



Capital Markets in Turkey

13 October 2009

RESILIENCE | CONFIDENCE | OPPORTUNITY

TSPAKB

- ▼ Founded in April 2001 as a self-regulatory organization.
- ▼ 144 members; 103 brokerage firms and 41 banks.
- ▼ Assets of our members correspond to 74% 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

Turkish Derivatives
Exchange

Central Registry
Agency

Asset Management
Companies

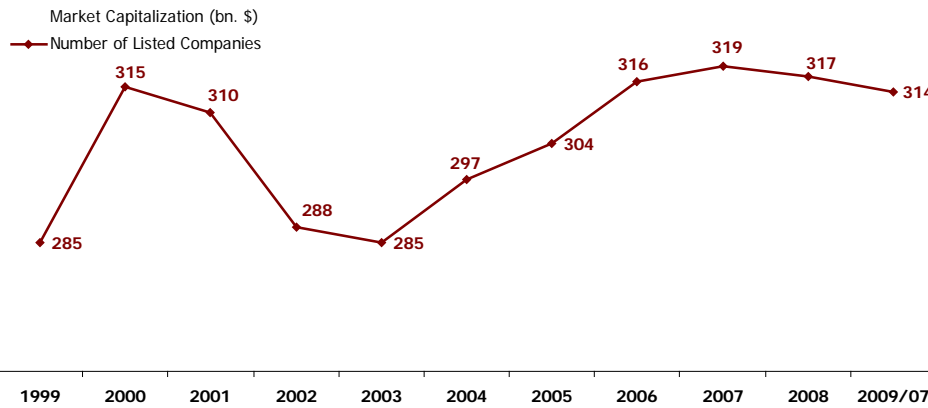
Gold
Exchange

Public
Companies

