



**MERKEZİ KAYIT  
İSTANBUL**

CSD of Turkey

# **Practices for Information Distribution & Transparency in Turkish Capital Markets**



## Today's Agenda

1. *Brief Information on MKK & Turkish Capital Markets*
2. *e-MKK Services & Products*
3. Q&A

## MKK in Brief

- Central Securities Depository of Turkish Capital Markets for all dematerialized securities
  - ❑ *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 SSS (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

%64.9



% 30.1



% 5



## Board Structure



2 Members



3 Members



1 Member



1 Member



1 Member



1 Member

## MKK in Figures (July 2017)

ASSETS UNDER CUSTODY (MARKET  
VALUE)

• 330 BILLION USD

NUMBER OF INVESTORS

• 25,699,533

INVESTOR ACCOUNTS WITH A  
BALANCE

• 3,803,578

NUMBER OF ACCOUNTS

• 44,950,383

NUMBER OF ACCOUNTS WITH A  
BALANCE

• 4,436,663

## Assets under Custody (July 2017)



# MKK «Value-added Services»



**e-GEM :**  
**Electronic General Meeting**

Participation to General Assembly meetings by remote access & mobile applications - voting by electronic means



**e-DATA :**  
**Capital Markets Data Bank**

Distribution of capital markets data by econometric models  
RISE (Investor Risk Appetite Index)



**e-GOVERNANCE :**  
**Corporate Governance & Investor Relations**

Communication bridge between companies and shareholders



**e-CAS :**  
**Investor Notification and Alert System**

Real time notification of investors regarding the movements in their accounts



**e-WAREHOUSE RECEIPT :**  
**Electronic Warehouse Receipt Center**

Conversion of agricultural products to electronic warehouse receipts



**e-COMPANY :**  
**Companies Information Portal**

Single centre for presentation of data and information on all companies in Turkey



**AloMKK**  
**(444 0 655)**

**IVR System/ Call Center**

**Mobile Services SMS**



**Mobile Blockage**

- Information
  - Portfolio Status
  - Account Movements
  - Reports
- Investor Blockages

**Electronic Notification (SMS & e-mail)**



- Instant Notifications
  - Account Movements
  - Information on Corporate Actions



**Electronic Reports (e-mail)**

**Electronic Report Posting System**

- Periodic Notification
- Portfolio Status
- Account Movements



**Random Notifications**

**Random Report Delivery**

- Monthly 5,000 Investors
  - Portfolio Status

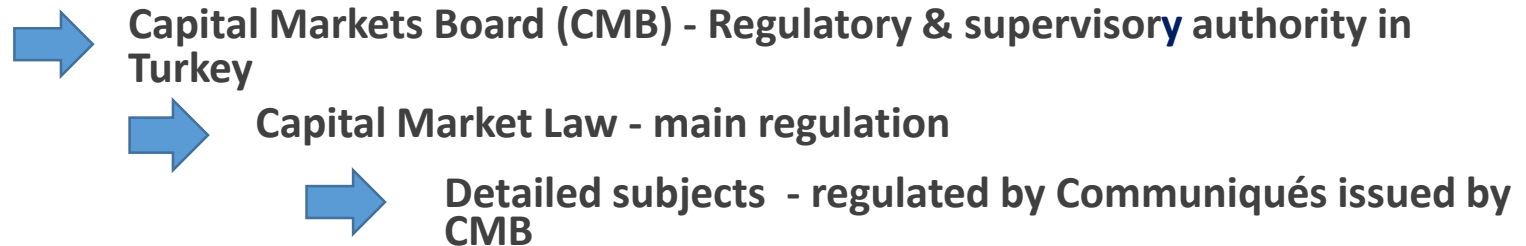
**Public Disclosure Platform (PDP)** is an electronic system through which electronically signed notifications required by the capital markets and Borsa Istanbul regulations are publicly disclosed. Within the framework of Capital Markets Board of Turkey's (CMB) related Communiqué, all information and documents to be publicly disclosed must be sent to the PDP. **In addition to Borsa Istanbul companies and ETFs, investment firms, mutual funds, pension funds, foreign funds and portfolio management companies may submit notifications to PDP.**

The system is operated and managed by MKK on a 7/24 basis. The system is designed to allow everyone to have access to correct, timely, fair and complete information about the Borsa Istanbul companies and all issuers, over the world wide web simultaneously and at low costs. Furthermore, PDP serves as an electronic archive which allows easy and low-cost access to historical information.

