

CAPITAL MARKETS BOARD
OF TURKEY
2012 ANNUAL REPORT





2012

CAPITAL MARKETS BOARD
OF TURKEY
2012 ANNUAL REPORT



ANKARA, July 2013

Contents

TABLES	vii
GRAPHS	viii
ABBREVIATIONS	ix
CHAIRMAN'S STATEMENT	x
1. CAPITAL MARKETS BOARD OF TURKEY	14
1.1. MISSION, VISION, DUTIES AND AUTHORITIES	16
1.2. EXECUTIVE BOARD AND ORGANIZATION	17
1.2.1. Executive Board	17
1.2.2. Organization	19
1.3. BUDGET	22
1.4. STAFF	22
2. WORLD ECONOMY	24
2.1. ADVANCED ECONOMIES	28
2.2. DEVELOPING COUNTRIES	29
2.3. FINANCIAL MARKETS	30
2.4. STOCK EXCHANGES	32
3. TURKISH ECONOMY	36
4. TURKISH CAPITAL MARKETS	42
4.1. OUTSTANDING SECURITIES	45
4.2. SECURITY ISSUES REGISTERED WITH THE CMB	46
4.3. ISTANBUL STOCK EXCHANGE	48
4.3.1. ISE Equities Market National-100 Index, Trading Volume and Number of Shares Traded	48

4.3.2.	Equities Traded by Foreign Investors	52
4.3.3.	Bonds and Bills Market Transactions	53
4.4.	COLLECTIVE INVESTMENT SCHEMES	54
4.4.1.	Mutual Funds	54
4.4.2.	Investment Trusts	60
4.5.	PORTFOLIO MANAGEMENT COMPANIES	62
4.6.	FUTURES AND OPTIONS EXCHANGE INC.	63
4.7.	CENTRAL REGISTRY INC. AND INVESTOR PROTECTION FUND	66
4.8.	ISTANBUL GOLD EXCHANGE	67
4.9.	THE ISE SETTLEMENT AND CUSTODY BANK INC.	67
4.10.	THE ASSOCIATION OF CAPITAL MARKET INTERMEDIARY INSTITUTIONS OF TURKEY	68
4.11.	INTERMEDIARY INSTITUTIONS	69
5.	ACTIVITIES OF THE CMB IN 2012	70
5.1.	REGULATION	72
5.1.1.	Laws	72
5.1.2.	Regulations	72
5.1.3.	Communiqués	73
5.1.4.	Rulemaking Decisions of the Board	74
5.2.	ONGOING REGULATORY AND OTHER ACTIVITIES	75
5.3.	REGISTRATION	77
5.4.	AUTHORIZATION	78
5.4.1.	Authorization of Intermediary Institutions	78
5.4.2.	Authorization of Collective Investment Schemes	79
5.4.3.	Authorization of Publicly-Held Companies	79
5.4.4.	Authorization of Independent Auditing Firms	80
5.4.5.	Authorization of Rating Agencies	80
5.4.6.	Authorization of Appraisal Firms	80
5.5.	SURVEILLANCE	81
5.5.1.	Surveillance of Publicly-Held Companies	81
5.5.2.	Surveillance of Collective Investment Schemes	82
5.5.3.	Surveillance of Intermediary Institutions	82
5.5.4.	Oversight of Audit Firms	82
5.5.5.	Oversight of Rating Agencies	83

Contents

5.5.6. Oversight of Appraisal Firms	83
5.5.7. Market Surveillance	83
5.6. ENFORCEMENT	84
5.7. ACCOUNTING AND AUDITING STANDARDS	89
5.7.1. International Financial Reporting Standards	89
5.7.2. Auditing Standards	89
5.8. CASES, WRITTEN APPLICATIONS TO THE PUBLIC PROSECUTORS AND ADMINISTRATIVE MEASURES	89
5.8.1. Cases Against the Acts of the Board	90
5.8.2. Cases Commenced by the Board	91
5.9. ACTIVITIES FOR HARMONISATION OF LEGISLATION WITH THE EU ACQUIS	93
5.9.1. Activities for Harmonization of the Legislation and Co-ordination with Other Institutions	94
5.9.2. Activities to Benefit from the EU Funds	95
5.10. INTERNATIONAL RELATIONS	95
5.10.1. Activities Related to International Organization of Securities Commissions (IOSCO)	96
5.10.2. Activities Related to Organisation for Economic Cooperation and Development (OECD)	98
5.10.3. Cooperation with the US Securities and Exchange Commission	98
5.10.4. Assignment of CMB Staff as Seconded at International Organizations and Foreign Institutions	99
5.10.5. Activities Related to World Trade Organisation (WTO) and the General Agreement on Trade in Services (GATS)	99
5.10.6. Activities Related to Islamic Financial Services Board (IFSB)	99
5.10.7. Activities Related to the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation	99
5.10.8. Activities Related to the International Forum of Independent Audit Regulators	100
5.10.9. Bilateral Relations and Memoranda of Understanding	100
5.10.10. International Education Programs Organized by the CMB	102
5.10.11. Other Activities	102
5.11. LICENSING ACTIVITIES	102
5.12. INVESTOR APPLICATIONS	104
5.13. INFORMATION SOURCES	104
5.14. EDUCATION PROMOTION AND INFORMATION ACTIVITIES	105
5.15. INFORMATION SYSTEMS	107
5.15.1. Software Development Activities	107
5.15.2. Corporate Website	109
5.15.3. Systems and Network Area Activities	109
5.15.4. Information Security Management System	110
5.15.5. Information Systems Audit	110

Tables

TABLE 1.1. INCOME AND EXPENDITURE OF THE CMB IN 2012	22
TABLE 1.2. STAFF OF THE CMB	23
TABLE 2.1. SUMMARY DATA ABOUT WORLD ECONOMY	27
TABLE 2.2. PERFORMANCE OF WORLD STOCK MARKETS (%)	34
TABLE 3.1. MAIN ECONOMIC INDICATORS	41
TABLE 4.1. CAPITAL MARKET INDICATORS	44
TABLE 4.2. OUTSTANDING SECURITIES	45
TABLE 4.3. SECURITY ISSUES REGISTERED WITH THE CMB (TL THOUSAND)	47
TABLE 4.4. SECURITY ISSUES REGISTERED WITH THE CMB (\$ THOUSAND)	47
TABLE 4.5. MAIN INDICATORS OF THE ISE EQUITIES MARKET	49
TABLE 4.6. MAIN INDICATORS FOR CORPORATIONS WHOSE SHARES ARE LISTED ON THE ISE	50
TABLE 4.7. SECURITIES BALANCE OF FOREIGNERS AND TRADING VOLUME	53
TABLE 4.8. ISE BONDS AND BILLS MARKET TRADING VOLUME	53
TABLE 4.9. PORTFOLIO COMPOSITION OF A TYPE MUTUAL FUNDS (%)	57
TABLE 4.10. PORTFOLIO COMPOSITION OF B-TYPE MUTUAL FUNDS (%)	58
TABLE 4.11. PORTFOLIO COMPOSITION OF A AND B- TYPE MUTUAL FUNDS (%)	58
TABLE 4.12. CURRENT STATE OF EXCHANGE TRADED FUNDS	59
TABLE 4.13. CURRENT STATE OF FUNDS OF FUNDS	60
TABLE 4.14. CURRENT STATE OF A-TYPE AND B-TYPE INVESTMENT TRUSTS	61
TABLE 4.15. CURRENT STATE OF REAL ESTATE INVESTMENT TRUSTS	61
TABLE 4.16. CURRENT STATE OF VENTURE CAPITAL INVESTMENT TRUSTS	62
TABLE 4.17. CURRENT STATE OF PORTFOLIO MANAGEMENT COMPANIES	63
TABLE 4.18. TURKISH DERIVATIVES EXCHANGE TRADING VOLUME (2012)	64
TABLE 4.19. ISTANBUL GOLD EXCHANGE	67
TABLE 4.20. TAKASBANK STATISTICS (2012)	68
TABLE 4.21. LICENSES OF INTERMEDIARY INSTITUTIONS	69
TABLE 4.22. TRANSACTIONS OF INTERMEDIARY INSTITUTIONS	69
TABLE 5.1. REGISTRATION APPLICATIONS AND REALIZATIONS	77
TABLE 5.2. ACTIVITIES SUBJECT TO AUTHORIZATION OF THE CMB AND THE INSTITUTIONS THAT CAN CARRY OUT THESE ACTIVITIES	78
TABLE 5.3. APPLICATIONS OF INTERMEDIARY INSTITUTIONS	78
TABLE 5.4. APPLICATIONS OF COLLECTIVE INVESTMENT SCHEMES	79
TABLE 5.5. APPLICATIONS OF PUBLICLY-HELD COMPANIES	80
TABLE 5.6. SUBJECTS OF ENFORCEMENT ACTIVITIES	86
TABLE 5.7. SANCTIONS AS A RESULT OF ENFORCEMENT ACTIVITIES	87
TABLE 5.8. ADMINISTRATIVE PECUNIARY PUNISHMENTS CAUSES AND AMOUNT	88

Tables

TABLE 5.9. ADMINISTRATIVE CASES AGAINST THE BOARD ACTS	91
TABLE 5.10. ADMINISTRATIVE CASES WHICH HAVE BEEN ADJUDICATED	91
TABLE 5.11. CIVIL CASES AGAINST THE BOARD	91
TABLE 5.12. WRITTEN APPLICATIONS BY THE BOARD TO THE PUBLIC PROSECUTOR AND THE CASES WHICH HAVE BEEN COMMENCED	92
TABLE 5.13. ADJUDICATED CASES WHICH HAVE BEEN COMMENCED AS A RESULT OF THE WRITTEN APPLICATIONS OF THE BOARD TO THE PUBLIC PROSECUTOR	92
TABLE 5.14. CIVIL CASES COMMENCED BY THE BOARD	93
TABLE 5.15. BILATERAL MEMORANDA OF UNDERSTANDING SIGNED BY THE CMB	101
TABLE 5.16. NUMBER OF LICENSES DESERVED (2002-2012)	103
TABLE 5.17. ACTIVITIES OF GROUP OF INFORMATION REQUESTS	104
TABLE 5.18 TRAINING SEMINARS FOR UNIVERSITY STUDENTS	106

Graphs

GRAPH 3.1. MONTHLY AVERAGE DOMESTIC BORROWING COST AND MATURITY OF DOMESTIC BORROWING	39
GRAPH 4.1. OUTSTANDING SECURITIES	46
GRAPH 4.2. SHARE OF PUBLIC AND PRIVATE SECTOR SECURITIES IN TOTAL	46
GRAPH 4.3. ISE-100 INDEX AND TRADING VOLUME (2002-2012)	49
GRAPH 4.4. ISE-100 INDEX AND TRADING VOLUME (2012 MONTHLY BASIS)	49
GRAPH 4.5. MARKET CAPITALIZATION (BILLION \$)	51
GRAPH 4.6. PERCENTAGE CHANGE IN MARKET CAPITALIZATION	51
GRAPH 4.7. SECURITIES HELD IN CUSTODY FOR FOREIGNERS	52
GRAPH 4.8. BONDS AND BILLS DAILY AVERAGE TRADING VOLUME ON THE EXCHANGE AND OFF-THE EXCHANGE	54
GRAPH 4.9. NUMERICAL DISTRIBUTION OF A AND B TYPE MUTUAL FUNDS	55
GRAPH 4.10. A AND B TYPE MUTUAL FUNDS' PORTFOLIO VALUE IN TL TERMS	55
GRAPH 4.11. A AND B TYPE MUTUAL FUNDS' PORTFOLIO VALUE IN US DOLLAR TERMS	56
GRAPH 4.12. KINDS OF A-TYPE MUTUAL FUNDS	56
GRAPH 4.13. KINDS OF B-TYPE MUTUAL FUNDS	57
GRAPH 4.14. NUMERICAL DISTRIBUTION OF KINDS OF PENSION MUTUAL FUNDS	59
GRAPH 4.15. TURKDEX NUMBER OF CONTRACTS TRADED (UNIT)	64
GRAPH 4.16. TURKDEX TRADING VOLUME (TL)	65
GRAPH 4.17. CHANGES IN THE TOTAL NUMBER OF OPEN POSITIONS	65

Abbreviations

CBRT	: Central Bank of the Republic of Turkey
CMB	: Capital Markets Board of Turkey
CML	: Capital Market Law #6362
COMCEC	: Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation
CPI	: Consumer Prices Index
CRA	: Central Registry Agency Inc.
ECB	: European Central Bank
ECM	: Emerging Companies Market
EMBI	: Emerging Markets Bond Index
EMC	: Emerging Markets Committee
ESMA	: European Securities and Markets Authority
EU	: European Union
FCIB	: Financial Crimes Investigation Board
FED	: US Federal Reserve
FSB	: Financial Stability Board
GATS	: General Agreement on Trade in Services
GDP	: Gross Domestic Product
IAASB	: International Auditing and Assurance Standards Board
IFRS	: International Financial Reporting Standards
IGE	: Istanbul Gold Exchange
IMF	: International Monetary Fund
IOSCO	: International Organization of Securities Commissions
ISAs	: International Standards on Auditing
ISE	: Istanbul Stock Exchange
LIBOR	: London Interbank Offered Rate
MSCI	: Morgan Stanley Capital International
NYSE	: New York Stock Exchange
OECD	: Organisation for Economic Cooperation and Development
PDP	: Public Disclosure Platform
POA	: Public Oversight Accounting and Auditing Standards Authority
TAIEX	: Technical Assistance Information Exchange Office
TAKASBANK	: ISE Settlement and Custody Bank Inc.
TSPAKB	: Association of Capital Markets Intermediaries of Turkey
TURKDEX	: Turkish Derivatives Exchange
UT	: Undersecretariat of Treasury
USA	: United States of America
VIX	: CBOE Volatility Index
WFE	: World Federation of Exchanges
WTO	: World Trade Organisation

Chairman's Statement



The Capital Markets Board of Turkey

has the VISION of being a leading, respected and dynamic institution in both the national and international arenas. To achieve this, our MISSION is to perform objective and accountable regulation and supervision in the capital markets, with easily understandable rules, in line with international standards and developments and responding to changing market needs, to ensure fairness, transparency and efficiency.

The Capital Markets Board of Turkey (CMB), established in 1982, is Turkey's sole regulatory and supervisory authority which ensures the functioning and development of Turkish capital markets, with more than 1 million stock, 2,7 million mutual fund, 3,1 million private pension, approximately 200,000 private sector debt securities investors, and 100 intermediary institutions, more than 400 publicly held companies whose market capitalizations exceed 550 billion TL, 35 portfolio management companies managing securities exceeding 50 billion TL and more than 550 mutual funds, 92 authorized independent audit firms, 123 real estate appraisal firms and 10 rating agencies as stakeholders as of end-2012, in a secure, transparent, efficient, stable and competitive environment, and protects the rights and benefits of investors.

Capital markets are markets which offer the most effective solutions for actualizing innovative, high value added and long-term investments. Countries with improved banking systems and capital markets complementing each other have a higher and sustainable growth rate and are less affected by the economic crisis. Therefore, in order to ensure the sustainability of Turkish economy over the last 10-year period and to make it one of the world's top 10 economies in 2023, the most important step to be taken is to improve the capital markets and make them globally competitive. Our capital markets will play a vital role in achieving the targeted economic growth and providing the financial resources which the public and private sector are in need of to perform their investments.

With respect to the CMB's activities, the entry into force of the Capital Market Law No: 6362 at the end of the year was undoubtedly the most important progress of 2012. The

new Capital Market Law which is a combination of our 2023 vision and our 30-year experience was prepared by taking into consideration the 2008 global financial crisis, the process which led to the crisis and the developments right after the economic crisis, global regulations mainly those of the EU and market needs. The new Capital Market Law which includes modern applications of developed markets fulfils global standards.

Some of the changes and novelties brought by the new Capital Market Law are as follows:

- The legal infrastructure of markets has been prepared in order to make them operate with the concept of a financial supermarket allowing any financial instrument to be traded under the single roof and regulations related to central settlement and custody institutions and central counterparty applications have been made.
- Investment services and activities have been redefined; intermediary institutions have been enabled to perform high value added activities.
- Corporate governance principles have been regulated by Law, the CMB has been given the authority to establish rules regarding these principles, to require the firms to comply with corporate governance principles and to take actions ex officio in this regard.
- Corporations have been given the right to acquire their own shares or take them in pledge and investors have been given retirement right as a result of qualified transactions such as the merger and division transactions, transfer of assets,

creation or change of privileges. Furthermore, regarding publicly held corporations, the shareholders surpassing a ratio of voting rights to be determined by our Board have gained the right to squeeze out the shareholders who became a minority whereas shareholders who became a minority have gained the right to sell out their shares.

■ In order to increase the competition, performance and trust for the system in institutional investment sector and the weight of institutional investors in our markets, the establishment and management of mutual funds were determined as a separate area of activity and the principles of establishment and operations of portfolio management companies which will exclusively deal with this activity were regulated, operations of portfolio custody and management services by different companies were decreed and the establishment of investment companies with variable capital was allowed.

■ CMB has been given the right to determine actions and transactions that cannot be explained with a reasonable economic and financial justification but which are of a nature of deteriorating the functioning of markets in security, stability and openness as “market abuse action” and to give an administrative fine to such actions. Insider trading and market manipulation acts in old Capital Market Law have been defined in more details and the sanctions related to such acts were associated with the obtained benefit and aggravated within the concept of economic punishment to economic crime.

■ The Investor Compensation Center was established in order to secure investors’ capital market instruments and cash assets up to 100,000 TL.

Besides the preparation period of the new Capital Market Law and its adoption process by the Grand National Assembly of Turkey, a lot of procedures regarding market regulation, supervision and development have been realized by the CMB. On-site inspections and supervision studies were carried out regarding the authorization of leveraged transactions which were regulated as a capital markets activity through the preparation of its legal infrastructure in 2011. In that regard, 24 intermediary institutions have been licensed, so that investors can make trading in a market structure that is well regulated and supervised.

As for the derivative instruments, futures and option contracts based on a single stock, long expected by investors, have started to be traded on the Borsa Istanbul, under its new name. In addition, capital market instrument types which may be used in the repo transactions have been extended and shares have been allowed to be used in the repo transactions.

Increasing the weight of institutional investors is one of the issues to which we attach great importance. Studies were carried out on competition, costs and product diversity in order to improve the performances of institutional investment instruments and make them attractive to savers, so lease certificates have been included in the assets which may be taken to the fund portfolio, receiving private sector debt instruments without limit of concentration to capital guaranteed and capital protected funds have been allowed, regulations have been made for the calculation of a “fund total expense rate” for all expenses covered from the mutual funds and determination of upper limit for this rate.

Arrangements were made in order to adopt the corporate governance principles in our markets as we see them as an important milestone in the improvement process of

our markets, the principles were determined regarding to the number and qualifications and election process of the independent members of board of directors and regulations have been made for the provisional injunction decision of the CMB in cases contrary to the obligatory corporate governance principles and for its ability to request from the courts for the cancellation of transactions and determination of breach to the legislation.

Our Board has continued its international cooperation studies to which it attaches great significance in terms of monitoring global implementations and developing markets and cooperation with international institutions mainly International Organization of Securities Commissions (IOSCO) and Organization for Economic Co-operation and Development (OECD) throughout the year. In 2012, the CMB and OECD launched a common project titled “Corporate Governance, Value Creation and Economic Growth”. The aim of the project is to evaluate the capital markets over the last 10 years and perform preparatory studies to revise the OECD Principles of Corporate Governance planned to be made in 2014. Within the framework of this project, the CMB will lead

the rewriting process of corporate governance principles in emerging markets.

In terms of Turkish capital markets, we, as the Capital Markets Board of Turkey, consider the year 2013 as a year of “change and transition” and the year 2014 onwards as a rapid and consistent growth period, and carry out our work accordingly. Within the next 10 year “Change, Transition and Growth” phase until 2023, we aim at ensuring a transparent, efficient, stable, fair and competitive capital market, providing our investors with more information, developing instruments and institutions which will provide channeling of savings into capital markets, contributing to the increase of our country’s savings rate, diversifying and facilitating corporations’ access to financing options, contributing to sustainable growth and making Istanbul one of the world’s top 10 finance centers by 2023. Without doubt, not only the efforts of the CMB and its staff alone but also the contributions of all dedicated stakeholders and other related people and institutions in capital markets will serve to accomplish our goals.

Dr. Vahdettin Ertaş
Chairman





Capital Markets Board of Turkey



1. Capital Markets Board of Turkey

The CMB has been established for carrying out the tasks and exercising the authorities granted with the Capital Market Law (CML) and the related legislation, to maintain secure, transparent, efficient, fair, and competitive capital markets, and to protect rights and interests of investors.

The CMB is a statutory public legal entity with administrative

and financial autonomy, and exercises its authorities independently under its own responsibility. The CMB is related with the Minister assigned by the Prime Minister.

The CMB's headquarter is in Istanbul. However, its headquarter shall remain in Ankara until the processing and operations for moving to Istanbul have been completed.

1.1. Mission, Vision, Duties and Authorities

The MISSION of the CMB is to regulate and supervise the capital markets for the secure, fair, transparent and efficient functioning of the capital markets within the framework of objectivity and accountability, conducting supervision and making clear and comprehensible approach that is in conformity with international norms and developments which meets varying market needs. The VISION of the CMB is to be a leading dynamic and respected institution in national and international arena.

The main duties and authorities of the CMB as specified in the CML are as follows:

- Carrying out the tasks and activities for fulfilling the duties and implementations imposed by the CML and ensuring the foreseen results;
- Taking general and special decisions in order to ensure timely, adequate and accurate public disclosure;
- Determining the conditions and operating principles concerning independent auditing, rating, appraisal and information systems auditing activities of institutions and corporations within the scope of the CML and declaring those who meet these conditions in the form of lists;
- Exchanging information and cooperating in any manner with other financial regulatory and supervisory institutions in order to ensure financial stability and fulfil the requirements of national or international legislation;
- Cooperating in any manner in relation to capital markets and signing bilateral or multilateral memoranda of understanding in accordance with the principles of reciprocity and the protection of professional confidentiality, with corresponding foreign institutions that are authorised to regulate and supervise capital markets,

in order to exchange information, meet requests for document, inspecting the headquarters, branch offices or subsidiaries or affiliates located in Turkey of institutions performing activities in the capital markets of foreign countries as well as in the bodies from which they outsource within the framework of a written contract and to take the necessary administrative measures, share the expenditures related to the activities to be carried out in this context;

- To ensure the development of the capital market, regulating the principles and procedures concerning new capital market institutions and instruments and supervising them;
- Determining the principles regarding those who would be employed in publicly held corporations, the professional education of managers and other employees of capital market institutions, awarding of certificates which certify their professional competence and professional license, establishing headquarters or companies for these purposes and determining the principles and procedures of their activities;
- Determining the principles and procedures which are to be abided by those who provide investment advisory to capital market investors and savers;
- Determining the operation and working principles of the Public Disclosure Platform as well as the principles and procedures concerning the notifications and applications to be made to the CMB in the scope of the CML;
- Determining the principles and procedures concerning the operation of information systems belonging to capital market institutions, publicly-held corporations, exchanges and self-regulatory organisations and their supervision in the framework of the CML;

- Assigning that national or international scientific researches on capital markets be made by persons or by working groups consisting of national or foreign academicians or practitioners, for the purpose of forming a basis for the existing and future regulation preferences;
- Participating to the works conducted by international institutions, financial, economic and professional organizations where the CMB

is a member as well as the works carried out by international institutions where Turkey is directly a member, developing common projects with those institutions and contributing to their projects; and

- Becoming a member of international institutions, financial, economic and professional organizations concerning the field of activity of the CMB.

1.2. The Executive Board and Organization

1.2.1. The Executive Board

The Executive Board (the Board Decision Making Body), which consists of the Chairman and members of the Board, is empowered to discuss and finalize the draft by-laws and communiqués concerning the CMB and the field that the CMB is tasked with regulating and supervising as well as the files of application and the examination and audit reports prepared by the CMB staff, and also has administrative

duties and authorities, apart from those mentioned in the CML and other legislation. The Executive Board has seven Members/ Commissioners appointed by the Council of Ministers. The Council appoints one of the Members as Chairman. The Board shall appoint one of the members as Acting Chairman and one of them as Deputy Chairman upon the proposal of the Board Chairman.



From left to right, Birol KÜLE, Himmet KARADAĞ, Nurullah GENÇ, Vahdettin ERTAŞ, Bekir Sıtkı ŞAFAK, Murat KOÇ, Bülent GÖKREM

Executive Board



Dr. Vahdettin ERTAŞ
Chairman



Bekir Sıtkı ŞAFAK
Acting Chairman



Bülent GÖKREM
Deputy Chairman



Prof.Dr. Nurullah GENÇ
Board Member



Birol KÜLE
Board Member



Himmet KARADAĞ
Board Member



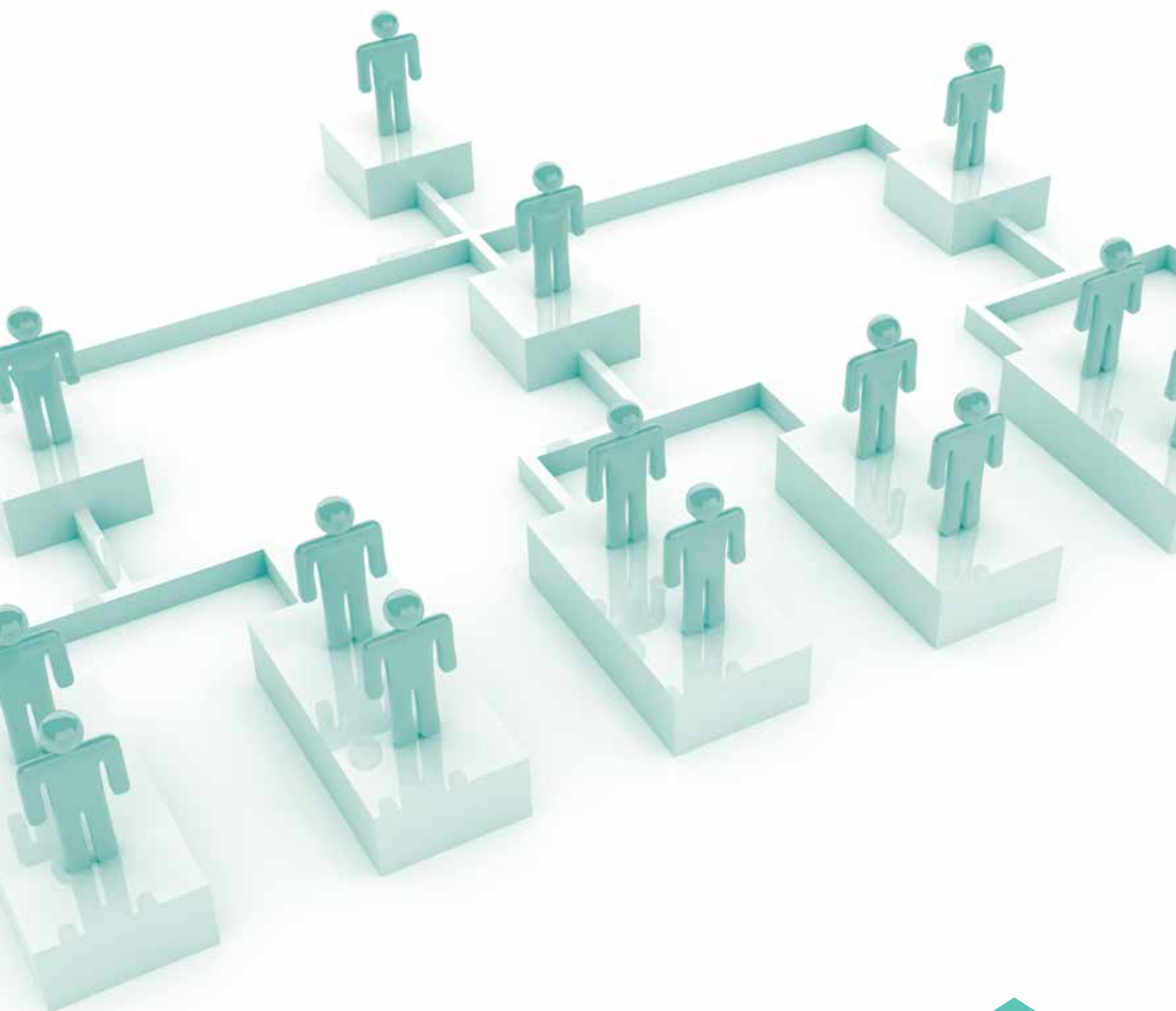
Murat KOÇ
Board Member

1.2.2. Organization

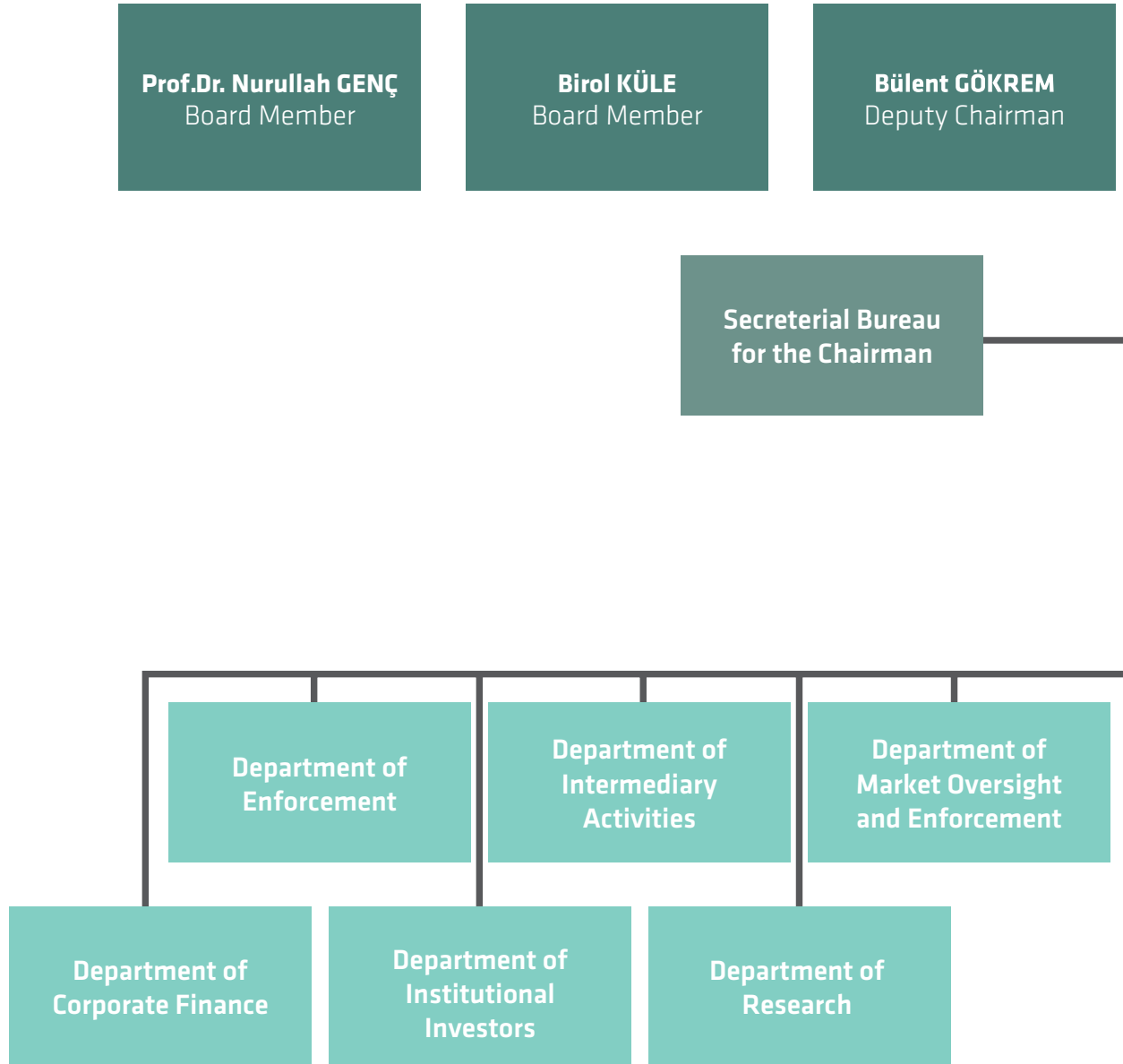
The CMB consists of the Chairman and the Board Members (Executive Board) and service units organized as Departments which are responsible to the Chairman.

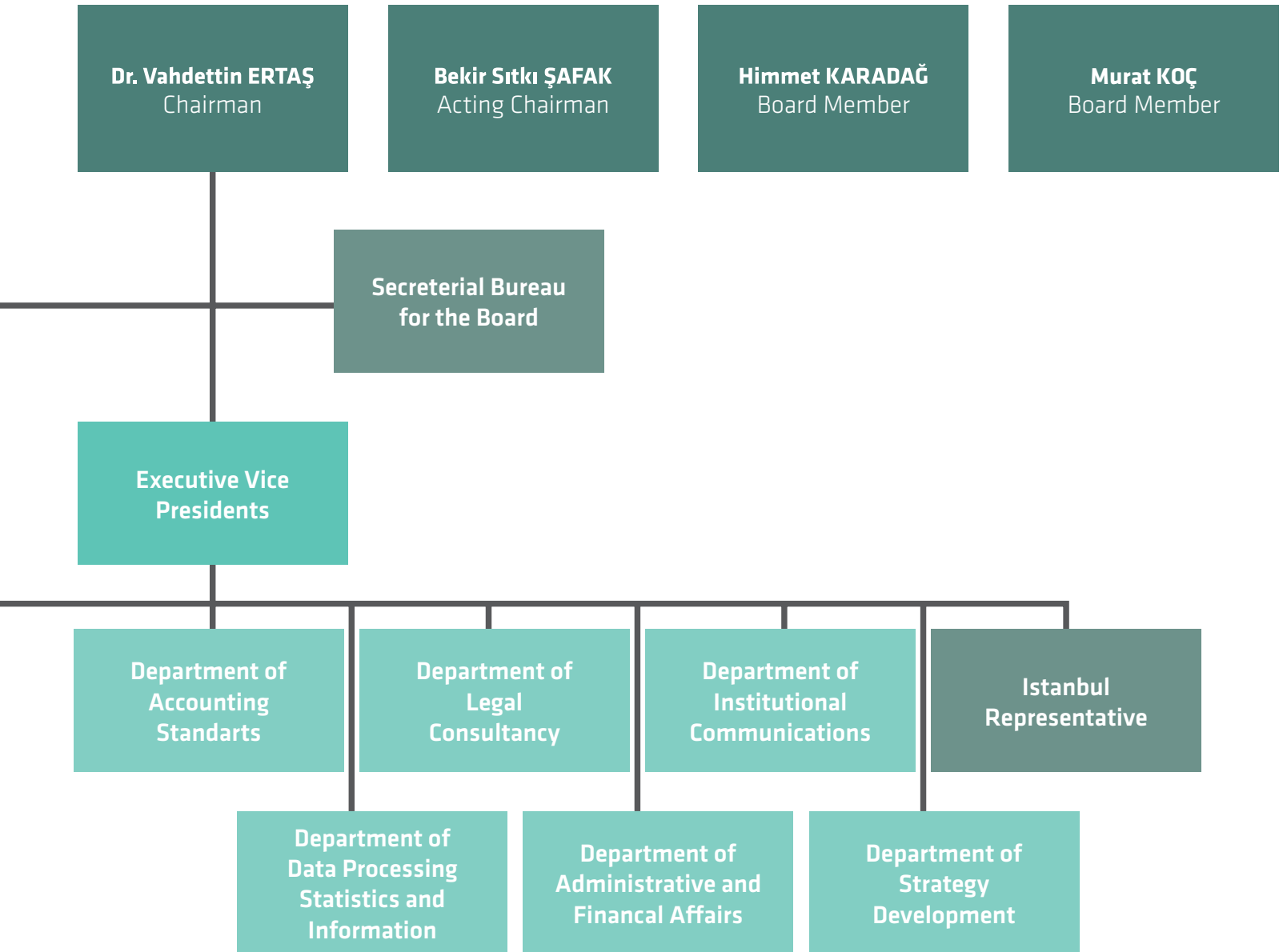
The Chairman is the chief executive officer of the organization and the Executive Board. The Executive Vice Presidents are authorized and responsible for cooperation and coordination among the Departments. The Departments are: Department of

Enforcement, Department of Corporate Finance, Department of Intermediary Activities, Department of Institutional Investors, Department of Market Oversight and Enforcement, Department of Research, Department of Accounting Standards, Department of Data Processing, Statistics and Information, Department of Legal Consultancy, Department of Institutional Communication, Department of Strategy Development, Department of Administrative and Financial Affairs.



