



ANNUAL REPORT 2019



Devrim Erbil
Painter, Professor, State Artist

Devrim Erbil was born in Uşak in 1937. He was educated at the Istanbul State Academy of Fine Arts, Painting Department and was assigned to the Cemal Tollu, Bedri Rahmi Eyübođlu and Cevat Dereli Art Studios. In 1965, he conducted researches and studies in Madrid and Barcelona under the art scholarship, provided by the Government of Spain. He worked as the Director of Istanbul Art and Sculpture Museum and was called to Professorship at the Istanbul State Academy of Fine Arts. He received his "state artist" title in 1991 and retired from Mimar Sinan University (ex. Istanbul State Academy of Fine Arts) in 2004. He served as the Founding Dean of Dođuş University Faculty of Art and Design. Following the opening of Balıkesir Devrim Erbil Museum of Contemporary Arts in his name, Devrim Erbil founded the Art, Culture and Education Foundation. He opened hundreds of exhibitions in Turkey and abroad, won awards and art lectures. His works are exhibited in many museums and under many collections worldwide.

Nowadays, he is conducting an intensive study for the Devrim Erbil Museum.

International Awards

- 1966 5th Tehran Biennial Chamber Kingdom 1st Award
- 1972 9th Alexandria Biennial Painting 2nd Award
- 1998 Kyrgyzstan Academy of International Science and Art "Honorary Founding Member" Title

National Awards

- 1969 "Young Artist of the Year Exhibition" Young Artists 1st Award
- 1973 50th Year of Republic of Turkey - Art-Sculpture Contest "Atatürk and Republic" Award
- 1974, 1976 DYO Painting Contest, Achievement Award
- 1978, 1982 State Painting and Sculpture Competition, Achievement Award
- 2000 Turkish Journalists' Association, Sedat Simavi "Visual Arts" Award
- 2012 Artbosphorus Contemporary Art Fair "Artist of the Year" Award
- 2012 Yedi Renk Art Foundation "Day of the Master" Award
- 2017 International Plastic Arts Association "Artist of the Year" Honorary Award
- 2017 Municipality of Beyođlu "Outstanding Service" Medal
- 2019 "Presidential Culture and Arts Grand" Award

We would like to extend our gratitude to the esteemed artist Prof. Dr. Devrim Erbil, who gave his permission for the photos of his works to be used in our Annual Report.

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Cover:

DEVİRİM ERBİL
İSTANBUL, İZLENİM (İSTANBUL, IMPRESSION)
Mixed Technique on Canvas- 2012 - 140x90 cm



To view TCMA Annual Reports, please visit:
www.tspb.org.tr/en



This report has been printed on recycled paper.

TURKISH CAPITAL MARKETS ASSOCIATION (TCMA)

We are a self-regulatory organization established in 2001 by the Capital Markets Law. We have a membership structure consisting of banks, brokerage firms, asset management companies, and mutual trusts, authorized for conducting capital market operations. On behalf of members and investors, we provide solutions to develop the capital markets, within our sectoral representative status and expertise.

We play an active role in the solution of the problems which slow down the development of the sectoral pace and we are involved into the processes aimed to take the markets forward.

We work in partnership with the below mentioned institutions and individuals, to sustain the stability in the capital markets.

- Corporate and individual investors,
- Our members and industry employees,
- All relevant public institutions, especially the Capital Markets Board of Turkey, capital markets institutions such as Borsa Istanbul, Istanbul Settlement and Custody Bank Inc., Central Securities Depository of Turkey, Capital Markets Licensing Registry and Training Agency,
- Public companies, universities, associations, and the media.

WHAT WE DO

We set, implement and access compliance procedures for our members' facilities based on the necessities of the capital markets and progress within a disciplinary perspective, under the capital markets requirements.

We evaluate the complaints regarding our members' services towards their clients, assist in the resolution of disputes, arising from off-exchange transactions among our members or between our members and investors.

We conduct activities in line with the sectoral development and enhancement of Turkey, facilitating with the state organizations.

We co-operate with capital markets-related foreign institutions.

We conduct research on the development of the capital markets.

We monitor professional, managerial and legal developments, updates and revisions in rules and regulations and inform our members, accordingly.

We organize Informative Training Programs to update the market professionals.

We design and run Investor Education Programs. Also, we inform the public on increasing their savings and their investing in the capital markets.



DEVİRİM ERBİL

İSTANBUL TURUNCU (ISTANBUL ORANGE)

Mixed Technique on Canvas - 2013 - 130x180



WE TAKE FORWARD PROGRESS

WORKING WITH AN EDUCATED AND PIONEERING MANAGEMENT AND A TEAM OF EXPERTS, WE ANALYZE THE INDUSTRY MISCONDUCTS AND FORMULATE SOLUTIONS BUILT UPON STRATEGIC PLANS UNDER CONSTRUCTIVE APPROACHES THAT WILL DRIVE PROGRESS. WE SERVE AS THE REFERENCE GUIDE OF THE INDUSTRY WITH OUR EXPERTISE AND EXPERIENCE IN THE CAPITAL MARKETS, WITH THE DATA COMPILATION REPORTS WE CONDUCT, AND THE TRAINING AND INFORMATIVE ACTIVITIES WE ORGANIZE.

ORGANIZATIONAL STRUCTURE

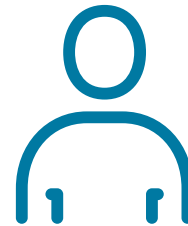
AVERAGE AGE OF OUR STAFF

39



AVERAGE YEARS OF WORK EXPERIENCE

14 YEARS



TOTAL NUMBER OF EMPLOYEES

28

Ph.D.

1

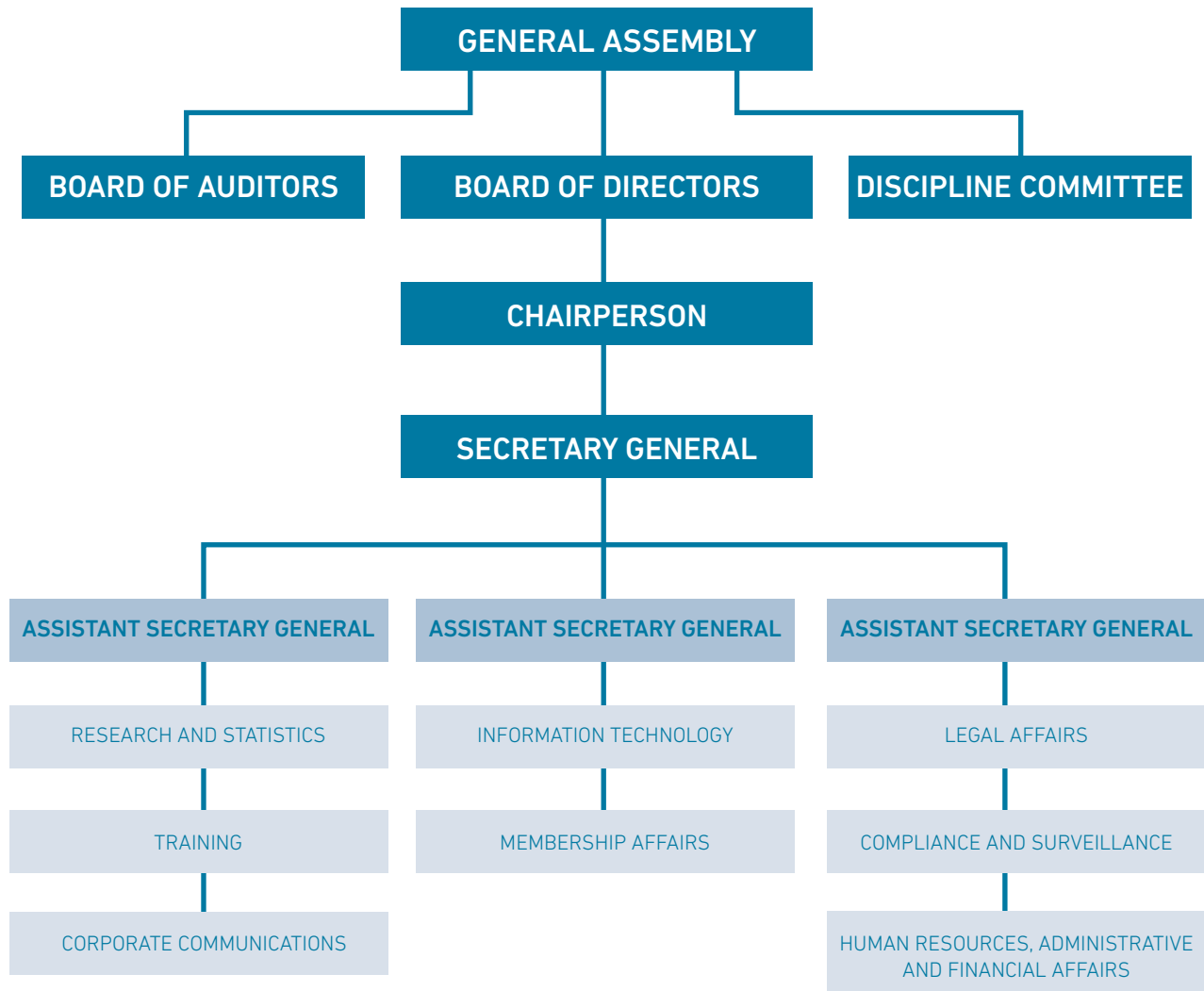
MASTER'S

10

GRADUATE

16





MILESTONES



2001

- The Association of Capital Markets Intermediary Institutions of Turkey (TSPAKB) was founded.
- The first general meeting was held.
- The first membership meeting was held.
- The professional rule book was published.
- The disciplinary code of conduct was announced.

2002

- The first panel discussion was organized.
- TSPAKB website went live.
- The first annual report was printed.
- The first monthly magazine "Gündem" was published.
- The licensing exams preparation training started.
- The first press-conference was held.

2003

- Professional development training started.
- "Rules of Arbitration" was released.
- Joined International Organization of Securities Commission (IOSCO).

2004

- TurkDEX Training was initiated.
- The first university campus visits were made.

2005

- A questionnaire was administered regarding the Capital Markets Activities.

2006

- Joined the International Council of Securities Associations (ICSA).

2007

- "Global Financial Centers and Istanbul" report was released.

2008

- The first annual report in English was published.
- Personal development training began.

2009

- "Compliance Program Development Guide for Brokerage Firms" was published.
- Joined Asia Securities Forum (ASF), Federation of Euro-Asian Stock Exchanges (FEAS) and the International Forum for Investor Training (IFIE).
- The Association's Disaster Recovery Center was launched.

2010

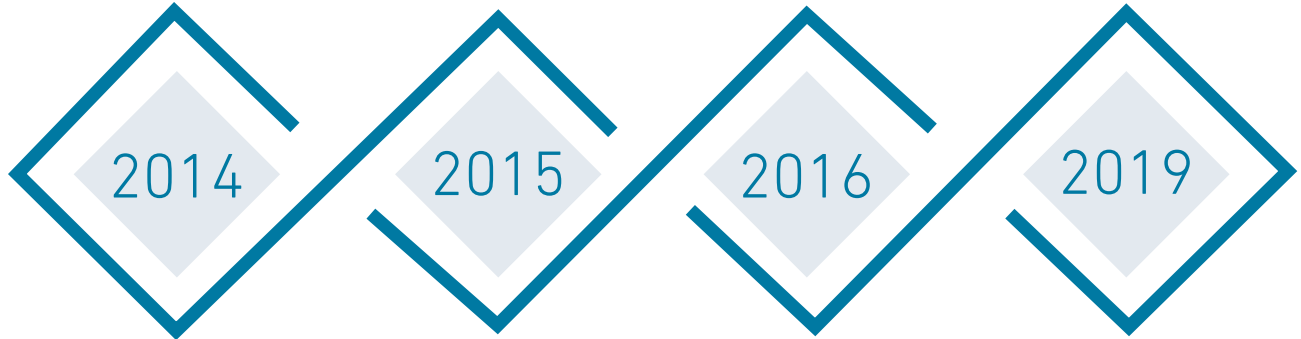
- "Financial Statements Guide for Brokerage Firms" was released.
- The first international conference was held.
- The first overseas event was organized in South Korea.
- The 100th issue of the monthly "Agenda in Capital Markets" was published.
- Various data concerning brokerage firms' financial statements, required by the Central Bank of the Republic of Turkey (CBRT) integrated into the Association's data collection forms and data collection at the Association were initiated.

2011

- 10th year in operation completed.
- The 10th edition of the "Turkish Capital Markets Annual Review" was published.

2012

- Investor training via social media accounts became operational.
- The Association hosted ICSA, IOSCO and SROCC meetings.
- Free training was offered for university students.
- Co-operation agreements were signed with the Korean Stock Exchange and the Japan Association of Intermediary Institutions.
- Member data began to be collected using Association's proprietary Member Management System software.



Acquired its new membership structure and was renamed Turkish Capital Markets Association (TCMA).

Periodic data began to be collected from asset management companies.

The first Turkish Capital Markets Summit was held, which was coordinated by the Association.

