



**MERKEZİ KAYIT
İSTANBUL**

CSD of Turkey

“Introducing «e-Voting» & «e-Proxy Voting» Practices to Euro-Asia Capital Markets”

E-Voting Opportunities



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MKK in Brief

- Central Securities Depository of Turkish Capital Markets
 - *Turkish capital market is fully dematerialized*
 - *MKK operates a beneficial-owner based securities settlement system (SSS)*
 - *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»
 - *In-house developed (CDS) & Investor Services (under e-MKK Portal)*
- Direct Link with the Austrian CSD – OeKB
- Officially Authorized by the CMB to establish a «Trade Repository»

MKK - Shareholders & Board Structure

Shareholders

%64.



% 30.1



% 5



Board Structure



**2
Members**



**3
Members**



1 Member



1 Member



1 Member



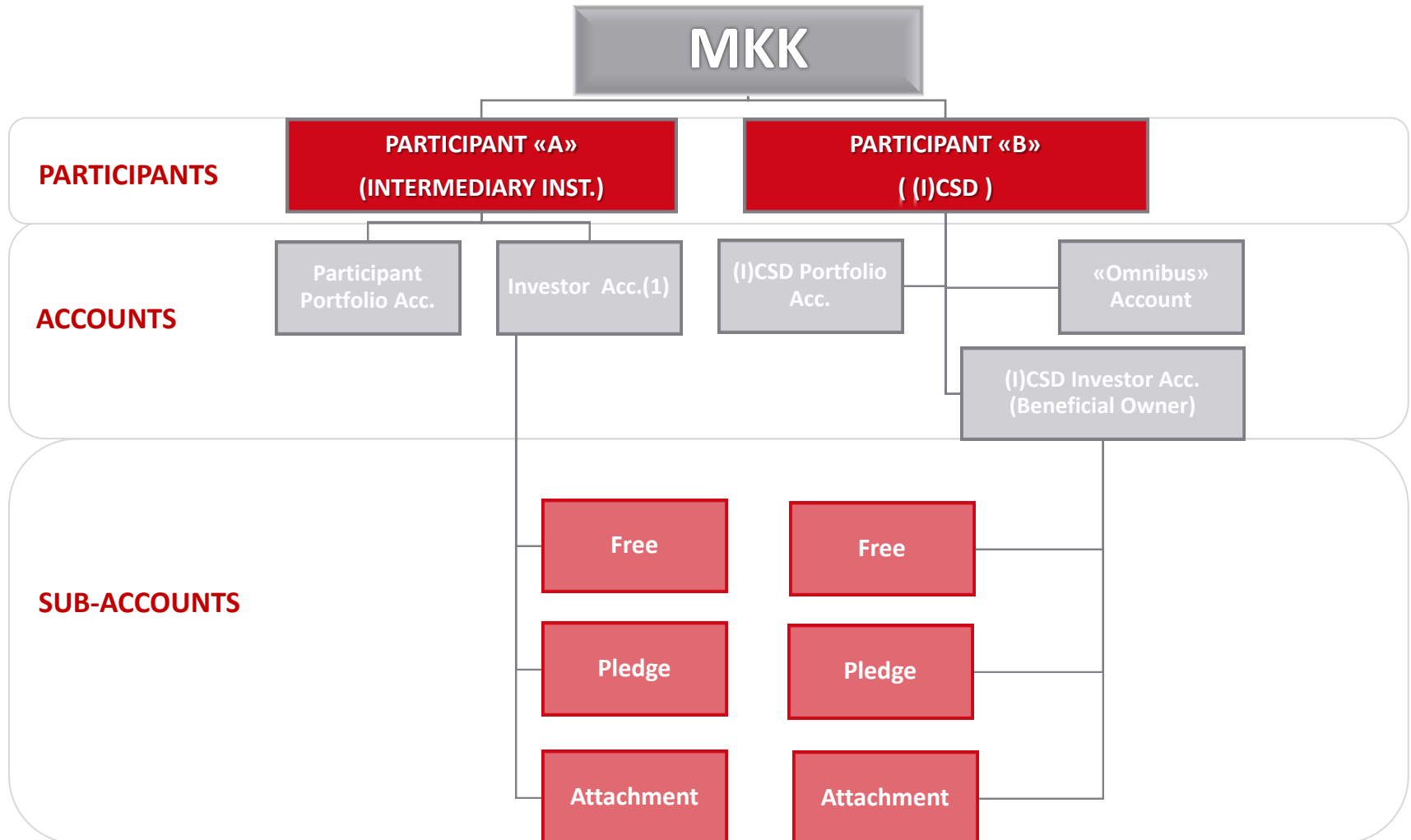
1 Member

Central Dematerialized System (CDS)

- In-house developed product, e-signature usage
- Web Based – Java Application – Remote Access
- Secure messaging infrastructure (*Message Oriented Middleware -MOM*)
- ISO 27001 Information Security Certification
- ISO 22301 Business Continuity Management Certification



MKK Account Structure



MKK in Figures (April 2018)

**TOTAL ASSETS UNDER
CUSTODY
(MARKET VALUE)**

• 307 BILLION USD

NUMBER OF INVESTORS

• 26,018,444

**INVESTOR ACCOUNTS WITH A
BALANCE**

• 3,956,232

NUMBER OF ACCOUNTS

• 45,662,622

**NUMBER OF ACCOUNTS WITH
A BALANCE**

• 4,623,243

Assets under Custody (April 2018)

STOCKS

- 1,133,712 INVESTORS
- 212 BILLION US \$

GOVERNMENT DEBT SECURITIES

- 48,117 INVESTORS
- 59 BILLION US \$

MUTUAL FUNDS

- 3,035,073 INVESTORS
- 15 BILLION US \$

CORPORATE BONDS

- 75,551 INVESTORS
- 19 BILLION US \$

EXCHANGE TRADED FUNDS

- 2,223 INVESTORS
- 36 MILLION US \$

STRUCTURED PRODUCTS

- 5,867 INVESTORS
- 15 MILLION US \$

