



IFIAR 2018 Member Profile – POA/CMB

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| <p><b>1. Jurisdiction</b></p>       | <p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>Turkey</p>   |
| <p><b>2. Member<sup>1</sup></b></p> | <p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p><b>(POA)</b><br/>Kamu Gözetimi, Muhasebe ve Denetim Standartları Kurumu (KGK)<br/><br/>Public Oversight, Accounting and Auditing Standards Board of Turkey (POA)</p> <p><b>(CMB)</b><br/>Sermaye Piyasası Kurulu (SPK)<br/><br/>Capital Markets Board of Turkey (CMB)</p> <p><b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b></p> <p><b>(POA)</b></p> <p><b>Website:</b> <a href="http://www.kgk.gov.tr">www.kgk.gov.tr</a></p> <p><b>Address:</b> Söğütözü Mah. 2177. Sok. No:4 Çankaya 06530 Ankara/TÜRKİYE</p> <p><b>Contacts:</b><br/>Mehmet ŞİRİN, Head of Department of Inspection, <a href="mailto:mehmet.sirin@kgk.gov.tr">mehmet.sirin@kgk.gov.tr</a>, +90 312 253 55 55 (ext.1144-1142)<br/>Birsen NACAR, Head of Department of Accounting Standards, <a href="mailto:birsen.nacar@kgk.gov.tr">birsen.nacar@kgk.gov.tr</a>, +90 312 253 55 55 (ext.1063-1064)<br/>Ahmet GÜRİSOY, Coordinator of IFIAR Relations, <a href="mailto:ahmet.gursoy@kgk.gov.tr">ahmet.gursoy@kgk.gov.tr</a></p> |

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



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|  | <p><b>(CMB)</b></p> <p><b>Website:</b> <a href="http://www.spk.gov.tr">www.spk.gov.tr</a></p> <p><b>Address:</b> Capital Markets Board of Turkey (CMB)<br/>Sermaye Piyasasi Kurulu<br/>Eskishehir Yolu 8. Km. No. 156<br/>06530 Ankara<br/>Turkey</p> <p>Main Office: +90 (312) 292 90 90<br/>İstanbul Office: +90 (212) 334 55 00</p> <p><b>Contacts:</b> Yusuf KAYA, Executive Vice Chairman, <a href="mailto:yusuf.kaya@spk.gov.tr">yusuf.kaya@spk.gov.tr</a>,<br/>+90 312 292 5561<br/>Uğur YAYLAÖNÜ, Head of Accounting Standards Department,<br/><a href="mailto:ugur.yaylaonu@spk.gov.tr">ugur.yaylaonu@spk.gov.tr</a>,<br/>+90 312 292 8538<br/>Sibel Ulusoy TOKGÖZ, Deputy Head,<br/><a href="mailto:Sibel.ulusoy@spk.gov.tr">Sibel.ulusoy@spk.gov.tr</a>,<br/>+90 312 292 8543<br/>Timur Altay KAYGISIZ, QA Reviewer, Coordinator of International Relations, <a href="mailto:timur.kaygisiz@spk.gov.tr">timur.kaygisiz@spk.gov.tr</a><br/>+90 312 292 8915</p>   |
|  | <p><b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b></p> <p><b>(POA)</b></p> <p>In order to ensure more effective auditing and public oversight system, “Public Oversight, Accounting and Auditing Standards Authority” has been established in accordance with “Public Oversight, Accounting and Auditing Standards Authority’s Organization and Responsibilities Decree Law” numbered 660, issued on November 2, 2011.</p> <p>The POA is responsible for achieving an effective public oversight in Turkey. The POA is also responsible for setting standards that ensure the preparation and auditing of financial statements in compliance with international standards. In order to establish a high quality and reliable financial reporting and auditing environment, the POA has four main functions which are:</p> |



