

**REGULATION**

From the Capital Markets Board of Turkey:

**REGULATION ON THE PRINCIPLES GOVERNING THE ESTABLISHMENT AND ACTIVITIES OF PENSION MUTUAL FUNDS****Purpose**

**ARTICLE 1 –** (1) This Regulation aims to regulate the principles governing the establishment and activities of pension mutual funds.

**Scope**

**ARTICLE 2 –**(1) The scope of this Regulation includes types of pension mutual funds, their establishment, organizational structure, operating principles and procedures, collection and use of participation shares in these funds, the assets of the fund, the preservation of the assets in the fund portfolio, portfolio management, principles regarding mergers, transfers and conversions of funds, principles and procedures of internal and external audit and public disclosure.

**Basis**

**ARTICLE 3 –** (1) This Regulation has been drafted pursuant to Article 26 of the Individual Pension Savings and Investment System Law No. 4632, dated March 28, 2001.

**Definitions**

**ARTICLE 4 –** (1) Definitions of the terms used in the Regulation are as follows;

- a) Bank: Deposit banks and participation banks,
- b) Stock exchange: Systems and markets defined under Article 3, paragraph one, subparagraph (d) of the Capital Markets Law No. 6362, dated December 6, 2012, as well as other foreign exchanges and markets organized outside the stock exchange,
- c) Pension mutual fund/Fund: The assets acquired and administered by a pension company pursuant to a pension contract and monitored in individual pension accounts on behalf of participants, based on principles of risk diversification and fiduciary ownership,
- d) Prospectus: A public disclosure document containing all the information necessary for the participants to make an informed assessment regarding the characteristics of the fund whose shares will be issued and the rights and risks associated with it,
- e) Law: The Individual Pension Savings and Investment System Law No. 4632, dated March 28, 2001,
- f) PDP: Public Disclosure Platform,
- g) Participant: The real person with a capacity to act, for whom an individual pension account is opened by the company on behalf of them in accordance with the pension contract,
- h) Board: The Capital Markets Board,
- i) Undersecretariat: The Undersecretariat of the Treasury,
- j) Net asset value: The total value calculated by adding cash and fund receivables to the portfolio value and subtracting the fund liabilities,
- k) Portfolio: All assets in the fund consisting of money and capital market instruments, precious metals and other investment instruments determined by the Board,
- l) Portfolio value: The value of the assets in the fund portfolio calculated in accordance with the valuation principles in this Regulation,
- m) Portfolio manager: The Board-approved portfolio management company that has obtained a portfolio management license from the Board,
- n) Custodian: The board-approved custodian company that holds the assets in the fund portfolio,
- o) System Regulation: Regulation on the Individual Pension System published in the Official Gazette No. 28462 and dated November 9, 2012,
- p) Company: The pension company that is established pursuant to the law,
- q) Istanbul Settlement and Custody Bank Inc.: Istanbul Stock Exchange Settlement and Custody Bank Incorporation,
- r) CBRT: Central Bank of the Republic of Turkey,
- s) TTRG: Turkish Trade Registry Gazette,

**Pension mutual fund**

**ARTICLE 5 –** (1) The Fund is established for an indefinite period of time and has no legal personality. The fund cannot be used or established for any purpose other than those set forth by the Law.

(2) The pension mutual fund is a capital market institution instrument.

(3) The Fund portfolio consists of the following investment instruments and transactions:

- a) Time deposits and participation accounts,
- b) Debt instruments, repo and reverse repo transactions and partnership shares,
- c) Precious metals, assets based on precious metals and real estate,
- d) Derivative instruments and warrants,
- e) Istanbul Settlement and Custody Bank Inc. money market transactions and domestic organized money market transactions,
- f) Investment fund participation shares,
- g) Cash collateral and premiums on derivative instrument transactions carried out in the stock exchange,
- h) Lease certificates,
- i) Other investment instruments determined by the Board.

#### **Fund types and titles**

**ARTICLE 6 –** (1) The Funds can be established after their risk, return structure and portfolio management strategy are fully and correctly stated in the prospectus and approved by the Board.

(2) Fund types suitable for the portfolio management strategies stated in the prospectus is determined by the Board after the opinion of the Undersecretariat is obtained.

(3) For funds using a phrase in their titles which give the impression that investments are made to a certain group of assets, sector, sectors, country or geographical region, at least 80 percent of the fund assets must consist of:

- a) Assets belonging to the asset group, sector or sectors used in the fund title,
- b) Assets belonging to the country or geographical region used in the fund title or assets that reflect the market structure and risks of that country or geographical region.

(4) Funds may also be established as group pension mutual funds where the fund shares are allocated to the participants, persons or groups defined under the pension contract.

(5) Group pension mutual funds are a type of fund that is created for certain businesses, occupations and industries, and on the condition of approval by the Board, by allocating the fund shares to certain persons or groups.

(6) The benchmark to be determined in accordance with the investment strategy, in order to objectively define the goal to be achieved by implementing the portfolio management strategies of the funds and to measure the performance of the fund in achieving this goal, must be stated in the prospectus and announced on the PDP.

(7) In their commercial and legal transactions, funds must use the fund title chosen in accordance with the investment purpose of the fund pursuant to this Regulation, and the fund managers who represent the fund must sign documents related to their activities using this title.

(8) Provided that it is specified in the fund prospectus and deemed appropriate by the Board, another title may be used to ensure that the risk and return structure of the fund is fully and correctly understood, without misleading investors during advertising and marketing activities.

(9) If the fund portfolio is not managed in accordance with the portfolio management strategies of the fund or if the fund title or the fund name used in advertising and marketing activities is misleading for the participant, the Board may request the fund portfolio management strategies, fund title, fund name or the benchmark to be changed or may officially change these.

(10) Direct or indirect phrases giving the impression that the fund or the shares issued by the fund are officially secured by the government cannot be used in fund titles.

#### **Fund establishment application**

**ARTICLE 7 –** (1) The Fund is established by the company with the approval of the Board. The company must apply to the Board in order to establish a fund, along with the establishment application form prepared in accordance with the standard, and the documents specified in the form and the form bylaw. The documents required for the application must be submitted to the Board fully, otherwise the application will not be evaluated. Additional documents and information that may be requested in relation to the application must be completed within the period determined by the Board. The Board may request the applications to be made electronically.

