

MERKEZİ KAYIT KURULUSU (MKK)
CENTRAL SECURITIES DEPOSITORY OF TURKEY

**«Foreign Nominee Holder Account Structure; other ways for
interaction with foreign clients»**



**MERKEZİ KAYIT
İSTANBUL**
CSD of Turkey

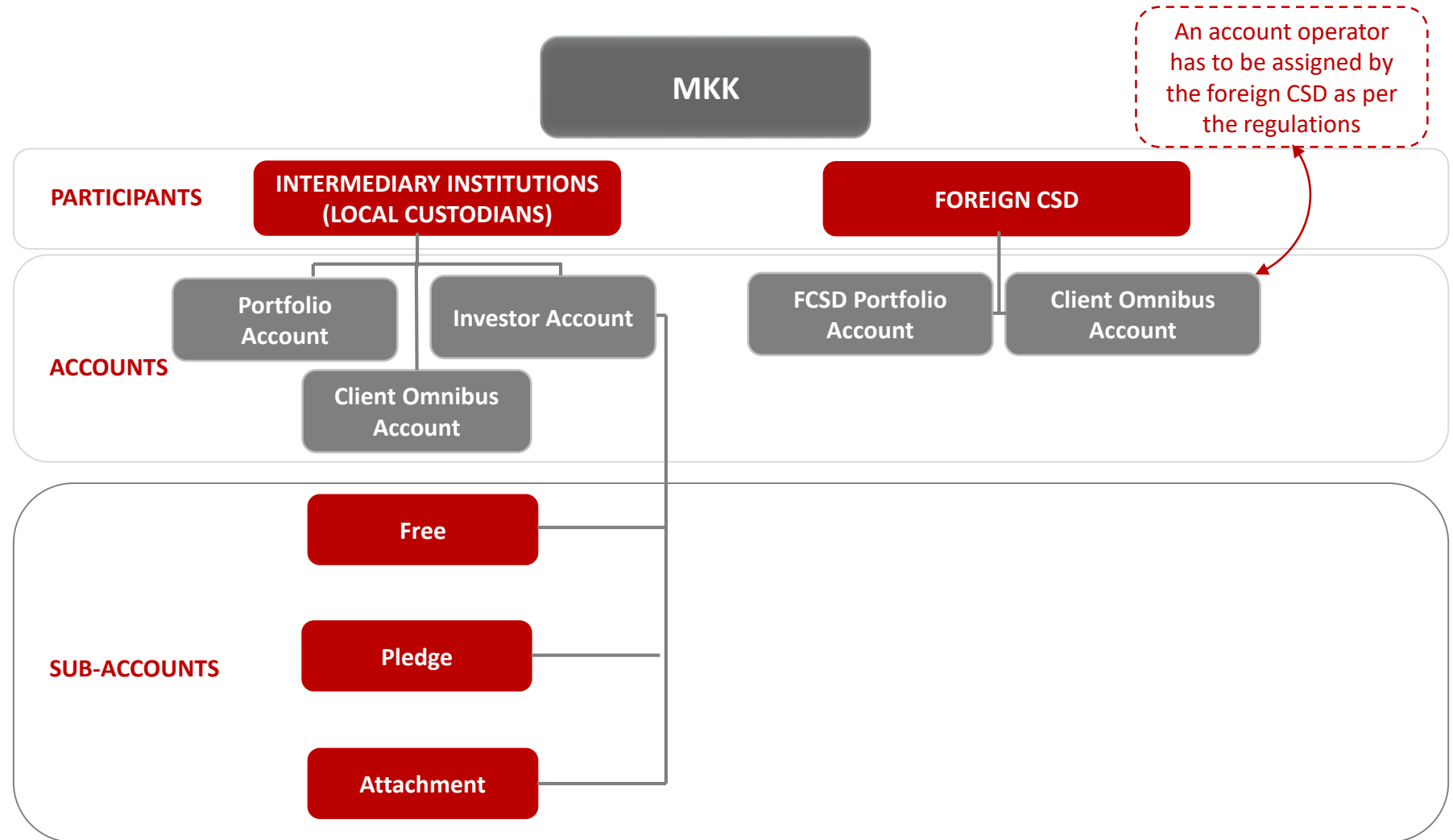
ABOUT MKK

- *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*
 - *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*

INTERNATIONAL PRACTICES

- *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



- *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 Communiqué 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 SUB-CUSTODIANS

- *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*

FUTURE PLANS

- *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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