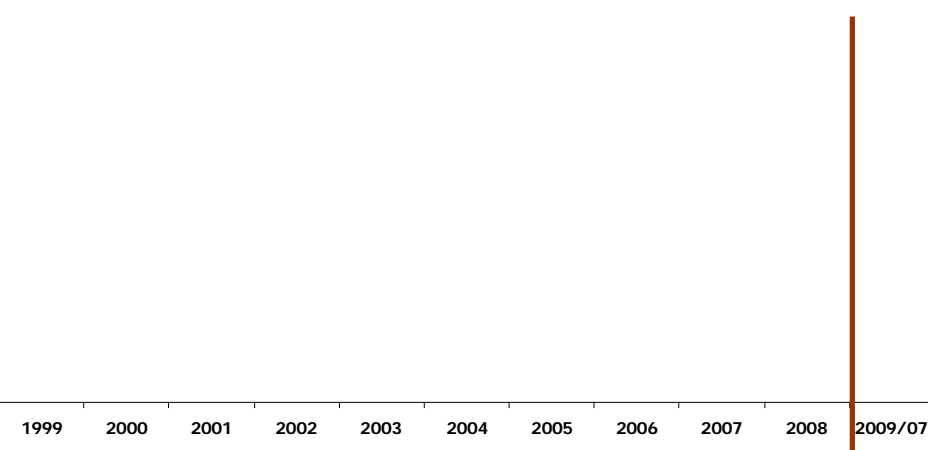
Institutional
Investors

Equity Market

Number of Listed Companies and Market Capitalization of the ISE

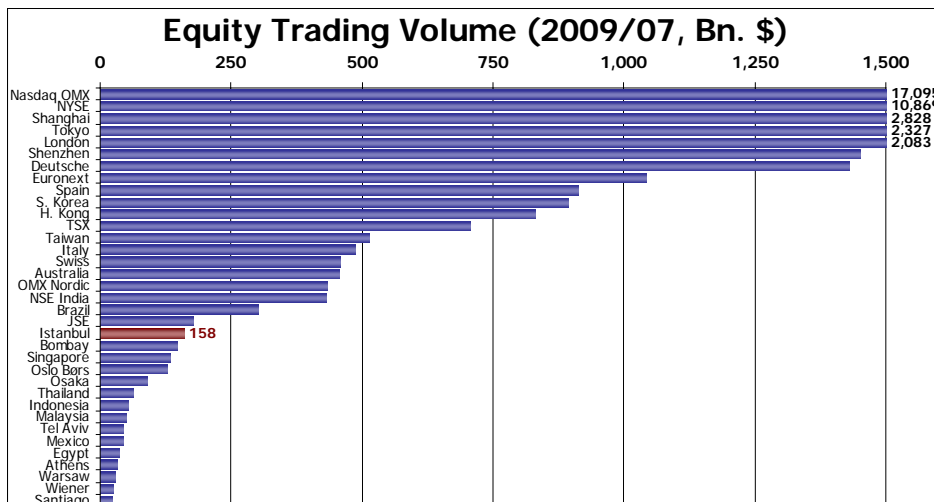
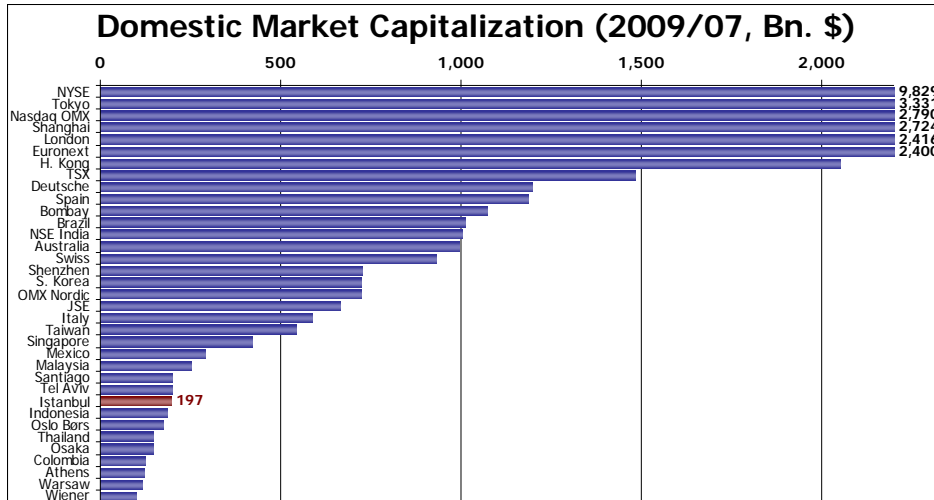


Equity Trading Volume of ISE (Bn. \$)



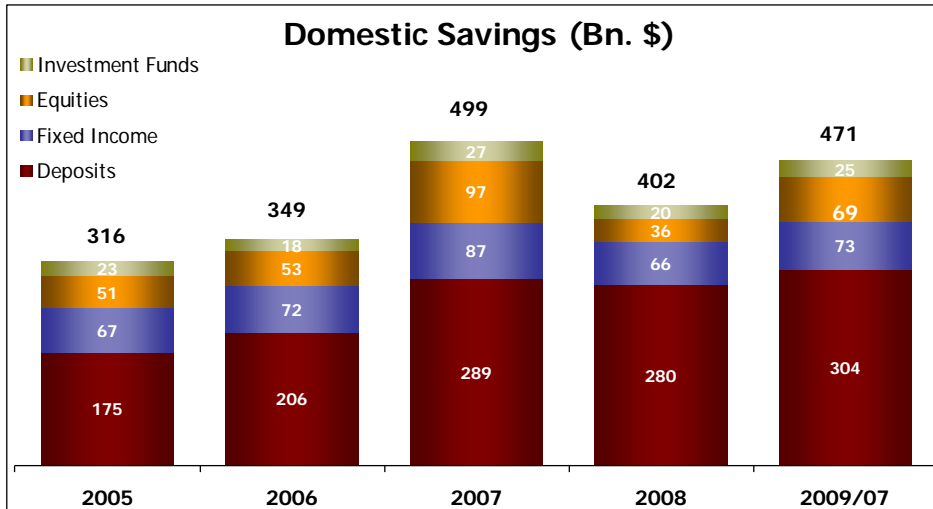
- ▼ Number of listed companies hovers around 320.
- ▼ 85% of the top 1.000 industrial companies are not listed yet.
- ▼ Trading volume is the major strength.
- ▼ Day traders are active.