(2) In order for the fund establishment application to be approved by the Board, the company must maintain the conditions for establishment, the custodian and the fund manager must be

determined, the fund bylaw must be prepared in accordance with the Board regulations and other conditions in the Law, and this Regulation and relevant legislation must be fulfilled.

#### **Fund Bylaw**

**ARTICLE 8 –** (1) The fund bylaw is a connecting contract between the participant and the company, the custodian and the portfolio manager, regulating the management of the fund portfolio in accordance with the principles of fiduciary ownership and its management in accordance with the attorney agreement, containing the general terms of the transaction. The board establishes the procedures and principles of the fund bylaw upon the approval of the Undersecretariat.

#### **Fund establishment license and registration of the bylaw**

**ARTICLE 9 –** (1) Upon the approval of the application by the Board, the fund bylaw will be registered at the trade registry where the company headquarters is located and announced on the TTRG and PDP within six business days following the date on which the permission given by the Board is notified to the company. The TTRG announcement is sent to the Board within the following six business days. The establishment process is completed with the registration of the fund bylaw.

#### **Changing the fund bylaw**

**ARTICLE 10 –**(1) If the company requests a bylaw change along with its reasoning, the bylaw change request form that is prepared in accordance with the procedures and principles to be determined by the Board must be filled out and the information and documents specified in the form must be submitted to the Board. Upon application to the Board, the Board determines whether the legal requirements are met in accordance with the Law, this Regulation and other relevant legislation, and the bylaw changes which are deemed appropriate will be registered to the trade registry and announced on TTRG and PDP within six business days following the date on which the permission is notified to the company. The TTRG announcement is sent to the Board within the following six business days.

(2) Announcements concerning matters that may affect the investment decision of the participants and which require prior knowledge will also be announced in the PDP and the effective dates of new matters will be included in the announcements not less than 10 business days prior.

(3) The bylaw change request will be denied along with a reasoning if violations of the Law, this Regulation or relevant legislation are detected or public disclosure announcements are deemed insufficient.

#### **Minimum fund initial amount, allocation of advances and funds that can be included in the pension plans**

**ARTICLE 11 –** (1) Pursuant to the Law, each company must establish at least three separate funds with different portfolio management strategies, apart from group pension mutual funds.

(2) The initial amounts of each of the three required funds cannot be less than 5 percent of the paid-up capital of the company. However, the initial amount any new fund to be established in addition to these three funds will be determined by the company. For the three mandatory funds, an advance must be allocated for each fund separately, not less than 5 percent of the company's paid-up capital, following the establishment of the funds. The advance amounts, if any, for funds to be established in addition to the minimum three funds will be determined freely by the company.

(3) With the approving opinion of the Undersecretariat, the company may include funds established by other companies as well as the funds it has established, in the pension plans to be presented to the participants.

#### **Fund board**

**ARTICLE 12 –** (1) The company will appoint a fund board consisting of at least three members by the resolution of the board of directors to monitor and report the transactions related to the fund it has established. External members can also be appointed to the fund board.

(2) Different fund boards may be created for each fund or a single fund board may manage more than one fund.

(3) Members of the fund board are subject to the following conditions:

a) The majority of fund board members must be graduates from four-year higher education institutions, and must have at least five years of experience in capital markets, banking, individual pensions or insurance,

b) They must possess the requirements under Article 44, paragraph one, of the Law No. 6362, except the financial strength requirement.

(4) The members of the board of directors may be appointed as members of the fund board if they possess the qualifications specified for the fund board members in this Regulation.

#### **Responsibilities of the fund board**

**ARTICLE 13 – (1)** The fund board is responsible for fulfilling the following duties.

- a) Regular, efficient and effective management of fund activities in accordance with the company's general management strategies and policies under the applicable legislation, fund bylaw and prospectus,
- b) Keeping the fund's accounting, documentation and registration system organized,
- c) Preparing the contracts to be made on behalf of the fund in accordance with the relevant legislation,
- d) Assessing the value of the fund portfolio in accordance with the legislation and calculating the unit fund values accurately,
- e) Preparing the financial tables and reports regarding the fund,
- f) Tracking the fund's performance,
- g) Making announcements to the participants within the specified time periods regarding bylaw or prospectus changes made pursuant to legislation or the request of the company,
- h) Preparing the public disclosure documents in accordance with the legislation,
- i) Preparing the reports provided in Article 32 regarding the activities of the fund,
- j) Making decisions regarding the cases of emergencies provided in Article 27,
- k) Creating an internal control system,
- l) Fulfilling other duties determined by decisions of the company's board of directors.

**Internal control system of the fund**

**ARTICLE 14 – (1)** The internal control system is the principles and procedures implemented in order to ensure the productivity and effectiveness of the activities of the fund, allow reliable and timely access to the information regarding financial and administrative matters, ensure that the activities of the fund are executed in accordance with the relevant legislation, pension contract, fund bylaw and prospectus, prevent and detect errors, deceits and irregularities, keep accurate and complete accounting records, and prepare the financial information accurately in a reliable and timely manner.

(2) Procedures and principles regarding the internal control system of the company's fund will be written down and determined by the decision of the fund board.

(3) The internal control procedures and principles must be prepared to ensure that;

- a) Fund activities are carried out in accordance with legislation, the objective and operations of the company, the fund bylaw and prospectus,
- b) Transactions made on behalf of the fund are based on general and special powers, they are carried out in accordance with the contracts, and documents required for fund transactions are prepared,
- c) Accounting, documentation and registration systems of the fund are operated effectively,
- d) Risks are defined and the necessary precautions are taken in order to minimize the risks arising from errors or violations of processes,
- e) An evaluation is made on whether the transactions carried out by the fund personnel on their own behalf cause a conflict of interest with the fund,
- f) An evaluation is made on whether the expenditures made from the fund are documented and in compliance with market conditions,
- g) The valuation of the fund portfolio, the unit fund value and the fund portfolio rates are controlled in accordance with the relevant legislation, fund bylaw and prospectus.

(4) Fund auditors monitor the fund activities in accordance with internal control procedures and principles. For this purpose, the company will appoint at least one fund auditor who has the qualifications provided under paragraph 3 of Article 12. The auditor of the company may also perform the internal control provided that they carry these qualifications.

(5) The reports including findings and audit results are submitted to the Board of Directors and the fund board of the company within three months following each calendar year at the latest, and the relevant committees decide on whether information is obtained from these reports. These reports must be kept under the company's control for at least five years.

