

MERKEZİ KAYIT KURULUŞU

CENTRAL SECURITIES DEPOSITORY OF TÜRKİYE

SOLUTIONS FOR TURKISH CAPITAL MARKETS



MERKEZİ KAYIT
İSTANBUL

ABOUT MKK



- *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 only for foreign institutional investors and foreign funds to hold Government Debt Securities*
 - *As the CSD, MKK also performs «Registrar» function for the capital markets*
 - *Specialized Depository service for the company shares that are listed at the Turkish Republic of Northern Cyprus (TRNC) Stock Exchange.*
- *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)- **Euroclear Bank** and **Azerbaijan CSD - MDM** (omnibus link)*
- *Trade Repository services for the reporting of capital market transactions with the purpose of monitoring systemic risk and maintaining financial stability*

GOVERNANCE

64.9 %

30.1 %

5 %

Shareholders



Board Structure



2 Members



3 Members



1 Member



1 Member

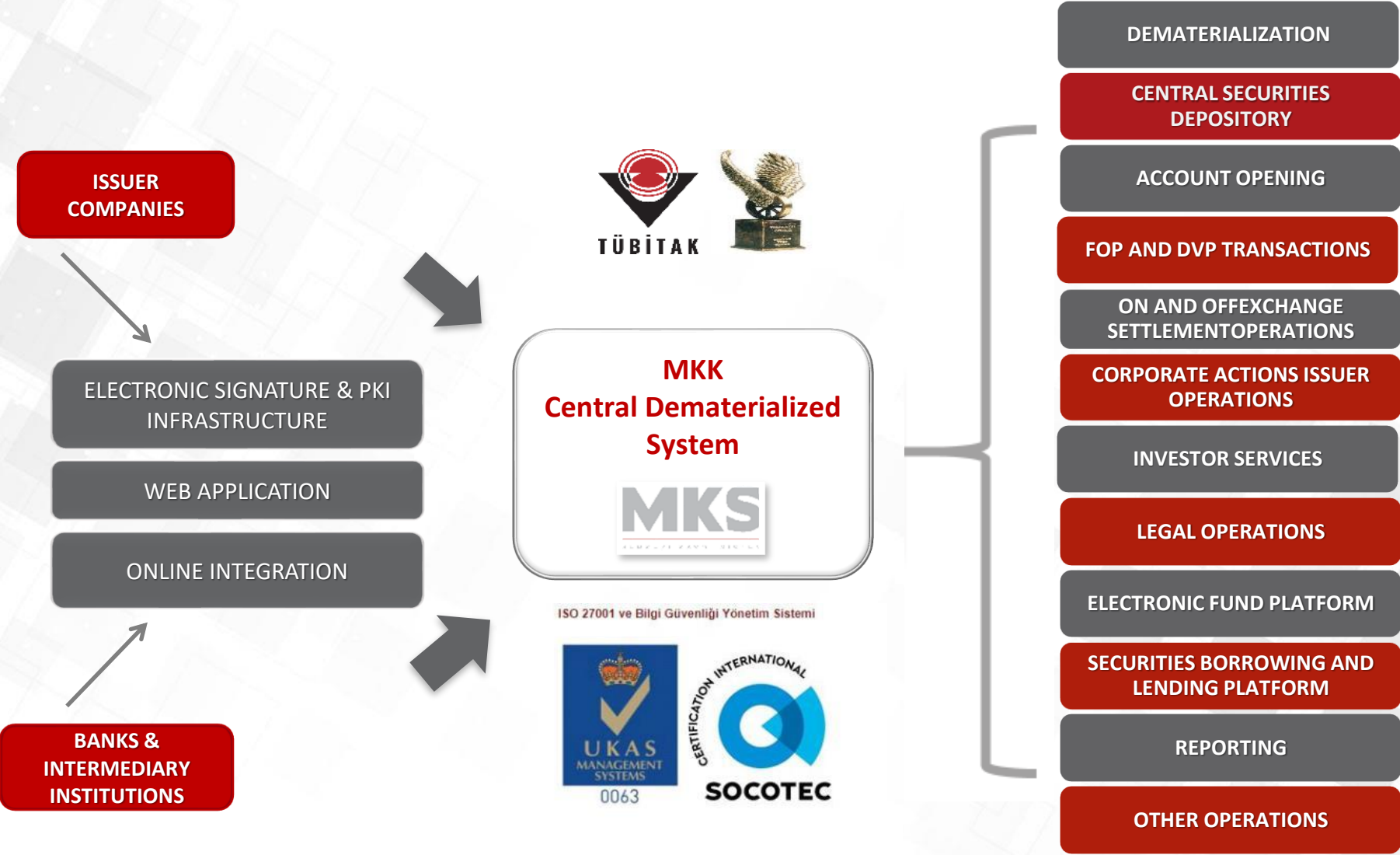


1 Member



1 Member

SYSTEM CAPABILITIES AND MAIN FUNCTIONS



OMNIBUS ACCOUNT STRUCTURE



- *Foreign central securities depositories (FCSDs) are required to establish membership with MKK*
- *FCSDs are also required to assign an account operator (execution of operational and reporting requirements),*
- *Only Government Debt Securities are allowed in the omnibus accounts (efforts to include new security types in the latter phases; corporate bonds, mutual funds, etc.)*
- *Only foreign institutional and foreign funds are allowed in the omnibus accounts*
- *Local custodians are also allowed to open omnibus accounts for their customers, complying with the same rules and policies*

DEMATERIALIZED SECURITIES UNDER CUSTODY



SECURITY TYPE	DATE OF DEMATERIALIZATION
EQUITIES	2005
MUTUAL FUNDS	2005
EXCHANGE TRADED FUNDS (ETF)	2006
CORPORATE BONDS	2006
COMMERCIAL PAPERS	2006
BANK BILLS	2009
CORPORATE WARRANTS	2010
