



2013 ANNUAL REPORT

TSPAkB THE ASSOCIATION OF CAPITAL MARKET
INTERMEDIARY INSTITUTIONS OF TURKEY

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www.tspakb.org.tr





The Association
of Capital Market
Intermediary
Institutions of
Turkey (TSPAkB)
is a self-regulatory
organization
established in 2001.

**The Association has
141 members, including:**

- 100 brokerage firms,
- 41 banks.

TSPAkB oversees the industry and contributes to its members through publications, training programs, events and conferences.

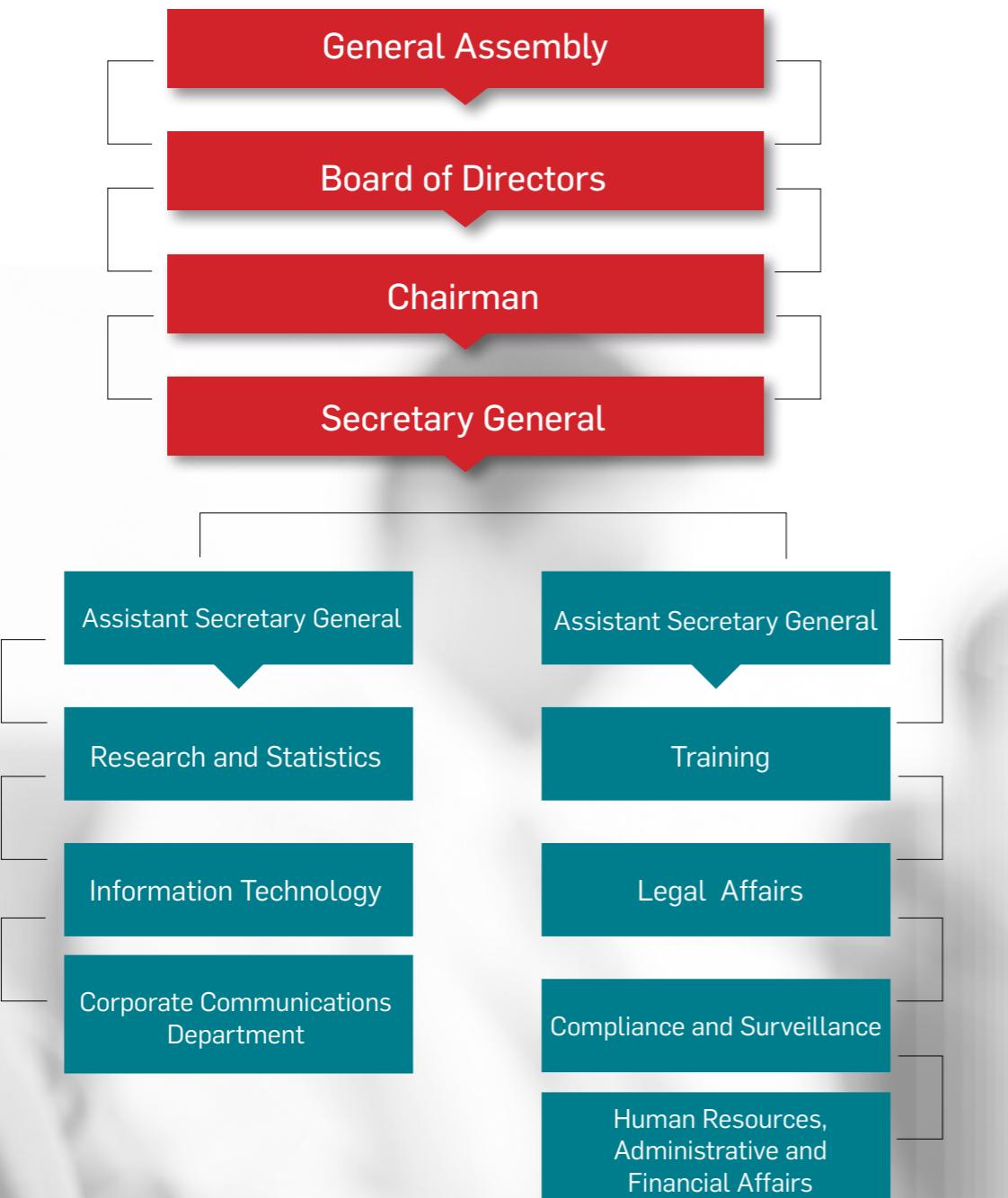
The Association aims to:

- Cater to the common needs of its members,
- Facilitate professional activities of its members,
- Help improve the profession in line with common interests,
- Uphold professional discipline and ethics.

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 the capital markets.

ORGANIZATION STRUCTURE



The average age of our staff is 37, with our 23 employees having an average of 12 years of work experience. 1 of our employees holds a Ph.D. degree, 5 have a master's degree, 14 are university graduates.

2013 BOARD OF DIRECTORS

BOARD OF DIRECTORS



Alp Tekince
Vice Chairman
Ekinciler Yatırım Menkul Değerler A.Ş.
General Manager



Attila Köksal, CFA
Chairman
Standard Ünlü Menkul Değerler A.Ş.
Board Member



Adnan Bahar
Board Member
Bahar Menkul Değerler Ticaret A.Ş.
Chairman



Mustafa Tayfun Oral
Board Member
Oyak Yatırım Menkul Değerler A.Ş.
Assistant General Manager



Bora Böcüğöz
Board Member
Denizbank A.Ş.
Assistant General Manager



Tanju Günel
Board Member
Osmanlı Menkul Değerler A.Ş.
Member of the Board of Directors

BOARD OF AUDITORS



Gülsevin Yılmaz
Audit Board Member
Yapı Kredi Yatırım Menkul Değerler A.Ş.
Member of the Board of Directors
and General Manager



Recep Atakan
Audit Board Member
Anadolubank A.Ş.
Assistant General Manager



Vesile Şarlıoğlu
Audit Board Member
Meksa Yatırım Menkul Değerler A.Ş.
Member of the Board of Directors and
General Manager

DISCIPLINE COMMITTEE



Burçin Mavituna
Discipline Committee Member
Finans Yatırım Menkul Değerler A.Ş.
Assistant General Manager



Haydar Acun
Discipline Committee Member
Sardis Menkul Değerler A.Ş.
Member of the Board of Directors
and General Manager



Özgül Çevik
Discipline Committee Member
Sanko Menkul Değerler A.Ş.
Member of the Board of Directors
and General Manager