(6) If the fund auditor identifies any situation which might weaken the financial position of the fund or cause unusual results, they will prepare and submit an audit report to the company board of directors without delay and send one copy of the report to the Board.

**Risk management system**

**ARTICLE 15 – (1)** Funds who will be party to derivative instrument transactions must establish a risk management system and create written procedures regarding this.

(2) The risk management system must include the establishment of a risk assessment mechanism through which major risks the fund might face can be defined, risk definitions can be regularly reviewed

and updated in line with important developments, and the risks exposed can be evaluated in a consistent manner.

(3) The unit providing the risk management service can be established within the company or the risk management service can be outsourced. However, in any case, the unit providing the risk management service must be independent from the unit responsible for the management of the fund portfolio. The personnel of the unit performing risk management must have Capital Market Activities Advanced Level Licenses and Derivative Instruments Licenses.

(4) The report prepared by the auditor regarding the adequacy of the risk management system is submitted to the board of directors and the fund board of the company within three months following the calendar year at the latest, and the relevant committees from which these reports are obtained are decided upon. These reports must be kept under the company's control for at least five years.

#### **Application for registration of the fund shares**

**ARTICLE 16 –** (1) The company must apply to the Board with the registration application form, prospectus and other documents specified in the form, within six months following the date on which the permission regarding the establishment of the first three funds founded by the company is notified to the company. Failing to do so will result in the removal of the fund bylaw from the trade registry by the company, and the relevant documents will be sent to the board within six working days from the removal date.

(2) Following the registration of the three funds mandatory pursuant to the Law, the company will make the establishment and registration applications of the other funds together. The establishment and registration applications of these funds are evaluated and concluded together. The following conditions must be met in order for the fund shares registration application to be eligible for evaluation:

a) Registration of the fund bylaw at the trade registry where the company's headquarters are located, and announcement on the TTRG and PDP,

b) Institution of an adequate venue, technical equipment and organization, establishment of the fund service department and the fund board, creation of an internal audit system including internal control and risk management, completion of duty and responsibility assignments accordingly, and preparation of the necessary information and documents accordingly,

c) Establishment of a technical structure to allow seamless business flow and communication with the accounting registration and document system concerning the fund and participants,

d) Signing a portfolio management contract with at least one portfolio manager and a custody contract with the custodian,

e) Sustenance by the company of the establishment conditions set forth by the law,

f) Preparing the prospectus, including the details required by the legislation concerning the fund and clearly providing the information related to the fund, in accordance with the principles set forth by the Board.

(3) The Board will begin the evaluation of the application after the relevant documents are submitted to the Board in full. Additional documents and information that may be requested in relation to the application must be completed within the period determined by the Board. The Board may request the applications to be made electronically.

(4) The Board will evaluate the applications based on whether the prospectus follows the principles set forth in this Regulation, related legislation and the Board, and in line with the principles of public disclosure.

(5) If the application is deemed appropriate, the number of shares provided in the fund bylaw will be registered with the Board, and the prospectus will be approved by the Board. The promotional form and the prospectus approved by the Board must be announced on the Public Disclosure Platform within ten (10) business days after the company receives the consent letter. They are not registered separately in the trade registry, and they are not announced on the TTRG. However, the information on the publication featuring the prospectus is registered in the trade registry and announced on the TTRG. The TTRG announcement is sent to the Board within the following six business days. The promotional form is updated on the PDP after specifying the date of registration in the trade registry regarding where the prospectus was published.

(6) At the end of the evaluation, the Board may refuse to register the fund shares at the Board registry by providing its justification. Registration at the Board cannot be interpreted as an official collateral and cannot be used for advertising purposes.

(7) Changes in the matters explained in the prospectus and any new matters must be notified to the Board by the company.



(8) Changes and new matters cannot be explained to the participants or implemented through a prospectus change without obtaining the approval of the Board. Upon receiving approval from the Board, the prospectus amendment text is announced on the PDP on the date the amendments enter into effect. The information on the publication featuring the prospectus is registered in the trade registry and announced on the TTRG. The TTRG announcement is sent to the Board within the following six business days.

(9) Announcements concerning matters that may affect the investment decision of the participants and which require prior knowledge will also be announced on the PDP and the effective dates of new matters will be included in the announcements not less than ten business days prior.

(10) The Board can determine different methods of notification and announcement in line with the number and nature of the participants of the fund if it deems necessary.

#### **Increasing the number of shares and registering the increase in the fund shares**

**ARTICLE 17 –** (1) If the company wants to increase the number of shares stated in the fund bylaw, it must apply to the Board with the share increase registration form and the documents specified in its appendix prepared in accordance with the principles set forth by the Board, requesting the Board to approve the amended text of the article of the fund bylaw where the new number of shares set by the company is provided and the prospectus including the new number of shares, and to register the increase in the shares.

(2) If the application is deemed appropriate by the Board, the amended texts of the bylaw and prospectus will be approved by the Board and the increased shares will be registered at the Board. Upon the registry by the Board, the amended text of the bylaw must be registered at the trade registry where the company headquarters is located and announced on the TTRG and PDP within six business days following the date on which the permission is notified to the company. The information on the publication featuring the prospectus is registered in the trade registry and announced on the TTRG. The TTRG announcement is sent to the Board within the following six business days.

(3) Applications are evaluated and concluded in accordance with the principles set forth under Article 16.

#### **Principles regarding fund assets**

**ARTICLE 18 –** (1) Fund assets cannot be used for any other purpose than fulfilling requirements that may arise from the Law, pension contracts, fund bylaw or other relevant legislation. Fund assets cannot be pledged, used as collateral for portfolio-related transactions, seized by third parties, or included in bankruptcy assets.

#### **Expenditures from fund assets**

**ARTICLE 19 –** (1) Only the fund operating expense to be paid to the relevant pension company for the management of the fund and the following expenditures can be made from the fund assets.

- a) Registration fee of the Board,
- b) Necessary registration and announcement fees pursuant to legislation after the establishment of the fund,
- c) Transfer fees or insurance fees related to transfers of the portfolio assets or the documents representing them,
- d) Custody fees paid for the portfolio assets,
- e) Fees paid for encashing or transfer of assets,
- f) Interests on received loans,
- g) Commissions paid for purchases into the fund and sales from it,
- h) Payments of the fund's tax obligations,
- i) Audit fees paid to independent audit companies,
- j) Other expenses deemed appropriate by the Board.

