THE STATUTE OF
THE ASSOCIATION OF CAPITAL MARKET INTERMEDIARY INSTITUTIONS OF TURKEY

The Establishment of the Association of Capital Market Intermediary Institutions of Turkey

Article 1 – The Association of Capital Market Intermediary Institutions of Turkey has been established based on Articles 40/B and 40/C of the Capital Market Law no. 2499 amended by Law no. 4487 enacted on 15.12.1999, as a legal entity established as a professional organization to which institutions authorized under the Capital Market Law to deal with intermediary activities in the Turkish capital market shall be a member of.

Definitions

Article 2 – The terms below shall have the meanings ascribed to them in the following:

The Law	:	The Capital Markets Law
CMB	:	The Capital Markets Board
Association	:	The Association of Capital Market Intermediary Institutions of Turkey
Intermediary Institutions	:	Brokerage firms and banks authorized to perform intermediary activities in the Turkish capital market.
Intermediary Activities	:	The intermediary activities defined in Article 30 of the Law.

The Central and Peripheral Organizations of the Association

Article 3 – The head office of the Association is in İstanbul. The Association may establish branches in Turkey.

Membership

Article 4 – The intermediary institutions shall be obliged to apply for membership together with information and documents specified by the Association within 3 months following the issuance of the operating licenses for intermediary activities. Activities of organizations that do not comply with the said obligation shall be ceased by CMB. Membership of members whose intermediary activities are permanently terminated by canceling all of the certificates of authorization for intermediary activities due to any cause whatsoever shall be struck.

Objection may be raised to CMB regarding the decision for rejection of application for membership, within 10 days following the notification of the decision to the concerned party. Final decision on rejection shall be given by CMB.

The membership entrance fee shall be deposited in the bank account of the Association before application for membership pursuant to Article 26 and documents related to the said payment shall be presented together with the documents of application.

The membership applications of intermediary institutions failing to deposit the entrance fee shall not be approved.

The members of the Association shall be obliged to comply with the Statute and the decisions of the Association.

The Objective of the Association

Article 5 – The objective of the Association is to perform the duties assigned by the Law and this Statute for the purpose of providing development of the capital market and the intermediary activities, providing the operation the Association members in solidarity, and in due diligence and discipline required by the capital market, protecting the economic benefits of the members, preventing unfair competition and to inform the members on professional subjects.

The Duties and Functions of the Association

Article 6 - The Association shall perform the following duties to achieve its objectives specified in Article 5:

a) To conduct research and organize training programs to contribute to the development of the capital market and intermediation activities.
b) To establish professional rules and regulations to provide that activities performed by the Association members are fair and honest, to provide business ethics, to facilitate the solidarity among the Association members, to safeguard the prudent and disciplined conduct of business by its members
c) To take and inform CMB of necessary measures to prevent unfair competition.
d) To cooperate with relevant organizations in order to give disciplinary penalties specified in the Statute.
e) To monitor professional, administrative and legal regulations and inform members on this subject.
f) To strengthen professional solidarity among intermediary institutions.
g) To assist in the resolution of disputes arising from operations excluding exchange transactions among its members or between its members and investors, to establish arbitrator lists for this purpose and to provide arbitration services under the Code of Legal Procedures by appointing arbitrator(s) if agreed by the parties.
h) To notify CMB its proposals on principles related to commissions and fees to be charged to its members in consideration of services rendered to customers.
i) To evaluate complaints against its members and inform CMB on the results.
j) To establish, enforce and supervise regulations on subjects assigned to it by the legislation or specified by CMB.
k) To cooperate with corresponding organizations in international capital markets.
l) To participate in national and international financial, economic and professional institutions, organizations and partnerships and/or to acquire shareholding therein on subjects related to its objectives.

The Association shall be obliged to comply with the Law, the Statute, regulations, communiqués, resolutions of CMB and the related legislation in its resolutions and regulations.

If any action contrary to the legislation in force is noticed, CMB may request the Association to cancel or modify the regulation established.

