

**INTERNAL DIRECTIVE  
ON  
OPERATING PRINCIPLES AND PROCEDURES  
OF  
ISTANBUL SETTLEMENT AND CUSTODY BANK  
INC. GENERAL ASSEMBLY**

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# **INTERNAL DIRECTIVE ON OPERATING PRINCIPLES AND PROCEDURES OF ISTANBUL SETTLEMENT AND CUSTODY BANK INC. GENERAL ASSEMBLY**

## **CHAPTER ONE**

### **Purpose, Scope, Basis, Definitions and Abbreviations**

#### **ARTICLE 1 – Purpose**

- (1) The purpose of this Internal Directive is to stipulate the operating principles and procedures of Istanbul Settlement and Custody Bank Inc. General Assembly in accordance with the provisions of the Law, relevant legislation and the Articles of Association.

#### **ARTICLE 2 – Scope**

- (1) This Internal Directive applies to all ordinary and extraordinary General Assembly meetings of Istanbul Settlement and Custody Bank Inc.

#### **ARTICLE 3 – Basis**

- (1) This Internal Directive has been prepared by the Board of Directors in accordance with the provisions of the Regulation on the Principles and Procedures for General Assembly Meetings of Joint Stock Companies and Ministry of Customs and Trade Representatives who will attend these Meetings.

#### **ARTICLE 4 – Definitions and Abbreviations**

- (1) Terms used in the implementation of this Internal Directive shall bear the following meanings;
- a) **Session:** A daily meeting of the General Assembly.
  - b) **Bank:** Istanbul Settlement and Custody Bank Inc.
  - c) **General Manager:** The General Manager of the Bank.
  - ç) **Law:** The Turkish Commercial Code No. 6102 dated 13/1/2011
  - d) **Sitting:** Each part of the session being intermitted due to rest breaks, meal breaks and similar reasons.
  - e) **Meeting:** The ordinary and extraordinary General Assembly meetings.
  - f) **Meeting Presidency:** Pursuant to the first paragraph of article 419 of the Law, the presidency consisting of a Meeting President elected by the General Assembly to preside over the meeting, a deputy president elected by the General Assembly, whenever needed, ad a secretary to be appointed by the Meeting President and a vote collector if deemed necessary by the Meeting President.
  - g) **Board of Directors:** The Board of Directors of the Bank.

## **CHAPTER TWO**

### **Operating Principles and Procedures of the General Assembly**

#### **ARTICLE 5 – Applicable provisions**

- (1) The meeting shall be held in compliance with the applicable provisions of the Law, relevant legislation and Articles of Association on General Assembly.

#### **ARTICLE 6 – Entry to the meeting place and the preparations**

- (1) The meeting place is only accessible by the shareholders or their representatives recorded to the list of attendants issued by the Board of Directors, the Members of the Board of Directors, the auditor, the Ministry representative and those to be selected or appointed to the Meeting Presidency. The list of attendants from the Bank personnel who may participate in the General Assembly and the list of participants who are able to attend outside the Bank for various reasons shall be determined by the General Manager.
- (2) At the entry to the meeting place, their representatives of the shareholders are obliged to present their authorization certificates and sign the spaces designated for them in the list of attendants accordingly. Such control procedures shall be carried out by the Board of Directors or by one or more than one member of the Board of Directors appointed by the Board of Directors or a person or people appointed by the Board of Directors.
- (3) The responsibility for preparing the meeting place in a manner to accommodate all shareholders and keeping the stationary, documents, tools and materials to be required during the meeting available in the meeting place shall belong to the Board of Directors, and this responsibility shall be fulfilled by the relevant departments of the Bank under the supervision of the Board of Directors.
- (4) Meetings can be recorded in an audible and visual manner.

#### **ARTICLE 7 – Opening the meeting**

- (1) The Meeting shall convene at the Bank Head Office or at any convenient place of the city where the Bank Head Office is located.
- (2) The Meeting shall be opened by either of the President or the Vice President or one of the Members of the Board of Directors at the pre-announced time upon determination by a minute of the fulfilment of the quorum stipulated in articles 418 and 421 of the Law.

#### **ARTICLE 8 – Establishing the Meeting Presidency**

- (1) Under the management of the person opening the meeting as per article 7 of this Internal Directive, a president and, if necessary, a vice president who may not necessarily be a shareholder shall be elected at first from among the proposed candidates as to be in charge of presiding over the General Assembly.
- (2) The President shall appoint at least one secretary and a sufficient number of vote collectors, if necessary. Should the Electronic General Assembly system be used, the Meeting President shall also appoint a sufficient number of specialists to carry out the technical operations thereof during the meeting.