OTHER SECURITIES

- 5,716 INVESTORS
- 2 BILLION US \$

Free Float:
85 bil. US \$
Non Free
Float:
127 bil. US
\$

Foreign
Ownership:
63.79%



e-GEM

Electronic General Meeting

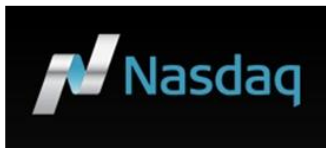


e-GEM

Electronic General Meeting

e-GEM; a CSD-specific, multilingual system which is adaptable to local systems (beneficial owner based or hybrid) and practices.

- ❖ *Electronic assignment of proxies, monitoring of resolutions, attendance and voting (before and during the meeting).*
- ❖ *Flow of information through a secure electronic environment which would also facilitate 'STP' from issuer to end-investor;*
- ❖ *Minimizing operational costs attached to general meeting processes (for issuers/investors/custodians/CSDs)*
- ❖ *Individual & tailor-made screens for different user types,*
- ❖ *Live broadcasting of physical GMs, direct communication between shareholders, proxies and company representatives during the meeting.*
- ❖ *Commercial agreements signed with **Nasdaq OMX, AFRICLEAR Global and KSEI Indonesia***





e-GEM

Electronic General Meeting



Nasdaq Partnership;

- *Cooperation between MKK & Nasdaq OMX for the Marketing & Sales of e-GEM to 17 countries around the globe,*
- *Nasdaq can promote e-GEM to its existing or potential clients as if e-GEM is in their product portfolio; MKK & Nasdaq handle the delivery process together (Reseller Model)*
- *Nasdaq can refer MKK's e-GEM solution to its existing or potential clients; MKK handles the marketing, sales and delivery processes alone (Referral model)*

Africlear Global Partnership;

- *Africlear Global is a consortium consist of African Development Bank, Kenya CSD, Nigeria CSD and Atree Financial Group*
- *With the partnership established, Africlear Global acquired the exclusive rights of e-GEM for the sales, marketing and use of the product throughout Africa region.*