(2) All expenditures must be documented. Expenditures from the fund assets cannot exceed market values.

(3) The total expense cuts to be made from the fund will be determined by the fund bylaw, not exceeding the maximum amounts set forth by the System Regulation. At the end of each calendar year the company checks if the annual rate that equals the daily deduction rate stated in the fund bylaw is exceeded. The check is performed based on the annual deduction rate stated in the fund bylaw and on the daily average fund net asset value calculated for that year. The company will refund to the fund any amounts exceeding the rates stated in the fund bylaw that are determined during the controls at the end of each period within five business days following the relevant period.

(4) In cases of initial public offering of the fund shares or the liquidation of the fund, the controls set forth under paragraph three will be carried out based on the days during which fund shares were offered.

(5) The maximum fund expense fee total determined in the fund bylaw and the fund expense fee total that realizes at the end of the calendar year, and the return amount if any, will be announced on the PDP within six business days following the end of the relevant period.

(6) The amount and rate of the share of the portfolio manager in the total expenses of the fund and the fund expense fee total prepared in line with the format determined by the Board, will be declared on the PDP within six business days following the end of the calendar year.

#### **Management of the fund portfolio**

**ARTICLE 20** -(1) The fund is managed by portfolio managers. Portfolio managers must manage the fund portfolio in accordance with the Law, Capital Markets Law No. 6362, fund bylaw, pension contract, prospectus, portfolio management contract and the provisions of other relevant legislation. The principles on the portfolio management service to be received must be established according to a portfolio management contract signed between the company and the portfolio managers. The portfolio management contract will be prepared in accordance with the relevant regulations of the Board on this matter. A copy of the contract will be sent to the Board within fifteen business days following the effective date at the latest. Portfolio management contracts must meet the minimum requirements set forth by the board.

(2) It is possible to make contracts with multiple portfolio managers for the management of the fund portfolio. The portfolio manager can also make a contract with another portfolio manager. In this case, the approval of the company will be obtained and the responsibility of the portfolio manager regarding the management of the portfolio will continue.

(3) If the party entering into contract with the portfolio manager operates in another country, the fund manager must send a document showing that the fund manager is authorized by the relevant authority in that country to carry out portfolio management, along with a copy of the contract to the Board within fifteen days following the effective date at the latest.

(4) In cases such as failure to show due diligence in fund management by the portfolio managers, breach of portfolio management principles by the board, a weakening financial structure or the cancellation of the license to operate in a foreign country belonging to the counterparty of the contract made by the portfolio manager, the company may revoke the portfolio management contract and draw up a portfolio management contract with other portfolio managers approved by the board. In such circumstances, the Board may also request the portfolio managers be replaced.

(5) The Board shall be authorized to assess the performance of funds and define the procedures and principles regarding the incentives and measures applicable to portfolio managers, with the opinion of the Ministry of Treasury and Finance.

#### **Principles regarding fund portfolio management**

**ARTICLE 21** – (1) The fund manager must abide by the following fund management principles.

a) The portfolio manager must consider risk diversification, liquidity and return elements when managing the portfolio, act in accordance with the portfolio management strategies and investment limitations of the fund, follow the principles set forth in the fund bylaw, prospectus, portfolio management contract and the relevant legislation.

b) Portfolio managers are responsible for regarding the respective interests of each fund they are managing. They cannot engage in transactions which might be in favor of some clients or funds and against the interest of others.

c) The portfolio manager must base investment decisions related to the fund portfolio on objective information and documents and follow the investment principles determined by the contract. This information and the documents, research and reports that form the basis of portfolio management strategies must be maintained at the fund for at least ten years.

d) The portfolio manager must trade publicly-traded assets in the stock exchange and ensure that the intermediary carrying out the transactions for purchases into or sales from the fund portfolio carries out the transaction in the stock exchange using the fund code representing the fund.

e) The portfolio manager is responsible for monitoring each transaction made on behalf of the fund and other clients.

f) Assets cannot be purchased into the portfolio above their market value, and assets cannot be sold from the portfolio below their market value.

g) Portfolio managers cannot make any transactions related to the fund in order to benefit themselves or third persons. They must show due care and prudence while making transactions on behalf of the fund.

h) A written or verbal guarantee stating that the fund portfolio will deliver a certain pre-determined amount of returns cannot be given.

i) The portfolio manager will carry out transactions related to the fund portfolio under the most appropriate conditions in terms of time and price, taking into consideration the size of the transaction, price of the purchased assets, market conditions, commission rates and the experience, financial situation and reputation of the intermediary institution carrying out the transaction.

j) Those who may obtain information about the company, fund board members, portfolio managers, custodians and fund management due to their occupation or while performing their duties cannot disclose such information or use it directly or indirectly to benefit themselves or third parties or to cause harm to others. This commitment remains in effect for said persons even after leaving office.

#### **Principles regarding portfolio limitations**

**Article 22 - (1)** The following principles must be followed in fund management.

a) Investments in money and capital market instruments of an issuer cannot exceed 10 percent of the fund portfolio. Additionally, the total amount of money and capital market instruments belonging to same issuer the fund has invested more than 5 percent in, cannot exceed 40 percent of the fund portfolio. For capital market instruments issued by asset leasing companies, the 10 percent limitation provided in the first sentence of this subparagraph will be applied as 25 percent, and the limitation in the second sentence is not applicable. On the other hand, the limitations in this subparagraph are not applicable for capital market instruments issued by the CBRT, the Undersecretariat and asset leasing companies established pursuant to the Law No. 4749 on Public Finance and Regulating Debt Management, dated March 28, 2002.

b) It is essential that publicly-traded assets must be included in the fund portfolio. Non publicly-traded private sector debt instruments can be included in the fund portfolio provided that they do not exceed 10 percent of the portfolio value. Funds investing in non publicly-traded private sector debt instruments must sign an agreement with the company or the intermediary institution during the investment process, allowing them to turn the private sector debt instruments in their portfolio to cash when needed. Additionally, money and capital market instruments can be purchased during initial public offering, provided that they are publicly traded.

c) The fund cannot own 5 percent or more of the capital or all vote rights in any partnership, and funds founded by a company cannot collectively own 20 percent or more of the capital or all vote rights.

d) Investments in capital market instruments issued by venture capital investment trusts and participation shares of venture capital investment funds cannot exceed 20 percent of the fund portfolio. The limitations provided under subparagraph (c) are not applicable in investments in venture capital investment trusts. The total investment in a single venture capital investment fund cannot exceed 5 percent of the fund portfolio.