- (3) The Meeting Presidency shall be authorized to sign the meeting minutes and other documents constituting the basis for these minutes.
- (4) While managing the General Assembly meeting, the Meeting President shall act in accordance with the provisions of the Law, the Articles of Association and this Internal Directive.

#### **ARTICLE 9 – Duties and powers of the Meeting Presidency**

- (1) The Meeting Presidency shall fulfill the following duties under the supervision of the president:
  - a) Check whether the meeting is held at the address mentioned in the announcement, and if this issue has been specified in the Articles of Association, whether the meeting place is compatible with this or not.
  - b) Check whether the General Assembly was called to the meeting in a manner stipulated in the Articles of Association and through an announcement published on the web site and the Turkish Trade Registry Gazette, whether such call was made at least two weeks prior to the meeting date excluding the announcement and meeting days and whether the shareholders registered in the share ledger and shareholders notifying their address beforehand by submitting a share or shareholding evidencing document to the Bank have been informed via registered letter with return receipt of the meeting date, its agenda and the name of newspapers in which the announcement was or will be published, and record this state of affair to the meeting minutes.
  - c) Control whether those who do not have an entry authorization to the meeting place have entered to the meeting and whether the duties stipulated in the second paragraph of article 5 of this Internal Directive regarding entry to the meeting place have been fulfilled by the Board of Directors.
  - ç) Check whether all shareholders or their representatives are present in case the General Assembly convenes without a call as per article 416 of the Law, whether there are any objections for holding the meeting as such and whether the meeting quorum is maintained until the end of the meeting.
  - d) Determine whether the Articles of Association incorporating also the amendments if done any, the share ledger, the annual report of the Board of Directors, the auditor reports, the financial statements, the agenda, the draft amendment to the Articles of Association prepared by the Board of Directors if the agenda includes any amendment to the Articles of Association, the letter of approval from the Ministry of Customs and Trade and the attached draft amendment, the list of attendants prepared by the Board of Directors, and if the General Assembly is called upon a postponement, the postponement minutes and other necessary documents relating to the previous meeting are available in a complete manner in the meeting place, and indicate this state of affair in the meeting minutes.
  - e) Perform, either upon objection or necessity, the identity check of the persons participating in person or by proxy in the General Assembly by signing the list of attendants, and control the accuracy of the representation documents.
  - f) Determine whether at least one member of the Board of Directors and the auditor are present at the meeting, and to indicate this state of affair in the meeting minutes.

- g) Govern the General Assembly activities in accordance with the agenda, prevent any divergence from the agenda except for the exceptions stipulated in the Law, ensure the order of the meeting and take the necessary measures accordingly.
- ğ) Open and close the sessions and the sittings, and close the meeting.
- h) Read the decisions, drafts, minutes, proposals and similar documents relating to the negotiated issues or cause them to be read to the General Assembly and give the floor to those who would like to speak about such issues.
- ı) Have a voting to be conducted about the decisions to be made by the General Assembly and inform its results.
- ı) Oversee whether the quorum for the meeting is maintained at the beginning, during and end of the meeting and whether the decisions are taken in a compatible manner with the quorum stipulated in the Law and the Articles of Association.
- j) Disclose the notifications made by the representatives specified in article of the Law to the General Assembly.
- k) Ensure compliance with all type of restrictions imposed pursuant to the Law and the Articles of Association on the voting rights and privileged voting.
- l) Upon request of the shareholders holding one tenth of the capital, postpone discussion of the financial statements and the issues related thereto as to be discussed in the meeting to be held one month later without the need to make any decision by the General Assembly on this matter.
- m) Ensure issuance of the minutes of the General Assembly activities, record the objections to the minutes, sign the decisions and the minutes and indicate the affirmative and negative votes for the decisions made in the meeting in a manner that would prevent any doubt thereof.
- n) Deliver the meeting minutes, the annual report of the Board of Directors, the auditor's reports, the financial statements, the list of attendants, the agenda, the motions, the voting papers and minutes of the elections, if any, and all documents related to the meeting to one of the Members of the Board of Directors present at the end of the meeting through a record.

**ARTICLE 10 – Procedures to do before moving onto discussion of the agenda**

- (1) The Meeting President reads or caused to be read the meeting agenda to the General Assembly. The president asks whether there is any proposal for change regarding the discussion order of the agenda items, and if there is any proposal, this state of affair shall be submitted to the approval of the General Assembly. The discussion order of the agenda items can be changed by the decision of the majority votes of the attendants.