Capital Markets Board Organization Chart





1.3. Budget

The income and expenditure figures of the CMB are TL 111.6 million and TL 78.5 million respectively in 2012. The detailed figures are shown in Table 1.1.

Table 1.1. Income and Expenditure of the CMB In 2012

1-INCOME			₺
Type of Income	Allowances	Realizations	
Legal Income	62.169.000	108.136.667	
Income from Lodgement	350.000	352.093	
Other Real Estate Income	530.000	608.270	
Income From Exchanges	16.000.000	0	
Other Interest	2.803.000	1.701.856	
Other Income	930.000	865.543	
TOTAL	82.782.000	111.664.429	

2-EXPENDITURE			₺
Type of Expenditure	Allowances	Realizations	
Staff	50.497.000	51.396.817	
Social Security	3.608.000	3.351.290	
Goods and Services	20.877.000	18.417.990	
Current Accounts	4.700.000	3.859.021	
Capital Cost	3.100.000	1.518.341	
TOTAL	82.782.000	78.543.459	

Source: CMB

The CMB can be considered as a self-financing entity since all the expenditures accrued were paid by a particular fund which has been established for this purpose in compliance with the Capital Market Law Nr.2499. Issuers or public offerors must deposit a fee corresponding to 0.3 % of the issue value of capital market instruments to be sold, and at the last working day of three-month periods; a fee corresponding to 0.005 % of the net asset values of investment funds and investment companies with variable capital shall be deposited to this account. Maximum 10 % of the whole revenues, except the interest revenues, of

the exchanges and other organised 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 budget by the Board,

In case the income is insufficient to meet the expenditures of the CMB, the deficit shall be met from Treasury grants to be made from the general budget. However, such a deficit has not occurred since 1992.

1.4. Staff

The rights and liabilities of the Board staff are regulated by the CMB Staff-Code in 1982 by Council of Ministers. The CMB staff is amenable to the Public Servants Law Nr.657. The CMB's services are carried out by the professional staff, who join the CMB by

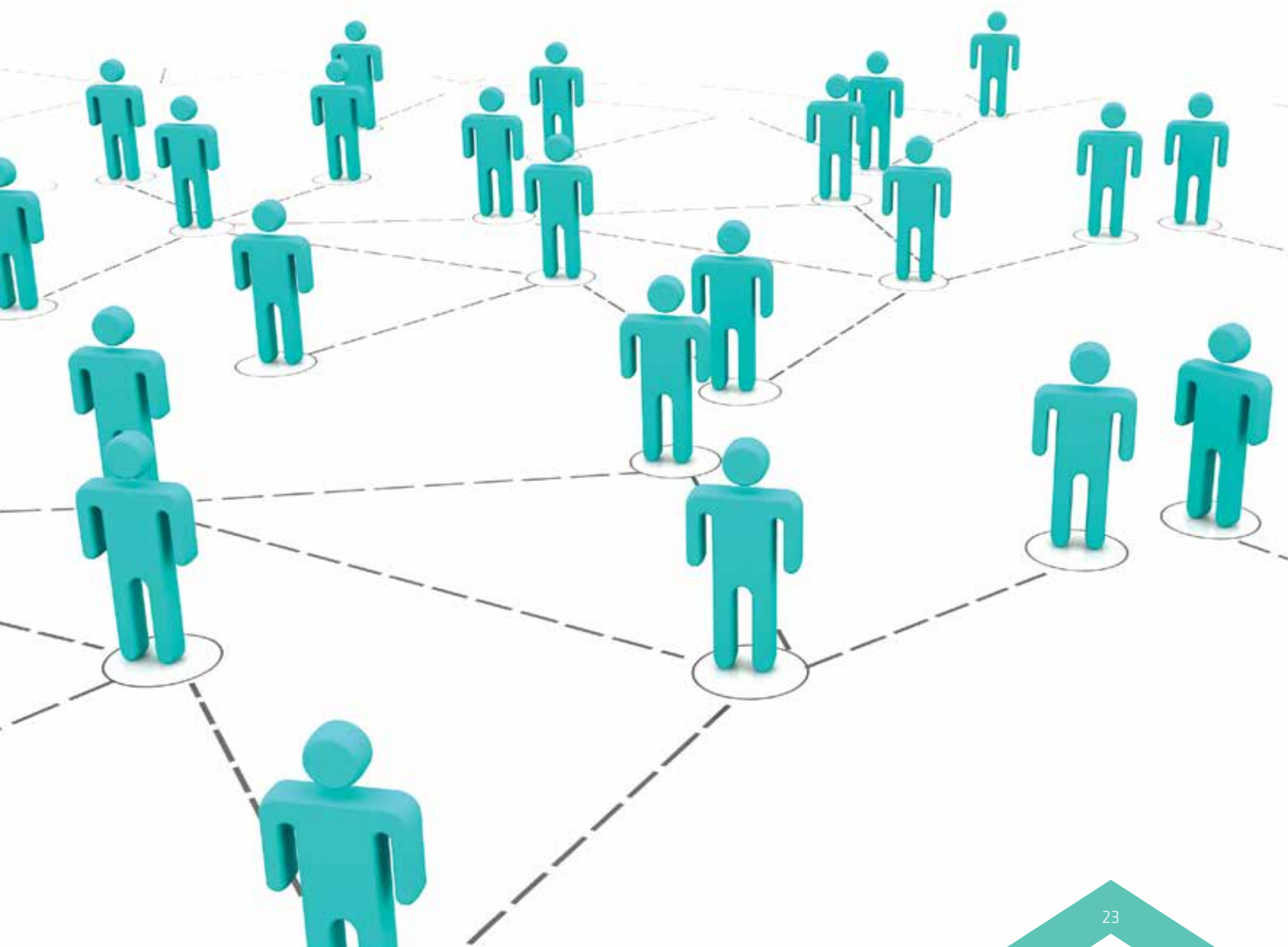
passing a special entrance examination and become expert after passing proficiency examination, and administrative staff.

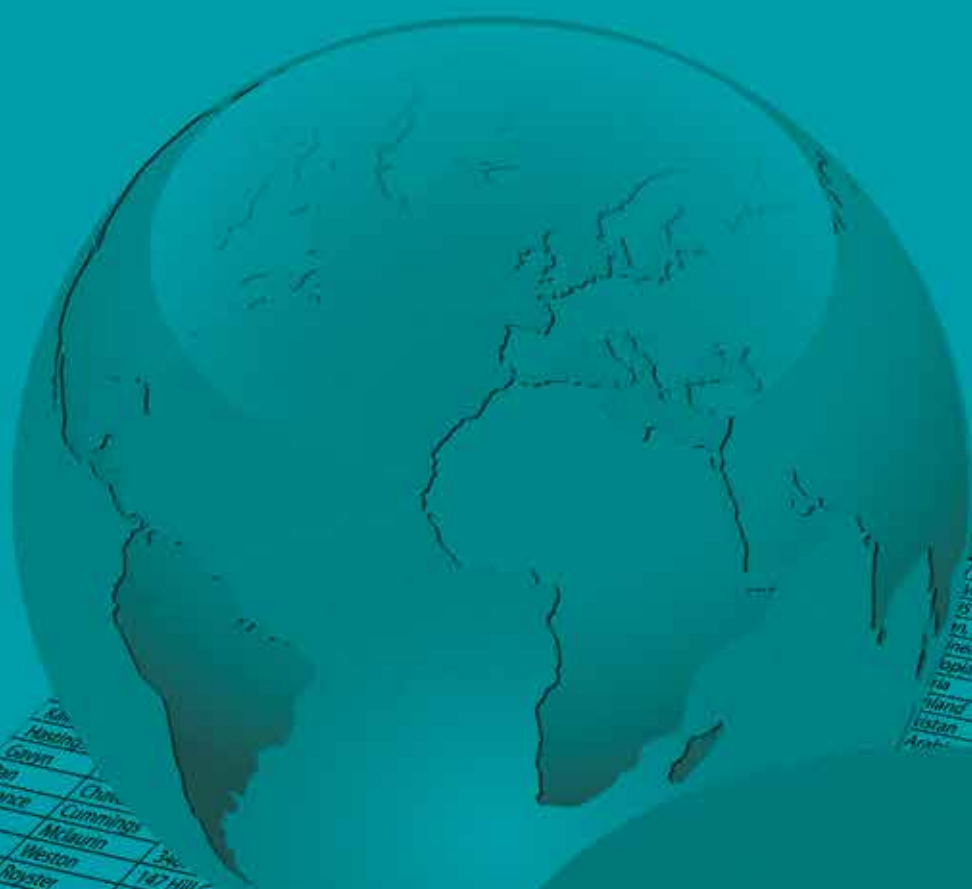
The rank profile of the CMB staff at 2012-end is shown in Table 1.2.

Table 1.2. Staff of the CMB

EXECUTIVE BOARD	7
TOP MANAGEMENT	44
Counselors	4
Executive Vice Presidents	3
Heads of Departments	12
Istanbul Representative	1
Deputy Heads of Departments	11
Advisors	13
PROFESSIONAL STAFF	240
Chief Experts	93
Experts	110
Chief Lawyers	16
Lawyers	21
JUNIOR PROFESSIONAL STAFF	47
Assistant Experts	42
Assistant Lawyers	5
IT STAFF	52
ADMINISTRATIVE STAFF	186
TOTAL	576

Source: CMB





Mr.	Holding	Govt.	Chw.
Clarence	Cummins		
Lavina	McLaurin	34c	
Isidro	Weston	147 Hill Circle	
Alka	Royster	1085 Seventh Street	
Julia	Golden	2468 First Street	
Hoff		4616 Oak Road	
Blackmon		1168 First Circle	22.6.1946
Whiteside		1187 Pine Circle	23.3.1939
Emp		3028 Hill Street	25.9.1987
		2561 Sixth Blvd.	5.12.1938
		1180 Oak Circle	26.11.1973
		2574 View Street	22.2.1971
		2761 View Road	6.12.1948
		684 Park Street	20.12.1980
		View Road	27.4.1945
		aphth Circle	19.8.1942
		Circle	13.2.1935
		15.7.1957	
		1.7.1944	
		10.8.1982	
		3.9.2009	
		5.9.1968	
		3.10.1967	
		16.12.1947	
		20.1.1974	
		Ojai	

Country	25p	Telephone	1990	1991
Holy See (Vatican)	59127	868-176-7170	164,644	377,985
Venezuela	44240	498-260-9002	87,970	587,333
15 Minor Outlying Islands	48660	272-472-1430	827,857	654,239
Islamic Republic of	15948	267-852-2169	91,640	109,770
India	54313	279-171-4280	518,402	408,069
China	22906	250-522-4312	328,218	714,180
Iran	62937	500-398-1033	564,241	919,401
Iran	54791	939-549-3590	871,318	809,056
Arab	76267	733-440-7963	211,292	289,788

Country	25p	Telephone	1990	1991
Holy See (Vatican)	59127	868-176-7170	164,644	377,985
Venezuela	44240	498-260-9002	87,970	587,333
15 Minor Outlying Islands	48660	272-472-1430	827,857	654,239
Islamic Republic of	15948	267-852-2169	91,640	109,770
India	54313	279-171-4280	518,402	408,069
China	22906	250-522-4312	328,218	714,180
Iran	62937	500-398-1033	564,241	919,401
Iran	54791	939-549-3590	871,318	809,056
Arab	76267	733-440-7963	211,292	289,788

Country	25p	Telephone	1990	1991
Holy See (Vatican)	59127	868-176-7170	164,644	377,985
Venezuela	44240	498-260-9002	87,970	587,333
15 Minor Outlying Islands	48660	272-472-1430	827,857	654,239
Islamic Republic of	15948	267-852-2169	91,640	109,770
India	54313	279-171-4280	518,402	408,069
China	22906	250-522-4312	328,218	714,180
Iran	62937	500-398-1033	564,241	919,401
Iran	54791	939-549-3590	871,318	809,056
Arab	76267	733-440-7963	211,292	289,788

Country	25p	Telephone	1990	1991
Holy See (Vatican)	59127	868-176-7170	164,644	377,985
Venezuela	44240	498-260-9002	87,970	587,333
15 Minor Outlying Islands	48660	272-472-1430	827,857	654,239
Islamic Republic of	15948	267-852-2169	91,640	109,770
India	54313	279-171-4280	518,402	408,069
China	22906	250-522-4312	328,218	714,180
Iran	62937	500-398-1033	564,241	919,401
Iran	54791	939-549-3590	871,318	809,056
Arab	76267	733-440-7963	211,292	289,788



Global economic growth slowed a bit in 2012 compared to previous year. According to International Monetary Fund (IMF) world economic growth slowed to 3.2% in 2012 from its 4% level in 2011.

According to IMF data, in 2012 advanced economies grew 1.2%, while developing countries grew 5.1%. Among advanced countries the GDP growth in US and Japan were 2.2% and 2% respectively, whereas euro area economy contracted by 0.6% in 2012 as reported by the IMF. Among emerging market countries, the fastest growing region was Asian region with its 6.6% growth whereas the slowest region was Central and Eastern Europe region with its 1.6% growth rate.

According to IMF data, consumer price inflation in advanced countries was 2%, and in developing countries it was 5.9% in 2012. Middle East and North Africa region had the highest inflation rate among developing countries according to the data in Table 2.1.

In 2012, the growth rate of the world good and services trade volume slowed down to 2.5%. The exports of developing countries increased by 4.2%, while exports of advanced countries rose by 1.8%. In addition, the increase in the imports of developing countries was 4.6% whereas the growth rate of the imports of advanced countries was 0.6%.

Table 2.1. Summary Data About World Economy

	2010	2011	2012
Annual Growth Rate (%)			
World Output	5.2	4.0	3.2
Advanced Economies	3.0	1.6	1.2
-United States	2.4	1.8	2.2
-Euro Area	2.0	1.4	-0.6
-Japan	4.7	-0.6	2.0
Developing Countries	7.6	6.4	5.1
-Central and Eastern Europe	4.6	5.2	1.6
-Asia	9.9	8.1	6.6
-Middle East and North Africa	5.5	4.0	4.8
-Sub-Saharan Africa	5.4	5.3	4.8
-Latin America and the Caribbean	6.1	4.6	3.0
World Output (Billion US\$)			
According to the Exchange Rate	63,468	70,221	71,707
According to the Purchasing Power Parity	74,879	79,286	83,140
Inflation (Consumer Prices, %)			
Advanced Economies	1.5	2.7	2.0
-United States	1.6	3.1	2.1
-Euro Area	1.6	2.7	2.5
-Japan	-0.7	-0.3	0.0
Developing Countries	6.0	7.2	5.9
-Central and Eastern Europe	5.3	5.3	5.8
-Asia	5.6	6.4	4.5
-Middle East and North Africa	6.5	9.2	10.7
-Sub-Saharan Africa	7.4	9.3	9.1
-Latin America and the Caribbean	6.0	6.6	6.0
World Trade Volume (%)			
World Trade Volume (Goods and Services)	12.5	6.0	2.5
-Exports			
-Advanced Economies	14.1	5.9	1.8
-Developing Countries	13.9	6.3	4.2
-Imports			
-Advanced Economies	13.3	5.0	0.6
-Developing Countries	15.4	9.5	4.6
Total World Exports (Billion US\$)	18,904	22,276	22,413
Current Account (Billion US\$)			
Advanced Economies	-9.0	-77.3	-58.1
-United States	-442.0	-465.9	-475.0
-Euro Area	64.5	78.4	221.4
-Japan	204.0	119.3	59.0
Developing Countries	334.9	486.8	394.4
-Central and Eastern Europe	-82.9	-119.5	-79.3
-Asia	232.0	178.8	130.4
-Middle East and North Africa	189.1	408.3	393.1
-Sub-Saharan Africa	-14.4	-17.6	-35.6
-Latin America and the Caribbean	-60.7	-75.5	-99.5
Capital Flows (Billion US\$)			
Developing Countries	600.0	495.3	144.9
-Foreign Direct Investment	400.9	473.2	446.3
-Portfolio Investment	224.5	96.7	164.9

Source: IMF World Economic Outlook, April 2013.

2.1. Advanced Economies

Actions taken by the world's major central banks to support the economy and the financial markets, reduced the volatility in financial markets and underpinned the economic growth in advanced economies in 2012 albeit unsatisfactory. Although the recession in Euro area affected the average economic growth performance of advanced economies unfavorably, US economy grew faster than in 2011, whereas Japan, which was in recession in 2011, performed very good in 2012 by growing 2%.

The worst affected economy among advanced countries was euro area in 2012. Fiscal austerity measures and high unemployment rates especially in troubled countries depressed euro economies. In this regard, the negative effects of debt crisis had been felt deeper on the euro area economy in 2012. Although the euro area had succeeded to grow 1.4% in 2011 when the crisis had been continuing, in 2012 the economy contracted 0.6%. The deceleration in the economic growth of Germany, which has been economic power house of the European economy, from 3.1% to 0.9% in 2012 was particularly discouraging. The economic growth rate of France which is the second biggest economy in euro area, also slowed down from 1.7% to 0.2% in 2012. Also economic woes deepened in the troubled economies of the euro area in 2012. The economies of Italy and Spain which had both grown 0.4% in 2011, contracted 2.4% and 1.4% respectively in 2012. Also, the recession in the Greek economy continued in 2012 with 6.4% contraction. UK economy which had grown close to 1% in 2011, came to a standstill in 2012.

Central Banks were at the forefront in 2012 again. Fed at its January meeting at the beginning of the year, warranted to keep federal funds rate exceptionally low levels at least through late 2014 and signalled possible further purchases of securities. During its June meeting Fed extended "operation twist" program, in which shorter maturity treasury securities are swapped with long term securities, through year end.

Fed meeting minutes and Chairman Bernanke's speech at the Jackson Hole was interpreted as the bank would continue to keep interest rates at low levels longer than it had been thought before. Afterwards at its September meeting Fed announced that it would buy open-ended \$40 billion worth of mortgage-backed securities each month. The bank also extended its

forward guidance by saying that it would maintain its policy rate at exceptionally low levels until at least mid-2015.

In December Fed announced monthly \$45 billion worth Treasury securities purchases. As a result in 2012 Fed's total amount of extra open-ended monthly purchases of securities reached \$85 billion. In addition Fed declared extra guidance to markets by declaring that it would keep the federal funds rate at its ultra low levels as long as unemployment rate remain above 6.5 % and inflation is no more than half a percentage point above Fed's target rate of 2% and as long as long term inflationary expectations are under control. In this regard, Fed's monetary policy in 2012 had two main themes. First of all asset purchases in 2012 were open ended and secondly Fed gave forward guidance about how its policy would be shaped in the future by declaring specific dates and targets about macro economic variables to markets.

European Central Bank (ECB) was very active in 2012 as well. ECB by taking decisive action, played a critical role in preventing rising tensions in Euro area to become a full-fledged financial crisis. ECB had been instrumental in controlling the spiralling crisis at the end of 2011 by lending three-year loans to European banks. In February 2012 ECB by making three year loans to European banks second time, strengthened the position of the financial sector further. In this second three-year longer-term refinancing operation European banks borrowed 530 billion Euro. As a result of these operations, concerns regarding the European banks dissipated to large extent.

ECB cut interest rate by 25 basis point to 0.75% in July. Also the bank slashed overnight deposit rates to zero. By cutting deposit rates which is the rate it pays banks for parking money with it, to zero, ECB encouraged banks to lend money to the companies and consumers.

Also the announcement of bond purchase program regarding the troubled countries by the ECB during September contributed to the stability in the markets. The ECB program envisaged the purchase of bonds of any Euro area country upon the demand of country and in concordance with some other terms. On the other hand no country made such application.

In 2012 other major central banks also followed accommodative monetary policies that support the economic growth and financial markets. The Bank of Japan expanded its asset purchasing programme in February, April, September, October and December and raised its asset purchase program to a total of 101 trillion yen from previous level of 55 trillion yen. Bank of Japan did not change its policy rate of 0-0.1%. In a parallel manner, Bank of England increased its asset purchase program to 375 billion sterlin by increasing the program 50 billion sterlin in both March and July. Bank of England kept its policy rate at 0.5% as well.

Mild economic growth in the US, which is the world's biggest economy, supported the world economy at a time when the European economy was in crisis.

The labor market in US continued to improve in 2012. The unemployment rate which had been 8.5% at the end of 2011 dropped below 8% in September and closed the year at 7.8%. An increase of more than 2 million in total employment in 2012 was the reason behind the drop in unemployment rate.

In 2012 consumer inflation in US was on a declining trend. The consumer inflation which was 3% at the beginning of the year, dropped to 2.1% at the end of 2012. The drop in the inflation

rate to 2.1% despite Fed's over expansionary monetary policies, strengthened the central bank's hand in pursuing policies that support economic growth and showed that the inflationary pressures are under control.

Although the US manufacturing purchasing managers' index had a strong performance in the first half of the year, apart from the mild increase during September and October, it had a weak performance starting with the end of second quarter. Although the manufacturing purchasing managers' index even dropped below 50 during November, it closed the year in the positive territory. The US non-manufacturing index had a better performance than the manufacturing index and apart from slight drop in June and July, it maintained its strong performance.

As shown in Case-Shiller index, house prices in US entered into an upward trend in 2012. This was a successful result of policies that supported real estate. According to Case-Shiller index, house prices in US increased close to 7% nationwide in 2012. House prices increased strongly especially in the second quarter of the year. The increase in house prices slowed in the third quarter and prices retreated slightly in the last quarter of the year.

2.2. Developing Countries

Although the emerging market countries started 2012 well as the wounds from Thailand flooding were recovered, emerging markets were affected negatively from the European crisis in the second quarter. Especially the slowdown in Chinese economy started to be felt. Nevertheless as a result of precautions taken, economic growth accelerated in the second half of the year.

The continued slowdown in emerging market economies surprised against a background where advanced economies like US and Japan had mild growth performance 2012. According to IMF data, the economic growth of emerging markets slowed down to 5.1% in 2012 from 6.4% in 2011.

The central banks in emerging markets slashed interest rates in 2012 in order to spur economic growth and also to protect against the side effects of easy monetary policies in advanced countries. The most dramatic interest cuts came from Brazil in 2012. The policy interest rate which was 11% at the beginning

of 2012, was slashed to 7.25% with 7 cuts throughout the year. In addition to that central banks in many emerging markets cut interest rates in 2012. The policy rate cuts in 2012 were 125 basis points in Hungary, 75 basis points in Philippines, Israel and Colombia, 70 basis points in Czech Republic, 50 basis points in China, India, South Africa, South Korea and Poland, 25 basis points in Indonesia and Thailand. On the other hand Russian Central Bank was diverged from other emerging market counterparts by increasing interest rates by 25 basis points in September.

On a regional level, the crisis in the European Union affected the economic growth of the closest countries which are in the Central and Eastern region. While the European crisis affected through foreign trade and foreign financing channels, policy tightening in some of the countries in the region also contributed to the regional slowdown. The economies of Turkey and Poland which are the two large countries of the region

slowed down considerably. As a result the highest slowdown among emerging markets was in Central and Eastern Europe region where the growth rate dropped to 1.6% in 2012.

Also the growth rate in the fastest growing Asia region cooled in 2012. The slowdown in the exports in foreign trade oriented economies as a result of weaker demand from developed economies and China's efforts to control economic growth played an important role in the slowdown. Although the Chinese economy continued to grow fast in 2012, the growth rate slowed down compared to previous year. The slowdown in Chinese economy also weakened the regional trade. As a result of weakening in the largest economies of the region like China and India, the growth rate of developing Asian region dropped to 6.6% in 2012 from 8.1% according to IMF data.

In the South America region the slowdown in the economies of Brazil and Argentina was noteworthy. The slowdown in Brazil which is Latin America's biggest economy, affected the economies in the region unfavorably. In 2012 economic growth rate in Brazil declined to 0.9% from 2.7%. The growth in Argentine economy slowed down to 1.9% from 8.9% in the same period. On the other hand Mexico, which is one of the largest economies in the region, retained its growth momentum in 2012. According to IMF data, in 2012 the growth rate in Latin America and the Caribbean region fell to 3% from 4.6%.

Among the most important emerging markets¹, Thailand increased its growth rate most in 2012 compared to previous year. The growth rate which was 0.1% in 2011, increased to 6.4% in 2012. Apart from Thailand, Malaysia and Mexico, the

economic growth rate in the most important emerging markets dropped in 2012 compared to previous year.

The country where inflation rate increased the most in 2012 among the biggest emerging markets was India. In 2012 inflation rate also increased in Argentina, Indonesia, Russia, Mexico and Thailand. On the other hand inflation rate dropped considerably in Chile, Poland, Malaysia, China and Turkey. In 2012 India and Argentina had the highest inflation rates with higher than 10% inflation rates. Russia and Turkey followed these countries with higher than 6% inflation rates. In 2012 the inflation rates in Brazil and South Africa were slightly over 5%. The inflation rates in Poland and China were a little above 2%. The lowest inflation rates among biggest emerging markets were in Malaysia and Chile with lower than 1% inflation.

In 2012 the developing countries that had the highest nominal current account deficits were India, Brazil and Turkey. Developing countries that had the highest nominal current account surpluses in the same period were China and Russia. In 2012 South Africa and Turkey were leading with around 6% current account deficit to GDP ratios whereas India had a deficit of 5.0%. Also Poland and Chile had current account deficits about 3.5%. Turkey and Poland brought down their current account deficits to GDP ratios considerably in 2012 as a result decline in their economic growth rates. On the other hand current account deficit ratios for Chile, South Africa and India increased in 2012. For most major developing countries with surpluses, current account surplus to GDP ratios retreated in 2012. The countries that had the highest weakening in their surpluses in 2012 were Thailand and Malaysia.

2.3. Financial Markets

Although the Euro area crisis was at the forefront, elections in the US and some European countries were also watched closely in 2012. Central banks were the most important economic actors in 2012 again. As the European crisis was contained and as a result of the central bank policies, 2012 was a calmer year apart from a brief turmoil during May. VIX² index which is seen as a barometer of risk, declined on average to 17 in 2012 from 24 in 2011.

Financial markets started 2012 on a positive note as a result of ECB's three year lending program for European banks after a period of increased flight from risk because of rising concerns regarding Euro area economy and banks. In addition the reduction of price of international dollar swap lines by the major central banks contributed to the improved atmosphere at the beginning of 2012. Also as ECB announced another three year Euro funding for banks on February, funding needs of European

¹ China, Brazil, Russia, India, Mexico, Indonesia, Turkey, Poland, Argentina, South Africa, Thailand, Malaysia, Chile.

² The index measures the expectation of volatility in the markets, using the relationship between option prices and market volatility. It is seen as one of the measures of expectations of volatility in stock markets.

banks mostly covered and as a result the banking sector worries that had emerged at the end of 2011 disappeared to a great extent. In this regard asset prices recovered in the first quarter of year. As a result of improvement in the funding conditions of European banks, investors started buying bonds of countries like Italy and Spain and consequently the yields of these bonds declined.

Euro area finance ministers agreed on a package for Greece in February. The financial aid package included private sector debt restructuring for Greek bonds and lowering of interest rates of previous EU loans to Greece. Greece completed the private sector bond swap successfully in March with a 86% participation rate.

Nevertheless the optimism in the market was shortlived and as a result of rising concerns toward Euro area and banks and political developments in some Euro area countries, stress in financial market rose again. Bond yields of troubled Euro countries increased again on March and April as a result of macro economic data from some Euro area countries and credit downgrades by some rating agencies.

As investors avoided risk because of rising worries towards Greece and Spain, stocks retreated while safe haven investments gained value during May. Political impasse in elections and calls for new elections in Greece where Syriza, which opposed EU plan, became the second biggest party and the election of Hollande, who was against austerity policies, as President in France, raised fears against Europe once again. Also credit rating downgrade of Spain and troubles in Spanish banks contributed to the risk retrenchment in markets. In parallel to rising worries with regard to European banks, credit ratings of many institutions downgraded.

In June elections in Greece, a pro-euro area coalition formed the government and as a result the risk of immediate exit from single currency area subsided. On the other hand when the Spanish government asked for 100 billion Euro financing to recapitalize its banks, the yields of Spanish and Italian bonds increased again. In addition, Spanish provinces demanded financing from central government in July. Greek Cypriot State also asked for aid from EU at the end of June. Euro area leaders agreed upon creating a single banking regulator within ECB. Rating agencies cut sovereign credit rating of Italy by two notches in mid July.

On the other hand, ECB President Draghi's pledge in July "to do whatever it takes to preserve Euro" led to an increase in confidence towards Euro area. In this regard, risk appetite increased and the yields of Spanish and Italian government bonds dropped. Also euro zone finance ministers agreed to lend to Spanish banks.

At the beginning of September, ECB announced its Outright Monetary Transactions Program (OMT) which envisaged buying the bonds of troubled euro area countries. The announcement of the bond buying program in September after the speech of Draghi in July, reduced the probability of a fat tail event in the euro area.

Although the fiscal cliff problem was on the agenda of the markets during December and despite there was not an agreement until the last minute, financial markets reflected a widespread belief in last minute solution. As expected there was a last minute agreement at the end of the year between the Republicans and Democrats in US that eliminated the fiscal cliff risk.

In this regard the Dollar Index³ gained near 5% when there was flight from risk in second quarter but gave away its gains in the second half of the year. As a result US Dollar Index did not change much in 2012 compared to the end of previous year and closed the year with a slight increase.

In 2012 the US Dollar lost value against Euro, whereas it gained against the Japanese Yen. Euro started the year at close to 1.30 level against the dollar and gained 1.9% and reached 1.32. On the other hand, the value of Euro against the dollar was choppy and as a result of increasing concerns regarding euro area euro lost value against dollar in the second quarter and retreated to 1.21 level during July.

Although ECB eased its monetary policy to contain the crisis throughout the year, its monetary policy continued to be tighter compared to Fed and Bank of Japan with its policy interest rate of 0.75%. In this respect after the crisis in euro area was under control Euro gained value again.

The US Dollar gained 12.7% against Japanese yen in 2012. Japanese yen lost value especially in the last months of the year with expectations that the prospective government after the

³ An index that measures the value of US dollar relative to basket which is composed of Euro, Japanese Yen, British Sterling, Canadian Dollar, Swiss Franc and Swedish Krona. Euro has the most weight in the basket.

election would force the Bank of Japan to further ease monetary policy. The US Dollar lost value against the Swiss Franc and British pound.

Emerging market currencies strengthened against the US Dollar in general. In 2012 Hungarian Forint, Chilean Peso, Turkish Lira, Russian Rouble, Malaysian Ringgit and Thailand Baht appreciated against the US Dollar. On the other hand Brazilian Real, South African Rand and Indian Rupee depreciated against the US Dollar.

Investors continued to invest into the treasury bonds of major advanced countries which was seen as safe harbor in 2012 again. In this regard -albeit at slower pace- the yields of such treasury bonds, mostly the US and German treasury bonds, continued to decline in 2012 too.

The yields of 10 year US Treasury bonds increased in the first quarter of the year and approached 2.4% in March. Nevertheless with start of the flight from risk to safe havens in the second quarter, the yields of 10 year US Treasury bonds dropped to 1.39 levels during July. But the yields increased throughout the rest of the year. As a result the yields which had been 1.87% previous year dropped 12 basis points to 1.75% at the end of 2012. The yields of German 10 year Treasury bonds retreated and dropped to 1.3% at the end of 2012 from previous year's yield of 1.9%. The yields of German bonds dropped below 1.2% during summer as a result of rising worries regarding Euro area. The yields of 10 year Japanese Treasury bonds dropped 19 basis points in 2012 to 0.80%.

The bond yields of crisis struck countries in euro area retreated significantly in 2012. The bond yields of these countries spiked at the midst of the year as worries regarding the euro area flared again. Nevertheless the yields retreated during the rest of the year as a result of the precautions taken.

Emerging market bond yields as measured by EMBI spreads were in a declining trend throughout 2012 except the market turbulence in May. The EMBI spreads dropped more than 100 basis points in 2012. The decline in Turkey's EMBI spread on the other hand was higher in the same period. As a result the risk perception regarding Turkey improved more than the average of emerging markets. Although the Turkey's spread had been higher than the general spread at the beginning of the year, at the end of 2012 Turkey spread was lower than the general spread.

In money markets the drop in three month Euro LIBOR rates in 2012 was notable. Also three month US Dollar LIBOR rates retreated slightly in 2012. The three month Japanese yen LIBOR rates displayed a horizontal trend in 2012 again.

Brent oil dropped considerably in the second quarter below 90 dollars as a result of market turmoil after reaching 130 dollar at the end of first quarter. Nevertheless oil prices had been on the uptrend in the remainder of the year and as a result Brent oil price increased slightly in 2012. On the other hand, the US oil prices (West Texas Intermediate) were lower than Brent oil prices in 2012. The deviation between the two was a result of regional supply bottlenecks and differences in demand conditions.

Gold which had been in a long term uptrend since the beginning of 2000s, gained only 7% in 2012. Although the gold prices reached close to 1800 dollar within the year, it could not break that level. Gold's downtrend in the last quarter despite Fed's securities purchase program at a pace of US\$85 billion per month, affected expectations regarding gold prices future forward momentum negatively.

2.4. Stock Exchanges

Stock markets in advanced countries had a good performance in 2012. During the year the Dow Jones Industrials, S&P 500 and Nasdaq Composite rose 7.3%, 13.4% and 15.9% respectively.

In 2012 MSCI World Index gained 13.2%, whereas MSCI Emerging Market Index rose 15.1%. As a result developed and emerging markets had a close stock market performance last year.

European stock markets had strong performances in 2012. In 2012 stocks gained 29.1% in Germany (DAX index), 15.2% in France (CAC40 index), and 5.84% in UK (FTSE100 index). Also in Asia Nikkei index rose 22.9% in Japan as a result of monetary expansion expectations in the last quarter.

In 2012 some emerging markets disappointed investors with their performances. Especially most BRIC countries had performed below expectations. Stocks gained 11% in Russia (RTS index), 7.4% in Brazil (Bovespa Index) and 3.2% in China (Shanghai Composite). The reason for lackluster performance in some major emerging market was the slowdown in economic growth and global trade. On the other hand there were many bright spots among the emerging stock markets.

In this respect, the İstanbul Stock Exchange in Turkey, which was the highest returning stock market in 2012 according to World Federation of Exchanges (WFE) data, rose to the top of the list among its peers with its 52.5% rise in 2012. The strong performance of ISE reflected the expectations and then the actual rating upgrade of Turkey's rating to investment grade

by credit rating agency Fitch. Also stock market in Egypt was second best performing market after Turkey with its 50.8% rise. In addition, stock markets in Thailand, Philippines and India gained more than 30% and these markets were in the top ten performing stock markets in 2012.

