Turkish Capital Markets

TSPAKB

THE ASSOCIATION OF CAPITAL MARKET INTERMEDIARY INSTITUTIONS OF TURKEY

ASIA SECURITIES FORUM 2010, Beijing

28 September 2010

TSPAKB

- **Founded in April 2001 as a self-regulatory organization.**
- **145 members; 103 brokerage firms and 1 derivative brokerage firms and 41 banks.**
- **Assets of our members correspond to 84% of GDP.**
- **We;**
  - Regulate and oversee the intermediaries,
  - Issue licenses to market professionals,
  - Offer training programs,
  - Publish a variety of research,
  - Cooperate with foreign institutions

Institutional Structure

CAPITAL MARKETS BOARD

- Istanbul Stock Exchange
- Settlement & Custody Bank
- TSPAKB
  - Banks
  - Brokerage Firms
  - Derivative Brokerage Firms
- Turkish Derivatives Exchange
- Central Registry Agency
- Asset Management Companies
- Gold Exchange
- Public Companies
- Institutional Investors

Contents

1 Turkish Economy

2 Istanbul Regional Financial Center

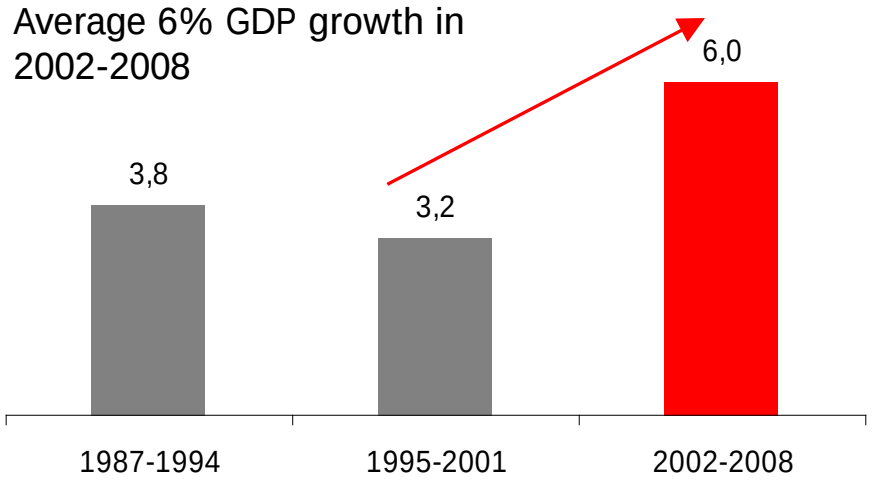
3 IPO Campaign

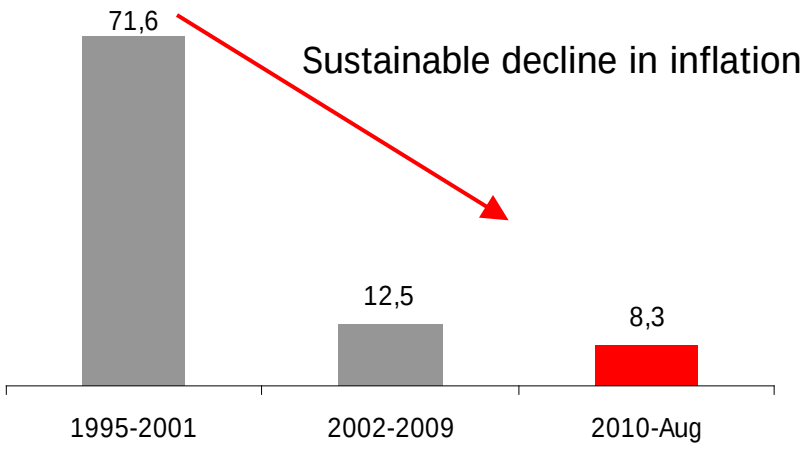
4 Introduction of New Products

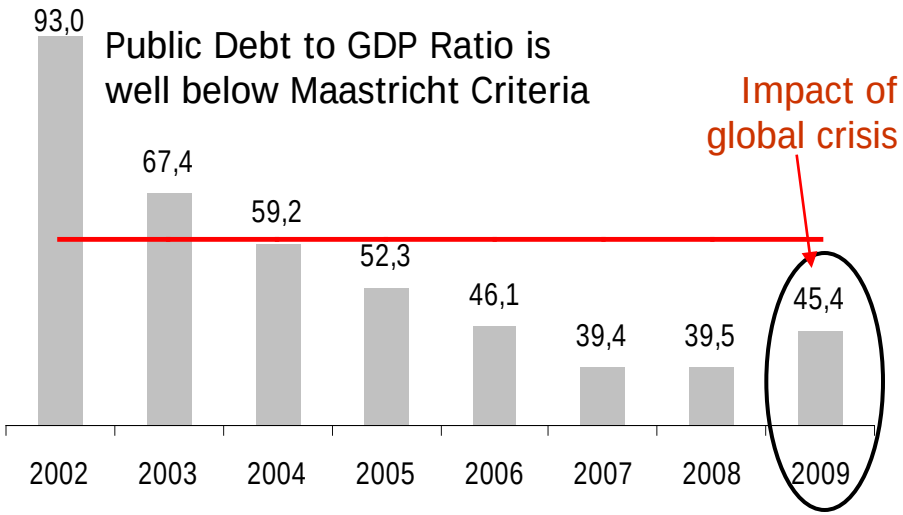
5 Investor Education

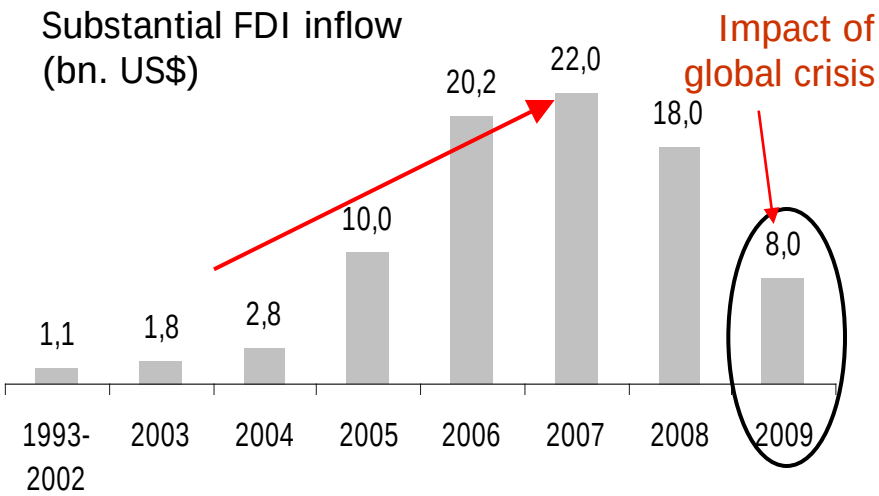
6 Market Infrastructure Reforms

Turkish Economy