**ARTICLE 11 – Agenda and discussing the agenda items**

- (1) Inclusion of the following issues in the agenda of the ordinary General Assembly is a must:
  - a) Opening and establishment of the Meeting Presidency.
  - b) Discussing the annual report of the Board of Directors, the financial statements and the auditor's reports for the companies subject to audit.
  - c) Acquitting the members of the Board of Directors and the auditors.

- c) Electing the members of the Board of Directors and the auditor whose terms of duty have expired.
  - d) Determining the salaries of the members of the Board of Directors and their rights such as honorarium, bonus and premiums etc.
  - e) Determining the manner of using profit, its distribution and the rates of dividend shares.
  - f) Discussing the amendments to the articles of association, if any.
  - g) Other issues deemed necessary.
- (2) The agenda of an Extraordinary General Assembly is comprised of the reasons that necessitate holding a meeting.
- (3) Except for the exceptions listed below, issues not included in the meeting agenda cannot be discussed and resolved;
- a) Provided that all shareholders are present at the meeting, items can be added to the agenda by unanimous vote.
  - b) Pursuant to article 438 of the Law, the special audit request of any shareholder shall be resolved by the General Assembly regardless of whether such request is included in the agenda or not.
  - c) Issues about the discharge of the members of the Board of Directors and election of the new ones shall be deemed associated with the item regarding the discussion of the year-end financial statements and shall be directly discussed and resolved upon request regardless of whether there is any item thereof in the agenda or not.
  - ç) Even if it is not an agenda item, in case of presence of just causes such as corruption, inadequacy, violation of loyalty obligation, difficulty in fulfillment of the duty due to membership to many companies, incompatibility, abuse of power, etc., the issues relating to the removal of the members of the Board of Directors and election of new ones in place of them shall be taken into the agenda through the majority votes of the attendants.
- (4) An agenda item that has been discussed and resolved in the General Assembly cannot be re-discussed and resolved unless it is decided by the unanimous votes of the attendants.
- (5) Items requested to be discussed by the Ministry in the Bank General Assembly as a result of the conducted audit or for any reason shall be included in the agenda.
- (6) The agenda shall be determined by the person calling for the General Assembly to convene.

**ARTICLE 12 – Taking the floor at the meeting**

- (1) Shareholders and those concerned wishing to take the floor about the agenda items under discussion shall inform the Meeting Presidency of their request. The Presidency shall announce such persons who will take the floor to the General Assembly and give the floor to them by the order of application. If the person whose turn comes fails to be present in the meeting place, he/she shall lose his/her right to speak. Speeches shall be made from the designated area by addressing to the General Assembly. Persons may change their order of speech among themselves. If the speech time is restricted, the person whose turn came and made his/her speech may only continue his/her speech when his/her speech time is over to the extent the first person who will take the floor right after

him/her lends his/herright to speak to such person provided that he/she completes his/her speech within the speech time of that person. Otherwise, the speech time cannot be extended in any manner.

- (2) The floor may be given by the Meeting President regardless of the order to the Members of the Board of Directors and the auditor wishing to make a statement on issues under discussion.
- (3) The length of speeches shall be determined by the General Assembly upon proposal of the President or the shareholders, depending on the intensity of agenda, the amount and importance of the issues need to be discussed and the number of people wishing to take the floor. In such circumstances, the General Assembly shall decide by separate voting on issues regarding whether the speech time would need to be restricted at first and then about how long the time should be.
- (4) Should an electronic General Assembly be conducted, the principles and procedures stipulated in the said article and sub-regulations shall apply for submission of the opinions and suggestions of the shareholders or their representatives attending the General Assembly electronically.

### **ARTICLE 13 – Voting and the voting procedure**

- (1) Before voting takes place, the Meeting President shall announce the issue to be voted to the General Assembly. The draft resolutions must be voted after being read to the General Assembly. After it is announced that the voting will begin, the floor can be asked only about the procedure. The shareholders who have not been given the floor despite his/her request shall remind of it and use his/her rights to talk to the extent it is confirmed by the President. The floor cannot be taken after voting starts.
- (2) Votes on issues discussed in the meeting are taken as a rule by a show of hands. However, a different voting procedure can be determined by the General Assembly upon request of one of the shareholders. Votes are counted by the Meeting Presidency. When required, the Presidency may appoint a sufficient number of people to help counting of the votes. Those who do not raise their hands or make any declaration in any manner shall be deemed given a “reject” vote and such votes shall be accepted as given against the relevant decision in the counting.
- (3) Should an electronic General Assembly be conducted, the principles and procedures stipulated in the said article and sub-regulations shall apply for voting of the shareholders or their representatives attending the General Assembly electronically.