ASSET-COVERED AND ASSET-BACKED SECURITIES	2011
GOVERNMENT DEBT SECURITIES	2012
GOVERNMENT LEASE CERTIFICATES (SUKUKS)	2012
STRUCTURED DEBT INSTRUMENTS	2013
CORPORATE SECTOR LEASE CERTIFICATES (SUKUKS)	2013
ELECTRONIC WAREHOUSE RECEIPT	2013
REAL ESTATE CERTIFICATES	2017
THE GOLD DENOMINATED BOND AND GOLD DENOMINATED LEASE CERTIFICATES (SUKUKS)	2017
CONVERTIBLE BONDS	2018
FOREIGN CURRENCIES DENOMINATED BOND AND FOREIGN CURRENCIES DENOMINATED LEASE CERTIFICATES (SUKUKS)	2018
MORTGAGE BACKED SECURITIES	2018
MİNT CERTIFICATES	2022
ELECTRONIC WAREHOUSE RECEIPTS	DATE OF DEMATERIALIZATION
BASED ON AGRICULTURAL PRODUCTS	2013

MKK IN NUMBERS - ASSETS UNDER CUSTODY



ASSETS UNDER CUSTODY AS OF 09.11.2023



\$ 461,55 Billion
(461.553.832.172 USD)

**TOTAL MARKET VALUE OF
SECURITIES HELD**



11,11 Million
(11.106.785)

**NUMBER OF INVESTORS
HOLDING SECURITIES**



14,91 Million
(14.909.806)

**NUMBER OF ACCOUNTS WITH
BALANCE**



\$ 384,63 Billion
8.178.160 INVESTORS

STOCKS



\$ 9,82 Billion
16.915 INVESTORS

GOVERNMENT DEBT SECURITIES



\$ 56,84 Billion
4.290.383 INVESTORS

MUTUAL FUNDS



\$ 9,52 Billion
47.515 INVESTORS

CORPORATE BONDS



\$ 750,85 Million
192.982 INVESTORS

STRUCTURED PRODUCTS

Depository Services

- Provide Central Depository services for dematerialized capital market instruments (**CDS**)
- Borsa Istanbul equities market, Fixed Income and Derivatives market, Takasbank Lending market and Funds Platform (TEFAS), TURIB e-Warehouse Receipts Spot market, Crowdfunding Platforms (KFS) and Bearer Shares Registry System (HPKS)
- Platform provider for electronic monitoring of the shareholders of companies listed at the **TRNC Stock Exchange**,
- Monitor and reflect the rights related to capital market instruments,
- Dematerialization of electronic warehouse receipts (**e-Warehouse Receipts**)
- Operate **securities settlement system**.