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|  | <ul style="list-style-type: none"> <li>• setting accounting standards</li> <li>• setting auditing standards</li> <li>• approving and registering auditors and audit firms</li> <li>• overseeing, inspecting and applying legal enforcement to auditors and audit firms</li> </ul> <p>Other responsibilities of the Authority are listed below:</p> <ul style="list-style-type: none"> <li>• to determine the working principles and qualifications of independent auditors and audit firms,</li> <li>• to license independent auditors and audit firms under public oversight system and monitor their activities within the frame of quality assurance, and to register and declare them in the Authority’s website,</li> <li>• to monitor and supervise the operations and auditing activities of independent auditors and audit firms in order to ensure they are in compliance with the standards and regulations,</li> <li>• to cooperate with other countries’ relevant bodies on the issues related to the Authority’s responsibilities,</li> <li>• to register and publicly announce foreign audit firms and auditors that are authorized to perform independent audit on the basis of reciprocity in Turkey,</li> <li>• to follow international developments and practices that are related to its responsibilities, and to collaborate with international organizations that work in the field of accounting and auditing,</li> </ul> |
|  | <p><b>(CMB)</b></p> <p>The Capital Markets Board of Turkey was established in 1981 as an independent governmental body to regulate capital markets of Turkey. Since 1981 the Board has the sole responsibility of regulating auditing profession in capital markets besides other regulatory issues in capital markets.</p> <p>New Capital Market Law No. 6362 was published in the Official Gazette number 28513 on December 30, 2012. According to this New Capital Markets Law, the Board’s responsibility of regulating auditing profession in capital markets includes authorizing auditing firms, performing oversight and quality control reviews of auditing firms operating in capital markets.</p> <p><b>Legislation which provide the CMB the authority/mandate with respect to audit regulation is Capital Market Law No. 6362. The relevant article is as follows:</b></p> <p>ARTICLE 62 – (1) Additional conditions to be requested from independent audit firms authorized by the Public Oversight Accounting and Auditing Standards Authority (POA), that would carry out independent audit activities in accordance with this Law , shall be determined by the Board</p>   |



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|   | <p>and the list of independent audit firms meeting these conditions shall be disclosed to the public.</p> <p>As a result of quality control inspections conducted by the Board on independent audit activities performed under the scope of this Law by independent audit firms taking place on the list, the Board is authorized to delist those that are determined to act in violation of standards and legislation.</p> <p>The Board shall notify the Public Oversight, Accounting and Audit Standards Authority (POA) of the results of quality control studies and inspections it has conducted.</p> <p>(2) The Board shall publish regulations and perform surveillance and supervision for the purpose of securing reliable and independent conduct of information systems auditing, rating and appraisal activities of firms under this Law and, in order to ensure this, to provide for the establishment of quality assurance systems and conformity to international standards considering public interest.</p> <p>Principles and procedures regarding authorization of these firms, licensing of their managers and employees, registering information concerning these firms and the disclosure of this information to the public shall be determined by the Board</p> <hr/> <p><b>2.4 Have there been any major changes to the Member’s organization or to the governing legislation since completing last year’s Member Profile?</b></p> <p><input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> <b>No</b></p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p> <p><b>(POA)</b><br/>Term of office of the five Board members, including chairman, have expired in December 2017. New chairman has been appointed in January 2018, other members are expected to be appointed.</p> <p><b>(CMB)</b><br/>Term of Chairman of CMB has expired by end of December 2017. New chairman will be appointed in 2018.</p> |
| <p><b>3. Governing Body Composition and members</b></p> | <p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including the ratio between Board members who are independent from the audit profession and those who are not. The audit profession includes, for</b></p>   |