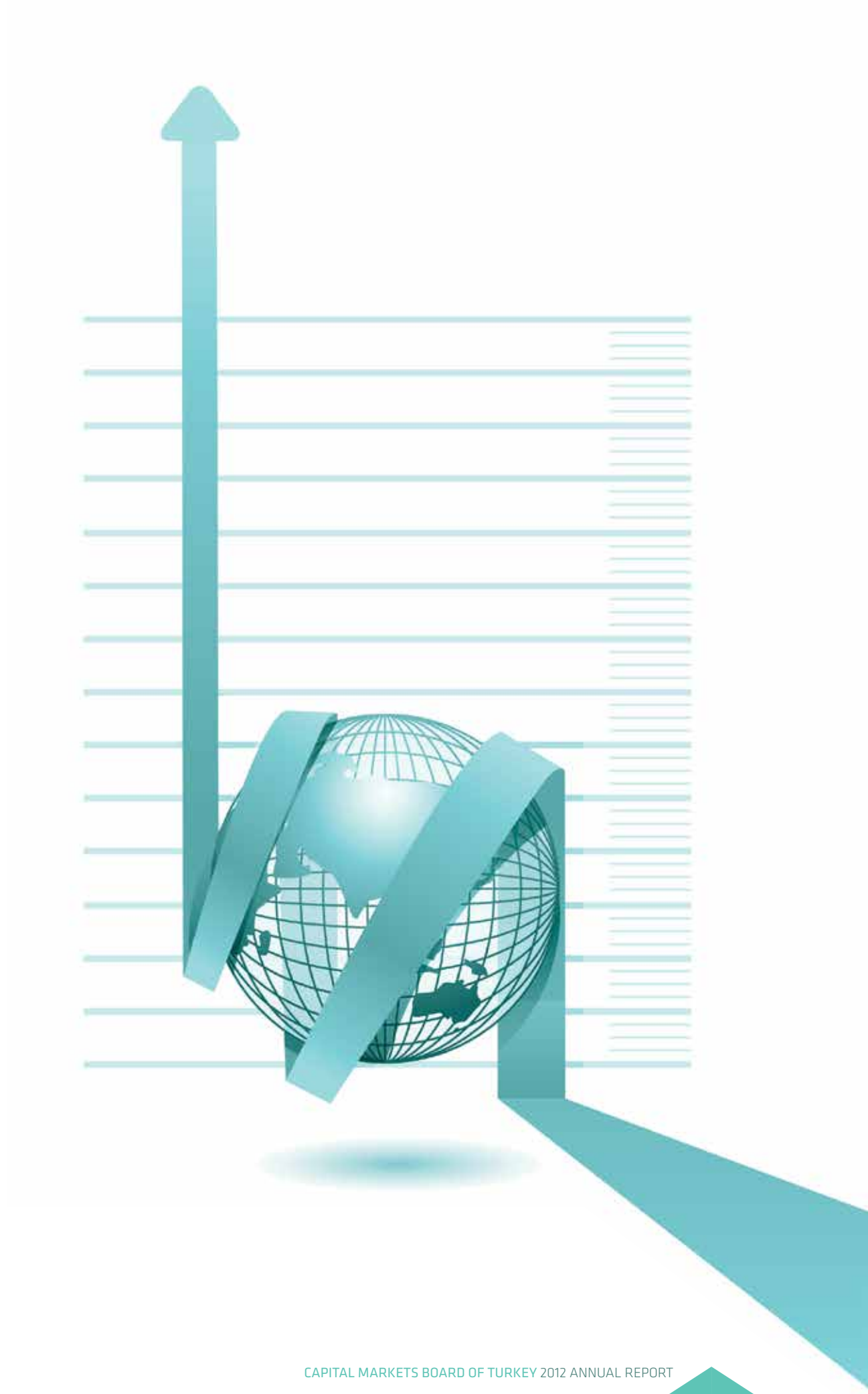
According to the data from the WFE, highest returning stock markets in 2012, were İstanbul Stock Exchange (52.5%), Egyptian Exchange (50.8%) and Stock Exchange of Thailand (35.8%) respectively. Among the few exchanges that dropped in 2012 the highest declining stock markets were Greek Cypriot State's Cyprus Exchange (-61.2%), Budapest Stock Exchange (-38.2%) and Casablanca Stock Exchange (-15.1%).

When the performances of the stock markets in Table 2.2 are scrutinized, the stock markets worldwide increased 11% on average. The biggest increase was in Asia Pacific (16.5%), the others were Americas (10.5%) followed by Europe, North Africa and Middle East (8.6%).

Table 2.2. Performance of World Stock Markets (%)

Region	Stock Exchange	Index	2012
Americas	Bermuda - Bermuda SE	BSX Index	4.42
	Brazil - BM&FBOVESPA	Ibovespa	7.40
	Argentina- Buenos Aires SE	Composite	13.49
	Colombia-Colombia SE	COLCAP	16.19
	Peru - Lima SE	IGBVL	5.94
	Mexico - Mexican Exchange	IPC CompMx	19.93
	USA - NASDAQ OMX	Composite	15.91
	USA - NYSE Euronext	Composite	12.93
	Chile - Santiago SE	IGPA	4.67
	Canada - TMX Group	SGP/TSX Composite	4.00
	Americas Average		10.49
Asia-Pacific	Australia - Australian SE	All Ordinary Price	13.47
	India - BSE India	BSE 500	31.20
	Malaysia - Bursa Malaysia	FBM Emas Index	9.05
	Sri Lanka - Colombo SE	CSE All Share	-7.10
	China - Hong Kong Exchanges	SGP/HKEX LargeCap Index	21.71
	Indonesia - Indonesia SE	JSX Composite Index	12.94
	South Korea - Korea Exchange	KOSPI	9.38
	India - National Stock Exchange India	SGP CNX 500	31.84
	Japan - Osaka SE	300 Common	20.58
	Philippines - Philippine SE	PSE Index (PSEi)	32.95
	China - Shanghai SE	SSE Composite Index	3.17
	China - Shenzhen SE	SZSE Composite Index	1.68
	Singapore - Singapore Exchange	Straits Times Index	19.68
	Taiwan - Taiwan SE Corp.	TAIEX	8.87
	Thailand-The Stock Exchange of Thailand	SET Index	35.76
	Japan-Tokyo SE Group	TOPIX	18.01
	Asia-Pacific Average		16.45
Europe Africa Middle East	Jordan - Amman SE	ASE Index	-1.88
	Greece - Athens Exchange	General Price	33.43
	Spain - BME Spanish Exchanges Barcelona	BCN Global-100 Index	-0.73
	Spain -BME Spanish Exchanges Bilbao	Indice Bolsa Bilbao 2000	-2.61
	Spain -BME Spanish Exchanges Madrid	IGBM Index	-3.84
	Spain -BME Spanish Exchanges Valencia	IGBV Index	1.87
	Italy - Borsa Italiana	FTSE Italia MIB Storico	10.22
	Hungary - Budapest SE	BUMIX	-38.21
	Morocco-Casablanca SE	MASI Float	-15.13
	Greek Cypriot State - Cyprus SE	CSE General Index	-61.19
	Germany - Deutsche Börse	CDAX Price	24.76
	Egypt - Egyptian Exchange	EGX 30 Index	50.80
	Turkey - Istanbul SE	ISE 100 Index	52.55
	Ireland - Irish SE	ISEQ Overall	17.05
	South Africa - Johannesburg SE	FTSE/JSE All Share	22.71
	United Kingdom - London SE	FTSE 100	12.43
	Luxembourg - Luxembourg SE	Lux General Price	1.60
	Malta - Malta SE	MSE Share Index	3.78
	Mauritius- Mauritius SE	SEMDEX	-8.28
	Oman-Muscat SM	msm30	1.15
	Denmark-NASDAQ OMX Nordic Copenhagen	OMXC	24.20
	Finland-NASDAQ OMX Nordic Helsinki	OMXH	8.33
	Iceland-NASDAQ OMX Nordic Iceland	OMXIPI	16.78
	Sweden-NASDAQ OMX Nordic Stockholm	OMXS	12.02
	Netherlands - NYSE Euronext Amsterdam	AAX	8.22
	Belgium - NYSE Euronext Brussels	General Price	16.96
	Portugal - NYSE Euronext Lisbon	BVL General	7.69
	France - NYSE Euronext Paris	SBF 250	16.38
	Norway- Oslo Børs	OSEBXP	6.39
	Saudi Arabia- Saudi Stock Market	TASI	5.98
	Switzerland - SIX Swiss Exchange	SMI	14.93
	Israel - Tel Aviv SE	General	4.55
	Poland - Warsaw SE	WIG Total Return	26.24
	Avustria - Wiener Börse	SE Price Index	21.42
	Europe, Africa, Middle East Average		8.55
World	World Average		10.98

Source: World Federation of Exchanges







III. Turkish Economy



Following a growth of 8.8% and a current account deficit reaching 10% of GDP in 2011, policies implemented to curb the current account deficit in 2012 resulted in a rapid reduction in the growth rate down to 2.2%, along with a 37.5% percent reduction from the previous year in the current account deficit, which declined to 6% of GDP in 2012. In the public finance area, budget deficit slightly rose to 2% of GDP. After a higher than expected depreciation of the Turkish lira in 2011, 2012 witnessed a rather smooth course. In line with the economic slowdown, inflation also decelerated and the consumer price inflation fell to 6.2% in 2012, by a 4.3 point decline from 2011, when the inflation rate had reached two digit figures.

Unemployment rate continued to decrease as in the previous years. After falling to 9.8% in 2011 from 11.9 %, in 2012 unemployment rate declined further to 9.2 by a 0.6 point decrease from the previous year. After dropping to 42.2% in 2011, ratio of public debt to GDP further declined to 41.5% in 2012. As a result of current deficit reducing policies implemented after 2011, imports declined together with a rise in exports, resulting in shrinking of both trade and current account deficits. Trade deficit fell from US\$ 89.2 billion in 2011 to US\$ 65.6 billion in 2012, while the current account deficit fell from US\$ 77.2 billion to US\$ 46.9 billion in 2012.

Inflation rate in 2012 was 6.2%, marking the lowest rate for the past 44 years. Turkish liras depreciation and its reflection in core goods prices in 2011 had been the major factor causing a surge in the inflation rate. As this course was over, in 2012 consumer price inflation dropped by 4.3 points from 10.5% in 2011 to 6.2% in 2012, exceeding the target level of 5%, but remaining within the uncertainty band.⁴ Downward movement in core goods prices, the mild course followed by international non agricultural goods prices, along with the stability observed in the foreign exchange market, along with the slowdown in economic activity have been positively affecting the fall in inflation; while energy prices and tax modifications contributed negatively to the trend.

Central government budget expenditures and income reached TL 360.5 billion and TL 331.7 billion, respectively. Accordingly, the budget deficit in 2012 rose to TL 28.8 billion from TL 17.8 billion in 2011, with a 61.8% increase from the previous year and reaching 136% of its target level of TL 21.1 billion. Budget expenditures and incomes in 2012 were realized as 102.7% and 100.6% of their target levels respectively. While non-interest expenditures reached TL 312.1 billion with a realization ratio of 103.8% in 2012, interest expenses reached TL 48.4 billion remaining at 96.4% of their target level.

Economic growth had been 8.8% in 2011, nevertheless showing a declining trend throughout the year. The downward trend continued in 2012 and the growth rate fell abruptly. In the first and second quarters of 2012 growth rate was 3.3% and 2.9% respectively. The decrease continued in the following two quarters with 1.6% and 1.4% for the third and fourth quarters respectively. The resulting annual growth hence reaching only 2.2% for 2012.

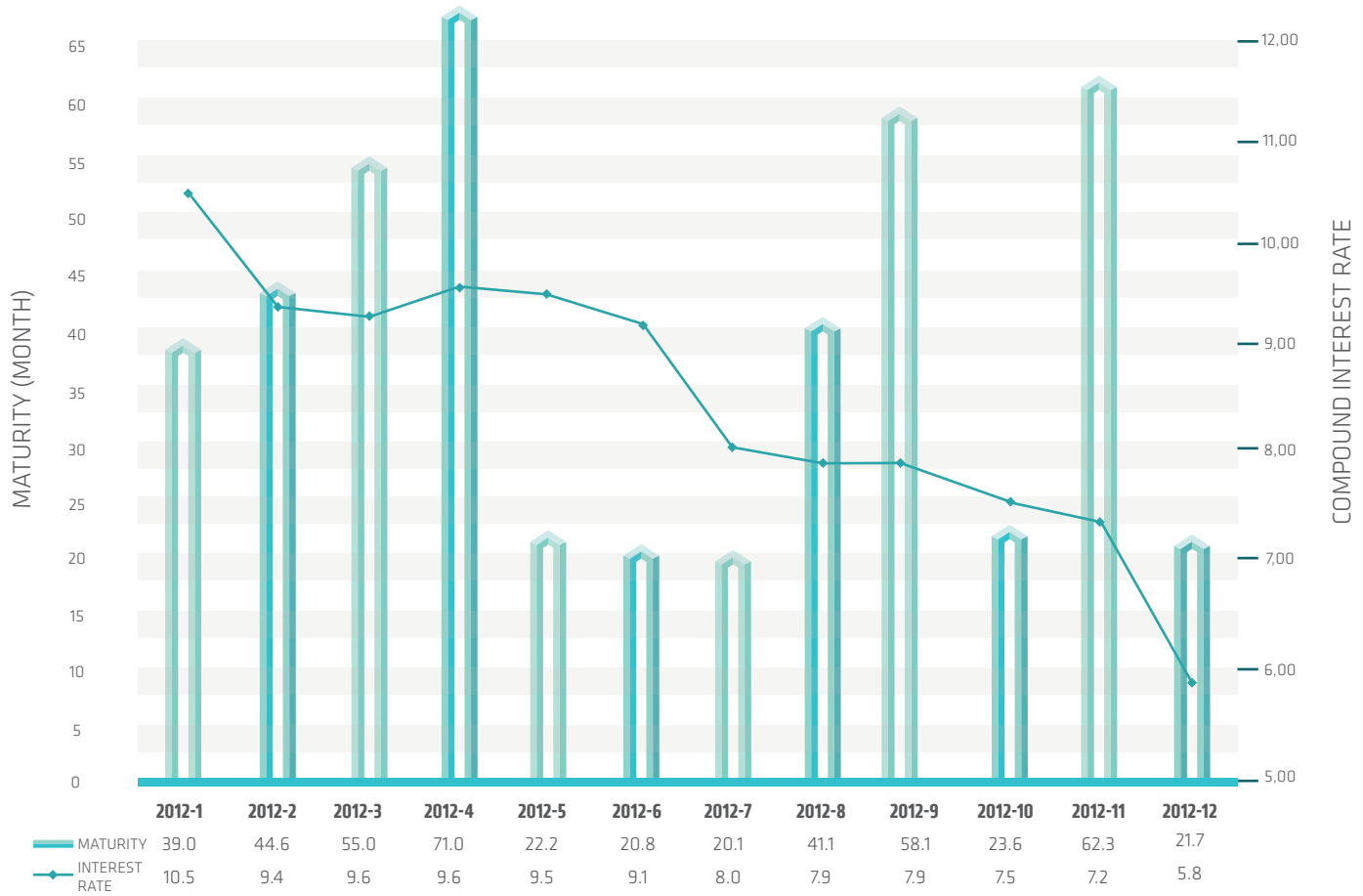
Although none of the sectors had a negative growth in 2012, all sectors experienced severe drops in their growth rates. Highest growing sectors in 2011, namely construction (with 11.5%), wholesale and retail trade (with 11.2%) and manufacturing (with 10.0%) had only achieved the growth rates of 0.6%, 0.1%, and 1.9% in 2012.

Sectors with highest growth rates were real estate, renting and business activities (6.6%), private households with employed persons (5.6%), health and social work (5.3%) and education (4.3%).

In 2012, indirectly measured financial intermediation services grew at 3.4%, while taxes and subsidies had a growth of 1.4%.

⁴ Inflation was predicted to be, within 70 percent probability, between 5.1 and 7.9 percent for 2012.

Graph 3.1. Monthly Average Domestic Borrowing Cost and Maturity of Domestic Borrowing



Source: UT

In 2012 current TL value of domestic debt increased by 4.8% and reached TL 386.5 billion, while its Dollar value decreased to US\$ 215.6 billion by a 2.4% decline. Monthly average domestic borrowing costs started the year at 10.5% in January and followed a downward trend throughout the year. Following a course around 9% in the first half of the year, the rate fell to 8% in July and by a further decrease in the following period closed the year with 5.8% in December.

In 2012, total deposits reached TL 722.7 billion with a 10.9% increase from the previous year end. For the same period, total credits rose by 12.0% and reached TL 769.3 billion. The share of foreign exchange deposits in total dropped to 30.0% in 2012, from 31.5% in 2011.



Table 3.1. Main Economic Indicators

INDICATORS	UNIT	2010	2011	2012
GDP				
- ₺	₺ Million	1,098,799	1,298,062	1,416,817
- \$	\$ Million	731,605	774,222	786,290
- Growth	%	9.2	8.5	2.2
- Industrial Production Index (Yearly Average)		116.4	126.8	129.7
- Unemployment	%	11.9	9.8	9.2
Public Sector Borrowing Requirement / GNP	%	2.4	0.1	1.7(1)
Central Government Budget				
- Expenditures	₺ Million	293,628	314,607	360,491
- Non-Interest Expenditures	₺ Million	245,332	272,375	312,076
Personnel and SS Premiums	₺ Million	73,361	85,764	101,180
Goods and Service purchases	₺ Million	28,823	32,797	32,504
Current Transfers	₺ Million	101,891	110,499	129,266
Capital Expenditures	₺ Million	25,907	30,905	34,185
Capital Transfers	₺ Million	6,736	6,739	5,970
Credits Extended	₺ Million	8,613	5,671	8,970
- Interest Expenditures	₺ Million	48,296	42,232	48,416
- Income	₺ Million	254,029	296,824	331,700
- Tax income	₺ Million	210,532	253,809	278,751
- Non-tax income	₺ Million	43,497	42,097	52,949
- Budget Balance (Deficit)	₺ Million	-39,600	-17,783	-28,791
- Primary Balance	₺ Million	8,697	24,448	19,625
Prices				
- WPI (Year-end)	%	8.9	13.3	2.5
- CPI (Year-end)	%	6.4	10.5	6.2
- FX (Year-end- ₺/\$)		1.5376	1.8889	1.7776
Debt Stock				
- Domestic Debt Stock	₺ Billion	352.8	368.8	386.5
- Domestic Debt Stock	\$ Billion	235.2	220.8	215.6
- Domestic Debt Stock / GDP	%	32.0	28.8	27.4
- External Debt Stock	\$ Billion	290.4	304.2	336.9
- External Debt Stock / GDP	%	39.5	39.3	42.8
- Public Sector External Debt Stock	\$ Billion	100.8	104.2	110.8
- Debt of Central Bank	\$ Billion	11.8	9.9	7.7
- Public Sector External Debt Stock / GDP	%	13.7	13.5	14.1
- Total Public Sector Debt Stock	\$ Billion	336.0	326.6	326.4
- Total Public Sector Debt Stock / GDP	%	45.7	42.2	41.5
- Average Maturity of Domestic Debt Stock	Month	31.0	31.2	33.6
Foreign Trade				
- Imports	\$ Billion	177.3	232.5	228.9
- Exports	\$ Billion	120.9	143.4	163.3
- Foreign Trade Balance	\$ Billion	-56.4	-89.2	-65.6
- Current Account Balance	\$ Billion	-48.6	-77.2	-46.9
Monetary Indicators (3)				
- Emission	₺ Million	43,670	54,788	61,349
- M1	₺ Million	133,885	136,237	151,864
- M2	₺ Million	587,815	655,523	722,729
- Total Deposits	₺ Million	543,270	651,729	722,999
- ₺ Deposits	₺ Million	389,656	446,186	505,680
- Foreign Exchange Deposits	₺ Million	153,613	205,543	217,319
- Foreign Exchange Deposits/Total Deposits	%	28.3	31.5	30.0
- Credit Stock	₺ Million	475,109	639,127	769,325
- Total Credits/Deposits	%	87.5	98.1	106.4
- Deposit Banks Credits	₺ Million	429,166	565,628	665,215
- Deposit Banks Credits/Deposits	%	79.0	86.8	92.0
- Central Bank International Currency Reserves	\$ Billion	80.7	78.5	99.9

(1) Estimate (Source: Development Ministry)

Source: Turkish Statistical Institute, Development Ministry, CBRT, UT, Finance Ministry





IV. Turkish Capital Markets



At present, Turkish capital markets have the ability to compete at international level in terms of instruments, institutions and legal infrastructure and have the privilege to be listed among

major financial markets in the world. Some of Turkish capital markets indicators for 2011 and 2012 are given in Table 4.1.

Table 4.1. Capital Market Indicators

	2011	2012
Number of Corporations Registered by the CMB	628	600
Number of Corporations Traded on ISE (*)	365	406
Number of Corporations Not Traded on ISE	263	194
Market Capitalization (₺ Million)	381,152	552,897
(\$ Million)	201,924	311,246
Number of Investors on the ISE	1,097,786	1,088,566
Number of Investors of Mutual Funds	3,544,284	3,266,960
Number of Intermediary Institutions	140	141
Banks	40	41
Brokerage Houses	100	100
Number of Mutual Funds	647	605
Number of Domestic Mutual Funds	592	564
Portfolio Values (₺ Billion)	30.2	29.7
(\$ Billion)	17.0	16.7
Number of Foreign Mutual Funds	55	41
Portfolio Values (₺ Million)	53	53
(\$ Million)	28	30
Number of Pension Funds	165	176
Portfolio Values (₺ Million)	14,345	19,698
(\$ Million)	7,416	11,090
Number of Investment Trusts	26	17
Portfolio Values (₺ Million)	687	721
(\$ Million)	363	406
Number of Real Estate Investment Trusts**	23	25
Asset Values (₺ Million)	20,834	24,024
(\$ Million)	11,037	13,524
Number of Venture Capital Investment Trusts**	4	5
Portfolio Values (₺ Million)	598	796
(\$ Million)	317	448
Number of Portfolio Management Companies	31	35
Values of Portfolios Under Management (₺ Billion)	47.9	56.4
(\$ Billion)	25.4	31.5
Number of Independent Auditing Firms	92	92
Number of Real Estate Appraisal Companies	113	123
Number of Rating Institutions	9	10

(*)Corporations and funds traded on National, Second National, Emerging Companies, Watchlist Companies, and Collective Products Markets.

(**)Data for publicly-held investment trusts.

Source:CMB

4.1. Outstanding Securities

Table 4.2. Outstanding Securities

Year	Public Sector				Private Sector				Total			
	Million ₺	Million \$	Share in Total (%)	Ratio to GDP (%)*	Million ₺	Million \$	Share in Total (%)	Ratio to GDP (%)*	Million ₺	Million \$	% Change in \$ values	Ratio to GDP (%)*
2003	196,004	140,421	91.6	46.1	18,008	12,901	8.4	4.2	214,012	153,322	52.7	50.3
2004	227,415	169,447	90.0	43.1	25,186	18,766	10.0	4.8	252,601	188,214	22.8	47.9
2005	248,773	180,531	88.8	37.3	31,916	22,673	11.2	4.7	280,017	203,205	8.0	42.0
2006	255,240	177,497	86.1	33.5	41,058	28,552	13.9	5.4	296,299	206,049	1.4	38.9
2007	255,310	220,227	83.0	33.4	52,225	45,049	17.0	6.8	307,535	265,276	28.7	40.2
2008	274,827	181,700	81.1	24.5	63,990	42,048	18.9	5.7	338,817	223,748	-15.6	45.7
2009	330,005	213,648	82.4	34.6	70,686	45,763	17.6	7.4	400,691	259,411	15.9	42.0
2010	352,841	235,171	80.3	32.0	86,634	57,742	19.7	7.8	439,475	292,913	12.9	39.8
2011	368,778	220,825	78.0	28.8	103,898	62,214	22.0	8.1	472,676	283,039	-3.4	36.9
2012	386,542	215,644	75.4	27.4	126,406	70,519	24.6	8.9	512,948	286,163	1.1	36.4

* Ratios to GDP (1998 based new series of Turkish Statistical Institute) are based on US Dollar values.

- Private sector securities comprise shares, bonds, commercial papers, asset backed securities, bank bills-bank guaranteed bills and warrants. Figures are nominal values.

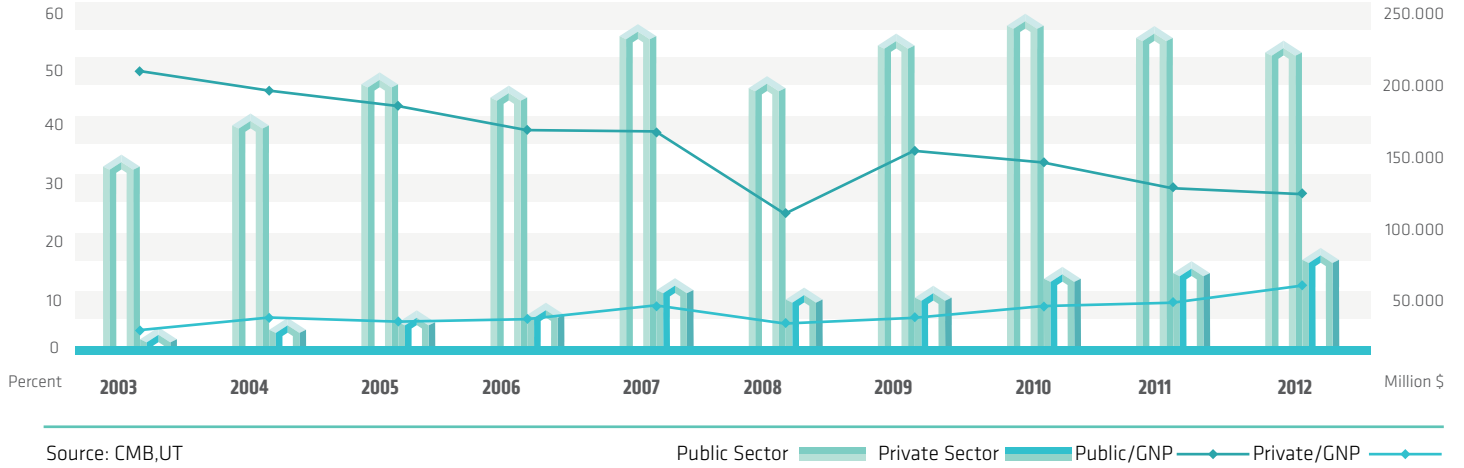
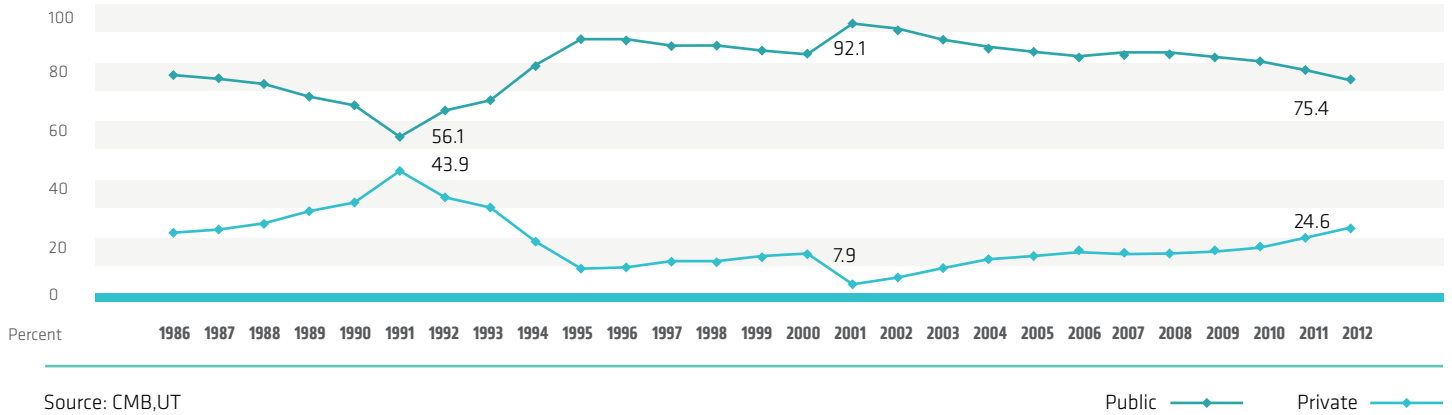
- As of the end of 2012, market values of shares, private sector debt instruments and asset backed/asset guaranteed securities are TL 557 billion, TL 28 billion and TL 1.6 billion, respectively.

Source: CMB, UT, CRA

In Turkey while the level of outstanding government securities had been US\$ 91.6 billion in 2003, it grew to US\$ 235.2 billion in 2010. In 2011 the level of outstanding government securities descended by about 6% to US\$ 220.8 billion and in 2012 the level descended to US\$ 215.6 billion representing about 2.4% decrease. Outstanding private sector securities, on the other hand, had been uptrending since 2009. Their size grew to US\$ 57.7 billion in 2010 and after reaching US\$ 62.2 billion in 2011, increased further to US\$ 70.5 billion in 2012.

Following 2002, share of outstanding private sector securities in total had a continuously rising trend until 2008, when it reached 18.9%. In the following year, this share dropped slightly to 17.6%, but picked up again immediately and climbed to 19.7% and 22% in 2010 and 2011, respectively. In 2012, the rising trend continued and the ratio reached 24.6%.

Share issues and also the increase in the issues of debt securities especially from 2010 had an impact on the rise of outstanding private sector securities. Due to the decreasing borrowing costs as a result of macroeconomic stability as well as the developments in capital markets, it has been possible for corporations to issue debt securities, thus the public offerings of private sector bonds, commercial papers, bank bills, and bank guaranteed bills have picked up and the warrants have started to be issued within the framework of new regulations. As a result of increase in outstanding debt securities, while the portion of shares in outstanding private sector securities was 96% in 2010, this portion decreased to 86% in 2011 and 76% in 2012.

Graph 4.1. Outstanding Securities**Graph 4.2. Share of Public and Private Sector Securities in Total**

4.2. Security Issues Registered with the CMB

The number of corporations registered with the CMB as of the end of 2012 is 600, of which 406 are listed on the İstanbul Stock Exchange (ISE). 242 of the listed companies are traded on ISE National Market, 77 of the listed companies are traded on ISE Second National Market and 13 of them are traded on Watchlist Companies Market. Besides, 47 investment trusts are traded on Collective Products Market, 16 corporations are traded on ISE Free Trade Platform and 11 corporations are traded on Emerging Companies Market.

Out of 26 corporations registered with the CMB in 2012 for the first time, 3 of them started trading on ISE National Market, 12 of them on ISE Second National Market and 1 of them started

trading on Collective Products Market. In addition, 10 of the aforementioned companies started trading on Emerging Companies Market. In connection with these initial public offerings, stocks with a par value of TL 1,088,194,450 were registered with the CMB out of which stocks with a par value of TL 182,473,884 were offered to public through either capital increases or sales by corporation partners. Total funds raised by issue and sale of stocks in connection with initial public offerings in 2012 reached a total of TL 618,628,780 (US \$ 345,371,137).

While number of companies registered with the CMB for the first time in 2009 was only 1, with the contribution of initial public offering campaign this number rose to 24 in 2010 and 25 in 2011.

By means of initial public offering campaign starting from 2010, number of initial public offerings increased substantially and this pattern has been preserved over the last 3 years.

Also in November 2012 second public offering of Türkiye Halk Bankası A.Ş. took place in the ISE and through sale of stocks with a par value of TL 299,000,000 by corporation partner a total fund of TL 4,514,900,000 (US\$ 2,520,600,714) were generated.

In 2012, as part of capital increases through sales of “paid up” stocks performed by public corporations, stocks with a par value of TL 2,127,196,440 were registered with the CMB and with the

sale those registered stocks a total fund of TL 6,028,620,261 (US\$ 3,365,687,953) were generated.

In 2012, with the increasing usage of debt securities by banks and private corporations, total value of registered bills and/or bonds rose from TL 25,576,897,000 to TL 67,875,372,000 compared to 2011 which corresponds to an increase of nearly 165%. Among the registered bills and/or bonds the market value of those issued and traded on the market as of the 2011 end was approximately TL 13.7 billion. This figure rose to TL 28.1 billion as of the end of 2012.

Table 4.3. Security Issues Registered with the CMB (₺ Thousand)

Years	Stock*	Mutual Funds Part. Cert.	Asset Backed Securities	Asset Covered Securities	Pension Funds Shares**	Bank Bills & Bank Guaranteed Bills	Bonds	Corporate Bills	Ijarah Certificates	Warrant	Other***	Total
2003	1,749,597	6,078,693	0	0	40,000	0	0	0	0	0	13,437	7,881,727
2004	3,826,540	6,572,431	0	0	297,920	0	0	0	0	0	0	10,696,891
2005	3,991,870	2,390,989	0	0	929,187	0	0	13,000	0	0	59,666	7,384,712
2006	10,880,574	3,356,209	0	0	5,900,000	0	150,000	0	0	0	17,329	20,304,112
2007	7,863,767	1,848,305	0	0	450,000	0	150,210	270,000	0	0	0	10,582,282
2008	11,696,190	2,370,162	0	0	12,639,377	0	220,000	50,000	0	0	393,957	27,369,686
2009	4,453,087	23,205,100	0	0	14,400,000	100,000	140,400	50,000	0	0	0	42,348,587
2010	11,409,613	10,753,000	0	0	15,150,000	2,300,000	3,190,037	105,000	0	20,008	0	42,927,658
2011	4,348,514	34,765,850	191,807	391,818	39,850,000	17,145,933	8,330,964	100,000	584,090	75,002	283,213	106,067,191
2012	6,647,249	16,016,242	697,650	690,867	38,400,000	37,415,912	29,525,660	933,800	0	113,600	0	130,440,980

* Fund amount raised through “paid up” shares (Sale of partners of public corporations is not included.)

** Issuance amount based on sales price

*** Information related to foreign investment funds

Source: CMB

Table 4.4. Security Issues Registered with the CMB (\$ Thousand)

Years	Stock*	Mutual Funds Part. Cert.	Asset Backed Securities	Asset Covered Securities	Pension Funds Shares**	Bank Bills & Bank Guaranteed Bills	Bonds	Corporate Bills	Ijarah Certificates	Warrant	Other***	Total
2003	1,172,636	4,074,136	0	0	26,809	0	0	0	0	0	9,006	5,282,587
2004	2,692,187	4,624,076	0	0	209,604	0	0	0	0	0	0	7,525,867
2005	2,979,296	1,784,493	0	0	693,490	0	0	9,702	0	0	44,531	5,511,512
2006	7,608,155	2,346,802	0	0	4,125,528	0	104,886	0	0	0	12,117	14,197,488
2007	6,046,261	1,421,117	0	0	345,994	0	115,493	207,596	0	0	0	8,136,461
2008	9,052,779	1,834,491	0	0	9,782,800	0	170,279	38,700	0	0	304,920	21,183,969
2009	2,880,411	15,009,864	0	0	9,314,420	64,683	90,816	32,342	0	0	0	27,392,536
2010	7,609,909	7,171,966	0	0	10,104,648	1,534,039	2,127,670	70,032	0	13,345	0	28,631,609
2011	2,605,726	20,832,469	114,935	234,786	23,879,005	10,274,224	4,992,099	59,922	350,000	44,943	169,708	63,557,817
2012	3,710,976	8,941,427	389,479	385,692	21,437,663	20,888,274	16,483,363	521,315	0	63,420	0	72,821,609

* Fund amount raised through “paid up” shares (Sale of partners of public corporations is not included.)

** Issuance amount based on sales price

*** Information related to foreign investment funds

Source: CMB

4.3. Istanbul Stock Exchange

Origins of organized securities markets in Turkey date back to the second half of 19th century. The first securities market was established during the Ottoman Empire period in 1866 following the Crimean War under the name of “Dersaadet Tahvilat Borsası (Istanbul Bond Exchange)” which had been regarded as an opportunity by many European investors who expected high returns on the shattered Ottoman economy. Following the foundation of the Republic, “Securities and Foreign Exchange Law Nr. 1447” launched in 1929 provided a basis for an organized Stock Exchange under the name of “Istanbul Securities and Foreign Exchange Bourse”.

This new stock exchange had grown in a short period of time and had contributed considerably to the financing of enterprises throughout the country. However, both the 1929 crisis and the outbreak of the Second World War had severely hampered the Turkish business environment, which was still at infant stage, and had overshadowed the success of the stock exchange. The following years, which witnessed a period of rapidly growing industry, had also recorded increasing number of companies that offered their shares to the public. These shares faced strong demand partly from institutional investors and mainly from individual investors.

In the first half of 1980s, the Turkish securities markets underwent serious developments in terms of setting up both the legal and institutional framework suitable for sound capital movements. The Capital Market Law Nr.2499 was

enacted in 1981 and the Decree by Law Nr. 91 establishing the basic principles concerning the foundation and operations of securities exchanges was launched in October 1983. Then in 1984, the Regulation concerning the foundation and operations of the securities exchanges was published in the Official Gazette. Following the adoption of related regulations launched in the subsequent period, the ISE was officially established in December 1985 and started its operations on January 3, 1986.

Under new regulation necessity generated by the recent dynamics of financial markets, the new CML Nr. 6362 was published in the Official Gazette dated 6 December 2012. The new Law has brought very important amendments in the field of operations and structure of the stock exchanges. Firstly, the Law has changed the definition of the stock exchange which had to be established as a public entity according to Law Nr. 2499 and regulated them in the form of incorporations. In that regard, the ISE has been restructured and rebranded as “Borsa Istanbul” which is a joint stock company subject to private law. Secondly, the new Law has ensured a more professional and competitive environment for Turkish stock exchanges with the regulations about market operators and tradable instruments.

The ISE markets are organized under the main categories of Equity Market, Debt Securities Market, Foreign Securities Market, Emerging Companies Market, and Futures and Options Market.

4.3.1. ISE Equity Market National-100 Index, Trading Volume and Number of Shares Traded

ISE Equity Market National-100 Index

In 2012, ISE-100 Index showed a continuous uptrend and closed the year at 78,208 points, despite downturns in April and May.

In 2012, ISE -100 Index decreased by 52.6% in TL terms and 62.1% in US Dollar terms as compared to the previous year (Graph:

4.3). In 2012, Industrials Index decreased by 34.0% (42.4% in US Dollar terms), Financial Index by 60.2% (70.2% in US Dollar terms) and Services Index by 45.6% (57.7% in US Dollar terms).