Serathon-in Capital Markets Software Marathon was held.

2013

- Social network accounts of the Association were activated.
- www.paramveben.org (My Money and I) website went live as part of investor education.
- "Kamera Elinde Geleceğin Cebinde" (Camera in Your Hand, Future in Your Pocket) short film contest was organized for the second time.
- "TSPAKB Public Offering Principles" were developed.

2014

- The Association of Capital Markets Intermediary Institutions of Turkey (TSPAKB) acquired its new membership structure following the coverage of management companies and mutual trusts and was re-named as the Turkish Capital Markets Association (TCMA).
- Various professional committees, subcommittees and task forces were set up at the Association.
- The first issue of the "Gösterge" publication was released.
- The Association was elected as a member of the FEAS (Federation of Euro-Asian Stock Exchanges) Board of Directors.

2015

- Under the new Association Statute, "Turkish Capital Markets Association Disciplinary Guidelines" were updated and went into force upon being published in the Official Gazette.
- Periodic data began to be collected from the Asset Management Companies.
- The first capital markets scholarships began to be granted.

2016

- "Client Dispute Arbitration Committee" was set up under the Association.
- "TCMA Capital Markets Award Ceremony" was debuted.
- Informative seminars were initiated for the chambers of the industry members.
- The Association began to be appraised for cash collective investment instruments.
- The first Turkish Capital Markets Summit was held, which was coordinated by the Association.

- The annual meeting of the International Forum for Investor Education (IFIE) was held.
- An independent audit was conducted by a firm, offering Sworn Financial Advisory service.
- The first personal budget management training was offered.

2017

- TCMA and Turkish Appraisers Association (TDUB) co-published the "International Valuation Standards".
- Investor education was co-organized with the members for the first time.
- The initial B2B contacts between the manufacturing industry companies and the Association members took place during the Turkish Capital Markets Summit 2017.
- The first issue of the international peer-reviewed journal titled "Journal of Capital Markets Studies" was published.
- The Association was elected to the ICSA Board of Directors as a representative of the European area.

2018

- "Mutual Funds provisions directive" was published.
- "Recommendations and Action Plan for Capital Markets Development" report was released.
- The Association co-organized the first vision meeting with TKYD (Corporate Governance Association of Turkey).
- TCMA became a signatory of the Asia Securities Forum's Declaration on "Commitment to Sustainable Development Goals" along with the leading capital markets representatives in the Asia-Pacific region.

2019

- The first capital markets hackathon event organized in Turkey as "Serathon-in Capital Markets Software Marathon" was held.
- The Association hosted the Asia Securities Forum (ASF).
- TCMA became a partner of the JCR Avrasya Rating.

BOARD OF DIRECTORS



ALP KELER, PH.D., CFA
CHAIRPERSON
AKBANK
EXECUTIVE VICE PRESIDENT



ERHAN TOPA
VICE CHAIRPERSON
GEDİK INVESTMENT
CHAIRMAN OF EXECUTIVE BOARD



MURAT GLER
BOARD MEMBER
A1 CAPITAL INVESTMENT
CHAIRMAN OF EXECUTIVE BOARD



SERDAR SRER
BOARD MEMBER
HALK INVEST
CHAIRMAN OF EXECUTIVE BOARD



MUHAMMED ONAY ZKAN
BOARD MEMBER
VAKIFBANK
EXECUTIVE VICE PRESIDENT



O. OKAN ALPAY
BOARD MEMBER
TACİRLER INVESTMENT
GENERAL MANAGER AND VICE CHAIRMAN OF EXECUTIVE BOARD



TEVFİK ERASLAN
BOARD MEMBER
İŞ ASSET MANAGEMENT
GENERAL MANAGER



İHSAN GÖKŞİN DURUSOY
BOARD MEMBER
AKİŞ REAL ESTATE INVESTMENT COMPANY
GENERAL MANAGER AND EXECUTIVE BOARD MEMBER



ENCAN AYDOĞDU
BOARD MEMBER
THE TURKISH ASSOCIATION OF APPRAISERS
CHAIRMAN OF EXECUTIVE BOARD



PROF. DR. GÜLER ARAS
INDEPENDENT BOARD MEMBER



ŞULE KORKMAZ, PH.D.
INDEPENDENT BOARD MEMBER

BOARD OF AUDITORS



ADNAN BAHAR
AUDIT BOARD MEMBER
BAHAR SECURITIES
CHAIRMAN OF EXECUTIVE BOARD



A. ALBERT KRESPİN
AUDIT BOARD MEMBER
DEUTSCHE SECURITIES ISTANBUL
GENERAL MANAGER AND VICE CHAIRMAN OF
EXECUTIVE BOARD



M. SELİM YAZICI
AUDIT BOARD MEMBER
TEB ASSET MANAGEMENT
GENERAL MANAGER AND EXECUTIVE BOARD MEMBER



C. CEM ÖNENÇ, PH.D.
AUDIT BOARD MEMBER
DENİZBANK
EXECUTIVE VICE PRESIDENT



MEHMET AHKEMOĞLU
AUDIT BOARD MEMBER
ALARKO REAL ESTATE INVESTMENT COMPANY
EXECUTIVE BOARD MEMBER

DISCIPLINE COMMITTEE



ATTY. H. HÜSNÜ GÜZELÖZ
DISCIPLINE COMMITTEE CHAIRMAN
DOĞUŞ REAL ESTATE INVESTMENT TRUST
EXECUTIVE BOARD MEMBER



A. BÜLENT ALTINEL
DISCIPLINE COMMITTEE MEMBER
ING SECURITIES
GENERAL MANAGER AND EXECUTIVE BOARD MEMBER



ÖZGÜL ÇEVİK
DISCIPLINE COMMITTEE MEMBER
SANKO INVEST
GENERAL MANAGER AND EXECUTIVE BOARD MEMBER



İZZET ŞAHİN
DISCIPLINE COMMITTEE MEMBER
ANADOLUBANK
VICE CHAIRMAN OF EXECUTIVE BOARD



M. EMİN ÖZER
DISCIPLINE COMMITTEE MEMBER
ALBARAKA ASSET MANAGEMENT
GENERAL MANAGER AND EXECUTIVE BOARD MEMBER

EXECUTIVE MANAGEMENT



İLKER ARIKANI
SECRETARY GENERAL



O. İLKER SAVURAN
ASSISTANT SECRETARY GENERAL
RESEARCH AND STATISTICS
TRAINING
CORPORATE COMMUNICATIONS



SÜLEYMAN MORBEL
ASSISTANT SECRETARY GENERAL
LEGAL AFFAIRS
COMPLIANCE AND SURVEILLANCE
HUMAN RESOURCES,
ADMINISTRATIVE, AND FINANCIAL
AFFAIRS



ADALET POLAT
ASSISTANT SECRETARY GENERAL
INFORMATION TECHNOLOGIES
MEMBER RELATIONS



EXECUTIVE MANAGEMENT

- 1- İlkay Arıkan**
Secretary General
- 2- O. İlker Savuran**
Assistant Secretary General
- 3- Süleyman Morbel**
Assistant Secretary General
- Adalet Polat**
Assistant Secretary General

DIRECTORS

- 4- Ekin Fıkrkoca Asena**
Research and Statistics
Director
- 5- Engin Turan**
Human Resources,
Administrative, and Financial
Affairs Director
- 6- Esra Esin**
Compliance and Surveillance
Director

- 7- Gökhan Büyüksençür,**
Ph.D.
Training Director
- 8- Telman Şahbazođlu**
Information Technology
Director
- 9- Tuđba Ođan**
Corporate Communications
Director

OUR STAFF

- 10- Aslı Hondu İmamođlu**
Member Relations /
Assistant Director
- 11- Ceylan Anıl**
Research and Statistics /
Assistant Specialist
- 12- Cihan Coşgun**
Information Technology /
Specialist



13- Çağla Savuran Eralp
Training / Specialist

14- Deniz Kahraman
Research and Statistics /
Specialist

15- Gökben Çevikcan
Research and Statistics /
Assistant Director

16- Gülcan Yalcıner
Human Resources,
Administrative and
Financial Affairs /
Assistant Chief

17- H. Onur Salttürk
Research and Statistics /
Senior Specialist

**18- Hülya Kandemir
Yılmaz**
Human Resources,
Administrative, and
Financial Affairs / Chief

19- Kerim Karakaya
Human Resources,
Administrative, and
Financial Affairs /
Assistant Director

20- Atty. K. Burcu Mert
Legal Affairs / Senior
Specialist

21- Muzaffer Demirci
Human Resources,
Administrative and
Financial Affairs /
Administrative Support

22- Atty. Nil Ayav Tural
Legal Affairs / Senior
Specialist

23- Nilüfer Gevenoğlu
Corporate Communications
/ Senior Specialist

24- N. Deniz Şanlı
Corporate Communications
/ Assistant Specialist

25- Serhat T. İşler
Compliance and
Surveillance / Senior
Specialist

26- Sevda Uslu
Compliance and
Surveillance / Senior
Specialist

27- Şadiye Selek
Human Resources,
Administrative, and
Financial Affairs / Office
Services



OUR TEAM

DEVİRİM ERBİL

MAVİLİM (MY BLUE)

Mixed Technique on Canvas - 2009 - 105x105 cm



DEVİRİM ERBİL

İSTANBUL İKİLİ BAKIŞ - SELİMİYE MAVİ (İSTANBUL BINARY LOOK - SELİMİYE BLUE)


Oil painting on Canvas - 2017 - 130x180 cm




WE ARE STRONG

WE ARE A SOLID ORGANIZATION, GROUNDED UPON OUR
PRESTIGIOUS MEMBERS' SUPPORT AND OUR CORPORATE
GOVERNANCE.

OVERVIEW OF 2019



WE NEED TO STRENGTHEN AND FURTHER DEVELOP THE CAPITAL MARKETS IN ORDER FOR TURKEY TO ACHIEVE THE SUSTAINABLE ECONOMIC GROWTH, INCREASE ITS SHARE IN THE WORLD TRADE ALONG WITH MEETING THE LONG-TERM FUNDING DEMANDS.



Distinguished Members,

2019 has been a year in which trade wars between the USA and China and geopolitical risks were at the forefront whereas the global economic growth remained relatively low. We have seen that central banks of developed countries, primarily the US Central Bank (FED), pursuing expansionary monetary policies in order to support economic growth.

In terms of Turkey, recovery trend accelerated especially in the second half of the year, following the progress for the economic rebalancing. Along with the inflation rate going down, there was a remarkable decrease in the interest rates. The global expansionary monetary policies as well as recovering economy and the interest rates decline strengthened the tendency towards the Turkish Capital Markets. In this context, 2019 has been the year in which the investor awareness has been increased hence the numbers and the volumes.

Regarding the global economy, we see that the countries with developed capital markets have the biggest share in world trade and economic growth. This indicates that the capital markets should be amplified in order for Turkey to enhance the targeted sustainable growth and increase its share in the world trade. In other words, the way towards the sustainable growth of the Turkish economy is in line with the development and strengthening of the capital markets. At this point, our primary goal should be to expand the capital markets much further beyond its current level.

As the Turkish Capital Markets Association (TCMA), carrying the largest number of member base in the financial services sector; we have completed a year in which we have conducted various tasks, concerning communication, education and digitalization as well as improvement of legislation, in order to ensure the development of our sector in line with our goals.

As TCMA, we accelerated our multi-faceted communication activities in this period towards increasing awareness for the capital markets and its value-added while ensuring that savings are being valued through investments in the capital markets.

We Increased our Co-operation with the Media

In 2019, we initiated a multi-faceted communication collaboration within the framework of a strategy in which we actively use both traditional media and social media in order to highlight the value created by the capital markets, specifically pointing out many aspects such as partnership culture, private pension, public offering as well as target investment plans.

In line with this purpose, the press meetings we held in July and October, and the mutual communication with the press as well as one-to-one meetings, provided productive collaborations for the expansion of our industry.

In addition, we launched the series called "Investing Together" that were broadcasted live on Bloomberg HT Channel every 2 weeks where we have covered many topics, subjecting the



value-added by the capital markets, the partnership culture, long-term investments and the contribution of the private pension system towards the society and the economy. The complete episodes of the series can be reached through our TCMA's YouTube channel.

We Organized the TCMA Capital Markets Awards Ceremony

We have carried on with our past activities, together with the new ones, which we strongly believe that cultivate the Turkish economy and the capital markets.

We effected the fourth "TCMA Capital Markets Awards Ceremony" on 17 April 2019. This year, we awarded 31 institutions / individuals in 42 different branches at our awards ceremony, which we organized to increase the awareness of our capital markets, while strengthening intra-sector solidarity and cooperation.

We Held the First Capital Markets Software Marathon in Turkey

In order to raise awareness of the Fintech companies and their investments towards the capital markets institutions and products and to direct them to these areas, we realized the first of Capital Markets Software Marathon "Serathon-In", in cooperation with Borsa Istanbul.