Depository Services **Bearer Shares Registration System (HPKS)**



- *As per the “Law No. 7262 on the Prevention of Financing the Proliferation of Weapons of Mass Destruction”*
- *Unlisted companies and companies that issue bearer shares can register their bearer shares at MKK’s Bearer Shares Registration System (HPKS),*
- *The information on (bearer) shareholders and their holdings, registered electronically to HPKS by the company representatives, who were defined in the Central Registry Registration System (MERSIS) by the company that have issued bearer shares.*
- *The system enables shareholders to monitor their bearer shares on MKK’s e-Investor application and new shareholders to register their shares to the system.*



Depository Services **Crowdfunding System (KFS)**



- *“MKK Crowdfunding System (CFS)” is a platform in which trustees, entrepreneurs or entrepreneurship companies and investors who will be funded as members of the platforms will participate and perform their transactions in crowdfunding processes.*
- *Two types of Crowdfunding in Turkey;*
 - ✓ *Equity Based*
 - ✓ *Fixed Income Based*
- *Some of the duties and responsibilities of MKK are as follows:*
 - ✓ *integration with the platforms,*
 - ✓ *verification of investors,*
 - ✓ *Monitoring of the (Project) investment limits / (Funding) limits of the investors / limits of venture companies and entrepreneurs,*
 - ✓ *Execution of withdrawal requests of the investors,*
 - ✓ *Registration and Dematerialization of the (successful) companies/projects*



Trade Repository and Reporting Services

- *Electronic Trade Repository (e-VEDO)*
- *Derivative reporting (T+1 and T+0)*
- *Fixed income reporting*
- *Investor Risk Monitoring System (YRTS)*
- *Data Analysis Platform (VAP)*
- *Real Estate Based And Developing Financial Instruments Information System (GEFAS)*
- *Intermediary Institutions MKK Data Analysis Platform (PUSULA)*



Trade Repository and Reporting Services

Electronic Trade Repository (e-VEDO)



T+0 and T+1 REPORTING

Purpose; to centrally collect & maintain information on contracts, enhance transparency of derivatives markets and reduce risks

Reporting Scope;

- **Contract types:** CFDs, Forwards, Futures, Options, SWAPs, Swaptions and other
- **Asset classes:** Commodity, Credit, Currency, Equity, Interest Rate, Other

International Standards:

- Reporting ensures the international standards announced by Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, CCPs and TRs (“EMIR”) which entered into force on 16 August 2012 and executed by European Securities and Market Authority(ESMA).



Trade Repository and Reporting Services VAP & GEFAS

- *Data Analysis Platform (VAP) contains data on stocks, mutual funds, government debt securities, private sector debt instruments, warrants and other capital market instruments. Provides daily information on the amount of shares outstanding and the portfolio values of foreign/domestic investors in public shares traded on the Borsa Istanbul Equity Market.*
- *RISE (Risk Appetite Index), PDP Profit Index, PDP Turnover Index, PDP Dividend Payments and Distributions Indices,*
- *Real Estate Based And Developing Financial Instruments Information System (GEFAS) aims to improve transparency and efficiency in capital markets by facilitating access to product, issuer and performance information on **Lease Certificates, Real Estate Investment Company Shares (REIC) and Real Estate Investment Funds (REIT)** traded in Borsa Istanbul, hence supporting diversification of investors' investment alternatives in real estate through capital market instruments*
- *For more information please visit <https://www.vap.org.tr/> (currently in Turkish only) and <https://gefas.gov.tr/> (Available in EN)*

Trade Repository and Reporting Services **Investor Risk Monitoring System (YRTS)**



- IRMS is under e-Trade Repository services as an in-house developed system.
- The system collects the data on daily basis regarding;
 - margin trading, short selling and securities lending transactions
 - clearing obligations

from intermediary institution and investment banks trading on the Borsa Istanbul Equity Market.
- The system further contains data on other investor transactions information taken from the CMB, Borsa Istanbul, Istanbul Settlement and Custody Bank (Takasbank), Central Dematerialised System, and e-Trade Repository (e-VEDO Platforms).
- IRMS only allows the measurement of intermediary institution risks, but also provides a system to measure the risks of their clients who engage transactions described above.



Corporate Governance Services

- Provide an electronic system through which electronically signed notifications required by the capital markets and Borsa Istanbul regulations are publicly disclosed (**PDP**),
- Provide the necessary technological infrastructure for electronic participation in the general meetings of joint stock companies (**e-GEM**),
- Provide a database/platform for stock companies that are required to open dedicated web sites to disclose specific information and documents by law (**e-COMPANY**),
- Provide a system that enables holding meetings in electronic environment for board of directors of joint stock companies and management boards of other equity companies (**e-BDS**).