KSEI Partnership

- *With the agreement signed between MKK and KSEI, e-GEM is customized for the requirements and requests of the Indonesian capital markets stakeholders with the aim of introducing «e-attendance», «e-voting» and «e-proxy».*



e-GEM

Electronic General Meeting

What Kind of Operations are Carried Out on eGEM;

- Issuers make convocations on eGEM and upload proxy materials to the system.
- All parties are notified when convocation is made on eGEM.
- Access to proxy materials including meeting documents.
- Proxy assignment and delivery of voting instructions without any PoA documents. Single Proxy for all general meetings
- Pre-registration of the vote preferences.
- Capability in attending concurrent meetings
- Live stream of general meetings.
- Issuers can easily prepare list of attendees on eGEM.
- Participants can ask questions, express opinions and vote online during the meeting.
- Physical and electronic votes are aggregated on eGEM and calculated by the system to give the exact result for each agenda item.
- Access to voting results instantly, as soon as the meeting finishes.



e-GEM

Electronic General Meeting



Benefits to Issuers;

- Enforces good corporate governance
- Increase shareholder ability to participate and use their rights to a meeting
- Smooth and flexible proxy management and voting process
- Cost efficient
- Reporting capabilities
- Enables issuers to improve the quality of their shareholder and contact information

Benefits to Investors;

- Minimum Costs (operations & time)
- General Meeting Process from A to Z
- Vote Recording
- Attendance to Concurrent Meetings
- Access to Proxy Materials
- Instant Notifications
- No Record Date (*If Regulations permit*)
- Partial & Split Voting (through intermediary)
- No Shares Blockage
- Paperless Proxy
- Vote Instructions
- Live Stream of Meeting

Benefits to Custodians;

- Minimum Operational (Out of Pocket) Costs
- Vote Recording
- Paperless Proxy
- Attendance to Concurrent Meetings
- Instant Reporting
- No Record Date (*If Regulations permit*)
- No More Blocking of Shares
- Integration with SWIFT
- E-Attendance

e-Voting Requirements in Turkey

- A. Having an official electronic signature card
 - To login to the platform, users have to have an official e-signature or mobile signature
- B. To be registered to the e-voting system «e-GEM»
- C. To confirm electronic attendance to the meeting.
 - Investors are expected to confirm physical, electronic, in person or proxy attendance
 - For proxy, the investors are able to issue electronic proxy via e-GEM; physical Power of Attorney document is no longer required in Turkey
 - It is important to note that electronic proxy should be allowed by law
- D. Being certified as an authorized user of e-GEM system
 - To use the system, the issuers and the representatives have to be trained & certified
- E. To login to the system prior to the start of the meeting (meeting day)
- F. To meet the minimum system requirements for «e-GEM»
 - The system requirements are checked automatically before the login



e-GEM

Electronic General Meeting



Compliance with the Regulations: **e-GEM** is fully compliant with;

| EU Shareholder Rights Directive | Market Standards on General Meetings | Council of Institutional Investors Principles |
|---|---|--|
| <i>No shares blockage (Record Date)</i> | <i>No shares blockage</i> | <i>Accuracy</i> |
| <i>Convocation 21 days</i> | <i>No delay for meeting notice (a standard format with considerable amount of info)</i> | <i>Timeliness</i> |
| <i>Shareholders participation by electronic means</i> | | <i>Accessibility</i> |
| <i>Proxy Voting shall be allowed</i> | | <i>Certainty</i> |
| <i>Appointing proxy by electronic means</i> | | <i>Cost-effectiveness</i> |
| <i>Voting results (on the 15th day latest)</i> | | |



e-GEM

Electronic General Meeting



«Barriers to Cross-border Voting are removed with e-GEM»

| Before e-GEM | With e-GEM |
|--|-----------------------------------|
| <i>Shares Blockage</i> | <i>Shareholder list from MKK</i> |
| <i>Notarised PoA</i> | <i>Electronic Proxy</i> |
| <i>Difficulty accessing the material</i> | <i>Online access to materials</i> |
| <i>Vote accuracy?</i> | <i>Electronic Voting</i> |
| <i>Voting results?</i> | <i>Immediate Voting results</i> |
| <i>Timing</i> | <i>Concurrent meetings</i> |