ISE Trading Volume and Number of Shares Traded

In 2007 total trading volume was TL 387.7 billion (US\$ 300.8 billion), it was 332.6 billion (US\$ 261.3 billion) in 2008. After global financial crisis it reached TL 482.5 billion (US\$ 316,3 billion), TL 635.9 billion (US\$ 425.7 billion) and TL 694.8 billion

(US\$ 423.6) in 2009, 2010 and 2011 respectively. In 2012, total trading volume has been TL 621.9 billion (US\$ 347.9 billion). This figure indicates a decrease of 10.5% in TL terms while 17.8% decrease in Dollar terms over the previous year.

Graph 4.3. ISE-100 Index and Trading Volume (2002-2012)



Graph 4.4. ISE-100 Index and Trading Volume (2012 Monthly Basis)

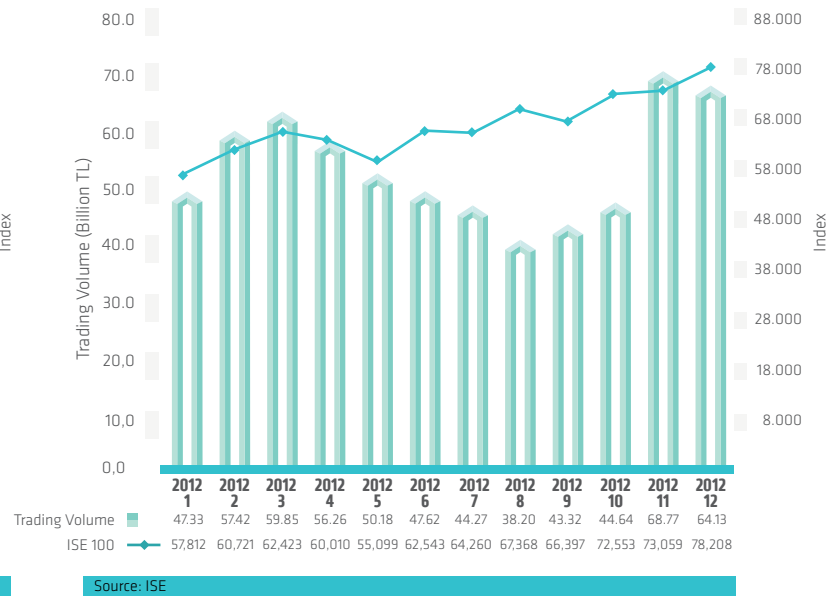


Table 4.5. Main Indicators of the ISE Equity Market

Year	No. Of Working Days	Trading Volume		Daily Avg. Trading Volume (Million ₺)	ISE Index * (1986-01=100)
		(Million ₺)	(Million \$)		
2003	246	146,645	100,165	596	18,625
2004	249	208,423	147,755	837	24,971
2005 (**)	254	269,931	201,763	1,063	39,777
2006	250	325,131	229,642	1,301	39,117
2007	252	387,777	300,842	1,539	55,538
2008	251	332,605	261,274	1,325	26,864
2009	252	482,534	316,326	1,915	52,825
2010	250	635,664	425,747	2,543	66,004
2011	253	694,876	423,584	2,380	51,267
2012	253	621,979	347,854	2,458	78,208

* For the period after Jan 1991, composite index based on closing prices.

** From January 14, 2005 onwards, Exchange Traded Funds (ETFs) started to be traded on National Market.

Source: ISE

In 2012 as a whole, monthly average trading volume of US\$ 51.8 billion decreased to US\$ 38-44 billion between In July and September. The highest monthly trading volume was reached

in November with US\$ 68.8 billion while the lowest monthly trading volume was US\$ 38.2 billion in August.

Main Indicators for Corporations whose Shares are Listed on the ISE

By the end of 2012, 600 companies were registered with the CMB, of which 406 were traded on the ISE. There were 242 corporations traded on the National Market, 77 corporations on the Second National Market, 47 corporations on the Collective Products Market, 13 corporations on the Watch List Market, 16 corporations on the Free Trading Platform and 11 corporations on the Emerging Companies Market making a total number of 406. As a result of the Initial Public Offering (IPO) Campaign

run by the CMB, the number of new IPOs reached 27 with total nominal issue of TL 1,079 million in 2012.

Market capitalization of the companies traded on the ISE reached TL 550,051 million (US\$ 309,644 million) at the end of 2012 from a total of TL 381,152 million (US\$ 201,924 million) in 2011 year end. For 2012 price/earnings ratio and turnover ratio realized as 12.6 and 113.1% respectively (Table 4.6.).

Table 4.6. Main Indicators for Corporations Whose Shares are Listed on the ISE

	Corporations Traded on the ISE					
Year	No. of Corporations (1)	Total Nominal Capital (2) (Million ₺)	Market Capitalization		Price/Earnings Ratio (%)	Turnover Ratio (%) (3)
			(Million ₺)	(Million \$)		
2003	285	18,008	96,073	69,003	12.3	192.4
2004	297	25,186	132,556	98,073	13.3	211.9
2005	306	31,916	218,318	162,814	19.4	168.5
2006	322	40,926	230,038	163,775	14.9	141.3
2007	327	51,685	335,948	289,986	11.9	129.7
2008	326	63,300	182,025	119,698	5.8	135.1
2009	325	70,061	350,761	235,996	16.8	178.7
2010	350	80,806	472,553	307,551	13.3	150.6
2011	373	89,274	381,152	201,924	11.9	115.8
2012	395	96,634	550,051	309,644	12.5	113.1

(1) Total number of companies and ETFs traded on National, Second National, Watch List and Collective Products Markets.

(2) Total Nominal Capital includes the most recent capital increases, for which the additional listing procedures are not complete.

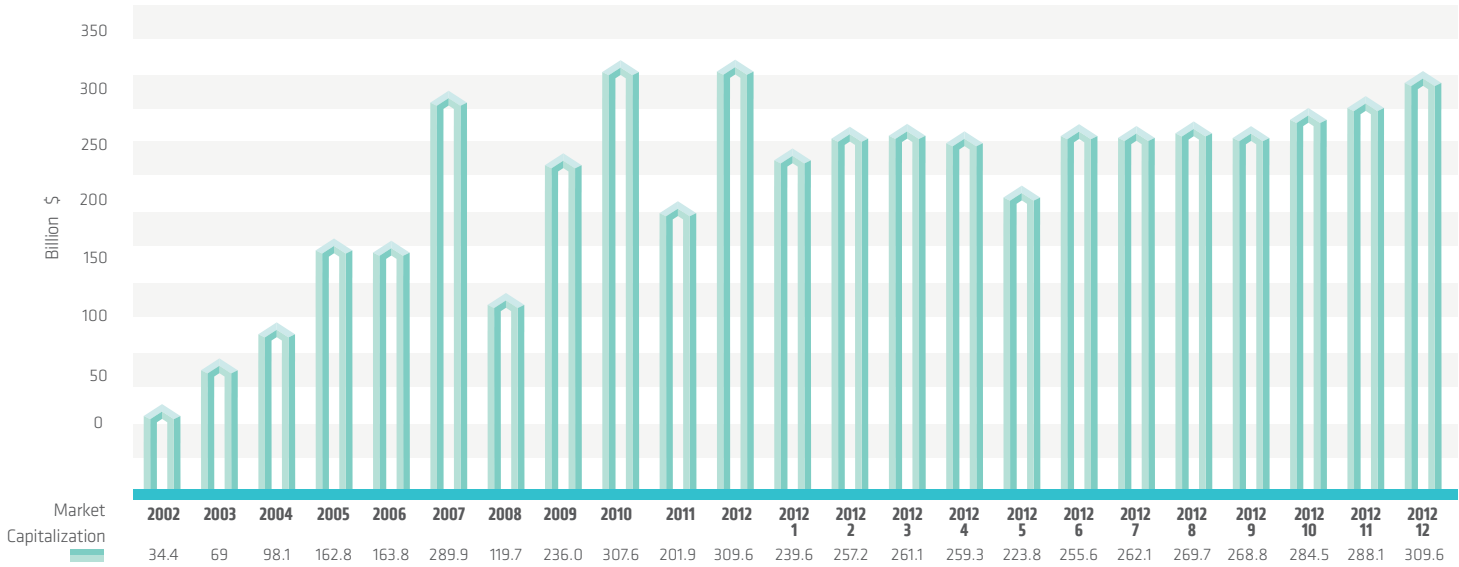
(3) Monthly moving average (Trading Volume/Market capitalization)

Source: ISE, WFE

Total market capitalization has shown a fluctuating trend over the years connected with price movements. Total market capitalization which was US\$ 289.9 billion by the end of 2007, then decreased to US\$ 119.7 billion in 2008 due to global financial crises. Compensating for the losses in 2008 the market

capitalization increased to US\$ 236 billion in 2009, reached US\$ 307.5 billion by the end of 2010 and US\$ 201.9 billion by the end of 2011. In 2012, total market capitalization reached the level of US\$ 309.6 billion (Graph 4.5).

Graph 4.5. Market Capitalization (Billion \$)

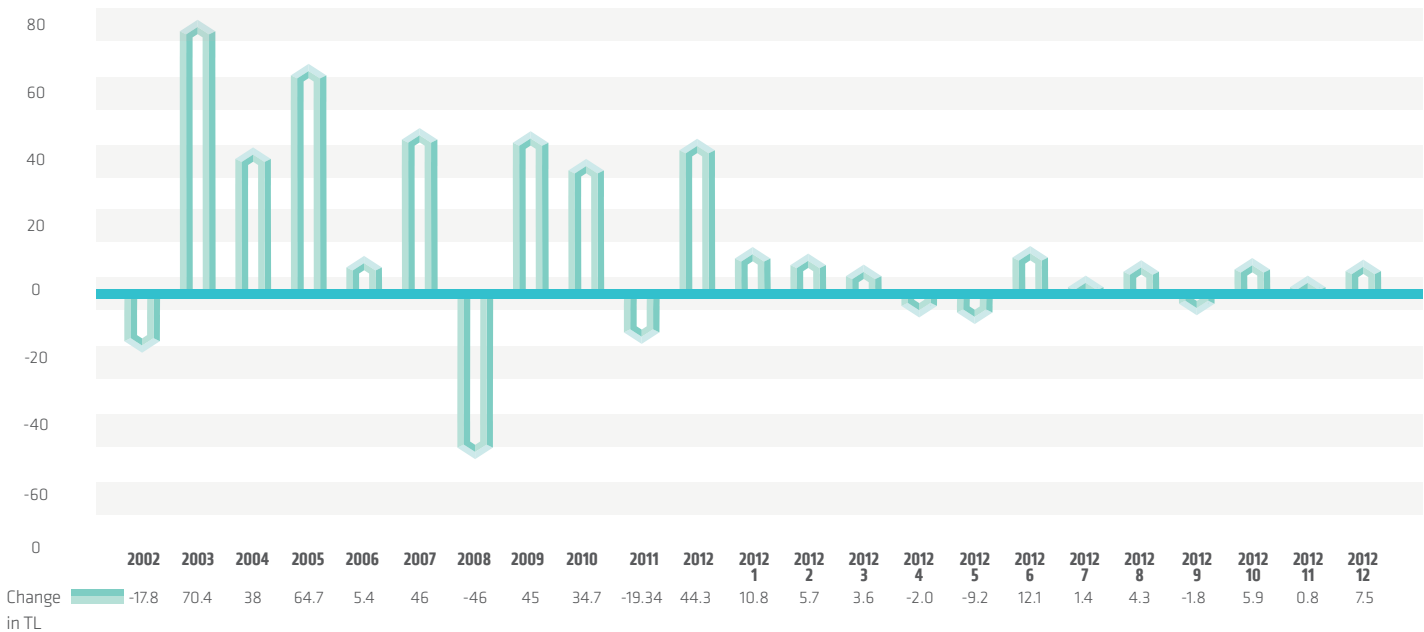


Source: ISE

Along with the global financial crises, ISE market capitalization decreased by 58.7% in 2008 but recovered by 97.2% in 2009, by 30.3% in 2010 and by 34.5% in 2011. The ISE market capitalization closed the year 2012 with an increase of 53.3% in US Dollar terms.

Market capitalization in TL terms displayed a 45.8% decrease in 2008. Relative to the previous year, market capitalization increased by 92.7% in 2009, 34.7% in 2010 and decreased by %19.3 in 2011. Market capitalization closed the year 2012 with a 44.3% annual decrease in TL terms (Graph: 4.6).

Graph 4.6. Percentage Change in Market Capitalization



Source: ISE

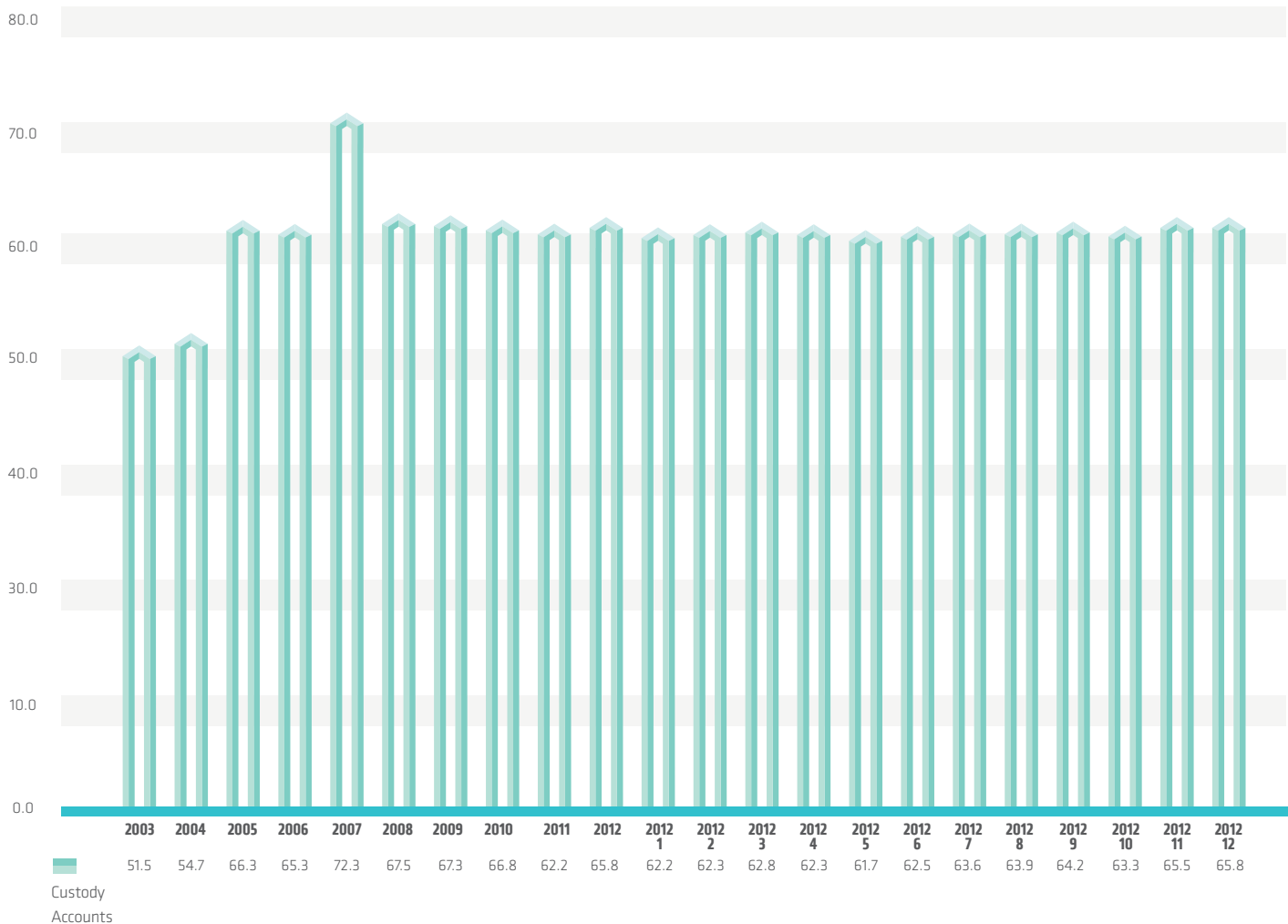
4.3.2. Equities Traded by Foreign Investors

Foreigners purchased US\$ 74,332 million, sold US\$ 69,800 million and became net buyers of US\$ 4,532 million during the year of 2007. In 2008 foreigners purchased US\$ 69,569 million and sold US\$ 72,557 million which makes a net sell of US\$ 2,988 million. In 2009 foreigners purchased US\$ 46,246 million and sold US\$ 43,991 million whereas the net purchase was US\$ 2,255 million. Foreign investors' purchases totaled to US\$ 67,638 million, while their sales were US\$ 65,535 million, which means a US\$ 2,102 million net purchase in 2010. In 2011, when we look at year 2011, foreign investors' purchases totaled to US\$ 65,058 million, while their sales were US\$ 67,068 million, resulting a US\$ 2,100 million net sale. In 2012, foreign investors' purchases totaled to US\$ 64,140 million, while their sales were

US\$ 58,865 million, resulting US\$ 5,275 million net sale (Table: 4.7).

As the accounts of foreigners and residents (figures are obtained from the CRA after the dematerialization process started on 25.11.2006 while they are obtained from ISE Settlement and Custody Bank Inc. before this date) are concerned, the ratio of equities owned by foreign customers to total equities in custody was 72.3% by the end of 2007. This ratio decreased to 67.5% in 2008 and increased to 67.3% in 2009 and decreased to 66.8% in 2010 and to 62.2% in 2011. When foreign investors' custody accounts are checked, a decrease to 65.8 % is seen (Table 4.7; Graph 4.7).

Graph 4.7. Securities Held in Custody for Foreigners



Source: CRA

Table 4.7. Securities Balance of Foreigners and Trading Volume

	Foreigners' Securities in Custody (Million \$)	Ratio of Foreigners' to Total Securities in Custody (%)	Purchases (Million \$)	Sales (Million \$)
2002	3,450	43.0	6,427	6,442
2003	8,690	51.5	9,173	8,163
2004	15,283	54.7	19,399	17,969
2005	33,812	66.3	42,594	38,508
2006	49,313	65.3	44,833	43,688
2007	70,213	72.3	74,332	69,800
2008	42,152	67.5	69,568	72,557
2009	56,246	67.3	46,246	43,991
2010	71,267	66.8	67,638	65,535
2011	45,919	62.2	65,058	67,068
2012	78,545	65.8	64,140	58,865
January	54,539	62.6	5,382	4,908
February	57,877	62.3	5,574	5,292
March	60,143	62.8	7,449	5,639
April	58,765	62.3	4,058	4,245
May	51,161	61.7	5,033	5,526
June	58,452	62.5	5,148	4,250
July	61,908	63.6	4,544	4,009
August	63,790	63.9	4,190	3,738
September	64,482	64.2	4,578	4,436
October	69,590	63.3	5,068	4,590
November	72,763	65.5	7,101	6,886
December	78,545	65.8	6,015	5,346

Source: Takasbank, CRA, ISE

4.3.3. Bonds and Bills Market Transactions

In the Debt Securities Market of the ISE, total transaction volume, involving outright and repo/reverse repo transactions increased and amounted to TL 2,935 billion (US\$ 2,272 billion) in 2007. The increase in the trading volume continued afterwards

and in 2012 it reached to TL 6,827 billion (US\$ 3,813 billion). The 2012 figures indicate an increase of 65.6% in TL terms and 55.7% in US Dollar terms over the previous year (Table 4.8).

Table 4.8. ISE Bonds and Bills Market Trading Volume

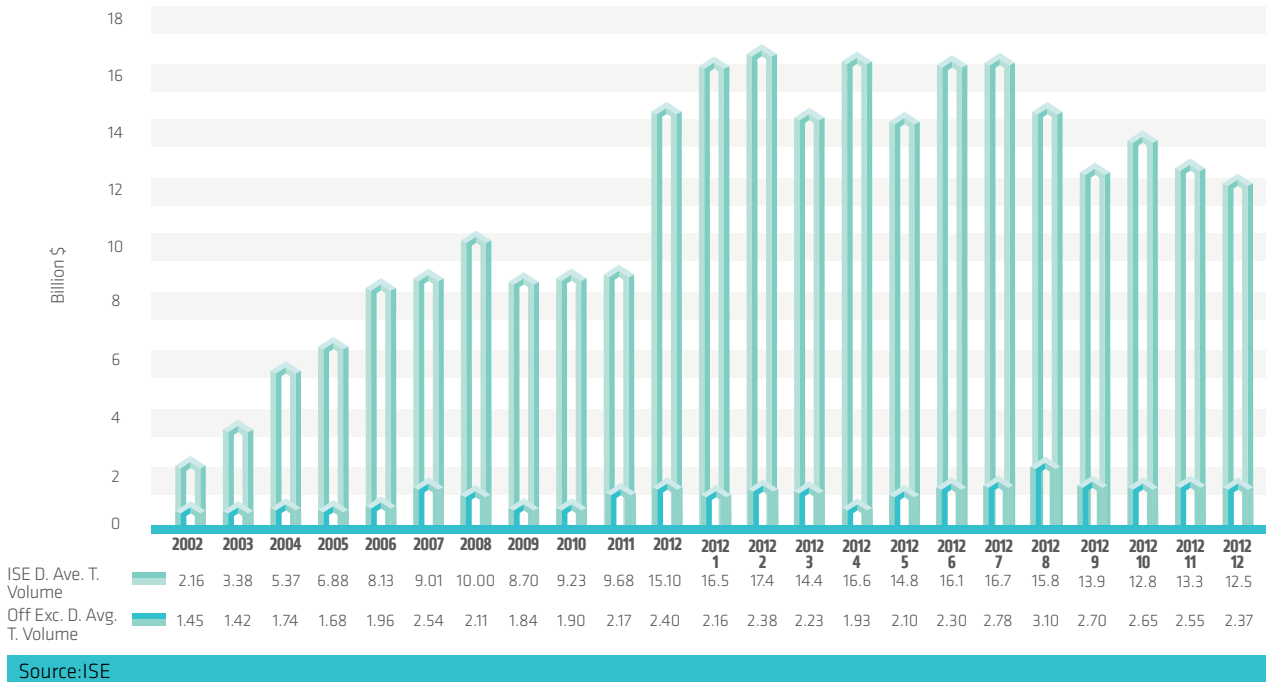
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Ise Bonds and Bills Market										
Outright Purchases and Sales Market										
₺ Billion	213	373	481	382	364	301	417	446	478	357
\$ Billion	144	263	359	270	279	239	270	298	291	200
Repo-Reverse Repo Market										
₺ Billion	1,041	1,551	1,860	2,539	2,571	2,935	2,983	3,012	2,903	3,718
\$ Billion	702	1,090	1,387	1,770	1,993	2,274	1,929	2,010	1,744	2,077
Offerings Market for Qualified Investors										
₺ Billion	-	-	-	-	-	-	-	-	279	1,184
\$ Billion	-	-	-	-	-	-	-	-	151	663
Interbank Repo-Reverse Repo Market										
₺ Billion	-	-	-	-	-	-	-	-	732	2,742
\$ Billion	-	-	-	-	-	-	-	-	408	1,531
Repo Market for Specified Securities										
₺ Billion	-	-	-	-	-	-	-	-	8	9
\$ Billion	-	-	-	-	-	-	-	-	5	5
Total										
₺ Billion	1,254	1,924	2,340	2,921	2,935	3,236	3,400	3,459	4,122	6,828
\$ Billion	846	1,353	1,747	2,040	2,272	2,513	2,199	2,307	2,449	3,814
Daily Average										
₺ Billion	5.0	7.6	9.2	11.6	11.7	12.9	13.0	13.8	16.3	26.9
\$ Billion	3.4	5.4	6.9	8.1	9.0	10.0	8.7	9.2	9.7	15.1

Source: ISE

Daily average trading volume rose in US Dollar terms by 55.7% in 2012, and reached US\$ 15.1 billion. With respect to the breakdown of transactions, repo transactions constituted 54.5% in US Dollar terms of all transactions. The interbank repo market transactions also displayed an important increase in terms of volume traded and constituted 40.2% of all repo transactions.

In 2012, the volume of trades executed off the exchange and registered to the exchange was TL 548,780 million (US\$ 306,467 million) for outright transactions and TL 553,679 million (US\$ 309,214 million) for repo transactions. Daily average volume of the off-the-exchange transactions fluctuated over the months (Graph 4.8).

Graph 4.8. Bonds and Bills Daily Average Trading Volume on the Exchange and off-the Exchange



4.4. Collective Investment Schemes

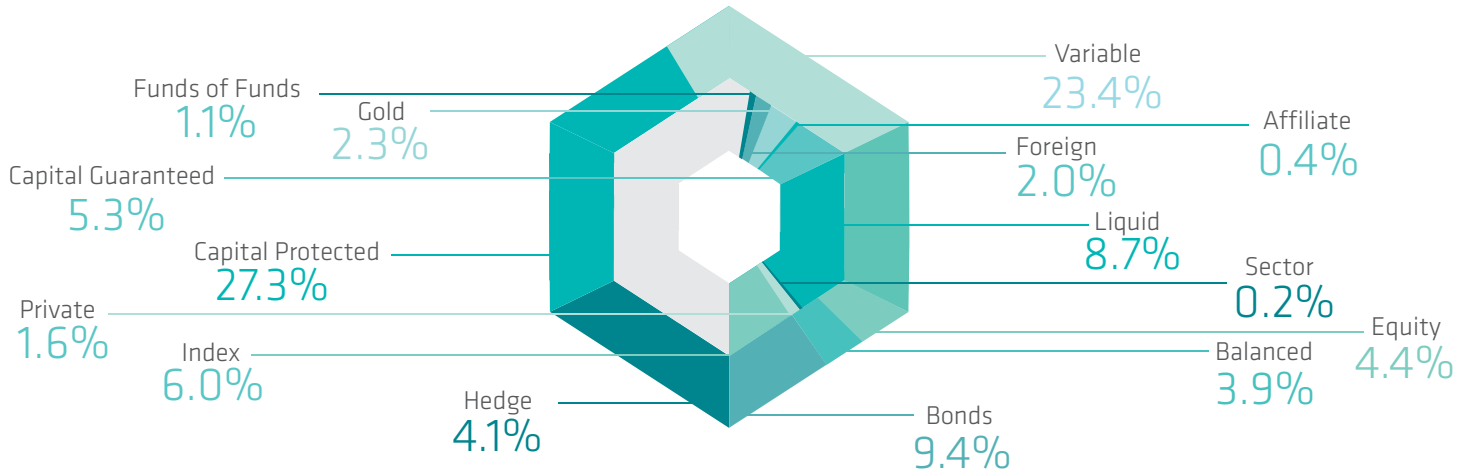
4.4.1. Mutual Funds

Two different types of mutual funds, Type A and Type B, exist in Turkish capital markets. Type A mutual funds are required to invest at least 25% of their assets in equities that are issued by Turkish companies, whereas mutual funds that have no such obligation are classified as Type B. These two main groups of funds are subdivided into categories of mutual funds which are classified according to the financial instruments that comprise the fund portfolio. These are Notes and Bonds, Short-Term Notes and Bonds, Equity, Sector, Affiliate Companies, Group, Foreign Securities, Gold, Precious Metals, Variable, Balanced/

Mixed, Liquid, Index and Exchange Traded Funds, Funds of Funds, Capital Guaranteed, Capital Protected Funds, Hedge Funds and Private Funds.

There are 564 mutual funds in Turkey as of 2012-end. Among the mutual funds, capital protected (154), variable (132), notes and bonds funds (53) and liquid funds (49) are the most pervasive kinds such that 68.8% of total mutual funds are formed by these four kinds of funds (Graph 4.9).

Graph 4.9. Numerical Distribution of A and B-Type Mutual Funds

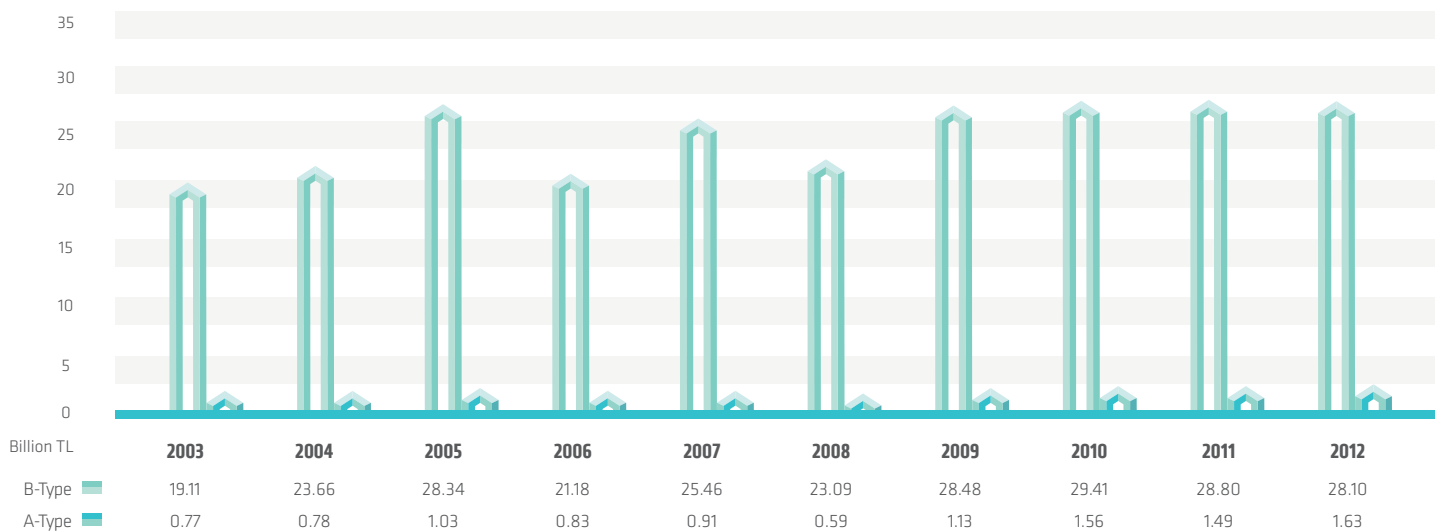


Source:CMB

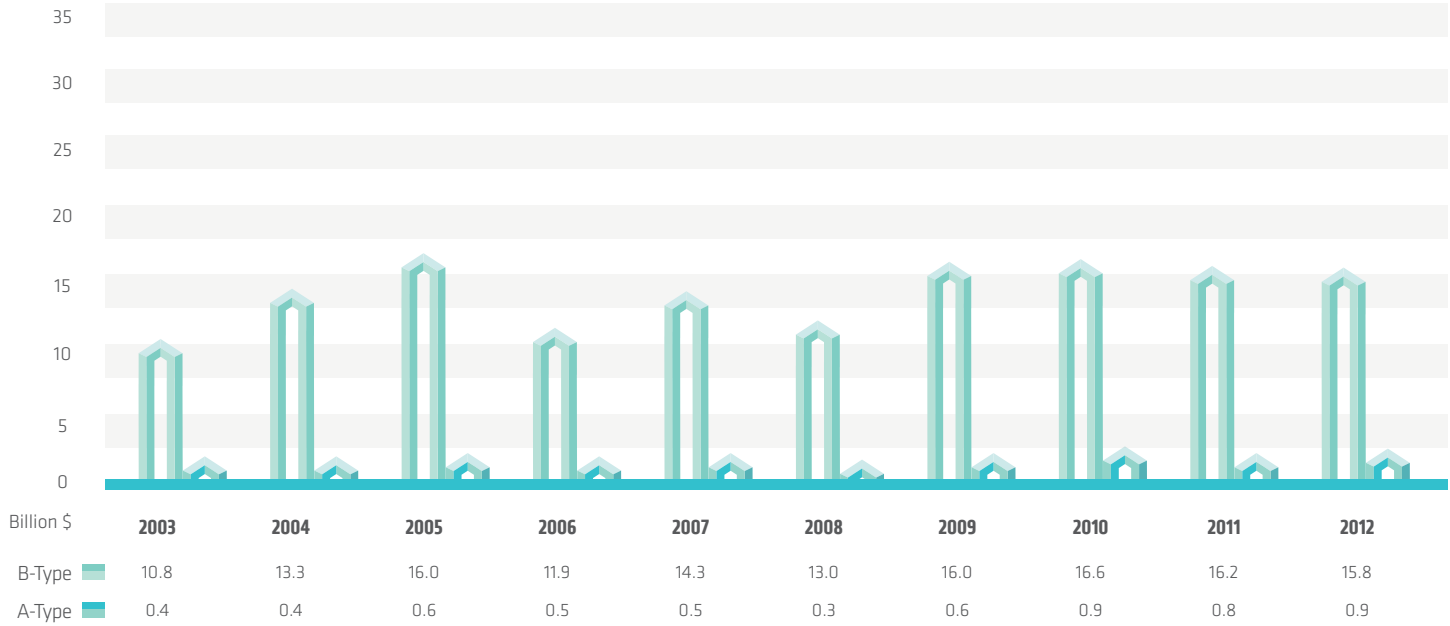
In 2012, total portfolio value of mutual funds, the first of which was established in 1987, decreased by 1.66% from TL 30.2 billion (US\$ 17.0 billion) to TL 29.7 billion (US\$ 16.7 billion) compared to the previous year. Besides, there were 41 foreign mutual funds whose total value of participation certificates in circulation in Turkey is US\$ 30 million as of 2012 December-end.

In 2012, the portfolio value of A-Type funds increased by 9.4% compared to the last year's figure, from TL 1.49 billion (US\$ 0.8 billion) to TL 1.63 billion (US\$ 0.9 billion) while the portfolio value of B-Type mutual funds decreased by 2.4% from TL 28.8 billion (US\$ 16.2 billion) to TL 28.1 billion (US\$ 15.8 billion) (Graph 4.10; Graph 4.11).

Graph 4.10. A and B-Type Mutual Funds' Portfolio Value in TL Terms



Source:CMB

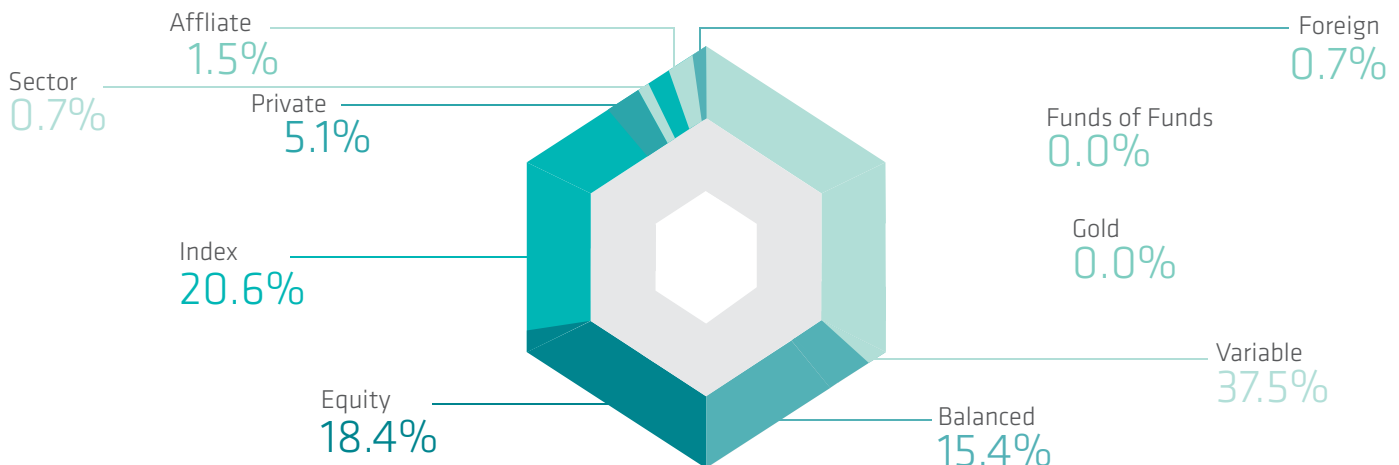
Graph 4.11. A and B-Type Mutual Funds' Portfolio Value in US Dollar Terms

Source:CMB

A-Type Mutual Funds

As of the end of 2012 in Turkish capital markets, there were 137 A-Type funds with the total fund value of TL 1.6 billion. Regarding the A-Type funds as numerical distribution, variable funds took the first place with 37.5%, the second place was index funds with

20.6%, third place was equity funds with 18.4% (Graph 4.11). The share of equities in the portfolio composition of A-Type funds, reached to 73.4% in 2012 (Table 4.9).