EXECUTIVES



Alparslan Budak
Assistant Secretary General



İlkay Arıkan
Secretary General



O. İlker Savuran
Assistant Secretary General



DIRECTORS



Gökhan Büyüksengür, Ph.D.
Training



Ekin Fikirkoca Asena
Research and Statistics



Engin Turan
Human Resources,
Administrative and Financial Affairs



Esra Esin Savaşan
Compliance and Surveillance



Süleyman Morbel
Legal Affairs

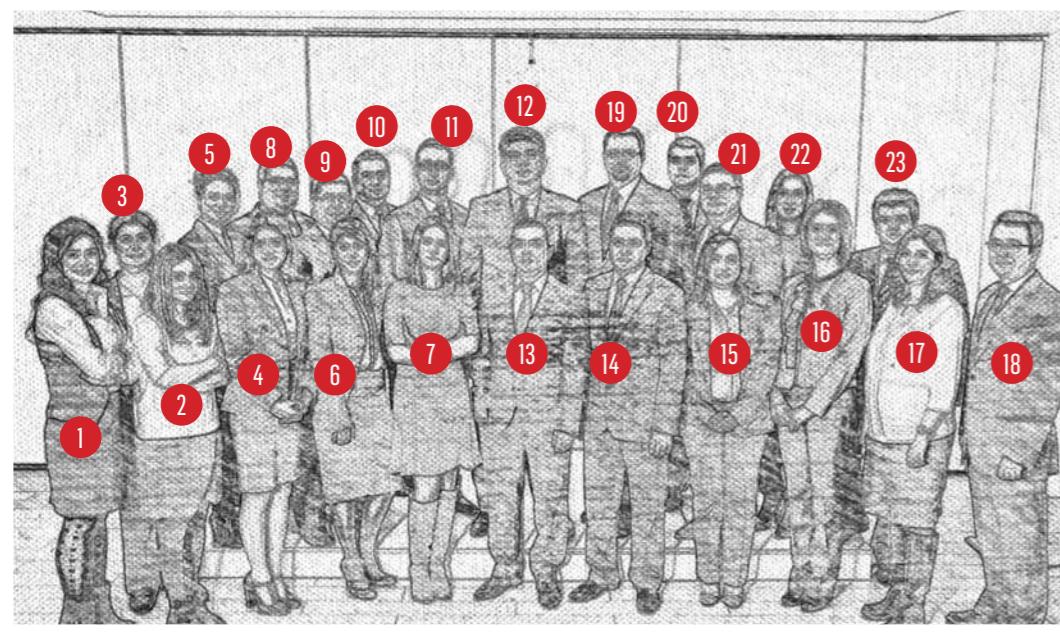


Tuğba Oğan
Corporate Communications



Telman Şahbazoğlu
Information Technology

EMPLOYEES



1 Gülcen Yalçiner - Human Resources , Administrative and Financial Affairs **2** Eda Cabbar - Corporate Communications **3** Şadiye Selek - Human Resources, Administrative and Financial Affairs **4** Çağla Savuran - Training **5** Esra Esin Savaşan - Compliance & Surveillance **6** Cihan Ayşe Çamlıdağ - Training
7 Sevda Uslu - Compliance & Surveillance **8** Ph.D. Gökhan Büyükköşür - Training **9** Süleyman Morbel - Legal Affairs **10** Telman Şahbazoğlu - Information Technology
11 O İlker Savuran -Assistant Secretary General **12** İlkyay Arıkan - Secretary General **13** Kerim Karakaya - Human Resources, Administrative and Financial Affairs
14 Muzaffer Demirci - Human Resources, Administrative and Financial Affairs **15** Hülya Kandemir Yılmaz - Human Resources, Administrative and Financial Affairs
16 Tuğba Oğan - Corporate Communications **17** Aslı Hondu İmamoğlu - Training **18** Nazim Sevim- Training **19** Dimitri Lazaridi- Information Technology
20 Erdem Ünsal -Research and Statistics **21** Alparslan Budak - Assistant Secretary General **22** Ekin Fıkrıkoç Asena -Research and Statistics
23 Engin Turan -Human Resources, Administrative and Financial Affairs **24** Gökbelen Altaş* - Senior Research Analyst

*Not included in the photograph.

Overview of 2013



Distinguished Members,

Looking back on 2013, we see a tough year of economic and political volatility in the international markets. As the effects of the global crisis is not overcome yet, the slow growth in the European Union and in other developed countries continued. Despite all these hardships that plagued the global economy, important steps were taken in Turkey, which are bound to shape the future of our capital markets. In addition to major reforms, 2013 was significant in yet another aspect for our Association too. This is the last time we are presenting our annual report as the "Association of Capital Market Intermediary Institutions of Turkey" before the modification of our structure by the New Capital Market Law. I would like to take this opportunity to share with you the activities of TSPAkB, my assessment of the year 2013, and the outlook for 2014.

Steps that shape the future of the market have been taken in 2013.

During the past year, investors, exchanges, companies and markets went through a wave of change. At the heart of these changes were, most certainly, the new Capital Market Law and the demutualization of Borsa İstanbul. We are confident that the new Capital Market Law, which is better aligned with the European Union regulations, will respond to various needs of exchanges, intermediary institutions, issuers and investors.

Throughout the year, we, as the Association, have persisted with our efforts in areas that would carry our industry to a new level. In this frame, we have evaluated the negative results of many IPOs carried out in the past two years and decided to establish the Principles of Public Offerings. To this end, we set up a task force under the Association, which was formed of volunteer market professionals. We

identified the concerns regarding issuers, investors, intermediary institutions and regulators that make up the four pillars of public offerings. We shared our findings and recommendations with the entire industry as a set of principles that all our members are willing to comply with.

Triggered by the global crisis in recent years, financial literacy has been acquiring a gradually increasing attention in the world and in Turkey. Enhancing the individuals' financial awareness has become a key driver of economic development. Based on this, our Association set investor education as its top priority in 2013.

Through the "Investor Rights" initiative, developed by our Association, we tried to form a guideline for investors to help them make safer investment decisions. The projects of the aXyon Team, made up of volunteer industry professionals at our Association, continued in various fields. We have launched www.paramveben.org (My Money and I) website, which covers resources on investments and savings, and www.paramveben.tv website, which provides a collection of short films produced in line with our program. In September and October, we organized a photography contest themed "For Me, Saving is..." on Facebook. More than 13.000 people voted for the photograph that best described saving.

In addition, we launched the Association's Facebook, Twitter and YouTube accounts. Besides social media activities, we organized the "Best Practices in Financial Education" panel in early November. Held with the participation of international speakers, the panel aimed at understanding how global standards can be implemented

in Turkey and at benefiting from other countries' experiences. Moreover, we initiated the short film contest "Kamera Elinde Geleceğin Cebinde" (Camera in Your Hand, Future in Your Pocket) at the end of November, which was themed on financial planning for the future. We are hoping that the results of the competition will be available in April 2014.

On another front, we were actively engaged in the decision-making mechanisms and management of organizations that guide the international efforts in investor education. We participated in international projects carried out by these organizations and exchanged know-how and opinions in a number of topics. We designed our own programs, drawing on our experiences in the global arena. We shared our own experiences with other countries. As a result of these efforts, I have been honored to be elected as the Chairman of the Asia Forum for Investor Education (AFIE). Our goal is to further promote the efforts of the Forum during my term of office.