e) Money and capital market instruments of the portfolio manager cannot be included in the fund portfolio.

f) The partnerships where the following, separately or jointly, own more than 20 percent, cannot exceed 30 percent of the fund portfolio:

- 1) Shareholders owning more than 10 percent of the capital of the company,
- 2) Chairman and members of the board of the company,
- 3) General manager and assistant general managers of the company,

Also, the total of money and capital market instruments issued directly by the company or the fund manager or indirectly through their affiliates, cannot exceed 30 percent of the fund portfolio.

g) Investments in money or capital market instruments of a group cannot exceed 30 percent of the fund portfolio. A group refers to a parent company and its subsidiaries, which are legally independent from each other but related in terms of capital, management and supervision, and where the organization and financing are coordinated from a single center by the parent company, whether or not they operate in the same sector in terms of their field of activities.

h) Investments in Istanbul Settlement and Custody Bank Inc. Money Market and domestic organized money markets cannot exceed 10 percent of the fund portfolio.

i) Investments in mutual fund and foreign mutual fund participation shares, the prospectuses of which are approved by the Board, cannot exceed 20 percent of the fund portfolio, and investments in exchange traded fund participation shares that are publicly-traded in foreign markets cannot exceed 10 percent. These limitations are not applicable to investments in participation shares of the exchange



traded funds established in Turkey. However, investments in a single mutual fund, an exchange traded fund that is traded in foreign markets or a foreign mutual fund, cannot exceed 4 percent of the fund portfolio, and the investments in the participation shares of a single exchange traded fund that is established in Turkey cannot exceed 20 percent of the fund portfolio. Prospectus approval by the Board is not required for participation shares of exchange mutual funds traded in foreign markets. Entry, withdrawal or early withdrawal commissions cannot be paid for mutual funds whose participation shares are included in the fund portfolio. The participation shares of the mutual funds/exchange mutual funds in fund portfolios will not be taken into account in terms of the issuer limitation provided in subparagraph (a) of this paragraph.

j) Investments in deposit/participation accounts at banks cannot exceed 25 percent of the fund portfolio. However the amount to be invested in a single bank cannot exceed 6 percent of the fund portfolio. The provision in paragraph three of Article 6 is reserved.

k) Funds cannot be represented in the management of the partnerships they hold shares of.

l) However the total investments in the warrants of intermediary institutions and partnerships cannot exceed 15 percent of the fund portfolio. Additionally, the total of intermediary institution and partnership warrants issued based on the same asset cannot exceed 10 percent of the fund portfolio, and the total of intermediary institution warrants/partnership warrants issued by a single issuer cannot exceed 5 percent of the fund portfolio. In the calculation of the open position of the fund, reverse positions taken in contracts based on the same assets are netted in warrants and derivative instrument transactions carried out in the stock exchange.

m) Among foreign money and capital market instruments that create debt for the fund portfolio, only the ones subject to rating will be included. When including foreign debt instruments or money and capital market instruments based on these in the portfolio, the debt instrument must have an investment grade and a rating showing that it provides sufficient protection, in terms of the nature of the debt structure, the sensitivity to changes in the market and the risk of nonpayment, in accordance with the rating criteria of the rating agency. The documents indicating the grading of the related instruments are maintained by the fund.

n) The limitations in Subparagraphs (a) and (f) shall not apply to the asset-backed securities issued by asset finance funds against the receivables arising from the consumer loans in their portfolios, and mortgage-backed securities issued by mortgage finance funds established by mortgage financing institutions and capital market instruments issued by the mortgage financing institutions. However, the investment for each asset within the scope of this subparagraph may not exceed 35 percent of the fund portfolio value.

o) At the stage of inclusion of the asset or mortgage-backed securities to be included in the fund portfolio, it is obligatory to have a rating at the first three levels of the rating rating, which corresponds to the investment grade, by the rating agencies authorized to make ratings within the framework of the relevant Board regulations. In the process after the investment is made, it is essential that the relevant rating does not fall below the investment grade level. If the rating of these instruments falls below investment grade, the company and/or the portfolio manager shall remove such instruments from the fund portfolio taking into account the interests of the participants.

(2) If the value of the assets in the portfolio drop below the minimum limits or exceed the maximum limits set out in fund bylaws, prospectuses and this Regulation, due to price fluctuations and exercise of pre-emptive rights, then the ratio must be reestablished in accordance with the limitations set out in this Regulation, bylaw and prospectus within thirty business days at the latest. If it is not possible to dispose of the assets within the specified time period or if a loss will be incurred, then the Board can extend the period.

(3) If the value of the assets in the portfolio drop below the minimum limits or exceed the maximum limits set out in fund bylaws, prospectuses and this Regulation, due to settlement receivables or settlement debts of the funds, then the ratio must be reestablished in accordance with the limitations set out in the bylaw, prospectus and this Regulation until the end of the settlement period.

(4) The limitations provided in subparagraphs (a), (c), (e), (f) and (g) of the first paragraph will not apply to index funds if the securities are included in the index on which they are based. However, the amount invested in the money and capital market instruments of the issuer, except domestic and foreign government debt instruments, cannot exceed 20 percent of the fund portfolio.

(5) The Board may determine the minimum and/or maximum rates outside of the rates stipulated in this Regulation in regard to the assets and transactions to be included in the fund portfolio based on the fund type after receiving the approval of the Insurance and Private Pension Regulation and Supervision Agency.

### **Other transactions related to funds**

**ARTICLE 23 -** (1) The amount of cash held by the fund cannot exceed the amount required for daily operations. In order to meet the need for cash generated by returns of fund shares, stock exchange or over-the-counter repo transactions can be made up to 10 percent of the fair value of the money and capital market instruments in the fund portfolio which may be subject to repo transactions, and loans can be taken for the fund account which do not exceed 10 percent of the fund assets. In this case, a declaration needs to be made on PDP about the amount of the loan received, interest, date of receipt and date of establishment and repayment. The loan cannot have an interest rate higher than the market rate.

(2) It is possible to include reverse repo agreements in the fund portfolio, either from the stock exchange or over-the-counter. Excluding money market funds, fund investments in reverse repo transactions cannot exceed 10 percent of the fund portfolio. The counterparty of the over-the-counter reverse repo agreements must carry the qualifications determined by the Board. The assets received from the counterparty that are subject to the over-the-counter reverse repo agreements must be kept at an account opened on behalf of the fund at Istanbul Settlement and Custody Bank Inc.