|                        |  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
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|                        | <p><b>example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession<sup>2</sup></b></p> <p><b>(POA)</b></p> <p><b><u>Public Oversight, Accounting and Auditing Standards Board of Turkey</u></b></p> <table border="0"> <tr> <td><b>Chairman</b></td> <td>Rıza ÇELEN</td> </tr> <tr> <td><b>Acting Chairman</b></td> <td>İsmail ERDEMİR</td> </tr> <tr> <td>Board Member</td> <td>Aziz DOĞAN</td> </tr> <tr> <td>Board Member</td> <td>Not Appointed</td> </tr> <tr> <td>Board Member</td> <td>Not Appointed</td> </tr> <tr> <td>Board Member</td> <td>Not Appointed</td> </tr> <tr> <td>Board Member</td> <td>Not Appointed</td> </tr> </table> <p>The Management Board of the Authority is composed of nine members and appointed by the Council of Ministers. Members are selected and suggested by the following institutions: Ministry of Finance (two members), Ministry of Customs and Trade (two members), Undersecretariat of Treasury, Capital Markets Board, Banking Regulation and Supervision Agency, The Union of Chambers and Commodity Exchanges, The Union of Certified Public Accountants and Sworn-in Certified Public Accountants. All Board members are independent from the auditing profession.</p> <p><b>(CMB)</b></p> <p><b><u>Capital Markets Board of Turkey –CMB</u></b></p> <table border="0"> <tr> <td><b>Chairman</b></td> <td>Not Appointed</td> </tr> <tr> <td><b>Vice Chairman</b></td> <td>Yavuz KOÇ</td> </tr> <tr> <td><b>Deputy Chairman</b></td> <td>Dr. Talat ULUSSEVER</td> </tr> <tr> <td>Board Member</td> <td>Mutlip ÜNAL</td> </tr> <tr> <td>Board Member</td> <td>Mutlu AKIN</td> </tr> <tr> <td>Board Member</td> <td>Dr. Ünal ERYILMAZ</td> </tr> <tr> <td>Board Member</td> <td>Not Appointed</td> </tr> </table> <p>Executive Vice Chairman(s)</p> | <b>Chairman</b> | Rıza ÇELEN | <b>Acting Chairman</b> | İsmail ERDEMİR | Board Member | Aziz DOĞAN | Board Member | Not Appointed | Board Member | Not Appointed | Board Member | Not Appointed | Board Member | Not Appointed | <b>Chairman</b> | Not Appointed | <b>Vice Chairman</b> | Yavuz KOÇ | <b>Deputy Chairman</b> | Dr. Talat ULUSSEVER | Board Member | Mutlip ÜNAL | Board Member | Mutlu AKIN | Board Member | Dr. Ünal ERYILMAZ | Board Member | Not Appointed |
| <b>Chairman</b>        | Rıza ÇELEN   |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| <b>Acting Chairman</b> | İsmail ERDEMİR   |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Aziz DOĞAN   |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Not Appointed  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Not Appointed  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Not Appointed  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Not Appointed  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| <b>Chairman</b>        | Not Appointed  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| <b>Vice Chairman</b>   | Yavuz KOÇ  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| <b>Deputy Chairman</b> | Dr. Talat ULUSSEVER  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Mutlip ÜNAL  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Mutlu AKIN   |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Dr. Ünal ERYILMAZ  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |
| Board Member           | Not Appointed  |                 |            |                        |                |              |            |              |               |              |               |              |               |              |               |                 |               |                      |           |                        |                     |              |             |              |            |              |                   |              |               |