Businesses Prohibited to the Association

Article 7 - The Association shall not perform any activity other than its objectives of establishment and those specified in the Law and in the Statute, nor organize meetings which are not related to performance of duties assigned to it by the Law and the Statute and shall not deal with politics, collaborate with political parties, labor unions and associations, provide financial assistance to political parties and participate in political relations and cooperation, support certain candidates in deputy elections and local administration elections. CMB may call an extraordinary general assembly to terminate the duties of responsible bodies of the Association which act beyond the scope of its objectives or contrary to legislation and shall not substitute the bodies. Penal liabilities of the terminated bodies of the Association shall be reserved. The actions of the Association bodies which cause termination of the duties under the foregoing provisions shall be null and void.

The Bodies of the Association

Article 8 – The statutory bodies of the Association are the General Assembly, the Board of Directors and the Board of Auditors.

Representation of Intermediary Institutions by the Association

Article 9 – The intermediary institutions are represented by either the Chairman of the Board or the Executive Director, or the General Manager or at least by an assistant General Manager, given the authority to represent thereby. The identity of the representative having the qualifications to represent the member for procedures related to the Association and on behalf of the member shall be notified to the Association. Members shall be obliged to notify the Association any change in the said representatives not later than within 3 days.

Election of the Bodies of the Association

Article 10 – Bodies of the Association shall be elected by secret ballot of the members of the Association and under the supervision of the judicial authorities.

In general assemblies where elections shall be made, the judge who is to be appointed as the chairman of the election board by the Supreme Board of Election shall appoint the chairman and two members of the ballot box committee and a substitute for each principal member. Upon expiration of the term of election, results of the election shall be recorded down in minutes which shall be signed by the chairman and members of the ballot box committee. All objections to the elections made within 2 days of the issuance of the minutes shall be reviewed on the same day by the judge who shall give final judgement thereon.

General Assembly

Article 11 – General assembly is the highest body of the Association and consists of the representatives of the Association members.

General meetings shall be held in months of April-May of each year upon invitation of the Board of Directors.

General meetings may also convene extraordinarily, whenever necessary, upon invitation of CMB or the Board of Directors. The Board of Directors shall call a general

meeting within one month following the application of the Board of Auditors or upon the written application of one fifth of the Association members.

The Board of Directors shall decide on the place, date, time, agenda of the general assembly and the list of members and representatives to participate in the meeting and the matters related to the next meeting if the required quorum is not obtained in the first meeting. The period between the dates of the first and the second meeting shall not be less than 15 days.

Matters mentioned above concerning general meetings, and documentation concerning agenda items shall be notified, via a letter with receipt acknowledged, to CMB at least 30 days, and to members at least 15 days prior to the date of the first meeting. In general assemblies to be held for elections, a list showing the Association members and representatives thereof shall be submitted to the judge appointed as the chairman of the election board by the Supreme Board of Elections, in three copies, not later than within 15 days in advance of the meeting, together with a letter specifying the agenda, place, date, time of the meeting and the matters related to the next meeting if the required quorum is not provided in the first meeting. The judge shall review the list and approve the other matters. The general meeting shall be held at the head office of the Association or at any other place to be decided by the Board of Directors. Assignees of CMB shall participate in general meetings of the Association with no entitlement to vote.

Quorum of Meeting and Resolution

Article 12 – The quorum of the general assembly is the pure majority of the number of intermediary institutions. If the required quorum is not provided in the first meeting, no quorum shall be required for the next meeting. Resolutions shall be passed with the majority votes of the participating members.

Number of Votes which Members are Entitled to

Article 13 – In general assemblies every member shall be entitled to one vote. CMB shall be authorized to establish principles related to the votes considering the developments in the capital market.

General Assemblies

Article 14 – Only the items included in the agenda shall be discussed in general assemblies. However, items required for discussion by at least one tenth of the members participating in the meeting shall be included in the agenda. The representative of a member shall not be entitled to vote on any subject related to that member. Votes shall be cast publicly in general assemblies. However, voting shall be made by secret ballot and public classification in elections of the bodies of the Association. Voting shall be made by secret ballot on matters decided by the general assembly. If decided by the general assembly, the election of chairman and secretaries of the council of meeting shall be voted publicly.