International Comparison



- ▼ Turkey is the 17th largest economy in the world.
- ▼ Size of capital markets is not in line with the size of the economy.
- ▼ Ranked 27th in terms of number of companies, 32nd in terms of MCap, but 21st in trading volume out of 52 markets.

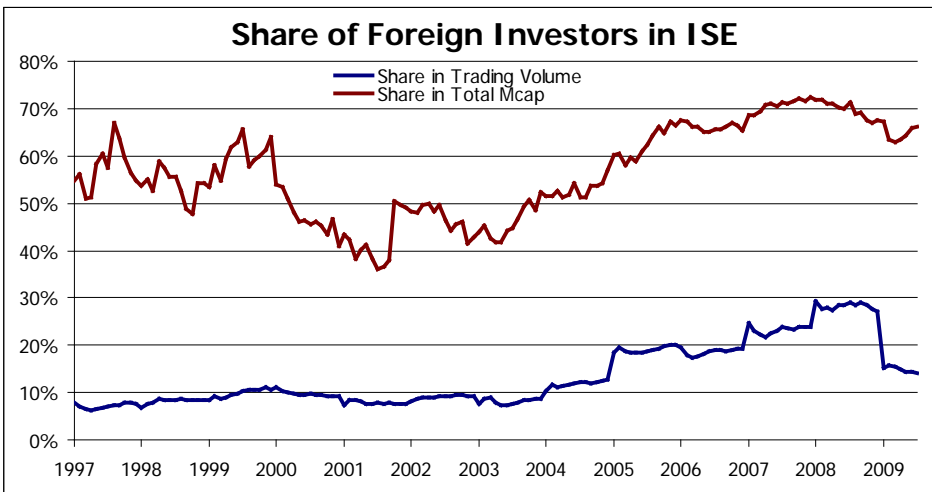
Investment Preferences



▼ Deposits and fixed income assets dominate.

▼ Foreign investors are gradually becoming more active in ISE.

▼ Only 1 million equity investors in a country with 70 million population and 25 million work force.



Current Agenda

- ▼ Istanbul Regional Financial Center project.
- ▼ Adoption of the EU acquis.
- ▼ Introduction of new investment instruments.
- ▼ Demutualization of the Istanbul Stock Exchange.
- ▼ Market infrastructure reforms.

Istanbul as a Regional Financial Center



Istanbul Financial Center Reform Agenda

- ▼ Major reform areas of the Istanbul Financial Center project;
 - ✓ Legal and Judicial System
 - ✓ Regulatory and Supervisory Framework
 - ✓ Financial Products and Services
 - ✓ Taxation
 - ✓ Human Resources
 - ✓ Infrastructure & Technology
 - ✓ Marketing & Promotion
 - ✓ Istanbul Financial Center Organization
- ▼ Our Association is fully involved in the studies.
- ▼ The project is launched at the beginning of October.

Adoption of EU Regulations

- ▼ Gradual adoption of EU regulations since 2000.
- ▼ Cooperation between the CMB and BaFin for harmonization.
- ▼ Major directives reviewed and being implemented;
 - ✓ Markets in Financial Instruments
 - ✓ Capital Adequacy
 - ✓ Market Abuse
 - ✓ Investor Protection
 - ✓ UCITS
 - ✓ Prospectus
 - ✓ Transparency
 - ✓ Takeovers