Distinguished Members,

Structural changes bring along innovative financial instruments and trading techniques. Unquestionably, it is essential to keep abreast of innovations and developments in order to preserve our competitive edge in such a dynamic market. It is naturally critical to convey the latest information to market professionals and to build on the qualifications of our employees. In this respect, we are proud to have offered training to more than 6,000 people during 2013. I would like to note that very few institutions in Turkey are able to reach these figures.

Since we came to office in 2011, we have worked towards the

goal of strengthening our capital markets. My colleagues serving on the Board of Directors and I believe that our efforts have taken us one step closer to this target. In 2014, that will mark the last year of our term of office, we will hand the office over to the new board of directors.

To help bring our country to her deserved position in the world, change will be ongoing and our capital markets will grow stronger through infrastructure developments. In the year ahead, our Association will be renamed the Turkish Capital Markets Association and will have a broader membership base. We are certain that the new board that will take over the management flag will be equally enthusiastic in steering the Association to a pioneering role in the capital market. It must be kept in mind that this target can only be achieved through an independent Association structure, within which members work in harmony and which champions the shared interests of our market. It is our desire to hand over an independent and democratic TSPAkB to the prospective management.

I would like to take this opportunity to extend my thanks and best wishes to the Capital Markets Board and Borsa İstanbul, and to all our stakeholders who stood by us during our term of office. I would also like to thank our distinguished members for their strong support, to the members of our Board of Directors and Board of Auditors, and the invaluable employees of our Association.

Yours sincerely,
Attila Köksal, CFA
Chairman



INITIATIVES

Our Recommendations on the Association's Statute

The Association submitted its response and suggestions regarding the Draft Statute of the Association prepared by the Capital Markets Board of Turkey (CMB), which will adopt the name "Capital Markets Association of Turkey" subject to the provisions of the new Capital Market Law.

Based on Article 135 of the Constitution, our feedback and suggestions regarding the membership structure, formation of management, and the duties and authority of the Association have been presented for the consideration of the CMB.

New Income Tax Bill

Merging the Income Tax Law and the Corporate Tax Law into one law, the "Income Tax Bill" has been ratified by the Council of Ministers and submitted to the Grand National Assembly of Turkey (Turkish Parliament) on 12 June 2013.

The bill was conveyed to our members, requesting their feedback and

comments. In addition, a task force was set up at the Association. The feedback and suggestions about the Income Tax Bill were presented to the Turkish Parliament, the Revenue Administration and the General Directorate of Revenue Policies.

Stamp Duty in Over-the-Counter Derivative Transactions

An application has been filed with the Revenue Administration and the General Directorate of Revenue Policies for obtaining exemption from stamp duty on potential over-the-counter (OTC) derivative transactions between intermediary institutions and investors.

Taxation of Forex Gains

The industry's comments and feedback regarding taxation of leveraged forex have been presented to the Revenue Administration and the General Directorate of Revenue Policies. In our suggestion, it was requested that the withholding ratio be set as 0% for gains on leveraged trading in order to promote these transactions and to attract foreign investors.

BITT on Forex Transactions

The Association submitted to the Ministry of Finance Revenue Administration its opinion and suggestions that leveraged trading transactions that involve foreign currency in any one leg should be subject to 0% BITT (Banking Insurance Transaction Tax), since such transactions should be deemed as an exchange transaction as per the opinions of the Undersecretariat of Treasury and the CMB.

Furthermore, it has been stated that the BITT on leveraged forex transactions on exchanges should be 0% in order to achieve alignment with the Strategy and Action Plan for İstanbul International Financial Center (IFC-İstanbul).

Stamp Duty in Margin Trading Contracts

Our opinions and suggestions to exempt the contracts between intermediary institutions and investors for margin trading, short selling and borrowing and lending from stamp duty have been submitted to the Ministry of Finance, the Revenue Administration and also the IFC Tax Committee.

Although our comments have been conveyed to the Revenue Administration repeatedly, a positive development has not been reached yet.

VIOP Session Hours

Comments and feedback received by the Association from the members demanded that VIOP (Borsa İstanbul Futures and Options Markets) follow suit of TurkDEX (Turkish Derivatives Exchange) with respect to lunch breaks that had been lifted. The members' comments and suggestions that sessions not be halted between 12:30 and 14:00 hours at VIOP in parallel with the implementation at TurkDEX have been conveyed to Borsa İstanbul.

Access to the Address Sharing System by Intermediary Institutions

The Association made attempts before the Ministry of Interior General Directorate of Civil Registration and

Citizenship Affairs, and Ministry of Finance Financial Crimes Investigation Board in relation to the necessary amendment to the Civil Registration Services Law so as to make the "Address Sharing System" available for use by intermediary institutions.

Risk Notification

The Association published the risk notification forms, which were drawn up under the provisions of the CMB's Share Communiqué.

TSPAKB Public Offering Principles

Taking into consideration the negative results of certain public offerings carried out in recent years, the Association set up the Public Offering Task Force formed by volunteer market professionals. The efforts of the Task Force resulted in the establishment of the industry principles for offerings. Addressing three main headings, i.e. principles

for public offerings, corporations and investors, the "TSPAKB Public Offering Principles" were disclosed to the public at a press conference held at the Association on 26 March 2013.

Promotion Campaigns

Pursuant to the CMB requirements, promotion campaigns in relation to capital market activities by intermediary institutions should apply to the Association. Planned campaigns can be held only after applications are reviewed and approved. During 2013, the Association reviewed 103 campaign applications by members and informed the related parties on its conclusions.

Principles of Promotion

The Association's Board of Directors is authorized to set the principles that will form the basis of the Association's review of the members' for promotion





activities. In this framework, the Association's Board of Directors established new principles at its meeting of 8 November 2013 in view of leveraged trading activities. The principles have been communicated to our members and the CMB.

Negotiable Commission Practice
The Association has been regularly monitoring developments on

negotiable commission practice, which has been effective since 1 January 2006. Within this frame, information is being collected from members on their commission income on a monthly basis in order to observe the overall effects of the negotiable commission practice on the revenue structure of intermediary institutions, as well as on the industry as a whole.

Opinion Leading Activities
The Association reviewed all secondary regulations, which are prepared to align with the new Capital Market Law that went into force on 30 December 2012. The Association's opinions that are formed in consideration of the comments and feedback from the members have been presented to the CMB.



TASK FORCES



Capital Adequacy

Task Force

In order to comply with the new Capital Market Law, a Capital Adequacy Task Force constituted by market professionals was set up at the Association. The comments and suggestions of the Task Force have been sent to the CMB.

Investors Compensation Scheme Task Force

Prior to the determination of our members' dues to be paid to the Investors Compensation Scheme (ICS), the Association presented to the CMB its opinions and suggestions regarding the matters below:

- 1** Reducing the annual dues to be collected from investment institutions,
- 2** Setting a threshold on the amount of ICS savings, so that investment institutions will not be charged if the threshold is breached,
- 3** Modifying the CMB's resolution on 5 June 2006 so as to allow charging the resulting costs directly to customers.