CMB shall define the intermediary institutions according to the criteria specified in subparagraphs (a), (b) and (c) of the first paragraphs of Articles 16, 20 and 23 of this Statute until the end of January of every year and notify the so designated intermediary institutions to the Association. The general assembly shall be presided by the chairman of meeting appointed from representatives of existing members and two secretaries shall be appointed. Minutes of discussions and resolutions shall be signed by the chairman and the secretaries and a copy of each of the resolutions shall be sent by registered mail by the Association to CMB and to members in the following **three** business day.

Duties of the General Assembly

Article 15 – The duties of the general assembly are the following:

a) To take decisions necessary for achievement of the objectives of the Association;

b) To establish professional rules;

c) To elect the members of the Board of Directors, the Board of Auditors and the discipline committee of the Association;

d) To determine annual fees and expense contributions;

e) To approve the regulations issued by the Board of Directors regarding the organization and the staff;

f) To discuss and resolve on the annual account and the final account;

g) To discuss the annual report of the Board of Directors;

h) To absolve the Board of Directors and take legal steps for those who are considered liable;

i) To discuss and resolve on auditors reports;

j) To authorize the Board of Directors to purchase immovable properties or to sell existing real estates;

k) To resolve on opinions to be notified to CMB on intended amendments to this Statute;

l) To resolve on other issues within the scope of duties of the Association.

The Board of Directors

Article 16 – The Board of Directors shall consist of 7 members. These members shall be elected at the general assembly via secret ballot among candidates nominated by respective groups as follows:

a) 2 members from top 25 intermediary institutions ranked according to their annual trading volume of common stock, fixed income securities, repo and reverse repo transactions (**including the transactions executed at the over-the-counter market and registered according to the provisions determined by the Exchange**) for the calendar year preceding the calendar year when a call was made for the general assembly,

b) 2 members from top 25 **brokerage firms**, which are not included in the group mentioned in paragraph (a) above, and which have the highest number of active client accounts at the **Central Registry Agency Inc.** as of the end of the calendar year preceding the calendar year when a call was made for the general assembly

c) 3 members from the remaining intermediary instutitions which are not included in the groups mentioned in paragraphs (a) and (b) above

Each intermediary institution shall have not more than 1 member in the Board of Directors. However, intermediary institutions who have indirect management and/or capital relation between them shall be represented by 1 member in the Board of Directors.

The Board of Directors shall appoint a chairman and a vice chairman amongst its members

The term of Office of the Board of Directors is 2 years. Members whose terms of Office are terminated may be reelected. However, each member can take office for not more than two consecutive terms. In case of any vacancy in the office of a member within the term due to any cause, the Board of Directors appoints as the member of Board, the intermediary institution in the group in which the vacancy occurred, with the second highest vote after the candidates appointed in the preceding general assembly to take office until the next general assembly.

If the votes are even in the preceding general assembly, the intermediary institution between the counterparts with the highest total assets as of the end of the preceding calendar year shall be appointed as member. In the absence of any other candidate in the group from which selection is to be made, other than those elected in the preceding general assembly, or upon failure in nominating any member due to modification in the groups of members who were nominated in the preceding general assembly, the intermediary institution in the group in which the vacancy occurred, with the highest total assets as of the end of the preceding calendar year shall be appointed as member. If the said intermediary institution rejects the membership, the member following the member who rejected the appointment according to criteria specified herein shall be appointed by the Board of Directors. Membership of the intermediary institution appointed temporarily shall be presented to voting in the next general assembly.

The general assembly shall be entitled to replace the members of the Board of Directors whenever considers necessary and to appoint substitutes for the discharged members by considering the groups specified in paragraphs (a), (b) and (c).

The new Board member approved or appointed by the general assembly shall complete the term of office of its predecessor.

If the office of the chairman of the board becomes vacant due to any cause whatsoever, the chairman of the board shall be elected by the Board of Directors to convene with the participation of the new board member selected by board members to take office until the next meeting.

