

BORSA İSTANBUL A.Ş.

**Borsa İstanbul
Corporate Governance Compliance
Report 2013**



**BORSA
İSTANBUL**

Corporate Governance Compliance Report

1. Corporate Governance Compliance Statement

In spite of the fact that it is not a publicly traded company, Borsa İstanbul A.Ş. (Borsa İstanbul, the Company), shows due diligence in complying with the Capital Markets Board Corporate Governance Principles (Principles) announced by the Capital Markets Board of Turkey. Within this framework, aiming to go public in the forthcoming period, Borsa İstanbul management has founded its basic management principles -which define its relations with the shareholders, employees, and other related parties- on equity, transparency, accountability and responsibility. Actually, Borsa İstanbul's current Articles of Association envisages that the Corporate Governance Principles issued by the Capital Markets Board of Turkey will be observed.

Aiming to become a global player within the framework of İstanbul Financial Center project, Borsa İstanbul is aware of the role of corporate governance in realizing this target, and therefore closely monitors the new approaches and arrangements while also applying special care to adapt to the legislation revisions. Within this framework, Borsa İstanbul established and defined the principles of operation of the committees for Corporate Governance, Audit, and Early Risk Assessment during 2013. Borsa İstanbul Informing Policy was defined during the year and corporate governance practices were announced on Borsa İstanbul's website. Furthermore, at Borsa İstanbul's Extraordinary Annual Meeting held on December 31, 2013, "Internal Regulation on the Operating Principles and Procedures of Borsa İstanbul A.Ş. General Assembly", prepared as required by article 419 of the Turkish Commercial Code was approved and went into force. Principles that are currently not implemented are planned to be implemented in the forthcoming period.

Part I - Shareholders

2. Investor Relations Unit

As Borsa İstanbul is not a publicly traded company, it does not have an Investor Relations Unit. In order to ensure maximum compliance with Corporate Governance Principles, an Investor Relations is planned for the forthcoming period.

In fulfilling shareholders' requests, maximum care is taken to comply with the relevant legislation and Articles of Association. No written or oral complaints regarding the exercising of stakeholders' rights were filed with the Company during 2013.

Information and announcements which may affect the exercising of stakeholders' rights are available on the company website.

3. Exercising of Right to Information by Shareholders

No discrimination is applied among shareholders on the right to receive and analyze information, and with the exception of information qualified as trade secret; all information regarding the company operations and procedures is shared with the shareholders. Questions sent by the shareholders to Borsa İstanbul through letter, telephone, e-mail and other similar channels are answered by the authorized staff rapidly and efficiently.

The company website offers comprehensive historic and current information and statistics for the shareholders.

Company operations are periodically audited by the independent auditor assigned by the Board as advised to the General Assembly. 2013 operations of Borsa İstanbul will be independently audited by Başaran Nas Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and such information is available on the website.

The Company's Articles of Association does not envisage the right to request a special auditor, and no demand to that effect came from the shareholders during 2013.

4. General Assembly Meetings

General Assembly meetings are realized in consideration of the principles of the Turkish Commercial Code, Capital Markets Legislation and Corporate Governance, in a way to ensure sufficient informing and high participation by the shareholders. According to Borsa İstanbul Articles of Association, the Ordinary General Assembly must convene within a period of three months following the end of each activity period. Extraordinary General Assembly, on the other hand, convenes as required by the Company operations, upon request of the Board, or of minority shareholders in cases envisaged in the Turkish Commercial Code, or the Capital Markets Board.

As Borsa İstanbul A.Ş. was founded according to article 138 of the Capital Markets Law no. 6362 on December 31, 2013, and started its activities on April 3, 2013, no General Assembly meeting was held for the year 2013.

The nominal value of Borsa İstanbul's shares is equal to TL 423,234,000 as of December 31, 2013. According to article 389 of the Turkish Commercial Code, TL 242,301,465 of this amount will be used in calculating the quorum for meetings and resolutions. An Extraordinary General Assembly meeting was held, where TL 237.196.446 (equal to 97.90%) of the total nominal value was represented. The announcement regarding the Extraordinary General Assembly meeting was published in the Turkish Commercial Gazette no. 8459 dated December 6, 2013, two nationally circulated newspapers, on www.kap.gov.tr, and on www.mkk.com.tr, the website of the central registry, to ensure that shareholders that have electronic signature are informed.