Graph 4.12. Kinds of A-Type Mutual Funds

Source:CMB

Table 4.9. Portfolio Composition of A Type Mutual Funds (%)

Years	Equities	Public Debt	Reverse Repo	ISE Money Market	Foreign Securities	Other (*)	Total Value	
							(Million ₺)	(Million \$)
2003	62.2	17.2	19.0	1.2	0.3	0.1	778	438
2004	68.0	20.2	10.8	0.5	0.5	0.0	780	439
2005	69.7	16.1	12.6	1.1	0.5	0.0	1,031	580
2006	65.2	17.7	15.2	1.0	0.6	0.3	835	470
2007	68.3	16.0	14.8	0.3	0.3	0.3	922	519
2008	58.0	28.2	13.4	0.1	0.2	0.1	598	337
2009	63.8	19.7	16.2	0.1	0.1	0.1	1,123	632
2010	65.4	20.7	13.1	0.2	0.1	0.5	1,566	882
2011	63.7	17.0	15.3	1.1	0.1	2.8	1,456	820
2012	73.4	13.4	5.2	1.4	0.2	6.4	1,622	913

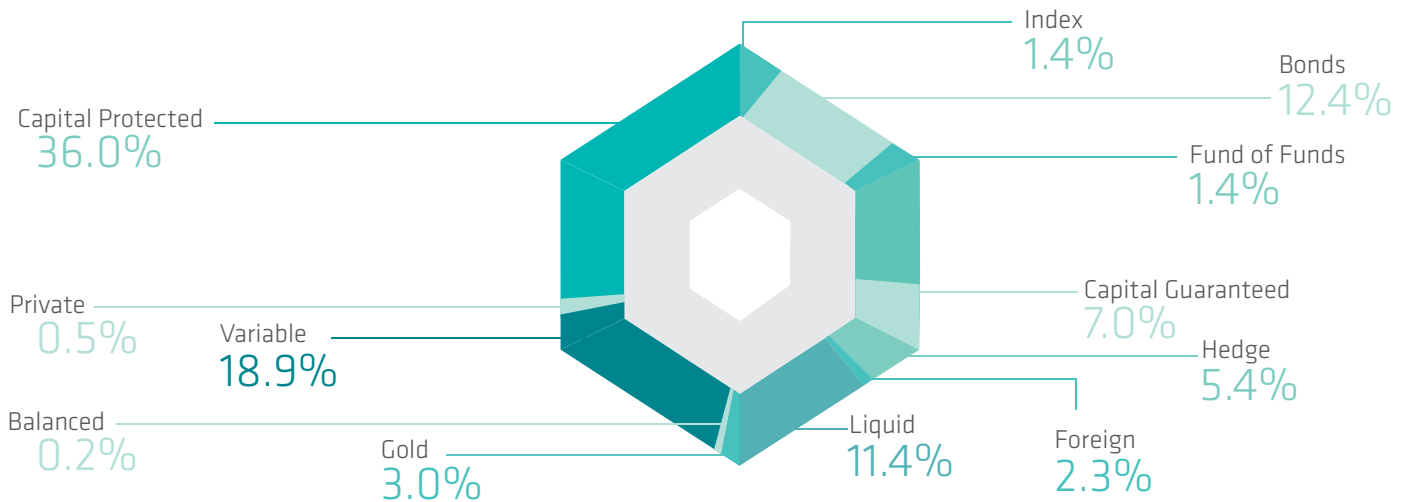
(*)Consists of mainly private sector debt.
Source: CMB

B-Type Mutual Funds

As of the end of 2012, in the Turkish capital markets, there were 455 B-Type funds with the total fund value of TL 28.1 billion. Regarding numerical distribution, among B-Type funds the most

pervasive kind was capital protected funds with 36% share, second place was variable funds with 18.9% share, followed by notes and bonds with 12.4% share (Graph 4.13).

Graph 4.13. Kinds of B-Type Mutual Funds



Source: CMB

The portfolios of B-Type funds have heavily consisted of reverse-repo and government securities in recent years. As of the end of 2012, the share of government bonds and T-Bills in the portfolio has been 20.4% while the share of reverse repo has been 40.2% (Table 4.10).

When the portfolio composition of both types of funds are considered together, it is seen that, as of the end of 2012, 38.4% of the portfolios consisted of reverse repo, 20.0% consisted of government bonds and T-Bills and 4.9% consisted of equities (Table 4.11).

Table 4.10. Portfolio Composition of B-Type Mutual Funds (%)

Years	Equities	Public Debt	Reverse Repo	ISE Money Market	Foreign Securities	Other (*)	Total Value	
							(Million ₺)	(Million \$)
2003	0.0	67.5	30.5	2.0	0.0	0.0	19,114	13,442
2004	0.1	68.8	28.2	2.9	0.0	0.0	23,663	17,726
2005	0.1	72.3	26.3	1.3	0.0	0.0	28,340	21,120
2006	0.2	39.0	59.7	1.0	0.1	0.0	21,180	15,068
2007	0.1	38.7	57.9	3.0	0.1	0.2	25,461	21,963
2008	0.1	43.8	51.2	4.4	0.0	0.5	23,151	15,213
2009	0.4	32.6	60.2	5.3	0.1	1.4	28,480	18,986
2010	0.7	29.1	55.7	8.4	0.4	5.7	29,336	19,092
2011	0.5	23.5	48.2	9.6	0.4	17.8	28,743	15,227
2012	1.1	20.4	40.2	8.1	0.5	29.7	28,123	15,831

(*)Consists of mainly private sector debt.
Source:CMB

Table 4.11. Portfolio Composition of A And B-Type Mutual Funds (%)

Years	Equities	Public Debt	Reverse Repo	ISE Money Market	Foreign Securities	Other (*)	Total Value	
							(Million ₺)	(Million \$)
2003	2.5	65.5	30.0	1.9	0.1	0.0	19,858	13,995
2004	2.2	67.3	27.7	2.8	0.0	0.0	24,444	18,309
2005	2.6	70.3	25.8	1.2	0.1	0.0	29,374	22,892
2006	2.6	38.2	58.1	1.0	0.1	0.0	22,011	15,659
2007	2.5	37.8	56.4	3.0	0.1	0.2	26,381	22,756
2008	1.5	43.5	50.2	4.3	0.0	0.5	23,746	15,603
2009	2.7	32.1	58.6	5.1	0.1	1.4	29,605	19,736
2010	3.8	28.7	53.6	8.0	0.4	5.5	30,897	20,109
2011	3.6	23.2	46.6	9.1	0.4	17.1	30,219	16,009
2012	4.9	20.0	38.4	7.7	0.5	28.5	29,746	16,745

(*)Consists of mainly private sector debt.
Source:CMB

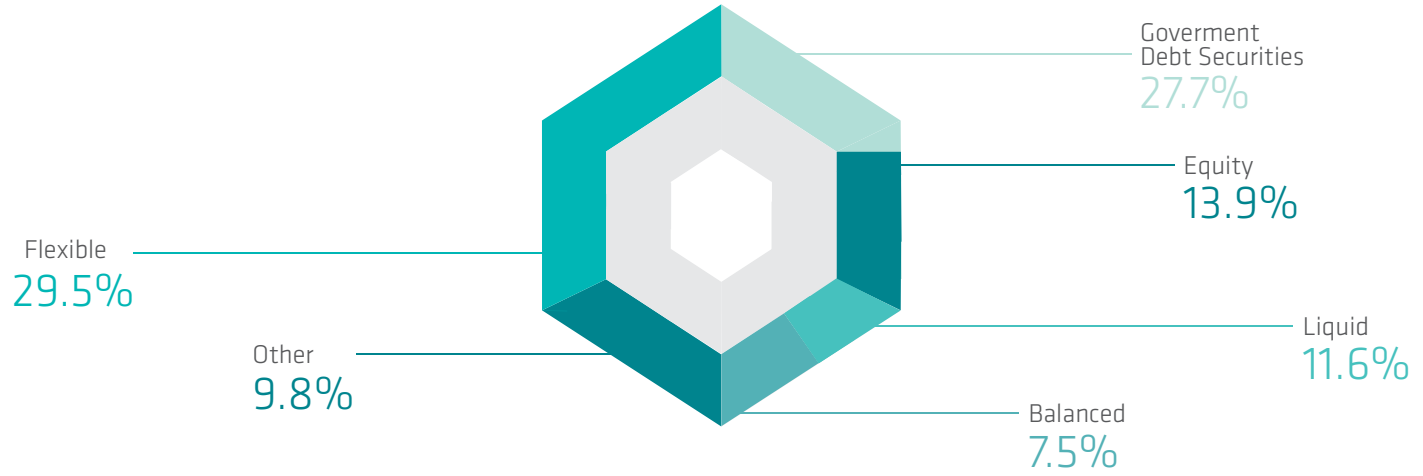
Foreign Mutual Funds

As of 2012 December-end, the number of foreign mutual funds whose participation certificates are registered with the Board was 41. Among these funds, US\$ based funds had a net asset value of US\$ 287.9 billion; Euro based funds had a net asset value of Euro 113.6 billion. On the other hand, the total value of participation certificates in circulation in Turkey was approximately US\$ 19 million.

Pension Funds

Individual Retirement Savings and Investment System was put into place in 2003. As of the end of 2012, the number of pension funds offered to public was 173. The total value of these funds was TL 20 billion. Regarding numerical distribution, among the pension funds the most pervasive kind, with 29.5% share, was the flexible funds followed by the funds investing in government debt instruments, equity funds and liquid funds (Graph 4.14).

Graph 4.14. Numerical Distribution of Kinds of Pension Mutual Funds



Source:CMB

Exchange Traded Funds

The regulation regarding Exchange Traded Funds dated to 2004. As of the end of 2012, sixteen exchange traded funds were sold to public and put into ISE Fund Market. The total value of these funds was TL 370 million, and nine of them were based

on various stock exchange indexes, four of them were based on gold and silver indexes and three of them were based on notes and bonds indexes (Table 4.12.).

Table 4.12. Current State of Exchange Traded Funds

	Founder	Name of the Fund	Total Value (₺)
1	FINANSBANK A.Ş.	A.B.D. HAZİNE BONOSU DOLAR B TİPİ	17,835,061.79
2	BİZİM MENKUL DEĞERLER A.Ş.	DOW JONES DJIM TÜRKİYE A TİPİ	1,872,032.74
3	FINANSBANK A.Ş.	DOW JONES İSTANBUL 20 A TİPİ	24,697,357.85
4	FINANSBANK A.Ş.	GT-30 A TİPİ	5,026,245.91
5	FINANSBANK A.Ş.	İMKB 30 A TİPİ	5,345,156.71
6	FINANSBANK A.Ş.	FTSE İSTANBUL BONO FBIST B TİPİ	57,999,788.34
7	FINANSBANK A.Ş.	İSTANBUL GOLD B TİPİ	154,331,888.42
8	FINANSBANK A.Ş.	İSTANBUL SILVER B TİPİ	23,823,410.00
9	İŞ YATIRIM MENKUL DEĞERLER A.Ş.	DOW JONES TÜRKİYE EŞİT AĞIRLIKLIL 15 A TİPİ	21,665,237.39
10	İŞ YATIRIM MENKUL DEĞERLER A.Ş.	İBOXX TÜRKİYE GÖSTERGE TAHVİL B TİPİ	10,660,219.47
11	KUVEYT TÜRK KATILIM BANKASI A.Ş.	B TİPİ ALTIN	32,982,210.15
12	T. GARANTİ BANKASI A.Ş.	MSCİ TÜRKİYE ENDEKSİ A TİPİ	1,576,431.36
13	FINANSBANK A.Ş.	YÜKSEK PİYASA DEĞERLİ BANKALAR A TİPİ	1,560,975.24
14	BİZİM MENKUL DEĞERLER A.Ş.	KATILIM ENDEKSİ A TİPİ	1,140,961.77
15	KUVEYT TÜRK KATILIM BANKASI A.Ş.	B TİPİ SILVERPLUS	9,804,801.43
16	T. GARANTİ BANKASI A.Ş.	EKO10 END. A TİPİ	694,256.75
	TOTAL:		369,875,073.55

Source:CMB

Funds of Funds

According to the regulation, an exchange traded fund is an asset established for managing a portfolio with principles of risk diversification and fiduciary ownership, whose shares are traded on the stock exchange, whereby authorized participants directly participate in the creation and redemption process.

Funds of Funds are investment funds that use an investment strategy of holding a portfolio of other investment funds in order to benefit returns from various management strategies of funds. As of 2012-end total value of funds of funds amounted to TL 19 million (Table 4.13).

Table 4.13. Current State of Funds of Funds

	Founder	Name of Fund	Total Value (Thousand ₺)	Date of public offering
1	FINANSBANK A.Ş.	SENTEZ A TİPİ FON SEPETİ FONU	4,552	01/28/2008
2	FINANSBANK A.Ş.	SENTEZ B TİPİ FON SEPETİ FONU	2,537	01/28/2008
3	YAPI ve KREDİ BANKASI A.Ş.	B TİPİ DÜNYA FONLARI FON SEPETİ FONU	2,859	12/12/2007
4	YAPI VE KREDİ BANKASI A.Ş.	B TİPİ EMTİA FON SEPETİ	331	01/25/2012
5	T. İŞ BANKASI A.Ş.	B TİPİ GLOBAL EMTİA FON SEPETİ FONU	4,884	08/11/2011
6	AKBANK T.A.Ş.	B TİPİ BİRLEŞİK EMTİA FON SEPETİ FONU	3,869	05/23/2011
	TOTAL:		19,032	

Source:CMB

Guaranteed Funds

Guaranteed Funds are structured to secure the whole or a part of the initial capital of an investment returned or generate a certain amount of return at a certain maturity date or dates based on an appropriate investment strategy and the guarantee of a guarantor in accordance with the principles of prospectus. By the end of 2012 there were 30 guaranteed funds performing in the Turkish capital markets with a total value of TL 72,357,971.

Protected Funds

Protected funds are structured in an appropriate investment strategy with best effort to have the whole or a part of the initial capital of an investment returned or generate a certain amount of return at a certain maturity date or dates to the investor in accordance with the principles of prospectus. The first establishment and public offering of protected fund were realized in 2008. By the end of 2012, the total value of 154 protected funds was TL 113,019,661.

Hedge Funds

Hedge Funds are launched only for qualified investors. These funds were introduced to Turkish capital markets in 2008. By the end of 2012, the total value of 24 hedge funds was TL 207,072,364.

4.4.2. Investment Trusts

Three types of investment trusts operate in Turkey: Securities Investment Trusts, Real Estate Investment Trusts and Venture Capital Investment Trusts.

Securities Investment Trusts

There are two types of securities investment trusts which are A-Type and B-Type.

As of the end of 2012, there were 17 A-Type and B-Type investment trusts with TL 365 million paid in capital and TL 439 million market capitalization. The portfolios of these companies were composed of corporate securities (36.7%), government bonds and T-Bills (24.9%) reverse repos (11.6%) and the rest were foreign securities and some other investment instruments (Table 4.14).

Table 4.14. Current State of A-Type and B-Type Investment Trusts

	A and B Type Investment Trusts	Date of Establishment	Registered Capital (₺)	Paid in Capital (₺)	Net Asset Value (*) (₺)	Market Value (₺)
1	ALTERNATİF	14.09.1995	50,000,000	22,268,013	46,001,262.21	29,616,457.29
2	ATLAS	22.10.1993	10,000,000	3,432,000	2,846,284.80	3,500,640.00
3	COSMOS	17.05.1995	10,000,000	6,000,000	5,621,335.01	5,340,000.00
4	DENİZ	05.05.1995	25,000,000	14,985,000	32,300,732.07	30,869,100.00
5	ECZACIBAŞI	15.06.1998	25,000,000	21,000,000	44,826,315.30	25,410,000.00
6	EURO	03.03.2006	20,000,000	13,410,000	21,397,029.80	9,655,200.00
7	EURO KAPİTAL	11.03.2011	50,000,000	20,000,000	22,076,065.89	16,200,000.00
8	EURO TREND	14.03.2006	50,000,000	13,176,430	19,254,901.78	9,750,558.20
9	FİNANS	17.11.1995	50,000,000	18,000,000	22,027,896.47	20,160,000.00
10	GARANTİ	09.07.1996	100,000,000	30,000,000	34,369,624.39	20,400,000.00
11	GEDİK	12.03.1998	10,000,000	7,623,000	10,718,737.02	7,775,460.00
12	İŞ	16.08.1995	135,000,000	134,662,500	289,404,694.22	154,861,875.00
13	MUSTAFA YILMAZ	05.08.1994	10,000,000	5,000,000	10,880,722.28	5,300,000.00
14	OYAK	25.04.2007	50,000,000	11,500,000	12,363,270.12	7,015,000.00
15	TACİRLER	14.02.2006	20,000,000	5,000,000	5,433,257.56	5,200,000.00
16	VAKIF	13.06.1991	15,000,000	7,500,000	14,591,788.85	8,175,000.00
17	YAPI KREDİ	02.10.1995	50,000,000	31,425,000	85,519,659.87	79,505,250.00
	TOTAL		600,000,000	364,981,943	680,173,577.64	438,734,540.49

(*) Net Assets=Portfolio Value+Liquid Assets+Accounts Receivable-Accounts Payable

Source: CMB, ISE

Real Estate Investment Trusts

There were 25 real estate investment trusts in Turkey which had a market capitalization of TL 15,800 million (US\$ 8,733 million) as of the end of 2012. The portfolio of these real estate investment trusts whose shares are listed on the ISE was

composed of real estates, real estate based projects and capital market instruments based on real estates. Detailed information on real estate investment trusts is given in Table 4.15.

Table 4.15. Current State of Real Estate Investment Trusts

	Real Estate Investment Trusts	Date of Estab.	Registered Capital (₺)	Paid in Capital (₺)	Market Value (₺)
1	AKFEN	25/08/2006	1,000,000,000	184,000,000	305,440,000.00
2	AKMERKEZ	15/02/2005	37,264,000	37,264,000	830,987,200.00
3	ALARKO	31/07/1996	20,000,000	10,650,794	242,838,103.20
4	ATA	11/10/2012	50,000,000	23,750,000	31,112,500.00
5	ATAKULE	21/08/2000	200,000,000	84,000,000	113,400,000.00
6	AVRASYA	14/10/2010	480,000,000	72,000,000	34,560,000.00
7	EGS	01/10/1997	75,000,000	50,000,000	17,500,000.00
8	EMLAK	17/10/2003	4,000,000,000	2,500,000,000	7,800,000,000.00
9	DOĞUŞ-GE	25/07/1997	500,000,000	93,780,000	153,799,200.00
10	İDEALİST	28/11/2007	200,000,000	10,000,000	24,600,000.00
11	İŞ	06/08/1999	2,000,000,000	600,000,000	900,000,000.00
12	KİLER	10/03/2008	1,400,000,000	124,000,000	221,960,000.00
13	MARTİ	22/05/2006	200,000,000	110,000,000	58,300,000.00
14	NUROL	23/12/1997	40,000,000	40,000,000	309,600,000.00
15	ÖZAK	03/06/2009	300,000,000	157,000,000	273,180,000.00
16	ÖZDERİCİ	06/08/1999	250,000,000	100,000,000	85,000,000.00
17	PERA	03/09/1997	250,000,000	89,100,000	51,678,000.00
18	REYSAŞ	03/09/2008	500,000,000	190,000,000	134,900,000.00
19	SAF	06/09/2006	2,000,000,000	886,601,669	868,869,635.62
20	SİNPAŞ	26/11/1996	1,000,000,000	600,000,000	846,000,000.00
21	TORUNLAR	21/01/2008	1,000,000,000	500,000,000	1,610,000,000.00
22	TSKB	03/02/2006	200,000,000	150,000,000	117,000,000.00
23	VAKIF	24/12/1996	300,000,000	105,000,000	546,000,000.00
24	YEŞİL	03/06/2005	400,000,000	235,115,706	157,527,523.02
25	YAPI KREDİ KORAY	24/04/2007	100,000,000	40,000,000	52,400,000.00
	TOTAL		16,502,264,000	6,992,262,169	15,786,652,162

Source: CMB, TSPAKB

Venture Capital Investment Trusts

As of the end of 2012, there were 5 publicly held venture capital investment trusts in Turkey whose total net asset value was TL 664 million (US\$ 374 million) and market capitalization was TL

852 million (US\$ 480 million). Detailed information on publicly held venture capital investment trusts is given in Table 4.16.

Table 4.16. Current State of Venture Capital Investment Trusts

	Venture Capital Investment Trusts	Date of Estab.	Registered Capital (₺)	Paid in Capital (₺)	Net Asset Value* (₺)	Market Value (₺)
1	EGELİ & CO TARIM	09/06/2011	200,000,000	22,000,000	19,914,968	16,500,000
2	GEDİK	30/04/2012	20,000,000	5,148,000	5,882,568	7,104,240
3	GÖZDE	28/07/2011	1,000,000,000	134,473,492	372,441,403	611,854,389
4	İŞ	31/10/2000	250,000,000	57,960,000	188,229,091	148,377,600
5	RHEA	18/04/1996	360,000,000	41,550,000	77,105,766	68,557,500
	TOTAL		1,830,000,000	261,131,492	663,573,796	852,393,729

(*) Net Assets=Portfolio Value+Liquid Assets+Accounts Receivable-Accounts Payable

Source: CMB, TSPAKB

4.5. Portfolio Management Companies

As of the end of 2012, there were 35 portfolio management companies operating in Turkey. The total value of portfolios managed by these companies was TL 56,368 million. 3% of the portfolios managed belong to individuals, 88% belong to

institutional investors and 9% belong to corporations (Table 4.17).

In terms of TL, assets under management increased by 17.6 % to TL 56,368 million in 2012 from TL 47,927 million in 2011.

Table 4.17. Current State of Portfolio Management Companies

Portfolio Management Companies	Number of Clients				Assets Under Management (₺ Million)			
	Indiv.	Inst.	Corpo.	Total	Indiv.	Inst.	Corpo.	Total
1 AK	22	68	17	107	208.9	7.9	1,727.3	9,875.8
2 ALKHAİR	0	3	1	4	0	4.7	2.8	7.6
3 ARMA	18	1	1	20	7.0	5.9	0	13.0
4 ASHMORE	2	8	0	10	4.9	270.7	0	275.5
5 ATA	0	10	0	10	0	203.9	0	203.9
6 BOSPHORUS CAPITAL	36	10	5	51	44.7	179.3	42.5	266.6
7 DENİZ	1	30	0	31	0.1	1,093.9	0	1,094.1
8 ECZACIBAŞI	0	12	0	12	0	149.9	0	149.9
9 EFG İSTANBUL	0	0	0	0	0	0	0	0
10 EGELİ & CO	8	2	3	13	8.5	61.1	46.8	116.4
11 ERGO	149	16	100	265	13.4	187.1	357.5	558.1
12 EURO	0	3	0	3	0	63.2	0	63.2
13 FİNANS	52	34	4	90	78.3	1,044.7	22.6	1,145.7
14 FOKUS	4	0	1	5	43	0	24.9	29.2
15 FORTİS	0	0	0	0	0	0	0	0
16 GARANTİ	17	50	18	85	105.7	7,996.0	341.4	8,443.2
17 GEDİK	0	9	0	9	0	31.0	0	31.0
18 GLOBAL	44	9	3	56	11.4	39.8	4.4	55.6
19 HALK	3	17	6	26	4.1	983.3	109.2	1,096.6
20 HSBC	0	43	0	43	0	3,265.4	0	3,265.4
21 ING	26	23	4	53	9.9	1,428.9	41.3	1,480.2
22 İSTANBUL	40	2	5	47	33.4	89.6	8.8	131.9
23 İŞ	15	52	24	91	83.5	10,669.2	1,382.9	12,135.7
24 LIBERA	21	4	2	27	17.4	29.0	0.5	46.9
25 LOGOS	10	2	1	13	51.4	62.6	0.7	114.8
26 NOTUS	25	1	3	29	18.2	58.1	11.4	87.8
27 PERFORM	12	1	0	13	67.1	2.7	0	69.8
28 POLSAN	1	5	4	10	0.1	39.2	121.0	160.4
29 RHEA	11	3	2	16	7.2	64.8	305.5	377.6
30 SARDES	8	1	0	9	1.4	1.8	0	3.3
31 STANDARD ÜNLÜ	0	2	0	2	0	7.0	0	7.0
32 TEB	474	38	9	521	178.5	2,301.7	133.4	2,613.7
33 VAKİF	0	13	0	13	0	1,271.4	0	1,271.4
34 YAPI KREDİ	338	56	20	414	483.6	8,768.9	392.9	9,645.4
35 ZİRAAT	0	19	1	20	0	1,505.2	25.0	1,530.2
Total (TL)	1,337	547	234	2,118	1,443.8	49,821.0	5,103.8	56,368.6
(US\$)					812.7	28,046.0	2,873.1	31,731.9

Source: CMB

4.6. Futures and Options Exchange Inc.

Turkish Derivatives Exchange (TurkDex Inc.) was established, in accordance with the Article 40 of the CML Nr. 2499, by the decision of the Council of Ministers Nr. 2001/3025 published in the Official Gazette Nr. 24558 dated October 19, 2001, upon the suggestion of the related minister, based on the decision of the CMB Nr. 39/1101 dated August 17, 2001.

The exchange is organized in the form of joint stock corporation and became a legal entity on July 4, 2002 when its Articles of Association was registered at the Turkish Trade Registry.

Authorization for starting its operations was given to the Exchange on 5 March 2004. Following the necessary works conducted by the CMB with the Exchange, the Exchange had become operational as of 4 February 2005.

New CML Nr. 6362 has brought a structural change opportunity for Turkdex. According to Article 138 of the CML, organized markets are designed to be operated under a single structure and it become possible for Turkdex to merge with Borsa İstanbul.

Currently, there are 4 markets: stock market, interest market, foreign exchange market and commodity market operating in Turkdex. In foreign exchange market, future contracts based on TRY/Dollar, TRY/Euro and Euro/Dollar parities and physically deliverable future contracts based on TRY/USD and TRY/Euro parities, in stock market, future contracts based on ISE30 and ISE100 Indexes and ISE30-100 Indexes Spread, in interest market, futures contracts based on treasury bills and finally in commodity markets futures contracts based on Aegean Cotton, Red Wheat,

Gold, Dollar/Ons price of the gold, physically deliverable Live Cattle and Base Load Electricity are traded on Turdex. On the other hand, some of these contract may be offered by Borsa İstanbul after two markets' restructuring process.

Currently a single trading session is held between 9:15-17:45. The transactions executed on the exchange are settled by the ISE Settlement and Custody Bank Inc.

In its commencement year, 2005, a trade volume of TL 3 billion was realized on the Exchange. In 2012, like in 2006-2011 period equity index futures constituted a large share in terms of total trading volume (Table 4.18).

Table 4.18. Turkish Derivatives Exchange Trading Volume (2012)

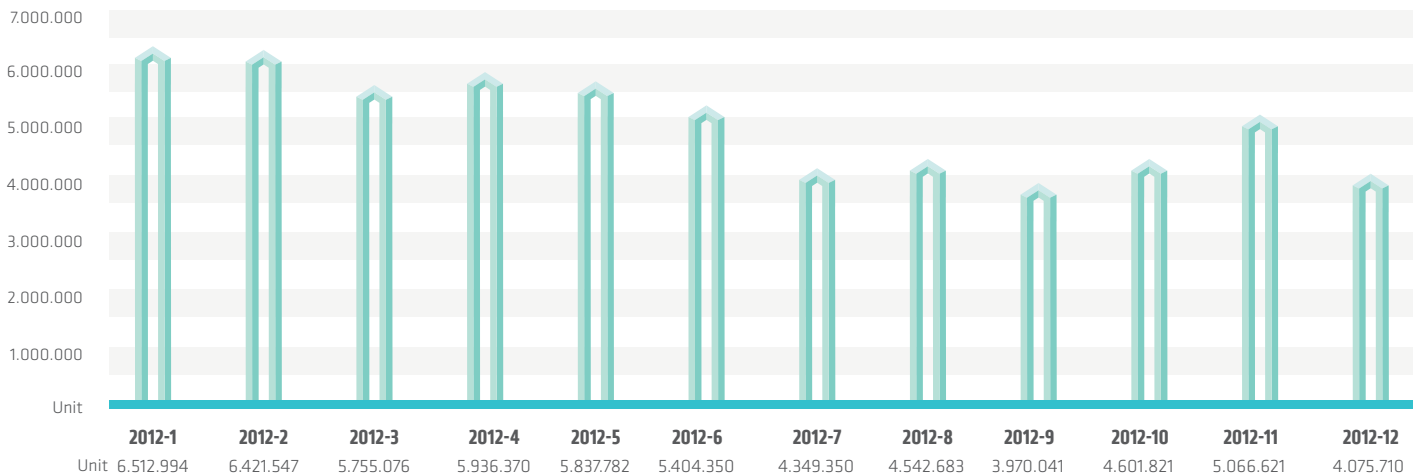
Contract	Number of Contracts Traded	Volume (₺)	Open Position
Index Futures	48,765,770	376,105,198,915	189,179
Interest Rate Futures	20	174,290	-
Currency Futures	12,311,601	23,291,246,679	77,463
Commodity (Inc,Gold) Futures	1,396,145	4,523,519,849	7,899
Energy (Electricity) Futures	928	12,598,742	15
Total	62,474,464	403,932,738,475	274,556

Source: TURKDEX

In 2012, trading volume was TL 403.9 billion with a total number of 62,474,464 contracts, These figures indicate a decrease of 8% and 16% for trade volume and unit volume respectively as compared to 2011,

The number of contracts traded fluctuated within the year. The number of contracts traded, which was 6,512,994 units in January decreased to 3,970,041 units in September and reached to 4,075,710 units in December (Graph 4.15.).

Graph 4.15. TurkDex Number of Contracts Traded (Unit)

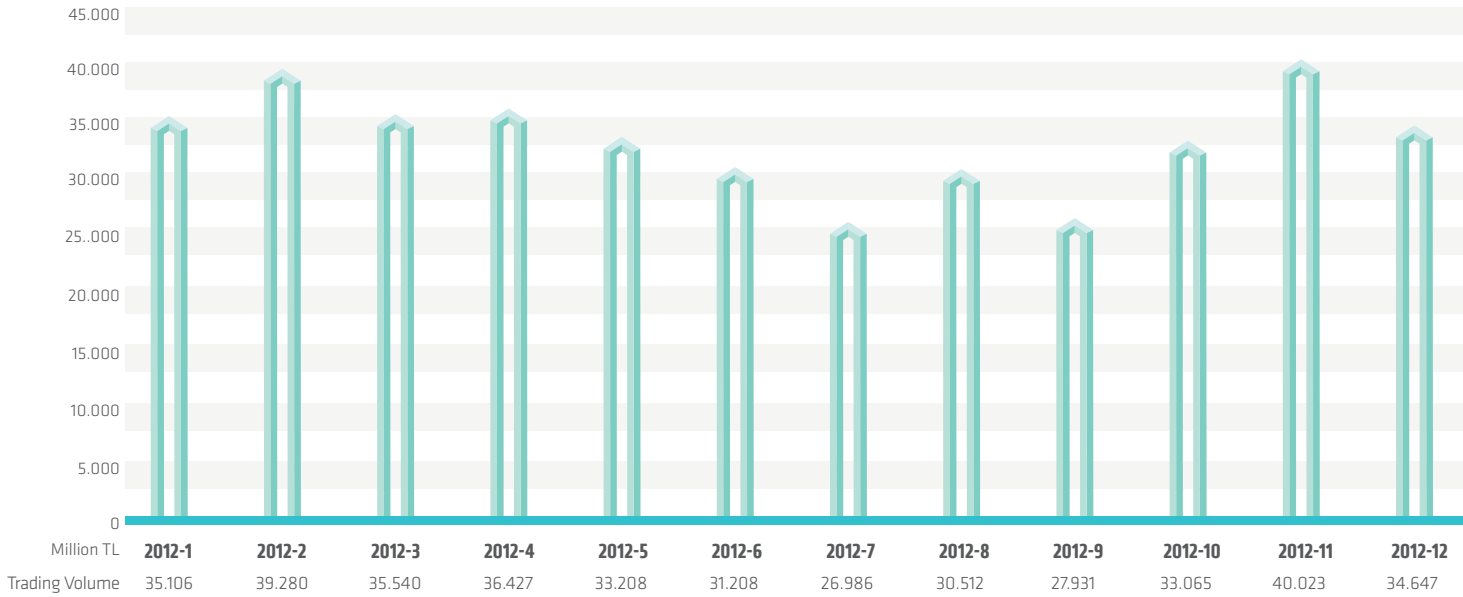


Source: TURKDEX

In 2012 there were fluctuations in the trading volume as well. Trading volume which was TL 35,106 million in the first month

of the year, increased to TL 40,023 million in November and decreased to TL 34,647 million at the end of the year (Graph 4.16.).

Graph 4.16. TurkDex Trading Volume (TL)

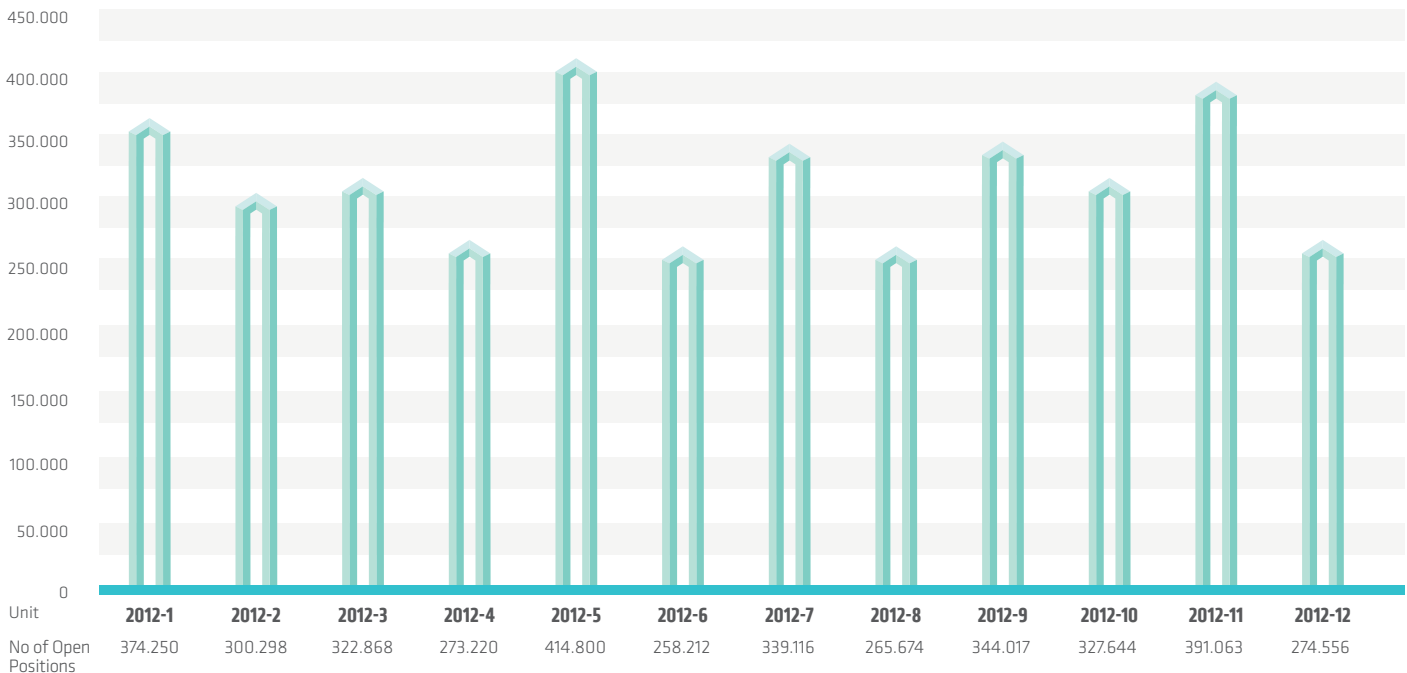


Source: TURKDEX

There have been fluctuations with regard to the number of open positions held by the end of the months, The number of open positions which was 374,250 units by the end of the first month

of the year reached to 414,800 units in May then decreased to 274,556 units by the end of the year (Graph: 4.16.).

Graph 4.17. Changes in the Total Number of Open Positions



Source: TURKDEX

4.7. Central Registry Agency Inc. and Investor Protection Fund

According to Article 81/1 of the CML Nr. 6362 the Central Registry Agency (CRA) is a corporation possessing the status of private law legal entity established in order to realize the operations related to the dematerialization of capital market instruments, to monitor the records of these dematerialized instruments and the rights associated to them in the electronic environment as of members and right holders, to provide their central custody.

According to Regulation on the Principles for Establishment, Operation and Supervision of the Central Registry Agency, which was promulgated on June 21, 2001 by the decision of the Council of Ministers, the CRA was established as a joint-stock corporation. New CML (Nr. 6362) has several important amendments on the activities of the Central Registry Agency.

Within the framework of CML Nr. 2499 and the related regulations, the CRA is empowered to keep the records, with respect to issuers, intermediaries and owners, of capital markets instruments and the related rights in book entry form, to monitor the consistency of these records and to represent and manage the Investors Protection Fund (IPF). On the other hand, according to regulations regarding the Investment Compensation Center (CML Nr. 6362, article 84), the scope of the compensation consists of claims arising from failure to fulfill cash payment or capital market instrument delivery obligations with regard to assets belonging to investors kept or managed by investment firms in the name of investor in relation to investment services and activities or ancillary services.