Corporate Governance Services

Public Disclosure Platform (PDP)



PDP is an electronic system (with mobile application) through which electronically signed notifications required by the capital markets and Borsa Istanbul regulations are publicly disclosed.

Within the framework of Capital Markets Board of Turkey's (CMB) related Communiqué, all information and documents to be publicly disclosed must be sent to the PDP and stamped with electronic signature.

- Reliable, consistent, accurate, analyzable and reportable data (XBRL) is provided to investors based on the notifications and announcements made by platform members.*
- Independent audit companies, on the other hand, send the electronically signed financial statements for which independent audit is required, to the relevant company electronically in order to be announced to the public.*

PDP has three main applications;

- the platform enables its members to send their notifications and announcements,*
- the platform facilitates publication of these notifications and announcements.*
- the platform acts as a digital archive*

Corporate Governance Services **Public Disclosure Platform (PDP)**

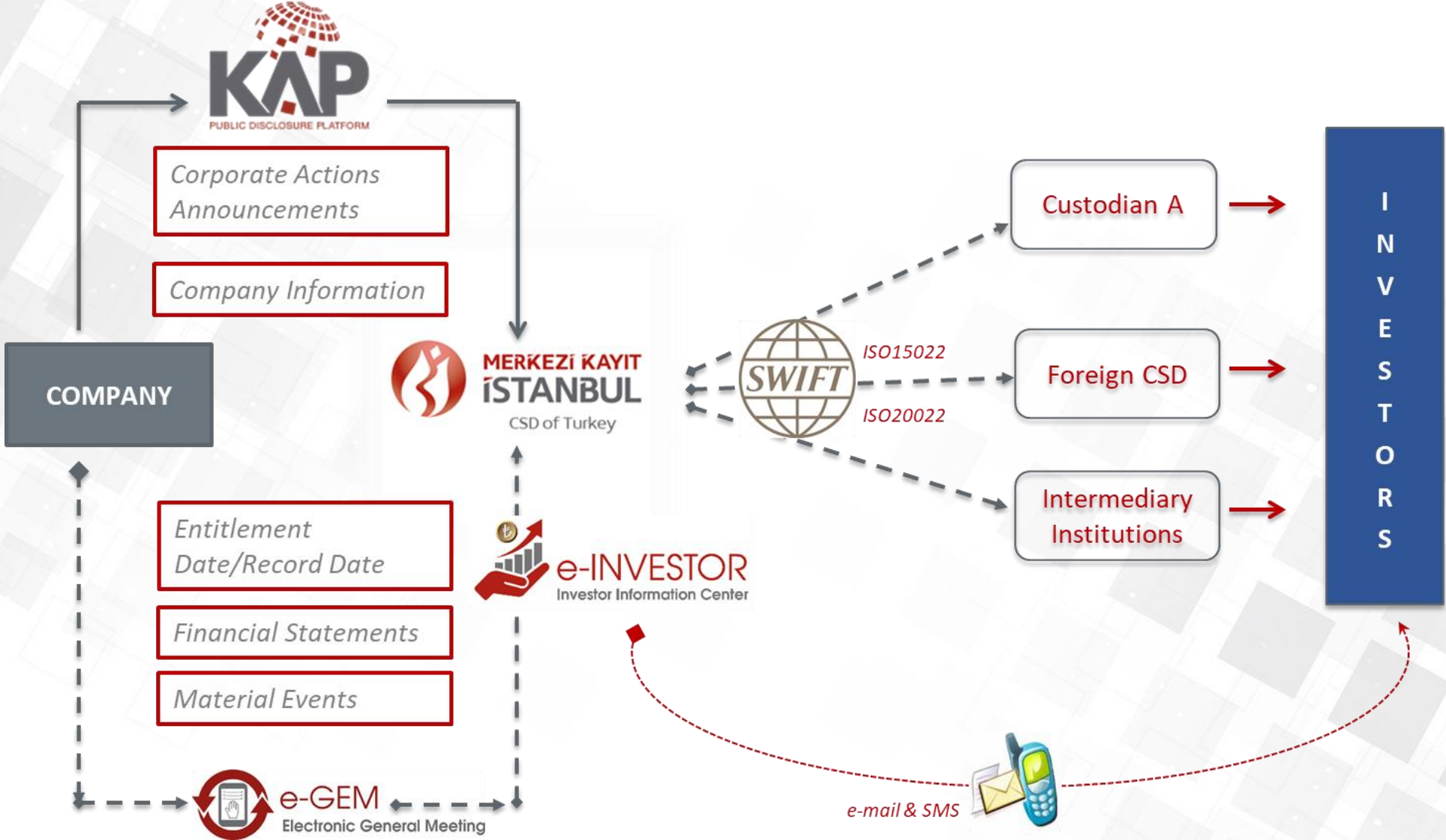


- **Corporate Actions (CA);** XML Templates that can be sent in Turkish & English via SWIFT messages (ISO 15022/20022) in addition to e-mail and SMS notifications.
- **Financial Statements (FS);** are published in XBRL format enabling validation, business rules and analyzable data. The platform is capable of generating statements HTML, PDF, XML and XBRL formats.
- **Disclosure and Notifications of Funds (DNF);** The DNF are also published in XBRL format enabling validation, business rules & analyzable data. The platform is capable of generating statements HTML, PDF, XML and XBRL formats.
- **Ad-hoc Reports;** Material events, insider information, etc. can be sent via SWIFT and/or XBRL/XML formats.

Mobile application is also available!



Straight Through Processing – Company Announcements



Corporate Governance Services

Electronic General Meeting System (e-GEM)



e-GEM is a CSD-specific, multilingual system, which is adaptable to local systems 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***



Corporate Governance Services

Electronic General Meeting System (e-GEM) in Numbers



Year	2012*	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	TOTAL
Physical GM Participation	73	6,339	5,196	4,603	5,666	6,157	5,200	4,221	3,444	3,610	5,661	43,359
Electronic GM Participation	72	13,464	16,141	18,493	20,831	20,758	21,230	17,238	16,390	15,153	12,888	156,160
TOTAL (Participation)	145	19,803	21,337	23,096	26,497	26,915	26,430	21,459	19,834	18,763	18,549	199,519
