

# THE ASSOCIATION OF CAPITAL MARKET INTERMEDIARY INSTITUTIONS OF TURKEY

ANNUAL REPORT 2009

## CONTENTS

TSPA KB.....	2
Board of Directors .....	4
Board of Auditors .....	6
Discipline Committee.....	6
Organization Structure .....	7
Overview of 2009 .....	8
Our Employees.....	12
Meetings and Events.....	14
Initiatives .....	16
Working Groups .....	20
Research and Publications .....	20
International Relations .....	22
Memberships .....	23
Other Events .....	24
Relations with Universities .....	24
Media Relations.....	25
Training .....	26
CV Bank .....	28
Dispute Resolution.....	28
Information Inquiries .....	28
Licensing and Record Keeping.....	29
Amendments to Licensing Regulations .....	30
Technology.....	30
Subsidiaries and Affiliates.....	32
Auditors' Report.....	33
Financial Statements .....	34



TSPAkB

The Association of Capital Market Intermediary Institutions of Turkey was established as a self-regulatory organization under the Capital Market Act in April 2001.

All banks and brokerage firms licensed to offer capital market services are members of the Association. Our Association has 144 members, including 103 brokerage firms and 41 banks, as of end-2009.

Our key functions rooted in the Constitution of the Republic of Turkey are as follows:

- To address the common needs of its members,
- To facilitate the professional activities of its members,
- To foster the development of the profession in line with the common interest of the public; and,
- To safeguard the professional discipline and ethics.

#### **Our Mission**

To contribute to the development of a community of professionals equipped with high level of expertise who are sincerely committed to ethical values and perceive competition as offering better products and services to investors with the ultimate aim of contributing to the development of the national economy and capital markets.

## BOARD OF DIRECTORS



**E. Nevzat ÖZTANGUT**  
Chairman / 10 May 2007  
Garanti Yatırım Menkul Kymetler A.Ş.  
Member of the Executive Board and  
Member of the Board of Directors



**Pamir SEZENER**  
Vice-Chairman / 10 May 2007  
Evgin Yatırım Menkul Değerler Ticaret A.Ş.  
Chairman



**İlhami KOÇ**  
Board Member / 10 May 2007  
İş Yatırım Menkul Değerler A.Ş.  
General Manager



**Cem ÖZŞEN**  
Board Member / 10 May 2007  
T.C. Ziraat Bankası A.Ş.  
Assistant General Manager



**Ceyhan BEKTAS**  
Board Member / 10 May 2007  
Deha Menkul Kymetler A.Ş.  
Chairman



**Cafer BAKIRHAN**  
Board Member / 10 May 2007  
Deniztürev Menkul Değerler A.Ş.  
Vice Chairman



**Av. Bedii ENSARI**  
Board Member / 10 May 2007  
Marbaş Menkul Değerler A.Ş.  
Member of the Board of Directors

## BOARD OF AUDITORS



Zafer ONAT  
Audit Board Member / 5 May 2009  
Finans Yatırım Menkul Değerler A.Ş.  
General Manager



Bülent ALTINEL  
Audit Board Member / 10 May 2007  
Ata Yatırım Menkul Kymetler A.Ş.  
General Manager



Selim ÜNVER  
Audit Board Member / 10 May 2007  
Censa Menkul Değerler A.Ş.  
Chairman

## ORGANIZATION STRUCTURE

BOARD OF DIRECTORS

CHAIRMAN

SECRETARY GENERAL

ASSISTANT  
SECRETARY GENERAL

ASSISTANT  
SECRETARY GENERAL

ASSISTANT  
SECRETARY GENERAL

Compliance &  
Legal Affairs

Administrative &  
Financial Affairs

Research &  
Statistics

Information  
Technology

Licensing &  
Record Keeping

Training &  
Public Relations

## DISCIPLINE COMMITTEE



Ufuk Ümit Onbaşı  
Discipline Committee Member / 10 May 2007  
İş Yatırım Menkul Değerler A.Ş.  
Asistant General Manager



Dr. Mine Berra Kılıç  
Discipline Committee Member / 10 May 2007  
Turkish Yatırım A.Ş.  
Member of the Board of Directors and  
General Manager



Adnan Bahar  
Discipline Committee Member / 10 May 2007  
Bahar Menkul Değerler Ticaret A.Ş.  
Chairman

The average age of our staff is 34 and their average work experience is 10 years. One of our employees holds a Ph.D. degree, four of them have master's degree, sixteen of them are university graduates and two of them hold associate degrees. Total number of our employees is 26.



## OVERVIEW OF 2009

Global financial crisis, which had intensified in the last quarter of 2008, deeply marked the year 2009. However, thanks to expansionary monetary policies and historically high financial aid packages, global economy witnessed relative recoveries. The experiences obtained through the crisis presented an opportunity for all regulators to review their financial systems once again. We can state that 2009 turned out to be a year, during which new road maps to take solid international actions were prepared, yielding a reshaping of the financial architecture. Throughout the course, the resilience of our country's financial system was observed globally. We can say that both the prior efforts of regulatory bodies and cooperation and coordination of our financial institutions with the regulatory bodies facilitated our financial institutions to go through this global crisis with relatively less damage compared to other countries.

While these developments were taking place in the world and in our country on a large scale, we have left behind a period of nearly three years as Board of Directors of The Association of Capital Market Intermediary Institutions of Turkey.

Distinguished members,

As we turn our attention to the year 2009, we see that we have gained considerable ground on many issues for the improvement of our capital market.

We have been through an important stage towards the end of 2009. Starting from 2010, licensing examinations will be performed in collaboration with our Association and the CMB. As is known, these examinations, which we believe to be essential in the professional development of the employees, are organized abroad by the peers of our Association. We have long been voicing the opinion that our Association should take more active role on this issue, similar to practices abroad. Capital Markets Board accepted our proposals and our Association organized the first exam in 2010. With this development, our Association went into an intense working period on the examination infrastructure, dates and places. We aim to organize the examination in more centers on an electronic platform and hence make the examination system more efficient, provided that the CMB permanently authorizes our Association.

In 2009, we have continued our endeavors to position Istanbul as a regional finance center. I believe you all are aware of our efforts on this issue. In 2008, the government adopted the idea of Istanbul Finance Center as a policy. In 2009, Istanbul Finance Center Strategy Document was finalized with the contribution of our Association and became an official document. Nowadays, actions have to be taken in accordance with the strategy document. In this respect, mission falls on our Association's shoulders in various areas. As usual, we would be very happy to carry out our duties for making Istanbul a financial center. Our endeavors and efforts on this matter are being appreciated at all levels.

In the following period, one of the most important projects will be the efforts for developing and promoting our capital markets. We believe our market will unleash its potential and develop further, if we can promote the market with the right strategy. We have spent considerable time on this issue and exchanged views with the Capital Markets Board, Istanbul Stock Exchange, Takasbank, Central Registry Agency, TurkDEX and Istanbul Gold Exchange. Thus, our initiatives became a common project of the capital markets. We have also analyzed the experiences of other countries and exchanged views with our counterparts. If we could communicate the advantages, diversification and security mechanisms of our market to the right audience in an appropriate way, we believe the number of investors will increase. Along this line, we have started an awareness and perception study across Turkey with a professional organization. Within the context of the study, we will be organizing focus group studies with the current investors, potential investors, past investors, academicians and media representatives. Later, we will be organizing a nationwide survey on the awareness and perception of the public about the capital markets. We believe this study, which will be held for the first time in Turkey, will reveal very significant results and form the basis of measures to be taken in the coming years.

In addition to our activities in the domestic market, we are becoming more and more effective in the international organizations that we are involved in. In May 2009, we were elected for the Advisory Committee of the International Council of Securities Associations (ICSA). Our participation in ICSA Advisory Committee is an important development in terms of increasing our presence on international platforms. Moreover, our Association has taken the responsibility of hosting the ICSA Annual General Meeting to be held between 9-13 May 2010 in Istanbul. As part of the ICSA AGM, we will be organizing a conference on Global Financial Regulations in the Aftermath of the Crisis on May 11, 2010. The conference is already receiving great interest both from the domestic and international market participants, owing to the topics covered and the distinguished speakers. I believe we will organize this event successfully, honoring Istanbul's value as the European Capital of Culture in 2010.

In 2009, we evaluated many issues in line with the expectations and suggestions of our honorable members, and brought them to the attention of the related bodies. Our efforts to cut the intermediation costs have been finalized successfully. The stock exchange fee which was 5 per one hundred thousand on the trading volume in Turkish Derivatives Exchange (VOB) had been reduced to 4 in one hundred thousand. Similarly, our efforts to reduce the stock exchange and registration fees on ISE Bonds and Bills Market were concluded successfully. ISE Board of Directors heeded our Association's opinion and suggestions on this issue and decided to decrease stock exchange and registration fees. One of our efforts which also reached a positive conclusion was the reduction of Investors' Protection Fund Fees.

Another issue we put emphasis on was the session duration, which in our opinion should be in line with foreign markets. Our suggestion of extending the session periods were positively regarded and session periods were extended both in the Turkish Derivatives Exchange (VOB) and the ISE (IMKB) in 2009.

Some of the other issues we focused intensively for the development of our capital market were the Transfer of Collaterals for the Orders in the Turkish Derivatives Exchange (Give-Up system), Valuation and Accounting of Warrants and taxation of the derivative instruments. Related institutions made modifications upon our suggestions.

In 2009, we concentrated our studies on the taxation issues regarding our industry. Our views and recommendations, which were formed in collaboration with our members, relevant market institutions and investors, were sent to relevant authorities. We are pleased to see that the latest announcements of the Ministry of Finance are in line with our recommendations.

On the other hand, the communiqué regarding principles regulating obliged parties to form a compliance program and to assign a compliance officer for the prevention of laundering proceeds of crime and terrorism financing became effective. The sections to be included in corporate policies and issues to take place under these sections were formalized. "Compliance Program Guideline" was prepared in coordination with MASAK and was sent to members, in order to help them implement their programs more easily.