The Association set up a task force to devise a more balanced calculation method, which will ensure that the ICS dues will be at a level to cover the potential risks that might arise from the institutions' financial inadequacy, and which will guarantee our members' contributions. The conclusions of the task force and suggested solutions have been communicated to the CMB.



INVESTOR EDUCATION



Recognizing that financial education is one of the key elements of national development, our Association carried on its financial education projects.



f
My Money and I Facebook Page

ParamveBen (My Money and I) page reached more than 36,000 likes as at 31 December 2013 after its launch in December 2012. Receiving positive feedback from numerous professionals, the Facebook page is followed by users from 44 different countries.

t
My Money and I Twitter Account

Designed in parallel content with the Facebook page, Param ve Ben Twitter account was created in June 2013. The number of followers reached 1,387 as of 31 December 2013.

ParamveBen.org Website

Intending to raise awareness on saving and investing, www.paramveben.org website went live in June 2013. The website covers real life examples and success stories. The website contains approximately 20 articles written in a story format. The website received 2,049 visitors in 2013, including people from different countries such as Azerbaijan, UK, Cyprus and Bulgaria.

YouTube
My Money and I Youtube Channel

ParamveBen Youtube channel covers videos about saving and investment that address users from diverse backgrounds. A total of 10 videos featured on the ParamveBen Youtube page that went live in February 2013 reached more than 1,200 views.

ParamveBen.tv Website

www.paramveben.tv website which was introduced concurrently with Paramveben.org website features short films that aim to encourage individuals to save and invest. The short films are produced in a content that is aligned with those on www.paramveben.org website. A total of 11 educational videos were created, which focus on "saving", "investing" and "post-investment". The website was visited more than 4,000 times during 2013.

Photography Competition "For Me, Saving is..."

A photography contest themed "For Me, Saving is..." was organized on the ParamveBen Facebook page from 11 September to 11 October 2013. During the contest that attracted 275 pictures, interaction was established with 315,000 people, while the number of people who voted topped 13,000. Top three places were awarded TL 5,000, TL 3,000 and TL 2,000 prize. In addition, participants who ranked in the top 20 received a one-day training from TSPAKB and the book entitled "Geleceğe Yatırım" (Investing in the Future) by Hakan Osmanoğlu and Atilla Kóksal as a present. Besides these categories, the photograph submitted by Tepe İnşaat Primary School student Ece Kurtulmuş was given a Special Jury Award to highlight the importance of instilling the habit of saving in children.

The award ceremony of the competition was held at Borsa İstanbul Conference Hall and attended by Borsa İstanbul Chairman Dr. M. İbrahim Turhan and CMB Chairman Dr. Vahdettin Ertaş.

Retirement Security and Financial Education Meeting

The Association organized a meeting titled "Retirement Security and Investor Education" that brought together institutions and organizations working on investor education. As part of the meeting that was held at The Marmara Hotel on 6 November 2013, Robert Stammers, Director of Investor Education at CFA Institute made a presentation on "Retirement Security and Investor Education".

Attended also by Kathryn Edmundson, Executive Director of the Secretariat for the International Forum for Investor Education (IFIE), Alp Eroğlu, Emerging Markets Advisor at IOSCO, and Gerard Lemos, former Chairman of The Money Advice Service, the meeting set the stage for an exchange of opinions about the private pension system in Turkey, possible contributions from corporations in financial education, and potential joint projects.



Best Practices in Financial Education Panel

On 5 November 2013, the Association held a seminar titled Best Practices in Financial Education that addressed global strategies and practices in financial education. Organized at Borsa İstanbul, the panel was the scene to inaugural speeches by Dr. Vahdettin Ertaş, the CMB Chairman, Dr. M. İbrahim Turhan, Borsa İstanbul Chairman, and Atilla Kóksal, TSPAKB Chairman. During the panel, Gerard Lemos, former Chairman of The Money Advice Service, Alp Eroğlu, Emerging Markets Advisor at IOSCO, Kathryn Edmundson, Executive Director of the Secretariat for the International Forum for Investor Education (IFIE) and Robert Stammers, Director of Investor Education at CFA Institute shared international practices and experiences in investor education.



Educational Videos

A total of 11 educational videos were created, which focus on "saving", "investing" and "post-investment" in a manner that supports the contents on the Facebook page and the website. The most watched video titled "The Story of Us" reached 1 million people.



Contests on Twitter

On 20 September 2013, the Association organized a retweet contest from the Param ve Ben Twitter account. Money boxes were given contestants who retweeted the invitation to the photography contest. The contest received 1,106 retweets, and 700 new followers for the account.

The second retweet contest was held on 13 December 2013 in connection with the short film competition themed "Kamera Elinde Geleceğin Cebinde" (Camera In your Hands, Future In Your Pocket). The board game Taboo was given to contestants who retweeted announcement of the short film competition. The contest reached 679 retweets.

Investor Education Platform

The investor education platform was created to bring together the nongovernmental organizations and other related institutions engaged in financial literacy to encourage collaboration and information sharing. Within this scope, various meetings were organized with nongovernmental organizations and private institutions in 2013.

Visits at Universities

The series of half-day seminars targeting the students attending the faculties of economic and administrative sciences at universities continued with 2 visits in the 2012-2013 academic year. During the program, students were provided with information on the structure, institutions and job opportunities of the capital market.

Market Institutions at Universities**2012-2013 Academic Year**

13 March 2013	Celal Bayar University
26 March 2013	Kahramanmaraş Sütçü İmam University

7 Universities in 7 Regions

Coordinated by the CMB and organized by the Association, 3-day certification seminars were held under the title "7 Universities in 7 Regions" aimed at the graduate students in seven universities across the seven geographical regions of Turkey.

The certification program was organized at 6 universities in the spring semester of 2013 academic year and at 4 others

in the fall semester. The participating students were given an introduction to the capital markets and institutions, as well as information on career opportunities.

In 2013, a total of 500 students attended the certification programs organized in 10 universities and received their certificates. In addition, as a result of the lots drawn, 3 students from each university earned the right to attend any one of the training programs of our Association.

7 Universities in 7 Regions**2012-2013 Academic Year**

25-27 February 2013	Harran University
11-13 March 2013	Balıkesir University
13-15 March 2013	Süleyman Demirel University
20-22 March 2013	İnönü University
24-26 April 2013	Pamukkale University
8-10 May 2013	Karadeniz Teknik University

2013-2014 Academic Year

23-25 October 2013	Celal Bayar University
30-31 October - 1 November 2013	Trakya University
06-08 November 2013	Recep Tayyip Erdoğan University
04-06 December 2013	Nevşehir University

Seminars

Upon invitations received from various universities, the Association participated in career days to help the students with their career choice. Students were given

an introduction to the capital markets and institutions, as well as detailed information on licensing exams and career opportunities.