Contents

1 Turkish Economy

2 Istanbul Regional Financial Center

3 IPO Campaign

4 Introduction of New Products

5 Investor Education

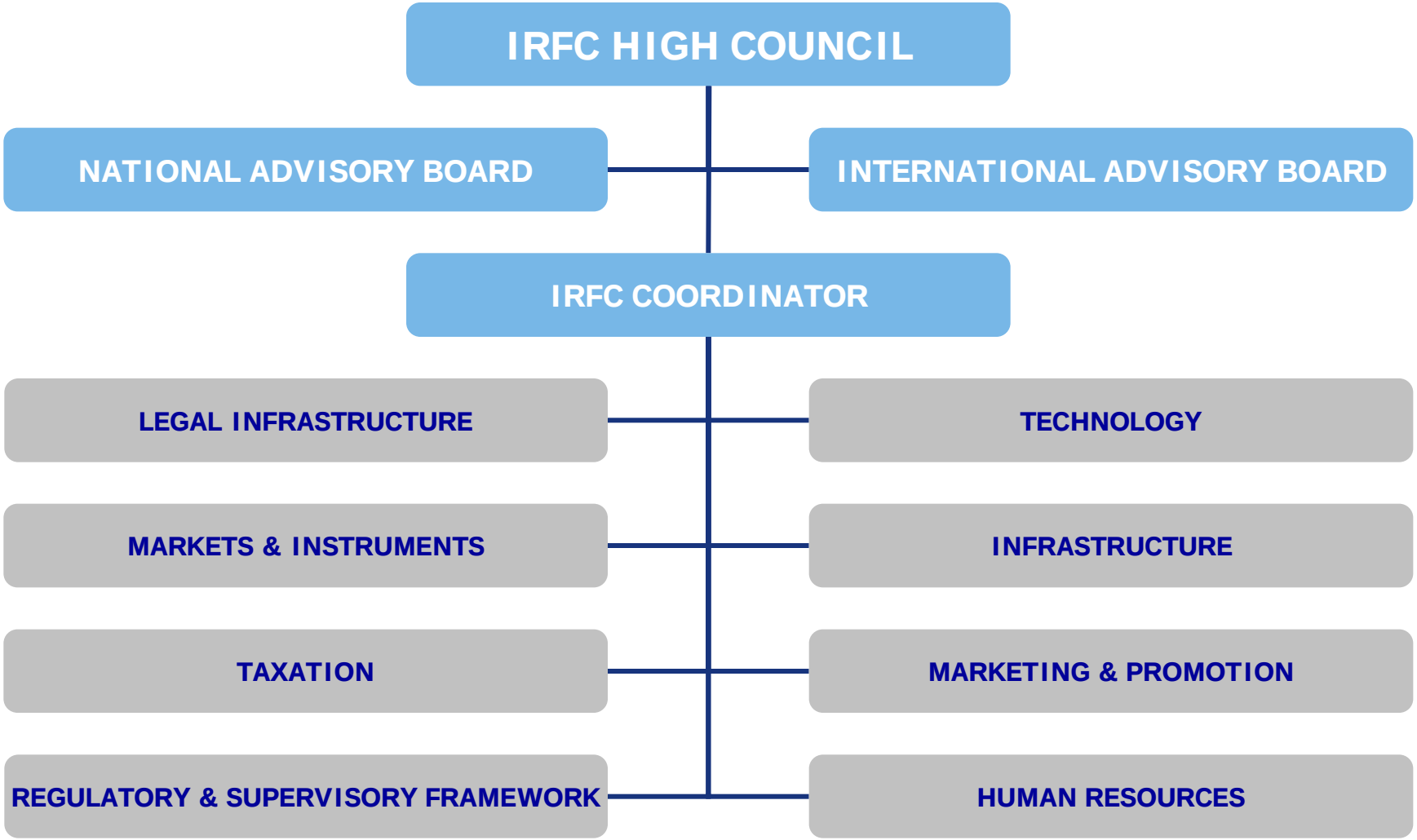
6 Market Infrastructure Reforms

Istanbul Regional Financial Center

IRFC Project Milestones

- 9 Working Groups were formed in 2009.
- 300 representatives from more than 80 organisations participated in the project
- Strategy Report was published in October 2009.
- IRFC Organisation Structure announced in May 2010.
- Working Committees started working on the details of implementation.
- Our Association is involved in every step of the project.

