

BORSA İSTANBUL A.Ş.

**Borsa İstanbul
Corporate Governance Compliance
Report 2014**



**BORSA
İSTANBUL**

Corporate Governance Compliance Report

Section I - 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 Market Board of Turkey in accordance with article 73 of the Capital Markets Law no. 6362. Within this framework, aiming to go public by the end of 2016, 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 International 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, the committees for Corporate Governance, Audit, and Early Risk Assessment continued to work in accordance with the relevant Directives during 2014. Furthermore, during the year, the information under Corporate Governance section on Borsa İstanbul website was kept updated, in compliance with Disclosure Policy.

Section II - Shareholders

2.1. Investor Relations Department

In spite of the fact that it is not a publicly traded company, Borsa İstanbul carries out its relations with the shareholders through the Strategic Planning and Investor Relations Department established in June 2014.

The department reports to the Executive Vice President responsible for Financial Affairs and Support Services. You can contact the department from this e-mail address: investorrelations@borsaistanbul.com

The questions addressed to the Strategic Planning and Investor Relations Department are replied in accordance with the Company's Disclosure Policy. Borsa İstanbul carried out the related procedures and correspondence with the Capital Markets Board and the shareholders regarding the mergers of investment institutions that are Borsa İstanbul's shareholders and requests regarding the transfer of Borsa İstanbul A.Ş. shares between the investment institutions.

Information and disclosure which may influence the use of the rights by the shareholders are displayed on the Company's website.

2.2. Exercising of Right to Information by Shareholders

No discrimination is allowed 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 shareholders. Questions sent by 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.

The operations carried out by the company are periodically audited by the independent auditor assigned by the Board as advised to the General Assembly. 2014 operations of Borsa İstanbul are independently audited by Başaran Nas Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., and the information is available on the website.

Articles of Association do not envisage the right to request a special auditor, and no demand to that effect came from the shareholders during 2014.

2.3. General Assembly Meetings

Arrangements regarding Borsa İstanbul General Assembly meetings are envisaged by Borsa İstanbul A.Ş. Articles of Association, which are provided in the Company website. According to the provisions of article 22 of the Company's Articles of Association and article 414 of Turkish Commercial Code, in order to inform the shareholders beforehand, General Assembly meetings are announced in Turkish Trade Registry, on Company's website, and in at least one daily newspaper, published in the city where the company is headquartered at least three weeks before the General Assembly meeting, excluding the date of the announcement and date of the meeting.

General Assembly meetings are realized in line with principles of Turkish Commercial Code, Capital Markets Legislation and Corporate Governance, in a way to ensure sufficient informing and high participation by the shareholders, and making use of the Electronic General Assembly facility offered by Merkezi Kayıt Kuruluşu. 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 Turkish Commercial Code.

Borsa İstanbul A.Ş.'s 2014 Ordinary General Assembly meeting was held in the Company's İstinye campus on March 31, 2014.

The Ordinary General Assembly meeting was announced in Turkish Trade Registry no. 8523 dated March 7, 2014, the newspaper Star on March 7, 2014, on www.kap.gov.tr on the same date, and for shareholders that have electronic signature, on Merkezi Kayıt Kuruluşu's website www.mkk.com.tr.

The agenda and the documents related to the Ordinary General Assembly were made available at Borsa İstanbul's headquarters to ensure access to as many shareholders as possible, and published in the Company's website. The Ordinary General Assembly meeting was open to public, including media companies and beneficiaries.

At the said meeting, shares representing a nominal value of TL 251,305,498.09 (95.39 percent) of the nominal value of TL 263,463,165, which will be considered in the calculation of meeting and decision quorum according to article 389 of Turkish Commercial Code, out of the total nominal value of TL 423,234,000.00.

In accordance with Turkish Commercial Code no. 6102, Capital Market Law no. 6362, and the relevant legislation, the shareholders were allowed to vote electronically, and shares representing

a nominal value of TL 159,710.94 were electronically represented.

At the Ordinary General Assembly meeting, the shareholders used their rights to ask questions, which were answered during the meeting. Furthermore, suggestions regarding the meeting agenda were discussed and determined upon by the General Assembly.