Within the context of dematerializing stocks and mutual fund participation certificates, in order for the members to make preparations and to inform the customers about the transition to dematerialized system, the principles with respect to membership were approved by the CMB on July 22, 2004 and parallel to this, some amendments were made to the above mentioned Regulation and the Communiqué for the CRA. In

this context, as necessary works completed, for the stocks of the corporations traded on the ISE, the dematerialized system within the CRA became effective as of November 28, 2005. After this date, all issuance of capital market instruments have been made in the dematerialized system. Currently, CRA acts as central depository agency for the stocks, mutual funds, corporate bonds, ETFs, and warrants. According to data provided by the CRA, as of year-end 2012, securities with a market value of TL 791.306 million and nominal value of 1.045.807 million are kept within the CRA and the number of accounts opened was 40.151.055 and the number of accounts with security balance was 4.344.581 (figures also contain non-public shares).

As the initial asset of the IPF, TL 10 million was granted by the ISE in 2001. Other sources of the Fund are annual dues to be paid by the intermediary institutions, half of the administrative pecuniary fines imposed by the CMB, the ISE and the Association, temporary dues for which the amount is to be determined by the CMB and also the yield of the Fund assets invested. The Fund's assets are invested in government bonds, T-Bills, deposits or reverse repos. The total value of the Fund's assets reached TL 249,315,886 by the end of 2012. New CML requires that all investment firms have to join IPF and it is expected that CMB will issue secondary regulations on this process.

The cash payments arising from stock transactions for their customers due to capital market operations and transactions of intermediary institutions for which a gradual liquidation or bankruptcy decision was taken, were made by the IPF within a limited amount, determined by the CML and increased by revaluation rate each year. The maximum amount for each customer to be paid from the Fund's assets was TL 70,237 for the year 2012.

4.8. Istanbul Gold Exchange

Pursuant to abolished CML Nr. 2499 Istanbul Gold Exchange (IGE) that was established on July 26, 1995, involves two markets, namely the Precious Metals Market and the Precious Metals Lending Market.

According to new CML Nr. 6362 IGE is designed to operate under Borsa İstanbul and regulated that its legal personality would be ended by the registration of Borsa İstanbul's articles of incorporation.

In 2012, the trading amount realized as 17,599 in TL/KGr, transactions indicates a 32.5% decrease in TL terms, At the same time, trade volume in \$/Ozs transactions increased by 45.4% over 2011, Trading amount decreased by 32.1% to TL 1,715 million in TL/KGr, Trading volume in terms of \$/Ozs was US\$ 15,562 million and represents a 48.3% increase compared with the previous year.

Table 4.19. Istanbul Gold Exchange

Year	Amount of Transactions (Kg)			Trading Volume	
	TL/KGr	\$/Ounce	Total	TL/Gr (Million ₺)	\$/Ounce (Million \$)
2003	77.643	155.016	232.659	1.320	1.782
2004	58.839	221.425	280.264	1.068	2.909
2005	19.907	306.145	326.052	369	4.344
2006	7.875	224.421	232.296	227	4.409
2007	36.131	292.251	328.382	1.015	6.507
2008	4.567	332.462	337.029	165	9.300
2009	5.130	221.464	226.594	257	6.814
2010	4.234	110.470	114.704	254	4.382
2011	26.061	200.696	226.757	2.527	10.429
2012	17.599	291.789	309.388	1.715	15.462

Source: IGE

4.9. The ISE Settlement and Custody Bank Inc.

ISE Settlement and Custody Bank Inc., namely Takasbank, is one of the most crucial institutions for the Turkish financial markets. It is an investment bank providing clearing, settlement and/or custody services for the ISE markets (Stock Market, Bond and Bills Market), TurkDex Inc and for the portfolio assets of mutual funds and investment trusts. In addition to these services, Takasbank provides the ISE members with a range of banking services such as credit services for cash within Takasbank Money Market (TMM) and credit services for securities, including Securities Purchasing Loans (SPL)

and Securities Lending/Borrowing Facility (SLBO). Moreover, Takasbank provides collateral custody and data storage services for forex transactions.

Total number of institutions benefiting from the services provided by Takasbank is 1664, 1.95 million stock certificates with a total nominal value of TL 24.8 million have been deposited in non-fungible custody. Some figures reflecting the scale and size of Takasbank's activities are given in Table 4.20.

Table 4.20. Takasbank Statistics (2012)

Number of Institutions Benefiting From Services	1,664
Stocks Deposited in Fungible Custody (Nominal Billion ₺)*	31.5
Stocks Deposited in Fungible Custody (Million Unit)*	28.6
Mutual Fund Shares Deposited in Custody (Billion Unit)	415.3
Portfolio Values of Mutual Funds and Investment Companies (Billion ₺)	31.3
Portfolio Values of Pension Mutual Funds (Billion ₺)	20.3
Mutual Fund Participation Certificates (Million Unit)	8.8
Stocks Deposited in Non-Fungible Custody (Nominal Billion ₺)	0.03
Stocks Deposited in Non-Fungible Custody (Million Unit)	2.0
Number of Institutions Using Stock Market Settlement System	
- Intermediary Firms	93
- Banks	57
- Mutual Funds/Investment Trusts	592
- Pension Funds	176
- Portfolio Management Companies	40
Securities Settlement (Billion ₺)	148.1
Cash Settlement (Billion ₺)	44.4
Settlement of Bonds&Bills (Billion ₺)	3,756.8
Cash Settlement (Billion ₺)	1,021.1
Coupon Payments for Government Securities (Billion ₺)	2.3
Redemption Payments (Billion ₺)	21.6
Electronic Fund Transfer (EFT)	
- Incoming (Billion ₺)	1,963
- Outgoing (Billion ₺)	1,935
Futures and Options Market	
-12/31/2012 Total Collateral Value (Million ₺)	5.4
-12/31/2012 Total Guarantee Fund Collateral Value (Million ₺)	14.4
-2012 Trading Volume (Million ₺)	7.4
-2012 Profit/Loss Value (Thousand ₺)	672.2
Turdex	
-12/31/2012 Total Collateral Value (Billion ₺)	1.3
-12/31/2012 Total Guarantee Fund Collateral Value (Million ₺)	108.0
-2012 Trading Volume (Billion ₺)	403.9
-2012 Profit/Loss Value (Billion ₺)	4.0
Forex Market	
-12/31/2012 Total Collateral Value (Million \$)	78.1
-2012 Trading Volume (Trillion \$)	1.3
-2012 Profit/Loss Value (Million ₺)	140.4
Takasbank Securities Lending Market Trading Volume (2012-Million ₺)	2,937.4
Takasbank Securities Lending Market Trading Volume (2012-Unit)	606,296,480
Takasbank Securities Lending Market Daily Average Trading Volume (Million ₺)	11.6
Takasbank Securities Lending Market Daily Average Trading Volume (Unit)	2,396,429
Takasbank Money Market Daily Average Trading Volume (Million ₺)	715.0
Takasbank Money Market Trading Volume (Billion ₺)	180.8

* Material securities kept in dematerialized form in CRA .

** Since dematerialized system became operational for the stocks traded on Borsa İstanbul as of November 28, 2005, data for the stocks and number of accounts at Takasbank's custody system are as of this date.

Source: Takasbank

4.10. The Association of Capital Market Intermediary Institutions of Turkey

Association of Capital Market Intermediary Institutions of Turkey (Association) is a self-regulatory organization having attributed of a civil institution possessing a legal entity. The Association has been established according to the amendments in the article 40/B and 40/C of the abolished CML, which are added to CML

Nr. 2499 with the law dated 15.12.1999 and numbered 4487. The Status of the Association became effective by the publication on the Official Gazette numbered 24315, on February 11, 2001.

According to new CML, the name of the Association changed as

the Association of Capital Markets of Turkey. According to article 74 of the CML, institutions that have been authorized to perform investment services and activities as well as bodies carrying out activities in capital markets deemed as appropriate by the Board shall apply to the Association. Therefore scope of the membership profile has been enlarged.

The Association is tasked with and authorize to; make studies in order to develop the activities of capital markets and member institutions, constitute professional rules aimed at providing that the members of the Association work in solidarity with the vigilance and discipline required by the capital market and the occupation, take the necessary measures in order to prevent unfair competition, make regulations in subjects that have been assigned to it with the legislation and determined by the Board, carry them out and audit them, give the disciplinary penalties foreseen in the statute of the Association, cooperate

with national and international institutions on behalf of member institutions, follow-up the national and international professional developments, legal and administrative regulations and inform the members about these issues, prepare and manage the necessary infrastructure regarding the settlement through arbitration of disputes entering in the context of this Law between its members, perform the other tasks determined by the Board.

The Association, which is a self-regulatory institution, carried out every kind of education and surveillance activity for the investors and social stakeholders in year 2012 extensively, also it organized educational activities for helping the staff of intermediary institutions for preparing licensing examinations. In addition to these activities it took a major role to transmit the opinions and suggestions of intermediary institutions to the CMB about many subjects regulated by the CMB.

4.11. Intermediary Institutions

In total, there are 141 intermediary institutions, 100 of which are brokerage houses (operations of 9 of them are temporarily suspended) and 41 are banks, operating in Turkey by the end of 2012.

In 2012, activities of one brokerage house have been permanently suspended. At the end of 2012, 9 brokerage houses are still temporarily closed. The information about the licenses of the brokerage houses, investment banks and commercial banks as of the end of 2012 is given below (Table 4.21).

Table 4.21. Licenses of Intermediary Institutions

Type of License	Brokerage Houses	Investment Banks	Commercial Banks
Intermediation of Sale and Purchase of Capital Market Instruments	100	11 (off-the-exchange)	30 (off-the-exchange)
Public Offering	59	5	-
Portfolio Management	52	5	-
Investment Consultancy	57	1	-
Repurchase and Reverse Repurchase Transactions	53	11	28
Margin Trading, Short Selling, and Lending and Borrowing of Securities	97	-	-
Intermediation of Purchase and Sale of Derivative Instruments (TDE)	86	3	17
Leveraged Purchase & Sales Transactions	24	-	-
Source: CMB			

The brokerage houses are operating countrywide by 164 branches, 76 liaison offices and 36 agencies established with banks as of the end of 2012.

Breakdown of secondary market trading activities by the intermediary institutions are given below (including off-the-exchange trading activities).

Table 4.22. Transactions of Intermediary Institutions

	2010		2011		2012	
	Billion ₺	Billion \$	Billion ₺	Billion \$	Billion ₺	Billion \$
In Equity Market						
-Brokerage Houses	635	425	694	423	559	314
In Bonds and Bills Market (Including Repos and Reverse Repos)						
-Brokerage Houses	1.123	722	1.116	617	1.455	819
-Banks	5.486	3.527	6.943	3.676	13.601	7.651
Total Transaction Volume	7.244	4.674	8.753	4.716	15.615	8.784
Note: The transactions have been recorded for both parties above.						
Source: TSPAKB						





V. Activities of the CMB in 2012



Although the developments for Turkish capital markets date back to the Ottoman Empire, an efficiently functioning and healthy capital market structure could only be established in 1980s.

The CMB launched new instruments and institutions with the aim of regulating, supervising and developing capital markets, based on the Capital Market Law dated 1981. At first, the regulation of primary markets was focused on while the establishment of secondary markets was also carried out. In this regard, "Istanbul Securities and Foreign Exchange Bourse" was reopened under the name of "Istanbul Stock Exchange" at the end of 1985.

Turkish capital markets developed rapidly under the regulations made at the beginning of 1980s and therefore the indicators of both primary and secondary markets improved substantially.

The CMB has attributed great importance to improve communication with investors, issuers and other related institutions. In this context, a system has been established for receiving and evaluating the complaints and proposals of the related parties, and this system has been benefited greatly when making regulations. In particular, there has been close cooperation with the ISE, the IGE and the TSPAKB, and the activities of other related institutions have been supported. Besides, investors and other stakeholders have been given the opportunity to submit their requests of information and complaints through the CMB's web site around the clock. Thus, the complaints and requests of information could be handled and responded more quickly.

The Executive Board held 43 meetings and took 1,355 decisions on various subjects under its competence in 2012.

5.1. Regulation

One of the primary functions of the CMB is making regulations. The CMB, within the framework of its authority delegated by the CML, made many regulations in 2012 concerning the capital markets institutions, instruments, markets and investor protection. These regulations are summarized below.

5.1.1. Law

Capital Market Law Nr.2499 was repealed and Capital Market Law Nr.6362 has entered into force (Official Gazette dated 6 December 2012, Nr. 28513).

5.1.2. Regulations

■ The Regulation amending the Istanbul Stock Exchange Regulation brought some preventive injunctions to bar investors who are involved in order submissions or transactions violating the transparency, order and fairness of the stock exchange transactions from participating in the ISE, for certain periods (Official Gazette dated 28 February 2012, Nr. 28218).

■ With the amendment to the Istanbul Stock Exchange Emerging Companies Market Regulation; new regulations were issued for the companies that have been on the ECM list to ease the acceptance of the shares issued by capital increase to the ECM list (Official Gazette dated 28 February 2012, Nr. 28218).

■ With the amendments to the Regulation on the Establishment and Organization of the Securities Exchanges, it was aimed to overcome the difficulties to establishment, organization and the limping aspects of authority and responsibilities of the stock exchanges; to increase their ability of competing in international arena; to establish the necessary infrastructure for operating in an efficient, effective and rapid manner (Official Gazette dated 26 April 2012, Nr. 28275).

■ With the amendments to the Regulation on the Membership and Stock Exchange Quotation, changes were made in order to provide the efficient and rapid carrying out of the activities (Official Gazette dated 26 April 2012, Nr. 28275).

■ With the amendment to the Regulations on the Futures and Derivatives Stock Exchanges and Regulations on the Establishment and Operation Principles of the Futures and Derivative Stock Exchanges; the regulations became effective enabling the transactions of the leveraged purchase and sale agreements to take place in a trading platform in Turkish Derivatives Exchanges besides the over the counter market that is currently operating (Official Gazette dated 7 September 2012, Nr. 28404).

■ With the amendment to the Regulation on the Quotation Rules on the Securities Exchanges, rules became effective regarding, capital increase, capital decrease, quotation rules that will enable bond issuing in international capital markets more rapid and more effective (Official Gazette dated 21 September 2012, Nr. 28418).

■ With the Regulation on the İstanbul Stock Exchange Futures and Options Market, the membership and settlement requirements were regulated for the İstanbul Futures and Options Market that will operate within the İstanbul Stock Exchange (17 November 2012, Nr. 28470)

■ With the Regulation on the Membership Requirements of the İstanbul Stock Exchange regulations were adopted to provide the development of the İstanbul Stock Exchange and capital markets by harmonizing the improvements in international capital markets and producing solutions to the problems that have been faced in practice (8 December 2012, Nr. 28491).

5.1.3. Communiqués

■ With the Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Companies (Serial:VI, No: 32), new provisions have been introduced regarding the advisory services provided by related parties to the real estate investment companies, minimum ratio of the capital of the leading shareholder, issuance of the asset covered securities under the collateral of ijara certificates and independent members of board of directors (Official Gazette dated 31 January 2012, Nr. 28190).

■ With the Communiqué Amending the Communiqué Regarding Determination and Implementation of Principles of Corporate Governance (Serial: IV, No: 57) it was deemed sufficient that at least half of the members of the board of directors have independence criterion specified in the Communiqué Regarding Determination and Implementation of Principles of Corporate Governance Serial: IV, No: 56 and the principles on the number, qualifications and election process of independence members of the board of directors have been identified (Official Gazette dated 11 February 2012, Nr. 28201).

■ With the Communiqué on the Principles Regarding Publicly Held Corporations to be Traded on the Free Trading Platform (Serial: IV, No: 58) liabilities and exemptions related with capital market legislation were regulated for publicly held corporations whose shares are registered with the Board, but not traded on the ISE and to be traded on the Free Trading Platform as decided by the Board's rulemaking decisions dated 3 June 2011, Nr. 17/519 and 25 November 2011, Nr 39/1066 (Official Gazette dated 11 February 2012, Nr. 28201).

■ With the Communiqué Amending Communiqué Regarding Principle of Authorised Capital System (Serial: IV, No: 59), the initial capital requirement for companies that will pass to the

authorised capital system was defined as 100.000 TL and 25.000.000 TL initial capital requirement for the companies operating in financial market was abolished (Official Gazette dated 29 February 2012, Nr. 28219).

■ Communiqué Serial:V, No: 130 the Communiqué on Principles Regarding the Use of Collaterals Deposited by the Portfolio Management Companies has introduced new collateral requirements regarding the type, amount, usage and time period of the collaterals of the portfolio management companies for their capital market activities. Besides, the release of collateral deposited by the portfolio management companies, in case of the cessation of their activities has been regulated with the Communiqué (Official Gazette dated 13 March 2012, Nr. 28232).

■ With the Communiqué Amending the Communiqué on the Principles Regarding Mutual Funds (Serial: VII, No: 43), new provisions have been introduced in order to enable the guaranteed and protected mutual funds to invest in corporate bonds without any concentration limits. The amendment enabled the establishment of the fund service unit within the third party institutions via contract, but the founder has been still deemed liable for the execution of the fund activities in accordance with the fund rules and the prospectus of the fund (Official Gazette dated 21 March 2012, Nr. 28240).

■ With the Communiqué Amending the Communiqué on the Repurchase and Reverse Repurchase Agreements (Serial: V, No: 131); the definition of the capital market instruments are expanded to provide the equities become subject to repurchase and reverse repurchase agreements (Official Gazette dated 12 May 2012, Nr. 28290).

■ With the Communiqué Amending the Communiqué on Principles Regarding Real Estate Investment Companies (Serial:VI, No: 33), the record obligation of superficies as a permanent and individual right for the benefit of the company has been abolished. This amendment enabled the inclusion of the superficies to the portfolio of the company as long as it has been registered in the title deed and are not subject to any kind of restrictions in transfer (Official Gazette dated 12 May 2012, Nr. 28290).

■ With the Communiqué Amending the Communiqué Regarding Determination and Implementation of Principles of Corporate Governance (Serial: IV, No: 60) the criterion for independent board members not to work in public institutions full time at the date of being proposed for nomination was withdrawn. Moreover, the criteria for independent board members were revised for listed companies whose principle activity is using

term or permanent licence or a privilege given by a public service institution, or having public institution as privileged shareholders (Official Gazette dated 26 June 2012, Nr. 28335).

- With the Communiqué Amending the Communiqué on Principles Regarding Asset Finance Funds and Asset Backed Securities (Serial: III, No: 47), it was regulated that in case where the motor vehicles credits are included in fund portfolio, vehicle pledge must be registered in the traffic registry in the name of founder and this registry will be deemed to have done for the benefit of the fund (Official Gazette dated 04 July 2012, Nr. 28343).

- With the Communiqué Amending the Communiqué Regarding Determination and Implementation of Principles of Corporate Governance (Serial: IV, No: 61) it was regulated that the CMB can apply to commercial court and request for determination of breach and abolition of the action together with the temporary injunction in cases of breach of compulsory corporate governance principles (Official Gazette dated 13 September 2012, Nr. 28410).

- With the Communiqué Amending the Communiqué on the Principles Regarding Mutual Funds (Serial: VII, No: 44) new provisions have been introduced in order to facilitate the buying and selling of the units of the investment funds by the central fund distribution platform which is established in clearing houses and exchanges; ijara certificates have been clearly added in the assets that can be included in the fund portfolio. The amendment also enabled the guaranteed funds and protected funds to include the ijara certificates issued by the private sector without the concentration limits of %10 and it is stipulated that the assets whose maturity could not be calculated shall not be included in the portfolio of the liquid funds and short term bills and bonds funds. Besides, detailed provisions have been added regarding the risk management systems of the mutual funds, education and experience requirements that used to apply for all the founders of the fund become applicable only for the majority of the founders and the amendment has foreseen new provisions regarding the calculation and the maximum limit of the "total expense ratio" for the all of the expenses which are financed by the fund (Official Gazette dated 24 November 2012, Nr. 28477).

- By the Communiqué Amending the Communiqué on Margin Trading and Short Sales, it is intended to increase the liquidity and to bring in the flexibility to the market by transferring the authority about the principles on determining the price limits in short sales transactions and executing the practice to the stock exchange (Official Gazette dated 31 December 2012 , Nr. 28514)

5.1.4. Rulemaking Decisions of the Board

- Decision regarding the internal control activities of pension funds aiming to enhance the efficiency of the internal control system of those to maintain the conformity among sector participants (Board Decision dated 20 January 2012, Nr. 3/54).

- Decision regarding foreign mutual funds' OTC repo-reverse repo transactions abroad (Board Decision dated 20 January 2012, Nr. 3/77).

- Decision related to using the quantitative criterion determined based on the last financial tables published for specification of the significant transactions, using this criterion as minimum proportion and identifying transactions that meet any of these criteria are considered as significant transaction mentioned in the Communiqué Regarding Determination and Implementation of Principles of Corporate Governance (Serial: IV, No: 56) (Board Decision dated 16 February 2012, Nr. 5/136).

- Decision regarding the dividend policy of Investment Trusts, Real Estate Investment Trusts and Venture Capital Investment Trusts (Board Decision dated 16 March 2012, Nr. 11/288).

- Decision about enabling the brokerage firms' employees to transfer customer orders through the customer accounts in other brokerage firms by having public notary power of attorney yet it is mandatory to mention the principles about the transactions that is going to be driven in by procuration at least about capital market instruments that is going to be subject to these transactions, the brokerage firms that can generate these transactions and the conditions that enables such transactions, together with the issues about the authority and disputes (Board Decision dated 05 April 2012, Nr. 11/386).

- Decision about transferring the authority to award licenses and to register which are the authorities given to the Association of Capital Market Intermediary Institutions of Turkey in 2001, to the Capital Markets Licensing, Registration and Training Corporation effective from July 1, 2012 (Board Decision dated 01 June 2012 and Nr. 18/625).

- Decision related to capital increase of companies whose shares are traded or applied to the CMB for IPO that can be done by the company's own resources against the past years losses -to the extent that the relevant regulation permits- and the companies that have gain on sale of real estate and of material subsidiary in owners' equity capital cannot make a cash capital increase before

adding those funds to the capital. (Board Decision dated 19 July 2012, Nr. 2012/29)

- Decision related to approval of the request of ISE's single stock futures and options contracts to be operated on ISE and enabling the ISE to submit related regulation drafts to the CMB (Board Decision dated 29 August 2012, Nr. 30).

- Decision about monitoring the ijara certificates to be issued domestically by the Undersecretariat of Treasury, by Central Registry Agency within the defined principles of government debt securities for each rightful beneficiary (Board Decision dated 28 September 2012 Nr. 34/1082).

- Decision regarding the requirement for "expert institution report" instead of "expert report" to be submitted by the corporations that will reduce capital within the scope of the

CMB decision on "the principles to be observed in transactions of capital reduction without compensation by publicly-held joint stock corporations" as announced in the CMB Weekly Bulletin of 2009/18, in accordance with Turkish Commercial Code Nr. 6102 (Board Decision dated 22 October 2012, Nr. 36/1173).

- Decision about merger transactions that falls within Article 10/a of the "Communiqué on Principles of Transactions of Mergers" which was assessed within article 155, entitled "merger of the stock companies in easier way" of the Turkish Commercial Code No: 6102; merger transaction do not need be approved by the general assembly of the companies that are party to the transaction and the date of the application of the trade registry would be considered the date of the general assembly that approve the merger transaction (Board Decision dated 09 November 2012, Nr. 38/1217).

5.2. Ongoing Regulatory and Other Activities

- Studies on revising the financial reporting regulation, in the context of the new Turkish Commercial Code and the CML, and recent developments in capital markets.

- Studies on revising the independent audit regulation, in conjunction with the new CML and latest developments in capital markets.

- Studies on revising the appraisal activities and appraisal firms regulation, based on the recent developments in capital markets and needs of capital markets participants.

- Revising the financial statements formats for listed companies, prepared according to the Communiqué Serial:XI, No:29 "Financial Reporting in Capital Markets", based on especially the recent revision in IFRS for comprehensive income statement and needs of capital markets participants.

- Studies on structuring the regulations for intermediation about the derivatives transactions according to current market conditions.

- Studies on updating the regulations about documentation and record keeping in Communiqué Serial V, No:46 on Principles Regarding Intermediary Activities and Intermediary Institutions pursuant to the investment services and activities that is going to be design within the context of new Capital Market Law Nr. 6362.

- Studies on regulations for the custodian institutions according to new CML.

- Studies on developing regulations for central counter party system that is regulated in the new CML.

- Secondary legislation in the framework of the CML.

- Studies on developing non-interest financial instruments within the context of Istanbul Financial Center Project.

- Studies for the establishment of a market in which foreign securities will be quoted directly and only institutional investors will trade.

- Studies on secondary legislation for Mortgage Finance Companies related to "Housing Finance Law".

- Studies on legislation regarding the venture capital investment funds.

- Studies on legislation regarding the real estate investment funds.

- Studies on secondary legislation regarding the investment companies with variable capital.

- Studies on revising the principles regarding sale through public offering or private placement of the capital market instruments according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies on revising the principles regarding preparation of prospectus and issuance certificate according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies for revising the principles regarding increase of capital, reduction of capital, novoting shares and form requirements for shares according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies for revising the principles regarding merger and division transactions of publicly held corporations according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies for revising the principles regarding issuance and sale of the debt instruments according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies on revising the principles regarding asset finance funds, asset covered securities and asset backed securities according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies on revising the principles regarding ijara certificates and asset lease companies according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies for revising the principles regarding real estate certificates according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies for revising the principles regarding issuance and sale of partnership warrants and intermediary institutions' warrants according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Studies for revising the principles regarding issuance and sale of foreign capital market instruments and depository receipts according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding authorised capital system according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding the requirements for the exemption of issuers and expelation from Capital Market Law according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding profit share, profit share advance, gratis share distribution and donations of publicly held corporations joint stock companies that are subject to the CML according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding take over bid according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding corporate governance principles and their implementation according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding publicly held corporations that are operated on free trade platform according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding the public disclosure of material events, sending information, document and explanations to Public Disclosure Platform by electronic signature according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Communiqué study for revising the principles regarding general assembly of publicly held corporations according to EU regulations, Turkish Commercial Code No: 6102 and the CML.
- Regulation study for revising the principles regarding acquisition and pledge of their own shares mutual affiliation and freezing of voting rights of the publicly held corporations according to EU regulations, Turkish Commercial Code No: 6102 and the CML.

■ Studies related to organizing licensing examinations (The newly established the Capital Markets Licensing, Registration and Training Corporation has not yet been fully organized.)

5.3. Registration

According to the Capital Market Law Nr. 2499, capital market instruments to be issued or to be offered to the public are required to be registered with the CMB. In a registration system where public disclosure is essential, applications made for the issuance of capital market instruments are evaluated on the basis of whether or not prospectus and circular concerning the corporation and capital market instrument to be offered to the public contain necessary information prescribed by legislation. The examination of application for issuance is implemented by taking the legal and financial aspects into consideration. In addition to that, an examination is made at the company's main office and production facilities for all of the IPO applications and some of the other applications where it is deemed necessary.

In the event it is decided that the explanations are not sufficient and do not reflect the truth fairly such that an exploitation of the public may occur, the Board may deny registration of the capital market instruments by stating the reason for such a denial. The registration of the capital market instruments by the CMB, however, is not an official assurance.

In that respect, in 2012, applications regarding the registration of stocks, debt securities, mutual fund participation certificates and pension funds participation certificates that are to be issued or to be offered to the public are reviewed by the CMB. In the table below, the figures are given regarding those applications and their results (Table 5.1).

Table 5.1. Registration Applications and Realizations

Applications	Number of Applications	Number of Applications Concluded
Stocks		
Publicly-held Companies (*)	148	114
Real Estate Investment Trusts	6	4
Venture Capital Investment Trusts	4	4
Securities Investment Trusts	5	4
Mutual Fund Participation Certificates	48	30
Pension Funds	11	11
Bonds/Corporate Bills/Bank Bills	114	87
Ijarah Certificates	2	0
Warrants	4	3
Asset Backed/Covered Securities	7	5
Total	349	262

(*) Including IPO applications.
Source:CMB

5.4. Authorization

5.4.1. Authorization of Intermediary Institutions

In order to provide both the functioning of capital markets in stability, transparency, security and protection of rights and benefits of the investors, the necessary conditions that the intermediary institutions have to hold are determined by the CMB. In this context; operation of brokerage houses and banks, establishing field offices, changing of the structure of

the partnership, amendments to the article of incorporation of brokerage houses are subject to the permission of the CMB.

The information about the activities that can be performed with the permission of the CMB and the institutions enabled to perform these activities at present are presented below.

Table 5.2. Activities Subject to Authorization of the CMB and the Institutions that can Carry out these Activities

Type of Activity	Brokerage Houses	Non-deposit Banks (Investment Banks)	Commercial Banks
Intermediation for Trading Securities	✓	✓ Off-the-exchange	✓ Off-the-exchange
Intermediation for Public Offering	✓	✓	
Repurchase and Reverse Repurchase of Securities (Repo-Reverse Repo)	✓	✓	✓
Portfolio Management	✓	✓	
Investment Consultancy	✓	✓	
Margin Trading, Short Selling and Lending and Borrowing of Securities	✓		
Intermediation for Sale and Purchase of Derivative Instruments	✓	✓	✓
Forex trading	✓		
Source: CMB			

The applications to be authorized for the above mentioned activities are examined by the CMB experts and are submitted to the Executive Board in order to be decided.

The information about applications of intermediary institutions in 2012 is given in the table below.

Table 5.3. Applications of Intermediary Institutions

Type of the Application	Number of Applications	Number of Concluded Applications
Permission for Operation	46	41
Establishing Field Offices	35	33
Change in the Structure of the Partnership	53	51
Amendments to the Article of Incorporation of the Brokerage Houses	68	67
TOTAL	202	192
Source: CMB		

5.4.2. Authorization of Collective Investment Schemes

To provide more effective public disclosure and more transparent operation of the collective investment schemes, the CMB's permission is required for the following processes.

- Establishment, amendments to the bylaws, changes in the founders or type of fund as well as merger and termination of mutual funds.
- For investment trusts and real estate investment trusts, establishment, amendments to the article of association,

increases in the registered capital and obtaining portfolio management licenses.

- For portfolio management companies, establishment, obtaining the portfolio management license and the investment consultancy license.

The statistics regarding the applications of the collective investment schemes in 2012 are given in the table below.

Table 5.4. Applications of Collective Investment Schemes

Type of Application	MUTUAL FUNDS*		INVESTMENT TRUSTS**		REAL ESTATE INVESTMENT TRUSTS		PORTFOLIO MANAGEMENT COMPANIES		TOTAL	
	Number of Application	Applications Finalized	Number of Application	Applications Finalized	Number of Application	Applications Finalized	Number of Application	Applications Finalized	Number of Application	Applications Finalized
Establishment/Registration/Transformation	93	68	10	6	8	5	9	7	120	86
IPD/Increase in number of shares	82	78	6	5	3	2	-	-	91	85
Tender offer/exemptions/ transfer of shares	-	-	19	18	3	2	15	14	37	34
Merger	1	1	2	2	3	3	-	-	6	6
Termination	65	61	-	-	-	-	-	-	65	61
Change in article of association /prospectus	170	156	31	31	24	23	11	11	236	221
Capital Increase	-	-	9	8	6	5	9	8	24	21
Registered Capital Increase	-	-	6	6	6	6	-	-	12	12
Other(***)	40	30	16	14	26	26	30	18	112	88
TOTAL	451	394	99	90	79	72	74	58	703	614

*Pension mutual funds are included.

**Venture capital investment trusts are included.

*** Additional time request, opinion request etc.

Source:CMB

5.4.3. Authorization of Publicly-Held Companies

Both publicly-held companies whose shares are traded on the exchanges and other publicly held companies whose shares are not traded have to get the permission of the CMB with the aims of making the procedures of capital stock increases easier and protecting the shareholders of publicly held companies, for the transactions given below:

- Adopting the registered capital system and increasing the registered capital within that system,
- Mergers, acquisitions and divisions,
- Amendments to the articles of associations,

- Collecting proxies or acquiring shares by tender offers, applications for exemptions from mandatory tender offer obligation,

- Employee stock ownership plans of multinational companies regarding the employees of their subsidiaries located in Turkey,
- Registration of the companies with the CMB,
- Deregistration of the companies.

In that respect, the figures regarding such applications to the CMB in 2012 are given in the table below.

TABLE 5.5. Applications of Publicly-Held Companies

Subject	Number of Applications	Realizations
Adopting Registered Capital System and Increasing Registered Capital	96	61
Mergers, Acquisitions and Divisions	19	12
Tender Offers and Requests for Exemption from Mandatory Tender Offer Obligation	26	22
Amendments to the Articles of Association	383	367
Registration of Companies	3	1
Deregistration of Companies	14	10
Capital Decrease	4	4
Total	545	477

Source:CMB

5.4.4. Authorization of Independent Auditing Firms

CML has empowered the CMB to determine the principles for independent auditing activities and audit firms in capital markets. In this context, in order to carry out audit in capital markets, audit firms shall apply the CMB for authorization. However, for independent audit described in Turkish Commercial Code, numbered 6102, POA has the authority to determine the principles for auditing activities and to license audit firms. Moreover, according to provision of the CML, the CMB shall determine additional requirements for the authorization of audit firms to operate in capital markets, which are previously

authorized by the POA and publish list of those who meet such requirements.

Applications of audit firms, which demand for operating in independent auditing business in capital markets, are examined by the CMB and firms, which acquire the qualifications, are taken to the list of entitlement to provide such service. In 2012, 1 auditing firm's application for authorization was approved and for another application, POA was informed about it.

5.4.5. Authorization of Rating Agencies

CML has empowered the CMB to determine the principles for rating activities and rating agencies in capital markets. In this context, in order to carry out rating activities in capital markets, rating agencies shall apply the CMB for authorization.

Applications of rating agencies, which demand for operating in rating business in capital markets, are examined by the CMB

and firms, which acquire the qualifications, are taken to the list of entitlement to provide such service. In 2012, there was no application for authorization. ISS Corporate Services Inc. was authorized as an internationally known rating agency, in replace of Riskmetrics Inc., previously authorized as an internationally known rating agency.

5.4.6. Authorization of Appraisal Firms

CML has empowered the CMB to determine the principles for appraisal activities and appraisal firms in capital markets. In this context, in order to carry out appraisal business in capital markets, appraisal firms shall apply the CMB for authorization.

Applications of appraisal firms, which demand for operating in appraisal business in capital markets, are examined by the CMB

and firms, which acquire the qualifications, are taken to the list of entitlement to provide such service. In 2012, 13 appraisal firms' application for authorization were approved and one application was disapproved. Also 2 appraisal firms' application for delisting was approved.

5.5. Surveillance

In order to assure protection of investors, fair, effective and transparent operation of markets as well as to decrease systematic risk, surveillance of capital markets is performed:

- By taking prompt action to correct violations of laws and regulations detected via closely monitoring the publicly held corporations, capital market institutions, risks and transactions,

- By renewing the legislation in the light of enforcement problems and monitoring activities.

In this context, information regarding oversight and surveillance done by the CMB is given in the following sections.

5.5.1. Surveillance of Publicly-Held Companies

Review of financial statements

Publicly-held companies whose shares are traded on the exchange are obligated to disclose their quarterly financial statements through the Public Disclosure Platform (PDP), whereas other publicly held companies submit a copy of their annual financial statements to CMB besides their publicity obligations. On the other hand, companies whose shares are traded on Emerging Companies Market (ECM) are obliged to produce and publicize only the annual and semi-annual financial reports.

In addition, annual and semi-annual financial statements of companies whose shares are traded on the ISE and annual statements of other publicly-held corporations are subject to independent auditing and independent auditing reports are also disclosed. Semi-annual financial statements do not need to be independently audited for the companies on the ECM.

The project on efficient supervision of listed companies aims to establish and make use of a risk based supervision system on the financial statements of listed companies that is in line with the EU legislation. Besides, efforts on increasing the quality of financial statements by way of declaring the general facts determined in the supervision of financial statements continued. In case, review of financial statements is resulted with any adjustment in financial statements or administrative fine, the sanctions are announced by weekly bulletin of the

CMB.

Oversight of disclosure of material information

Material information is required to be disclosed to public in cases of significant developments and events that may affect decision-making process of investors and prices of capital market instruments. In this context, material information revealed by the listed corporations and/or issuers of securities through PDP and the related news on media are monitored daily and penalties are given if it is considered necessary. On the other hand, the material information of other publicly-held companies is started to be disclosed at the CMB's web site, to ensure that the investors be informed efficiently and more quickly.

