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BORSA İSTANBUL A.Ş.

PROCEDURE ON PREVENTION OF CONFLICTS OF INTEREST IN FINANCIAL BENCHMARKS

İSTANBUL – 2022

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LIST OF INDEX

1. Purpose and Scope.....	3
2. Grounds	3
3. Definitions and Abbreviations.....	3
4. Conflict of Interests	4
5. Types of Conflicts of Interests	4
6. Events of Conflicts of Interests in Financial Benchmarks.....	4
7. Prevention of Conflicts of Interests in Financial Benchmarks	4
8. Disclosure of Conflicts of Interests in Financial Benchmarks	4
9. Recording of Conflicts of Interests in Financial Benchmarks.....	5
10. Individual and Corporate Interests in Financial Benchmarks.....	5
11. Separation of Duties in Financial Benchmarks	5
12. Approval Mechanism in Financial Benchmarks	5
13. Confidentiality of Information Required to be Made Public for Financial Benchmarks	6
14. Sharing of Information in Financial Benchmarks	6
15. Remuneration Policy and Transactions of Employees in Financial Benchmarks	6
16. Conflicts of Interests Arising out of Shareholding Structure of Borsa İstanbul in Financial Benchmarks	6
17. Conflicts of Interests Between Index Directorate and Other Units in Financial Benchmarks	6
18. Review.....	7
20. Miscellaneous and Final Provisions	7
21. Effective Date.....	7
22. Enforcement	7

1. Purpose and Scope

(1) This Procedure sets down the principles relating to detection, prevention, reduction, administration and making public of the conflicts of interest within the frame of Borsa İstanbul A.Ş. Directive on Financial Benchmarks Compliant with IOSCO Principles.

2. Grounds

(1) This Procedure is prepared and issued in reliance upon Article 7 titled “Prevention of Conflicts of Interest” of Borsa İstanbul A.Ş. Directive on Financial Benchmarks Compliant with IOSCO Principles.

3. Definitions and Abbreviations

(1) For the purposes and in the context of this Procedure:

“Audit Committee” stands for Borsa İstanbul A.Ş. Audit Committee; and

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

“Borsa İstanbul Group” stands for Borsa İstanbul A.Ş., İstanbul Takas ve Saklama Bankası A.Ş. and Merkezi Kayıt Kuruluşu A.Ş.; and

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

“CEO” stands for the Chief Executive Officer of Borsa İstanbul A.Ş.; and

“Compliance Unit” stands for the organisation unit of Borsa İstanbul in charge for compliance activities; and

“Financial Benchmarks Beneficiary” refers to natural persons or legal entities and Licensed Users being a party to capital market instruments, financial products or contracts based on Financial Benchmarks; and

“Financial Benchmarks Committee” refers to a Committee formed and appointed by Borsa İstanbul for the sake of development of opinions and proposals on all and any issues that may be included in the scope of control and supervision of Financial Benchmarks, in order to perform the control and supervision functions described in Article 8 “Control System” and Article 9 “Supervision Function” of Borsa İstanbul A.Ş. Directive on Financial Benchmarks Compliant with IOSCO Principles; and

“Financial Benchmarks” refers to indices, prices, rates and similar other items which are regularly calculated by using a specific formula or another calculation method, and are presented to users against remuneration or free of charge, and are used in determination of value of a certain capital market instrument, financial contract or product, or in tracking of its rates of return, or in determination of the amount of payment to be made in reliance thereupon, or in determination of asset distribution or portfolio, or in calculation of performance premiums; and

“Four Eyes Principle” refers to the principle of review and approval of any action by two different authorized persons before it is taken; and

“Index Directorate” stands for Borsa İstanbul Index Directorate; and

“Index” refers to indicators which are regularly determined and published or made available by application of a specific formula or another calculation method or by assessment through use of certain assets, prices, returns or rates included therein (also including estimated prices or interest rates, standing orders or other values or observations); and

“IOSCO” stands for the International Organisation of Securities Commissions; and

“Segregation of Duties Principle” refers to the sharing of the duties among employees of approval, implementation, recording and control of financial decisions; aimed at reduction of error, deficiency, mistake, fraud and corruption risks; and

“Unit” refers to deputy directorates general, directorates and services founded by Borsa İstanbul A.Ş. Directive on Organisation.