CMB's "Communiqué on the Registration and Purchase & Sale of Financial Warrants", related to warrants which is a new financial instrument in our capital market became effective on 21 July 2009. Related to this regulation, we published "Risk Disclosure Form for Warrants" prepared by our Association.

Moreover, we informed our members on both issues at meetings held at our Association. In addition, we paid special interest to share and exchange views on up-to-date issues with our members, through meetings and seminars we organized.

Apart from our endeavors on the regulation side, we continued our training programs which is another important field of activity, with increased diversification. In 2009, we started to offer license renewal trainings in Ankara, Izmir, Adana and Antalya alongside Istanbul. In 2009, the number of people we trained exceeded 5,000.

Our endeavors to complete the projects we have started and to present them for the service of the sector are continuing. Among them, our efforts for our Association to become an information center for the sector is of special importance to us. We have previously shared with you that we had completed the electronic archive phase within the scope of our Information Center project.

In addition to these projects and endeavors, the number of people we have licensed has reached 19,000 and the number of people whose personal records we are keeping has reached 33,000. We improved the Licensing and Record Keeping System in 2009 to assist intermediary institutions in meeting their disclosure obligations. As a result of system update, institutional data as well as employee data of intermediary institutions became traceable. Disclosures and information submitted to our Association are published on our internet site under the "Member Information" menu.

Basic Level Client Representative, Derivative Instruments Client Representative and Derivative Instruments Accounting and Operation licenses were added to existing licenses with the Communiqué of CMB, which came into effect on 30 May 2009, in compliance with the views and recommendations of our Association regarding the fulfillment of licensed personnel needs especially of the Banks. Thus, the number of license types given by our Association reached 12.

In 2009, we continued making contributions to our sector in terms of sharing and producing information through our research and publications. While the reports we publish continued to reflect the latest developments in foreign capital markets as well as the new instruments of various countries, we also extended the range of our publications in English. Our publications in English had reached to a wide group of readers nationally and internationally and received great appreciation.

In order to strengthen our international relations, we became members of new international institutions, which we believe would serve to enhance our global standing. In 2009, we became members of the Federation of Euro-Asian Stock Exchanges (FEAS), Asian Securities Fund (ASF) and International Forum for Investor Education (IFIE).

Honorable members,

In speeches I had made in various occasions, I underlined the significance of cooperation among the related associations and institutions aiming our sector's improvement and development. In this respect, we obtained considerable support and attention in our every single endeavor from the regulatory bodies, from our distinguished members, from the capital market institutions, from the universities and other related parties. At this point, I would like to extend my gratitude, on behalf of our Board of Directors, to the executives and valuable employees of the related institutions who value our endeavors and opinions and show their support at all times. As the result of their valuable cooperation, we attained easy and solid improvements on various issues.

One of the endeavors that best reflects our collaboration across institutions is undoubtedly the "Initial Public Offering Campaign" which we conducted together with TOBB (Turkish Union of Chambers and Commodity Exchanges), CMB and ISE. In order to put the protocol into effect, "Initial Public Offering Campaign" meeting was organized at ISE on 19 October 2009. We believe this project, for which publicity campaigns will be held more frequently, will contribute to our market.

On the other hand, we have co-sponsored Prof. Julian Franks' Banking Crises seminar organized by CMB. In addition, we supported the Funds World Turkey 2009 conference.

Our Association gets its strength from its members and is striving to continue its operations with the enthusiasm of the first day of its establishment. Developing our sector is a common responsibility for all of us. The achievements cited on the following pages of our Annual Report, and which I have attempted to summarize here, are the results of our employees' collective success.

I would like to thank you, our dear members, for your valuable inputs; members of our Board of Directors and Board of Auditors for being cooperative in every decision and implementation to help us achieve remarkable results; and valuable employees of our Association.

Kind regards,



E. Nevzat ÖZTANGUT

# OUR EMPLOYEES



İlkyar Arıkan  
Secretary General



Alparslan Budak  
Assistant Secretary General

## RESEARCH AND STATISTICS



Ekin Fikirkoca  
Assistant Director



Gökben Altaş  
Specialist



Efsun Ayça Değertekin  
Specialist



Özcan Çikot  
Specialist

## INFORMATION TECHNOLOGY



Sezgin Lafçı  
Director



Nazım Sevim  
Assistant Specialist



B. Yener Yıldırım  
Assistant Secretary General

## TRAINING AND PUBLIC RELATION



Tuğba Oğan  
Assistant Director



Cennet Türker  
Specialist



Aslı Hondu İmamoğlu  
Specialist

## LICENSING AND RECORD KEEPING



Dr. Gökhan Büyükköngür  
Director



Doruk Karşı  
Assistant Director



Halil Görgülü  
Specialist



Mazum Görgü  
Assistant Officer



Hanife İpek  
Assistant Officer

## COMPLIANCE AND LEGAL AFFAIRS



Aslı Özkan  
Assistant Director



Esra Esin Savaşan  
Assistant Director



Süleyman Morbel  
Assistant Director

## ADMINISTRATIVE AND FINANCIAL AFFAIRS



Engin Turan  
Director



Kerim Karakaya  
Chief



Hülya Yılmaz  
Chief



Alev Kılıçoğlu  
Assistant Officer



N. Okan Sarier  
Assistant Officer

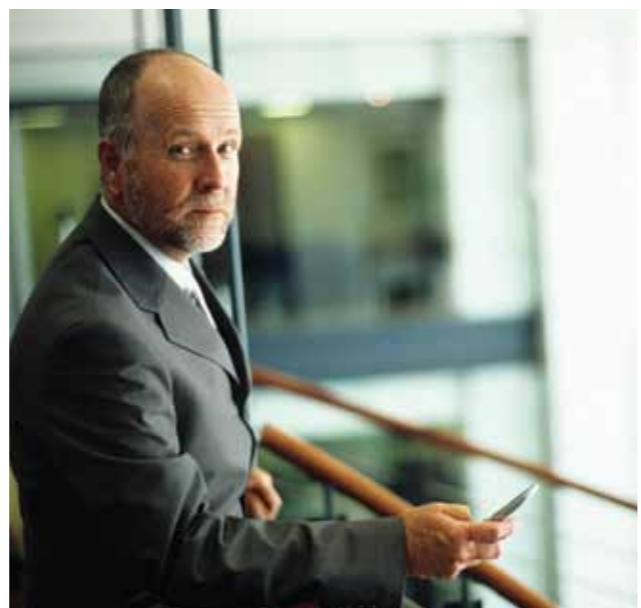


Adil Bekar  
Driver



Şadiye Selek  
Office Services

We paid special interest to share and exchange views with our members, through meetings and seminars we organized.



## MEETINGS AND EVENTS

### GENERAL MEETINGS AND MEMBERSHIP

#### MEETINGS

##### 9th Annual General Meeting

9th General Shareholders' Meeting was held on 5 May 2009. At the meeting where officials from the CMB, Turkish Union of Chambers and Commodity Exchanges (TOBB), ISE and Turkish Derivatives Exchange (VOB) attended, Chairman of our Association Nevzat Öztangut, CMB Chairman Prof. Vedat Akgiray and ISE Chairman Hüseyin Erkan each made a speech.

##### 10th Interim General Meeting

10th Extraordinary General Shareholders' Meeting was held on 2 December 2009 at the Association's headquarters. The meeting started by a presentation of Chairman of the Association Nevzat Öztangut, about the activities of the Association. Following the presentation, 2010 budget of the Association was discussed and agreed upon. Annual fees and expense contributions to be paid by our members were determined.

##### New Year's Cocktail Reception

Our Association organized a new year's cocktail reception at Conrad Hotel. At the reception, where all institutions operating in capital markets, as well as member representatives attended, CMB

Chairman Prof. Dr. Vedat Akgiray, ISE Chairman Hüseyin Erkan, and Chairman of our Association Nevzat Öztangut made a speech. In the cocktail reception, which started following the speeches, participants had the chance to evaluate the year 2009 and exchange their anticipations regarding 2010 in a warm environment.

#### SEMINARS

##### Warrants Seminar

On 20 May 2009 a seminar titled "A New Instrument for our Capital Markets: Warrants" was organized at the Association. The seminar on warrants, which is planned to be traded on our capital markets in the very near future, was given by Bloomberg specialist Daniele Caporaletti. In the seminar, general information on warrants, pricing of warrants and case studies were described.

##### Technical Analysis Seminar

A seminar with the topic, "Technical Analysis Strategies in Volatile Markets", was organized by our organization on 22 October 2009. 55 people attended the seminar given by Bloomberg Specialist Ron William in English.

### MEETINGS

#### Compliance Program Meeting

A meeting open to all members was organized on 29 January 2009 with the participation of MASAK authorities in accordance with Compliance Regulations, which should be included in corporate policies to be developed by our members. In the meeting, the issues which caused concerns were communicated by our members to the MASAK representatives.

#### Arbitration Meeting

Regulations Working Group, which was formed within the scope of Istanbul Finance Center Strategy Document Preparation, organized a meeting on the topic of "arbitration" on 25 February 2009 in coordination with our Association. At the meeting, where representatives from CMB, ISE, Settlement and Custody Bank, Central Registry Agency, Istanbul Gold Market (IAB), Turkish Derivatives Exchange (VOB), Undersecretariat of the Prime Ministry for Treasury, Undersecretariat of the Prime Ministry for Foreign Trade, Association of the Insurance and Reinsurance Companies of Turkey and law offices participated, actions to be taken for an effective arbitration system and problems due to "extreme arbitration" in finance sector were discussed.

#### The Cancellation of Time Limit on Opening of Accounts at the Central Registry Agency

A meeting was held by the participation of representatives from CMB, ISE, Central Registry Agency and intermediary institutions along with our Association on reducing the 7-day period for submitting identity information related with the investment accounts opened up by intermediary institutions at Central Registry Agency. In the meeting, where intermediary- institution representatives stated that there would be no problems with respect to cancellation of the said period.