If the relations of the board members with the members they represent are terminated, then their board membership shall be terminated automatically.

No payment shall be made to board members under any name whatsoever in consideration of their duties.

Board Meetings

Article 17 – The Board of Directors shall convene not less than once every month. The board shall also convene upon approval and call of the chairman, or in his absence, by the vice chairman, whenever the workload of the Association requires. Each member may request an invitation to board meeting from the chairman of the board in writing. The Board of Directors shall convene at the head office of the Association or at any other place to be considered appropriate by the chairman of the board. The agenda of the meeting shall be sent to board members and auditors by the secretary general. The

quorum required for the board meetings is the participation of at least five members. Resolutions shall be passed with affirmative vote of at least five members.

Board members shall not be entitled to participate and vote in meetings held for resolutions which are directly or indirectly related to themselves or to persons related to them or to members which they represent.

Duties and Powers of the Board of Directors

Article 18 – The Board of Directors is the executive body of the Association and performs the following duties:

a) Passing resolutions on subjects which are included in the duties of the Association and remaining beyond the powers of the general assembly;

b) Deciding on applications for membership;

c) Preparing and presenting to the general assembly the professional rules and regulations related to organization and staff, by also taking advice of CMB;

d) Establishing standards for providing uniformity in procedures of the intermediary activities;

e) Establishing the principles for using of the name of the Association by the members;

f) Imposing disciplinary penalties specified in Article 24 of this Statute;

g) Appoint and determine the wages of the general secretary and other employees of the Association;

h) Nominating candidates for CMB membership;

i) Establishing working committees for the performance of the activities of the Association and establishing the working principles thereof;

j) Preparing the budget, final account, and annual report of the Association and presenting them to the general assembly for approval;

k) Collecting and following the incomes of the Association;

l) Determining periodical reports and information to be provided to the Association about the activities of the members;

m) Proposing the amendments of this Statute to the general assembly upon taking the advice of CMB

Resolution Book of the Board of Directors

Article 19 – Resolutions passed in board meetings shall be recorded and written in the resolution book and signed by the participating members of the meeting not later than within one month.

Board resolutions shall be written in a notarized and bound book having consecutive numbered pages, without leaving any blank space between or without any insertion into the lines, without raising any doubts on the soundness of the text, in the order of dates and numbers.

Board of Auditors

Article 20 – The Board of Auditors consists of 3 members. These auditors shall be elected for a period of two years at the general assembly via secret ballot among candidates who are nominated by respective groups among members not represented at the board of directors as follows:

a) 1 member from top 25 intermediary institutions ranked according to their annual trading volume of common stock, fixed income securities, repo and reverse repo transactions (**including the transactions executed at the over-the-counter market and registered according to the provisions determined by the Exchange)** for the calendar year preceding the calendar year when a call was made for the general assembly

b) 1 member from top 25 **brokerage firms**, which are not included in the group mentioned in paragraph (a) above, and which have the highest number of active client accounts at the **Central Registry Agency Inc.** as of the end of the calendar year preceding the calendar year when a call was made for the general assembly

c) 1 member from the remaining intermediary instutitions which are not included in the groups mentioned in paragraphs (a) and (b) above

Each intermediary institution shall have not more than one auditor in the Board of Auditors. However, intermediary institutions who have an indirect management and/or capital relation between them shall be have one auditor in the Board of Auditors.

In case of any vacancy in the office of a member within the term due to any cause, the Board of Auditors shall appoint as the member of Board of Auditors, the intermediary institution in the group in which the vacancy occurred, with the second highest vote after the candidates appointed in the preceding general assembly to take office until the next general assembly. If the votes are even in the preceding general assembly, the intermediary institution between the counterparts with the highest total assets as of the end of the preceding calendar year shall be appointed as member. In the absence of any other candidate in the group from which selection is to be made, other than those elected in the preceding general assembly, or upon failure in nominating any member due to modification in the groups of members who were nominated in the preceding general assembly, the intermediary institution in the group in which the vacancy occurred, with the highest total assets as of the end of the preceding calendar year shall be appointed as member. If the said intermediary institution refuses to become a member, the member following the member who refused the appointment according to criteria specified herein shall be appointed by the Board of Auditors. Membership of the intermediary institution appointed temporarily shall be presented to voting in the next general assembly. The new member shall complete the term of office of his predecessor.