4. Conflicts of Interest

(1) A conflict of interest is a situation in which interests are incompatible, and refers to all kinds of monetary or non-monetary individual interest relationships which affect or may affect the protection of best interest of Borsa İstanbul by employees thereof and the neutral and fair- performance of their duties.

5. Types of Conflicts of Interest

(1) Real conflicts of interest refer to the existence of conflicting and adverse interests of the related parties.

(2) Perceived conflicts of interest refer to a situation where a conflict of interest does not actually exist, but third parties have a perception that such a conflict of interest exists between the related parties.

(3) Potential conflicts of interest refer to a situation where conflicts of interest do not yet exist in the subject transaction or process, but the existing circumstances have the capacity of paving the way for a conflict of interest in the future.

6. Events of Conflicts of Interest in Financial Benchmarks

(1) All kinds of disputes of interests which may arise between Borsa İstanbul employees involved in the conduct of all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks, and any persons having direct or indirect relations with them, and Stakeholders and third parties and which may prevent the determination of Financial Benchmarks in a healthy manner are considered and treated as “conflicts of interest” for the purposes and in the context of this Procedure.

7. Prevention of Conflicts of Interest in Financial Benchmarks

(1) Borsa İstanbul employees, Stakeholders and third parties, and any persons having direct or indirect relations with them are essentially required to show maximum care and ultimate attention for the sake of avoidance of any probable events which may breach the integrity and independence of all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks.

(2) Borsa İstanbul builds an effective organisation structure and creates business processes recorded and documented in writing with a view to minimising the potential conflicts of interest.

8. Disclosure of Conflicts of Interest in Financial Benchmarks

(1) Borsa İstanbul’s organisation structure and business processes are designed in such manner to prevent potential conflicts of interest. All kinds of conflicts of interest are reported by the employee

being a party to the conflicts of interest to his superiors in writing or in electronic media for transmission to the Financial Benchmarks Committee. Uncontrollable conflicts of interest are reported in writing or in electronic media by the Financial Benchmarks Committee to CMB, relevant stakeholders and related third parties upon approval of the General Manager in due consultation with the Compliance Unit, and are also made public in Borsa İstanbul's corporate internet site.

9. Recording of Conflicts of Interest in Financial Benchmarks

(1) Conflicts of interest which arise during performance of the processes relating to Financial Benchmarks and are reported to the Financial Benchmarks Committee are recorded by the Financial Benchmarks Committee. The Financial Benchmarks Committee determines the measures needed for administration of said conflicts of interest and monitors and tracks the steps taken therein for, together with the related units of Borsa İstanbul.

10. Individual and Corporate Interests in Financial Benchmarks

(1) All employees are personally liable for prevention and avoidance of conflicts of interest as a part of their job duties, and upon occurrence of a conflicts of interest in all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks, employees are under obligation:

- a) To track and detect said conflicts of interest; and
- b) To take the steps required for avoidance of the conflicts of interest; and
- c) To report the event to their superiors; and
- d) To keep away from interests covered by the conflicts of interest.

Audit Committee is informed once a year about the conflicts of interest reported in writing or in electronic media by the Financial Benchmarks Committee to CMB, relevant Stakeholders and related third parties

11. Segregation of Duties in Financial Benchmarks

(1) The Board of Directors applies the Segregation of Duties Principle in determination of organisation structure of Borsa İstanbul with a view to preventing conflicts of interest in all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks, and transparently defines the roles and responsibilities of Borsa İstanbul Units and employees for the sake of maintenance of effective controls compliant with the Segregation of Duties Principle and prevention of conflicts of interest.