Attendance at shareholders' meetings

Among oversight activities, in compliance with provisions of Article 46/j of the Capital Market Law Nr.2499, capital market experts attended annual shareholders' meetings of 9 companies registered with the CMB in 2012 to determine the potential problems and wrongful acts, and filed the observations made for each shareholders' meeting.

5.5.2. Surveillance of Collective Investment Schemes

The periodical tables and reports of the collective investment schemes are monitored continuously and in case of incompliance with the regulations, the necessary measures are taken and the required sanctions are imposed.

A system of the electronic monitoring of mutual funds' and investment trusts' portfolio structures has been developed. In

2001, the necessary technical adjustments have been made to receive the information at the date of transaction (T) which was previously received at the date of clearing (T+2). With this system, the information submitted to the CMB was also analyzed in 2012 and necessary measures were taken in case of incompliance to the regulations.

5.5.3. Surveillance of Intermediary Institutions

Surveillance of Financial Structure

According to the Communiqué on Principles Regarding the Capital of Brokerage Houses and Capital Adequacy, brokerage houses are required to submit the capital adequacy statements and the data of their activities every 15 days to the CMB. In accordance with the Board decision, capital adequacy statements and the data of activities have been submitted 7 th, 15 th, 23rd and 30 th days of each month that is to be submitted weekly since 17/10/2008. For the surveillance of the brokerage houses' financial structures, the mentioned statements have been examined throughout the year 2012 and the necessary warnings have been made and actions have been taken for the purpose of ensuring compliance with capital adequacy requirements. Owing to these surveillance activities, brokerage houses have been ensured to have a strong capital structure by arranging their asset structures.

Monitoring

The fulfillment of the requirements which are stated in the relevant Communiqués for the partners and the employees of brokerage houses are monitored by the Association. Considering

that the changes in the employees of the brokerage houses are submitted to the Association, the CMB works in coordination with the Association regarding this issue.

Changes in organization, location, technical equipment, accounting and record-keeping system of the brokerage houses and their field offices are reviewed by the Board in co-operation with TSPAKB.

Brokerage houses' and banks' registration requirements of their capital market activities licenses according to the current regulations are followed.

Throughout the year 2012, the CMB experts conducted on-site examinations at 31 intermediary institutions in accordance with surveillance and monitoring activities.

In 2012, The Financial Crime Investigation Board (FCIB) demanded supervision for 12 intermediary institutions and those supervisions have been completed within the year.

5.5.4. Oversight of Audit Firms

Regarding the audit activity in capital markets, recognition criteria, principles of operations, qualification requirements for auditors and audit contracts are overseen by the CMB. In order to enhance the efficiency in auditing sector, quality control inspections are conducted within audit firms.

The project called the Remote Data Transfer System, which was started to improve the efficiency of oversight of auditing activities, was completed, so various reports can be generated electronically.

In 2012, one quality control inspection was completed.

5.5.5. Oversight of Rating Agencies

The oversight of rating agencies is conducted by the CMB regarding recognition criteria, operational principles, organizational requirements, documentation and rating contracts in line with the new regulation on rating activity and rating agencies.

In 2012, one quality control inspection at a rating agency established in Turkey was completed.

5.5.6. Oversight of Appraisal Firms

Regarding the appraisal activity in capital markets, recognition criteria, principles of operations, qualification requirements for appraisal experts and appraisal service contracts are overseen by the CMB. In order to enhance efficiency in appraisal sector, quality control inspections are conducted within appraisal firms.

The project called the Remote Data Transfer System-Appraisal Firms, which was started to improve the efficiency of oversight of appraisal activities, was completed, so various reports can be generated electronically.

In 2012, 11 quality control inspections were completed.

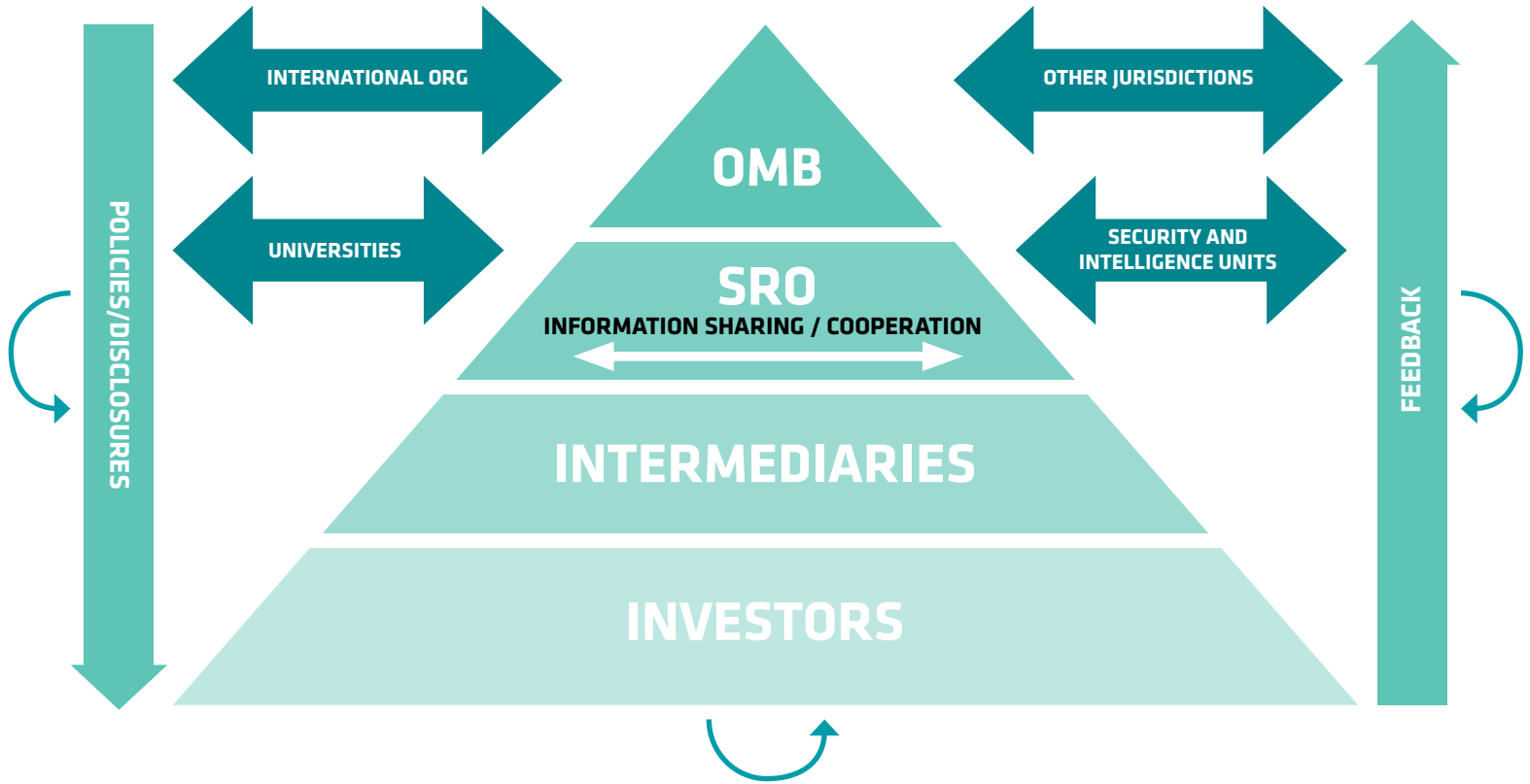
5.5.7. Market Surveillance

Market Surveillance activities have been carrying out according to the Board decision of 04 April 2008. According to the decision, for the Exchanges and other organized markets which are under regulation of the Board, it is essential that the Exchanges provide that the transactions are made in an open, regular and fair environment and provide market surveillance activities which consist of monitoring price and volume movements as well as transactions and orders and also which determine violations of their own internal regulations and CML Nr.2499 Articles 47/A-1, 47/A-2 and 47/A-3. In this respect, it is decided that the front detections of the violations of the CML Articles 47/A-1, 47/A-2 and 47/A-3 are done by the Exchanges, and according to the detections if some results are reached that there may exist market abuses in the transactions, the subject is sent to the attention of the Board, the efficiency and adequacy of the Exchanges' market surveillance systems are checked by the Board, the Exchanges and other organized markets send 6-month reports about their surveillance systems and surveillance activities in one month following the 6-month period, the notifications, complaints and applications about market surveillance activities and notes from other departments are sent to the related Exchanges and other organized markets and notifications about the results of these detections by the Exchanges are sent to the attention of the Board.

In order to increase efficiency and improve market surveillance activities, Department of Market Oversight and Enforcement was established through a formal circular that came in to effect on 30 December 2009. Department of Market Oversight and Enforcement is responsible for overseeing the secondary markets including the derivative markets. In that regard, unusual price and trade movements regarding the capital market instruments traded on the exchanges or other organized markets, and also the actions distorting the market are overseen and supervised according to the CML and other related regulations and communiqués.

In addition the Department of Market Oversight and Enforcement is responsible for enforcement of the market surveillance activities of Istanbul Stock Exchange, Turkish Derivatives Exchange, Takasbank-ISE Settlement and Custody Bank, CRA and IGE. With the help of Surveillance Platform Alerts designed by the IS E and Turkish Derivatives Exchange, the Department watches markets real-time and has on-time response capacity to suspicious trading alerts. The CMB's market oversight model is shown below as a diagram.

CMB'S MARKET OVERSIGHT MODEL



SRO: Self Regulatory Organisations

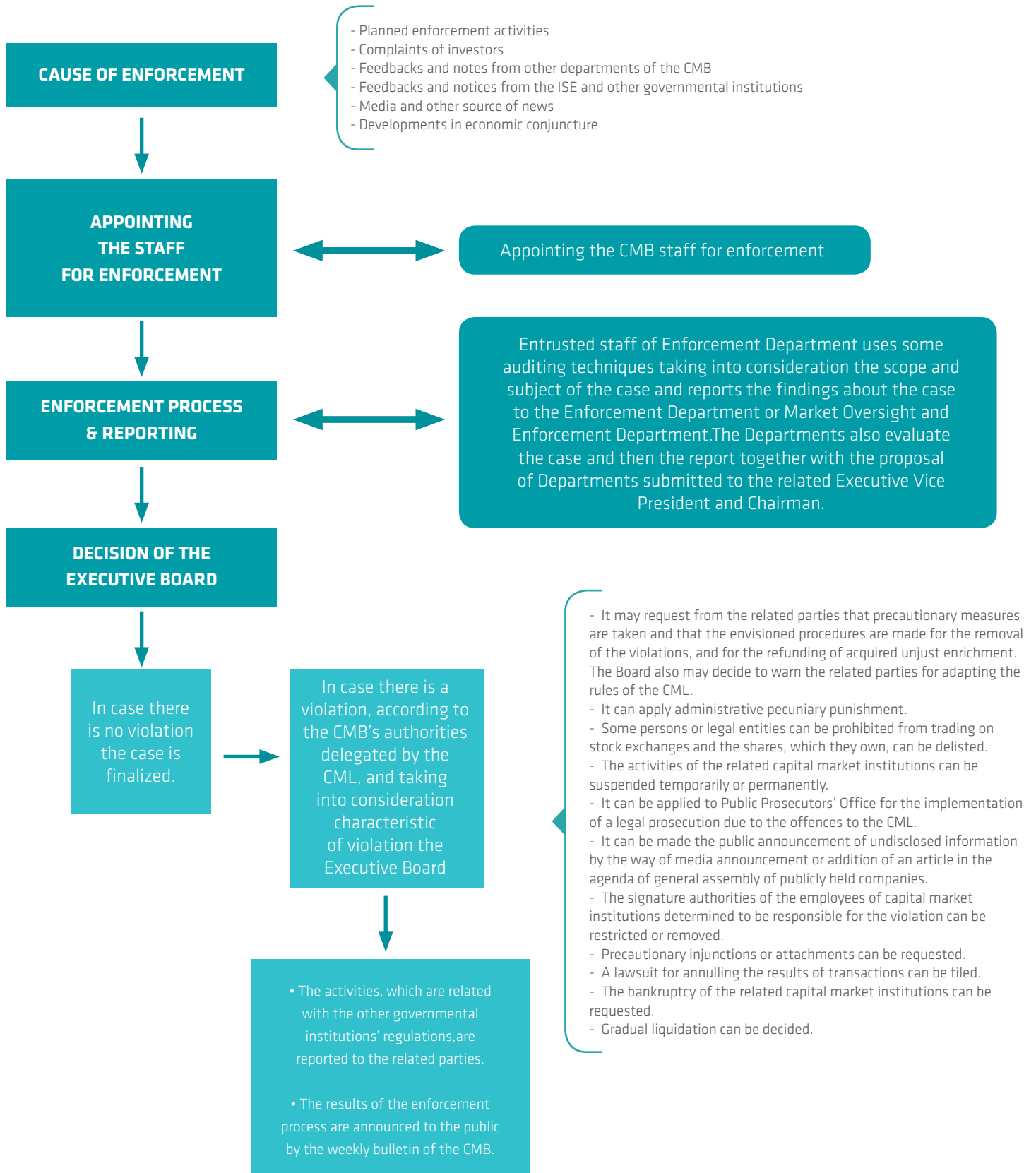
5.6. Enforcement

The objectives of the CMB's enforcement are to prevent violations, corruptions and other unlawful practices causing disadvantages for the interest of market participants and for the efficiency, integrity and reliability of capital markets and to apply the provisions of the CML. With these objectives, operations of publicly held companies, brokerage houses, mutual funds, pension funds, investment companies, portfolio management companies, independent auditing firms, rating companies, exchanges and other organized markets and other institutions operate in capital markets (such as the Central Registry Agency, the ISE Settlement and Custody Bank Inc., the Association of Capital Market Intermediary Institutions of Turkey) are supervised according to the CML, communiqués and other regulations. Investigations based on all unlawful activities and transactions causing inefficient, unfair and

insecure functioning of the capital markets are basically made by Enforcement Department and Market Oversight and Enforcement Department. Other departments are also conducting investigations within their respective areas.

Subjects of enforcement activities are determined with yearly enforcement program, complaints of investors, feedbacks and notices from others departments of the CMB and other governmental institutions. Subsequently, assigned experts may make inquiries on records and entries as well as on-site investigation. Findings are reported to the Executive Board to give a verdict on whether the case involves any violation of legislation. The CMB's enforcement process is shown below as a diagram.

ENFORCEMENT PROCESS



In 2012, in order to assure effective, fair and reliable operation of markets, several investigations, surveillance and enforcement activities were done in accordance with major principles of CMB. The approach of the enforcement activities was principally constructive and curative; but if the case involved any violation of legislation, the CMB applied to the related authorities immediately.

As a result of current year new investigation and continued previous year investigation, totally 119 reports have been finalized and 63 proposals and short reports of enforcement results have been submitted to the Executive Board in 2012. As for the distribution of the proposals and reports by subject, market abuse investigations take the first place with 66 investigations and investigations of capital market institutions take the second place with 49 investigations (Table 5.6).

Table 5.6. Subjects of Enforcement Activities

	2011				2012			
	Reports	Proposals and Short Reports	Total	%	Reports	Proposals and Short Reports	Total	%
Brokerage Houses	44	4	48	25,67	11	3	14	7,69
Unlicensed Capital Markets Activities	6	5	11	5,88	7	1	8	4,40
Publicly Held Companies	56	5	61	32,62	21	5	26	14,29
Unregistered Public Offerings	3	2	5	2,67	0	1	1	0,55
Insider Trading	5	6	11	5,88	5	6	11	6,04
Manipulation*	24	6	30	16,04	26	40	66	36,26
Investment Firms/Funds	12	3	15	8,02	42	7	49	26,92
Other	6	0	6	3,21	7	0	7	3,85
Total	156	31	187	100,00	119	63	182	100,00
* The period of legal prosecution and the act that was carried out may be different in market abuse or other criminal offenses. Source:CMB								

As a result of enforcement activities, warning, administrative pecuniary punishment and legal prosecution can be applied. In addition to legal prosecution, one of the important sanctions about market manipulation is to prohibit the perpetrators of the market manipulation cases from trading on the stock exchanges and to remove their stocks from the CMB registration. However, this prohibition can be cancelled by the Central Registry Agency if trading prohibition time expires.

In 2012, as a result of enforcement activities, 22 person were prohibited from trading on stock exchanges.

Sanctions including the above-mentioned ones that were applied in 2012 are given in Table 5.7.

Table 5.7. Sanctions as a Result of Enforcement Activities

	2011	2012
Legal Warning	181	345
Persons	80	176
Brokerage Houses	10	24
Companies	41	40
Independent Auditing Firms	14	5
Funds and Investment Trusts	26	72
Rating Agencies	3	1
Real Estate Appraisal Companies	-	16
Others	7	11
Legal Prosecution and Trading Prohibition	59	387
Legal Prosecution	51	28
Legal Prosecution and Repeated Trading Prohibition	0	0
Legal Prosecution and Trading Prohibition	8	359*
Administrative Pecuniary Punishments	69	59
Persons	28	15
Brokerage Houses	21	8
Companies	18	29
Independent Auditing Firms	2	1
Investment Firms/Funds	0	6
Total	309	791

Source:CMB

After investigations, in 345 cases it was decided to write legal warning to the legal entities or persons for conforming to the CML, in 28 cases the Executive Board solely decided to apply Public Prosecutors' Office to implement a legal prosecution for the violation of various provisions of the CML against related legal entities and/or persons, in 359 cases (one person may involve many cases) the Executive Board decided to apply Public Prosecutors' Office and to prohibit persons from trading on

stock exchanges, in 59 cases it gave administrative pecuniary punishments.

All departments of the CMB applied totally TL 2,390,071 administrative pecuniary punishments for 59 persons and entities in 2012 (Table 5.8).

Table 5.8. Administrative Pecuniary Punishments Causes and Amount

CAUSES AND PERSONS CONCERNED	2011		2012	
	NUMBER	AMOUNT (TL)	NUMBER	AMOUNT (TL)
Persons	28	2.531.416	15	247.211
Communiqué Serial: XI No:29 on Financial Reporting	1	18.492	-	-
Communiqué Serial:I No:40 on The Principles Regarding Registration With Board And Sale Of Shares	5	120.190	-	-
Communiqué Serial: IV, No: 27 on Dividends and Advance Dividends	13	892.460	-	-
Communiqué Serial: VIII No:54 on Principles Regarding Public Disclosure of Material Events	2	699.026	12	194.389
Communiqué Serial: X, No: 22 Regarding Independent Audit Standards in Capital Markets	-	-	2	34.340
Communiqué Serial: IV No:44 on the Principles Regarding the Collection of Corporation Shares Through Takeover Bid	-	-	1	18.492
Unapplied Decisions of the Board	7	801.248	-	-
Brokerage Houses	21	1.826.622	14	549.354
Communiqué Serial: V, No:6 on Principles Regarding Record Keeping and Documentation in Intermediary Activities	2	228.928	3	170.266
Communiqué Serial: V, No:46 on Principles Regarding Intermediary Activities and Intermediary Institutions	2	228.928	-	-
Communiqué Serial:I No:40 on The Principles Regarding Registration With Board And Sale Of Shares	1	16.800	-	-
Communiqué Serial: V No:65 on Margin Trading, Short Sales	-	-	1	33.970
Communiqué Serial: V No:68 on Principles Regarding Internal Auditing Systems of Brokerage Houses	13	1.105.868	1	135.926
Communiqué Serial: V, No: 51 on the Documents to be Prepared by Intermediary Institutions for Trading in Derivatives	1	114.464	1	114.464
Communiqué Serial: V, No: 60 on Presentation of Performance and Ranking Activities	-	-	2	40.778
Communiqué Serial: V, No: 125 on Foreign Exchange market activities	1	114.464	-	-
Unapplied Decisions of the Board	1	17.170	1	20.389
	-	-	5	33.561
Companies	18	2.602.056	29	1.576.326
Communiqué Serial: I, Nr: 40 On The Principles Regarding Registration With Board and Sale Of Shares	-	-	1	75.000
Communiqué Serial: IV, No: 27 on Dividends and Advance Dividends	1	15.000	1	34.340
Communiqué Serial: IV No:41 on Associations of Corporations	-	-	1	17.170
Communiqué Serial: VI, No: 56 on Corporate Governance	-	-	1	18.492
Communiqué Serial: V, No: 34 Regarding the Principles on Capital Adequacy of Brokerage Houses	-	-	1	18.492
Communiqué Serial: V, No: 59 on Principles Regarding Portfolio Management Activities	-	-	1	17.170
Communiqué Serial: VI, No: 15 on Venture Capital Investment Trusts	-	-	1	18.492
Serial: VI, No: 30 Communiqué on the Principles Regarding Securities Investment Trusts	-	-	2	38.881
Communiqué Serial: VIII No:39 on Principles Regarding Public Disclosure of Material Events	1	71.836		
Communiqué Serial: VIII No:54 on Principles Regarding Public Disclosure of Material Events	13	2.159.952	7	375.384
Communiqué Serial: XI No:29 on Financial Reporting	2	203.820	9	770.746
Unapplied Decisions of the Board	3	151.448	4	192.159
Independent Auditing Firms	2	35.662	1	17.170
Communiqué Serial: X No:22 on Independent Auditing	2	35.662	1	17.170
TOTAL		6.995.756		2.390.071
Source:CMB				

One other task of Enforcement Department staff is to investigate some cases on behalf of the FCIB. In 2012, 12 intermediary Institutions and 4 Portfolio Management Companies were investigated and reported to the FCIB.

5.7. Accounting and Auditing Standards

5.7.1. International Financial Reporting Standards

To comply with European Union regulations the Communiqué Serial:XI, No:29 on the “Principles Regarding Financial reporting in Capital Markets” was issued in 2008. Through this legislation, listed companies, intermediary institutions and portfolio management companies are obliged to prepare their financial statements in accordance with International Financial Reporting Standards. So that, fully compliance with

international regulations is established regarding financial reporting.

On the other hands, to maintain conformity in Turkish capital markets, financial statement formats and related explanations were published.

5.7.2. Auditing Standards

International Auditing and Assurance Standards Board (IAASB), which has been formed within International Federation of Accountants, publishes International Standards on Auditing (ISAs) that are currently applied by approximately 70 countries all over the world. Also there is a principle decision of EU Commission on the application of ISAs, which was received favorably by the member countries, in order to harmonize

national auditing standards of EU countries with the international standards.

In this context, the Communiqué Serial:X, No:22 on Independent Auditing in Capital Markets, which is competent with the ISAs, was published in Official Gazette on 12 June 2006 as being the most comprehensive regulation on auditing in Turkey.

5.8. Cases, Written Applications to the Public Prosecutors and Administrative Measures

In the Article 49 of the CML Nr.2499, the implementation of a legal prosecution due to the offences identified in Article 47 of the CML is conditional upon the written application to be submitted to the Public Prosecutor's Office by the Board.

Also in the same article, it has been regulated that, Public Prosecutors who have been informed that the provisions of CML have been violated may request an investigation by informing

the Board. By this legal prosecution system, violation of the CML has not been considered enough for the prosecution but the application of the CMB as the supervisory and regulatory authority has been regulated as a preliminary condition for prosecution.

After evaluating the findings which arise from Board's own investigation and audit within the concept of the integrity of

the event, balance of interests, general meaning of the Law and public interest, the Board applies to the Prosecutor. This system, unique to the laws with technical issues such as the Banking Law, provides a system that on one hand the Board is entitled to consider cases in a public interest oriented way, on the other hand judging process would be faster and more efficient by bringing the well examined and reported cases before the Public Prosecutors and thus by not occupying the Courts with unnecessary cases. In this framework, the commencement of a legal prosecution due to the offences identified in Article 47 of the CML is conditional upon the written application to be submitted to the Public Prosecutor's Office by the Board. Besides, Public Prosecutors who have been informed in any wise may request an investigation by informing the Board.

In the crimes committed in financial markets, usually there has been more than one connected actions that violate the Law. However, investigations for the actions identified in article 47 of the CML, have been carried on as mentioned above, and the offences which also violate the Turkish Penal Code and other laws, have been investigated according to the general rules or the provisions of the related specific laws.

On the other hand, actions of annulment against administrative acts of the Board and full remedy actions with the allegation of damages caused by these kinds of acts or actions have been brought to courts. Furthermore, several compensation cases have been brought against the Board before the civil courts. In order to protect the rights of investors, the Board has filed declaratory actions and implemented declaratory decisions.

According to Article 46/I-(i) of the CML Nr. 2499, the Board takes necessary measures to ensure the prevention of natural or legal persons that are determined by the Board to have directly or indirectly participated in acts enumerated in the provisions of subparagraph A of Article 47 of the CML Nr. 2499 from engaging temporarily or permanently in transactions on exchanges and other organized markets.

With the aim of ensuring the security and stability in the securities markets, pecuniary punishments have been imposed by the Board, concerning natural and legal persons who are determined to have acted in violation of the regulations, standards and forms or general and particular decisions made by the Board based on the CML.

5.8.1. Cases Against the Acts of the Board

Administrative Cases

As of the end of 2012, information about actions which have been commenced with the request of stay order and/or

annulment or full remedy actions in last 3 years is given in the table below.

TABLE 5.9. Administrative Cases Against the Board Acts

Year	Number of Cases	Administrative Pecuniary Punishment	Transaction Prohibition	Imar Bank (full remedy actions)	The Others	Number of Adjudicated Cases	Number of Pending Cases
2010	80	6	16	3	55	69	11
2011	38	1	0	0	37	17	21
2012	27	0	1	0	26	3	24
TOTAL	145	7	17	3	118	89	56

Source:CMB

TABLE 5.10. Administrative Cases Which Have Been Adjudicated

Year	Adjudicated	Against CMB (definite)	Against CMB (indefinite)	In favor of CMB (definite)	In favor of CMB (indefinite)	Lack of Competence
2010	69	1	5	12	46	5
2011	17	0	2	4	10	1
2012	3	0	0	0	3	0
TOTAL	89	1	7	16	59	6

Source:CMB

Civil Cases

As of the end of 2012, information about cases commenced in the civil and commercial courts against the non-administrative

actions and acts of the Board in the last 3 years is given in the table below.

TABLE 5.11. Civil Cases Against the Board

Year	Number of Cases	Number of Pending Cases	Number of Adjudicated Cases
2010	5	3	2
2011	8	3	5
2012	2	2	0
TOTAL	15	8	7

Source:CMB

5.8.2. Cases Commenced by the Board**Penal Actions/Written Applications to the Public Prosecutor**

Following examination and auditing of the relevant departments of the Board, with the decision of the Executive Board, the number of applications which has been made to the Public Prosecutors by the Board, in the framework of the Article 49 of the CML Nr.2499 and Article 279 of The Turkish Penal Code,

against the natural and legal persons determined to have acted in violation of the regulations in 2012 was 29.

As of the end of 2012, information about the written applications to the Public Prosecutor and the cases commenced upon these written applications in which the Board has participated in as an intervener in last 3 years are given in the table below.

Table 5.12. Written Applications by the Board to the Public Prosecutor and the Cases Which Have Been Commenced

Year	Number of Written Applications	According to the Topics			According to the Judging Stage		
		Insider Trading	Manipulation	Others	Investigation by the Public Prosecutor	Pending Cases	Adjudicated Cases
2010	69	1	53	15	5	37	27
2011	21	1	11	9	7	12	2
2012	29	1	18	10	9	19	1
TOTAL	119	3	82	34	21	68	30

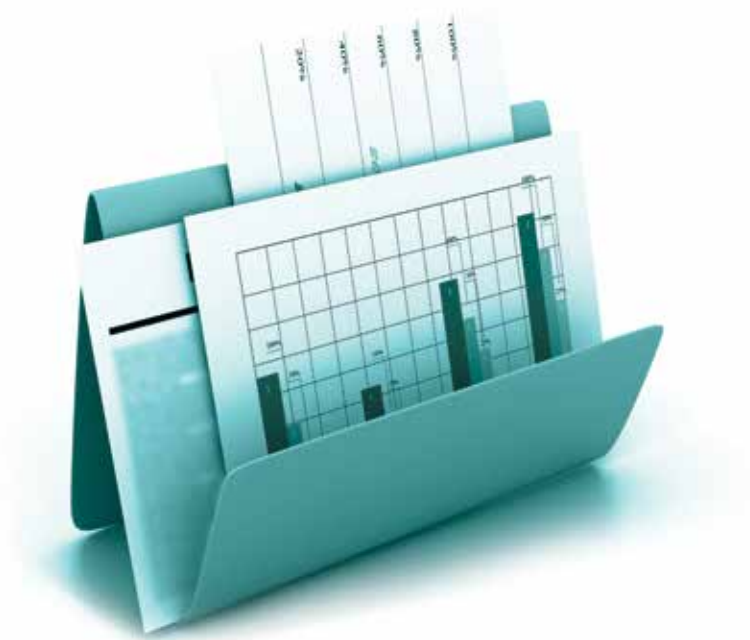
(*) The Board has appealed to the Supreme Court against acquittal decisions.
Source:CMB

As of the end of 2012, information about the cases which have been commenced as a result of the written applications of the Board and the ones that have been adjudicated is given in the table below.

Table 5.13. Adjudicated Cases Which Have Been Commenced as a Result of the Written Applications of the Board to the Public Prosecutor

Year	Adjudicated	Condemnation	Prepayment	Decision of not prosecuting	Acquittal (*)	Prescription
2010	27	18	0	3	6	0
2011	2	1	0	0	1	0
2012	1	0	0	1	0	0
TOTAL	30	19	0	4	7	0

(*) The Board has appealed to the Supreme Court against acquittal decisions.
Source:CMB



Civil Cases

As of the end of 2012, information about declaratory actions, actions in persona and etc. which have been commenced in the

civil and commercial courts in last 3 years is given in the table below.

Table 5.14. Civil Cases Commenced by the Board

Year	Number of Cases	Number of Pending Cases	Number of Adjudicated Cases
2010	4	3	1
2011	8	5	3
2012	2	2	0
TOTAL	14	10	4

Source:CMB

Bankruptcy Cases

Although it has a character of civil case, as it shows procedural differences, the cases that have been commenced with the request of bankruptcy of corporations or intermediary institutions, or of personal bankruptcy of managers of

corporations or intermediary institutions have been preferred to be given under a separate title. As of the end of 2012, there have been 4 cases in the last 3 years.

5.9. Activities for Harmonisation of Legislation with the EU Acquis

After October 3rd 2005 when it was accepted to start negotiations between the European Union and Turkey, screening meetings which were held in preparation for the negotiation process formed the framework of the latest situation of the related EU acquis and what needs to be done in the Turkish legislation. In this respect, the CMB's main responsibilities for the harmonization of legislation fall under the scope of Free Movement of Capital, Financial Services, Company Law, and Economic and Monetary Policy.

Work has been continued actively on the topics that are mentioned above in 2012.As a result of the rapid change in financial markets andthe continuous renewing of the EU legislation related to capital marketshas necessary to follow these developments regularly and to finalize the necessary work in an appropriate and timely manner. Such studies were

conducted by the European Union AffairsGroup (the EU Group), which was formed in March 2002 with the sole intention of working on EU issues. Under the coordination of the Group responsible for EU affairs, efforts to harmonize Turkish legislation with the EU acquis continued within the CMB, while at the same time collaboration with the relevant EU institutions and EU Member States and the process of getting assistance funded by the EU have been commenced. Thus, works regarding the EU have been carried out in a more effective and coordinated manner. At the same time, utmost effort was carried out to enable experts of the EU Group as well as experts from other departments of the CMB to attend courses and meetings that enable them to acquire in depth knowledge on EU related issues and all such activities have contributed to strengthening the institutional capacity of the CMB.

5.9.1. Activities for Harmonization of the Legislation and Co-ordination with Other Institutions

The CMB has been conducting its work on harmonisation with the EU acquis in coordination with other institutions. In this regard, the studies conducted by the CMB in coordination with other institutions in 2012 are summarized below:

The CMB has been participating in the sub-committees on “Internal Market and Competition” and “Economic and Monetary Issues, Capital Movements and Statistics” that have been created between EU and Turkey for the purpose of analytical study of the EU acquis upon the decision taken by the EU Association Council. In these sub-committee meetings, generally held once a year, changes in the EU acquis, and the works that have been conducted in Turkey with the purpose of adoption and implementation of the EU acquis are evaluated and presentations regarding these issues are made. In 2012 there have been participations by the CMB in the “Economic and Monetary Issues, Capital Movement and Statistics” sub-committee in February and “Internal Market and Competition” sub-committee in March and relevant developments concerning the CMB have been presented to officials from the EU Commission. In addition, the CMB has made some contributions to the “Company Law” working group established within the “Positive Agenda”.

The “National Programme” as a national commitment document instrumental for transposing the EU Acquis, and setting the deadlines for legislation, responsible authorities and the procedure to be followed was promulgated in the Official Gazette on 31 December 2008. The CMB has provided its contribution on areas of “Company Law”, “Free Movement of Capital” and “Financial Services” related to its responsibilities within the context of the National Programme for the preparation of the National Programme and work on harmonisation of legislation is being carried out in compliance with the National Programme. Within this framework, taking into consideration the drafts prepared during the Twinning Project conducted with the German Federal Ministry of Finance in 2006-2007, drafting work on the new Capital Market Law was finalized and other relevant secondary legislation workings were carried out in 2012.

In order to facilitate the coordination between relevant

authorities regarding legislative alignment, regular contributions were made to the “National Programme Database” for monitoring current developments in legislation and coordinating the alignment calendar.

The CMB has also participated in the works on the preparation of Turkey’s Contribution to the 2012 Regular Progress Report and evaluated the issues published in the Regular Progress Report regarding subjects under the CMB’s responsibility. Furthermore, the CMB’s contribution to the sections of the 2012 Pre-Accession Economic Programme related to the CMB’s responsibilities has been sent to the relevant coordinating authority. There has also been participation to the Internal Coordination and Harmonisation Committee held with the relevant public institutions in order to evaluate the EU negotiation process and the developments related to negotiation chapters.

Moreover, EU legislation is taken into account in all regulatory work concerning capital market legislation and new EU legislation regarding capital markets is being followed continuously. In this context, a series of regulations regarding publicly held companies, institutional investors, intermediary institutions, retail investors, exchanges, other capital market institutions and markets have been issued. Additionally the EU legislation has also been considered during the drafting of the new Capital Market Law which was promulgated on 30 December 2012. The EU Acquis that falls within the jurisdiction of the CMB, developments in member states and the activities of the European Securities and Markets Authority (ESMA) have been regularly reviewed. Additionally, considering the distinctive role of ESMA within European securities and capital markets, cooperation activities have been launched with ESMA. In this regard, a project on the equivalence of the prospectus regime for equities in Turkish capital markets with EU legislation was introduced in 2012. Moreover, studies regarding the improvement of cooperation activities with ESMA and competent authorities of EU member states in line with the Directive on Alternative Investment Fund Managers are being carried out.

5.9.2. Activities to Benefit from the EU Funds

Activities are being carried out in order to benefit from EU funds and other assistance made available by EU Member States for alignment with EU regulations and practices.

In this regard, following the completion of the Twinning Project entitled “Assisting Capital Markets Board of Turkey to Comply Fully with EU Capital Markets Standards” conducted in 2006-2007 with the German Federal Ministry of Finance, the Project proposal for strengthening the capacity of CMB which has been prepared in the framework of EU’s Pre-Accession Financial Assistance has been approved by the EU Commission. Project components essentially involve activities on “Training in the Field of Accounting and Auditing” and “Improving Administrative Capacity of CMB with Regard to Financial Services”. In this regard in 2012 studies on the project fiche amendments requested by the EU Commission and drawing up of the relevant tendering documents have been continued. The changes in the project proposal have been accepted by the EU Commission and relevant tendering documents have been prepared and conveyed to relevant institutions. The second Project proposal aimed at increasing the IT capacity of the CMB is being evaluated by EU authorities.

Also in this context, in order to carry out activities of administration, monitoring and evaluation of projects, CMB has contributed to the activities coordinated by the Ministry for EU Affairs.

With regard to short term technical assistance, co-operation of the CMB continued in 2012 with the Technical Assistance Information Exchange Office (TAIEX) of the EU Commission Enlargement Directorate General, which provides technical support for legislative alignment and the development of adequate administrative capacity. As a result of activities carried out within the procedure based on arranging seminars/ workshops, study visits and expert missions for the fields where technical assistance is sought by the candidate country and approved by the TAIEX Office, a workshop on “Cyber Crimes” was held in January 2012.

Moreover, new applications for technical support were made to the TAIEX Office. The meetings held with the co-operation of TAIEX, have enabled the provision of information regarding the EU acquis under the CMB’s responsibilities and different member state practices.