Auditors shall audit all accounts and transactions and report their opinions on the activities of the Association to ordinary general assemblies.

Auditors may participate in board meetings without being entitled to vote and may request any subject deemed necessary to be included in the agenda of the board.

If the relations of the members of the Board of Auditors with the members they represent are terminated, then their membership in the Board of Auditors shall be terminated automatically.

No payment shall be made to members of the Board of Auditors under any name whatsoever in consideration of their duties.

The Chairman of the Association

Article 21 - The chairman of the board is also the chairman of the Association. The chairman is the senior executive of the Association and is commissioned with the general management and representation of the Association. The chairman represents the Association by administrative and legal authorities and third parties; manages the Association according to the legislation, board resolutions, resolutions passed in general assemblies and board meetings.

In the absence of the chairman of the Association, the vice chairman shall perform the duties and exercise the powers vested in the chairman of the Association without interruption.

Secretary General

Article 22 – The business and operations of the Association are carried out by the secretary general who shall be appointed by the Board of Directors. The conditions of appointment as secretary general and other duties and powers of this position are regulated by the regulations of the Association. The duties and power of the secretary general are stated below:

a) Performing the duties assigned by the chairman ad the Board of Directors;

b) Managing the activities and correspondences of the Association

c) Organizing and keeping personnel registration records of the staff;

d) Preparing the draft budget of the Association;

e) Ensuring that records of fixtures and assets are kept and maintained

f) Providing that accounting books and other records of the Association are kept and maintained properly;

g) Providing that resolutions passed in general assemblies and in board meetings are communicated to other members and implemented; manage relations with the press and media.

Disciplinary Committee

Article 23 – The following nominations shall be made to the disciplinary committee in order to assist performance of the disciplinary prosecution under Article 24,

a) 1 member from top 25 intermediary institutions ranked according to their annual trading volume of common stock, fixed income securities, repo and reverse repo transactions (**including the transactions executed at the over-the-counter market and registered according to the provisions determined by the Exchange**) for the

calendar year preceding the calendar year when a call was made for the general assembly,

b) 1 member from top 25 **brokerage firms**, which are not included in the group mentioned in paragraph (a) above, and which have the highest number of active client accounts at the **Central Registry Agency Inc.** as of the end of the calendar year preceding the calendar year when a call was made for the general assembly,

c) 1 member from the remaining intermediary institutions which are not included in the groups mentioned in paragraphs (a) and (b) above

in the general meeting, to take office for a period of 3 years.

However, intermediary institutions which have a direct or indirect management and/or capital relation between them shall have one member in the Disciplinary Committee.

In case of any vacancy in the office of a member within the term due to any cause, the Board of Directors shall appoint as the member of the disciplinary committee, the intermediary institution in the group in which the vacancy occurred, with the second highest vote after the candidates appointed in the preceding general assembly to take office until the next general assembly. If the votes are even in the preceding general assembly, the intermediary institution between the counterparts with the highest total assets as of the end of the preceding calendar year shall be appointed as member. In the absence of any other candidate in the group from which selection is to be made, other than those elected in the preceding general assembly, or upon failure in nominating any member due to modification in the groups of members who were nominated in the preceding general assembly, the intermediary institution in the group in which the vacancy occurred, with the highest total assets as of the end of the preceding calendar year shall be appointed as member. Membership of the intermediary institution appointed temporarily shall be presented to voting in the next general assembly. The new member shall complete the term of office of his predecessor.

If the connections of the board members with the members they represent are terminated, then their board membership shall be terminated automatically.

The members of the disciplinary committee shall not participate and vote in meetings where resolutions shall be passed on matters related directly or indirectly to themselves or related to any correlated person or the member which they represent.