Seminars**2013-2014 Academic Year**

14 March 2013	Celal Bayar University
27 March 2013	Kilis 7 Aralık University
3 April 2013	Boğaziçi University
7-8 May 2013	İstanbul University
22 October 2013	Balıkesir University
31 October-1 November 2013	Osmaniye Korkut Ata University
5 November 2013	Dicle University
19 December 2013	Pamukkale University

**Essay Competition
Among Primary and
High School Students**

The Capital Markets Board of Turkey (CMB) organized the 3rd Essay Competition among primary and high school students to raise awareness on capital markets, offer an introduction to market institutions and create consciousness of saving and investing. Our Association was part of the jury that included representatives from the CMB, Ministry of National Education and Borsa İstanbul. The Association handled the organization of the essay competition, which covered the guests' accommodation, transportation, social excursions and awards. This internationally awarded project was supported with the financial contributions of all capital market institutions that joined the Investor Education Campaign Cooperation Protocol.

**İstanbul International
Financial Center**

"Developing the Qualified Human Resource" initiative under the İstanbul International Financial Center (IFC-İstanbul) Program is being coordinated by the Ministry of Education. Within the scope of the action plan, two meetings were held with stakeholders, one on 17 December 2013 coordinated by the Ministry of Development and the other on 27 December 2013 coordinated by the Ministry of Education. In these meetings, the Association was represented by Dr. Gökhan Büyüksengür, Director of the Training Department. The Association's comments and suggestions were reflected in the draft action plan.

**Free Training for
University Students**

Starting from 2012, the Association began offering free-of-charge attendance opportunity to our training programs for university students. Free seats, available in personal development, professional development, and licensing exam preparation programs were limited to 5 students for each training session. Subject to the prerequisite of attending a relevant department, the students were admitted on the first-come-first-served basis. A total of 65 students in 2012 and 111 students in 2013 took part in the program.

**Relations with the
Professional
Competency Board**

Dr. Gökhan Büyüksengür, Director of the Training Department, represented our Association in the "International Conference on the Competencies Framework of Turkey" held in İstanbul on 16-17 April 2013. The Association's comments and assessments in relation to the draft "Competency Framework of Turkey" (CFT) and the draft "National Competency Framework" (NCF) and their appendices have been presented to the Professional Competency Board.

RESEARCH AND PUBLICATIONS



Our publications in English and Turkish continued during 2013. In addition to our periodic publications, a book addressing investors was prepared within the scope of our financial education program.

The Turkish Capital Markets in 2012

The 2012 issue of our annual report on the "Turkish Capital Markets" was released in May 2013. As well as a wrap up of macroeconomic developments, the report reviewed the position of the Turkish capital market in the financial system, analyzed its size and international standing, and evaluated the activities, organization, human resources and financial statements of brokerage firms, along with the investor profile.

Monthly Agenda in Capital Markets

Our monthly publication, Agenda in Capital Markets, covers the activities of the Association, developments in the industry, and various research articles. The publication analyzed the data of intermediary institutions gathered by the Association, and also addressed the topics below:

- Best Practices in Seeking Regulatory Feedback
- Catastrophe Bonds
- Financial Education aXyon Team
- Funding of Financial Education Activities
- Intermediary Institutions in the World
- Options Markets
- Options Strategies
- Prospectus Preparation in Turkey and in the EU
- Separation of Deposit and Investment Banking in Developed Countries
- SME Borrowing Instruments
- SME Markets in Emerging Countries
- The Road to Success in Licensing Exams
- Turkish Capital Market in International Benchmarking

TSPAkB

Yatırım Yaparken
Sorularla Türkiye Sermaye Piyasası

www.tspakb.org.tr

OCTOBER 2013

TURKEY
BROKERAGE INDUSTRY
2013 SEMIANNUAL REVIEW

EQUITY MARKET
DERIVATIVES
ASSET MANAGEMENT
FIXED INCOME

Investor Rights Brochure

The "Investor Rights" brochure was announced at a press conference held at the Association in April 2013. The initiative covered all information necessary for investors during the investment process, from selection of the investment institution to their relations with investment advisers, from their right to information to management of their accounts.

Brokerage Industry Review

Analyzing the developments in the capital markets and the brokerage industry during 2012, "Brokerage Industry Review 2012" was published in English in May. The report entitled "Brokerage Industry 2013 Semi-Annual Review" that focused on the activities of intermediary institutions during the first half of the year was published in October.



When Investing - The Handbook of the Turkish Capital Market

Providing simple and intelligible answers to top-of-mind questions about financial markets, "When Investing - The Handbook of the Turkish Capital Market" prepared by the Association was updated and published in December.

Containing basic information about the existing financial services in Turkey, the handbook focuses on a number of topics from the definition of the financial market to derivative products, from having an account at an intermediary institution to how investors can monitor their portfolios.



Industry Data Bank

The Association continued to gather quarterly operational and financial data from intermediary institutions. The required data are being collected through the Member Management System, a software developed in-house, since September 2012. The data received are posted on our website under the section "Data Bank", which provides the capital market factsheet, aggregate financial statements, activities of brokerage firms, and comparative data on brokerage firms. Furthermore, certain data are submitted to the Central Bank of the Republic of Turkey (CBRT), Istanbul Settlement and Custody Bank and the Turkish Statistical Institute. Our data are used as benchmark by other agencies including the Banking Regulation and Supervision Agency, as well as the organizations named above.

MEETINGS AND EVENTS



Through the meetings and events organized, we aimed to bring together all stakeholders and cater to the industry's needs and demands.



25th Members' Meeting

The 25th Members' Meeting was held on 24 April 2013. During the meeting, draft communiqués setting out the principles and procedures concerning investment services and service providers were discussed. Upon a review of the draft arrangements, the industry's comments and suggestions were submitted to the CMB.

13th Ordinary General Meeting

The 13th Ordinary General Meeting was held on 30 May 2013. The meeting was inaugurated by the TSPAKB Chairman Attila Köksal. Speeches were followed by discussions on the General Meeting agenda items.

26th Members' Meeting

The 26th Members' Meeting took place on 17 May 2013. At the meeting, members' comments were evaluated in relation to the draft "Communiqué on the Principles of Investment Services and Activities and Ancillary Services" and the draft "Communiqué Amending the Communiqué on the Principles of Capital and Capital Adequacy of Intermediary Associations", for which public opinions were sought.

Investor Rights Press Conference

At a press conference held at the Association on 30 April 2013, the "Investor Rights" initiative that describes the rights investors have when investing their savings was shared with the public.

14th Extraordinary General Meeting

The 14th Extraordinary General Meeting was convened on 10 December 2013. Following the inaugural speech by Attila Köksal, Chairman of the Association, opening speeches were also delivered by Dr. M. İbrahim Turhan, Chairman and CEO of Borsa İstanbul, and Dr. Vahdettin Ertaş, Chairman of CMB. At the General Meeting, the budget of the Association was accepted and membership dues and expense contributions were decided.

