

THE ROLE OF MKK IN IMPROVING CORPORATE GOVERNANCE PRACTICES

AECSD TRAINING SEMINAR

Session 4: Local Capital Market Access

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Merkezi Kayıt Kuruluşu A.S.
14.11.2023



**MERKEZİ KAYIT
İSTANBUL**
Central Securities Depository
& Trade Repository of Türkiye

AGENDA

- MKK's experiences in improvement of corporate governance (CG) practices in Turkish Capital Markets
 - Public Disclosure Platform
 - E-General Meetings System
 - E-Board of Directors System

MERKEZİ KAYIT KURULUŞU A.Ş. (MKK)



- ❑ Central Securities Depository (CSD) and Trade Repository of Turkish Capital Markets
- ❑ Supervised & regulated by Capital Markets Board (CMB) of Türkiye
- ❑ Direct link with the Euroclear Bank (omnibus link), Azerbaijan CSD, (omnibus link) and Austrian CSD – OeKB (dual listing)
 - *Only foreign institutional investors and funds can hold government debt securities in omnibus accounts*
- ❑ Financial markets infrastructure institution - officially licensed as an R&D Center
 - *In-house developed systems*

OUR SERVICES

CSD Services

Corporate Governance

e-GEM

KAP

e-BDS

e-COMPANY

Investor Services

Investor Information
Center

TR Services

Data Analysis Platform
(VAP)

Investor Risk Monitoring
System (YRTS)

Intermediary institutions
data analysis platform
(PUSULA)

GEFAS

CAPITAL MARKETS & CORPORATE GOVERNANCE (CG)

Well-functioning capital markets

Provide equity capital to companies

- gives financial resilience to overcome temporary downturns
- meets obligations to employees, creditors and suppliers

Inclusiveness - markets should provide investors the opportunity to share in the return on capital, by managing savings & planning for retirement

A strong CG framework is essential for

- investor confidence, protection
- capital formation & allocation
- Sustainability & resilience of companies & economy

CG involves a set of relationships between

- a company's management,
- board,
- shareholders
- stakeholders

OECD Principles

- **Accountability**
- **Responsibility**
- **Transparency**
- **Fairness**

CORPORATE GOVERNANCE IN TURKISH CAPITAL MARKETS

2003

- 10 CMB CG Principles for listed companies
 - *Comply or explain principle*
 - *Shareholders, disclosure & transparency, stakeholders, boards of directors*

2011

- Principles regulated in a CMB communiqué
- Some principles became obligatory for listed companies

2012-
2013

- CG based new Turkish Commercial Code
- New Capital Markets Law

2019

- Requirement of measuring CG explanations & practices
- XBRL based new CG reporting templates on KAP system

PUBLIC DISCLOSURE PLATFORM (KAP)

Building Public Trust

Aim: Deliver **complete, accurate, impartial** and **reliable** information **on time, as widely as possible,** and **simultaneously.**

Benefits of Transparency:

- Institutionalization
- Correct assessment of cash flows
- Lowered capital costs
- Trust & brand name
- Institutional investor interest
- Liquidity