IRFC Organisation Structure



Contents

1 Turkish Economy

2 Istanbul Regional Financial Center

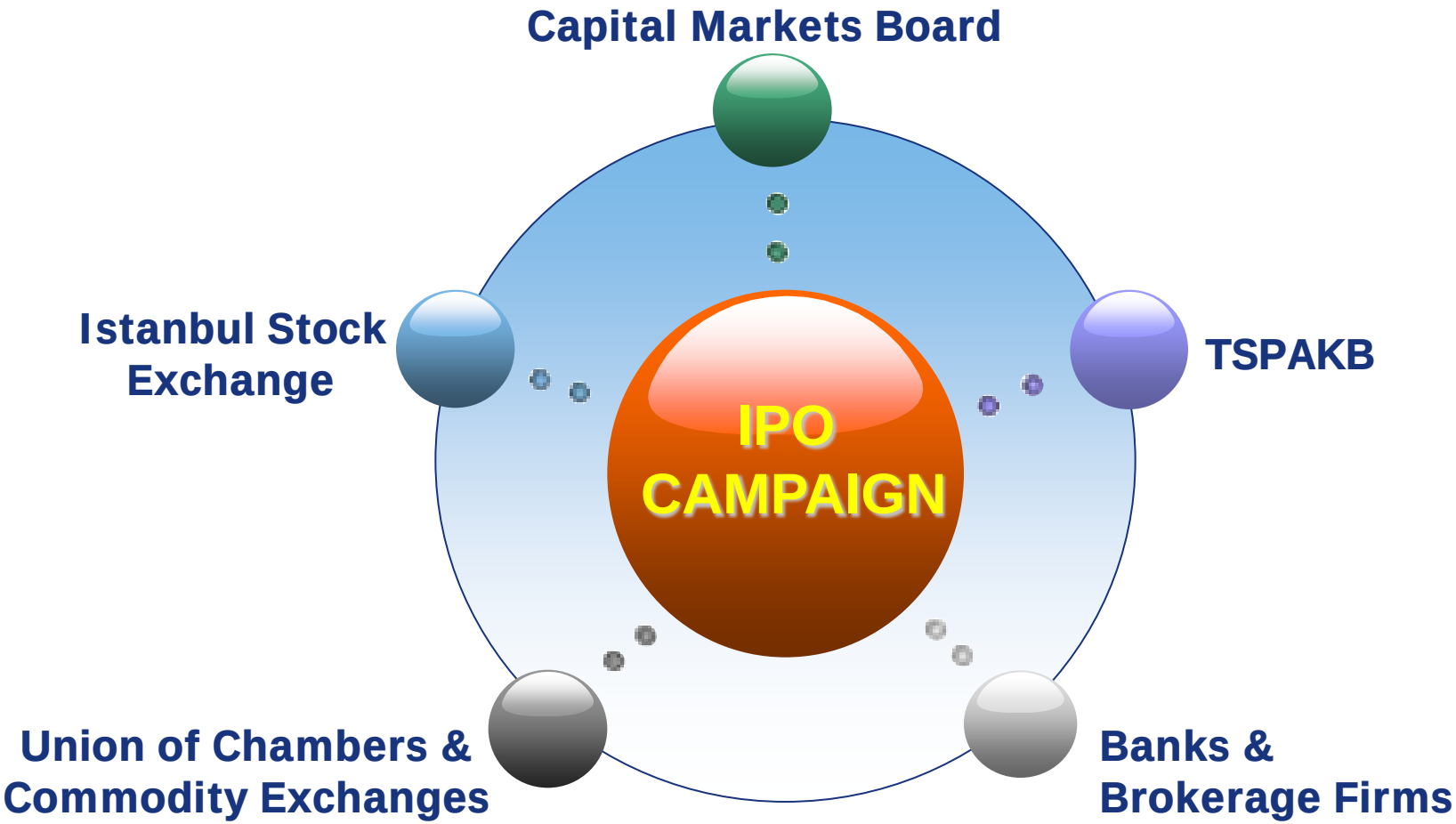
3 **IPO Campaign**

4 Introduction of New Products

5 Investor Education

6 Market Infrastructure Reforms

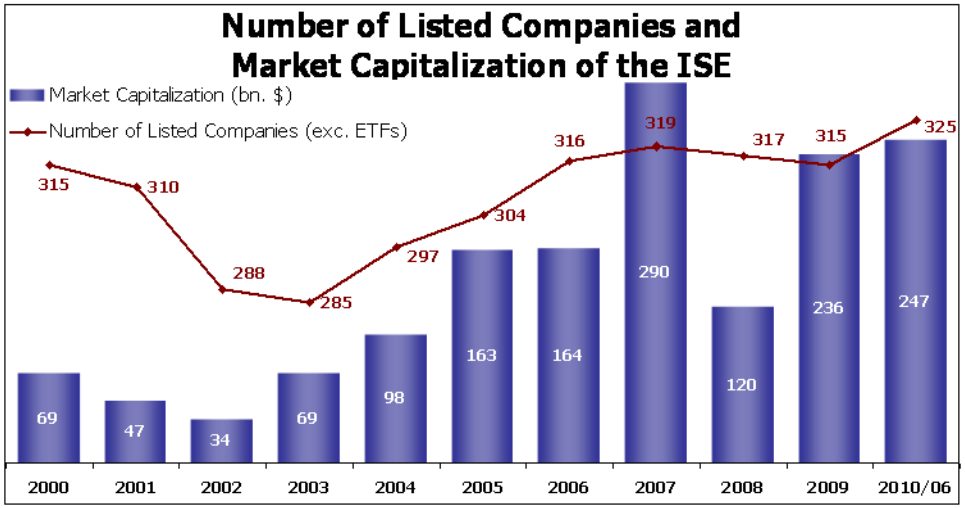
IPO Campaign



IPO Campaign

- The campaign started with the coordination of relevant institutions in 2009.
- Seminars are being organised in different cities every month, targeting industrial companies.
- IPO Summit organised in May 2010. More than 1.000 companies attended.
- Wide and continuous press coverage through events and PR activities.
- Capital Markets Board facilitated the IPO process and applications are processed more quickly.
- No incentives provided, like tax breaks etc., no relaxation in IPO or disclosure requirements.

Results



- 11 IPOs completed in the 1H2010.
- No. of listed companies increased to 325.
- 85% of top 1.000 industrial companies are not listed yet.
- The potential is promising.
- Studies initiated on foreign and dual listings.

Contents

1 Turkish Economy

2 Istanbul Regional Financial Center

3 IPO Campaign

4 **Introduction of New Products**

5 Investor Education

6 Market Infrastructure Reforms

Introduction of New Products

PRODUCT RANGE

Current Products

- ü Equities
- ü Government Bonds
- ü Corporate Bonds
- ü Investment Funds
- ü ETFs
- ü Structured Funds
- ü Futures
- ü Warrants

New Products

- ü Single-Stock Futures
- ü Exchange-Traded Options
- ü Securitisation Instruments
- ü Contracts for Differences
- ü Mortgage Instruments

Contents

1 Turkish Economy

2 Istanbul Regional Financial Center

3 IPO Campaign

4 Introduction of New Products

5 **Investor Education**

6 Market Infrastructure Reforms

Investor Education Project

- **Project initiated by the Association in 2010.**
- **A market research company analysed the needs of investors and expectations of the public.**