#### Meeting for Dematerialization of Government Debt Securities

On 3 June 2009, a meeting was organized at CMB Ankara Headquarters, on keeping track of repo-reverse repo transactions within the framework of Dematerialization of Government Debt Securities (GDS) project, with the participation of representatives from the CMB, Central Registry Agency, Settlement and Custody Bank, Central Bank and

Banks' Association of Turkey. At the meeting, our Association's view that can be summarized as tracing repo-reverse repo transactions on the member basis with the Settlement and Custody Bank system, instead of monitoring the accounts on the basis of the right holders, was declared. In addition, "Draft Report for Principles on Tracing Repo and Reverse Repo Transactions on Member Basis" prepared by Central Registry Agency and Settlement and Custody Bank was opened up for discussion at the meeting and opinion of our members on the issue were communicated to the Central Registry Agency.

#### Introduction of ISE Foreign Securities Market

On 17 June 2009, a meeting for briefing and informing our members on the principles of purchase-sales and clearance of the Eurobonds traded on the Foreign Debt Securities section of the ISE Foreign Securities Market, was held by the ISE at our Association's headquarter.

#### Meeting on Position Transfer on Turkish Derivatives Exchange (VOB)

As a result of the studies of our Association, the Directive on Amendment to Derivatives and Options Market Regulation was issued on 21 August 2009. The regulation enabled the members to transfer derivatives positions.

A meeting on the issue was convened with the participation of the Settlement and Custody Bank representatives and our members at our Association's headquarter on 2 October 2009. In the meeting, issues regarding the new regulation were discussed.

#### Meeting on Measures Regarding Prevention of Laundering the Proceeds of Crime and Financing of Terrorism

Our Association attended the meeting held at the Financial Crimes Investigation Board's (MASAK) Ankara headquarters, along with the financial sector representatives regarding "Draft Regulation on the Amendment to Regulation on Measures Regarding Prevention of Laundering the Proceeds of Crime and Financing of Terrorism" on 23 November 2009. The meeting gave an opportunity to communicate the issues causing concerns to the authorities. The issues underlined by our representatives at the meeting were mostly reflected in the regulation which became effective on 2 January 2010.



# INITIATIVES

## Istanbul International Finance Center Project

The project, aiming to turn Istanbul into an international finance center, was inserted in the Ninth Development Plan covering the period 2007-2013 and was promulgated by the Turkish Grand National Assembly in June 2008.

Within the scope of the project, State Planning Organization was assigned to prepare the Istanbul Finance Center (IFC) Strategy Document. For this purpose, nine working groups on the following topics were formed: law, financial products and services, taxation, regulatory and audit environment, infrastructure, organization, publicity and image, human resources and current status analysis. Our Association contributed in all of those working groups, where over 80 public and private sector institutions and universities took part. Our Association assumed the reporting responsibility for the working groups of "Financial Products and Services" and "Human Resources". In the "law" working group, our Association undertook the role of the vice-presidency.

Following the delivery of the reports by the working groups to State Planning Organization in May 2009, Istanbul International Finance Center Strategy Document took its final shape with active involvement of our Association's Assistant Secretary Generals.

Strategy document was published on 2 October 2009 and announced by the Minister of State and Deputy Prime Minister Mr. Ali Babacan during the IMF-World Bank meetings which convened in Istanbul.

## Publication of Member's General Information

Institutional and employee information records of our members are being kept at the Licensing and Record Keeping System (LRKS) of our Association.

General information published on our web site introducing intermediary institutions, are now based on the data generated on LRKS data base. Communication, non-central organizations, authorization certificates, management structure and similar information of intermediary institutions are now being published in the light of information entered to LRKS by the intermediary institutions. Similarly, communication and authorization certificates of banks are published on our Association's web site based on information generated on LRKS data base.

## Guideline for Preparing Compliance Program for Intermediary Institutions

"Regulation on Program of Compliance with Obligations of Anti-Money Laundering and Combating the Financing of Terrorism" regulating the principles for those who are liable for preparing a compliance program and for assigning a compliance commissioner was issued on 16 September 2008.

By the regulation, intermediary institutions have to submit their corporate policy on the compliance program to MASAK until 1 March 2009.

Corporate policies consist of risk management, monitoring and control, training and internal audit. In order to materialize the sections to be included and the issues which have to be covered by these sections within the corporate policies, a "Compliance Program Guideline", was prepared by our Association in coordination with MASAK and was sent to the members.

## Free Commission Practice

Our Association has been regularly following up developments on free commission practice, which has been effective since 1 January 2006. Collecting information from the members on the commission income in order to observe the overall effects of free commission application on the revenue structure of the intermediary institutions and on the sector continued in 2009 as well. The data were reported to CMB quarterly including our evaluations on the developments.

## Promotion Campaigns by the Intermediary Institutions

CMB conferred on our Association the power of reviewing the promotion campaigns to be organized by the intermediary institutions.

In line with this decision, intermediary institutions are supposed to inform our Association on details in written form before they start a campaign. The details of the promotion campaign are reviewed by our Association within the Professional Principles framework. Our members are granted the right to organize a campaign under the conditions that promotional campaigns do not abuse investor rights and benefits, do not violate the principle of good faith, do not carry a sense of exaggeration, do not mislead the customers or the general public.

In 2009, our Association reviewed 18 promotion campaign applications and submitted the evaluation results to the related parties.

## Extension of the Session Duration

In order to reorganize the ISE Stock Market sessions' duration, in the light of the market demand in the best possible way, members' opinions were gathered and the ISE survey was advised in this respect.

On the other hand, our view demanding a reevaluation of the current application of 10% price margin for each session during the transition period from the two-session to one-session, was submitted to ISE.

## Closing Session and Order Cancellation

While efforts toward restructuring ISE Stock Markets were under way our opinion on reconsidering the possibility of order cancellation with the closing session practice was communicated to ISE.

## Market Maker - Single Price Transaction Methods and Market Maker Criteria

By ISE General Letter dated 2 April 2009, it was announced that the market maker system and single price methods would be

introduced within the scope of restructuring the Stock Markets. The concerns of our members related to the restructuring regulations were forwarded to CMB and ISE.

In addition, in order not to limit the number of members who want to be the market maker in the system, we expressed our views on basic market maker criteria to ISE; and amendments to the regulation were made in accordance with our views.

## Bonds and Bills Market Shares and Registration Fees

We expressed our views and suggestions, on reevaluation of exchange and registration fees applied at the ISE Bonds and Bills Market in line with current economic circumstances in order to protect the competitive power of our intermediary institutions and increase the activity in our capital market.

Upon evaluation of our views and suggestions, ISE Board of Directors decided that exchange and registration fees were to be decreased. New tariff became effective by 4 January 2010.

## Give-Up System in Derivatives Transactions (Position Transfer)

Our members' demands to introduce the give-up system, which is common in foreign markets and sought especially by foreign investors here, were transmitted to the Turkish Derivatives Exchange.

As the result of initiatives taken by our Association, Regulation on Amendment to Regulation on Futures and Options Market was issued on 21 August 2009. The regulation enabled transfer of derivatives' positions between members.

## Collateral Check for Orders on the Turkish Derivatives Exchange

In the trading system of the Turkish Derivatives Exchange Inc. (VOB), collateral (initial margin) sufficiency checks are not done at the order-entry stage, but at the execution stage. And in case of insufficiency, the uncollateralized portion of the order is not exercised. However, due to this system, some matching orders were cancelled due to insufficient collateral.

The cancellation of matching orders in the VOB system, due to lack of guarantee, creates problems between members and investors as well as creating confidence loss in the market. Our opinions and suggestions that it would be appropriate for VOB to take necessary measures to prevent this structure, which is disturbing the robust operation of the market, were communicated to VOB.

## Taxation of Derivative Products

Draft legislation prepared by the Revenue Administration on taxation of derivative products within the framework of income and corporate tax, as well as of the banking and insurance transactions tax (BITT) was reviewed by our Association and, combining this with the views stated by our members, our opinion and recommendations were communicated to the Revenue Administration.

## Classification of Income from Derivatives

Effective from 1 January 2009, withholding tax on the income obtained from futures and options market transactions were



**In 2009, Istanbul Finance Center Strategy Document was finalized with the contribution of our Association.**





imposed with different withholding tax rates varying according to the type of contract. Within this framework, our Association had been informed by our members on the concerns related to taxation. In this respect, our suggestion to make the classification with respect to contracts traded on VOB had been communicated to the Revenue Administration of the Republic of Turkey's Ministry of Finance.

The declaration issued by the Revenue Administration made classifications as follows:

- Stock certificates and contracts based on stock indexes are within marketable securities class (subject to 0% withholding),
- Contracts based on Domestic Government Bonds are within fixed income marketable securities (subject to 10% withholding),
- Foreign exchange and commodity contracts are within other capital market instruments (subject to 10% withholding),

#### **Valuation and Accounting of Warrants**

In line with the efforts undertaken by Capital Market Board to introduce new capital market instruments, "The Communiqué on the Principles Regarding Registration, Purchase and Sale of Corporate Warrants" and "Communiqué on the Registration, Purchase and Sale of Financial Warrants" had become effective.

Our Association had been informed by our members that concerns arose, on valuation and accounting of warrants to be issued and/or traded, in the related Communiqué due to the lack of specific regulation. Our opinion that a new regulation should be issued on the matter to enable standardization by the members and to overcome concerns had been communicated to the Board.

#### **Risk Disclosure Form on Warrants**

CMB's "Communiqué on the Registration, Purchase and Sale of Financial Warrants" became effective on 21 July 2009.

According to the Communiqué, intermediary institutions are required to use risk disclosure form and give a copy to their customers before making a transaction. With the related form for which the content would be determined by our Association and thus principles of operation, rights and liabilities they carry, and risks of the associated transactions will become explicit. "Risk Disclosure Form on Warrants" which had been prepared in accordance with this regulation by our Association was published and sent to our members by our circular dated 30 September 2009.