BEFORE THE MEETING



1

Meeting Notice



Delivery of the Call



Delivery of the Meeting Notice

Electronic Participation Statement / Proxy Appointment

2





e-GEM

Electronic General Meeting

DURING THE MEETING



Watch the General Meeting Monitoring

Ordinary General Meeting

| Item No. | Content | Result |
|----------|---|--------|
| 1 | Opening and election of chair council | ACCEPT |
| 2 | Authorisation of chair council for taking the minutes of meeting | |
| 3 | Read out the Board of Directors Activity Report and Audit reports | |
| 4 | Read out the Independent External Audit Report | |
| 5 | Read out, Negotiation and Approval of Balance Sheets and Profit and Loss Accounts | |
| 6 | Discharge of the members of the Board of Directors and the Board of Auditors from liability | |
| 7 | Approval or Refusal of Proposal for Statement of Profit Appropriation by negotiation | |
| 8 | Determination of the fees of members of Board of Directors and Board of Auditors | |
| 9 | Submission to the approval of Independent External Auditing Institution appointed by Board of ... | |

Agenda Item Discussed/Voted

Item No. 2 Item Content Authorisation of chair council for taking the minutes of meeting
Term: 00:00 Status: Discussion has started

Opinion Statement Field

Opinion: 1/2 Characters Remained : 560
My first opinion for agenda item no.2

Vote Sending Field

| Group | Nominal Value | Total Acceptance | Total Reject |
|------------------|---------------|------------------|--------------|
| No Result Found. | | | |

General Meeting Flow Text

> Meeting has not started yet.
13:24 > Meeting started.
13:26 > Discussion started for agenda item no. 1.
13:27 > Discussion ended for agenda item no. 1
13:28 > Voting for agenda item no. 1 has started.
13:29 > Voting for agenda item no. 1 has ended.
13:30 > %100 voted for and %0 voted against the agenda item no. 1. This agenda item is accepted.
13:30 > Discussion started for agenda item no. 2.
13:31 > 2. Agenda item Proposal
13:31 > My first opinion for agenda item 2



e-GEM

Electronic General Meeting

| | |
|---|---------------|
| Total Number of General Meetings Held on e-GEM | 2,057 |
| Average Length of General Meetings | 38 minutes |
| Total Number of Electronic Attendees | 90,117* |
| Total Number of Physical Attendees | 28,239* |
| Number of (Investors') Nationalities Using e-GEM | 52 |
| Maximum Number of Electronic Attendance | 914 |
| Maximum Number of Meetings Held on the Same Day | 33 |
| Average Voting Period on e-GEM | 10 seconds |

*cumulative since 2012

| YEAR | MEETING ATTENDANCE (FOREIGN INVESTORS) |
|-------------|---|
| 2012 | 2,524 |
| 2013 | 13,464 |
| 2014 | 16,625 |
| 2015 | 18,493 |
| 2016 | 20,831 |
| 2017 | 20,758 |

✓ **93 % electronic attendance ratio at peak**

✓ **7 companies conducted their GMs in both languages, English and Turkish concurrently**

Plans for 2018 & Beyond..

- Establishing a *Trade Repository* platform for reporting of transactions between financial companies in all derivative instruments
- Complete the **Electronic Board of Directors (e-BDS)** project
 - ✓ *A system that allows companies to hold their board of directors meetings in electronic environment, either fully or partially.*
- **Innovative IT Services** - Software Development, Distribution & Partnerships
 - ✓ *Marketing of MKK value added products*
 - ✓ *Developing Tailor made solutions for other CSDs*

Questions

Thank You!





**MERKEZİ KAYIT
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CSD of Turkey

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