<sup>2</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



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|  | <p>Ibrahim Ömer GÖNÜL<br/>Yusuf KAYA<br/>Bora ORUÇ<br/>Emre ÖNYURT</p> <p>According to CML, The Board shall be composed of seven members who shall be appointed by resolution of the Council of Ministers. Under the Law at least one board member should be graduated from the faculty of law, at least one should have gained at least ten year experience in private sector capital market institutions and at least one should have worked for at least ten years at the CMB.<br/>Currently all of the board members of CMB are independent from the audit profession.</p> <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p><b>(POA)</b></p> <p>Individuals to be appointed as board members must have been graduated from faculties of law, political sciences, economics, business administration, economic and administrative sciences and commercial sciences of higher education institutions providing at least 4 years undergraduate education or foreign higher education institutions equivalence with them is recognized by the Council of Higher Education or having a graduate degree in these branches and at least 10 years of experience in one of the fields of accounting, finance, tax, auditing and law.</p> <p>Those to be appointed as the Board members from academic staff must have worked as an academician at least for 10 years in fields of economics, business administration, finance and accounting.</p> <p><b>(CMB)</b></p> <p>According to the Capital Market Law (CML), the Board Members and the Board Chairman should bear certain qualifications and have enough experience in the fields of financial markets, economics, public finance, business management, capital markets, banking, or finance or in the branches of law related to the foregoing or among persons who have worked as academic members in the above mentioned academic branches for at least ten years. Besides, unless permitted by a special law, neither any member of the Board nor the Board Chairman may accept employment in another public or private entity, be involved in commercial business, perform his/her profession independently, or assume a role in any examination or similar tasks or acquire an interest in any undertaking.</p> |
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|  | <p>According to CML, The Board shall be composed of seven members who shall be appointed by resolution of the Council of Ministers. Under the Law at least one board member should be graduated from the faculty of law, at least one should have gained the ten year experience in private sector capital market institutions and at least one should have worked for at least ten years at the CMB. There is cooling-off period of 2 years for the Board Members and the Chair. There is also a cooling period of 2 years for the CMB employees for the institutions in which they previously engaged in inspections within the last two years.</p>   |
|  | <p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>3</sup></b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>  |
|  | <p><b>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p>  |
|  | <p><b>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</b></p>  |
|  | <p><b>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p><b>(POA)</b></p> <p>Individuals to be appointed as a member must have not engaged in a statutory audit activity, not acted as a directorate board member in a statutory audit firm or have not been employed by a statutory audit firm</p> |

<sup>3</sup> Ibid.



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|                                       | <p>or have not entered in a partnership relation with a statutory audit firm directly or indirectly in the last 3 years.</p>   |
|                                       | <p><b>(CMB)</b></p> <p>There is no restriction, recusal process and cooling off period for former auditors. However, there is also a cooling off period of 2 years for the CMB employees for the institutions in which they previously engaged in inspections within the last two years.</p>   |
|                                       | <p><b>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (e.g., in a management or inspection function)?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail:</b></p>   |
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| <p><b>4. Funding Arrangements</b></p> | <p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></p> <p><b>(POA)</b></p> <p>Funding of the POA is independent from the accounting profession. Incomes of the Authority are composed of Treasury grants, copyrights of the accounting and auditing standards and other incomes.</p> <p>Annual activity report, financial statements and the budget of the Authority are submitted to the Turkish Grand National Assembly.</p> <p>It is essential that incomes would cover expenses of the Authority. Budget of the Authority is prepared and agreed in accordance with the procedures and principles established in the Public Finance Management and Control Law Date 10/12/2003 and No. 5018. However, some treasury grants may be given to the Authority from the general budget.</p> <p><b>(CMB)</b></p> <p>According to CML, in principle, the revenues of the Board shall meet its expenditures. Thus CMB can be considered to be self-financing institution. In case when the revenues of the Board do not meet its expenditures, the deficit shall be met from Treasury grants to be made from the general budget. However, this has never occurred since the establishment of CMB.</p> |



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|                                    | <p>0.3% of the volume of the securities registered with the CMB is paid by the issuers as a fee, which constitutes the main financial source of the budget of the CMB. At the last working day of three-month periods; a fee corresponding to five per hundred thousand of the net asset values of investment funds and investment companies with variable capital shall be deposited to the Board account in the following ten business days.</p> <p>In addition maximum 10% of the whole revenues, except the interest revenues, of the exchanges and other organized markets, central clearing institutions, central securities depositories and the CRA which are regulated and supervised by the Board, may be recorded as revenue to the Board budget by the Board.</p> <hr/> <p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p><b>(POA)</b><br/>As stated above, funding of the POA is independent from the profession. Licensing, approval and registration fees paid by the auditors/audit firms are transferred to treasury. Hence, those fees are not included in the POA's budget.</p> <p><b>(CMB)</b><br/>Funding of the CMB is independent from profession. 0.3% of the volume of the securities registered with the CMB is paid by the issuers as a fee, which constitutes the main financial source of the budget of the CMB. There is no funding scheme related to the profession.</p> |
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| <p><b>5. Inspection System</b></p> | <p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</b></p>   |