The requirements regarding the announcement of the Ordinary General Assembly meeting dated March 31, 2014 were made public in the Turkish Trade Registry no. 8548 dated April 11, 2014, and on the Company website.

As required by the General Assembly agenda items, financial statements and reports including the annual report, corporate governance compliance report, dividend distribution proposal, independent external audit reports, information document and other documents which form the basis of the agenda items, the latest version of the Articles of Association, if any revisions are envisaged in the Articles of Association, the modification text including the explanations for such modification were available examination by the shareholders at the Company headquarters and on website.

Following the General Assembly meeting, meeting minutes, list of attendants, agenda items, the old and new versions of the Articles of Association and announcements were submitted to the investors.

2.4. 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 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 Turkish Commercial Code and Capital Market Law. The Company Articles of Association envisages three groups of shareholders, namely, A, B, and C, and the vote of A Group shareholders is sought for any revisions regarding the vision and fields of activity of the Company envisaged in the Articles of Association. A and C group shares are provided the privilege to propose members for the Board elections. Borsa İstanbul has no arrangements that require lapse of a certain period of time for using the voting rights after acquisition of its shares.

As Borsa İstanbul is not a publicly held joint stock company, use of minority rights is subject to the provisions of Turkish Commercial Code.

2.5. 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 Articles of Association envisage no privileges for participation in profits, with equal rights of dividends for each share.

The Ordinary General Assembly meeting held on March 31, 2014 decided to retain the dividends to strengthen the Company equity.

2.6. 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 Market 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 Undersecretariat of Treasury reports.

b) With the exception of those in accordance with sub-paragraphs (a), (b) and (ç), paragraph 6, article 138 of the Capital Market 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 Turkish Treasury, 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) In the event that the Company collects a fee in cash in return of the shares transferred subject to sub-paragraph (c), paragraph six, article 138 of the Law, the Company shall monitor such fee in separate accounts; and after deducting the amounts paid for the participation shares in other companies related with the Company's field of activity and/or that are engaged in the exchange business, all and any taxes, fees and duties arising from the initial sales of the shares against cash, or from the acquisition of shares in other companies, the balance shall be paid to the Treasury in cash at the end of the relevant calendar year.

In the event that the shares transferred in accordance with sub-paragraph (c), paragraph six, article 138 of the Capital Market Law are acquired by Borsa İstanbul in any way whatsoever following the lapse of the period envisaged in sub-paragraph (ç), A Group shareholders will have 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 Treasury. All proceeds and other benefits 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) or acquires against cash as envisaged in the first sentence of this sub-paragraph, as well as the dividends of the Company's own shares in accordance with sub-paragraph (c) or those of the shares that the Company acquires against cash as envisaged in the first sentence of this sub-paragraph, will be transferred to the Treasury, until such shares are sold. The Company will monitor such proceeds and benefits in separate accounts, and after deducting all and any taxes, fees and duties, the balance will be paid to the Treasury at the end of the relevant calendar year.

Council of Ministers' decision regarding the public offering of Borsa İstanbul A.Ş.'s (B) group shares owned by the Turkish Treasury was published in the Official Gazette no. 29175, dated November 14, 2014.

Section III – Disclosure and Transparency

3.1. Disclosure Policy

Borsa İstanbul Disclosure Policy is in written form as per Corporate Governance Principles and announced in the Company's website. Executive Vice President responsible for Financial Affairs and Support Services and Strategic Planning and Investor Relations Department Director are appointed for the coordination of the function of informing Borsa İstanbul's shareholders. These officials perform these duties in close coordination with the Board. Press announcements are to be made by Chairman, CEO, his deputy, or other staff designated by the Board. Company's Disclosure Policy offers detailed information on the media used for disclosure.

3.2. Corporate Website and its Content

Borsa İstanbul has a website www.borsaistanbul.com and the information disclosed to the public by Borsa İstanbul is accessible in Turkish and in English. The information referred to on the Capital Markets Board's Corporate Governance Principles, that is applicable to Borsa İstanbul has been published on Borsa İstanbul, website since November 2013, and updated when necessary.