Member Management System Training

In an effort to enable easier and more efficient use of the Member Management System, a training program was organized on 28 February 2013 that provided an introduction of the system to our members. Presented in two sessions held in the morning and in the afternoon by Gökben Altaş, senior research analyst in the Association's Research and Statistics Department, the training was attended by representatives from more than 60 intermediary institutions.



TURKDEX-VIOP Merger Meeting

On 12 July 2013, an informational meeting was organized for the members, which focused on the merger of Borsa İstanbul Futures and Options Market (VIOP) and TurkDEX market. At the meeting attended by over 100 members as well as the representatives of the Istanbul Settlement and Custody Bank Inc. (Takasbank), Borsa İstanbul A.Ş. representatives presented information on the merger process.

Members' Meeting on Capital Adequacy

A members' meeting was held at the Association's head office on 26 August 2013 dwelling on the arrangement amending the "Communiqué on the Capitals and Capital Adequacy of Intermediary Institutions". At the meeting, matters with potentially negative impact on the Association's members were addressed in relation to the arrangement that increases the amounts of minimum equity capital.

Hitit University Students' Visit to the Association

On 29 April 2013, 27 members from the Stock Exchange and Finance Club of the Hitit University, Faculty of Economic and Administrative Sciences paid a visit to our Association. Alparslan Budak, Assistant Secretary General, made a presentation that introduced the Turkish capital market.

Celal Bayar University Students' Visit to the Association

On 17 May 2013, a group of 45 students from Celal Bayar University School of Applied Sciences visited the Association. The students were given a presentation introducing the Turkish capital market by Süleyman Morbel, the Association's Legal Affairs Director.



Ankara Finance Summit

The Association took part in the summit themed "Turkish Banking Industry Amid the Process of Becoming a Global Power" organized in Ankara on 25 April 2013. At the meeting, our Association was represented by Murat Ergin, advisor to the Association and leader of the aXyon team working on investor education. Murat Ergin delivered a speech about "The Relationship of Saving and Investment and the Importance of Financial Education" at the summit.

İstanbul: Regional Hub - Global Actor Forum

The first edition of the "İstanbul: Regional Hub - Global Actor Forum" series took place in Washington D.C., U.S.A., on 11 October 2013. In keeping with the vision of making İstanbul a regional and international financial hub, the forum was hosted by Borsa İstanbul, and organized with support from the Association and in cooperation with the İstanbul Financial Center Initiative.

Economy Summit at Balıkesir University

Member students of the Management and Economy Club set up at Balıkesir University (BAU) Faculty of Economic and Administrative Sciences organized an "Economy Summit". During the event, Dr. Gökhan Büyüksengür, the Training Department Director of the Association, provided information about the new Capital Market Law and career opportunities in the capital market.

İstanbul University Beyazıt Management Summit

At the annual Beyazıt Management Summit organized for the fifth time by the İstanbul University Management Club, the main focus was on "Perception Management". At the panel titled "Perception Management in Finance and Banking" held on the first day, Dr. Gökhan Büyüksengür, the Training Department Director of the Association, delivered a speech, talking about "Perception Management in the Finance Industry" with respect to the new Capital Market Law.

Child & Youth Finance International Summit

The Association attended the "II. CYFI Summit and Award Ceremony" held by the Child & Youth Finance International (CYFI) at Hilton İstanbul between 7 and 9 May 2013. Aiming to raise financial awareness among children and youth, the summit was hosted by the CMB. Organized with contributions from the from the Takasbank, Central Registry Agency (CRA), and the Association, the event's main sponsor was the Central Bank of the Republic of Turkey (CBRT). The attendants to the summit included nearly 400 adults dealing with financial education and 150 children and youth from approximately 100 countries. Having a stand during the course of the summit, the Association shared various publications with the participants.

INTERNATIONAL EVENTS



International events that TSPAKB participates in or organizes are instrumental in presenting the practices in Turkey on global platforms, and allow market professionals and investors to closely monitor the developments in the global markets.

International Organization of Securities Commissions (IOSCO)

Asia Forum for Investor Education (AFIE)

The Association attended the General Assembly of the Asia Forum for Investor Education (AFIE) in New Delhi, between 21 and 23 March 2013. The Association was represented at the General Assembly by Alparslan Budak, the Assistant Secretary General of the Association, and Murat Ergin, advisor to the Association and the leader of the aXyon team working on investor education. The Association's representatives made two separate presentations on the investor education efforts in Turkey and Turkey's ageing population.

On the other hand, the Chairman of our Association, Attila Köksal was elected the Chairman of the Board of Directors of the Asia Forum for Investor Education (AFIE).

Federation of Euro-Asian Stock Exchanges (FEAS)

The Working Committee meeting of the Federation of Euro-Asian Stock Exchanges (FEAS), of which the Association is a member, took place on 24 May 2013 in Sarajevo. On behalf of the Association, Ekin Fikirkoca, Director of the Research and Statistics Department, shared the investor complaints handling principles designed for FEAS-member exchanges, clearing and custody institutions, and associations.

FEAS Task Force Meeting and the 19th General Assembly Meeting, on the other hand, took place on 3 and 4 December 2013 in Muscat. The Association was represented in the Meeting by İlkyay Arıkan, Secretary General, and Ekin Fikirkoca.

Our Association has been working on investor complaints as part of the FEAS Investor Relations Working Group. During the meeting, Ekin Fikirkoca shared her final report on investor complaints handling. Formulated by our Association, "Best Practice Guidelines for Handling Investor Complaints" have been accepted by the members and endorsed by FEAS.





Visit by the Securities and Exchange Commission of Pakistan

A delegation from Pakistan paid a visit to our Association on 31 January 2013. Ekin Fikirkoca, Director of the Research and Statistics Department, made a presentation on the Turkish economy and capital market. The presentation also covered the latest developments in the brokerage sector and in the capital market.



The Central Bank of the Republic of Kosovo Visit to the Association

A delegation from the Central Bank of the Republic of Kosovo visited the Association on 7 June 2013. During the visit, Assistant Secretary General Alparslan Budak made a presentation describing the Turkish capital markets and the role of intermediary institutions in the capital markets.



Republic of Serbia Securities Commission

On 2 October 2013, representatives from the Republic of Serbia Securities Commission paid a visit to the Association. During the visit, Assistant Secretary General Alparslan Budak made a presentation describing the Turkish capital markets and the role of intermediary institutions in the capital markets.



Brazil Delegation and World Bank Representatives' Visit to the Association

On 7 September 2013, representatives from the Brazilian Treasury and the World Bank visited our Association. During the visit, Assistant Secretary General Alparslan Budak made a presentation about the private sector borrowing instruments in Turkey.



Asia
Securities
Forum

Annual General Meeting



International Council of Securities Associations (ICSA)

Our Association has been serving as the Chair of the Emerging Markets Committee of the International Council of Securities Associations (ICSA EMC). "Financing of SMEs Through Capital Markets in Emerging Market Countries" report, which is the Committee's third study coordinated by our Association, was released in March.