#### **Investors' Protection Fund Dues**

Our Association's opinion and recommendations are spoken out in every possible occasion that payments made by intermediary institutions to Investors' Protection Fund (IPF) should be associated with IPF assets and contributions should not be taken until there is a need. Within this framework, our following opinions and recommendations on IPF fees, which constitute an important cost item for intermediation in capital market transactions, had been communicated to Capital Market Board:

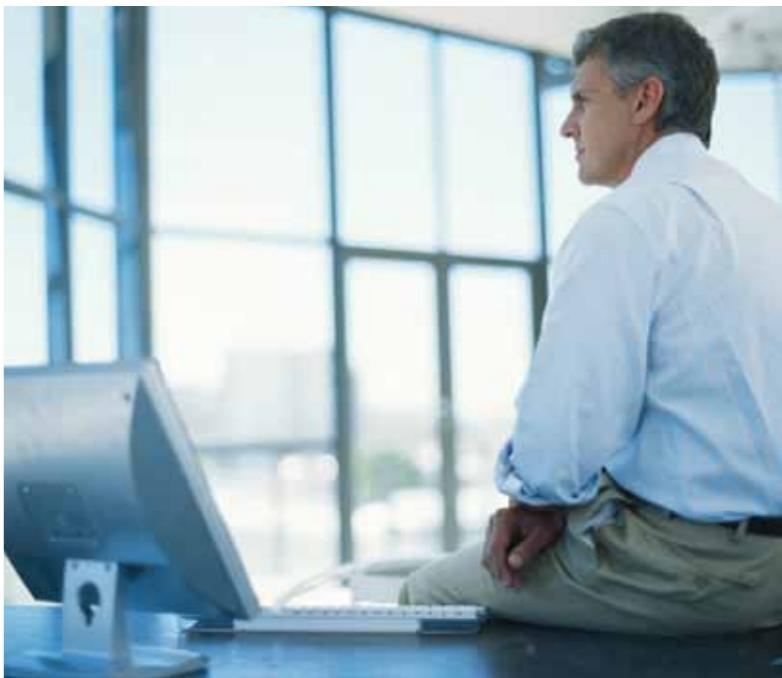
- To find IPF assets as of 31 December 2009 sufficient for protection and determine this level as a lower bound,
- Not to receive dues from intermediary institutions as long as IPF assets are above the level of assets as of 31 December 2009.



#### **Comments on Capital Market Legislation**

Our Association's comments and recommendations on capital market and amendments to be made on the related legislation are determined by taking the issues stated by our members into account and efforts are spent so that regulations become effective in line with our opinions and recommendations. Subjects with respect to our activities on this issue might be listed as follows:

- Draft Communiqué on Principles Regarding Takeover Bids,
- Draft Regulation on Principles Regarding Rental Certificates and Draft Regulation on the Principles on Asset Rental Companies,
- Draft Principles on ISE Bonds and Bills Market Reserved Issuance,
- Istanbul Stock Exchange Regulation,
- Draft Communiqué on Amending the Communiqué Regarding Repurchase and Reverse Repurchase Agreements,
- Draft Communiqué on Principles Regarding Intermediation for Purchase and Sales of Derivative Instruments,
- Draft Communiqué on Principles Regarding Asset-Backed Securities,
- Draft Regulation on Prevention of Money Laundering and Terrorism Financing,
- Draft Regulation on Cancellation of Licenses of Existing Intermediary Institutions to Establish a New Intermediary Institution,
- Draft Principles on Tracing Repo Reverse Repo Transactions on Member Basis.



**Following the introduction of the regulation on warrants, our Association published the Risk Disclosure Form for Warrants.**

# WORKING GROUPS

## Financial Statements Working Platform

Our Association collects, reviews and publishes financial statements of intermediary institutions along with the accompanying analyses on a quarterly basis, with the aim of following up developments in the sector and present information to stakeholders.

However, after the new regulations issued by CMB for International Financial Reporting System, there had been different practices in financial statements among the institutions. Within this scope, our Association set up Financial Statements

Working Platform with the participation of authorities from intermediary institutions and independent audit companies in 2008, to overcome the discrepancies among intermediary organizations in preparing financial statements and ensure a uniform practice in the sector.

The Working Platform completed "Financial Statement Preparation Guideline for Intermediary Institutions" in 2009. The report had been submitted to CMB in July to obtain opinions and recommendations on this matter.

Our report was delivered to the press, universities and capital market circles, along with our members.

## Turkish Capital Markets 2008 Report in English

The second issue of our annual report in English "Turkish Capital Markets 2008" was issued in July.

Our report, which aimed to introduce the structure of our capital markets to foreign intermediary institutions, foreign regulators, foreign investors and various institutions that serve them, was shared with a wide audience nationally and internationally.

The report covered the 2008 performance of Turkish capital market and intermediary institutions along with the developments in the capital market institutions and regulations issued.

## Agenda of Capital Markets

In our monthly publication Agenda of Capital Markets, which has been published since 2002, besides reviewing the activities of our Association and developments in the sector, at least two articles have been published on each issue.

Our topics in 2009 focused heavily on the developments in foreign capital markets. In 2009, mainly reviews of various countries' capital markets and outlining differences from our market were aimed. Our studies on financial products on foreign markets had continued, along with institutional structure and also it was aimed to introduce those products in our country. Reforms planned in various countries to overcome the global financial crisis were also reviewed. Moreover, a study on the possible impact of the Turkish Commercial Draft Code on the capital markets was published in our monthly publication.

In addition, quarterly analysis regarding financial and operational data of intermediary institutions was shared with the general public. These studies aim to provide collective data to evaluate the intermediary institutions and fulfill the needs of those who wish to obtain information on the sector.

## Turkish Economy and Capital Markets

In an environment where our international relations advance, our report evaluating the developments in the recent past, named "Turkish Economy and Capital Markets" was published in English in September.

In the report, where basic economic indicators of the Turkish economy were dealt with a ten-year perspective, the developments in capital markets in the last five years were reviewed in more detail.

The report was sent to members, universities, capital market institutions and related institutions abroad.

## Brokerage Industry 2009 Semiannual Review

Our report in English, analyzing the intermediary institutions industry in the first half of 2009, named "Brokerage Industry 2009 Semiannual Review", was published in November.

In the report, which was first published in 2008 and delivered to related institutions abroad as well as capital market circles, the activities and financial structure of intermediary institutions were reviewed in detail.



## Other Publications in English

Our reports regarding the structure of our capital market were published in English in January.

- The report named "Handling Investor Complaints in Turkey" summarized which problem solving methods could the investors in Turkey resort to when they face problems.
- The report named "Licensing of Market Professionals in Turkey" explained the licensing system in our country and gave information on accredited and unaccredited foreign certificates.
- In the report named "Short Selling of Securities in Turkey" general structure of short-selling and securities lending activities was discussed.

## Industry Data Bank

In 2009, compilation of quarterly operational data and financial statements from the intermediary institutions had been continued. Data processed by our Research and Statistics Department, had been published in periodical reports, used in various presentations and disseminated through our Data Bank section on our web site.

"Data Bank" section of our web site, which is an important source of information for the sector includes capital market summary information, consolidated financial statements and operational data of intermediary institutions, comparative data on intermediary institutions and investor profile, as well as summary information on each intermediary institution.

Data disseminated by us serves as an indispensable source for people making research on capital markets of Turkey, as well as for media and are used as reference in various publications.



# INTERNATIONAL RELATIONS

Our Association is closely following up international developments which could affect our country. For this purpose, we continued our close relations with foreign capital market institutions and increased our efforts internationally by becoming members to new platforms in 2009.

## Asia Securities Forum

Asia Securities Forum (ASF) with which our Association affiliated in September 2009 and whose aim is to develop the Asia-Pacific securities markets, represents intermediary institution associations, exchanges and various institutions from this region.

14th General Assembly of the Forum, which presents a ground for discussion of developments in Asian financial markets, was held in Sydney on 11-13 October 2009. The activity was attended by Assistant Secretary General Alparslan Budak, representing our Association.

Within the scope of General Assembly, a detailed report introducing our country's capital market had been prepared and was presented to ASF members. In addition, latest developments in our capital market were communicated to participants by a presentation made by the representative of our Association.

## Federation of Euro-Asian Stock Exchanges

Board of Directors of Federation of Euro-Asian Stock Exchanges (FEAS), founded by the initiative of ISE in 1995 and whose members are exchanges and settlement and custody institutions in Euro-Asia region, amended the Federation's current internal regulations in June, so that associations could become members as well. Our Association was admitted to membership at the FEAS General Assembly held in September.

TSPAkB has been giving introductory trainings regarding our capital market to members of the Federation of Euro-Asian Stock Exchanges since its establishment. We aim to increase our contributions in emerging capital markets and our activity in the region by continuing our training support together with FEAS.

In fact, a delegation of 20 people coming from Albania, Bulgaria, Iran, Mongolia, Romania, Oman and Jordan exchanges and custody institutions visited our Association on 23 October 2009. A presentation introducing economy and capital market of Turkey was made to the visitors within the program. While informing them on activities of our Association, opinions were exchanged on capital market institutions and their operation with the representatives of visitor countries.

## International Council of Securities Associations

2009 General Assembly of International Council of Securities Associations (ICSA) had been held in Washington on 10-12 May. In the General Assembly, which was attended by many respectable speakers as well as member representatives, Secretary General İlkyar Arıkan and Assistant Secretary General Alparslan Budak, responsible for international relations, represented our Association.

According to the decisions taken in General Assembly, our Association had been elected as a member of the ICSA Advisory Committee. Moreover, our Association was selected to host the General Assembly in 2010 in Istanbul.

Alongside a meeting on actions to be taken to achieve global financial stability at the General Assembly, a conference focusing on global crisis and international regulations were organized. Our Association's representative Alparslan Budak made two presentations at the meetings, on the crisis in Turkey and on the latest developments in Turkish capital market.

On the other hand, TSPAkB takes place in two of four Standing Committees and in one of two working groups within International Council of Securities Associations. In 2009, by continuing participation in "Protection of Investors and Market Intermediaries" and "Regulating Committee", as well as "Market Professionals Working Group", contributions to international platforms had been pursued.