GENERAL INFORMATION & STATISTICS	
<b>Platform Operational Hours</b>	<b>7/24</b>
Number of Data Vendors Linked to Platform	17
<b>Number of Sub-Vendors Linked to Platform</b>	<b>4</b>
Number of Companies Covered by the Platform	830
<b>Number of Platform Users</b>	<b>3,700</b>
Number of PDP Members	>1,500
<b>Number of Notifications Sent in 2016</b>	<b>88,000</b>



## Disclosure Environment in Turkey



Main communiqués related to public disclosure;

- *Communiqué on Material Events Disclosure*
- *Communiqué on Principals of Financial Reporting in Capital Markets*
- *Communiqué on Public Disclosure Platform (PDP)*

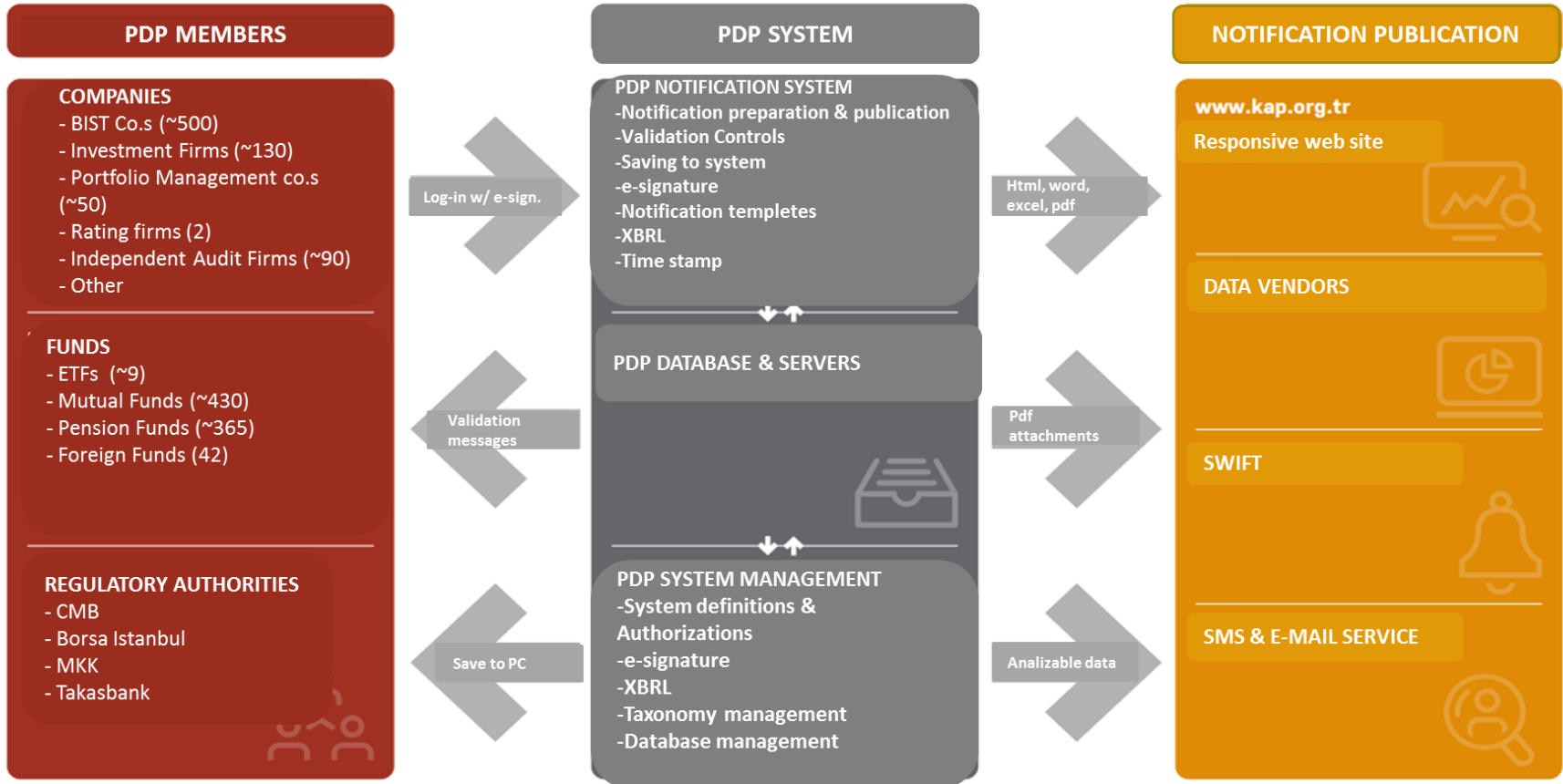
## *Public Disclosure Platform I*

- Official disclosure system of Turkish capital markets. (RNS-London, EDGAR-USA, TDNET-Japan)
- According to '*Communiqué on Public Disclosure Platform*' all notifications have to be disclosed by means of PDP.
- Electronic disclosure system using internet & digital signature technologies
- Companies are responsible for keeping a sufficient quantity of valid electronic certificates to allow uninterrupted flow of notifications
- System was put into action June 1, 2009
- Initial platform was developed by BIST & CMB; current system - by MKK
- MKK provides a comprehensive help desk service during working hours
- Web-site- [www.kap.org.tr](http://www.kap.org.tr), an English version of web-site is available

## *Public Disclosure Platform II*

- The current system (PDP 4.0.) was put into action June 13, 2016
- Based on XBRL
- Provides dynamic data to search, retrieve & analysis
- Integrated with e-MKK modules and SWIFT
- Detailed information related to the notification may be attached as a PDF document.
- Notifications may be viewed in MS Word, Excel or HTML format
- The minimum constituents of a notification on a certain subject may be defined through templates
- Notification templates controls whether notification is complete and correct
- Multilanguage support

# Information flow on PDP





# 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.*
- ❖ *Sales and distribution agreements signed with Nasdaq OMX & Africlear Global*





# e-GEM

## Electronic General Meeting

<b>Total Number of General Meetings Held on e-GEM</b>	<b>1,447</b>
<b>Average Length of General Meetings</b>	<b>46 minutes</b>
<b>Total Number of Electronic Attendees</b>	<b>69,505*</b>
<b>Total Number of Physical Attendees</b>	<b>21,949*</b>
<b>Number of (Investors') Nationalities Using e-GEM</b>	<b>52</b>