(3) If the fund becomes party to an over-the-counter reverse repo agreement, a statement is required to be made on PDP on the assets and the maturity, interest rate and the counterparty of the contract, on the business day following the date of the contract at the latest. The fund board is responsible for determining the interest rates on these transactions, in accordance with the interest rates of contracts with similar maturity structure that are traded on the stock market. Information and documents regarding such transactions will also be kept at the company headquarters for a period of five years following the date of the contract.

(4) Foreign debt instruments that are traded on the stock exchange can be included in the fund portfolio, or removed from it, through over-the-counter transactions.

(5) The Fund may at any time, under a contract to be made in accordance with the Board's regulations, lend money and capital market instruments not exceeding 50 percent of the fund portfolio or borrow money and capital market instruments not exceeding 10 percent of the fund portfolio, and may sell short, limited by the borrowing rate. Borrowing transactions cannot exceed a period of ninety business days. Lending from the fund portfolio is possible provided that a collateral formed from cash or government domestic debt securities amounting to at least 100 percent of the money and capital market instruments being lent is blocked at the Istanbul Settlement and Custody Bank Inc. on behalf of the fund. If the collateral amount falls below 80 percent of the market value of the money and capital market instruments lent, then the portfolio manager will request the collateral to be completed. In borrowing and purchasing agreements that the fund is a party to, it is mandatory to include a provision in favor of the fund, which states that the agreement can be unilaterally terminated.

(6) Under an agreement conducted in accordance with the Board regulations, the fund can lend precious metals in stock exchanges established in Turkey provided that the amount lent does not exceed 50 percent of the market value of the precious metals included in its portfolio. Additionally, the fund can include certificates issued to represent its receivables in exchange for the borrowing transactions carried out in the market at the same rate and remove certificates from its portfolio by selling them on the market. Trading transactions of loan transactions of precious metals and loan certificates of precious metals are carried out in accordance with the transaction principles and collateral system existing within the relevant market.

(7) Derivative instruments can be included in the fund portfolio for hedging or investment, in accordance with the investment strategy of the fund. The amount of open positions caused by derivative instruments included in the portfolio cannot exceed the net asset value of the fund.

### **Special provisions regarding fund basket pension mutual funds**

**ARTICLE 24 -** (1) Fund basket pension mutual fund refers to the pension mutual fund in which at least 80 percent of the portfolio consists of mutual fund and exchange traded fund participation shares.

(2) For a fund basket pension mutual fund, the following provisions must be followed.

a) Participation shares belonging to a single mutual fund cannot exceed 20 percent of the fund portfolio.

b) Investments in fund basket funds are prohibited.

c) The mutual fund participation shares or exchange traded fund participation shares included in the fund portfolio cannot exceed 20 percent of the total shares of the fund issuing these shares.

d) Participation shares of the funds registered at the Board are included in the fund portfolio. Participation shares of exchange traded funds that are traded in foreign markets can be included in the fund portfolio even if they are not registered by the Board.

(3) In fund basket pension mutual funds, the sum of the ratio of the management fees paid for mutual funds to be included in the portfolio and the total annual costs of the fund basket pension mutual fund, cannot exceed the maximum annual fund cost ratio determined under Annex 2 of the System Regulation + 1%.

(4) Articles 22 and 23 apply to other matters regarding portfolio limitations and transactions.

**Special provisions regarding the funds in which participation shares of individual pension participants who are included in the system by their employers pursuant to Additional Article 2 and Provisional Article 2 of the Law will be invested:**

**ARTICLE 24/A-** (1) If participants who are involved in the individual pension system through their employers decide on interest-free investment instruments, or if this choice is made on behalf of the participants, the portfolio of the fund to which participation shares will be directed during the period determined pursuant to the Undersecretariat regulations, including the two-month withdrawal period, can consist entirely of participation accounts. However, the amount to be invested in a single bank cannot exceed 35 percent of the fund portfolio for the fund in question.

(2) The fund portfolio to which participation shares will be directed during the period determined by the participants that are outside the scope of paragraph one, or on behalf of the participants pursuant to the Undersecretariat regulations, including the two-month withdrawal period, can consist entirely of time deposits/participation accounts. However, the amount to be invested in a single bank cannot exceed 10 percent of the fund portfolio for the fund in question.

(3) Investments in participation accounts by the participants who demand their participation shares to be used in interest-free investment instruments, or investments made on behalf of participants, cannot exceed 40 percent of the fund portfolio of the pension mutual fund to which their participation shares will be directed. However, the amount to be invested in a single bank cannot exceed 15 percent of the fund portfolio.

(4) Investments in time deposits/participation accounts by participants that are outside the scope of paragraph three, or investments made on behalf of participants, cannot exceed 40 percent of the fund portfolio of the pension mutual fund to which their participation shares will be directed. However, the amount to be invested in a single bank cannot exceed 6 percent of the fund portfolio.

(5) Articles 22 and 23 apply to other matters regarding portfolio limitations and transactions, without prejudice to the special provisions concerning these funds.

#### **Valuation principles**

**ARTICLE 25 –** (1) The value of the assets in the fund portfolio must be determined in accordance with the following principles:

a) Assets purchased into the portfolio will be recorded at their purchase prices.

b) Starting from the date of purchase:

1) Publicly-traded assets in the portfolio will be valued at the weighted average price or rate taking place on the stock exchange during the last session of the day of valuation. The closing price is used in the valuation of assets traded in markets which have closing sessions.

2) Shares which are publicly-traded but not subject to any purchase or sale during the valuation day will be valued at their rate of exchange on the last transaction date; debt instruments, reverse repo and repo agreements will be valued at the internal rate of return (the discount rate which equalizes daily cash input with cash output) on the last transaction date.

c) Mutual fund participation shares will be valued based on their last announced prices as of the valuation day.

d) The time deposits in the portfolio are valued by adding the interest accrued using the compound interest rate to the principal.

e) Foreign currency denominated assets will be valued by multiplying by the buying rate set by the CBRT for the relevant currency, obligations will be valued by multiplying by the selling rate set by the CBRT for the relevant foreign currency.

(2) For assets in index fund portfolios, assets that are within the scope of the base index will be valued pursuant to the principles used in index calculation, other assets will be valued pursuant to the principles provided in paragraph one.