The agenda, announcement and related documents for the General Assembly meeting were made available at Borsa İstanbul's headquarters to allow access by a maximum number of shareholders and published on the company website (www.borsaistanbul.com) on December 6, 2013. Extraordinary General Assembly meeting was open to the public, including the media and shareholders.

Electronic voting facility was offered for the shareholders in accordance with the Turkish Commercial Code no. 6102, Capital Markets Law no. 6362, and the relevant legislation. At the General Assembly, votes representing shares of a nominal value of TL 319,421.88 were used electronically.

At the General Assembly meeting, shareholders used their right to ask questions and were answered. Furthermore, the shareholders' suggestions for agenda items were discussed and resolved by the General Assembly.

Items subject to announcement for the Extraordinary General Assembly meeting dated December 31, 2013 were published in the Turkish Commercial Registry Gazette no. 8486, and publicly announced on the Company website.

Arrangements regarding Borsa İstanbul General Assembly meeting are regulated by Borsa İstanbul Articles of Association, which is available on the company website under Corporate Governance. According to article 22 of the Articles of Association and article 414 of the Turkish Commercial Code, General Assembly announcements must be made on the Turkish Commercial Registry Gazette, company website, and a daily newspaper circulated in the place where the company is headquartered, in order to inform the shareholders, at least three weeks prior to the meeting (date of announcement and meeting date are excluded).

The annual report, financial statements and reports, corporate governance compliance report, dividend distribution proposal, independent audit reports, informative document for the General Assembly agenda, other documents related to the agenda, the latest version of the Articles of Association and if any revisions are proposed, revisions text and the grounds for such revisions must be made available at the Company headquarters and the Company website for access by the shareholders, starting from the date on which the invitation to the General Assembly meeting is made.

Following the General Assembly meeting, meeting minutes, attendance list, agenda items and announcements shall be made available for evaluation by all investors.

5. Voting Rights and Minority Rights

At Borsa İstanbul, each share is entitled to one vote. Borsa İstanbul applies no practices that may impede the exercising of the voting rights and allows each shareholder to use their voting rights in the most facile manner. Shareholders that have voting rights may directly use such rights or they may as well have a deputy to use such rights in accordance with the arrangements of the Turkish Commercial Code and the Capital Markets Law. The Company Articles of Association envisages four groups of shareholders, namely, A, B, C, and D and the vote of A Group shareholders is sought for any revisions regarding the Company purposes and fields of activity envisaged in the Articles of Association. A, B, and C group shares are provided the privilege to nominate members for the Board elections. Borsa İstanbul envisages no arrangements that envisage the lapse of a certain period of time following the acquisition of shares for using the voting rights.

As Borsa İstanbul is not a publicly held joint stock company, use of minority rights is subject to the provisions of the Turkish Commercial Code. Article 411 of the Turkish Commercial Code defines the shareholders constituting at least one tenths of the capital as minority shareholders.

6. Rights to Dividends

According to Borsa İstanbul Articles of Association, the net profit for the period is the balance after all costs are subtracted. Each year, 5 percent of the annual profit is kept as legal reserves until such amount reaches 20 percent of the capital, and unless otherwise decided by the General Assembly, 5 percent of the balance is distributed as dividends to the shareholders pro rata their share in the company capital. Furthermore, maximum 5 percent of the balance may be distributed to the Chairman & CEO, Board members and Company staff by a method to be determined by the General Assembly, provided that such payments shall not exceed one sixths of their annual gross income, including all payments. In addition to that, an amount to be decided by the General Assembly may be reserved to be distributed to the shareholders as a second dividend. The Board may, if deems necessary, make proposals to the General Assembly for dividend distribution. In such case, 10 percent of the amount to be distributed will be retained as general legal reserves and the balance of the net profit for the period will be retained as legal reserves.