### **ARTICLE 14 – Issuing the meeting minutes**

- (1) The Meeting President shall sign the list of attendants indicating the shareholders or their representatives, the shares they hold, their groups and numbers and nominal values. It is ensured that the questions asked and the answers given are briefly, and the decisions made and the number of affirmative and negative votes used for each decision in the General Assembly are clearly documented in the minutes, and the meeting minutes are issued in compliance with the principles stipulated in the Law and the relevant legislation.
- (2) The General Assembly minutes can be issued in the meeting place and during the course of the meeting by a computer or in handwriting in a legible manner by using a pen. A printer which would allow taking the printout shall be kept available in the meeting place to enable the minutes to be printed from the computer.
- (3) The meeting minutes shall be issued at least in two copies and each page of the meeting minutes shall be signed by the Meeting Presidency and the Ministry representative.



- (4) The commercial title of the Bank, the meeting date and place, total nominal value and number of shares of the Bank, total number of shares represented in the meeting in person or by proxy, the name and surname of the Ministry representative and the date and number of his/her assignment letter, how the invitation was made if the meeting is made through an announcement, and if it is made without an announcement, this state of affair must be indicated in the meeting minutes.
- (5) The number of votes for the decisions made in the meeting shall be indicated in words and numbers in such a manner as to leave no room for doubt.
- (6) The names and surname of those voting against the decisions and wishing their opposition to be recorded to the minutes shall be written to the minutes together with the reasons for their opposition.
- (7) If the reasons for objection are given in writing, this letter shall be attached to the meeting minutes. The name and surname of the shareholder or his/her representative stating his/her opposing shall be recorded to the meeting minutes and it is indicated that the objection letter is given as an attachment. The letter of objection attached to the meeting minutes shall be signed by the Meeting Presidency and the Ministry representative.

#### **ARTICLE 15 – Procedures to do at the end of the meeting**

- (1) At the end of the meeting, the Meeting President shall hand over a copy of the meeting minutes and all other documents related to the General Assembly to one of the members of the Board of Directors attending to the meeting. This state of affair shall be determined through a separate report to be issued between the parties.
- (2) The Board of Directors is obliged to submit a notarized copy of the meeting minutes to the trade registry within fifteen days from the meeting date at the latest and register and announce the issues indicated in such meeting minutes which are subject to registration and announcement.
- (3) The meeting minutes shall also be published on the Bank website within five days from the date of the General Assembly at the latest.
- (4) The Meeting President shall hand over a copy of the list of attendants, the agenda and the meeting minutes of the General Assembly to the Ministry representative.

#### **ARTICLE 16 – Participating in the meeting electronically**

- (1) In cases where it is permitted to participate in the General Assembly meeting electronically pursuant to article 1527 of the Law, the procedures to be carried out by the Board of Directors and the Meeting Presidency shall be fulfilled by taking account of article 1527 of the Law and the relevant legislation.

### **CHAPTER THREE**

#### **Miscellaneous and Final Provisions**

#### **ARTICLE 17 – Participation of the Ministry representative and the documents related to the General Assembly**

- (1) For requesting attendance of a Ministry representative and his/her duties and powers, the provisions of the Regulation on the Principles and Procedures for General Assembly Meetings of Joint Stock

Companies and Ministry of Customs and Trade Representatives who will attend these Meetings shall be reserved.

- (2) Compliance with the provisions of the Regulation referred to in the first paragraph is a must in preparing the list of attendants and those eligible to participate in the General Assembly and in issuing the representation documents and the meeting minutes.

**ARTICLE 18 – Unforeseen circumstances in the Internal Directive**

- (1) If, in the meetings, it is confronted with a situation not foreseen in this Internal Directive, it shall be acted in accordance with the decision to be made by the General Assembly.

**ARTICLE 19 – Acceptance of the Internal Directive and the amendments**

- (1) This Internal Directive shall be put into force, registered and announced by the Board of Directors upon the approval of Istanbul Settlement and Custody Bank Inc. General Assembly. The amendments to be made in the Internal Directive shall also be subject to the same procedure.

**ARTICLE 20 – Enforcement of the Internal Directive**

- (1) This Internal Directive has been accepted in the Istanbul Settlement and Custody Bank Inc. Ordinary General Assembly meeting made on March 2013 and shall enter into force on the date of its announcement on the Turkish Trade Registry Gazette.