(3) Principles concerning the valuation of money and capital market instruments, transactions and debt instruments that are not included in this article will be determined in writing by the decision of the fund board pursuant to Article 12 to accurately reflect their market price.

#### **Determining the value of the fund shares and transaction principles**

**ARTICLE 26 –** (1) Fund shares will be transferred to the participant's individual pension account provided that their value is completely paid in cash. The unit fund value is calculated by dividing the net asset value by the number of shares in circulation.

(2) If there are fractional transactions in the calculation of the number of shares, three digits of the fraction will be taken into account in the calculation.

(3) Principles concerning share purchases and returning the shares to the fund will be set in the prospectus and the share value determined in accordance with the set principles will be announced to the participants on the following business day.

(4) The share price to be used in fund share purchases and returns is the share price to be used in the first calculation following the transfer of the contribution amount to the participant's account in share purchases, and in share returns it is the first share price calculated following the order. The Board may provide exceptions to this principle based on fund types.

(5) The company is responsible for taking the measures to carry out the transaction in the shortest time possible without allowing the savings of the participant to remain idle and taking into consideration the time it takes to transfer the fund shares to cash.

(6) Different share groups may be created within the same fund by differentiating between the fund management fees. If share groups are created, the difference in fund management fees must be returned to the participants owning shares which have fund management fees with low rates. The valuation procedures and principles concerning the difference in the fund management fees returned to participant accounts must be included in the fund prospectus.

(7) The Board is authorized to determine public disclosure principles and standards concerning funds who create share groups.

(8) After receiving the opinion of the Undersecretariat and the CBRT, the Board may allow fund trading based on foreign currencies for which the CBRT announces the daily rate of exchange for trading.

#### **Emergency situations**

**ARTICLE 27 –** (1) If emergencies such as war, natural disasters, economic crisis, collapse of communication systems, closure of the market, stock exchange and platform including the assets in the portfolio, failures in computer systems, the emergence of important information that may affect the financial situation of the company arise, then valuation principles may be determined with the decision of the fund board. In this case, the valuation principles must be recorded in the fund board's book of resolutions along with its reasoning and notified to the Board and the custodian.

(2) In cases of emergency situations provided in paragraph one, it is possible to refrain from calculating unit fund values provided that the fund board decision is notified to the Board and the Undersecretariat via the fastest communication channel possible and announced on PDP, and until the situation is over, share purchases and sales may be suspended or the purchase and sale orders may be partially implemented in accordance with the principles set by the fund board.

#### **Safekeeping of the assets in the fund portfolio and the custodian**

**ARTICLE 28 –** (1) Money and capital market instruments, precious metals and other assets for which Istanbul Settlement and Custody Bank Inc. provides custody services will be kept at Istanbul Settlement and Custody Bank Inc. on behalf of the fund. Regarding the safekeeping of other assets, provided that the necessary information about the assets kept in another place and their values are provided to Istanbul Settlement and Custody Bank Inc. or the Bank is allowed access to the information and the custodian is included in the fund bylaw, custody services may be obtained from another custodian.

#### **Duties of the custodian**

**ARTICLE 29 –** (1) The custodian and the company must make a contract regarding the safekeeping of the fund assets and keeping of records related to the participants. Within the scope of this contract the custodian is responsible for:

- a) Safekeeping fund assets,
- b) Providing the necessary environment for the settlement of asset purchase and sale transactions made on behalf of the fund and its control,
- c) Keeping the fund shares for each participant and allowing the participants to monitor fund-based contribution amounts in the fund accounts to be invested and the number of corresponding shares.
- d) Monitoring the management of the fund portfolio in accordance with the principles set forth by the Board,



e) Checking that the portfolio value and unit fund value are calculated in accordance with the valuation principles set forth in this Regulation,

f) Checking whether or not the number of shares are calculated correctly for the transfer of participant contribution shares, which will be directed to investment in the fund accounts and reported by the company, to the fund,

g) Checking payment and transfer transactions made from the fund account,

h) Mediating the exercise of the rights on the securities in the fund portfolio pursuant to the order of the portfolio management company,

i) Allowing the company and the portfolio management company to monitor the information related to the fund and providing the necessary reports electronically,

j) Providing the information on fund transactions and assets requested by the Board and the Undersecretariat electronically.

(2) The custodian monitors whether the fund portfolio is in compliance with the principles set forth in subparagraphs (d) and (e) of paragraph one, and informs the company on the necessary measures to be taken if it detects any violation. If the company fails to take the necessary measures then the findings will be notified to the Board using the fastest communication channel possible.

(3) The Board is authorized to determine the codes of practice regarding the duties of the custodian.

#### **Valuation of the fund assets, compliance with portfolio limitations and the company's responsibility in calculating the unit fund value**

**ARTICLE 30 –** (1) The company must notify the information constituting the basis of the fund's portfolio value and net asset value calculations, and the payments made from accounts kept outside the custodian to the custodian.

(2) If the unit fund value is miscalculated, the company will be responsible for compensating the losses arising therefrom.

#### **Operation of the custody accounts**

**ARTICLE 31 –** (1) During the opening of the fund accounts, the participant's identity information, date of entry into the individual pension system, the number of shares corresponding to the contribution amount to be invested in the fund account, the type or types of funds chosen by the participant, and the information and documents requested by the relevant custodian will be notified to the custodian by the company.

(2) Expenditures outside the situations set forth in Article 19 cannot be made from the fund accounts by the company or the portfolio management company.

(3) The transfer, change and withdrawal orders of the participants will be implemented in accordance with the notification principles determined by the custodian, upon the order of the company.

#### **Principles regarding periodic reports**

**ARTICLE 32 –** (1) Funds will prepare daily, six-month and annual reports.

(2) The daily report consists of the fund portfolio and net asset value tables and shows the daily calculation of the unit fund value, and it is sent to the custodian at the end of each day.

(3) The six-month report summarizes the developments in the first six-month period, includes the activity report prepared by the fund board as well as the fund portfolio value and net asset value tables as of the last business day of the relevant period.

(4) The annual report summarizes the developments during the year, includes the activity report prepared by the fund board as well as the comparative annual fund balance sheet and income statement that have been through independent audit, the independent audit report, and the fund portfolio value and net asset value tables as of the date of the balance sheet.

