MERKEZI KAYIT KURULUSU (MKK)
CENTRAL SECURITIES DEPOSITORY OF TURKEY

«Foreign Nominee Holder Account Structure; other ways for interaction with foreign clients»
Central Securities Depository of Turkish Capital Markets

- Turkish capital market is fully dematerialized
- MKK operates a beneficial-owner based securities settlement system (SSS) with the ability to open omnibus accounts
- As the CSD, MKK also performs «Registrar» function for the capital markets

Supervised & Regulated by the Capital Markets Board of Turkey (CMB) and Central Bank of Turkey «Capital Market Law» and «Security Settlement System Law»

Officially Licensed by Turkish Government as «R&D Center»

Direct Link with the Austrian CSD – OeKB (dual listing) – Direct Operated Link with Euroclear

Trade Repository services for the reporting of capital market transactions with the purpose of monitoring systemic risk and maintaining financial stability
General practice in the world is to offer both omnibus and investor based systems.

According to Article 38/5 of the European Union The Central Securities Depositories Regulation (CSDR), all EU countries have to offer their investors omnibus and investor-based account options.

«A participant shall offer its clients at least the choice between omnibus client segregation and individual client segregation and inform them of the costs and risks associated with each option.»
DEPOSITORY ACCOUNT STRUCTURE

- MKK

**PARTICIPANTS**
- INTERMEDIARY INSTITUTIONS (LOCAL CUSTODIANS)
  - Portfolio Account
  - Investor Account
  - Client Omnibus Account

**FOREIGN CSD**
- FCSD Portfolio Account
- Client Omnibus Account

**ACCOUNTS**
- Free
- Pledge
- Attachment

An account operator has to be assigned by the foreign CSD as per the regulations.
LEGISLATION

- Article 13/2 of the Capital Market Law no. 6362

- Communiqué on the procedures and principles of keeping records regarding dematerialized capital market instruments, article 12/A

- Central Dematerialized System Business and IT Implementation Principles and Rules Directive

- MKK Membership Directive for Foreign Central Securities Depositories (FCSD)

- Income Tax Law, Temporary Article 67 and Communique No: 308,
FOREIGN CENTRAL SECURITIES DEPOSITORIES

- Foreign central securities depositories (FCSDs) are required to become member of MKK

- FCSDs are required to assign an account operator (execution of operational and reporting requirements),

- Only Government Debt Securities are allowed in the omnibus accounts

- Only foreign institutional and foreign funds are allowed in the omnibus accounts

→ No local or foreign individual or local institutional investors are allowed
Local custodians are also allowed to open omnibus accounts for their clients.

They have to comply with the same rules and policies for FCSDs.

There is no need to apply to the CMB.

Operationally the account is marked as omnibus and monitored at MKK in order to ensure only allowed securities are credited.
Omnibus Accounts – for the period between 2021 and 2023,

- New security types to be added (corporate bonds, mutual funds, etc.)
- New members to be onboard (FCSDs and ICSDs)
THANK YOU...

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