Decreasing information asymmetry

Good price formation

Follow-up of investor rights

**Efficient
Markets**

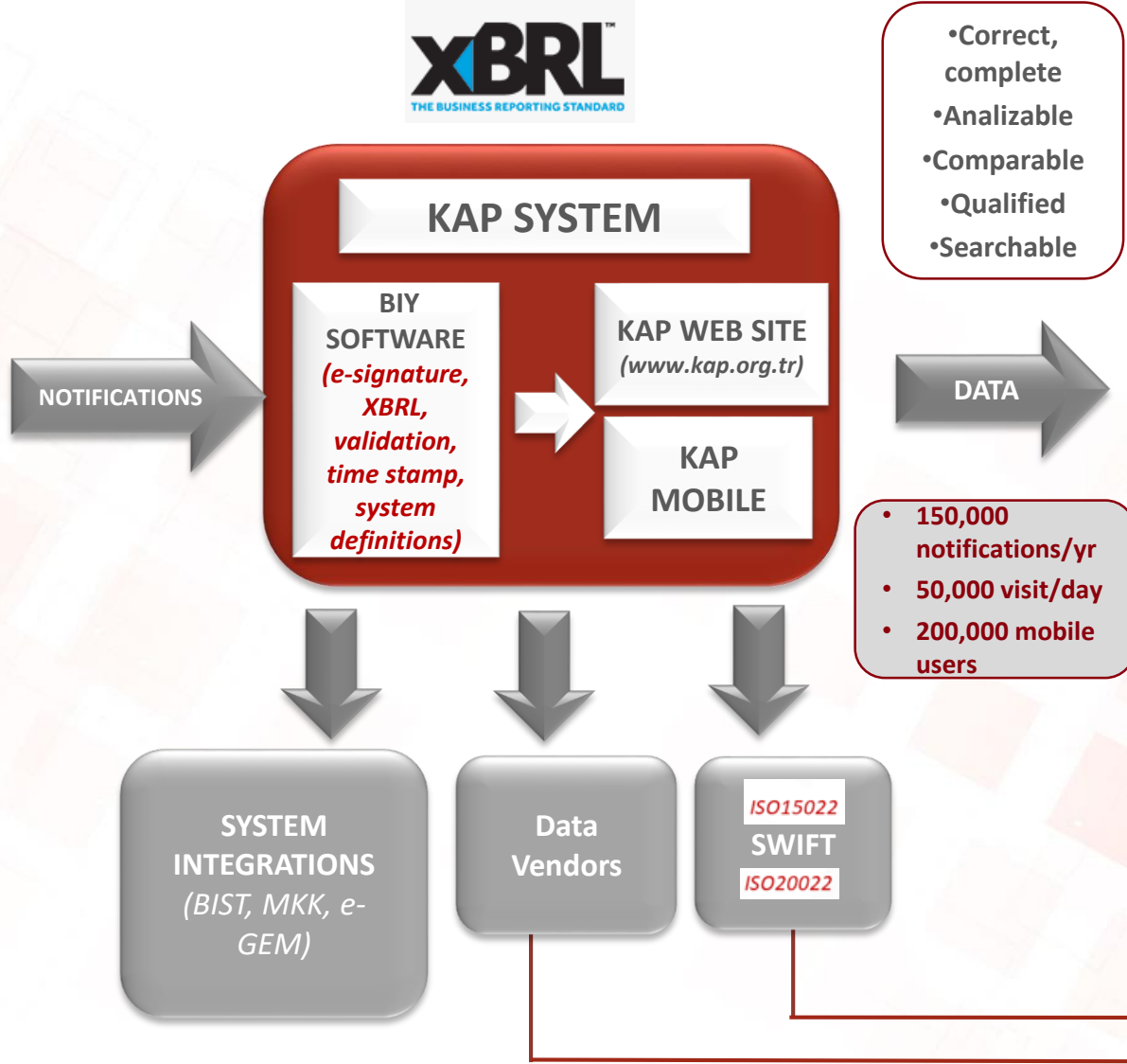
PUBLIC DISCLOSURE PLATFORM (KAP)



NOTIFICATION SENDERS

- ✓ Listed companies
- ✓ Investment Firms
- ✓ Portfolio Mngt. Co.s
- ✓ Audit Firms
- ✓ Rating Companies
- ✓ Mutual Funds
- ✓ Pension Funds
- ✓ Real Estate Funds
- ✓ Venture Capital Funds
- ✓ Foreign Funds
- ✓ Regulatory Authorities

In total more than 3100 companies & funds



DATA USERS

- ✓ Investors (*current / potential / individual / institutional / domestic / foreign*)
- ✓ Fund managers
- ✓ Analysts
- ✓ Regulatory Authorities
- ✓ Academicians
- ✓ Creditors
- ✓ Foreign CSDs
- ✓ Custodians
- ✓ Other

ELECTRONIC GENERAL MEETING SYSTEM (E-GEM)

- Developed by MKK's R&D Center
- On-line platform for:
 - *Shareholders to exercise their rights in general meeting*
 - *Issuers handle general meeting process from A to Z digitally*
- Legal obligation for listed companies
- A hybrid general meeting system covering both physical and electronic attendance

Electronic assignment of proxies, monitoring of resolutions, attendance and voting (before and during the meeting).

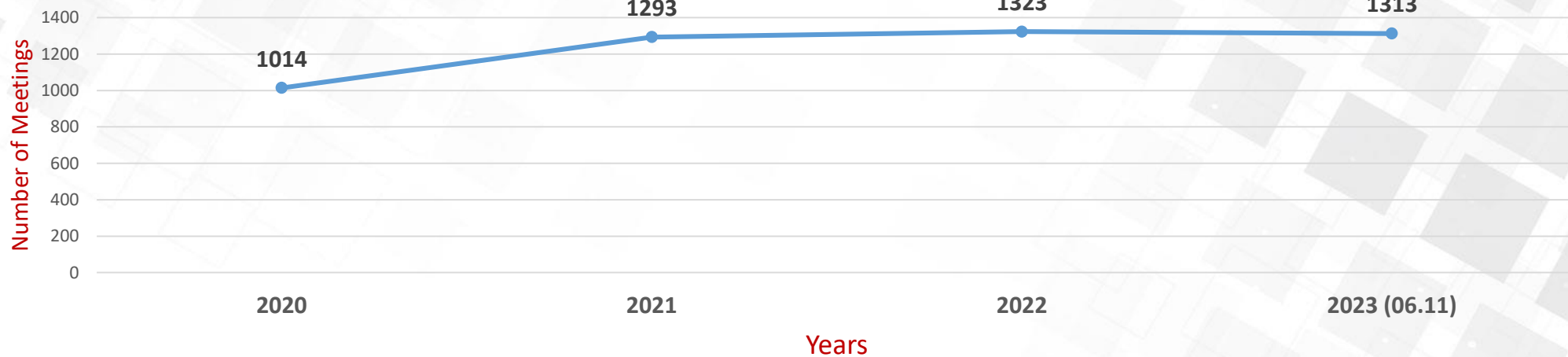
- Establishes a safe and sound General Meetings practice for listed companies in Türkiye.
- Removes barriers to cross-border voting; comply with the related international regulations.