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|  | <p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p><b>(POA)</b></p> <p>The Authority reserves the right of performing or causing others to perform an inspection in case of a warning, complaint, notification and other cases considered necessary in addition to the planned inspections.</p> <p>The Authority carries out the inspections with its own staff/experts. If any assistance needed for specific inspection areas, relevant inspection units of the Ministry of Customs and Trade, Ministry of Finance, Undersecretariat of Treasury, Banking Regulation and Supervision Agency, Capital Markets Board and Energy Market Regulatory Authority shall give assistance to the Authority related to that inspection area.</p> <p>Inspection activities are carried out in scope of annual inspection plan approved by the Board in every year by receiving opinion of relevant authorities.</p> <p>Inspections are carried out at least in every 3 years for audit firms which audit public interest entities and in every 6 years for the others.</p> <p>Results of inspections performed shall be announced to public opinion with a report in every year.</p> <p><b>(CMB)</b></p> <p>The quality control reviews and oversight is done solely by CMB considering capital markets.</p> <p>According to CML, professional staff (CMB staff) shall be authorized for the application of the provisions of this Law and other laws concerning the capital market and the supervision of all kinds of capital market activities and transactions. This authority shall be exercised by the professional staff assigned by the Chairman of the Board. The staff assigned with supervision is authorized to request from the related real persons and legal entities information and documents they may deem as relevant to the provisions of this Law and other relevant legislation related to capital markets; to examine all the books and documents including the records kept for tax purposes, and all records including that kept electronically and miscellaneous means that contain information, and information systems; to request access to these systems and obtain the copies; to audit their accounts and transactions; to acquire written and verbal information from</p> |
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|   | <p>the relevant persons; to draw up the necessary minutes.</p> <p>CMBs practice regarding the frequency of inspection is shown below.</p> <table border="1" data-bbox="560 373 1432 663"> <thead> <tr> <th data-bbox="560 373 977 447">Practices</th> <th data-bbox="977 373 1432 447">Frequency of Quality Control Inspections</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 447 977 520">GPCC Firms</td> <td data-bbox="977 447 1432 520">Subject to review at least every three years</td> </tr> <tr> <td data-bbox="560 520 977 594">Audit Firms with a significant number of audits</td> <td data-bbox="977 520 1432 594">Subject to review at least every three years</td> </tr> <tr> <td data-bbox="560 594 977 663">Other audit firms with clients under scope of CML.</td> <td data-bbox="977 594 1432 663">Subject to review at least every six years</td> </tr> </tbody> </table> <p>Besides CMB carries out non-routine inspections/investigations by the notifications of CMBs corporate finance department and other related departments.</p>  | Practices   | Frequency of Quality Control Inspections | GPCC Firms                                | Subject to review at least every three years | Audit Firms with a significant number of audits | Subject to review at least every three years | Other audit firms with clients under scope of CML. | Subject to review at least every six years |
|---|--|---|--|---|--|---|--|--|--|
| Practices   | Frequency of Quality Control Inspections   |   |  |   |  |   |  |  |  |
| GPCC Firms  | Subject to review at least every three years   |   |  |   |  |   |  |  |  |
| Audit Firms with a significant number of audits                         | Subject to review at least every three years   |   |  |   |  |   |  |  |  |
| Other audit firms with clients under scope of CML.                      | Subject to review at least every six years   |   |  |   |  |   |  |  |  |
|   |  |   |  |   |  |   |  |  |  |
| <p><b>6. Audit and Financial Market</b></p>                             | <p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate. (POA)</b></p> <p><b><u>Number of Audit Firms Subject to Inspections</u></b><br/>249 audit firms are subject to inspections carried out by the POA. 123 of those firms have been approved to conduct the audits of public interest entities and 126 of them have been approved to conduct the audits of non-public interest entities.</p> <p><b><u>Number of Audits</u></b><br/>1859 PIE audits and 4738 other than PIE audits fall under the POA’s mandate (6597 audits in total)</p> <p><b>(CMB)</b></p> <p><b><u>Number of Audit Firms Subject to Inspections</u></b><br/>101 audit firms are authorized by CMB and all of them are subject to quality control reviews.</p> <p><b><u>Number of Audits</u></b><br/>481 public companies (399 listed and 82 non listed) fall under CMBs mandate.<br/>Additionally, 1102 capital market institutions fall under CMBs mandate. Details are as follows:</p> <table border="1" data-bbox="560 1732 1412 1862"> <thead> <tr> <th colspan="2" data-bbox="560 1732 1412 1774"><b>Number of companies under the scope of capital markets law (CMB)</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1774 1242 1816">BIST companies (Stock Exchange Companies)</td> <td data-bbox="1242 1774 1412 1816">399</td> </tr> <tr> <td data-bbox="560 1816 1242 1862">Non-listed Registered Companies</td> <td data-bbox="1242 1816 1412 1862">82</td> </tr> </tbody> </table> | <b>Number of companies under the scope of capital markets law (CMB)</b> |  | BIST companies (Stock Exchange Companies) | 399  | Non-listed Registered Companies                 | 82   |  |  |
| <b>Number of companies under the scope of capital markets law (CMB)</b> |  |   |  |   |  |   |  |  |  |
| BIST companies (Stock Exchange Companies)                               | 399  |   |  |   |  |   |  |  |  |
| Non-listed Registered Companies   | 82   |   |  |   |  |   |  |  |  |