The Company Articles of Association envisages no privileges for participation in the Company profits, with equal rights of dividends for each share.

The decision regarding the first dividend distribution of the Company will be taken in the Extraordinary General Assembly meeting to be held in 2014, where the financial statements for the year 2013 will be discussed.

7. Transfer of Shares

Borsa İstanbul Articles of Association envisages the following provisions regarding the restriction of share transfer:

a) Sales of public shares through public offering and other similar methods in accordance with the Capital Markets Law will be realized as per the procedures and principles to be determined by the Council of Ministers upon the proposal of the Minister to whom the Treasury Undersecretariat reports.

b) With the exception of those in accordance with sub-paragraphs (a), (b) and (ç), paragraph 6, article 138 of the Capital Markets Law, all transactions that lead to the direct or indirect transfer of control of the Company, even if no share transfer is executed, are subject to the approval of the Capital Markets Board. Share transfers will become valid only after being approved by the Capital Markets Board, decided upon by the Board, and registered in the share register. All transactions that lead to the direct or indirect transfer of shares without the approval of the Capital Markets Board or transfers that lack the relevant Board resolution or that are not registered in the share register are null and void.

c) In order to ensure that the existing shareholding structure is maintained, shares excluding those that belong to A group may be transferred within the same group only. However, these shares may be transferred to the shareholders that belong to the other groups or third parties by the approval of the Capital Markets Board. A group shares that exclusively belong to the Turkish Treasury and provide representation rights in the management may not be transferred in any way whatsoever.

d) With the exception of the Turkish Treasury, the Company itself, and the strategic partner in accordance with sub-paragraph (c), paragraph six, article 138 of the Law, the share of any shareholder shall not exceed 5 percent, directly or indirectly.

e) According to article 138 of the Capital Markets Law, of the shares representing 51 percent of the Company capital registered under the Company, C group of shares will be transferred with those defined in sub-paragraphs (a) and (b), paragraph 6, article 138 of the Law; and D group shares will be transferred to the persons, institutions and companies listed in sub-paragraph (c) of the above mentioned article and paragraph, as envisaged by the Law. Of these shares, those that have not been transferred within three years following the enactment of the said Law shall be converted to B group shares and shall be transferred to the Turkish Treasury pro bono.

f) In the event that the shares transferred in accordance with sub-paragraph (c), article 138 of the Capital Markets Law are acquired by Borsa İstanbul in any way whatsoever following the lapse of the period envisaged in sub-paragraph (ç), Turkish Treasury has usufruct rights on such shares as of the date of acquisition until such shares are sold by Borsa İstanbul. The usufruct rights will be registered in the Company share register within one month following the acquisition. Such usufruct rights will be exercised by the Turkish Treasury. All proceeds and other interests that will be borne by the sales of such shares and/or the shares that Borsa İstanbul acquires in return of its shares in accordance with sub-paragraph (c) belong to the Turkish Treasury.

Section II– Public Disclosure and Transparency

8. Informing Policy

Borsa İstanbul Disclosure Policy has been put in writing in accordance with Corporate Governance Principles and published on the Company website. Borsa İstanbul Executive Vice President & CFO responsible for financial affairs and communication and Corporate Communications Unit manager are assigned for the coordination of the function of informing the investors of the companies traded on Borsa İstanbul. The above mentioned staff execute this job by working in close coordination with the Board. Press announcements to the press, media and data vendors will be made by the Chairman & CEO, or his deputy, or Borsa İstanbul staff deemed appropriate by the Board. The Informing Policy announced in the Company website provides the channels used for informing purposes in detail.

9. Website and Content

Borsa İstanbul has a website at www.borsaistanbul.com, offering access to the information announced by Borsa İstanbul, in Turkish and English. Of the information listed in the Capital Markets Board's Corporate Governance Principles, those that are applicable to Borsa İstanbul have been announced on Borsa İstanbul's website since November 2013, and updated as necessary.