The data and APIs of many institutions were opened to public access for the first time within the Capital Markets Software Marathon. 148 people in 54 teams had applied the Serathon-in. 23 finalist teams have individually developed and presented valuable software projects on capital markets at the end of the two-day marathon. The awards of the top three teams were presented after evaluated by our Jury.

We Organized the Second Capital Markets Vision Meeting

We organized the second vision meeting within the title of "Capital Markets' Long-Term Contribution towards the Turkish Economy; Necessary Steps to be taken for Sustainable Economic Growth", in co-operation with the Turkish Institutional Investment Managers' Association, in October.

We Hosted the Asia Securities Forum Annual Meeting in Istanbul

We hosted the 24th Annual Meeting of the Asian Securities Forum, which we have become a member in 2009, in Istanbul. 55 delegates from 18 countries attended the meeting. We believe that this meeting was of great importance for the publicity of our country and the capital markets.

We Held the Turkish Capital Markets Summit

We held the Turkish Capital Markets summit; this year themed under "transformation" which was organized with the support of the Republic of Turkey Presidency Finance Office, the Capital

OVERVIEW OF 2019

Markets Board of Turkey and the main sponsor Borsa Istanbul and it attracted intense interest and participation.

Our Summit hosted nearly 8 thousand people, with the participation of policy makers, local and foreign experts, academics, students and investors, as well as employees from the sector. Sponsored by 30 institutions, it was supported by 26 non-governmental organizations and 4 communication partners.

We Continued our Activities on Financial Literacy

As one of the main tasks of our Association, we continued our works throughout the year to increase the level of financial literacy in our country within the investor trainings. Within the scope of the World Investor Week events, celebrated in 87 countries and started on 1 October 2019, we brought investors, university students and real sector representatives together, in order to process the aspects of investor education and protection and the importance of informed investment, in cooperation with the Capital Markets Board of Turkey and Borsa İstanbul.

One other activity within the scope of investor education is our traditional "Camera in Your Hand, Future in Your Pocket" short film competition. In the competition, where applications will continue until March 2020, short films that best describe the importance of savings and investment will be rewarded with great prizes.

We have lost cinema critic and successful journalist Cüneyt Cebenoyan in a traffic accident; our jury member of our short film contest since 2014. We will always remember Cüneyt Cebenoyan with gratitude for his contributions to our country's cultural life and our industry. As the Association, we have decided to donate regularly to the "Cüneyt Cebenoyan Child and Cinema Platform" every year, in order to keep his memory alive.

We Briefed the Real Sector Representatives on the Capital Markets Institutions and its Tools

"Foreign Currency Risk Management for Export Companies" panels were conducted under the co-operation between the Turkish Exporters Assembly (TIM) and members of our Association, throughout the year. A total of 715 persons attended the panels, which we have organized in Istanbul, Ankara, Bursa, Izmir, Mersin, Gaziantep and Denizli, in 2019, in order to raise awareness for the employees, investors, and those who are interested in the subject of exchange risk. 55 B2B meetings were also held between the companies' top



OUR PRIORITY THIS YEAR WILL BE SEEKING SOLUTIONS FOR THE PROBLEMS OF OUR INDUSTRY, INVESTIGATING WHAT WE CAN ACHIEVE FOR THE IMPROVEMENT OF OUR MARKETS AND DISCUSSING THESE ISSUES IN DIFFERENT PLATFORMS.



executives and the members of our Association within the scope of the panels.

We Contributed to the Developments, Concerning our Sector's Legislations

While carrying on tasks to ensure that our sector's added value is acknowledged, we also worked hard on improving and strengthening the capital markets legislation. With the active participation of 67 people from 45 different institutions, we continued to work together in the period of December 2018 - April 2019, convening at least 4 times a month. We discussed the results of the study with the managers of the CMB at the Capital Markets Legislation Workshop on 20-21 April 2019 in Sapanca, and presented the draft amendments to the CMB. Some of the results in this study have been enacted as revisions in the Capital Markets Law.

We provided our contribution towards the studies on "Pension Funds' Performance Measurement", conducting the "Equity-based Crowd Funding Communiqué" and setting the "Principles for the Intermediary Institutions in the Commodities Exchange" for the Mercantile Exchange for Turkey.

The net capital inflows and outflows, which have been adjusted within the price effect in mutual funds, have started to be published by the Central Securities Depository of the Turkish Capital Markets (MKK), by the initiative of our union. The information on the net capital inflow adjustment on the basis of fund type, calculated in line with price effect can be accessed from MKK's website.

We received 612 applications through the Client Disputes Arbitration Committee under our Association and resolved 291 of these applications.

Istanbul Financial Center works have accelerated with the establishment of the Presidency of the Republic of Turkey Finance Office.

As the Association, we worked our best to provide all the support by keeping in close contact with the Presidency of the Republic of Turkey Finance Office. To this end, "Istanbul Finance Center Conference" was held in co-operation with the Presidency of the Republic of Turkey Finance Office where Berat Albayrak, Ph.D., Minister of Treasury and Finance of the Republic of Turkey has honored us with his presence.

In addition, we held a workshop on the Istanbul Finance Center Action Plan, in coordination with The Presidency of the Republic of Turkey Finance Office

Besides, we became a 5% shareholder in the Mortgage Finance Institution, which has been established based on our Association's proposal and it will contribute to the improvement of the capital markets through securitization of loans.

Our Association became a partner with JCR Avrasya Rating which has been established in 2019, in order to distribute domestic financial resources more effectively within the widespread use of credit ratings.

Distinguished Members,

The world has been struggling against the Covid-19 outbreak during the first months of 2020 in which we had anticipated a pace in the global economic activities.

We will overcome this problem as a global society, in solidarity and Union. Our priority this year will as well include the Turkish economy at this point and seeking solutions for the problems of our industry, investigating what we can achieve for the improvement of our markets and discussing these issues in different platforms.

I would like to thank the valuable managers of all our stakeholders who have provided their support during our term of office, our esteemed members who actively participate in our activities and constantly trust and support us, my colleagues working in our management and supervisory boards, and our Association's valued employees.

Yours sincerely,



Alp Keler, Ph.D., CFA
Chairperson



DEVİRİM ERBİL

İSTANBUL'UN ÇİZGİSİ (İSTANBUL LINE)

Oil painting on Canvas - 2002 - 150x200 cm



WE ARE RELIABLE

WE ARE A RELIABLE ORGANIZATION AND WE REPRESENT ALL THE CAPITAL MARKET INSTITUTIONS IN OUR COUNTRY. CARRYING PROFESSIONAL ORGANIZATION STATUS, WE EMBRACE OUR STRICT ADHERENCE TO REGULATIONS, AND OUR IMPARTIAL, FAIR, TRANSPARENT AND ETHICAL APPROACH, AS THE ASSOCIATION'S MAIN PRINCIPLES.

INITIATIVES



Changes to the Regulatory Framework

To develop the capital markets;

- We have tried to simplify the legislation,
- We have worked to determine the execution complications encountered in line with the Capital Markets Law and Ancillary regulations in-force and have provided clarification towards the problematic issues,
- A study was initiated in 2018, regarding innovations that can be put into practice for the development of capital markets, concerning the Capital Markets Law and the necessary legislative amendments to be effected in the current Ancillary regulations in-force.

The member opinions and recommendations regarding the entire content of the capital markets legislation were compiled under task forces to be referenced to. In line with the opinions and suggestions of our members, 4 different task forces were conducted based on their area of implementation:

1. Intermediary Activities Legislation,
2. Companies' Financing Legislation,
3. Institutional Investors Legislation,
4. Other Legislation

OUR INNOVATIVE EFFORTS AIMED AT DEVELOPING AND STRENGTHENING OUR SECTOR CONTINUED, IN 2019.

Within the scope of capital markets development under the co-ordination of our Association and with the participation of representatives of non-governmental organizations, capital market institutions, and public companies, the assessment for the improvement and updating of capital markets legislation has been completed, pursuing the balance between investors and issuers.

The studies were carried out from December 2018 to April 2019 with the active participation of 67 members from 45 different institutions. The results were submitted to the Capital Markets Board of Turkey on 12 April 2019 to be evaluated in detail at the workshop held on the subject.

Promotion Campaigns

Under the Capital Markets Board of Turkey (CMB) regulations, promotion campaigns to be carried out by the intermediary institutions and banks for capital markets activities are notified to our Association in writing before the implementation to be approved. Regarding the promotion campaigns in 2019, 45 member applications were examined and evaluation results were reported to the related authorities.

Principles to be followed in the Asset Valuation Excluding Real Estate in the Scope of the Capital Market Legislation

The sectoral opinion was shared with the Capital Markets Board of Turkey (CMB), regarding the draft resolution on the Capital Markets Legislation about "Asset Valuation Excluding Real Estate", to amend the principles released to public by the CMB (Decision No.37/875), on 17 July 2003 that is to be implemented for the "Asset Valuation Excluding Real Estate" under the scope of the capital markets legislation.

Minimum Requirement Elements to be Included in the Non-Real Estate Assets Valuation Reports

Under the framework of the mandate given to our Association within the resolution, (ref no: 21/500), dated 11 April 2019, taken at the Capital Markets Board (CMB) meeting, "Minimum Requirement Elements (minimum requirements) to be included in the Non-Real Estate Assets Valuation Reports" which was conducted jointly by Turkish Appraisers Association (TDUB), submitted to the CMB.

The minimum requirements, submitted to the CMB on 6 September 2019, were approved on at the CMB meeting (ref no: 55/1294).

The minimum requirement factors were announced to our members with the Circular No.42 of our Association, dated 9 October 2019, to be used in the valuation reports within the scope of the relevant resolution, and were published on the Association's website.

Equity-based Crowd Funding Communiqué Draft

As the Crowdfunding Platforms are established which mediate crowdfunding and provide electronic services; their commencements are subject to the Capital Markets Board of Turkey (CMB) authorization, within the framework of the "Draft Crowdfunding Communiqué", published by the CMB, on 3 January 2019. In order to convey the sector opinion regarding the Draft Communiqué to CMB, our members were asked to submit their views and recommendations to our Association in writing until 28 January 2019.

Furthermore, meetings were held with the Crowdfunding Association and managers of project companies, operating in our country on 18 January 2019, and members of the Association representatives on 22 January 2019, in order to evaluate the crowdfunding practices by exchanging views

within the framework of the "Draft Communiqué" and to discuss the sector demands, regarding the issue.

The opinions and suggestions, conveyed by our members and the issues that were deemed essential by the Association regarding the draft Communiqué, were shared with the CMB.

Principles for the Intermediary Institutions in the Commodities Exchange

The Association's opinion on the membership method of capital market intermediary institutions included in the Draft Regulation on "Intermediary Activities and Surveillance and Control of Intermediaries" of the Mercantile Exchange of Turkey (Exchange), which the Capital Markets Board of Turkey (CMB) has completed the establishment procedures, were requested to be conveyed to the CMB. Upon this issue, our members' opinions and remarks were shared with the CMB.

Proposed Amendments on the Provisions of the Regulations regarding Exchanges' and Market Operators' Establishment, Activity, Operation, and Audit Principles

Concerning the proposal of Borsa Istanbul to be submitted to the Capital Markets Board of Turkey (CMB), regarding the amendment to the "Regulation on the Establishment, Operation, and Audit Principles of the Exchanges and Market Operators"(Regulation); we conveyed our opinion that it would be beneficial to include a provision to ensure that some of the members of the board of directors of the exchanges that have been established and operating within the framework of the Regulation, must have professional experience in the capital markets.

Private Equity Funds

Our Association applied to the Republic of Turkey Ministry of Commerce, the Ministry of Industry and Technology, the Ministry of Treasury and Finance and the Capital Markets Board of Turkey (CMB), to solve the problems that the asset management companies encounter in their commercial registry applications due to their legal status during the process of their private equity investments.

INITIATIVES

Turkish Financial Reporting Standard 9 (Financial Instruments Standard) Application in terms of the Funds

In relation to evaluation requests from the industry on the implementation of Financial Reporting Standard - 9 "*Financial Instruments*" in terms of the funds specified in the standards, we informed and announced the decisions taken by the Capital Markets Board of Turkey (CMB) to our members in a general letter (ref number 809) on 1 February 2019.

In addition, the opinions and remarks conveyed to our Association by our members regarding the compliance process of the IFRS 9 standards were shared with the CMB.

Financial Action Task Force IV. Tour Country Assessment for Turkey Calls

The Financial Action Task Force (FATF), of which our country has been a member since 1991, has conducted assessments within a program to ensure the effective implementation of legal, financial and operational measures in countries to establish international standards in order to take action on the Antimoney-laundering and Counter-terrorism financing.

FATF officials held evaluations and meetings within all the related institutions and organizations during a two-week program to be able to conduct an evaluation report on Turkey.

FATF officials were informed about the methods and the procedures in our capital markets, and about how we conduct dealing against the laundering of the crime-generated revenues and terrorism-financing, by a team of our Association officials and representatives of our members.

Intermediary Services for Invoice Payments

The opinions and suggestions of our Association were submitted to the Capital Markets Board (CMB) for evaluation, regarding the authorization for our member intermediary institutions to provide intermediary services for the invoice payments, under the "representative" status, by signing a representation agreement with the payment service providers.