The report has also been delivered to international institutions, including Asian Development Bank, the World Bank, the International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD), the International Finance Corporation (IFC), and International Organization of Securities Commissions (IOSCO).

The Association's Chairman Atilla Köksal attended the Annual General Meeting of the ICSA convened in Sydney on 7-9 May 2013. Köksal shared the results derived from the "Financing of SMEs Through Capital Markets in Emerging Market Countries" report. In addition, Köksal moderated the panel on "Financing Through Capital Markets – Regional Approaches".

The Association also participated in the 2013 mid-year meeting of ICSA, which was held in Luxembourg on 20 September 2013. In the meeting, Assistant Secretary General Alparslan Budak provided information on the activities of the Emerging Markets Committee (EMC) that the Association has been chairing for the past three years.



Turkey-UK Joint Liaison Group Inaugural Meeting

The inaugural meeting of the Turkey-UK Joint Liaison Group was held on 13 September 2013 at the London Stock Exchange by TheCityUK and the Republic of Turkey Prime Ministry Investment Support and Promotion Agency of Turkey. Representing our Association at the meeting were Atilla Köksal, Chairman of TSPAKB, and Alparslan Budak, Assistant Secretary General. Atilla Köksal delivered a speech on İstanbul's standing within international financial centers and its strengths. The attendants to the meeting included Ünal Çeviköz, Turkey's Ambassador in London, Lord Mayor of London Alderman Roger Gifford, and Ahmet İplikçi, senior advisor to the Republic of Turkey Prime Ministry Investment Support and Promotion Agency of Turkey, along with top-level executives from the UK and Turkey.

International Forum for Investor Education (IFIE)

The Association attended the General Meeting of the International Forum for Investor Education (IFIE) that was held in Toronto, Canada from 19 June to 21 June 2013. Within this scope, Alparslan Budak made a presentation titled "Social Media and Investor Education in Turkey" during the panel "Evaluating Programs to Make a Difference" held on 21 June 2013.

Attended by an audience of 150 people, the presentation during the panel focused on the Association's activities directed towards investor education. Information on projects in the social media was shared with the participants.

TRAINING



Recognizing that the Turkish markets will develop through better-equipped market professionals, TSPAkB contributes to the know-how in the industry with its training programs.



Professional Development Courses

In 2013, professional development courses were offered in a variety of topics including derivatives, options, information security, social media, risk management, tax and real property.

Licensing Exam Preparation Programs

The Capital Markets Licensing Registration and Training Agency (CMLTA) held the licensing exams on 21-22 September and 28-29 December 2013. The Association organized preparation training programs for the licensing exams given in Basic Level, Advanced Level and Derivatives. A total of 4,244 individuals attended the 178 programs offered during 2013.

Futures and Options Practice Training

In response to the demands from members, a one-day Futures and Options practice training was held on 21 January 2013 and attended by 15 people.

LinkedIn Training Account

"TSPAkB Training Department" LinkedIn group was set up on 11 January 2012 in order to announce our training activities and to discuss current educational matters. The number of group's followers reached 1,387 people by the end of 2013.

Training Programs

Number of Programs

Number of Participants

	2012	2013	2012	2013
Licensing	42	178	894	4,244
Professional Development	60	68	1,047	1,169
TOTAL	102	246	1,941	5,413



INFORMATION TECHNOLOGY



Document Management System

Hardware and software upgrades were made to the Document Management System. Improvements were achieved in the performance and reports. A total of 4,062 documents were added to the Document Management System during 2013, which brought the total number of documents kept on the system to 62,429 as at 31 December 2013.

Training Management System

Necessary updates and developments were made to strengthen the infrastructure of the Training Management System. The new developments resulted in a more flexible training procurement process. The Training Management System received 70,826 visits in total during 2013. 1,499 training applications were made through the system.

Licensing and Record Keeping System

Further developments and improvements were made on the Licensing and Record Keeping System (LRKS), which is used for the licensing and record keeping of market professionals. Periodic exam results were transferred to the system. Web services were developed for giving Borsa İstanbul and Capital Markets Board access to the reports on the system. In cooperation with the Central Registry Agency, various analyses were made on coding, operating system, database and application levels. Necessary efforts were spent for improved performance of the system. LRKS received 137,160 hits during 2013. 9,941 new users joined the system last year, which has 168,169 registered users in total.

Website

The website attained improved performance through upgrades in the operating system and application

server. During 2013, our website was visited 237,142 times by users from 106 different countries.

Member Management System Active since November 2012, the Member Management System collected various data about intermediary institutions. Periodic and annual reports were produced. Automated generation was enabled for comparison and performance reports. Work was commenced for the reporting tool.

Software Project Management and Helpdesk System

Mostly used for the management of software projects, an open source system was expanded with the addition of new warning and calendar modules and began serving also as a helpdesk. This approach resulted in convenience for users and capacity saving for the data center. In 2013, the system has been instrumental in following a total of 1,804 processes, 301 of which have been finalized.

Disaster Recovery and Business Continuity

Main servers have been moved to external data centers. Previously in İstanbul, the mirror site was relocated to another city. Following the relocation of data centers, disaster recovery scenarios were tested within the scope of the Disaster Recovery and Business Continuity Plan. The tests were completed successfully.

Infrastructure Updates

Within the frame of infrastructure updates, servers, virtualization, replication and security software were upgraded while firewall, log analyzer and other hardware equipment were updated. Furthermore, new hardware investments were made. Data stored on servers were examined in detail and cleared. This resulted in saving of almost two times of space on the existing servers, as well as improved data quality.

MEDIA RELATIONS



TSPAkB issues press releases for announcing its publications, events and meetings, while using public statements and interviews to convey its opinions on the issues, needs and developments in the capital market.

In 2013, the Association issued 24 press releases, one of them in English. During 2013, 421 news articles related to the Association appeared in the press. 104 news appeared on TV while 809 articles were published on the internet. Press releases issued by the Association and major news articles covered by the media are posted under the "Press Room" menu on our website.



HABER TURK





MEMBERSHIPS



DEIK

The Foreign Economic Relations Board (DEIK) was founded in 1988, in order to handle the foreign economic relations of the private sector. Our Association became a member of DEIK in 2008 in "founding member" status to represent our industry more effectively on international platforms.

AFIE

The Asia Forum for Investor Education (AFIE) was established as a regional subcommittee of the International Forum for Investor Education (IFIE) in 2010. Our Association participated in the Forum as a founding member, which is intending to develop investor education in the securities markets and to serve as a platform for sharing information and experience among its members in the Asia-Pacific region. In 2013, the Association became the Chairman of the AFIE.

ASF

The Asia Securities Forum (ASF) was founded in 1995 with the aims of improving the securities market, contributing to economic development and promoting

exchange of information between members in the Asia-Pacific region. Our Association became a member of this forum, whose members are associations, exchanges and various institutions in the region, in September 2009.