The following information is offered on the website:

- Detailed information on corporate identity,
- Vision and mission,
- Company organization chart and shareholding structure,
- Board members, top executives and committees,
- Articles of Association,
- Trade Registry information,
- Financial statements,
- Annual reports
- Press bulletins,
- General Assembly meeting date, agenda, explanations on the agenda,
- General Assembly meeting minutes and attendance list,
- Sample proxy statement,
- Internal Regulation on the Working Principles and Procedures of the General Assembly,
- Corporate Governance Practices and Compliance Report,
- Corporate Social Responsibility Policy,
- Dividend Distribution Policy,
- Informing Policy,
- Reimbursement Policy,
- Human Resources Policy,
- Presentations by Borsa İstanbul Chairman & CEO,
- Information on the Markets and public offering,
- Statistical information on the Markets,
- Borsa İstanbul Ethical Rules.

10. Annual Report

Borsa İstanbul annual report is prepared in a way to ensure that the public has access to complete and correct information on the Company activities, in accordance with the legislation.

The annual report includes information on the Company's title, curricula vitae of the Board members for the related period, events that influence the Company's performance, Company's financing resources and risk management policies, information on the exchange business activities and operation of the markets, Corporate Governance Compliance Report, research and development activities, revisions made on the Articles of Association within the period, including the reasons thereof, developments regarding the quality and activities of the Company's production and service units, the financial status of the Company and other important items.

Section III – Stakeholders

11. Informing the Stakeholders

Borsa İstanbul is required to inform the stakeholders in accordance with its Informing Policy. Corporate Governance practices and ethical rules guarantee the informing of the stakeholders correctly. Data and information provided by Borsa İstanbul reach the investors through the following method and instruments listed below.

On the other hand, intranet, which is the internal website for Borsa İstanbul staff, was re-arranged in 2013 and is used actively.

Also, two meetings aimed at informing the staff of the investment companies and two meetings for the staff of companies traded on Borsa İstanbul were held during 2013. Borsa İstanbul Ethical Rules preclude Borsa İstanbul officials from applying any priority, partiality, or inequality in treating investors with real or legal personality, and are required to provide correct, reliable and unbiased information to the media and the public.

- Websites

www.borsaistanbul.com
www.bilinciyatirimci.org
www.halkaarzseferberligi.com
www.listingistanbul.com
www.kap.gov.tr

- Investor Relations Service (Serves the investors of the companies traded on Borsa İstanbul)

12. Stakeholders' Participation in the Management

The shareholder structure envisaged for Borsa İstanbul A.Ş. by sub-paragraphs (a), (b), paragraph 6, article 138 of the Capital Markets Law no. 6362 is basically aimed at shareholding by stakeholders, and thereby good governance principles to dominate the Company management. Turkish capital markets stakeholders that have become shareholders of Borsa İstanbul A.Ş. through the shareholding structure established according to these provisions participate in the Company management by using the shareholding rights.

It is worth noting that Borsa İstanbul worked in close communication and interaction with the Capital Markets Board of Turkey during 2013. In its decisions, Borsa İstanbul took into consideration the opinions of Merkezi Kayıt Kuruluşu (central registry agency), Takasbank and the Association of Capital Market Intermediary Institutions of Turkey. The requests and suggestions of the employees and workers' union representatives were also evaluated by the executives.

13. Human Resources Policy

Borsa İstanbul depends on its employees for improvement. Human resources policies and processes are designed in a way to attracting capable staff to the Company and improving their skills. Borsa İstanbul Human Resources Policy was defined and announced in 2013.