|  |                    |
|--|--------------------|
| <b>Total (Number of companies registered with the Board/public companies subject to independent audit under scope of capital markets law):</b> | <b>481</b>         |
| Number of Funds  | 456                |
| Number of Pension Funds  | 299                |
| Number of Real Estate Investment Trusts (REITs)  | 31                 |
| Intermediaries   | 125                |
| Portfolio Management Companies   | 49                 |
| Rating Firms   | 7                  |
| Real Estate Appraisal Firms  | 135                |
| <b><u>TOTAL</u></b>  | <b><u>1102</u></b> |

**6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?**

The sizes and market shares of the largest audit firms regarding the number of PIE and non-PIE audits and total revenue are as follows:

**Number of audits**

- PriceWaterhouseCoopers (11.30 %)
- Deloitte (9.20 %)
- Ernst & Young (8.90 %)
- KPMG (8.80 %)

**Total Revenue**

- PricewaterhouseCoopers (23.20 %)
- Deloitte (13 %)
- Ernst & Young (13 %)
- KPMG (12.90 %)

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| <p><b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b></p> | <p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <p><b>(POA)</b></p> <p><input checked="" type="checkbox"/> Registration/Licensing</p> <p><input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting</p> <p><input checked="" type="checkbox"/> Permanent Education of Auditors</p> <p><input checked="" type="checkbox"/> Enforcement</p> <p><input checked="" type="checkbox"/> Other: Accounting Standard Setting</p> <p><b>(CMB)</b></p> |



|  |   |
|--|---|
|  | <p><input checked="" type="checkbox"/> Registration/Licensing<br/> <input type="checkbox"/> Audit and/or Ethics Standard Setting<br/> <input type="checkbox"/> Permanent Education of Auditors<br/> <input checked="" type="checkbox"/> Enforcement<br/> <input type="checkbox"/> Other:</p>  |
|  | <p><b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>4</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p><b>(POA)</b><br/> An audit shall be carried out only by auditors or audit firms, which are approved by the POA. Auditors and audit firms are approved within two categories; those who can carry out audits of public interest entities and those who cannot carry out audits of public interest entities.</p> <p>Each candidate’s file is subject to the Board decision for approval. In order to be approved as an auditor or an audit firm, candidates should meet relevant requirements.</p> <p><b>(CMB)</b><br/> Additional conditions to be requested from independent audit firms authorized by the Public Oversight Accounting and Auditing Standards Authority, that would carry out independent audit activities in accordance with Capital Markets Law , is determined by the CMB Board and the list of independent audit firms meeting these conditions are disclosed to the public.</p> |

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<sup>4</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