5.10. International Relations

Increasing cross border movement of capital in a globalized world has increased the importance of international relations. In the aftermath of the global financial crisis, the significance of cooperation among regulatory authorities has increased and such cooperation is also encouraged and supported by international organisations. In this context, benefiting from international practices and experiences and enhancing cooperation with other regulatory authorities constitute an important part of CMB’s activities.

The CMB has attached great significance to multilateral and bilateral international relations. To this end, CMB acted in order to improve its relations with international organizations in which

it is a member, capital markets authorities of other countries and other foreign organizations which carry out capital markets related activities (Organisation for Economic Cooperation and Development (OECD), World Trade Organization, World Bank, IMF etc.), and as a member of the International IOSCO, the CMB has actively participated in the work of IOSCO.

Today, information and sharing of the information play a vital role in terms of the reliability of capital markets. Parallel to the globalization trend, the CMB has been carrying out negotiations in order to sign memoranda of understanding on cooperation and the exchange of information with foreign capital market authorities.

5.10.1 Activities Related to International Organization of Securities Commissions (IOSCO)

IOSCO is an organization constituted by the regulatory/supervisory authorities in securities markets to ensure coordination and cooperation in the related areas, to promote common international standards on legal and institutional structures of securities markets, and to facilitate international cooperation and information sharing among its members. IOSCO works in coordination with other international organizations dealing with financial markets and is the most effective international organization within its field of activity.

The CMB has been participating in IOSCO activities, since it became a member in 1988. In this context the CMB has been actively participating in the work of main committees and working groups listed below within the organization, thereby contributing to the constitution of policies in line with the realization of IOSCO's goals and objectives.

- Presidents' Committee
- IOSCO Board
- Management Team
- Emerging Markets Committee (EMC)
- European Regional Committee (ERC)
- Policy Committees Policy Committees
- Assessment Committee/Implementation Task Force
- Screening Group
- Monitoring Group

The studies of the CMB regarding IOSCO activities in 2012 are summarized below.

IOSCO Board

With the purpose of improving the effectiveness of IOSCO and avoiding overlaps and duplications among works of the Committees, within scope of the Strategic Direction decisions taken at the annual meeting in Beijing in May 2012, IOSCO Board has been established by dissolving Technical Committee, Executive Committee and Emerging Markets Committee Advisory Board. IOSCO Board is the highest level decision taking and executive body of IOSCO. Number of the members of the Board is set as 32 for the transitional period of 2012 – 2014. The IOSCO Board has a Chair and two Vice-Chairs. In 2012,

one of these vice-chairmanships was performed by the CMB. Furthermore, in order to determine the issues negotiated at the IOSCO Board meetings, the CMB has also participated in the studies of the Management Team, which consists of the chair, vice-chairs of the IOSCO Board and the Secretary General of IOSCO.

Besides, the CMB has made contributions and expressed opinions and given approvals to reports in the context of studies carried out in relation to its membership in the IOSCO Board.

Emerging Markets Committee (EMC)

■ During the IOSCO Annual Conference held in Beijing in May 2012, Mr. A. Vedat AKGIRAY, former chairman of the CMB, has been elected as the EMC Chair and IOSCO Vice Chair for a term of 2 years.

■ The 2012 meeting of the EMC was held in Chile on 19 - 21 November. During the meeting, dissuasive sanctions for manipulations of Financial Benchmarks, which was on the agenda due to LIBOR scandal were discussed; issues such as risks particular to emerging markets, IOSCO Foundation, membership and voting rights in relation to the restructuring of IOSCO, multilateral memoranda of understanding, the future of the EMC were dealt with, and workshops on development of derivative products in emerging markets and enhancing the surveillance capacities of regulatory authorities were organized. In addition, panels were held on several current issues during the EMC general meeting.

■ As well as handling administrative issues in relation to the studies of this Committee as EMC Chair, the CMB chaired a working group on “financing of SMEs through capital markets”, prepared a survey with other members of the working group and analysed the responses. Furthermore, the CMB has conducted the EMC annual survey and shared the results with members during the meeting. Additionally the CMB has actively participated in projects within the EMC and responded to surveys conducted by the EMC.

■ Moreover, contribution has been made to the preparation of the IOSCO Annual Report regarding EMC activities.

Other IOSCO Activities

Other IOSCO committees and working groups in which the CMB participated in 2012 are mentioned below:

- The Presidents' Committee which acts as the General Assembly of IOSCO meets during the IOSCO annual meetings and the CMB participated in the meeting which was held in Beijing, in May. During the meeting, changes related with the strategic plan in the IOSCO by-laws have been discussed and approved.

- As a member of of the European Regional Committee, which is one of the 4 regional committees of IOSCO, the CMB participated in the regional committee meetings that were held in Beijing in May and in Paris in September. During these meetings, the CMB informed participants on recent legislative amendments made by the CMB and progress in Turkish capital markets. Besides, sanctions regarding the financial benchmark manipulation, IOSCO Foundation, membership and voting rights in relation to the restructuring of IOSCO and other technical studies on the agenda of the IOSCO Board were discussed during the meeting.

- Furthermore in relation to accounting and public disclosure, secondary markets, intermediaries, audit and cooperation, credit rating agencies the CMB has participated in studies conducted by the policy committees, which were established in May 2012 instead of the committees operating under EMC and Technical Committee. In addition to these committees, in the second half of the year, the CMB became a member of the policy committee on investment management in relation to collective investment schemes and made contributions to this committee and followed its activities.

- The CMB participated in the studies of the Assessment Committee, which is responsible for the assessment and implementation of IOSCO Objectives and Principles on securities regulations. In this respect, the CMB contributed to survey studies in relation to the implementation of IOSCO

principles on systemic risk and took part in the sub-working groups on the work flow processes regarding the review of the IOSCO Principles. Additionally, CMB attended the meetings of the Screening Group which is responsible for examining the applications of regulatory authorities to become signatories to the Multilateral MoU on cooperation and exchange of information. In this regard the CMB has also been in touch with jurisdictions that have not yet become full members to facilitate the conduct of necessary studies in this regard.

- In relation to with IOSCO activities, as the Chair of IOSCO EMC the CMB made contributions to Monitoring Board, which is responsible for surveillance and audit of the IFRS Foundation, and participated in the activities of International Integrated Reporting Council on behalf of IOSCO.

Activities Related to Financial Stability Board (FSB)

- The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies.

- Among the mandates of the FSB are; assessing vulnerabilities affecting the financial system and identifying action needed to address them, promoting co-ordination and information exchange among authorities responsible for financial stability, monitoring market developments and advising accordingly, monitoring and advising best practices of regulatory standards.

- Since it was tasked as Chair of the IOSCO EMC at the June 2010 and May 2012 meetings, the CMB also started to participate in FSB meetings. In this regard, the CMB provided feedback to FSB concerning EMC activities in 2012. In addition, the CMB is contributing to FSB work in coordination with the Central Bank of the Republic of Turkey regarding further issues out of the scope of IOSCO.

5.10.2. Activities Related to Organization for Economic Cooperation and Development (OECD)

OECD Corporate Governance Committee

As the National Coordination Unit, the CMB has been providing active contribution to the work of the OECD Corporate Governance Committee. The Committee works with the purpose of developing of corporate governance practices.

The CMB participated in Corporate Governance Committee meetings which were held in Paris in April and November 2012. Additionally, since the CMB representative has also been attending the work of the OECD Corporate Governance Committee Bureau, which provides strategic support to the Committee's activities and work program, due to his election as the vice chair of the Bureau.

Furthermore, on the occasion of the 30th anniversary celebration of the CMB, a conference on "Corporate Governance, Value Creation and Innovation" was organized in partnership with the OECD in Istanbul, in February 2012.

OECD Projects towards MENA and Eurasia Regions

Relations of the CMB with the OECD Corporate Governance Committee have been strengthened in 2012 through regional initiatives. The CMB, along with the ISE, supported two projects conducted with the coordination of the OECD in the Middle East - North Africa (MENA) and Eurasia regions. The purpose of these projects is to enhance corporate governance through capital markets and securities exchanges in developing

markets such as Egypt, Morocco, Tunisia, Algeria, Azerbaijan and Kazakhstan. To this end, "Task Force on Strengthening Corporate Governance and Securities Exchanges in the Middle East and North Africa" and "Eurasia Group on Corporate Governance for the Development of Capital Markets" have been established with the initiative of the OECD.

Within the joint project conducted by OECD, the CMB and ISE in 2012, a broad meeting was held in June 2012 with the participation of presidents and other high level executives of securities commissions and stock exchanges in MENA countries and representatives of international organisations. During the meeting, priorities for enhancing the role of stock exchanges regarding investor protection and public disclosure were discussed and, the report on "The Role of MENA Stock Exchanges on Corporate Governance" was presented.

The Eurasia Group on Corporate Governance for Capital Market Development carried out its third meeting in Istanbul, in December 2012 with the support of the OECD, the CMB and ISE. The final report, which was the product of a two-year joint project, and which included priorities and recommendations established by the Group, was presented at the meeting. The report highlights necessary steps to be taken in line with the structure of MENA capital markets and foresights regarding the future.

5.10.3. Cooperation with the US Securities and Exchange Commission

In the context of the "Strategic, Economic and Commercial Cooperation between Turkey and USA" established in April 2009, it was decided to form a cooperation mechanism entitled "Regulatory Dialogue" between the CMB and the US Securities and Exchange Commission (SEC). In this respect, a "Terms of Reference" was signed between the CMB and the SEC in April 2011. The aim of this initiative is to promote investor protection and to foster market integrity in the capital markets of both countries and facilitate cross-border securities activities

between Turkey and the United States. For this purpose, it is planned to increase bilateral cooperation in the fields of "regulation", "enforcement" and "education" including the third countries when necessary, particularly in the field of education. In this regard, a seminar on "Small Business Capital Formation" was organized by the CMB as the fifth of the joint seminar activities with the cooperation of the SEC in Istanbul, on 16 - 17 October 2012.

5.10.4. Assignment of CMB Staff as Seconded at International Organizations and Foreign Institutions

One of the CMB's staff was selected to work at the IOSCO General Secretariat in Madrid on issues related to emerging markets and another one was selected to work on corporate governance issues at OECD premises in Paris, both as seconded experts. In addition, 2 CMB experts were seconded to the World

Bank and Islamic Financial Services Board starting from 2012.

Furthermore, one of the CMB staff has been selected by the US Securities and Exchange Commission to work as a seconded expert at the SEC premises in Washington DC.

5.10.5. Activities Related to World Trade Organization (WTO) and The General Agreement on Trade in Services (GATS)

The CMB has been participating in WTO Financial Services Committee work and this contribution continued in 2012.

the Ukraine as well as Afganistan's membership application to WTO in 2012.

Furthermore, within the framework of service negotiations of the WTO, the CMB participated, within the context of its field of operation, in studies coordinated by the Ministry of Economy for Free Trade Agreements held between Turkey and

On the other hand, the CMB participated in the studies regarding WTO Trade Policy Review Mechanism coordinated by the Ministry of Economy.

5.10.6. Activities Related to Islamic Financial Services Board (IFSB)

The CMB became an associate member in August 2010 to the Islamic Financial Services Board which is an international standard-setting organization based in Kuala Lumpur. The IFSB promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance

sectors, and also conducts research and coordinates initiatives on industry related issues and organizes roundtables, seminars and conferences for regulators and industry stakeholders.

Moreover, the representatives of the CMB attended various meetings of the IFSB held in 2012 as participant and speaker.

5.10.7. Activities Related to the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation

The COMCEC Capital Markets Regulatory Institutions forum was established in 2011, and it was decided that the CMB would act as Chair and Secretariat to the Forum. The Forum facilitates cooperation with regard to strengthening financial market infrastructure, financial education, Islamic finance, and strengthening the administrative capacity of members.

On 26 - 27 September 2012, COMCEC Capital Markets

Regulatory Institutions Forum meeting was organized by the CMB in Istanbul. During the meeting which was also attended by OECD and Islamic Development Bank representatives, country presentations were made in relation to task forces on "Capacity Building", "Market Development", "Islamic Finance" and "Financial Literacy" and the issues regarding the structuring of task forces and cooperation possibilities among the member regulatory authorities were discussed.

5.10.8. Activities Related to the International Forum of Independent Audit Regulators

The International Forum of Independent Audit Regulators (IFIAR), which has a broad participation of representatives from member countries is an international organization established in 2006 mainly in order to function for realizing the common goals of protecting investors by increasing the quality of independent audit on a global scale and protecting public interest. European Union Commission, World Bank, Basel Committee and IOSCO

attend IFIAR meetings as observers.

After being invited in 2009, the CMB made an application for membership to IFIAR and was accepted in the same year. In this context, the CMB participated in its meetings and work of IFIAR in 2012.

5.10.9. Bilateral Relations and Memoranda of Understanding

Ongoing initiatives for to sign MoUs on cooperation with regulatory and supervisory authorities continued in 2012. In this context, an MoU was signed with the Tunisian capital market regulatory authority and a Regulatory Dialogue was signed with

the Capital Market Development Authority of the Maldives. The MoUs that have been signed by the Board as of end-2012 are listed in the table below.



Table 5.15. Bilateral Memoranda of Understanding Signed by the CMB

Country	Organization	Date
England	HM Treasury	August 1999
	Financial Services Authority	
	London Stock Exchange	
France	Commission des Operations de Bourse (Autorité des Marchés Financières)	May 2000
Germany	BAWe (BaFin)	May 2000
Sweden	Finansinspektionen	June 2001
Italy	Commissione Nazionale per le Società e la Borsa	June 2001
USA	Commodity Futures Trading Commission	June 2001
Australia	Australian Securities and Investment Commission	June 2001
Greece	Capital Markets Commission	October 2001
Portugal	Comissão do Mercado de Valores Mobiliários	October 2001
Malta	Malta Stock Exchange	June 2001
	Malta Financial Services Center (Malta Financial Services Authority)	April 2002
Albania	Albanian Securities Commission	September 2003
Romania	Romanian National Securities Commission	October 2003
Bulgaria	Financial Supervision Commission	Dec 2004
Croatia	Croatian Securities Commission	April 2005
Macedonia	Securities and Exchange Commission	April 2005
Holland	Netherlands Authority for Financial Markets	June 2005
Bosnia Herzegovina	Securities Commission of the Federation of Bosnia and Herzegovina Republic of Srpska Securities Commission	October 2005
Dubai	Dubai Financial Services Authority	November 2005
Montenegro	Securities Commission of the Republic of Montenegro	February 2006
Israel	Israel Securities Authority	February 2006
Taiwan	Financial Supervision Commission	June 2006
China	China Securities Regulatory Commission	November 2006
Syria	Syrian Commission on Financial Markets and Securities	January 2008
Russia	Federal Markets Financial Service of Russia	August 2009
Malaysia	Securities Commission of Malaysia	April 2010
Azerbaijan	State Committee for Securities of the Republic Of Azerbaijan	July 2010
United Arab Emirates	Emirates Securities and Commodities Authority	October 2010
Kyrgyz Republic	State Service for Financial Market Regulation and Supervision under the Government of the Kyrgyz Republic	February 2011
Pakistan	Securities and Exchange Commission of Pakistan	September 2011
Korea	The Financial Services Commission of the Republic of Korea	November 2011
Tunisia	Conseil du Marché Financier	September 2012

Source:CMB

5.10.10. International Education Programs Organized by the CMB

Within the 30th anniversary celebration of the CMB, a conference on “Reform and Regulation in Financial Markets” was organized in January 2012 and a second one on “Corporate Governance, Innovation and Value Creation” was organized in partnership with OECD in Istanbul, on 1 February 2012. Representatives from regulatory authorities and financial institutions and academia participated in the organization, from several countries such as the UK, Germany, Italy, Netherlands, India, Japan, Thailand,

Korea, Brazil, Saudi Arabia, Pakistan, Egypt and Iraq.

Furthermore, Informations System Audit and Control Conference was held in Istanbul in March 2012 by the Information Systems Audit and Control Association Istanbul Chapter. Furthermore in May, another conference on “The Role of Sukuk for Development” was organized by the CMB and Albaraka Group under the leadership of the World Bank.

5.10.11. Other Activities

The CMB participates in the conferences which are related to current issues about capital markets and needed to develop or improve market conditions or contribute to the work on harmonizing our legislation with the European Union acquis.

The CMB supports the participation of its staff in educational or training programs which are organized by foreign capital market regulatory authorities. Within this context, to provide training and internship facilities to its staff, the CMB works on cooperation and dialogue with capital markets authorities of various developed markets.

Additionally, the CMB participates in studies made on a periodic basis by institutions such as the International Monetary Fund and the World Bank.

On the other hand, various programs for training or presentation of Turkish capital markets were organized in 2012 for delegations from Azerbaijan in February, Mongolia in June, Tanzania in July and Oman in November. Furthermore, the regulatory authorities of Kyrgyzstan, Maldives and Tunisia were visited by the CMB delegates in 2012.

5.11. Licensing Activities

The Communiqué of the Board on Principles Regarding Licensing and Registration for the Professionals Engaged in Capital Market Activities (Serial: VIII, No: 34) was published on the Official Gazette and entered into force on August 11th, 2001. The purpose of the licensing system is to determine the professional qualifications, capabilities, knowledge and experiences of the professionals working as specialists, managers, derivative instruments staff, real estate appraisers, residential real estate appraisers, credit rating specialists, corporate governance rating specialists and independent auditors in capital markets, and to make these personnel acquire certain qualifications.

The licensing examinations first began to be organized in

September 2002 by the Board with four examinations; the Capital Market Activities Basic Level, the Capital Market Activities Advanced Level, the Derivative Instruments and the Real Estate Appraisers. Then came the Credit Rating Specialists Examination and the Corporate Governance Rating Specialists Examination in September 2005, the Independent Auditing in Capital Markets Examination in September 2007, and the Residential Real Estate Appraisers Examination in January 2008.

Eight different types of examinations were organized in 2012, namely; Capital Market Activities Basic Level, Capital Market Activities Advanced Level, Derivative Instruments, Real Estate

Appraisers, Credit Rating Specialists, Corporate Governance Rating Specialists, Independent Auditing in Capital Markets and Residential Real Estate Appraisers. Clearing and Operation Officers should only take and pass the Clearing and Operation Transactions part of the Capital Market Activities Basic Level Examination to be able to obtain the license, and Derivative Instruments Accounting and Operations Officers should only take and pass the Accounting, Clearing and Operation Transactions part of the Derivative Instruments Examination to be able to obtain the license.

Those who pass the examinations deserve the following licenses in accordance with the examination type; Capital Market Activities Basic Level License, Capital Market Activities Advanced Level License, Derivative Instruments License, Clearing and Operation Officers License, Real Estate Appraisers License, Credit Rating Specialists License, Corporate Governance Rating Specialists License, Independent Auditing in Capital Markets License, Residential Real Estate Appraisers License, Basic Level Customer Representative License, Derivative Instruments Customer Representative License and Derivative Instruments Accounting and Operations Officer License. In order to be able to pass the licensing examinations it is required that the scores taken for every subject must be at least 60 on the scale of 100 and the arithmetic mean of the scores must be at least 70.

On June 16th, 2011, the Capital Markets Licensing, Registration and Training Corporation was established with the partnership of

the Istanbul Stock Exchange, the Turkish Derivatives Exchange, the Central Registry Agency, the ISE Settlement and Custody Corporation, the Association of Capital Market Intermediary Institutions of Turkey, the Association of Appraisers of Turkey, and the Association of Institutional Investment Managers of Turkey for carrying out licensing, registration and training activities in capital markets. Since the Corporation has not yet been fully organized, activities related to licensing examinations has been continuing to be done with the contribution of the Board.

The licensing examinations in 2012 were organized two times, in September and December. The examinations were held in the provinces of Ankara, Adana, Antalya, Bursa, Diyarbakir, Erzurum, Gaziantep, Istanbul, Izmir, Kayseri, Konya and Samsun. The Examination Guide which contains detailed information about licensing examinations, titles and sub-titles of examination subjects, and the examination timetable are announced on the Internet for every examination period. The examination applications and other related procedures are also conducted through the Internet. The examinations have actually been implemented in collaboration with the General Directorate of Innovation and Education Technologies of the Ministry of National Education.

The numbers of licenses deserved in the examinations held between 2002 and 2012 are given in the following table.

Table 5.16. The Number of Licenses Deserved (2002-2012)

Types of Licenses	Licenses Deserved	
	2002-2011	2012
Capital Market Activities Basic Level	18,292	370
Clearing and Operations Officers	6,733	292
Capital Market Activities Advanced Level	7,014	542
Derivative Instruments	3,020	358
Derivative Instruments Accounting and Operations Officers	847	124
Real Estate Appraisers	2,410	462
Credit Rating Specialists	718	258
Corporate Governance Rating Specialists	868	222
Independent Auditing in Capital Markets	1,983	2,009
Residential Real Estate Appraisers	174	19
Basic Level Customer Representative	2,155	534
Derivative Instruments Customer Representative	1,365	471
Total	45,579	5,660

Source: CMB

5.12. Investor Applications

Investor applications are handled by the Group of Information Request operating under the Institutional Communications Department.

Requests are classified and evaluated in two groups: “complaints

and proposals” and “information requests”. Information requests are concluded within 15 business days according to the Law on Information Request. Brief information on applications made in 2010, 2011 and 2012 is shown in the following table.

Table 5.17. Activities of Group of Information Requests

Requests	2010	2011	2012
Complaints and Proposals	2,238	5,801	5,909
Information Requests	848	2,025	1,988
Total	3,086	7,826	7,897

Source:CMB

According to the table above, total number of investor requests increased from 3.086 in 2010 to 7.826 in 2011 and to 7.897 in 2012, which represents an increase by 156% from 2010 to 2012.

These activities may be seen a part of the CMB’s educational activities.

5.13. Information Sources

The CMB’s specialized library has been set up to collect and develop materials; Turkish and foreign, in both print and electronic formats, on social, economic and financial matters concerning the capital markets. The library continued to offer services for all CMB experts as well as external researchers who are mainly composed of members of academic community and students, officers from the government agencies related to economic activities, and also investors.

With the purpose of acting as a modern information center, the library services have been improving due to technological advances that allow users quick and easy access to information. Computerized library system and CMB’s internal network enable

the users to scan the library collection from their own computers and to have access to electronic publications.

The CMB library held 10,007 books of which 18 were bought and 100 were donated in 2012, while the number of books available was only 274 in 1982 when the CMB Library was founded.

By the end of 2012, the library collection contained subscriptions to 341magazines and 63 periodicals of which 21 were published in Turkey. Also, 73 periodicals have been donated to the Library.

The electronic collection is comprised of subscriptions to the databases namely “EBSCO Business Source Corporate, ProQuest

ABI Complete”, “EBSCO EconLit with Full Text”, PwC INFORM accessible to two persons and “ Lebib Yalkin Mevbank” .

6,137 books were lent during 2012. Besides, 31,863 database scans to “EBSCO Business Source” and “EBSCO EconLit with Full Text” (18,473), and to “ProQuest ABI Complete” (13,390) were made.

It is aimed to enrich the print/electronic periodicals collection as far as possible, to offer more efficient and modern user services, and to support the whole collection with electronic databases.

On the other hand, total number of the CMB’s publications reached 213 by the end of 2012. These publications are sent free of charge to the libraries of relevant public agencies as well as public and private (foundation) universities.

5.14. Training, Promotion and Information Activities

The CMB attaches great importance to informing investors and all capital markets-related institutions on regulations and its applications and to determining the challenges faced by investors and overcoming them. Within this framework, studies have been done in order to direct the individuals’ and institutions’ savings towards the capital markets and to establish a capital markets culture with the aim of ensuring the supply of funds and to increase reliance and awareness on capital markets. The CMB aims at increasing the level of financial education through using the appropriate delivery channels and taking measures in order to raise awareness by taking into consideration the needs of different target groups. The above mentioned “Financial Education” studies are carried out in accordance with the “Istanbul International Finance Center Action Plan”. In these activities, the CMB collaborates with the institutions such as the ISE and Central Registry Agency.

In order to officially carry out these activities, a “Cooperation Protocol on Investor Education Campaign” was signed on 5 March 2012 among the Capital Markets Board of Turkey (CMB), ISE, Association of Capital Market Intermediary Institutions of Turkey, ISE Settlement and Custody Bank, Central Registry Agency, Turkish Derivatives Exchange, Istanbul Gold Exchange, Turkish Institutional Investment Managers’ Association and Capital Markets Licensing, Registry and Education Agency. In this regard, various capital markets-related training and promotion activities have been offered under the coordination of the CMB.

Furthermore, the CMB has been officially assigned by the Finance Stability Committee to prepare the “National Strategy on Financial Education”. A draft document which was prepared in 2012 with the contributions from Undersecretariat of Treasury, Central Bank, Banking Regulation and Supervision Agency, and Savings Deposit Insurance Fund is under the process of taking comments from relevant agencies.

Concerning the “National Strategy on Financial Education”, in order to measure the level of information of the general public, determine savings and investment behavior and the habit of keeping a budget and create a research oriented scientific reference point in order to establish the financial education strategy, the CMB took part in Financial Capability Research which was implemented by the World Bank with the support of the Russia Trust in twelve countries. In this study, the CMB contributed actively in adapting the “Financial Capability Research” questions into Turkey’s case by adding new questions and analyzing new findings in accordance to the capital markets data. The questionnaire survey of 3009 people from 12 regions was conducted between 21 April and 4 June 2012. The results of this survey were published on www.spk.gov.tr on 16 November 2012.

In 2012, the CMB organized information seminars at 20 universities nationwide. During these seminars, the students were informed on capital markets and its institutions, internship and job opportunities. At these seminars which brought together experts of the CMB, ISE, Association of Capital Market

Intermediary Institutions of Turkey and the university students, some of the students were selected to pursue an internship in capital market issues. Within the framework of “7 Regions, 7 Universities, Certificate Training Seminars”, of which the first was organized in 2012, 300 students were awarded certificates of participation upon the completion of a 3-day-program which were carried out at below mentioned universities.

Ege University 13-15 February 2012

Dicle University 15-17 February 2012

Kırıkkale University 22-24 February 2012

Karaelmas and Uludağ Universities 27-29 February 2012

Çukurova University 7-9 March 2012

Atatürk University 14-16 April 2012

A series of 5 day training seminars for university students organized by CMB was completed at the CMB premises in Ankara and Istanbul between the dates 6 and 17 February 2012 and 11 and 22 June 2012. 1152 students from 70 different universities nationwide attended the seminars and were awarded certificates. Between the years 2009-2012, 2,887 university students in total benefited from the CMB training seminars.

Table 5.18. Training Seminars for University Students

Application/Years	2009	2010	2011	2012
Number of Applications	893	1,240	3,889	5,803
Number of Certificates	129	481	1,125	1,152
Source:CMB				

In order to protect investors' rights and benefits, the website www.yatirimyapiyorum.gov.tr was launched in 2011 to serve as a reference tool in order to inform the current and potential investors. Web based quiz and virtual portfolio applications continued also in 2012. Furthermore, all training and promotion-related printed and visual documents of the CMB have been published on the facebook page named “Yatırım Yapiyorum”.

In order to promote the capital markets and raise awareness on savings and investment, the CMB, with the approval of the Ministry of Education, organized second essay contest targeted at school-aged children in 2012.

The CMB actively takes part in OECD International Network on Financial Education (INFE) by being the INFE National Coordinator and member of the following expert subgroups:

“National Strategies for Financial Education”, “The Role of Financial Education in Financial Inclusion” and “Empowering Women Through Financial Awareness and Education”.

The Child and Youth Finance International (CYFI) founded in July 2011 in Amsterdam is a non profit organization which leads a global movement of institutions and people with the mission of promoting financial inclusion for children and youth through creating structures to empower children and youth to invest in their own futures. In order to promote CMB's studies and exchange views, experts of the CMB participated in the CYFI summit which was organized in Amsterdam between 3-4 April 2012 and received second best award for its essay contest project.

5.15. Information Systems

The development, operation, management and modernization of the information systems, which are required for the CMB to carry out the activities enforced by the law more effectively, quickly, reliably and appropriate to the international standards, are among the duties of the Department of Data Processing, Statistics and Information.

The objectives that the Department of Data Processing, Statistics and Information considers while performing the activities are to:

- Establish the information technology infrastructure in order to provide the Board staff with accurate and current information they need,
- Keep the information technology infrastructure of the CMB

continuously running and updated,

- Form a consistent database related to the operations of the CMB,
- Provide the necessary software and hardware to promote transparency and fairness in the capital markets,
- Provide accurate and current information on time in the scope of public disclosure,
- Work on information security in order to establish secure information technology infrastructure on capital markets,
- Carry out information systems audit on capital market institutions.

The activities that have been performed in 2012 are summarized in the following paragraphs.

5.15.1. Software Development Activities

In 2012, the maintenance and improvement activities of the existing applications continued. Moreover, some new applications have been developed in accordance with the requirements of the Board. In this context, the activities conducted are detailed below.

New Enterprise System

Enterprise Data Management Platform is a project which has been in use since 2000 and it has been put into practice according to new demands and adaptation of computer system. The aim of the project is thoroughly to renew our system infrastructure by designing a new system that is based on the demands of different departments of the CMB. In 2012, the project team started working on the project to add new features for new reports and portfolio management companies; and it is planned to complete the changes in the first half of 2013.

Document and Task Tracking System

Document and Task Tracking System was developed in order to integrate all the separated task tracking systems and to put it into widespread use across the Board. In addition to that, in the Board circulation of any document can be easily tracked any given time. In addition to that, documents can be seen in which phase and which phases it has been passed. With this project, it is achieved to transfer the departments that do not use any kind of task tracking system before so doing document and task operations only on paper to electronic environment. It is planned to give the departments the ability of tracking the documents electronically. In addition, the documents produced in the course of performing a task are being saved centrally and accessed by authorized personnel when required. The system was put into operation in the first months of 2012.

Financial Surveillance Project of the CMB

The aim of Financial Surveillance Project is to trace processes which are actualized in ISE and TurkDex by means of the data obtained from ISE, TurkDex, CRA, TAKASBANK and some other relevant governmental companies and institutions and in the real-time electronic environment and provide the framework and software necessary for making investigations of the detected abnormal situations. By using to the Financial Surveillance Project, surveillance and control in exchange and derivative markets are planned to be made more efficiently and quickly. In this context, the opportunities have been found to apply warnings and analyses which has not been used until now. Also, this project will provide urgent access to much information, the opportunity to make detailed analysis, improvement on visual performance visual by using graphical user interface, activity on tracing alerts and reports, to define and group new alerts and signals by specialist, parameter identification on the basis of stocks and clear and detailed documentation. In this way the diversity of alerts and analysis are increased and the efficiency is provided in accessing more information, detailed analysis and tracing alerts and warnings.

The project's second version was completed in 2012 and put into service.

Personnel Exams Application and Follow-up Project

Personnel Exams Application and Follow-up Project is an electronic system in which candidates may apply to Board's personnel recruitment exams and follow up their applications by using web interface. Those applications are also concluded by the system. In this context, it is aimed not to collect any unnecessary document from candidates by communicating with many online data sources (Central Demographical Administration System, Identity Sharing System, Measurement, Selection and Placing Centre etc.) to facilitate application processes. Thus, workload on Board staff caused by document collecting will be lightened. The system whose test works were launched in 2012, is planned to be put into production in the first half of 2013.

Remote Data Gathering Project for Appraisal Companies

Remote Data Gathering Project for Appraisal Companies project; the staff working for Appraisal Companies, financial tables, prima contract, professional liability insurance, partnership structure, appraisal contract information is send by qualified electronic signature, and Board specialist check over data and inform real estate appraisal companies in the case of incompleteness. This project's analysis phase was completed in 2012 and it is estimated to release the first version of the application in the early months of 2013.

Project for Integration of Service Tracking System to Personnel System

Personal service information in the Board has been integrated with service tracking system which has been prepared by Social Security Institution, and our staff data is automatically transferred. This project was stated and completed in 2012.

CMB E-Bulletin and Company Applications Project

CMB E-Bulletin and Company Application Project; sharing CMB e-bulletin on CMB official website with public, all applications of related corporations about capital markets shared and announced simultaneously with public via web, Board's decision announced simultaneously to public via web and Board bulletin prepared in electronic environment and statistics, reports preparation are included as well. The analysis phase of the project was finished in 2012. The Project is composed of two parts through which information on applications will be confirmed by related departments and the CMB bulletin will be made automatically by using this information and other necessary data. It is planned that to finish the application listing part of the Project in early months of 2013 and the whole Project in the first half of 2013 .

COMCECCMR Portal

The Portal was established in 2012 with the aim of information sharing and effective communication between the members of COMCEC, . The Portal was started and finished in 2012.

5.15.2. Corporate Website

The activities of the CMB related to Turkish capital markets and the subjects aimed to inform the public are published on the Board website. Turkish version of this site can be reached at <http://www.spk.gov.tr> and English version can be reached at <http://www.cmb.gov.tr>. The Turkish version site can also be used by the institutions or organizations acting in capital markets to transfer data to the Board. CMB Website contains the following topics:

- Capital markets legislation,
- Announcements (weekly CMB bulletins; licensing examinations; press releases; draft communiqués; seminar, conference, workshop announcements; human resources announcements; training seminar announcements; general announcements),
- Capital markets institutions and organizations (ISE, IGE, TURKDEX, TAKASBANK, CRA, TSPAKB),
- Companies and Institutions (publicly held companies, intermediary institutions, banks, futures brokerage firms, mutual funds, investment trusts, portfolio management companies, independent auditing firms, rating agencies, real estate appraisal companies),

- Statistics (statistical data, monthly statistical bulletin, international economics and financial indicators),
- Prohibited people & legal cases (list of people prohibited from trading, information about legal processes),
- Investors section (subjects aimed to inform investors),
- Request for information (investor applications) / Comments, suggestions and complaint applications,
- Publications (expectation surveys, annual reports of the Board, staff papers, proficiency studies, research reports, academic studies),
- Links to some of the related (domestic and overseas) websites,
- The broadest dynamic information related to mutual funds.

In addition; the weekly and monthly statistical bulletins, new announcements and developments are sent to the members by electronic mail via membership system taking part in the website.

Updates of site content were continued in 2012 and also some new functionalities have been added to the content management system.

5.15.3. Systems and Network Area Activities

It is a necessity to maintain an up to date, productive, reliable and always up and running technical infrastructure for the Board's operational continuity. Within this scope, the technical infrastructure of the Board is observed and operated, the necessary progresses in both hardware and software are realized and the existent problems are interfered. Moreover, for the purpose of meeting the technical requirements and staying up to date with the latest technology, supplying new hardware and setting up and building up the systems are crucial. The activities continued in 2012.

Network Infrastructure Studies

Firewall infrastructures used to control the Boards network traffic between Ankara and Istanbul were renewed targeting technological and performance improvements. All infrastructural implementations regarding the wireless network system have also been concluded and put into operation.

Secure Print System

The Board printing system has been renewed. The new system, which enables a centralized and secure printing process, utilizes all in one (fax, print, copy, scan) printing devices.

5.15.4. Information Security Management System

Being aware of the importance of the information security, the Department of Data Processing, Statistics and Information founded the Information Security Management System (ISMS) conforming the international standard ISO/IEC 27001 and was evidenced materially by the Turkish Standards Institution in 2006. Moreover, Information Security Forum has been

established to execute the monitoring and auditing functions and to ensure the smooth operation of the system. Related to the functioning of the system, ISMS control processes such as management review meetings, risk assessment and analysis and internal controls have been carried out during the year.

5.15.5. Information Systems Audit

In 2012, related personnel of the Data Processing, Statistics and Information Department carried out on-site examinations at the intermediary institutions which applied to the CMB in order to get license in the scope of "Communiqué Serial: V, No:125 on Principles Related to Leveraged Purchase and Sales Transactions and the Institutions Authorized to Undertake Such Transactions".

The information technology infrastructures, information systems and management information systems processes of

the intermediary institutions applying for the operating license were examined by taking into account their capabilities and compliance with the Communiqué mentioned above together with the "Principles Related to the Information Technology Infrastructures" published in reference to this Communiqué in the Weekly Bulletin Nr. 2011/44. In that regard, on-site examinations were carried out at 26 intermediary institutions in 2012.



2012 ANNUAL REPORT

Headquarters

Eskişehir Yolu 8.Km No:156
06530 ANKARA / TURKEY

P :+90 (312) 292 90 90

F :+90 (312) 292 90 00

İstanbul Office

Harbiye Mah. Asker Ocağı Cad. No:15 Süzer Plaza
34367 Şişli / İSTANBUL / TURKEY

P :+90 (212) 334 55 00

F :+90 (212) 334 56 00

www.spk.gov.tr

www.yatirimyapiyorum.gov.tr