In addition, our Association had assumed the chairmanship of the ICSA ad-hoc working group gathered to prepare the Consultation Report on the Impact on and Responses of Emerging Markets to the Financial Crisis of IOSCO's Emerging Markets Committee. Views presented by ICSA were reflected in IOSCO's final report.

## International Organization of Securities Commissions

34th General Assembly of International Organization of Securities Commissions (IOSCO), which our Association is an Affiliate Member, hosted by Israel Stock Exchange Authority and Tel Aviv Stock Exchange during 8-11 June in Tel Aviv was attended by Chairman Nevzat Öztangut and Assistant Secretary General Alparslan Budak.

Our Association made a presentation on short-selling in Turkey, at the meetings of Self-Regulatory Organizations Consultative Committee.

## Other International Activities

In June, Azerbaijan Securities Committee and intermediary institutions' representatives visited our country to obtain information regarding the structure and operation of capital markets of Turkey. During the visit made to our Association on 24 June, a presentation regarding the size of Turkish capital market and its position in global markets, investor profile in our country, intermediary institution industry and our Association was made.



# MEMBERSHIPS

## DOMESTIC MEMBERSHIPS

### Foreign Economic Relations Board (DEİK)

Foreign Economic Relations Board (DEİK), had been founded in 1988 based on The Union of Chambers and Commodity Exchanges of Turkey and Law of Union of Chambers and Commodity Exchanges in order to handle foreign economic relations of private sector. Our Association became a member of DEİK in 2008, with the "founding member" status, to represent our sector even more effectively internationally.

### Economic Development Foundation (IKV)

Economic Development Foundation (IKV), had been founded by a joint effort of Istanbul Chamber of Commerce and Istanbul Chamber of Industry in 1965 to inform the business world and the general public on the European Union (EU) and Turkey-EU relations. Our Association joined the Foundation, which contributes to economic and social development of our country, in 2003 as Observer Member.

## INTERNATIONAL MEMBERSHIPS

### Asia Securities Forum (ASF)

Asia Securities Forum (ASF) was founded in 1995 to improve the securities market, to contribute to economic development and to exchange information between members in the Asia-Pacific region. Our Association became a member of the forum, whose members are associations, exchanges and various institutions from this region, in September 2009.

### Federation of Euro-Asian Stock Exchanges (FEAS)

Federation of Euro-Asian Stock Exchanges (FEAS) which was founded in 1995 with the initiative of ISE, is an institution with which exchanges, settlement and custody institutions affiliate. The aim of FEAS is to increase cooperation between members, provide a more equitable, effective and transparent market environment and represent FEAS members in the related organizations. Our Association became an Affiliate Member of the Federation in September 2009.

### International Council of Securities Associations (ICSA)

International Council of Securities Associations (ICSA) is an international body representing intermediary institution associations. The aim of the Council, founded in 1988, is to contribute to market development by maintaining cooperation between associations. Our Association is the member of the Council since 2006.

### IFIE

The aim of International Forum for Investor Education (IFIE), which was established in 2005 is enhancing investor education on a global level and enabling investors make informed decisions. Our Association joined the Forum, where self-regulatory, regulatory and various non-profit organizations take part, in September 2009.

### IOSCO

International Organization of Securities Commissions (IOSCO) was founded in 1983 in collaboration with regulatory authorities in capital markets to establish uniform standards in the capital markets. Our Association joined the organization in 2003 as an Affiliate Member.



**We became members of the Federation of Euro-Asian Stock Exchanges (FEAS), Asia Securities Forum (ASF) and International Forum for Investor Education (IFIE).**

# OTHER EVENTS

## 3rd Risk Management Summit

3rd Risk Management Summit, which was organized by Active Academy and in which the leading professionals of the finance sector gathered, was held on 26 February 2009. In the conference, where the role of risk management in growth and expectations with respect to 2009 were evaluated, Chairman of the Association Nevzat Öztangut moderated the panel "Risk Analysis and Understanding of Turkish Finance Sector".

## Effects of Financial Crisis and Banking Sector Seminar

A seminar on "Financial Crisis and Banking Sector", where Prof. Julian Franks from London Business School attended as speaker, was co-organized by the Capital Market Board and our Association on 27 July 2009. The seminar, which was followed by the press, hosted capital market representatives, managers of public companies and academic staff.

## "A New Global/Regional Finance Center: Istanbul" Panel

Economic Dialogue Turkey magazine organized a panel with the subject "A New Global/Regional Finance Center: Istanbul" within the scope of IMF-World Bank meetings, with the co-support of our Association.

## Funds World Turkey 2009 Conference

At the Funds World Turkey 2009, held on 12-15 October

2009, our Secretary General İlkay Arıkan made a presentation evaluating the effects of Turkish Commercial Code (TCC) on capital markets.

In the presentation, attention was drawn to interaction of the Turkish Commercial Code and capital markets, applicable law in case of conflicts between the Code and capital market legislation provisions, joint stock corporations' purchasing their own shares and corporate governance.

## Initial Public Offering Campaign Meeting

A protocol was signed between the Capital Market Board, Turkish Union of Chambers and Commodity Exchanges, Istanbul Stock Exchange and our Association on 7 August 2008 to encourage companies go public and increase the number of initial public offerings. In order to implement the protocol, a meeting of "Initial Public Offering Campaign" was held at ISE on 19 October 2009.

## Global Crisis and Turkey Book

The study titled "Global Crisis and Turkey", prepared by Tax Council Specialist Onur Elele and which evaluated the reflections of global financial crisis in 2008 on Turkey's agenda, was published with editorial and financial support of our Association in September.

titled "Career and Employment Opportunities in Finance Sector" was given on 25 December 2009.

## Yıldız Technical University

Upon invitation received from Yıldız Technical University School of Economics and Administrative Sciences, Business Administration Department, a presentation titled "Turkish Capital Market and Employment Opportunities" was made on 21 May 2009.

## İstanbul University

On the activity organized by İstanbul University's Management Club of the Faculty of Political Sciences' on 28 May 2009, the students were briefed on "Crisis and its effect on Turkish Capital Market Human Resources".

## Doğuş University

On the seminar organized under the title of "Current Issues in

Business Life" by the Department of Business Administration of the Social Sciences Institute of Doğuş University on 18 June 2009, a briefing on fighting against money laundering was given.

## Kapadokya Vocational School of Higher Education

Students of the Banking and Insurance Department of Kapadokya Vocational School of Higher Education were supported by our Association through lecturers, in 2009. In this respect, Assistant Secretary General Yener Yıldırım gave a lecture series titled "Stock Markets" in the fall semester of 2009-2010 academic year. In addition, a trip to stock exchange and finance institutions in İstanbul was organized for the students of the department by the sponsorship of our Association. The students visited ISE, Central Registry Agency and CMB on 11 December 2009 and were informed about those institutions. On that day, a seminar titled "Career and Employment Opportunities in Finance Sector" was also offered to the students.

# RELATIONS WITH UNIVERSITIES



Our Association attended seminars and meetings on various topics upon request from universities in 2009. In addition, Kapadokya Vocational School for Higher Education was assisted with a part-time trainer. The schools for which presentations were made, the presentation topic and other activities held during the year are presented below.

## Marmara University

Students were informed on "Turkish Capital Market and Licensing Examinations" at the meeting held on 26 March 2009, and on "Career and Employment Opportunities in Finance Sector" meeting held on 8 May 2009, organized by the Banking and Insurance College of Marmara University.

## Kocaeli University

An informative seminar on "Turkish Capital Market and Licensing Examinations" was organized for Kocaeli University Kandıra Vocational School of Higher Education of Kocaeli University on 7 May 2009.

## Dumlupınar University

On 8 May 2009, a presentation on "How Crisis Affected Training, Internship and Employment Opportunities in Intermediary Institutions?" was made at the School of Applied Sciences of Dumlupınar University.

## Bilgi University

At the seminar offered by the Institute of the Social Sciences Master's Degree Programme on Business Law by Bilgi University, a seminar titled "Money Laundering, Phases, Bylaws and Legislation" was given on 15 May 2009 and another seminar

# MEDIA RELATIONS

Our Association voices its views on problems, needs and developments of the capital markets through press releases and interviews given by the management. In addition, press releases are generated and sent to the press for publicity of periodical and non-periodical publications, activities, reports, seminars and meetings.

News appearing on press are being followed up and printed and archived. In 2009, 25 press releases and 5 press memos were issued on publications, activities and developments in capital



markets and sent to the press. In addition, various interviews were held and opinion statements were given by our Chairman to news agencies, television and newspapers. Press releases, interviews, memos were published on various newspapers and magazines and broadcast on televisions.

Press releases made by our Association and major news on press might be accessed through [www.tspakb.org.tr](http://www.tspakb.org.tr) in the "Press Room" section.



## TRAINING

### Licensing Exam Preparation Courses

Preparation courses for the licensing examinations proving professional competence, knowledge and experience of people working as capital market experts, managers, derivatives personnel, real estate appraiser, credit rating specialist and corporate governance rating specialist, continued to be organized in 2009.

The content and training material of our module-based trainings are updated before every exam period, in line with the latest legislation and developments.

Some of our trainings were offered by specialists from CMB, ISE, Settlement and Custody Bank and our Association, while others were handled by academic staff and related experts of various universities. In 2009, 391 people attended these trainings.

### License Renewal Courses

In 2009, 4,595 people attended the License Renewal Courses, which had been organized by our Association since January 2006.

Taking the requests from our members and employees of our members into consideration, license renewal trainings were held in Ankara and Izmir in January 2009 and in Adana and Antalya in October 2009.

Upon requests from members, firm-specific license renewal courses were also organized in the preferred city, for the groups of no less than 30 people.

License renewal training programs are being planned and announced, taking the requests from our members and needs of the sector into consideration, on quarterly basis.