We have been notified by the CMB via written statements, dated 18 March 2019, that, intermediary institutions can possibly provide intermediary services to their clients under the status of "representative" within the scope of (Law No: 6493) on "Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions" and related ancillary legislation.

Valuation of Borsa Istanbul Shares in Calculating Capital Adequacy Base of Intermediary Institutions

The amendment proposal regarding the Communiqué on "The Capital and Capital Adequacy Principles of Intermediary Institutions", which was put together to take into account the current collateral value other than the nominal value, was submitted to the Capital Markets Board (CMB) with regards to calculating the capital adequacy of the shares in Borsa Istanbul, of which our member intermediary institutions own.

Effects of Collaterals Provided to Istanbul Settlement and Custody Bank Inc. (Takasbank) on Capital Adequacy and Liquidity Liability

As a result of the collaterals, provided to the Istanbul Settlement and Custody Bank Inc. (Takasbank), within the Capital Markets Board (CMB) resolution (ref no; 46/1409), dated 7 October 2002, the capital adequacy and liquidity liabilities of the intermediary institutions have been negatively affected. Our members' opinions, conveyed to our Association, were discussed at the Intermediary Institutions Professional Committee and submitted to the CMB for evaluation.

Meeting on the Central Counterparty Services (MKT) and Credit Usage Facilities offered by Istanbul Settlement and Custody Bank Inc. (Takasbank)

A meeting was held with the participation of senior managers of our member intermediary institutions and Takasbank representatives, in order to exchange views on administrative issues and the opportunities of Takasbank services provided to our members, where the below-mentioned issues were discussed;

- MKT service, collateralization and risk management policies offered by Takasbank,
- Loan opportunities provided by Takasbank to intermediary institutions.

Real Estate Appraisal Minimum Fee Tariff

Based on the Capital Markets Board's (CMB) related Article, the principles on the minimum fee tariff that the Turkish Appraisers Association members be provided for their appraisal services are set by the CMB with taking our Association's opinion, and accordingly published in the Official Gazette.

In this context, a draft that was requested by the CMB on the "Minimum Fee Tariff and Implementation Principles on Real Estate Valuation" which will be implemented in 2020, was shared with the related members of our Association. In line with the opinions and suggestions of our members, our Association provided an assertive opinion regarding the issue which was then conveyed to the CMB.

Contribution to the Republic of Turkey Ministry of Finance Tax Expenditure Report

Our Association collected individual investors' net equity profit/loss data for the year 2018 from member brokerage firms and banks in order to contribute to the Tax Expenditure report prepared by the Ministry of Finance in June.

Deadlines for Independent Audit on the Information Systems

The partially and broadly authorized intermediary institutions and asset management companies with an equity of more than TL 5 million, were subject to independent auditing for the first time in 2019, within the framework of the Capital Markets Board's (CMB) "Information Systems Independent Audit Communiqué".

Our Association's opinions and recommendations for postponing the deadline of the initial independent audit for the Information Systems to 2020 have been conveyed to the CMB, and the relevant CMB decision was announced to our members with the General Letter (no:824), dated 31 January 2019.

The opinion and recommendations of our Association regarding the postponement of the audit obligation based on the "Information Systems Independent Audit Communiqué", required for asset management companies with equity of TL 5 million or less have also been conveyed to the CMB and the related decision by the CMB was announced to our members with a general letter, (no:818), dated 14 November 2019.

Circular Amendment on the Principles Regarding Rating and Ranking Activities of Collective Investment Undertaking

The circular amendment, including the provisions not to be executed, was issued with the circular (ref no:43) and announced to our members subjecting that; the annual listing and the listing fee to be applied on the institutions, requested to be facilitated with the rating and ranking services, not to be disclosed until the Association's declaration, in order to increase awareness, inform investors fully and correctly about risks and returns and support the market-growth in a fair and competitive environment.

Tax Council Studies

Our Association, which actively participates in the Income Tax and Corporate Tax activities carried out within the Tax Council, contributed to the Sub-Task Force report on "the securities income tax" and "acquisition of individuals' company shares".

JCR Avrasya Rating Partnership

Within the scope of extensive use of the credit rating agencies, a partnership was established with JCR Avrasya Rating, to initiate national rating activities, distribute domestic financial resources more effectively and increase recognition in the international markets.

As a result of the negotiations to purchase the shares of JCR Avrasya Rating, partners with the Japan Credit Agency Ltd., an internationally recognized company, carrying awareness and experience; the Share Transfer Agreement and the Shareholders Agreement were signed.

Mortgage Finance Partnership

The applications were submitted with other partners to establish a mortgage finance company for asset acquisition, asset transfer, management of the transferred assets and collateralization of the assets whose types and qualities are determined by the Capital Markets Board (CMB) under the scope of the "asset management and mortgage-backed securities" and within the framework of the provisions of the Turkish Commercial Code (No. 6102) and the Capital Markets Law (No. 6362), to issue capital market instruments in exchange of these assets and perform other activities deemed appropriate by the CMB.

INITIATIVES

Borsa Istanbul Dispute and Discipline Committees

The Capital Markets Instruments Conflict, Disciplinary, Precious Metals Market and Precious Metals Lending Market Disputes and Precious Metals and Stones Markets Discipline Committee' terms, operating at Borsa Istanbul, expired on 23 November 2019.

The candidacy applications were compiled by our Association for the new elections to be held by the Borsa Istanbul Board of Directors. The lists consisted of at least three times as many candidates as the Committee Members to be retired. In this context, the list of candidates who applied to our Association in writing, wishing to apply for the selection of committee members was submitted to Borsa Istanbul.

Companies engaged in Rating and Ranking Activities of Collective Investment Companies

Our Association evaluates the applications in line with Circular, which determines the procedures and principles of the collective investment institutions' review and activities regarding the rating and ranking activities.

In this context, OHE Consultancy Services was listed as deemed suitable to carry out the subjected activity. Accordingly, the companies listed by our Association are announced on our website.

Minimum Initial Capital Procedure Implementation of Asset Management Companies

Our Association's request for the postponement of the Capital Markets Board (CMB) resolution's foreseeing an increase in the minimum initial capital requirement to 1 January 2020 was conveyed to the CMB.

Fund Service Units and Fund Custody Services Sub-committee were Established

The "Fund Service Units and Fund Custody Service Sub-Committee" was established within the Asset Management Companies Professional Committee in 2019 to evaluate technical and detailed issues.

Based on the need to improve fund operations and custody processes, the initial meeting of the sub-committee was held on 25 October 2019. The sub-committee made recommendations to the Asset Management Companies Professional Committee on various issues, such as the trading of hedge funds at Turkey Electronic Fund Trading Platform (TEFAS) and the valuation of products in fund portfolios.

Opinion on the Pension Funds' Performance Measurement

In February 2019, sector opinions were conveyed to the General Directorate of Insurance of the Republic of Turkey Ministry of Treasury and Finance, under the headings of performance evaluation, evaluation criteria to be set, asset management company shifts and fund management expenses distribution.

Pension Funds' Performance Evaluation

By the Capital Markets Board (CMB) resolution published in May, a Committee was established in July to measure and evaluate the pension funds' performance. The Committee comprised of representatives from the Pension Monitoring Center, Insurance Association of Turkey and our Association set up the criteria for evaluation of the funds in line with the relevant regulations.

Our Recommendation Towards Increasing Transparency in Pension Funds

Mandatory announcements are published in the Public Disclosure Platform (KAP) by the founders of mutual funds and pension funds to ensure that investors can access accurate, comprehensive and complete information simultaneously. Our Association took an initiative in December 2019 before Capital Markets Board, intending to eliminate the differences between the disclosures made by these two types of funds.

Our Recommendations Regarding the Mutual Funds' Portfolio Constraints

Capital Markets Board's (CMB) Communique on Mutual Funds grants certain exemptions to issues by the Central Bank of the Republic of Turkey and the Undersecretariat of Treasury be also granted to the Turkish Sovereign Wealth Fund. Our Association relayed opinions to CMB in February, in order to extend those exemptions to the issues by the Turkey Sovereign Wealth Fund.

As it is known, it is possible for the founder and / or manager of mutual funds to include the fund shares in its portfolio, up to an upper limit of 20% of the fund's shares. Founders can provide an advance for fund expenses during the fund establishment and this advance is not included in the calculation of the above-mentioned ratio for 1 year. However, in some cases, the fund-selling process may take more than 1 year after the establishment of the fund. In this context, our Association applied to the CMB in February 2019 to request that the period be ruled out until the sale of shares be calculated in the calculation of this rate.

Our Recommendations on the Development of Venture Capital Funds

Regarding the challenges faced by the asset management firms that manage venture capital mutual funds under the scope of the "Tech-InvesTR Venture Capital Support Program", our recommendations were forwarded to the Republic of Turkey Ministry of Treasury and Finance in March.

Our Suggestions on the Development of Real Estate Mutual Funds

Our Association applied to the Capital Markets Board in March, based on our members' demands, in order to set the upper limit for the expense ratio to be calculated annually, starting from the fund issuance for real estate mutual funds.

Simultaneously, an attempt was made before the Ministry of Internal Affairs, General Directorate of Civil Registration and Citizenship Affairs, to change the minimum real estate or venture capital mutual fund participation share amount required for the acquisition of Turkish citizenship to 250,000 US dollars or equivalent foreign currency or equivalent Turkish lira, similar to direct real-estate investments.

Our Recommendations on Trading Hedge Funds at TEFAS

A set of recommendations were transmitted to Capital Markets Board (CMB), in November 2019, in order to solve potential problems that might arise regarding the performance fees, public disclosure, foreign currency transfers when the hedge funds start being traded under the Turkey Electronic Fund Trading Platform (TEFAS). In view of our suggestions, the CMB made a new regulation in December 2019.

On the other hand, additional time was requested for the construction of the necessary infrastructure for these funds to be traded over the Internet via TEFAS. In line with our recommendations in February 2020, the CMB stated that the investors can engage in hedge fund transactions via the distribution channels (namely banks), conditional to the distribution channel discretion.

Our Suggestion to Enable Fund Shares Transfer

Our Association applied to the Capital Markets Board (CMB) in December 2019 to enable the transfer of mutual fund shares traded at TEFAS of a single investor between her own accounts in different institutions as well as between the accounts of different investors in the same and/or different institutions.

Money Market Funds Expense Ratio

After the regulatory change, which lowered the maximum fund expenditure rates by half in March 2019, our Association applied to the Capital Markets Board in June 2019, asking to reinstate the previous rates.

Our Proposal for Fund Performance Criteria Change

Our Association applied to the Capital Markets Board in February 2019 in order to use the BIST-KYD 1-Month Deposit Index instead of TR-LIBOR as a benchmark for collective portfolio investments.

INITIATIVES

Mutual Funds and Investment Trusts Board Fee Calculation

Our Association applied to the Capital Markets Board (CMB) in December 2019 in order to revise the calculation method for the board fees, collected from mutual funds and investment trusts to use the average net asset value instead of the fund's total net asset on the latest working day value. According to the CMB's resolution, as of February 2020, the board fee will be accounted for by allocating a daily provision and the difference can be reflected as an additional expense.

Our Recommendation on Gold Pricing in Fund Portfolios

In order to eliminate the difference among the institutions in setting the price of gold for physical gold, and gold bonds and lease certificates in fund portfolios and to ensure consistency across the industry, our Association filed a request at Istanbul Settlement and Custody Bank Inc. (Takasbank) in December 2019. In response, Takasbank began to apply the standard gold price in its fund valuation reports within the same month.

Our Proposal on the New Field of Activity for Asset Management Companies

Asset management companies can receive audit, internal control, and research services from investment institutions, while they can receive risk management systems and accounting services from investment firms and other specialized institutions provided that the surveillance and follow-up are carried out by the board of directors. The opinions were conveyed to the Capital Markets Board in December 2019 in order to assign asset management companies with the authority to offer similar services to other asset management companies.

Our Recommendation on Reducing the Cash Transactions Operational Cost for the Mutual Funds

All cash flow for mutual funds circulates initially via the custody accounts, according to the relevant regulations. However, this process increases the operational costs considering the funds' numerous cash transfers in-between their accounts. In this context, our Association forwarded its proposal to the Capital Markets Board in December 2019, in order to allow the funds' cash transfers in-between its accounts in different institutions, without being intermediated by the custody accounts.

Taxation in Mutual Funds

In order to address the current uncertainties regarding taxation in mutual funds, our Association conveyed its opinions in December 2019 to the Ministry of Finance and Ministry of Finance Revenue Administration in March, asking the "Draft Guideline on the Taxation of Mutual Funds and Investment Trusts" publications to be delivered regularly.

Our Proposal on the Improvement within the Public Disclosure Platform (KAP)

Concerning the difficulties faced by our members to track the disclosures of corporate bond issuers on the Public Disclosure Platform (KAP) our suggestions were forwarded to the Central Securities Depository of Turkey (MKK) in January.