The website covers the following information:

- Detailed information regarding corporate identity,
- Vision and mission
- Company organization and shareholder structure,
- Information on Board members, senior management and committees,
- Articles of Association,
- Trade Registry information,
- Financial statements,
- Annual reports,
- Press announcements,
- Date, agenda, and explanations on the

agenda items for the General Assembly meeting,

- General Assembly meeting minutes and list of attendants,
- A sample proxy letter,
- Internal Directive regulating the procedures and principles regarding the operations of the General Assembly,
- Corporate Governance Practices and Compliance Report,
- Social Responsibility Policy,
- Dividend Distribution Policy,
- Disclosure Policy,
- Reimbursement Policy,
- Human Resources Policy,
- Borsa İstanbul Chairman & CEO's presentations,
- Information on Borsa İstanbul markets and public offering,
- Statistical data on the markets,
- Borsa İstanbul Ethical Rules.

In addition to www.borsaistanbul.com website, work for another website for the Company's investor relations is in progress, and the website is planned to be launched in 2015.

3.3. 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 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 departments the financial tables of the Company and other important items.

Section IV - Stakeholders

4.1. Informing the Stakeholders

Borsa İstanbul is required to inform the stakeholders in accordance with its Disclosure Policy. Corporate Governance practices and ethical rules guarantee the disclosure of the stakeholders correctly.

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.

The data and information offered by Borsa İstanbul are provided to the investors through the following methods and instruments:

- Websites
www.borsaistanbul.com
www.bilincliyatirimci.org
www.listingistanbul.com
www.kap.gov.tr
- Investor Counseling Center (Serves the investors of the companies traded on Borsa İstanbul)
On the other hand, intranet, which is the internal website for Borsa İstanbul staff, is used actively.

Seventeen meetings aimed at informing domestic and foreign potential issuers, eight meetings for investment institutions, two meetings for data vendors, and one meeting for co-location clients were held in 2014.

4.2. 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 Market 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 2014. In its decisions, Borsa İstanbul took into consideration the opinions of Merkezi Kayıt Kuruluşu, Takasbank, and the Turkish Capital Markets Association. The requests and suggestions of the employees and workers' union representatives were also evaluated by the executives.

4.3. Human Resources Policy

Borsa İstanbul depends on its employees for improvement. Human resources policy and processes are designed in a way to attract skilled people to Company and to improve their skills.

The basic features of Borsa İstanbul Human Resources Policy defined and announced in 2013 are as follows:

- Borsa İstanbul recruitment procedures are regulated by 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 employees 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

to for the employees, which are constantly improved.

- Important revision plans on the personnel policies are designed in consideration of the union representatives elected by the employees.
- 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.

A part of Borsa İstanbul employees is 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 2014.

4.4. Ethical Rules and Social Responsibility

Borsa İstanbul Ethical Rules were prepared and disclosed in 2014. In face of the recent developments, it was required to publish a Regulation Regarding the Principles for Borsa İstanbul Exchange Activities, and to update Ethical Rules. It is planned that Borsa İstanbul Board will redefine the Ethical Rules and submit it to the Capital Markets Board for approval in 2015.

Borsa İstanbul's Corporate Social Responsibility Policy and information on such efforts are available on its website. During the year, Borsa İstanbul spent TL 6,456.10 on donations and TL 975,229.26 on sponsorships. On the other hand, a total of TL 35,049,577.47 was paid for the Substantial Support for National Education Project in 2014.

At Borsa İstanbul's initiative, a "Sustainability Platform" was created with the participation of the Association of Capital Market Intermediary Institutions of Turkey (now Turkish Capital Markets Association), the Banks Association of Turkey, Business Council for Sustainable Development Turkey, Carbon Disclosure Project Turkey, Corporate Governance Association of Turkey, Sabancı University Corporate Governance Forum of Turkey Turkish Industry and Business Association, the Turkish Investor Relations Association and UN Global Compact Network Turkey in 2013. The Platform convened twice in 2014. A Sustainability Guide targeting the companies which are companies currently traded or have the potential of being traded on Borsa İstanbul was prepared and published in November 2014.