Electronic Participation Rate	50%	68%	75%	80%	79%	77%	80%	80%	82%	80%	69%	82%
Total Number of Foreign Investors e-attendance	60	13,265	15,913	18,285	20,615	20,526	21,072	16,936	15,270	14,925	12,015	152,106
Foreign Investors' Rate of Electronic Participation	83%	99%	99%	99%	99%	99%	99%	98%	93%	98%	93%	99%
Total Number of GMs Held	10	406	358	334	452	478	446	442	475	472	531	3,846
Maximum Number of Meetings Held on Same Day	3	32	33	30	25	28	27	31	19	26	33	33
Maximum # of e-attendance	36	756	798	882	892	914	979	808	785	879	645	979

Corporate Governance Services

Electronic Board of Directors System (e-BDS)



e-BDS is the system that enabled Board of Directors (BoD) and other executive meetings to be held virtually

- *With its compatibility in using mobile signature, the BoD decisions approved through this system is accepted as valid and legal*
- *They system can be accessed from desktop PCs and/or laptops users need to have **e-signature cards, or mobile signatures** to login.*
- *Efficient Allocation of Operational Costs: **Travel Expenses, Accommodation Expenses, Minimization of Risks***
- *Time Saving : **No Need to be Physically Present at the Meeting Venue***
- *Electronic Signing of the Board Decisions : **Digital Archieve , Automated and Controlled BoD Processes***
- *Executable Deployed on Company Servers/System: **Stand alone system with no connection to MKK servers***



Investor Services

Investor Information Center (e-INVESTOR)



e-INVESTOR: Investor Information Center, is one of the most critical and comprehensive data and technology services that MKK developed, directly touching upon the investors' lives..

- With **e-INVESTOR**, it is now possible for all investors to reach their (beneficial owner based) investment accounts held at MKK by using the unique registry numbers created by the system in easy to use, secure and transparent manner.
- The application enables its users to monitor their accounts and holdings (kept under different intermediary institutions) and benefit from the instant notification service as well as investor blockage service to make their holdings immobile.
- **e-INVESTOR** was designed as a communication channel to further enhance information flow from capital markets to investors and vice versa; it is not only the personalized data the investors can reach, but also the general data such as the corporate governance and corporate actions on securities.
- It is also possible to receive personalized and general data via SMS and e-mail periodically via the application.
- Provide Call Center services for all stakeholders (**MİM**)



THANK YOU



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