E-GEM IN NUMBERS

E-GEM meetings (Türkiye)



E-GEM Meetings (Indonesia)



e-BDS **Secure** Infrastructure



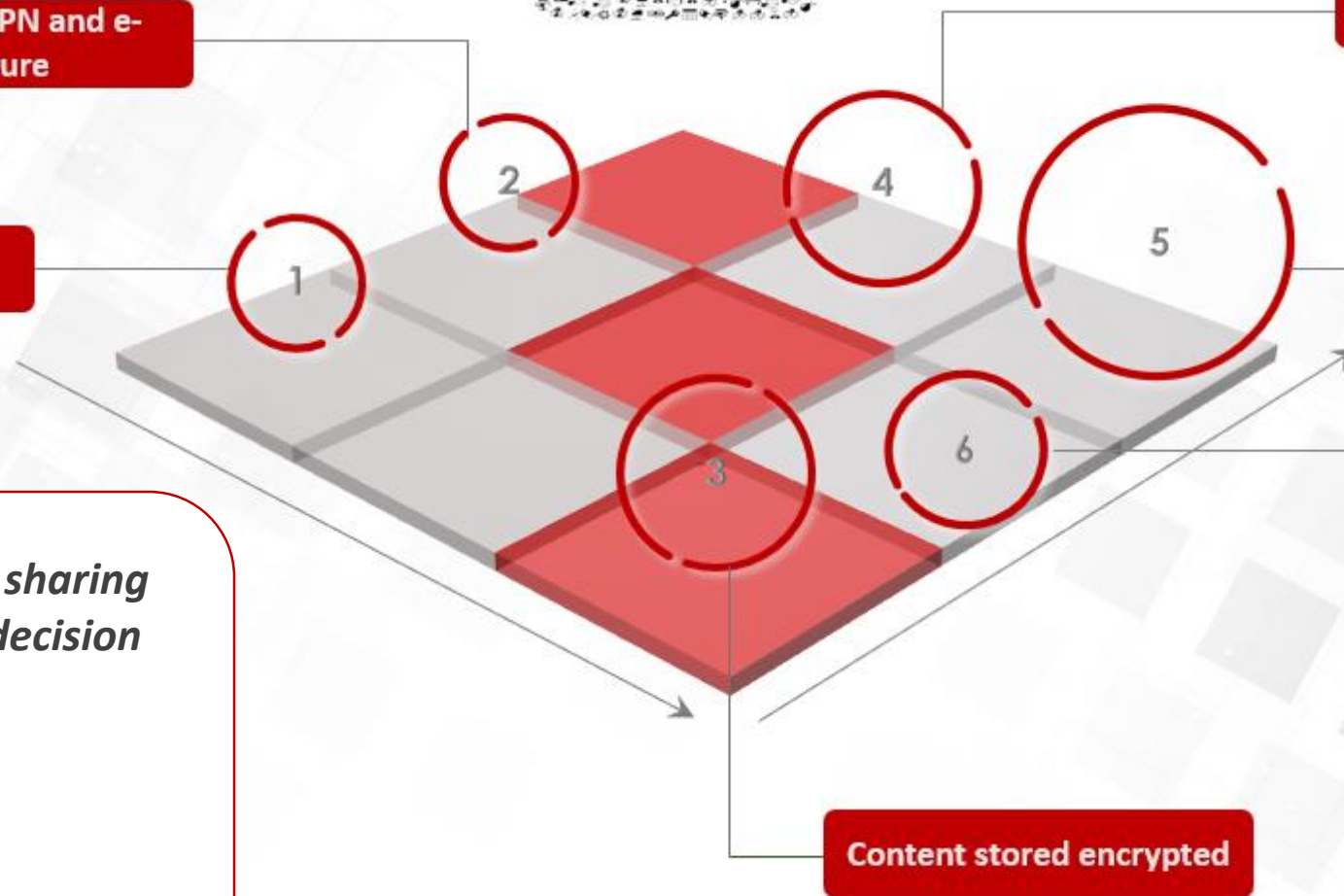
Access via VPN and e-signature

Encrypted audio and visual transmission

Close box architecture

Third party penetration test

Stored in company servers



- Secured document sharing
- Legally valid, fast decision making
- Time&cost saving
- High participation
- Secured archive

Content stored encrypted

TO SUM UP...

- Age of digitalization
- The world is getting smaller, processes are accelerating, competition is increasing
- Power of know-how & data
- CSDs need to make a difference by
 - *leading the capital markets in the digitalizing world*
 - *making their stakeholders a part of this development process*
- Fostering access to capital markets needs good corporate governance practices
- Increasing importance of regional collaborations
- AECSD member countries' responsibilities:
 - *building the future of Association*
 - *ensuring its sustainability*
- During MKK's AECSD Chairmanship, we are willing and determined to achieve common goals and joint efforts.

THANK YOU



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