<b>Maximum Number of Electronic Attendance</b>	<b>892</b>
<b>Maximum Number of Meetings Held on the Same Day</b>	<b>33</b>
<b>Average Voting Period on e-GEM</b>	<b>12 seconds</b>

\*cumulative since 2012

<b>YEAR</b>	<b>MEETING ATTENDANCE (FOREIGN INVESTORS)</b>
2012	94
<b>2013</b>	<b>13,462</b>
2014	16,624
<b>2015</b>	<b>18,593</b>
2016	20,703

✓ *99.5 % of foreign participants used e-GEM*

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



# e-GOVERNANCE

Corporate Governance and Investor Relations

- Mobile Corporate Governance Portal, is a platform to enhance corporate governance and investor relations and develop transparency and information access for market participants
- The Portal is a communication bridge between companies and shareholders
- Continuous information exchange between shareholders and companies through internet, e-mail and mobile applications
- Enables companies to reach their shareholders directly
- Enables shareholders to access information on companies easily



# e-COMPANY

Companies Information Portal



- The Turkish Commercial Code Article No. 1524 obliges joint stock companies, which are audited entities, open a website and reserve a part of their website for publishing the announcements obligatory by law. (October 2013)
- **e-COMPANY:** Companies Information Portal enables companies to:
  - ✓ *Enhance corporate governance practices (more transparency – access to information, etc.)*
  - ✓ *integrate those information and documents with company web sites*
  - ✓ *provide required security levels, enable access from a single source and consistency*
- All documents that companies are required to publish on their web sites are gathered in a single center and presented based on specific criteria in a safe manner.
- **The information provided on e-COMPANY Platform is officially accepted as valid, reliable and consistent (by legal authorities).**





e-CAS

Investor Notification and Alert System

- *Notification of Investors via SMS & e-mail instantly*
- *Activates whenever a transaction on their accounts is made*
- *Real time notification of investors on possible errors and fraudulent attempts that take place on their accounts.*
- *Decreases possible individual or systemic risks*
  - *Notification Phase: Notification is made after the transaction is completed.*
  - *Blocking Phase: Transaction is not completed unless the investor subscribes to e-CAS Service.*



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