(2) With the intention of preventing or diminishing the loss of any assets or information in all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks, Borsa İstanbul issues written rules like directives and procedures, and builds internal control systems, so as to make sure that a person or directorate or Unit does not alone conduct all stages of the process, also including the application of Four Eyes Principle, in accordance with the Segregation of Duties Principle.

12. Approval Mechanism in Financial Benchmarks

(1) Borsa İstanbul ensures that only employees having the required knowledge, experiences and powers are assigned in all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks, and applies

the Segregation of Duties Principle among Borsa İstanbul Units in all activities and transactions, and runs the appropriate approval processes within the organisation of Borsa İstanbul before presentation of Financial Benchmarks.

13. Confidentiality of Information Required to be Made Public for Financial Benchmarks

(1) Borsa İstanbul keeps in strict confidence until duly made public all and any data, information and other inputs received, produced or entered by Borsa İstanbul and covered by the disclosure obligations of Borsa İstanbul in all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks. For the sake of said confidentiality, Borsa İstanbul determines the required authorisation levels and creates the required corporate infrastructure in its own organisation.

14. Sharing of Information in Financial Benchmarks

(1) Borsa İstanbul creates written work streams and determines other required methods in order to assure control efficiency in the process of sharing or communication of all kinds of information, which may affect Financial Benchmarks, among the employees themselves or between employees and third parties in the course of activities believed to pose a risk of conflicts of interest.

15. Remuneration Policy and Transactions of Employees in Financial Benchmarks

(1) All kinds of rights, interests and payments, also including fringe benefits, arising out of employment contract, as well as all and any wages, fees and social rights of employees involved in all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks are determined and regulated by Borsa İstanbul independently from performance of the relevant Financial Benchmarks. Performance of said Financial Benchmarks is in no event and by no means taken into consideration in determination and arrangement of remuneration policy of Borsa İstanbul.

(2) Orders or transactions to which employees are a party are essentially required not to exert any effect in determination of values of Financial Benchmarks, and Borsa İstanbul takes the measures and actions needed therein for.

16. Conflicts of Interest Arising out of Shareholding Structure of Borsa İstanbul in Financial Benchmarks

(1) In creation of its organisation structure and in determination of segregation of duties among its employees, Borsa İstanbul takes care not to pave the way for occurrence of any conflicts of interest that may arise out of its corporate or shareholding structure in Borsa İstanbul itself or within Borsa İstanbul Group with regard to all and any processes, including, but not limited to, the processes of creation, calculation, publishing, operations, audit and administration of Financial Benchmarks, and takes all measures and actions needed for that purpose. If nevertheless any conflicts of interest occur, Borsa İstanbul reports such conflicts of interest to the relevant legal authority.

17. Conflicts of Interest Between Index Directorate and Other Units in Financial Benchmarks

(1) Index Directorate is the Unit which is primarily responsible for the processes of creation, calculation, publishing and operations of Financial Benchmarks, and coordinates the activities pertaining thereto. In performance of their duties relating to Financial Benchmarks, Index Directorate and other Units of Borsa İstanbul comply with the Segregation of Duties Principle.

18. Review

(1) This Procedure is reviewed by the Financial Benchmarks Administration Committee at least once a year.

19. Subjects on Which the Procedure Remains Silent

(1) On subjects on which this Procedure remains silent or is not adequately clear, the CEO is authorized to take the necessary decisions, and to regulate and direct the practices within the frame of the pertinent regulations.

20. Miscellaneous and Final Provisions

(1) This Procedure does not constitute a part of the agreements of Borsa İstanbul with its existing or potential Stakeholders, and cannot be construed so as to grant any contractual rights or to impose any obligations to said stakeholders, and does not create any rights or interests for third parties.

21. Effective Date

(1) This Procedure becomes effective as of the date it is promulgated.

22. Enforcement

(1) The provisions of this Procedure are enforced and executed by the CEO.