


Document	Name	RISK MANAGEMENT POLICY	
	Type	POLICY	
	Code	24.POL.01	
	Date of Approval	12/08/2022	
	Date of Revision	-	
	Revision Number	-	
	Prepared by	RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE DIRECTORATE	
	Approved by	BOARD	



**BORSA İSTANBUL A.Ş.**

# **RISK MANAGEMENT POLICY**

**İSTANBUL – 2022**

This document is owned by Borsa İstanbul A.Ş. Current version of this document is published in corporate website of Borsa İstanbul A.Ş.. Before using, please check whether this file is the correct version or not.

**DISCLAIMER:** This document is a translation from its Turkish original. In case of a discrepancy, the original document in Turkish shall prevail. Borsa İstanbul A.Ş. is not responsible for translation errors.

## LIST OF INDEX

1.	Revision Records .....	3
1.1.	Revision History .....	3
1.2.	Comparison Table.....	3
2.	Purpose, Scope and Grounds .....	3
2.1.	Purpose and Scope.....	3
2.2.	Grounds.....	3
3.	Definitions and Abbreviations .....	3
4.	Responsibility .....	4
5.	Risk Management Policy Principles .....	4
6.	Corporate Risk Governance Structure .....	5
7.	Miscellaneous and Final Provisions.....	6
8.	Effective Date .....	6
9.	Enforcement.....	6

## 1. Revision Records

### 1.1. Revision History

Rev. No.	Date of Revision	Legislation Update Request – W3P MGT No.	Revision Articles	Revision Description
1	12/08/2022	-	First approved version	First approved version

### 1.2. Comparison Table

As it is the first version, it does not have a comparison table.

## 2. Purpose, Scope and Grounds

### 2.1. Purpose and Scope

This Policy aims to set down, define and regulate the principles and policies adopted for the sake of early detection of risks which may endanger the existence, development and continuity of Borsa İstanbul A.Ş., and in order to make sure that all measures required in respect of risks determined as above are duly taken, and the risks are properly managed.

Risk Management Policy covers the principles and policies to be applied by Borsa İstanbul A.Ş. for management of operational (also including legal risks, compliance risks and information technologies risks), financial, reputational and strategic risks to which Borsa İstanbul A.Ş. may be exposed.

### 2.2. Grounds

This Policy is prepared and issued in reliance upon second paragraph of Article 12 of the Articles of Association of Borsa İstanbul A.Ş.

## 3. Definitions and Abbreviations

For the purposes and in the context of this Policy:

“**Exchange**” stands for Borsa İstanbul A.Ş.; and

“**Directorate**” stands for Risk Management, Internal Control and Compliance Directorate; and

“**Financial Risk**” refers to currency, liquidity, interest rate, balance sheet, etc. risks which may preclude the Exchange from establishing an effective financial management and may prejudice to its financial decisions, and to which the Exchange may be exposed due to its financial activities and cash flows; and

“**Reputational Risk**” refers to the probability of loss arising out of tarnishing of reputation of the Exchange or reduction of trust in the Exchange as a result of its failure in compliance with the

applicable laws and regulations or due to negative opinions of such parties as existing or potential customers, partners, competitors and audit authorities about the Exchange; and

“**Operational Risk**” refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes information technologies and legal risks as well; and

“**RESK**” stands for Borsa İstanbul A.Ş. Committee For Early Detection of Risk; and

“**Strategic Risk**” refers to planning, business model, investment, corporate governance, etc. risks that may arise out of the Exchange’s decision-making processes and decisions aiming to achieve its objectives; and

“**Senior Management**” stands for Borsa İstanbul A.Ş. Chief Executive Officer, Executive Vice Presidents and Chief Audit Executive; and

“**Legal Risk**” refers to expense / loss risk arising out of the disputes concluded by a court judgment or amicable agreement (such as arbitration, negotiations on debts, etc.) due to failure in compliance with applicable laws and regulations, or out of the Exchange’s voluntary actions (such as repayments without a complaint, or discounts in services to be offered to customers in the future); and

“**Board**” stands for Borsa İstanbul A.Ş. Board of Directors.