FEAS

The Federation of Euro-Asian Stock Exchanges (FEAS), which was founded in 1995 under the leadership of the Istanbul Stock Exchange, is an institution with which exchanges, settlement and custody institutions affiliate. The aim of FEAS is to promote cooperation between members so as to build a more fair, effective and transparent market environment. Our Association became an affiliate member of the Federation in September 2009. The Association serves on the FEAS Investor Relations Task Force.

ICSA

The International Council of Securities Associations (ICSA) is a global organization representing industry associations. The aim of the Council, which was founded in 1988,

is to contribute to the development of the capital market by ensuring cooperation between member associations. Our Association has been a member of the Council since 2006. TSPAkB is a member of the ICSA Advisory Committee and Chairman of the Emerging Markets Committee since 2010.

IFIE

The aim of the International Forum for Investor Education (IFIE), which was set up in 2005 as an independent organization, is to enhance investor education on a global level and to support investors in taking well-informed decisions. Our Association joined the Forum in September 2009, where self-regulatory, regulatory and various non-profit organizations are represented. TSPAkB serves on the Advisory Committee of the Forum.

IOSCO

The International Organization of Securities Commissions (IOSCO) was founded in 1983 to set global standards in the capital markets. Our Association joined the organization, as an affiliate member in 2003.

INVESTMENTS



With its objectives of improving the capital markets, the Association acquires equity stakes in capital market institutions and participates in their management.



Borsa İstanbul Inc.

TSPAkB's 6% share the capital in the Turkish Derivatives Exchange (TurkDEX) was converted into shares representing 0.3% of the Borsa İstanbul, pursuant to the new Capital Market Law.



Central Registry Agency Inc.

TSPAkB has a 5% share in the Central Registry Agency Inc. (CRA). Our Association holds TL 300,000 of the company's total capital of TL 6,000,000. The Association continued to be represented by one member on the CRA Board of Directors in 2013.



Capital Markets Licensing Registration and Training Agency

Capital Markets Licensing Registration and Training Agency Inc. (CMLTA) was founded on 16 June 2011 to organize training programs, issue licenses and keep records of the market professionals.



The Association holds TL 800,000 in the company's total capital of TL 2,000,000 and was represented by two members on the CMLTA Board of Directors in 2013.



OVERSIGHT AND DISPUTE RESOLUTION



Oversight

The Association is authorized to regulate, supervise and enforce issues delegated to it by legislation or by the CMB. In this context, various audits are conducted when necessary, and the provisions of the legislation are applied in case of non-compliance.

Dispute Resolution

Investor complaints related to intermediary institutions are handled within the context of the Association's duty and authority of "assisting in the resolution of conflicts between members or between members and their customers arising from non-market transactions." Efforts are spent to resolve conflicts between our members and investors without resorting to legal action.



INQUIRIES



Within the frame of the Law on the Right to Information, the Association received a total of five inquiries during 2013. Out of these five inquiries, two have been provided access to information and documents. Three applications have been referred to other institutions and organizations due to their relevance.



AUDITORS REPORT



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

AUDITORS' REPORT

25.03.2014

The Association's accounts and transactions have been audited on a monthly basis in accordance with Article 20 of the Statute of the Association of Capital Market Intermediary Institutions of Turkey. It has been established that the records of the Association of Capital Market Intermediary Institutions of Turkey have been kept in accordance with the relevant regulations and accounting principles, and that they present a true and fair view of the financial position of the Association.

We hereby present the balance sheet, income statement and final chart of accounts as well as the Auditors' Report for the year ended 31.12.2013 for your approval, and hereby recommend that the Board of Directors be acquitted from its liabilities.

BOARD OF AUDITORS

Gülsevin YILMAZ
AUDITOR

Vesile SARLIOĞLU
AUDITOR

Recep ATAKAN
AUDITOR

Balance Sheet (TL)

Assets	31/12/2013	31/12/2012	Change %
Current Assets	4,747,323	2,732,997	74%
Cash and Cash Equivalents	4,255,616	2,232,643	91%
Securities	0	0	N.M.
Trade Receivables	167,293	166,105	1%
Other Receivables	1,228	11,496	-89%
Prepaid Expenses and Income Accruals	323,186	319,835	1%
Other Current Assets	0	2,918	N.M.
Non-Current Assets	3,244,537	1,648,861	97%
Financial Assets	2,419,702	1,640,000	48%
Tangible Assets	3,654,666	3,561,064	3%
Intangible Assets	209,832	209,832	0%
Accumulated Depreciation (-)	3,813,951	3,766,757	1%
Prepaid Expenses and Income Accruals	769,716	0	N.M.
Other Non-Current Assets	4,572	4,722	-3%
Total Assets	7,991,860	4,381,858	82%
Liabilities			
Current Liabilities	1,427,695	421,963	238%
Trade Payables	1,073,091	16,819	6280%
Other Payables	38,315	19,008	102%
Advances Received	23,435	28,010	-16%
Taxes Payable and Other Obligations	156,761	135,695	16%
Revenue and Expense Accruals	136,093	222,430	- 39%
Non-Current Liabilities	1,073,888	818,756	31%
Provisions for Liabilities and Expenses	1,073,888	818,756	31%
Shareholders' Equity	5,490,278	3,141,139	75%
Funds	2,424,702	1,645,000	47%
Current Year Profit/Loss	3,065,576	1,496,139	105%
Total Liabilities	7,991,860	4,381,858	82%

Income Statement (TL)

Revenue	31/12/2013	31/12/2012	Change %
Admission Fees	0	100,000	N.M.
Expense Contributions	2,182,737	2,043,202	7%
Annual Fees	741,737	690,937	7%
Overdue Interest	19,779	19,110	3%
Income Surplus Transferred	1,496,139	1,300,142	15%
Donations	0	0	N.M.
Revenues From Publications	0	0	N.M.
Revenues From Training, Courses and Seminars	1,265,156	1,435,010	-12%
Miscellaneous Revenues	3,548,268	1,357,813	161%
Total Revenues	9,253,816	6,946,215	33%
Expenses			
Personnel	3,463,258	3,378,124	3%
Consultancy	93,183	79,969	17%
Office	321,503	334,728	-4%
Public Relations and Meeting	563,202	390,547	44%
Research and Publications	74,373	83,861	-11%
Information Technology	374,933	191,955	95%
Training, Courses and Seminars	536,347	572,747	-6%
Travel and Accommodation	143,393	85,258	68%
Fixed Asset and Fixtures Purchases	226,407	6,382	3448%
Subsidiaries	50,000	0	N.M.
Miscellaneous	306,259	276,957	11%
Total Expenses	6,152,858	5,400,527	14%
Pre Tax Income	3,100,958	1,545,688	101%
Taxes and Other Legal Allowances	-35,383	-49,549	-29%
Net Income	3,065,576	1,496,139	105%

*N.M.: Not Meaningful



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