- **Qualitative Survey: Focus Groups and In-Depth interviews with;**
  - Current Investors
  - Potential Investors
  - Lost Investors
  - Academics
  - Journalists
- **Quantitative Survey: 2010 interviews (95% confidence level).**

Initial Qualitative Findings

- Current investors are the most knowledgeble group about the structure and functioning of capital markets.
- Lost investors are fairly well informed.
- Potential investors have heard about the institutions and products, but do not have a thorough understanding.
- Academics are the least knowledgeable and least interested group in capital markets.

Initial Quantitative Findings

- **The public is not aware of the capital market institutions and investor protection mechanisms.**
- **Order of investment preferences are as follows;**
  1. Gold
  2. Real Estate
  3. Bank Deposits
  4. Foreign Currency
  5. Equities
  6. Investment Funds
- **Investment decisions are based on;**
  1. Own judgement and research
  2. Family and friends' advice.
  3. Internet forums and blogs

Contents

1 Turkish Economy

2 Istanbul Regional Financial Center

3 IPO Campaign

4 Introduction of New Products

5 Investor Education

6 **Market Infrastructure Reforms**

Market Reforms

2008

- IPO Campaign initiated
- Trading Hours extended

2009

- Automated Disclosure Platform introduced
- Emerging Companies Market established
- Collective Products Market established
- Trading Hours extended

2010

- Warrants introduced
- Current Issues
  - Reduction of tick size
  - Order cancellation
  - Introduction of single-stock futures
  - Introduction of exchange traded options

The Future

Istanbul Regional Financial Center

TARGET

- Wider Investor Base
- Improved Listings
- Variety of Investment Instruments
- Better Regulations

TSPAKB

THE ASSOCIATION OF CAPITAL MARKET INTERMEDIARY INSTITUTIONS OF TURKEY

✓Thank You !