The principles of Borsa İstanbul Human Resources Policy are as follows:

- Borsa İstanbul recruitment procedures are regulated by the internal legislation in accordance with the principle of offering equal opportunities to persons of equal qualifications. Recruitment of new graduates is realized through written exams and interviews for ensuring objectivity. In the case of recruitment of experienced staff, on the other hand, independent appraisers evaluate criteria that will contribute to the efficiency such as the candidate's capability of adaptation with the corporate culture and team work inclination in addition to professional skills.
- The most critical factor in planning employee's careers is their success. Nevertheless, the minimum experience requirement for each position is also observed in accordance with the internal regulations.
- All rights awarded to the employees are clearly defined in the internal regulations. The rights envisaged by the legislation are accrued on each employee without any discrimination, and no further payments are made.
- Trainings are organized on a regular basis or on additional basis upon request of the executives. A secure working environment and conditions are provided for the employees, which are constantly improved.
- In order to inform the employees on important revision plans on the personnel policies, at least one meeting is held annually with the participation of managers (minimum Executive Vice President level) and policies are designed in consideration of the employees' opinions.
- In order to ensure that the employees' freedom to establish associations and the efficient use of collective bargaining right, for efficient communication purposes, fields are allocated to both the association of the employees and the workers' union on the intranet.

Part of Borsa İstanbul employees are organized in Tez-Koop İş workers' union. The Fourth Collective Agreement between Borsa İstanbul and Tez-Koop İş workers' union, covering the period between January 1, 2014-December 31, 2016 was signed on December 30, 2013. Within the framework of this Agreement, performance evaluation system was introduced for the first time.

It is worth noting that no complaints on discrimination were reported during 2013.

14. Ethical Rules and Social Responsibility

Efforts to introduce Borsa İstanbul Ethical Rules started in 2013 and were completed and disclosed in 2014.

Borsa İstanbul's Corporate Social Responsibility Policy was prepared and disclosed in 2013. Information on social responsibility efforts is available on our website. During the year, Borsa İstanbul spent TL 1.512.382 on donations and TL 1.301.478 on sponsorship. On the other hand, a total of TL 40.042.928 was paid for the Substantial Support for National Education Project in 2013.

At Borsa İstanbul's initiative, a "Sustainability Platform" was created with the participation of the Association of Capital Market Intermediary Institutions of Turkey (TSPAKB), the Banks Association of Turkey (TBB), Business Council for Sustainable Development Turkey (SKD), Carbon Disclosure Project (CDP) Turkey, Corporate Governance Association of Turkey (TKYD), Sabancı University Corporate Governance Forum of Turkey (CGFT), Turkish Industry and Business Association (TÜSİAD), the Turkish Investor Relations Association (TÜYİD) and UN Global Compact Network Turkey are involved in the Sustainability Platform. The Platform is expected to improve Turkey's position in sustainable growth.



Section IV – Board

15. Structure and Election of the Board

Principles regarding the establishment and election of the Board are regulated by the Articles of Association of Borsa İstanbul. The Company's activities and management are carried out by a board consisting of nine members. Two members of the Board are elected by the General Assembly from among the candidates nominated by A group shares; four members from among B group shares; and three members from among C group shares. Temporary article 1 of Borsa İstanbul's Articles of Association, prepared by the Capital Markets Board in accordance with article 138 of the Capital Markets Law and which became valid upon the approval of the relevant Minister, envisages that İbrahim M. TURHAN will be the first Chairman & CEO of the Company for a term of three years. Currently, the Chairman & CEO of the Company is İbrahim M. TURHAN.

The Company Board consists of the below listed nine members:

Name	Groups
M. İbrahim TURHAN	A
Osman AKYÜZ	A - Independent
Mustafa BÜYÜKABACI	B - Independent
Seyit Ahmet İŞKİN	B (non-executive)
Hüseyin KELEZOĞLU	C (non-executive)
İşinsu KESTELLİ	C (non-executive)
Kamil Attila KÖKSAL	C (non-executive)
Talat ULUSSEVER	B - Independent
Melikşah UTKU	B (non-executive)

Term of office of Board member Kamil Attila KÖKSAL will continue until the establishment of the Board of Capital Markets Association of Turkey, created according to article 75 and temporary article 5 of the Capital Markets Law no. 6362.

All above-cited Board members, with the exception of the Chairman, will remain in office as the first Board members of the Company until new members are elected by the General Assembly.

In line with the provisions of the Articles of Association and Corporate Governance Principles, an Audit Committee, Corporate Governance Committee, and Early Risk Assessment Committee were established, and the chairmen of these committees were elected from among independent members.