### Turkish Derivatives Exchange Courses

Upon requests from our members, Turkish Derivatives Exchange Client Representative and Turkish Derivatives

Exchange Application trainings continued to be organized, in collaboration with the Turkish Derivatives Exchange. The duration of Turkish Derivatives Exchange Client Representative training is 6 days, during which theoretical seminars last for 5 days and computer application lasts 1 day. On the other hand, Turkish Derivatives Exchange Application training is completed within 1 day.

In 2009, 85 people attended those trainings, which were specifically preferred by those who want to be traders in the Turkish Derivatives Exchange.

### Professional Development Courses

Our trainings, which aim to assist market professionals in their careers and guide them in this respect, continued in 2009 with increased variety.

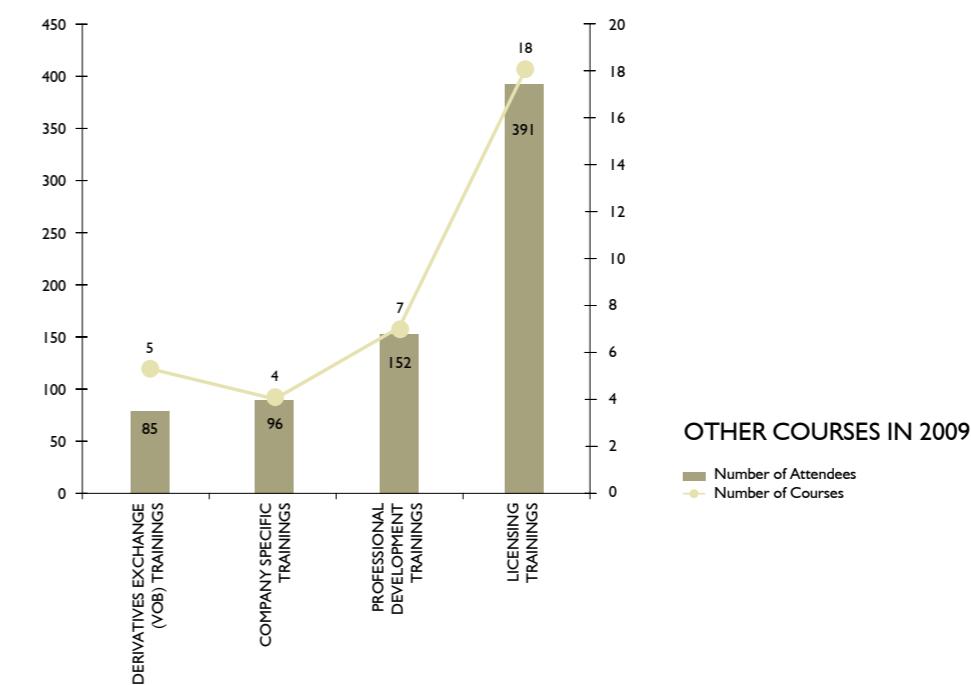
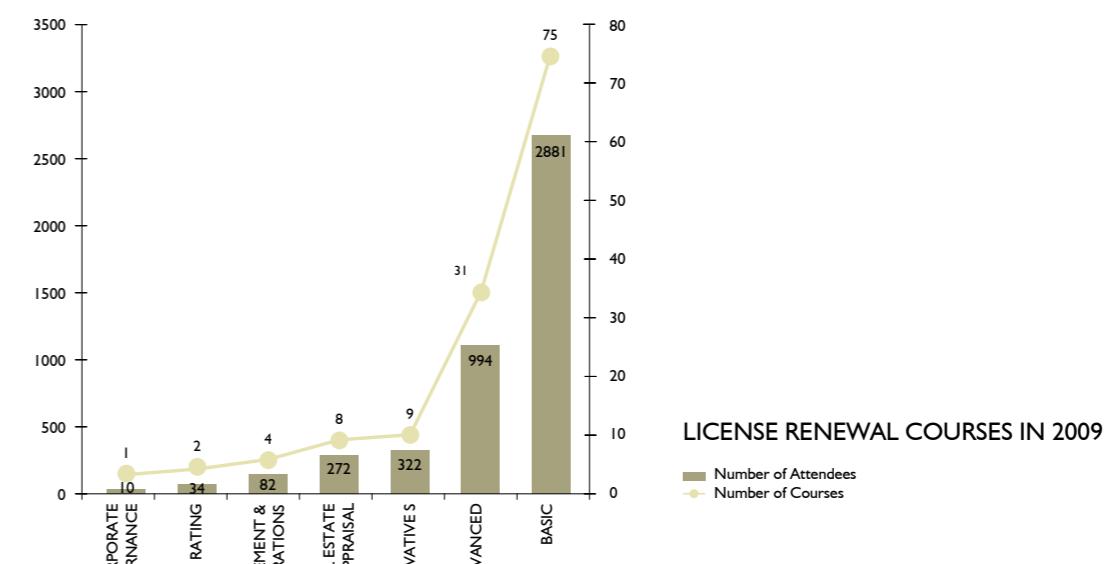
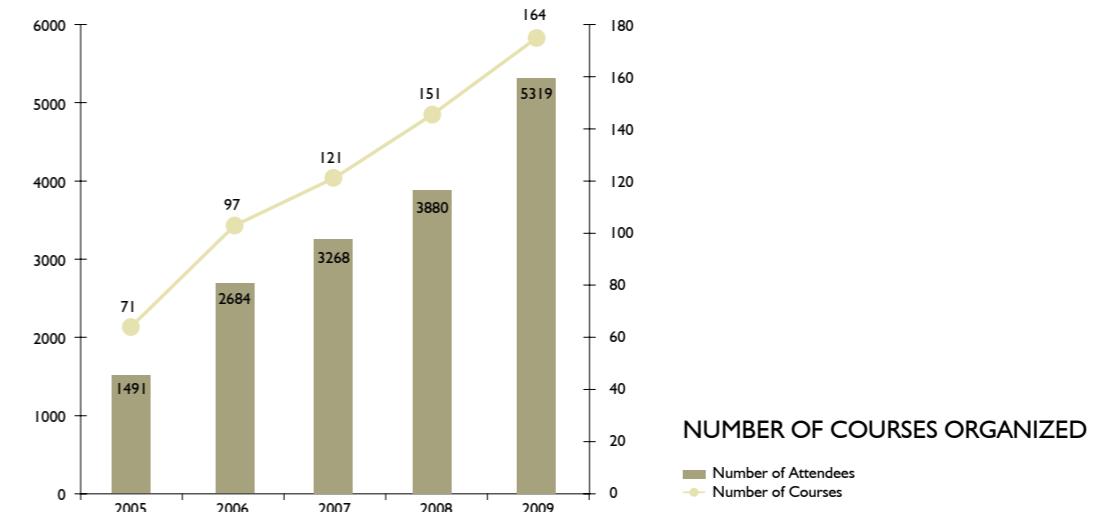
Within this framework, trainings with the following topics had been organized: Derivative Markets and Pricing of Derivatives, Equity Valuation Methods, Liabilities in Prevention of Laundering Proceeds of Crime and Terrorism Financing, and Pricing of Treasury Products.

152 people had attended professional development courses in 2009.

### Firm Specific Courses

Upon the request from our members, firm specific courses were also organized in 2009.

96 people attended the firm specific trainings, within the scope of licensing exam preparation, professional development and personal development trainings, on the topics of Capital Market Legislation, Intermediary Institution Audit for Bank Inspectors, Operation of Derivative Instruments and Futures and Options Markets, Liabilities in Prevention of Laundering the Proceeds of Crime and Terrorism Financing.



## CV BANK

TSPAkB CV Bank, which was brought into service in April 2007 continues to bring together people seeking employment, with the intermediary institutions, through the Licensing and Record Keeping System.

There were 567 recorded CVs on the CV Bank established within the Licensing and Record Keeping System, as of 31 December 2009. 68 job announcements, regarding 20 different

positions from 28 different institutions have been made on the CV Bank. 1,375 applications have been made to those posts.

When the distribution of the positions is analyzed, it is observed that Client Representative for Equities rank first with 27%, inspectors rank second with 18%, and derivatives personnel rank third with 9%.

## DISPUTE RESOLUTION

As is known, our Association is authorized and assigned to regulate, oversee and audit the issues designated by legislation or determined by CMB.

In this context, auditing activities are pursued, when required, and in case of breach, legal provisions are applied by our Compliance and Legal Affairs Department.

## INFORMATION INQUIRIES

Since our Association is within the jurisdiction of Law on Right to Obtain Information, owing to its legal statute of a professional organization, there were a total of 66 Information Inquiry Applications to our Association in 2009. Of those, 56 applications were affirmed and access of the applicants to

information and documents were provided; 6 applications were affirmed partially and partial access was allowed; 2 applications were rejected, while 2 applications were directed to other institutions.



**The number of people we have licensed has reached 19,000 and the number of people whose personal records we are keeping has reached 33,000.**

## LICENSING AND RECORD KEEPING

### Licensing Applications

In 2009, 3,979 license applications had been made to our Association. 3,710 of these applications, together with 840 applications transferred from 2008 were finalized, totaling 4,550 applications and licenses were delivered to the applicants in 2009.

The number of licenses on the Licensing and Record Keeping System (LRKS), together with the license holders, who are successful on licensing exams and those who are benefiting from exemption rights, reached 31,249.

Number of people whose records are tracked on LRKS but who are not working in any capital market institution reached 12,614 within the period. There are 11,148 licenses belonging to these people.

### Record Keeping

Within the responsibility of our Association, 3,508 record changes have been made. All the changes have been checked and archived electronically.