Deadlines of the Financial Statements Disclosure

Our Association discloses the sector's financial statements, which compiles and discloses financial statements of brokerage firms and asset management companies quarterly. This comprehensive dataset enables member institutions to conduct a comparative self- assessment. In this context, taking into consideration the demands of our members to shorten the time for the data publication, our Association requested from the Capital Markets Board to revise the deadline for disclosure of the financial statements at an earlier date, in April 2019.

Co-operation with Financial Professional Organizations

At various dates during the year, our Association conducted consultations with the Banks Association of Turkey and the Insurance Association of Turkey, regarding the financial sector development and implementation processes.

Our Association's Investment Portfolio

In June 2015, the Association's Board of Directors decided to invest the provisions for severance and notice pays for the Association's employees in mutual funds traded in the Turkey Electronic Fund Trading Platform (TEFAS) in order to maximize its return with minimum risk and to support the capital markets, with appropriate asset allocation. The investment sum, which started with TL 1.1 million in March 2016, reached TL 2.4 million at the end of 2019.

Workshop on Financing the Technological Initiatives

In order to develop the capital markets' role to offer creative financing solutions for the technology ventures, a workshop on "Financing the Technological Initiatives" was held on

8 November 2019, with the co-operation of the Technology Development Foundation of Turkey (TTGV), at the Association headquarters. Stakeholders in the sector were informed by the TTGV representatives about technology investments in Turkey.

Opinion About the Share Transactions Sent to Participation Banks Association of Turkey (TKBB)

Our Association compiled and conveyed our members' views to TKBB, regarding the draft standard on "share issuance and trading", conducted by the Participation Banks Association of Turkey (TKBB) Advisory Board.

Borsa Istanbul Advisory Committee

Within the corporation of Borsa Istanbul, it was decided to establish an Advisory Committee to enact recommendations in order to inform the Borsa Istanbul Board of Directors about the development of capital markets and the problems, demands, and necessities of the sector. Per the "Advisory Committee Working Procedures and Principles Directive", the Committee was composed of the President of our Association and two members who were proposed by the Association among their members and elected by the Board for 2 years. An intermediary institution, a bank, and an asset management institution were also presented in the committee.

Accordingly, members of the Advisory Committee specified by our Association are listed below;

- Alp Keler, Ph.D., CFA, Chairperson
- Erhan Topaç, Vice Chairperson
- Oktay Okan Alpay, Member of the Board

Co-operation Between Borsa Istanbul and Our Association

Joint meetings were held throughout the year, to exchange ideas to develop and expand the financial markets, to evaluate new products and to improve market forces, primarily on the equity market, futures, and options market (VIOP), public offerings and debt instruments market. The representatives of intermediary institutions and banks from the members of the Association's board of directors and auditors, Borsa Istanbul officials, representatives of Istanbul Settlement and Custody Bank Inc. (Takasbank) and Central Securities and Depository

of Turkey (MKK) attended. The complications and concerns experienced in practice were mutually evaluated to find mutual solutions.

Sustainability Platform Coordination Council for the Improvement of the Investment for Environment Action Plan Meeting

Borsa Istanbul was appointed by the Coordination Council for the Improvement of the Investment for Environment as the responsible organization within the task of "Encouraging the Turkish companies to get more involved in the global sustainable investment flows", one of the responsibilities of the Tax, Finance, and Incentives Task Force. A meeting by Borsa Istanbul with members of the Sustainability Platform to exchange views with relevant stakeholders and evaluate the suggestions, was held on 10 October 2019 with the broad participation of institutions, including our Association.

Meeting on the Futures and Options Market (VIOP) Conducting Evening Sessions

To evaluate the principles of the operation and implementation, regarding the "conducting evening sessions" was planned to be put into effect by Borsa Istanbul in the Futures and Options Market (VIOP), as of 17 January 2020. An information meeting towards software providers and data broadcasters/publishers, was held with our members and Borsa Istanbul representatives on 27 November 2019.

PROFESSIONAL COMMITTEES



According to Article 25 of the Statute of the Turkish Capital Markets Association (the Association), the following committees exist under our Association:

- a) Intermediary Institutions Professional Committee,
- b) Banks Professional Committee,
- c) Asset Management Companies Professional Committee,
- d) Mutual Trusts Professional Committee.

PROFESSIONAL COMMITTEES
ACT AS THE ADVISORY UNITS FOR
THE ASSOCIATION'S BOARD OF
DIRECTORS.

Professional Committees have been set up to work on topics in their respective fields assigned to them by the Board of Directors or determined thereby sua sponte. They collaborate with other committees if necessary, to form and submit joint opinions and suggestions. They also act as an advisory unit for the Association's Board of Directors.

During the reporting period, Professional Committees having worked on the topics, concerning their respective groups presented their opinions and suggestions to the relevant institutions and the Association's Board of Directors.

RESEARCH AND PUBLICATIONS



WE SHARED OUR PUBLICATIONS WITH LARGE AUDIENCES BOTH IN ENGLISH AND TURKISH TO INFORM THE PUBLIC.



Turkish Capital Markets 2018

Our annual report has been published regularly since 2002. The 2018 issue of the "Turkish Capital Markets" report was released in June 2019. The report addresses a historic analysis of the Turkish capital markets, changes in investor preferences and global as well as domestic macroeconomic developments. 750 copies of the report were printed and delivered to members and public institutions.

Quarterly Journal

The research articles conducted by our Association are shared with the public in our quarterly publication "Gösterge". The journal is a comprehensive reference source for those who wish to follow the developments in both domestic and international financial markets.

Articles on various topics were covered, in addition to the data analysis of intermediary institutions and portfolio management companies compiled by our Association in the 2019 issues of the journal. While the first issue of the year was a special issue devoted to international financial centers, articles published in the journal covered a wide range of articles from crypto assets to articles in the other issues. The article titles that were published in 2019 are as follows:

- Digital Id
- Investment Consultancy in the World

- Financial Centers:
 - Astana Financial Center
 - Dubai Financial Center
 - Frankfurt Financial Center
 - London Financial Center
 - Seoul Financial Center
 - Singapore Financial Center
 - Shanghai Financial Center
 - Tallinn Financial Center
- International Regulations in Leveraged Transactions
- Initial Coin Offerings
- Crypto Asset Trading Platform Regulations
- Malaysian Capital Market
- Art and Finance
- High-Frequency Trading

RESEARCH AND PUBLICATIONS

Turkish Capital Markets Review

"Turkish Capital Markets Review 2018", analyzing the developments in the capital markets and the brokerage industry during 2018, was published in English in September 2019.

International Peer Reviewed Journal "Journal of Capital Markets Studies"

Two more issues of the international refereed journal "Journal of Capital Markets Studies" (JCMS), which has initially been published in November 2017 to support scientific research in the sector, were presented in July and November. JCMS is published twice a year in collaboration with the world-leading publishing house "Emerald Publishing Group". The journal was edited by the Independent Board Member of the Association, Prof. Dr. Güler Aras and the Association's Assistant Director of Research and Statistics Gökben Altaş, as the assistant editor.

Monthly Magazine

Intending to release the new practices and developments in the sector, the monthly magazine "Gündem" covers news about member firms and the sector, as well as the activities of the TCMA and summary financial market data compiled by the Association. The publication has been published digitally since January 2017.

International Financial Centers Book

To contribute to the Istanbul International Financial Center project, the book titled "International Financial Centers", prepared by our Association was published in March 2019.

In the book, both the world's leading and newcomer financial centers are examined.

Periodic Data

Our Association, which has compiled various operational and financial information from brokerage firms since its establishment, has also been compiling quarterly data from portfolio management companies since 2015. Our Association has also initiated collecting monthly summary data from asset management companies since 2017.

The "Data" section of our website contains summary factsheets regarding the capital markets and our members, sectoral operational and financial data for brokerage firms and asset management companies, together with brokerage firms and asset management companies' comparative data. Also, summarized monthly figures on asset management companies started to be published for the first time in 2019.

Moreover, certain data compiled by our Association is transmitted to the Central Bank of the Republic of Turkey, Istanbul Settlement and Custody Bank Inc. (Takasbank) and Turkish Statistical Institute. Our data is used as a reference by institutions such as the Banking Regulation and Supervision Agency as well as the aforementioned institutions.

Sectoral Data

We publish summarized information about our industry and our members on our website every month. Moreover, the presentations that provide general information about our industry in Turkish and English are updated quarterly.



INTERNATIONAL RELATIONS



Asia Securities Forum Annual Meeting was held in Istanbul

The 24th Annual Meeting of the Asia Securities Forum was held in Istanbul on 3-5 November 2019, hosted by our Association. In the meeting attended by representatives of the Asian investment institutions and professional organizations, the latest developments in member countries, as well as activities towards digital transformation and sustainable development goals in finance, were discussed.

Within the scope of the event, Necmettin Kaymaz, the Chief Project Director of the Republic of Turkey Presidency Investment Office and Ünal Seven, Ph.D., Economist, Central Bank of the Republic of Turkey emphasized, the opportunities in the Turkish economy and the capital markets and informed foreign institutions.

40 people from 17 countries participated in the three-day panels and meetings. The participants also had a chance to enjoy Istanbul's rich culture.

WE HAVE EXCHANGED
OPINIONS WITH INTERNATIONAL
AGENCIES TO KEEP A CLOSE
EYE ON THE CAPITAL MARKETS
DEVELOPMENTS WITH A
POTENTIAL IMPACT ON OUR
SECTOR AND TO REPRESENT OUR
COUNTRY.

ICSA (International Council of Securities Associations) 2019 Semi-Annual Meeting was held in Istanbul

The 32nd General Assembly of the International Council of Securities Associations (ICSA) of which our Association has been a member since 2006, was held in Milan on 16-18 June 2019, hosted by the Association of Italian Intermediary Institutions. At the General Assembly, our Association which was represented by Gökben Altaş, Deputy Director of Research and Statistics, handed over its responsibility as the representative of the European region in the ICSA Board of Directors, to the Swedish Association of Intermediary Institutions.

ICSA's 2019 half-year meeting was held in coordination with the Asian Securities Forum Annual Meeting, hosted by our Association on 3-5 November 2019. In this way, ASF and ICSA members came together and had the opportunity to discuss the global agenda items in Istanbul within a wide representation, covering the USA, Europe, and Asia.

INVESTOR EDUCATION



My Money and I Facebook Account

Opened in December 2012, ParamveBen (My Money and I) Facebook account has received 78,662 likes as of 31 December 2019. The account is followed by users from 45 countries.

My Money and I Twitter Account

As of 31 December 2019, the number of followers of the Twitter account, which was opened in June 2013 and created with content coordinated with the Facebook page, was 1,953.



MY MONEY AND I FACEBOOK ACCOUNT

RECOGNIZING THE CONTRIBUTION OF FINANCIAL EDUCATION TOWARDS THE ADVANCEMENT OF OUR COUNTRY, WE KEPT FOCUSING ON INITIATIVES IN THIS AREA, TOGETHER WITH OUR STAKEHOLDERS.

My Money and I YouTube Channel

The ParamveBen (My Money and I) YouTube channel contains videos about savings and investments that appeal to users of all ages.

On the page, there are also short films selected by the jury in our Association's traditional Short Film Contest "Camera in your Hand, Future in your Pocket", aimed to encourage individuals to save and invest.

175 videos on the ParamveBen YouTube channel that was activated in February 2013 were viewed 71,173 times in 2019. The number of our subscribers also increased by 294 and reached 1,258.



MY MONEY AND I YOUTUBE CHANNEL

My Money and I LinkedIn Page

Launched in December 2015 in a parallel content with other social media channels, the LinkedIn page reached 1,683 followers as of 31 December 2019.

Short Film Contest "Camera in Your Hand, Future in Your Pocket" Instagram Page

The number of followers has reached 941, on the Instagram page of "Camera in Your Hand, Future in Your Pocket" short film contest, which was activated in 2017 to reach a wider audience via social media.

Paramveben.org Website

www.paramveben.org website, which was established to increase the savings and investment awareness towards large audiences, was visited 33,000 times in 2019.

"Investing Together" (Birlikte Yatırım) TV Broadcast

Our Association carried on with our training and communication activities within special projects in 2019, to improve the investment culture in our country. In this context, a 13-episodes TV program, which is broadcasted every 15 days under the name "Investing Together" was started to reach investors, by benefiting from the opportunities of the media, which is very influential in the public for the development of the investment culture.

The first episode, which was planned to discuss the added value of the capital markets today and tomorrow with all stakeholders, aired on 18 October 2019. The program, which was broadcasted on Bloomberg HT channel, addressed the following topics with the expert guests.

- Value Created by the Capital Markets
- Partnership Culture (Employee Stock Option Programs)
- 2019 Turkish Capital Markets Summit
- Investment Professionals and 5 Golden Rules in Investment
- Long-Term Investments
- The Economic and Individual Contribution of The Private Pension System

All the informative and educational videos prepared specifically for the program together with the recently published program recordings can be accessed through the TCMA YouTube channel.