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|  | <p><b>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>5</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p><b>(POA)</b></p> <p>The POA has direct responsibility of Audit and Ethics standard setting in compliance with international standards. According to Statutory Decree No. 660, Turkish Standards On Auditing (TSAs) cover a broad range of standards including quality control, auditing, review, other assurance and continuing education standards, professional ethic rules and information systems audit standards. Based on its responsibility of setting and issuing TSAs the POA signed a copyright agreement with IFAC.</p> <p>The standard setting process has been conducted in accordance with IFAC's Policy for Translating Reproducing Standards. Consultation commissions and review committees have been formed for the adaptation of those standards.</p> |
|  | <p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>6</sup> are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p>   |

<sup>5</sup> Ibid.

<sup>6</sup> For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



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|  | <p><b>(POA)</b></p> <p>As stated in the Article 25 of Independent Audit By-Law; auditors are educated on a continuous basis for the purpose of keeping their theoretical knowledge and professional skills at a sufficient level, complying with professional ethics, following up changes in the professional field, and ensuring their professional development.</p> <p>Continuing education obligation starts as from the registration of auditors and implemented as defined by the POA.</p> <p>Following their registration, auditors must meet the continuing education requirements once in three years.</p> <p>Audit firms should take the measures required for enabling the auditors to complete their continuing education programs.</p> <p>The POA regulates the matters relating to continuing education by obtaining the relevant organizations’ opinions, where necessary.</p> <p>For the purpose of ensuring the audit objectivity and independence and improving the reliance in and the quality of audit, the POA takes required measures for educating auditors and the members of profession or improving their level of education within the framework of this By-law in addition to continuing education.</p> |
|  | <p><b>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession<sup>7</sup> are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p>   |
|  | <p><b>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</b></p>   |

<sup>7</sup> Ibid.



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| <p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p> | <p><b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b></p> <p><b>(POA)</b></p> <p><b><u>Accounting standard setting</u></b></p> <p>One of the important responsibilities of the POA is to set and issue Turkish Accounting Standards and to determine the application scope of those standards. In addition, POA may set special or exceptional standards for different types of entities and sectors and it has the authority to make secondary regulations and take necessary decisions for the implementation of Turkish Accounting Standards. The POA strategically has an objective of setting accounting standards in full compliance with the IFRSs issued by the IASB.</p> <p><b>(CMB)</b></p> <p>The CMB has a broad range of other tasks in the area of financial supervision. CMB has sole responsibility regarding capital markets which are related mainly corporate finance (securities, debt instruments etc.), intermediaries, exchanges, funds, auditing firms, rating agencies, financial reporting and financial crimes in capital markets.</p> <p>CMB registers audit firms that conduct independent audit in the scope of capital markets law.</p> <p>Additionally CMB supervises financial reports of listed companies and other entities under the scope of CML</p> |
| <p><b>9. Major Events and Activities</b></p>  | <p><b>9.1 Describe any recent major events and activities:</b></p> <p><b>(POA)</b></p> <p>In 2017, the POA carried out audit file reviews of 68 Audit Firms – including the Big4- and many other sole practitioners. In January 2018, Rıza ÇELEN was appointed as the new chairman of the POA.</p> <p>The evaluation process of European Commission which was initiated to provide equivalence to the systems of public oversight, quality assurance, inspection and enforcement in Turkey by the EU had been successfully concluded in 2016. Moreover, systems of public oversight, quality assurance, inspection and enforcement in Turkey had been evaluated by Federal Public Oversight Board of Switzerland, and at the end of the</p>  |



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|  | <p>evaluation process, it has been decided that public oversight systems of Turkey and Switzerland will be equivalent from the date of 1 October 2017.</p> <p>Apart from these, the Authority has held a wide range of conferences, meetings and workshops to raise the level of awareness and understanding among stakeholders of the auditing profession in Turkey.</p> <p><b>(CMB)</b></p> <p>In 2017, the CMB continued conducting its routine audit inspections. In this regard, in 2017, the CMB carried out full scope audit file reviews of Big 4 firms. Additionally 2 investigations was carried out on 2 of the Big 4 firms and 2 of them were sanctioned.</p> |
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