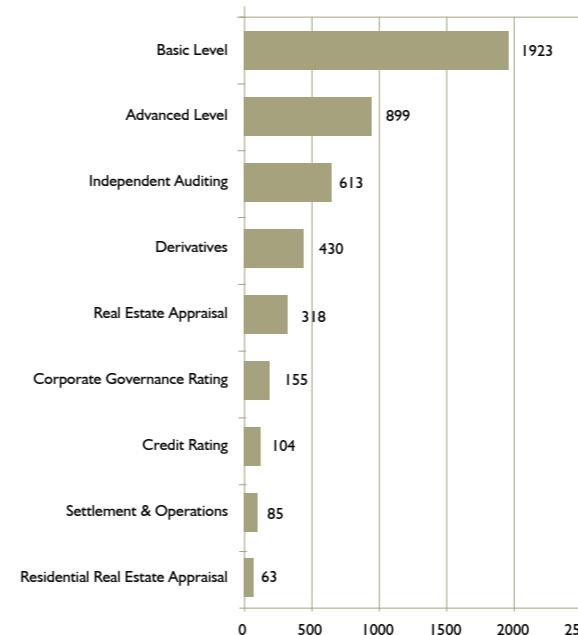
In 2009;

- 1,777 Employment,
- 1,179 Employment Termination,
- 552 Personnel Assignment/Location/Title, changes were recorded with our Association.

While 29,371 people's records were kept as of 31 December 2008 on LRKS, this figure increased by 12% (an increase of 3,513 people) and reached 32,884 as of 31 December 2009.

License Type	License Applications		Approved Licenses		Finalized Applications %	
	2008	2009	2008	2009	2008	2009
Basic Level	8,783	10,174	8,226	10,149	93.6	99.8
Advanced Level	3,643	4,349	3,432	4,331	94.2	96.6
Derivative Instruments	1,115	1,487	1,045	1,475	93.7	99.2
Real Estate Appraisers	1,046	1,326	887	1,205	84.7	90.9
Clearing and Operation	380	453	368	453	96.8	100
Credit Rating Specialist	297	394	261	365	87.8	92.6
Corporate Governance Rating Specialist	278	425	231	386	83.0	90.8
Independent Audit in Capital Markets	158	740	118	731	74.6	98.8
Residential Real Estate Appraisers	40	101	22	85	55.0	84.0
Total	15,470	19,449	14,630	19,180	94.5	98.6

### Breakdown of Licences Issued in 2009



# AMENDMENTS TO LICENSING REGULATIONS

## New Licenses

Based on the opinion and recommendations of our Association, the CMB Communiqué, that became effective from 30 May 2009, introduced the licenses of "Basic Level Account Representative License", "Derivative Instruments Account Representative License" and "Derivative Instruments Accounting and Operation Supervisor License". As a result, the type of licenses issued by our Association increased to 12.

The above mentioned licenses are issued upon proving success on a number of modules, determined by the applicable regulation, out of the existing licensing examinations. Yet, no separate examinations are organized specifically for these licenses.

Moreover, ISE Member Representatives, who are exempt from Capital Market Operations Basic Level Exam, were entitled to obtain "Derivative Instruments Account Representative" license in the case that they achieve a score of at least 60 on both "Derivative Instruments" and "Operation of Derivatives Exchange and Options Market" modules of Derivative Instruments Exam and an average score of 70, on both.

It is decided that, of the applicants who have become entitled to "Basic Level Account Representative" license, those who had already obtained ISE Turkish Derivatives Exchange Member Representative Certificate as of 11 August 2001 when Licensing Communiqué was first issued, are to be exempted from Derivative Instruments Exam's "Derivative Instruments" and "Forward Transactions and Operation of Option Markets" topics and be entitled to "Derivative Instruments Account Representative" license.

## Regulation on Cancellation of Exams and Licenses

Within the scope of related regulations, the examinations of those applicants not having applied to the Association within 3 years despite being entitled to hold a license, would be deemed invalid.

The applicants who took the examination before the Communiqué became effective on 11 July 2009 and were entitled to the license before 30 May 2009; the date the Communiqué was published; the 3 year period is to be calculated from 30 May 2009.

For those who take the exam after 11 July 2009, the date Communiqué became effective, the 3 year period is to be calculated beginning by the date the applicant obtained the right to receive the license.

## Transition Period is Postponed

The people who benefit from the transition period facilitated by the Communiqué on the Amendment of the Communiqué on Principles Regarding Licensing and Record Keeping, dated 13 October 2009, may continue working until the results of 2010 September Exam would be announced. Those who fail to obtain the license will not be able to work in areas subject to license beginning by the mentioned date.

## License Audit

Capital Market Board requested the following with its letter dated 23 July 2009: whether the obligation to employ licensed personnel is fulfilled at intermediaries; the comparison with the Association's records on existing employees of the intermediary institutions; presenting the position of the sector in terms of licensing requirements and expectations of the Association; review of the differences and presentation of the summary results by the Association in a report.

Our Members were notified by our letter dated 6 August 2009 and asked to prepare and send the Table of Licensed Personnel Information including the actual position of the personnel subject to licensing until 31 August 2009 to the Association. Disclosure on 24,860 people was made by 133 members, of which 93 were brokerage firms and 40 were banks. Tables sent electronically had been consolidated and evaluated. Taking the data of Licensing and Record Keeping System as well, it was determined that 11,319 of the people working at positions subject to licensing did not have licenses. Of those who did not have licenses, 287 were employed in 54 brokerage firms and 11,032 were employed in 25 banks. Moreover, the dates of employment and the first examination entrance dates of the related personnel were compared and the result of the evaluation revealed that only 1,354 people were benefiting from the transition period.

as payment, organization and evaluation as an independent application.

The aims of the project might be listed as follows:

- To make training planning and exam organization, to allow online payment option and follow up payments in an integrated system,
- To generate a user oriented portal structure to be able to give service in following up licensing training and other training applications at all phases,
- To overcome the difficulties in following up and reconciliation of the payments made at the accounting stage,
- To ease the invoicing process of the person who is to attend a training,
- To facilitate the evaluation of success of trainings,
- To be able to determine training quota more flexibly and be able to follow them up more easily,
- To prevent all time inefficiencies incurred by manual entries,
- To provide payment practicality to those involved and provide quick service,
- To reach correct information in reconciliation work with other institutions,
- Integration with the accounting and document management systems of the Association.

Project is planned to be opened up to closed beta test in the first quarter and to the general use in the second quarter of the year 2010.

## Corporate Portal and Web Site

Web site of our Association might be accessed at [www.tspakb.org.tr](http://www.tspakb.org.tr) on the internet since March 2002.

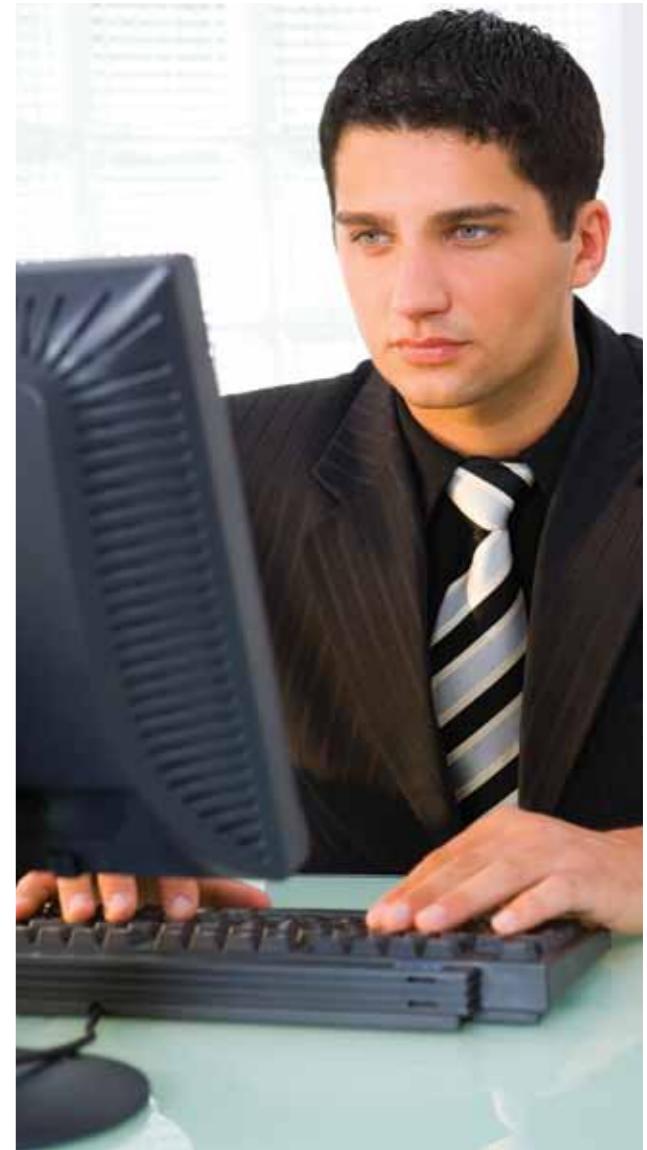
Various sources of information and data such as activities of our Association, programs and documents related to trainings, information and guidelines on Licensing and Record Keeping System, capital market data, publications and reports, sector news, general letters, circulars, announcements, working group reports, regulations, documents related to panels and seminars can be found on our web site. In addition, applications developed by our Association such as Public Disclosure Forms, Member Data Bank Download, Member Disclosure Systems are also located on our internet site.

In 2009, Licensing and Record Keeping System and Corporate Portal, which were previously on the same software, were transferred onto two separate software to provide isolation against risks.

During 2009, number of daily average visitors had been 1,057. Number of daily average pages viewed was 8,897 and number of average pages viewed per visitor was 9.

## Disaster Recovery and Business Continuity

To prevent the loss of data on Association's hardware and software infrastructure in case of an extraordinary event and to let the systems of the Association be able to provide service in the shortest possible time, Disaster Recovery and Business Continuity project was developed. In this respect, building a dual system structure, one being in our Association and the other being out of town, providing the transfer of existing system data to a back-up system in case of malfunctioning of the main system, was planned.



Business continuity infrastructure tests were performed and positive results were obtained during 2009. In addition to this, an Internet Service Provider (ISP) company was chosen in order to fulfill our data and disaster recovery center requirements. Our backup systems were located in ISP data center to form a virtual disaster recovery center infrastructure.

Within the framework of communication requirements between Disaster Recovery Center and our local data center, current internet access bandwidth was supported by fiber infrastructure and increased by 5 times. Our business continuity tests involving certain critical servers are still in process and this is planned to be finalized in the first quarter of 2010.