No payment shall be made to committee members under any name whatsoever in consideration of their duties.

Disciplinary Penalties

Article 24 – The following disciplinary penalties shall be applied, depending on the nature and importance of the act, to members who breach professional honor, principles and rules, or fail to fulfill their obligations towards their customers without a valid cause, or fail to act in honest manner required for their duties, or breach the order of, or trust in the capital market, or commit fraudulent acts, or breach regulations and resolutions concerning fulfillments of transactions in a transparent, orderly, and honest manner:

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

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

c) Fine: an amount payable by the liable parties to Investors Protection Fund within 30 days following the date of the notice.

d) Temporary discharge from the Association membership: direct or indirect restriction of professional activities of a member whose penalty has become determinate for a temporary period of time, not exceeding a period of 6 months, to be designated according to the nature and importance of the action.

e) Permanent discharge from the Association membership: Permanent withdrawal of the title of the Association membership, which can not be acquired ever again.

The members may object to CMB for disciplinary resolutions passed with respect to them, within 10 business days following the notification of the resolution to the related member.

Actions requiring disciplinary penalty, principles regarding performance of disciplinary prosecution and disciplinary records shall be established by the Association and designated by the regulation approved by CMB.

Income of the Association

Article 25 – The income of the Association are provided from the following sources:

a) Entrance fees payable for once by intermediary institutions,
b) Expense contributions,
c) Annual membership fees,
d) Surplus income transferred from preceding year,
e) All kinds of grants,
f) Income from publishing,
g) Income from training, courses and seminars,
h) Other income.

Financial Provisions

Article 26 – The fiscal term of the Association is the calendar year. At the end of each year, the Association shall send its balance sheet, income-loss statement and annual report to members and CMB together with an invitation for general assembly.

No annual membership fee shall be payable in the year in which the entrance fees is paid. The entrance fee shall be designated based on the proposal of the general assembly and upon approval of CMB.

The Association shall not be entitled to spend more than its income.

Annual membership fees and expense contributions approved by the general assembly must be paid in two equal installments in July and in January.

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

If amounts payable to the Association are not paid within the specified period of time, the said amounts shall be recovered by the Association by way of enforcement. Resolutions regarding payment of fees to the Association shall have the nature of written official document specified in Article 68 of the Enforcement and Bankruptcy Law no.2004.

Entrance fees, expense contributions and annual membership fees shall be deposited in a special account opened in one of the national banks.

Intermediary institutions, of which the activities are suspended temporarily by CMB shall not pay annual membership fees and expense contributions until CMB decides that the intermediary institution in question shall continue its activities. When the said intermediary institution resumes its activities, it shall be obliged to pay expense contributions and annual membership fees for the suspension period, including the legal interest, within one month following the date of restarting activities.

In case the authorization certificates of the member, whose operations were suspended temporarily, is cancelled, the unpaid annual membership fees and expense contributions for the suspension period are cancelled.

Legal Books

Article 27 – The Association shall keep the following books and other necessary books.

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

Liability of Professional Discretion

Article 28 – The Board of Directors, the Board of Auditors and committee members of the Association shall not disclose to any body other than those legally authorized, the confidential information and secrets they have acquainted with because of their titles and their duties, about concerned parties and third parties and shall not be entitled to use directly or indirectly this confidential information for the advantage of themselves or others. The liability of professional discretion shall continue after the termination of the office of the members.

Auditing

Article 29 – All transactions and accounts of the Association shall be audited by CMB which shall be authorized to request from the Association all kinds of information and documents. All matters considered necessary based on the results of auditing by CMB shall be fulfilled by the Association.

Temporary Article 1 – The first general assembly shall be held within one month following the date that this statute shall take effect. In the first general assembly, the Board of Directors the Board of Auditors and the disciplinary committee members shall be elected in accordance with the Statute.

Effect

Article 30 – This Statute shall come into force on the date of publication.

Execution

Article 31 – The provisions of this Statute shall be executed by the Minister responsible from the Capital Markets Board.