"Camera in Your Hand, Future in Your Pocket" Short Film Contest

Held for the 6th time this year, the short film contest "Camera in Your Hand, Future in Your Pocket", in concept with "the Puzzle Scenario" applications started on 7 October 2019. The contestant, who best describes the importance of saving up regularly, savings and investment, will be the owner of a



INVESTOR EDUCATION

mutual fund of TL 12.5 thousand. The contestant coming up in second place will earn a mutual fund of TL 10 thousand and a mutual fund of TL 7.5 thousand coming up the third. This year for the first time, top 10 films determined by the jury members will be presented to the public's vote on 15-29 May. The film with the highest number of votes will earn a mutual fund of TL 5 thousand.

The contestant who comes in fourth place will be the owner of mutual funds for TL 5 thousand within the scope of the "Cüneyt Cebenoyan Special Award", who has been a jury member since 2014 and passed away in a traffic accident on 3 August 2019.

Contest applications with anticipated participation from Turkey's every region will be evaluated by the jury of our Association's Secretary General İlkay Arıkan, Galatasaray University Faculty of Communications lecturer Alp Birol,

Cinema SE7EN Magazine Chief Editor and movie writer Murat Özer, film critics and news editor Selin Gürel and Hürriyet movie and sports journalist Uğur Vardan.

"TalentforBIZ" Organized by the Presidency of the Republic of Turkey Human Resources Office

Organized for the first time in 2019, by the Presidency of Republic of Turkey Human Resources Office, "TalentforBIZ" (Regional Career Fairs) were held within the university career centers.

8 University Career Centers were selected by the Presidency of Turkey Human Resources Office as "Regional Representatives" and were authorized to hold joint activities with other universities in their region.

2019 Regional Career Events Participation Table

Dates	University	Number of Participants
5-6 March 2019	Eastern Mediterranean Regional Career Fair (Mersin - 9 Universities)	5,000
8-9 March 2019	Eastern Anatolia Regional Career Fair (Erzurum - 12 Universities)	5,000
11-12 March 2019	Eastern Black Sea Regional Career Fair (Trabzon - 12 Universities)	12,000
Total	33 Universities	22,000

University Activities Performed in 2019

Within the scope of the capital market sector and university cooperation, we continued joint activities with universities in 2019 to increase the academic studies on the capital markets, to promote financial literacy, and to meet the need for qualified personnel by introducing the sector.

The events were held under these subjects; Transformation and Career in Capital Market Institutions; Investor Education, Financial Literacy, Financial Security, Practice Workshop for Managers, Current Trends in Capital Markets: Fintech and Behavioral Finance Practices.



University Activities Performed in 2019

Date	University	Number of Participants
6 March 2019	Bilecik Şeyh Edebali University Bozüyük Vocational School	150
8 March 2019	Kafkas University Faculty of Economics and Administrative Sciences	150
11 March 2019	Anadolu University Faculty of Economics and Administrative Sciences	200
20 March 2019	Akdeniz University Faculty of Economics and Administrative Sciences	200
21 March 2019	Istanbul Commerce University (BİSTLAB)	50
2 April 2019	Okan University Vocational School Finance, Banking, and Insurance Department	25
9 April 2019	Nişantaşı University Faculty of Economics and Administrative Sciences	75
11-12 April 2019	Çağ University Faculty of Economics and Administrative Sciences	250
16-18 April 2019	Süleyman Demirel University Faculty of Economics and Administrative Sciences	300
19-20 April 2019	Hitit University 2 nd International Banking Summit	250
25 April 2019	İstinye University Vocational School Banking and Insurance Program	25
7 May 2019	Ankara Hacı Bayram Veli University Faculty of Economics and Administrative Sciences	70
21-22 May 2019	Dokuz Eylül University Faculty of Economics and Administrative Sciences	500
7 August 2019	Sabancı University	50
3-5 September 2019	Career and Education Program for University Students	30
22 October 2019	Uludağ University Faculty of Economics and Administrative Sciences	300
23 October 2019	Çağ University Faculty of Economics and Administrative Sciences	150
27 November 2019	Abdullah Gül Career and Professional Development Center (7 Universities)	400
3 December 2019	Kütahya Dumlupınar University Faculty of Economics and Administrative Sciences	300
9 December 2019	Afyon Kocatepe University Faculty of Economics and Administrative Sciences	300
13 December 2019	Uşak University Faculty of Economics and Administrative Sciences	90
16-17 December 2019	Hatay Mustafa Kemal University Faculty of Economics and Administrative Sciences	800
20 December 2019	İstanbul Aydın University Faculty of Economics and Administrative Sciences	35
24 December 2019	İzmir Bakırçay University Faculty of Economics and Administrative Sciences	150
25 December 2019	İzmir University of Economics Business Administration	250
Total	29 Universities	5,100

University Activities Performed in 2011-2019

Years	Number of Universities	Number of Participants
2011	39	10,000
2012	21	5,000
2013	20	5,000
2014	21	5,000
2015	15	4,500
2016	10	4,000
2017	13	4,500
2018	10	2,600
2019	62	27,100
Total	211	67,700

MEETINGS AND EVENTS



4th Turkish Capital Markets Summit

The Turkish Capital Markets Summit, organized by our Association, was held on 19-20 November 2019. The Summit, which took place in Levent Istanbul, with the support of the Republic of Turkey Presidency Finance Office, the Capital Markets Board of Turkey and the main sponsor Borsa Istanbul, attracted intense interest and participation. Turkish Capital Markets Summit which lasted for two days was followed by more than 7 thousand people, representing the capital markets, finance, and many other sectors.

The Summit, more than 10 thousand people watched live on social media, reached nearly 6 million people through traditional and social media. In the Summit, where the theme of "transformation" was focused on thoroughly, 28 panels were held with more than 150 speakers and 32 training programs were conducted on different topics for the sector.

Opening speeches were delivered by Prof. Dr. Göksel Aşan, Head, Presidency of the Republic of Turkey Finance Office; Ali Fuat Taşkesenlioğlu, Chairman, Capital Markets Board of Turkey; Prof. Dr. Erişah Arıcan, Chairperson, Borsa Istanbul and Alp Keler, Ph.D., CFA, Chairperson, Turkish Capital Markets Association.

Tarkan Maner, President and CCO, Nutanix; Changpeng Zhao, Founder & CEO, Binance; Tom Goodwin, EVP, Head of Innovation, Zenith Media and the author of the book "Digital Darwinism"; Levent Çakıroğlu, Board Member and CEO, Koç Holding; Temel

WE SHED LIGHT ON THE FUTURE OF OUR INDUSTRY WITH THE EDUCATIONAL AND CONSTRUCTIVE ACTIVITIES SUCH AS MEETINGS, SEMINARS, CONFERENCES, AND PANELS, WHERE WE INTEND TO MEET OUR INSTITUTIONS' EXPECTATIONS, BY BRINGING THEM TOGETHER.

Güzeloğlu, Board Member and CEO, QNB Finansbank were the keynote speakers.

Also, respected names such as, Farah Jaafar-Crossby, CEO, Labuan International Business and Financial Center; Yousuf Al-Jaida, Chief Executive Officer and Board Member, Qatar Financial Centre; Ali Taha Koç, Ph.D., Head, Digital Transformation Office of Presidency of the Republic of Turkey; Assoc. Prof. Salim Atay, Head, Human Resources Office of Presidency of the Republic of Turkey; Arda Ermut, Head, Investment Office of Presidency of the Republic of Turkey; Robin Brooks, Managing Director and Chief Economist, Institute of International Finance; Ed Parker, Head of EMEA Sovereigns, Fitch Ratings; Bekir Ağırdir, Director and Board Member, KONDA Research and Consultancy and Derya Matraş Facebook Country Director for Turkey attended.

The most popular sessions were, Tom Goodwin, EVP, Head of Innovation, Zenith Media and the author of the book "Digital Darwinism"; Changpeng Zhao Founder & CEO, Binance; Old Hand Youngsters; Needs Map; The Best Version of Human; If We Wouldn't Talk: Crypto Currency and Tokenization; The Pains of Transformation: Immigration, Climate Change, Income Inequality, Geopolitical Development.

A business-to-business (B2B) area was put in place, where the real sector companies, our member brokerage firms and member asset management companies came together.

Within the scope of B2B meetings, where the companies in the real sector and the brokerage firms and asset management companies share their knowledge and experience on issues such as fundraising, managing foreign exchange/interest risks and institutionalization, 2 of our members applied to meet

with 4 different companies. Throughout the Summit 4 real sector firms and 2 brokerage firms held 5 separate meetings, intending to obtain funds from the capital markets, evaluate their investments in capital markets and manage interest / foreign exchange risk.

“Needs Map” Session Was Held

On the second day of the Turkish Capital Markets Summit, a special session and campaign were organized for the “Needs Map Platform” whose founding partner is Mert Firat, which sustains the “collective culture”.

In the session moderated by Esra Arslan Board Member, Needs Map, Inogar, InogarArt; Mert Firat, Actor, Co-founder, Needs Map, Inogar, InogarArt, Moda Stage, Sanat Mahal, DasDas and Idema; and Ali Ercan Özgür, Co-founder, Idema, Needs Map, Inogar, InogarArt, Sanat Mahal attended as speakers.

Many Institutions Provided Support to the Summit

Presidency of the Republic of Turkey Finance Office, Capital Markets Board of Turkey, Borsa İstanbul Group, İşbank, Development Investment Bank of Turkey, Vakıfbank, Vakıf Investment, Yapı Kredi Invest, Akbank Wealth Management, Papara, A1 Capital Securities, Deloitte, Integral Yatırım Menkul Değerler, Invest AZ Yatırım Menkul Değerler, Odea Bank, Capital Markets Licensing Registry and Training, Bloomberg, BtcTurk, CFA Society İstanbul, Deniz Investment, Devexperts Information Distribution Services, Habitat Association, Insurance Association of Turkey, Türk Ekonomi Bankası A.Ş., TEB Asset Management, Participation Banks Association of Turkey, Industrial Development Bank of Turkey, Skyland İstanbul, Alternatif Investment, Needs Map, Anadolu Agency, FINNET, Fortune Turkey, Hibya

News Agency, Sevent, Tour Global, Project İstanbul, ACCA, AmCham Turkey, Association of Financial Institutions, Association of Brokerage House Executives, Business Council for Sustainable Development Turkey (BCSD Turkey), Turkey Financial Literacy and Inclusion Association, Turkish Futurists Association, İstanbul Chamber of Commerce, İstanbul Chamber of Industry, Integrated Reporting Türkiye, Women Entrepreneurs Association of Turkey, The Association of Listed Companies’ Executives, Lidebir, I Can Manage My Money, Turkish Appraisers Association, Turkish Exporters Assembly, Turkish Institutional Investment Managers’ Association, Young Businessmen Association of Turkey, Turkish Industry & Business Association, Corporate Governance Association of Turkey and Turkish Investor Relations Society, provided support to the Summit.

Turkish Capital Markets Summit Gala Dinner

The Gala Dinner of the Turkish Capital Markets Summit took place in İstanbul, on 6 November 2019. About 220 people,

including banks, brokerage firms, asset management companies, mutual funds senior executives and financial press representatives attended the Gala Dinner.



“NEEDS MAP” SESSION WAS HELD



TURKISH CAPITAL MARKETS SUMMIT GALA DINNER

MEETINGS AND EVENTS

While providing information about the Summit at the gala dinner, the contributions to the Summit were also appraised. Within the scope of the Summit, 350 saplings were planted on behalf of all Summit contributors, in İzmir forestation to improve forestry and green zones in our country. Due to their support and valuable contributions to the Summit, the Gala Dinner ended with the presentation of certificates, representing the planting of saplings in Izmir, to the Summit sponsors.

4th TCMA Capital Markets Awards Ceremony

The fourth TCMA Capital Markets Award Ceremony, which our Association has traditionalized to contribute to the development of capital markets and increase awareness, was held in Istanbul on 17 April 2019.

Approximately 300 people, including banks, brokerage houses, asset management companies, senior executives of the mutual funds and financial press representatives, participated in the ceremony.

In the award ceremony, awards were delivered in 8 different categories and 42 sections. Within the scope of the categories, the awards were distributed to the institutions that launched the most successful activities in 2018.

The main sponsors of the Summit Gala were Borsa Istanbul and Istanbul Settlement and Custody Bank Inc. (Takasbank), and the gold sponsor was Citibank whereas Bloomberg HT contributed to the event as the media strategic partner.

Serathon-in Capital Markets Software Marathon

The first capital markets hackathon event in Turkey "Serathon-in Capital Markets Software Marathon" was held in Istanbul on 25-27 October 2019, in co-operation with our Association.

148 people in 54 teams had applied the Serathon-in. 23 finalist teams have individually developed valuable software projects on capital markets at the end of the two-day marathon.