(5) The activity reports prepared by the fund board must include general information on the condition of the market and the economy in the relevant period in which the fund operates, information on the performance of the fund and the investment policies during the period if any, and the changes in public disclosure documents such as the prospectus and the fund bylaw which might affect participant decisions.

(6) The six-month report will be announced on the PDP within the six-week period following the end of the relevant period, and within three months following the end of the annual report period. The aforementioned reports will also be kept at the company headquarters in order for the participants to view. Additionally, these reports must include information on securities lending and derivative instrument transactions.

(7) The daily, six-month and annual reports will be prepared in accordance with the principles set forth by the Board and maintained at the company for at least ten years.



### **Duty to notify**

**ARTICLE 33 –** (1) The company and the portfolio manager are obligated to notify the names, addresses and participation rates concerning the affiliates of the persons provided in subparagraph (e), paragraph 1 of Article 22 and information regarding their own affiliates in January of each year and the changes to them within the following six business days.

(2) If the members of the fund board and the auditor leave office for any reason, the Capital Market Licensing, Registration and Training Institution must be notified within the following six business days at the latest. The Board of Directors decision appointing the new person to the office and the documents proving the conditions provided in paragraph 3 of Article 12 will be included in the notification. If the Capital Market Licensing, Registration and Training Institution determines that the appointment violates Article 12, it will notify the Board with the fastest communication channel possible.

(3) The Board may ask the notification to be made to another institution deemed appropriate by the Board.

### **Documents related to fund promotion**

**ARTICLE 34 –** (1) An introductory form including the summary of the information in the prospectus which will help the participant to make the decision to invest must be given to the participant before they join the funds within the scope of their pension plan. The prospectus must be kept up to date at the headquarters, regional headquarters, branches, agencies and the website of the company in order for the participants to view.

(2) The prospectus and introductory form must be written in a clear and readable manner in order for the participants to understand.

### **Information and documents to be presented to the participant**

**Article 35 –** (1) The company is responsible for maintaining:

- a) The Board-approved fund bylaw,
- b) The prospectus and introductory form,
- c) Six-month and annual reports,

up to date at the headquarters, regional headquarters, branches, agencies and on its website in order for the participants to view, and if the participant requests these then the company must provide them.

(2) The company is responsible for publishing the necessary information and documents on PDP in full and keeping them up to date.

### **Board supervision**

**ARTICLE 36 –** (1) The Board will supervise the activities of company funds, portfolio managers and the custodian pursuant to the Law and this Regulation in accordance with Article 88 of the Law No. 6362.

### **Accounting, documentation and registration system and independent external audit**

**ARTICLE 37 –** (1) The audit of the accounting, documentation and registration systems of the funds and the independent external audit will be conducted pursuant to the regulations of the Board concerning these matters. The accounting, documentation and registration system of the fund must be established independently from the portfolio manager.

(2) The calculations and transactions of the funds are subject to external audit based on annual periods. During external audit periods, a report including information on the following matters and the opinion of the independent auditor will be prepared and sent to the company and the Board along with the independent audit report.

- a) Whether fund assets are stored in accordance with the legislation,
- b) Internal control system of the fund,
- c) Whether the unit fund value is calculated in accordance with the legislation,
- d) Whether the information disclosed to the public about the fund's investment performance are in accordance with the legislation.

### **Fund mergers and conversions**

**Article 38 –** (1) The funds belonging to the same company may be merged by the Board ex-officio or upon the request of the company. The fund may be merged only with another fund belonging to the same company.

(2) The Board's regulations on investment funds must be followed in fund mergers and conversions.

### **Transfer of the fund**

**ARTICLE 39 –** (1) The Board may transfer the fund assets to another company after receiving the approval of the Undersecretariat provided that the following conditions are met:

- a) The company gives a bankruptcy notice a year in advance,
- b) The company cannot maintain the conditions required to establish a fund,
- c) The company comes under the scope of Article 14 of the Law due to a weakened financial structure.

#### **Registration Fee**

**ARTICLE 40 –** (1) The registration fee to be calculated as three one-hundred-thousandths of the fund's net asset value at the end of each three-month period based on the calendar year will be deposited in the special account of the Board within the following ten business days and one copy of the calculation table will be sent to the Board. For the index funds established to follow the SME Industrial Index calculated by Borsa İstanbul A.Ş. and the funds that invest in capital market instruments issued by issuers in the same index and have "industrial sector" in their title, the rate specified in the first sentence shall be applied as zero per hundred thousand.

(2) In the event that the fund publicly offers its fund shares during the related calculation period, the registration fee is calculated taking into account the proportion of the number of days the fund shares are offered for sale to the number of days in the relevant quarter.

(3) No additional fee is charged in case of a merger and conversion of the fund.

#### **Documents determined by the Board**

**ARTICLE 41 –** (1) The Board is authorized to determine the procedures and principles concerning the form requirements and contents of the prospectus, application and notification forms, introductory forms of the fund, daily, six-month and annual reports provided in this Regulation, and the notification of these documents to the Board.

#### **Special provisions regarding the investment of state contributions**

**ARTICLE 42 –** (1) The establishment and registration applications of the fund to which the state contribution will be invested will be evaluated and concluded together.

(2) It is not mandatory to allocate advances to the fund to which the state contribution will be invested.

(3) No registration fee will be charged for a fund to which the state contribution is invested in.

(4) The Board will supervise the activities of the fund to which the state contribution will be invested, portfolio managers and the custodian pursuant to the Law and this Regulation in accordance with Article 88 of the Law No. 6362.

#### **Revoked regulation**

**ARTICLE 43 –** (1) The Regulation on the Principles Governing the Establishment and Activities of Pension Mutual Funds, published in the Official Gazette No. 24681 dated February 28, 2002 has been revoked.

#### **Transitional provisions**

**PROVISIONAL ARTICLE 1 –** (1) The practice of sending fund notifications to PDP will start on April 30, 2013 and until then announcements related to the fund will continue to be published in the Turkish prints of at least two daily national newspapers.

(2) The fund expense fee total must be determined pursuant to the fund expense fee total upper limits provided in the table in Appendix-2 of the System Regulation, the fund expense fee total and fund management fee deduction rates must be announced on PDP and the official website of the founder, and the first bylaw/prospectus change application to be made must include these changes as well.

#### **Effective Date**

**ARTICLE 44 –** (1) This regulation will enter into effect on the date of its publication.

#### **Execution**

**ARTICLE 45 –** (1) The provisions of this Regulation will be executed by the Capital Markets Board of Turkey.