Board members Osman AKYÜZ, Mustafa BÜYÜKABACI and Talat ULUSSEVER were appointed as independent members in accordance with the CMB Corporate Governance Principles Independence Criteria at the time the Company was established. These members were appointed by Borsa İstanbul Articles of Association, prepared by the Capital Markets Board of Turkey and which went into force by the approval of the relevant Minister. There is no separate report or statement of independence for these members.

During the incumbency of the independent Board members, there were no events to cancel their independence.

16. Working Principles of the Board

According to Borsa İstanbul Articles of Association, the Board convenes as frequently as necessary, but no less than once a month. The meetings are held at the company headquarters or another venue which the Chairman may deem fit. Those authorized to participate in the Company Board meetings may as well participate in these meetings electronically as envisaged in article 1527 of the Turkish Commercial Code.

The quorum for a Board meeting is five. The Board takes decisions with the affirmative votes of at least four members. This rule holds for electronic voting as well. Chairman, or in his absence, deputy chairman chairs the Board meetings. Abstention is not allowed. Board members may not vote on behalf of each other, or by proxy. In the case of equality of votes, the item will be left for discussion in the following meeting. If the votes are equal in the next meeting, the relevant proposal shall be deemed to be rejected. The rights of the Board members representing A group privileged shares are explained in the Voting Rights and Minority Rights section hereof.

Unless any member requests that a meeting is held physically, Board resolutions may be taken by the written approval of or by secure electronic signature via the Electronic Meeting System of the majority of the members of a proposal of one of the Board members, written in the form of a resolution text. Resolutions are valid only if they are written and signed.

Borsa İstanbul Board made resolutions for 39 times in 2013. 17 of these were made without physical meeting, and 22, in physical meetings.

Board meeting dates are determined and announced monthly and reasonably in advance of the first meeting. Board agenda is determined on the basis of the motions prepared by the units.

The operations and procedures of the Board are carried out by the Chief of Staff. Board resolutions are registered in the Board resolution book, including dissenting opinions, if any. Resolutions regarding the companies traded on Borsa İstanbul are disclosed through the Public Disclosure Platform if required by the capital markets regulations.

According to Borsa İstanbul Articles of Association, approval of the General Assembly is required for the Board members to engage in commercial activities with the Company. Provisions of article 395 of the Turkish Commercial Code are applicable in this regard. However, the transactions that the members may enter into with the Company in their role as manager or staff of the companies whose capital markets instruments, securities and products are traded on the Company or other exchanges that the Company operates, or in their role as manager or staff of investment companies are not subject to such approval until the first General Assembly meeting is held.

17. Number and Structure of the Committees established in the Board and their Independence

Borsa İstanbul established the Audit, Corporate Governance, and Early Risk Assessment Committees during 2013. Directives concerning the principles and procedures of operation of these Committees were prepared and disclosed through the Company website. As a Nominating Committee and Reimbursement Committee have not been established due to the structure of the Board, Corporate Governance Committee carries out the tasks of this Committee. The chairmen of these three committees are elected from among the independent Board members. Currently, no committee member takes part in more than one committee, and Committee members are listed in the below table:

Committee	Members
Audit Committee	Osman AKYÜZ (Chairman) Seyit Ahmet İŞKİN Ali Şir YARDIM
Corporate Governance Committee	Mustafa BÜYÜKABACI (Chairman) Attila KÖKSAL Mustafa K. YILMAZ
Early Risk Assessment Committee	Talat ULUSSEVER (Chairman) Hüseyin KELEZOĞLU Aydın SEYMAN

During 2013, the Audit Committee and Early Risk Assessment Committee convened three times each, and Corporate Governance Committee convened once.

Without prejudice to the provisions of article 138 of the Capital Markets Law, the purpose of the Corporate Governance Committee is to determine whether the corporate governance principles determined by the Capital Markets Board for exchanges according to article 73 of the Capital Markets Law are observed, and in the case of failure to observe such principles, the reasons therefor, the conflicts of interest arising from the failure to fully comply with such principles, and to advise the Board for enhancing corporate governance practices and to accomplish the duties of the Nominating Committee and Reimbursement Committee as envisaged by corporate governance principles.