## Intermediary Institutions Data Base

With Member Information Management System, the Association is aiming to be a center for keeping all types of information about intermediary institutions. It is planned to follow up all types of intermediary institution activities within the Association and to publicly announce and publish these activities. With this project, investors, individuals and institutions interested in capital markets, academic society, regulatory bodies and capital market institutions will be able to obtain the data they need about intermediary institutions from a single center and will be able to make the inquiries they need.

# TECHNOLOGY

## Association's System Automation (ASA) Project

In order for our Association to operate more efficiently and become a better service producer, steps to improve the technology infrastructure have been undertaken, starting from the second half of 2007. In this context, Association's System Automation (ASA) Project has been developed, taking new responsibility areas that are planned to be undertaken into consideration, as well as the current infrastructure needs of the Association. The aim of the ASA Project is to turn the Association into an information hub of the capital market and attaining automation of the business processes.

Within the scope of ASA project, activities related to the following points were run in 2009.

### Training Management

- a- Training Planning
- b- Exam Organization

- Technology Infrastructure Needs
- a- Internet Infrastructure
- b- Disaster Recovery and Business Continuity

### Training Management

Activities, to automate training processes which is one of our primary activity areas, have started.

In 2009, a new software development project was initiated to restructure the training automation infrastructure to include all trainings organized by the Association and sub-processes such

Additional meetings had been held by various software companies during 2009 and upon evaluation of proposals, related software development activities were planned to be undertaken in the second half of 2010.

#### **Licensing and Record Keeping System Infrastructure**

In 2009, physical servers of the Licensing and Record Keeping System had been moved into virtual infrastructure and were distributed among the application and database servers. New virtual structure servers present an infrastructure to meet resource requirements that will evolve over time in a dynamic fashion.

Licensing and Record Keeping System had been used 117,073 times in total by 11,789 users and 321 times on daily average basis. These figures represent an increase of 42% in LRKS utilization compared to 2008.

#### **Licensing and Record Keeping System Improvements**

Various developments and improvements had been made to Licensing and Record Keeping System (LRKS) during 2009, in line with changing needs of the system. The actions taken are summarized below:

- License renewal training module and the process of determining training needs have been reviewed and a completely new and traceable structure was developed.
- Training definition and pricing screens have been upgraded aiming ease of use.
- New developments and improvements are made to system management screens in line with requirements.
- New developments and improvements are made to employees' work information screen.
- Developments and improvements are made in Member Disclosure System aimed at generating member disclosure

forms electronically and barcoding them, archiving of forms which are returned after being signed and maintaining them electronically. Thus, validity controls of the generated disclosure forms, keeping their history, and archiving them became possible. Within this framework, barcode control of disclosure forms has been carried onto this new structure.

- Menus and applications have been enriched and ease of use is facilitated.
- By integrating LRKS and Document Management System, access to documents by both systems has been facilitated.
- Top management, board members, contact information and license information of the intermediary institutions on the LRKS database were enabled to be displayed over web.

#### **Member Disclosure System**

According to the amendment made in Communiqué on Principles Regarding Intermediary Activities and Intermediary Institutions, some of the disclosures which were previously made to CMB are to be made to our Association effective from 1 May 2008.

In 2008, a system were developed for the brokerage firms and banks for the disclosures to be submitted by them and 24 electronic forms were designed.

In 2009, additional modules to date the forms and to verify them automatically using the barcode system were introduced into the system. In this process, the barcodes placed on the forms carrying the genuine signature are checked against the digital copies. Thus, the disclosures can be automatically reconciled and the need for physical control diminished.

## **AUDITORS' REPORT**

TO THE GENERAL ASSEMBLY OF THE ASSOCIATION OF CAPITAL MARKET INTERMEDIARY INSTITUTIONS OF TURKEY

#### **AUDITORS' REPORT**

22 MARCH 2010

The Association's accounts and transactions have been audited on monthly basis in accordance with Article 20 of the Statute of the Association of Capital Market Intermediary Institutions of Turkey.

It has been observed that the records of the Association of Capital Market Intermediary Institutions of Turkey has been kept in accordance with the relevant regulations and accounting principles and fairly reflect the financial position of the Association.

We hereby present balance sheet, income statement and final account position for the year ended 31 December 2009 for your consideration and approval together with the Auditors' Report and recommend Board of Directors be released from its liabilities.

## **SUBSIDIARIES AND AFFILIATES**

Our Association has stakes in capital market institutions and participates in their management with the primary aim of improving capital markets.

#### **Turkish Derivatives Exchange, Inc.**

Our Association has 6% share in Turkish Derivatives Exchange, headquartered in Izmir, where futures, options and all types of derivative instruments are traded.

The company has a capital of Turkish Lira 9,000,000, of which TL 540,000 belongs to our Association. The Association continued to be represented by two members in the Company's Board of Directors in 2009.

#### **Central Registry Agency, Inc.**

Our Association has 5% share in Central Registry Agency, Inc. who is authorized to keep the records of capital market instruments and all rights related to these and who is also responsible for managing and representing the Investors Protection Fund who is authorized to run liquidation process of intermediary institutions.

The company has a capital of Turkish Lira 6,000,000, of which TL 300,000 belongs to our Association. The Association continued to be represented by one member in the Company's Board of Directors in 2009.

#### **Emerging Enterprises Market, Inc.**

Our Association has 5% share which corresponds to an investment of Turkish Lira 500,000 in Emerging Enterprises Market Inc. with total capital of Turkish Lira 10,000,000, which was founded to provide, operate, and develop a platform for trading capital market instruments to facilitate fund raising for enterprises with high growth prospects, primarily small and medium sized enterprises.

The Association continued to be represented by one member in the Company's Board of Directors in 2009.

#### **BOARD OF AUDITORS**

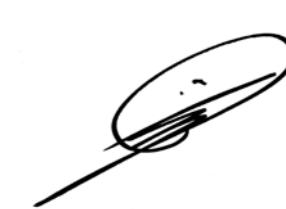
**Zafer ONAT**  
AUDITOR



**Bülent ALTINEL**  
AUDITOR



**Selim ÜNVER**  
AUDITOR



# FINANCIAL STATEMENTS



## BALANCE SHEET (TL)

	31/12/2009	31.12.2008
<b>ASSETS</b>		
CURRENT ASSETS	2.760.290	2.278.547
CASH AND CASH EQUIVALENTS	2.230.473	1.874.230
SECURITIES	0	0
TRADE RECEIVABLES	233.994	147.809
OTHER RECEIVABLES	9.550	5.332
PREPAID EXPENSES AND INCOME ACCRUALS	254.100	251.176
OTHER CURRENT ASSETS	32.174	0
NON-CURRENT ASSETS	1.098.318	1.094.722
FINANCIAL ASSETS	1.090.000	1.090.000
TANGIBLE ASSETS	3.418.570	3.401.031
INTANGIBLE ASSETS	189.071	183.213
ACCUMULATED DEPRECIATION (-)	3.604.153	3.584.245
OTHER NON-CURRENT ASSETS	4.830	4.722
<b>TOTAL ASSETS</b>	<b>3.858.608</b>	<b>3.373.269</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES	610.824	395.920
TRADE PAYABLES	25.335	72.541
OTHER PAYABLES	3.737	1.759
ADVANCES RECEIVED	157.131	0
TAXES PAYABLE AND OTHER OBLIGATIONS	87.027	68.360
UNEARNED REVENUES AND EXPENSE ACCRUALS	337.594	253.259
NON-CURRENT LIABILITIES	323.704	245.993
PROVISIONS FOR LIABILITIES AND EXPENSES	323.704	245.993
SHAREHOLDERS' EQUITY	2.924.080	2.731.356
FUNDS	1.095.000	1.090.000
CURRENT YEAR PROFIT/LOSS	1.829.080	1.641.356
<b>TOTAL LIABILITIES</b>	<b>3.858.608</b>	<b>3.373.269</b>

## INCOME STATEMENT (TL)

	31/12/2009	31.12.2008	CHANGE %
--	------------	------------	----------

### REVENUES

ADMISSION FEES	0	0	0%
EXPENSE CONTRIBUTIONS	1.558.653	1.625.232	-4%
ANNUAL FEES	497.147	526.342	-6%
OVERDUE INTEREST – ANNUAL FEES AND EXPENSE CONTRIBUTIONS	14.060	12	115147%
INCOME SURPLUS TRANSFERRED	1.641.356	1.593.741	3%
DONATIONS	0	0	0%
REVENUES FROM PUBLICATIONS	0	0	0%
REVENUES FROM TRAINING, COURSES AND SEMINARS	700.573	607.560	15%
MISCELLANEOUS REVENUES	1.329.450	967.449	37%
<b>TOTAL REVENUES</b>	<b>5.741.240</b>	<b>5.320.336</b>	<b>8%</b>

### EXPENSES

PERSONNEL EXPENSES	2.601.782	2.361.996	10%
CONSULTANCY EXPENSES	55.071	41.424	33%
RENT AND OFFICE EXPENSES	298.937	287.320	4%
PUBLIC RELATIONS AND MEETING EXPENSES	169.635	169.129	0%
RESEARCH AND PUBLICATION EXPENSES	102.052	81.188	26%
INFORMATION TECHNOLOGY EXPENSES	200.189	283.232	-29%
TRAINING, COURSES, SEMINAR EXPENSES	255.614	236.487	8%
TRAVEL AND ACCOMMODATION EXPENSES	93.366	56.480	65%
FIXED ASSET AND FIXTURES PURCHASES	7.179	91.823	-92%
SUBSIDIARIES	0	0	0%
MISCELLANEOUS EXPENSES	128.335	69.902	84%
<b>TOTAL EXPENSES</b>	<b>3.912.160</b>	<b>3.678.980</b>	<b>6%</b>

REVENUE - EXPENSE BALANCE	1.829.080	1.641.356	11%
---------------------------	-----------	-----------	-----