Development of Product Range

Current Products

- ✓ Equities
- ✓ Government bonds
- ✓ Corporate bonds
- ✓ Investment funds

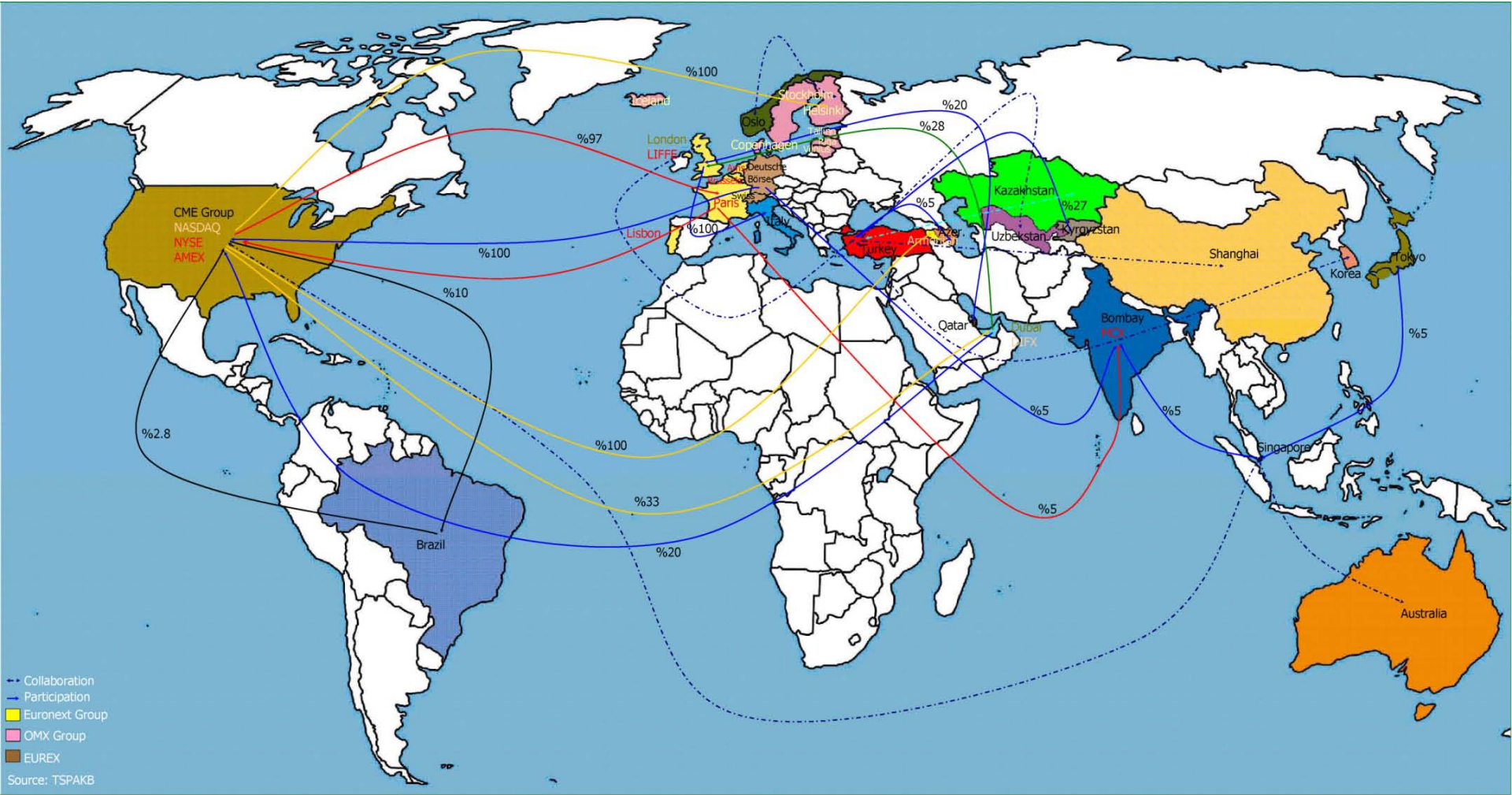
Recent Products

- ✓ ETFs
- ✓ Structured funds
- ✓ Futures

New Products

- ✓ Single-stock futures
- ✓ Warrants
- ✓ Options
- ✓ Securitization instruments
- ✓ Contracts for Differences
- ✓ Mortgage instruments

Demutualization of the Istanbul Stock Exchange



Market Infrastructure Reforms

- ▼ New market for SMEs within the ISE.
- ▼ Listing of already public companies on the ISE.
- ▼ Extension of trading hours.
- ▼ Introduction of market-making system for equities.
- ▼ Dematerialization of T-bills.

The Future

TARGET: Larger economy, larger, more liquid markets.

- ▼ Wider investor base.
- ▼ Improved listings.
- ▼ Variety of investment instruments.
- ▼ Regulations in line with international standards.
- ▼ Demutualized Istanbul Stock Exchange.
- ▼ Better integrated to the global markets.
- ▼ Istanbul becomes a regional financial center.

Invitation

Asia
Securities
Forum 09



**International Council of Securities Associations
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9-13 May 2010**

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