The Audit Committee is aimed at providing assistance on the Board's auditing of the quality and correctness of Borsa İstanbul's financial statements, monitoring the application and efficiency of the accounting system, pre-approving the appointment of the independent auditor and the services to be provided by the same, preparing and controlling the agreement to be signed between Borsa İstanbul and the independent auditor, and monitoring the Company's independent audit system, control and internal audit mechanisms.

The purpose of the Early Risk Assessment Committee is to work on the early determination of the risks which may jeopardize the existence, development and continuity of the Company, implementing the preventive measures for the risks so determined, and for managing risk.

The Committees convene at the Company headquarters at least bi-monthly, and may convene if deemed necessary, upon the request of the Committee Chairman. Where necessary, Committee members or Chairman may convene the Committee for a meeting. The meeting agenda will be determined by the Committee Chairman. However, items may be added to the agenda by the decision of the majority of the members. The Committee may invite Company managers or experts to hear their opinions, if deems necessary.

18. Risk Management and Internal Control Mechanism

The Board operates in a transparent, accountable, fair and responsible manner, creates the risk management practices that will diminish the effects of the risks that Borsa İstanbul is prone to, and determines the internal control policies for all the critical processes of the institution. Information on the effectiveness of the risk management and internal control systems is provided in the annual report.

In line with Borsa İstanbul A.Ş. Early Risk Assessment Committee Responsibilities and Working Principles Directive, which went into force after being accepted at the Board meeting dated June 19, 2013, an Early Risk Assessment Committee was established. The Committee consists of two members elected from among the Board members and one executive vice president.

Borsa İstanbul also acquired a Bankers Blanket Bond (a comprehensive insurance policy for financial institutions) and an insurance policy against information systems crimes. These insurance policies cover the risks which may arise from fraudulent acts and information systems crimes against Borsa İstanbul.

19. The Company's Strategic Targets

A project study to prepare Borsa İstanbul's strategic plan was initiated in 2013. One of the elements of the project is structuring the organization chart in accordance with the strategic targets, taking the necessary measures, and making the necessary arrangements to manage change. The project is envisaged to be completed in February 2014. After the project is completed, Borsa İstanbul's Strategic Plan for the period 2014-2017 is planned to be announced. Within this scope, all strategic projects with priority were determined, and the elements, time chart, the relevant unit(s) and expected financial results of the projects were determined.

Efforts to design a Corporate Performance System to ensure that the whole organization acts in accordance with the vision and strategic targets envisaged in the Strategic Plan are in progress. Financial and non-financial KPIs will be determined according to the strategic priorities and projects and institutional reports will be prepared for each unit. Institutional reports will be prepared quarterly and thereby, the proximity to the targets and performance improvement compared to the past period will be monitored.

We are also working on adopting performance-based budgeting, which will start to be implemented in February 2014. The purpose of the performance-based budgeting, which has been created in line with the current structure of Borsa İstanbul, is to ensure that all units make realistic projections in the relevant budget items.

20. Financial Rights

As envisaged in Borsa İstanbul reimbursement Policy, financial benefits to be offered to the Chairman and members of the Board in the form of remuneration, fees, premiums, and bonus payments, facilities offered in kind and in cash, dividend payments and other similar rights must be determined by the General Assembly on an annual basis. Furthermore, any travel, accommodation and entertainment expenses and insurance and other similar guarantees are determined by the Board. Board Chairman and members, their spouses, children and persons they are responsible for benefit from health services under the same conditions as the employees. Each Borsa İstanbul Board member was paid a monthly net fee of TL 8,441.92 in 2013.

Borsa İstanbul's reimbursement policy was announced on the Company website.

There were no transactions which may lead to conflicts of interest, such as directly or indirectly extending loans or credits to or offering guarantees for Board members or Company managers.





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