger or acquisition which lead to a succession in the business day following the resolution of the authorised body, and of the resolution about approval or rejection in the business day following the resolution date in case the issue is subject to approval of a public authority, and of any modifications emerged as a result of the said resolution no later the end of business day following the date on which such modifications take place. MKK is also notified of registration to the Trade Registry of the dissolution and the actual capital increase as a result of these transactions, and MKK creates necessary records at member accounts accordingly.

Confiscation of dematerialized capital market instruments

Article 22. (Amended by Communiqué Serial:IV, No:34) Confiscation of dematerialized capital market instruments is implemented through opening of a sub-account under the relevant investor or shareholder accounts.

Confiscation on accounts for which no identity particulars are available at MKK is implemented by the account representative upon furnishing by the execution office a notification to the account representative.

MKK shall immediately notify the Board of the transactions which are subject to Article 19 and Article herein, performed on accounts of persons who are forbidden by the Board to perform transaction.

Claims made to third parties in connection with rights

Article 23. Claims made to third parties in connection with rights affixed on any dematerialized capital market instrument shall be based on the date of notification made by member to MKK in written, or through any other electronic method as designated by MKK.

SECTION FOUR MISCELLANEOUS PROVISIONS

Confidentiality

Article 24. MKK records are confidential. However, furnishing of information to the persons authorised under the regulation shall not be interpreted as a breach of confidentiality

Informing Investors

Article 25. Right owners may be informed by the relevant member and/or MKK about records available at MKK.

Statistical data as well as stock data about capital market instruments with respect to members as determined by MKK, and approved by the Board may be held open to the public provided that this data may not be on the right owner basis.

Notifications to Issuers

Article 26. In registering right owners at the share register of companies by the issuers pursuant to Article 417 of the Turkish Commercial Code, the records at the Central Registry shall be taken as basis without the need for further application by any party.

(Amended by Communiqué Serial:IV, No:34) Unless otherwise is notified by investor in writing, upon request of issuers, issuers are notified, an according to the terms and conditions as designated by MKK of the details of shares maintained at investor accounts, or by the account representatives of details of registered shares maintained at investor accounts whose identity particulars are not available at MKK.

Custody of records by Central Registry

Article 27. (Amended by Communiqué Serial:IV, No:34) MKK keeps records concerning right affixed on capital market instruments in the electronic media with their status prior to any modification for a period of ten years after a modification takes place. The Board may determine any longer period for custody of mutual fund records.

Liability

Article 28. MKK, members, and clearing and custody institutions* which maintain records shall be liable to the right owners for the damages attributable to inaccurate records to the extent of their faults. This liability shall not be avoided by means of provisions to be added to the agreements. MKK may request necessary information and documentation from members depending upon type of accounts in respect of implementation of this Communiqué. Board shall be notified of cases which require an audit.

Board of Directors of MKK may resolve members to have a liability insurance for indemnification of damages attributable to the wrong maintenance of records.

Provisional Article 1. (Amended by Communiqué Serial:IV, No:34) Upon resolution of the Board for the dematerialization of the capital market instruments, identity particulars, investor registration number, and password information regarding dematerialized capital market instrument are transferred from Customer Name Based Custody System maintained at İstanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası A.Ş. to MKK.

Documentation set forth in Article 10(2) of this Communiqué is not required for the said account owners.

Entry Into Force

Article 29. This Communiqué will enter into force on the date of its publication.

Execution

Article 30. The provisions of this Communiqué shall be executed by the Capital Market Board.

ANNEX 1

1. Identity particulars of Issuer

- a) Trade Title,
- b) Relevant trade registry and registration number
- c) Tax registration number,
- d) Relevant tax office,
- e) Address, phone and fax numbers,
- f) Capital of Issuer,
- g) Information about Issuer's industry,
- e) Trading code of share certificate at the stock exchange,
- f) Signature circular

2. Details of dematerialized capital market instruments

- a) type,
- b) class and group details,
- c) Their par value and quantity,
- d) Other information

ANNEX 2

1. General details about investor:

- a) Address
- b) Phone number
- c) Fax number

2. Special details about investor:

- a) For legal persons;
 - aa) Identity card particulars,
 - bb) type and particulars of the identity card (official identity card, driving licence)
 - b) For judicial persons;
 - ba) Trade title or company name,
 - bb) Date and number of registration to the relevant Trade Registry,

- bc) Taxpayer Registration Number,
 - bd) Relevant Tax Office,
3. Other information requested by MKK