

# Securities Industry Outlook in Turkey

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# TSPAKB

- ❖ **Founded in April 2001 as a self-regulatory organization.**
- ❖ **141 members; 100 brokerage firms and 41 banks.**
- ❖ **Assets of our members correspond to 90% of GDP.**
- ❖ **We;**
  - Regulate and oversee the intermediaries,
  - Offer training programs,
  - Publish a variety of research,
  - Cooperate with foreign institutions.



# New Capital Market Law

- ❖ **Previous capital market law was in force since 1981**
  - It became outdated and inadequate to meet investors' needs and the fast-paced innovations taking place globally.
  - Introduction of the new commercial code increased the need for compatible legislation for the capital markets.
- ❖ **New capital market law was adopted in December 2012 with the goal of «modernizing» Turkey's capital markets legislation,**
  - Better harmonization with international standards (EU directives, FSB principles etc.) and the new Turkish Commercial Code.
  - Significant changes on financial activities, market institutions, offerings, market abuse, investor protection, auditing.
  - More open to financial innovations.

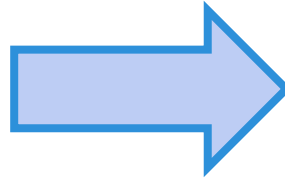


# Capital Market Institutions

## PREVIOUS LAW

### Capital Market Institutions

- Brokerage firms
- Mutual funds
- Investment trusts
- Other



## NEW LAW

### Capital Market Institutions

- Investment institutions
- Collective investment institutions
- Asset management companies
- Mortgage finance corporations
- Asset/housing finance funds
- Asset lease companies
- Central clearing institutions
- Central depository institutions
- Trade repositories
- Rating agencies
- Independent auditors
- Other

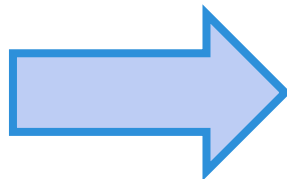
**New capital market institutions introduced, some existing institutions defined for the first time.**

# Capital Market Activities

## PREVIOUS LAW

### Capital Market Activities

- Securities trading
- Public offering
- Portfolio management
- Investment advisory
- Repo-reverse repo
- Other activities



## NEW LAW

### Investment Services

- Trading (customers or own account)
  - Order routing
  - Securities trading
- Public offering
  - Underwriting
  - Best effort
- Asset management
- Investment advisory
- Operating Multilateral Trading Facilities
- Custody services
- Other services
- Complementary services (lending, financial planning, advising etc.)

**From an institution-based approach to an activity-based approach.**



# Investment Institutions

## Brokerage Firms

- Derivatives Market
- Fixed Income Market
- Equity Market
- Forex (MM, WL, IB)

## Banks

- Derivatives Market
- Fixed Income Market

## Derivatives Brokerage Firms

- Derivatives Market
- Forex (IB)

*MM: Market Maker  
WL: White Label  
IB: Introducing Broker*

# Brokerage Firms & Capital Requirements

- ❖ Previously, a minimum capital was required for each activity. Thus, brokerage firms' minimum capital was ranging between TL 832.000 (US\$ 400.000) for securities trading only and TL 10.407.000 (US\$ 5.1 mn) for full services.
- ❖ The new regulation defined three types of intermediaries as; **Introducing Broker, Limited Service Broker and Full Service Broker.**
- ❖ Minimum capital varies between TL 2 mn (\$ 1 mn) and TL 25 mn (\$ 12.5 mn).

Brokerage Firms	
Activities	Minimum Capital Requirement (\$)
Order Routing	1.000.000
Investment Advisory	
Limited Custody Services	5.000.000
Best Effort Public Offering	
Securities Trading	
Complementary Services	12.500.000
Underwriting	
Full Custody Services	
Asset Management	



# Asset Mgmt. Co. & Capital Requirements

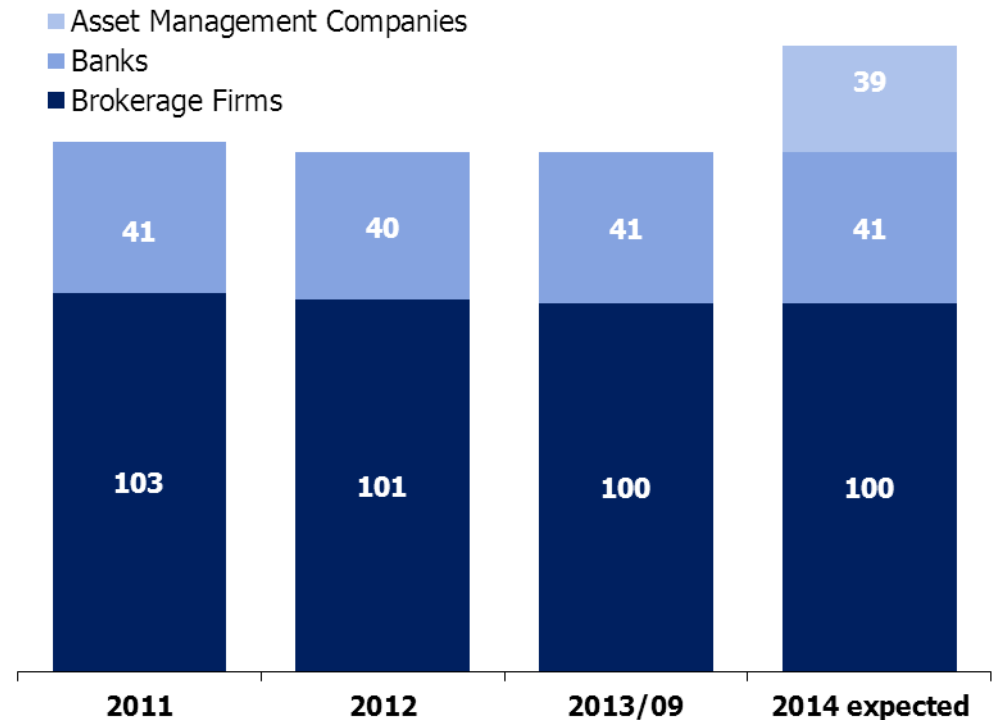
- ❖ Previously, mutual funds could only be established by banks, brokers, insurance companies, pension and employee funds.
- ❖ With the new law, funds can be established and managed only by asset management companies.
- ❖ Previously, asset management companies' minimum capital requirement was flat at TL 427.000 (US\$ 215.000).
- ❖ New regulation brought minimum capital requirements in line with assets under management.
- ❖ Minimum required capital now ranges between TL 2 mn (US\$ 1 mn) and TL 10 mn (US\$ 5 mn).

Asset Management Companies	
Assets Under Management	Minimum Capital Requirement (\$)
Up to \$ 50 mn.	1.000.000
\$ 50-250 mn.	1.500.000
\$ 125-2.500 mn.	2.500.000
> \$ 2.500 mn.	5.000.000



# Association's Structure

- ❖ Currently, only banks and brokerage firms are members.
- ❖ According to the new Capital Markets Law, other capital market institutions, including asset management companies will be members.
- ❖ The management structure of the Association will change accordingly.







# Final Remarks

- ❖ New capital markets law brought significant changes to the investment industry.
- ❖ New capital market institutions are introduced and existing ones are redefined.
- ❖ New investment services are defined.
- ❖ Capital requirements for investment companies and asset management companies were raised.
- ❖ Membership base of our Association will be broadened.
- ❖ TSPAKB aims to reinforce its regulatory role.



# TSPAKB

THE ASSOCIATION OF CAPITAL MARKET  
INTERMEDIARY INSTITUTIONS OF TURKEY

# Thank You!

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