#### **4. Responsibility**

Under this Policy, the related units of the Exchange are responsible for management of risks relating to the activities within their area of responsibility within the frame of corporate risk management built within the Exchange organisation.

#### **5. Risk Management Policy Principles**

The Exchange applies the following policies for the sake of early detection of risks which may endanger the existence, development and continuity of the Exchange, and in order to make sure that all measures required in respect of risks determined as above are duly taken, and the risks are properly managed.

- a. Strategies and policies needed for management of risk exposures of the Exchange are decided, and measures are taken as required for effective and proper management of risks and opportunities.
- b. The Exchange determines its risk management goals in line with its risk appetite, and allocates all of the required resources, especially employee competences and current, reliable and redundant technologic infrastructure, in order to achieve its goals and objectives.

- c. By strategic decisions to be taken, first of all, the Exchange's long-term interests are looked after and safeguarded within the frame of a rationalist and prudent risk management approach by keeping at the most appropriate level of the Exchange's risk, sustainable growth and return balance.
- ç. A risk management system minimizing the effects of risks that may affect the stakeholders and giving priority to increase of values created for the stakeholders is adopted.
- d. Processes for management of risks regarding all activities run within and all services offered by the Exchange are created and built, and metrics categorized as early warning indicators are monitored, and reported to the Senior Management, and controls are established, and the required supervision is carried out.
- e. Risks relating to critical systems and processes acquired by way of outsourcing are assessed.
- f. Legal and regulatory requirements for maintenance of a fair and regular market management goal are met and satisfied.
- g. Measures required for assuring the operational sustainability of the Exchange and for protection of its financial solidity are taken.
- ğ. The Exchange's strong reputation supported by its operational resilience and its continuous provision of its services is protected and maintained.
- h. With a view to ensuring that critical processes and systems are not interrupted, systems for early detection of risks are established, and proactive measures are taken.
- 1. Activities aiming to extend the risk culture within the Exchange organisation and to raise the risk awareness in its employees are carried out.
- i. A dynamic and proactive risk management approach is adopted by taking into consideration the developing and changing factors.

## **6. Corporate Risk Governance Structure**

In the Exchange, as Corporate Risk Governance Structure, a “three lines of defence model” composed of a business line management, and a central risk management, compliance and control function, and an independent review function is applied.

- a) **Business Line Management:** Risks arising out of the products and services offered, and the human resources, processes and systems used, by the Exchange organisation units, which are in the first line of defence, are identified, and process- and subprocess-based risks and controls are defined, and the Senior Management is informed thereabout for appropriate actions to be taken thereagainst.

Organisation units which take part in the business line management and assume and bear responsibilities regarding factors that may be directly and/or indirectly effective on the general risk level of the Exchange manage the risks in their areas of activity, and provide information and support about the level and management of risk exposures of other units.

- b) **Central Risk Management, Compliance and Control Function:** The establishment of risk and control systems within the Exchange is ensured by separating duties and responsibilities, and having the processes and functions reviewed by the Risk Management, Internal Control and Compliance Directorate, apart from the operational units that execute them. The Directorate at least carries out the following activities:
- a. To help Senior Management, RESK and the Board in the establishment of policies and internal regulations regarding risk management; and
  - b. To conduct measurements and assessments relating to risk exposure level of the Exchange and inform Senior Management and RESK thereabout; and
  - c. To design and put into practice the Exchange's risk measurement and assessment tools and risk reporting systems.
- c) **Independent Review Function:** It is composed of assessment of risk management and internal control framework in all aspects of it, and is performed by Audit and Surveillance Board.

## 7. Miscellaneous and Final Provisions

The Board is authorized to take decisions, and to regulate and direct the practice, within the frame of the applicable laws and regulations, on all and any subjects on which this Policy remains silent or is not adequately clear.

## 8. Effective Date

This Policy becomes effective as of the date it is approved by the Board.

## 9. Enforcement

The provisions of this Policy are enforced and executed by the Chief Executive Officer.