Section V-Board of Directors

5.1 Structure and Election of the Board

Principles regarding the establishment and election of the Board are regulated by the Articles of Association. According to the Articles of Association approved at the Ordinary General Assembly meeting on March 31, 2014, subject to the provisions of Turkish Commercial Code, the Board will consist of ten members, with two members elected from among the candidates nominated by A group shares and three members from among C group shares. C group shareholders will be elected by the General Assembly from among the nominees by the Union of Chambers and Commodity Exchanges of Turkey, Turkish Capital Markets Association, and investment institutions.

According to the Company's Articles of Association, term of incumbency, appointment procedures, remuneration, and the number of independent Board members are subject to the arrangements of the Capital Markets Board.

Temporary article 1 of Borsa İstanbul's Articles of Association, prepared by the Capital Markets Board in accordance with article 138 of the Capital Market 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. As of end 2014 the Chairman & CEO of the Company is İbrahim M. TURHAN.

The Company Board consists of the below listed nine members, including one female member:

Name	Groups
M. İbrahim TURHAN	A
Osman AKYÜZ	A
Mustafa BÜYÜKABACI	B (Independent)
Seyit Ahmet İŞKIN	B (Independent)
Talat ULUSSEVER	B (Independent)
Melikşah UTKU	B (Independent)
İlhami KOÇ	C
İşinsu KESTELLİ	C
Murat TACİR	C

The curricula vitae and the other positions they assume are given on the website.

Board members Mustafa BÜYÜKABACI, Talat ULUSSEVER, Seyit Ahmet İŞKIN and Melikşah UTKU were appointed as independent members in accordance with the Corporate Governance Principles by the General Assembly.

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

During the incumbency of the independent Board members, there were no events to revoke their independent status.

5.2. 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 Board meetings may as well participate in these meetings electronically as envisaged in article 1527 of Turkish Commercial Code.

The quorum for a Board meeting is the majority of the members and takes decisions with the affirmative votes of the majority of the members present.

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 57 times in 2014. 32 of these were made without physical meeting, and 25, in physical meetings.

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

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 Turkish Commercial Code are applicable in this regard.

5.3. Number and Structure of the Committees established in the Board and their Independent Status

Borsa İstanbul established Audit, Corporate Governance, and Early Risk Assessment Committees. Directives concerning the principles and procedures of operation of these Committees were prepared and disclosed through the Company website. As Nominating Committee and Reimbursement Committee have not been established due to the structure of the Board, Corporate Governance Committee carries out the tasks of these committees. 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	Seyit Ahmet İŞKIN (Chairman) Osman AKYÜZ Ali Şir YARDIM
Corporate Governance Committee	Mustafa BÜYÜKABACI (Chairman) İlhami KOÇ Hüseyin ZAFER
Early Risk Assessment Committee	Talat ULUSSEVER (Chairman) Melikşah UTKU Çetin Ali DÖNMEZ

Without prejudice to the provisions of article 138 of the Capital Market Law, the duty of the Corporate Governance Committee is to determine whether the corporate governance principles for exchanges determined by the Capital Markets Board are observed, in the case of failure to observe such principles to explain the reasons and 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 duty 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 of the Board 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.

5.4. 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, an Early Risk Assessment Committee was established. The Committee consists of two members elected from among the Board members and one executive vice president. During 2014, the Committee convened bi-monthly on a regular basis. Prior to the Committee meetings, meetings with pre-determined Borsa İstanbul departments chaired by the Committee-member Executive Vice President were held. Borsa İstanbul's Units' assessment of the realized or expected risks and measures taken against such risks were discussed at these meetings, and reported to the Committee.

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.

5.5. Company's Strategic Targets

As part of the studies to renew Borsa İstanbul's strategic plan covering five-year periods on an annual basis, Borsa İstanbul completed the analytical studies for the new five-year period covering 2015-2019, defined new projects, and updated the projects in progress. Information on Borsa İstanbul's achievement on strategic targets, activities and past year performance is regularly reported to the Board.

Borsa İstanbul introduced performance based budget in 2014. Thanks to the performance based budget, prepared in line with Borsa İstanbul's current structure, all departments were ensured to actively participate in the budget process and prepare detailed projections regarding the income and expense items directly related with them.

5.6. 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 9,000 in 2014.

Borsa İstanbul's reimbursement policy was made public 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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