The projects were evaluated by the expert jury. The jury members were; our Association's Chairperson, Alp Keler, Ph.D. CFA; Ekrem Arıkan, Chief Executive Officer and Board Member Central Securities Depository of Turkey; Ufuk Özdemir, EVP, Advisor to CEO, Borsa Istanbul; Hakan Güldağ, Editor-in-Chief Dünya Newspaper; Gökhan Beydoğan, Co-founder & Board Member, Workinton; Zeynep Şenkaya, Founding Member Women' Association of Technology; Gaye Or, Head of Product, Wirecard and Ali Erhan Tamer, Founding Partner & CEO, OXY/Al.

The awards of the top three teams were presented within a ceremony, held on 27 October 2019. The winning contestant, the CYO team, was awarded the "Wealth" project. The Block-C team was the runner-up with the "YTD" project, while the KaVe team came in third place with the "Borsify" project.

The CYO team, which won the first place in the contest, received a mutual fund of TL 20,000, the runner-up Block-C team, a mutual fund of TL 15,000 and KaVe the team that came in the third place, received a mutual fund of TL 10,000. Award-winning teams were also rewarded with free co-operation from Workinton for a duration of one to six months.

2019 World Investor Week Events

The third World Investor Week was celebrated on 30 September - 6 October 2019, within various events around the world under the scope of the principles set by the International Organization of Securities Commissions (IOSCO).



4TH TCMA CAPITAL MARKETS AWARDS CEREMONY



SERATHON-IN CAPITAL MARKETS SOFTWARE MARATHON

Each country organizes individual activities under the organization perspective. Our Association and Borsa Istanbul co-operated and hosted the Gong Ceremony and promotional activities.

Date	World Investor Week Program	Number of Participants
1 October 2019	Opening Program for Real Sector Companies and Gong Ceremony	127
2 October 2019	University Students Program and Gong Ceremony	241
5 October 2019	Individual Investor Training Program	264
	Total	632

2nd Vision Meeting

The second vision meeting within the title of "Capital Markets' Long-Term Contribution Towards The Turkish Economy; Necessary Steps To Be Taken For Sustainable Economic Growth" was held on 12-13 October 2019 by our Association incorporation with the Turkish Institutional Investment Managers' Association.

Two panels were conducted at the meeting on "The Role of Turkish Capital Markets on The Way to Becoming a Financial Center" and "Necessary Steps to be Taken for the Development of Capital Markets".

On the second day of the meeting, BNP Paribas Senior Investment Strategist Daniel Morris, CFA and Neuro-Health

Brain Research and Applications Center, Dr. Kerem Dündar were the guest speakers.

Istanbul Finance Center Conference

A conference was held at the Presidential Dolmabahçe Office in cooperation with the Presidency of the Republic of Turkey Finance Office and our Association on 7 March 2019, to raise awareness in the activities of the Istanbul Finance Center.

Over 200 people attended the conference, including public institutions and non-governmental organizations, banks, brokerage firms, asset management companies, senior managers of mutual trust funds, municipal representatives, diplomats, and press members. Berat Albayrak, Ph.D., Minister of Treasury and Finance of the Republic of Turkey, delivered the opening speech of the conference.

The conference ended with the presentation of Mark Yeandle, Director, Z/Yen Partners Limited, FCIM MBA BA (Hons), who is working on the "Global Financial Centers Index", which is widely quoted as a source for ranking financial centers.

Workshop on the Istanbul Finance Center Action Plan

The workshop on the Istanbul Finance Center Action Plan was held on 11-12 June 2019, in coordination with the Presidency of the Republic of Turkey and incorporation with our Association, The Banks Association of Turkey, Association of Turkish Financial Institutions and Turkish Participation Banks Association.

More than 200 representatives from private and public sectors attended the two-day workshop. Prof. Dr. Göksel Aşan, Head, Presidency of the Republic of Turkey Finance Office made the opening at the Presidency of the Republic of Turkey



2019 WORLD INVESTOR WEEK EVENTS



WORKSHOP ON THE ISTANBUL FINANCE CENTER ACTION PLAN

MEETINGS AND EVENTS

Dolmabahçe Office. In the workshop, all the stakeholders' institutions and organizations deemed responsible and involved within the scope of the Istanbul Finance Center (IFM) project came together.

On the first day of the workshop, the opinions and suggestions of the relevant parties from the private sector were discussed to be included in the IFM Master Action Plan, and on the second day, the same procedure was conducted with the public sector representatives.

The workshop was organized to contribute to the plans for becoming a global financial center and was held for two days. The group studies were conducted under 8 different component titles, with the participants' contributions: Legal Infrastructure and Regulatory Framework; Participatory and Interest-Free Financial Structure; Financial Product and Services and Audit Structure; Tax and Incentive Mechanism; Promotion and Image-making; Infrastructure and Aggregation; Qualified Human Resources and Expats. The participants shared their opinions and suggestions in the working groups entitled to Technological Development.

Information Meeting on 2019 Projects

A member meeting was held on 24 January 2019, to provide our members with information regarding the projects carried out and completed by our Association, projects planned both in Turkey and abroad in order to develop and exchange views on the capital markets, the activities coordinated within the public institutions, organized events, international initiatives, and regarding all other various projects, followed and involved in.



ISTANBUL FINANCE CENTER CONFERENCE

Preparatory Meeting for the FATF Fourth-round Turkey Assessment

A coordination and info sharing meeting was held on 12 February 2019, at the Headquarters of the Banks Association of Turkey, participated by the representatives of Financial Crimes Investigation Board (MASAK), member representatives and related personnel of our Association. The meeting was to make a consultation among the parties regarding the necessary preparations for visits which will be held under the scope of "FATF Fourth-round, Turkey Assessment", conducted by the Financial Crimes Investigation Board (MASAK).

Introductory Meeting on the ACAMS & İFE CAMS Certification

A partnership was established between ACAMS (Association of Experts for Money Laundering Prevention Certified) and Istanbul Finance Institute (İFE) and an introductory meeting was held on 20 March 2019, to improve the anti-money laundering and counter-terrorist financing measure efforts.

At the meeting, a presentation was made on the obligations of the capital markets sector in the fight against terrorism-finance and the measures taken regarding the issue.

Mining, UMREK and Finance Meeting

Our Association and the Banks Association of Turkey (TBB), held in co-ownership "Mining, Umrek and Finance Meeting" which was held in Istanbul on 26 March 2019.

Intense participation was attracted to the meeting where over 170 people, including institutions operating in the mining industry, public institutions, non-governmental organizations, and banks operating in the capital markets, brokerage firms,



MINING, UMREK AND FINANCE MEETING

and asset management companies, managers of investment partnerships and members of the press have attended.

Capital Markets Legislation Workshop

Capital Markets Legislation Workshop was held in Sapanca on 20-21 April 2019, organized by our Association. The workshop was held with the active participation of 67 people from 45 different institutions, in order to finalize the legislative works, conducted by convening at least 4 times a month during December 2018 - April 2019.

Senior executives and Capital Markets Board (CMB) experts, and representatives of non-governmental organizations, capital market institutions, and public companies within the scope of capital markets development attended the workshop.

In the workshop, the legislation was reviewed thoroughly by 4 different working groups, the theoretical framework of the legislation and its repercussions in practice were discussed, updated and the draft amendments were submitted to the CMB for evaluation.

19th Ordinary General Assembly Meeting of Our Association

The 19th Ordinary General Assembly Meeting of our Association was held on 14 May 2019, with the participation of nearly 200 sector representatives. As part of the meeting, 2018 activities were evaluated.

Istanbul Blockchain School Opened

The Istanbul Blockchain School Project launch of the Habitat Association, under the scope of the Istanbul Development Agency's "Innovative and Creative Istanbul" Financial Support Program and in partnership with our Association, was held



ISTANBUL BLOCKCHAIN SCHOOL OPENED

on 30 May 2019 in Istanbul at Inogar with the participation of approximately 50 people.

The recent technology revolution, blockchain technology and human resources in Turkey, who were trained for blockchain issues were discussed in the launch meeting with the Project partners. The launch was completed with the "Transformative Power of the Future-Blockchain" panel.

Meeting with Borsa Istanbul Audit and Supervision Board

The July meeting of our Association's Intermediary Institutions Professional Committee was held at the Association's Center on 25 July 2019. The principles regarding the "Surveillance Measures Directive" to be applied in the markets and the management of the policy measures which have been affected as of 23 July 2019, were briefed to our members by Borsa Istanbul officials.

Press-Conference

A press-conference was held on 29 July 2019 by our Association. 26 press representatives attended the meeting, which started with the briefing of our Association's Chairperson Alp Keler, Ph.D., CFA. It was reported at the meeting that education and communication will be emphasized in the coming period, for the development of the capital markets. The meeting with high participation ended with a Q&A session and exchange of views.

TCMA 21st Extraordinary General Assembly Meeting

21st extraordinary general assembly meeting of our Association was held on 18 October 2019. Executive Board elections were held in the assembly, which has started with the opening speeches delivered by Prof. Dr. Eriřah Arıcan and Alp Keler, Ph.D., CFA. Our Association's 2019 revised budget, membership fees and 2020 expense accruals were discussed in the meeting.

MASAK (The Financial Crimes Investigation Board) Workshop

MASAK workshop organized regularly every year by the Financial Crimes Investigation Board of the Ministry of Treasury and Finance (MASAK) to ensure effective implementation of anti-money laundering and counter-terrorist financing measures, was held on 3 December 2019, with the contributions of our Association.

In the workshop held in Istanbul, it was aimed to increase the awareness of our members who have important obligations for the implementation of the relevant legislation towards the prevention of money laundering and terrorism-financing, and to examine the current issues regarding the implementation.



DEVİRİM ERBİL

AYASOFYA, İKİLİ BAKIŞ (HAGIA SOPHIA, BINARY LOOK)

Oil painting on Canvas - 2016 - 150x150 cm



WE COORDINATE

WE FUNCTION AS A THINK-TANK COUNCIL, HOLDING A UNIFYING ROLE AMONG ALL STAKEHOLDERS OF THE INDUSTRY TO COME UP WITH THE MOST EFFECTIVE SOLUTIONS. USING OUR COMMUNICATIVE SKILLS EFFICIENTLY, WE SERVE AND ACT IN THE POSITION OF A SPOKESPERSON ON BEHALF OF ALL OUR MEMBERS.

TRAINING



The Training we organized in 2019 was carried out in two categories: charged and free.

- Licensing exams preparation programs and professional & personal development courses are categorized under “charged”;
- Investor training courses are categorized under “free”.

Free-of-charge professional development seminars, workshops, panels, and conferences were organized for our members to contribute to the growth of the capital markets sector and improve the competency of the sector’s employees. Also, informative seminars were held for university students to raise awareness of the sector and contribute to the generation of qualified human resources.

Licensing Exams Preparation Programs

The Capital Markets Licensing, Registry and Training Agency (CMLTA) held two class-based licensing exams on 22-23 June and 7-8 December 2019. Our Association organized public, company-specific and individual training as well as closed training for member institutions. Preparatory training demands were mostly concentrated on chapters such as; Capital Market Activities Level 1, Level 3, Derivatives and Credit Rating Exams.

WE CARRIED ON WITH OUR COMPREHENSIVE TRAINING PROGRAMS DESIGNED TO IMPROVE THE MARKET PROFESSIONALS’ COMPETENCIES.

Under the company-specific training sessions, held at the request of our members; in-class training was organized in Istanbul for 3 institutions in 2019. Furthermore, personalized one-on-one training was held with 2 senior executives in the real sector and finance sector.

A total of 233 people attended the 23 public and company-specific training in 2019.

Professional & Personal Development Programs

In 2019, in addition to the professional development training, offered in various areas such as banking, audit, economy, innovation, finance, IT, legislation, accounting, tax, marketing and sales, project finance, supply chain and risk management, personal development programs were also provided in different topics such as communication, creative presentation, branding, etc. In addition to banking and brokerage institutions’ employees, the real sector employees also attended the training.

In 2019, 21 public courses in professional development training programs were held out of which total of 347 participants attended.

Training Organized in 2019		
Training	Number of Training Programs	Number of Participants
Licensing Training	23	233
Professional & Personal Development Training	21	347
Total	44	580

Free Professional & Personal Development Seminars

Approximately 580 people attended 8 free professional & personal training, organized in 2019 at the Av. Bedii Ensari Conference Hall, hosted by our Association.

Date	Name of the Seminar	Number of Participants
26 February 2019	Automatic Information Exchange on Tax Issues: "FATCA and Beyond" Seminar	80
20 March 2019	"Art of Happiness" Seminar	70
15 April 2019	"Capital Markets Information Systems Audit Legislation" Seminar	70
28 May 2019	ISO 19011: 2018 Internal Auditor Seminar For Investigators	50
26 June 2019	"How will Capital Markets Institutions Comply with Turkish Personal Data Protection Law" Seminar	100
11 September 2019	"Transaction Process and Tax Dimension of Foreign Investors Under (Provisional 67) Income Tax Law" Seminar	100
30 October 2019	"Ethics and Reliability in the Digital Age for Finance and Accounting Professionals" Seminar	55
1 July 2019	TCMA Security Statistics Reporting Training	55
Total	8	580

Foreign Currency Risk Management Panels for Exporting Companies

"Foreign Currency Risk Management for Export Companies" panels were conducted under the co-operation between the Turkish Exporters Assembly (TIM) and members of our union within the scope of the 7 panels, held in Istanbul, Ankara, Bursa, Izmir, Mersin, Gaziantep, and Denizli.

B2B meetings were held between the senior executives of the companies and the members of our Association before and simultaneously within the panels.

Date	Turkish Exporters Assembly	Number of Participants	Number of B2B Meetings
8 April 2019	Turkish Exporters' Assembly	150	10
29 May 2019	Central Anatolian Exporters' Assembly	85	5
27 June 2019	Uludağ Exporters' Assembly	100	8
25 September 2019	Aegean Region Exporters' Assembly	100	14
24 October 2019	Mediterranean Exporters' Assembly	100	4
26 November 2019	Southeastern Anatolia Exporters' Assembly	120	8
12 December 2019	Denizli Exporters Assembly	60	6
	Total	715	55

TRAINING

Access to Capital Market Instruments, Asset Management and Funds

A panel was planned by our Association in 2019, within the scope of, the "Access to Capital Market Instruments, Asset Management and Funds".

It was held at the Edirne Bar Association premises, on 18 September 2019, with the participation of 50 members, including the Edirne Municipality staff and Edirne Governorate as well as professional organizations. Edirne Bar Association, Chamber of Independent Accountants and Financial Advisors (SMMM0), Independent Industrialists and Independent Industrialists' and Independent Industrialists and Businessmen' Association (MÜSİAD), etc. also attended.

Date	Chambers of Industry	Number of Participants
18 September 2019	Edirne Bar Association	50
	Total	50

Workshops were held in Co-operation with Sustainable Learning Development & Excellence Association

Our Association organized sustainability workshops in co-operation with Sustainable Learning Development & Excellence Association (SEGM).

On 24 September 2019, the first workshop took place, moderated by Çağlar Çabuk, Chairperson, SEGM and moderated by our Association's Training Manager Gökhan Büyükşengür, Ph.D., at the Aegean Region Exporters' Association' Conference Hall.

The discussion topic of the first workshop, moderated by Gökhan Büyükşengür, Ph.D., was "Sustainability and Excellence in Institutionalization", whereas the second workshop, held on 12 November 2019, covered the topic "A Perspective on the Beyond-Financial Aspects of Corporate Sustainability in the Finance Sector".

Date	Workshop Program	Number of Participants
24 September 2019	Sustainability and Excellence in Institutionalization	35
12 November 2019	A Perspective on the Beyond-Financial Aspects of Corporate Sustainability in the Finance Sector	20
	Total	55

Zeytinburnu 100. Yıl Vocational and Technical High School Career Seminar

Gökhan Büyükşengür, Ph.D., our Association's Training Department Manager was the guest speaker of the "Career in the Finance Sector" seminar organized by the Department of Accounting and Finance and Division of Exchange Services of Zeytinburnu 100. Yıl Vocational and Technical High School on 12 April 2019.

At the seminar that attracted more than 150 students, Gökhan Büyükşengür, Ph.D. provided information about "Trend professions and career emerging as a result of transformation and digitalization in the financial sector".

"I Can Manage My Money" Summer Coordination Meeting was Held

"I Can Manage My Money" Summer Coordination Meeting, by the Habitat Association was held in Samsun on 8-10 July 2019. Our Association conducted a "Financial Security Seminar" where 180 people attended.

INFORMATION TECHNOLOGIES



ACKNOWLEDGING
THAT TECHNOLOGICAL
TRANSFORMATION IS
THE KEY TO THE FUTURE,
WE STRENGTHENED OUR
INFRASTRUCTURE, CLOSELY
MONITORING THE INNOVATIONS
WORLD-WIDE.

Document Management System

Performance and reporting functions were improved following the hardware and software upgrades implemented on the "Document Management System" that is used for the Association's information, documentation and process management requirements. A total of 3,338 new documents were added into the document management system during 2019, which brought the total number of documents kept on the system to 91,892 as of 31 December 2019.

Corporate Website

The infrastructure and content of the website were constantly updated. During 2019, our website was visited 308,086 times by users from ten different countries, namely Turkey, United States of America, England, Holland, India, Germany, France, Finland, Canada and Austria.

Member Management System

The periodic and annual reports were prepared by collecting numerous data on the intermediary institutions via the "Member Management System (UYS)" which has been operational since November 2012. The reporting module software has been developed for comprehensive database inquiries. The completion of the tests and the commissioning of the reporting module are planned to be completed in the third quarter of 2020.

Software Development for Collecting and Reporting of Leveraged Trading Transactions

Within the scope of the Capital Markets Board's "Investment Services Communiqué", our Association is assigned with collecting leveraged trading transaction prices and spread announced by the intermediary institutions using the developed software and announcing the data to the public, after processing it.

INFORMATION TECHNOLOGIES

Our Association Released Source Codes

All software developed by the Information Technologies Directorate were started to be published on "Free / Open Source Software" sharing platforms with the LGPLv3 license.

In 2019, "Member Management System", "Education Management System" and "Personnel Management System" projects were published on "Free / Open Source Software" sharing platforms. The source codes of the projects can be accessed from the internet address <https://git.tspb.org.tr>

In the next period, our projects such as "Member Management System Reporting Tool", "Corporate Address Management and Bulk E-Mail Sending Application", "Information Obtaining Application" etc. will be published bi-monthly, first to be published in our data-center and then on general software sharing platforms.

We intend to contribute to the capital markets and financial sector with these steps as such we co-operate with the developers of "Free / Open Source Software" proceeding with creative ideas on modern trends such as machine - learning and blockchain.

Security Scan

Vulnerabilities of the software and hardware of the data-center were identified based on the report that resulted from the penetration/attack tests, conducted in co-operation with the data protection company. Necessary steps were taken in line with the solution suggestions, developed.

Infrastructure Updates and Security

Within the frame of Data-Center infrastructure updates, servers, virtualization, replication, and security software were upgraded while firewalls and other hardware equipment were updated.

MEDIA RELATIONS



IN AN EFFORT TO INCREASE THE RECOGNITION OF OUR SECTOR, WE RELEASED PRESS BULLETINS ABOUT OUR ACTIVITIES AND PUBLICATIONS AND REACHED LARGE AUDIENCES.

During 2019, 568 news articles related to the Association appeared in the press. 320 news appeared on TV while 5,189 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.



MEMBERSHIPS

DEIK

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

ASF

The Asia Securities Forum (ASF) was founded in 1995 within the scope of improving the securities market, contributing to economic development and promoting the information exchange between members of the Asia-Pacific region. Our Association became a member of this forum in September 2009. And since then has been associating with the members are associations, exchanges, and various institutions in the region. Our Association hosted the ASF 24th Annual Meeting in Istanbul.

ICSA

The International Council of Securities Associations (ICSA) is a global organization representing the associations of the industry. The vision of the Council, which was founded in 1988, is to contribute to the development of the Capital Markets by ensuring co-operation among member associations. The Association has been a member of ICSA since 2006.

At the 30th General Assembly of ICSA held in Mexico City between 21 & 23 May 2017, TCMA was elected to the Board of Directors to represent the European area. The semi-annual meeting of ICSA was held on 5 November 2019 in Istanbul, hosted by our Association.

IFIE

The International Forum for Investor Education (IFIE), which was set up in 2005 as an independent organization works towards enhancing investor education on a global level and support investors in making well-informed decisions. Our Association joined the Forum in September 2009, where self-regulatory, regulatory and various non-profit organizations are represented. The Association has been a member of the Board of Directors of IFIE since 2011. Asian region members of the International Investor Education Forum came together in Istanbul on 3 November 2019, hosted by our Association.

INFE

The Organization for Economic Cooperation and Development (OECD) set up the International Network on Financial Education (INFE) in 2008 to promote financial literacy across member countries. The Association joined the platform in 2015 as an affiliate member.

IOSCO

The International Organization of Securities Commissions (IOSCO) was founded in 1983 to establish global standards for capital markets. Our Association became a member of the organization under the status of "observer member" in 2003, where capital markets regulatory institutions can apply for membership. Our association regularly informs the international community regarding the developments in our market by regularly contributing to the newsletter published for sharing information among the observer members

ISTAC

Istanbul Arbitration Center (ISTAC) was founded upon the enforcement of the Istanbul Arbitration Center Arbitration Law no. 6570 and dated 20 November 2014, which was published in the Official Gazette issue no: 29190, dated 29 November 2014. Istanbul Arbitration Center (ISTAC) is an independent, impartial and autonomous institution, providing arbitration and mediation services for dispute resolutions between commercial actors in Turkey and abroad. The ISTAC's dispute resolution services are available to all contracting parties, without any membership requirements. The Association has become a member of ISTAC under "General Assembly Member" status.

TAX COUNSEL

Our Association is represented with one member on the Tax Council, which was established to provide the Republic of Turkey Ministry of Treasury and Finance, with feedback on the formulation and implementation of tax policies, and to work on these issues.

INVESTMENTS



Borsa Istanbul

The Association holds a 1.3% equity stake in Borsa Istanbul, with a share in TL 5,502,042 in the company's capital of TL 423,234,000.

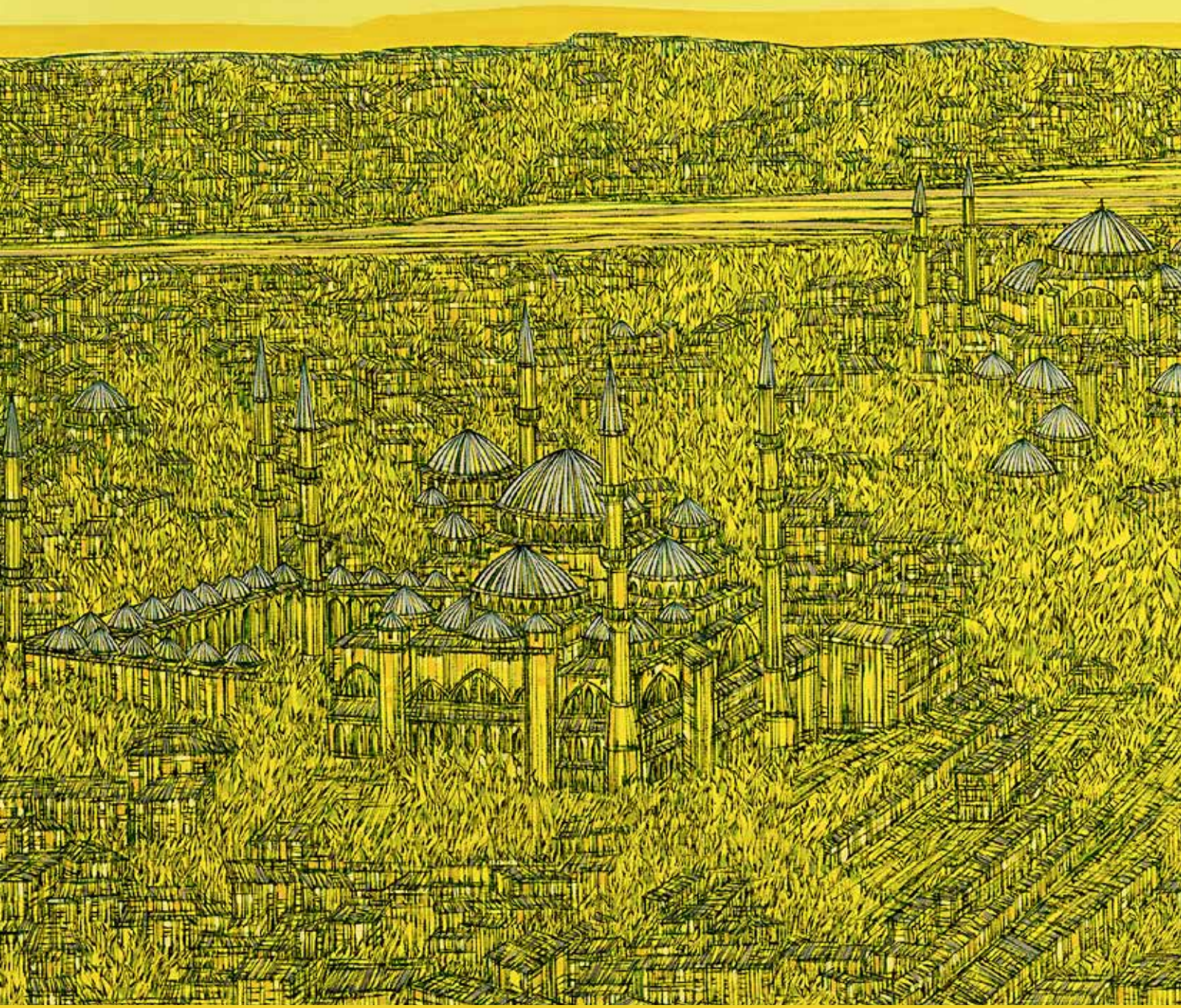
Central Securities Depository of Turkey

TCMA has a 5% share in the Central Securities Depository of Turkey (MKK). Our Association holds TL 1,800,000 of the company's total capital of TL 36,000,000. The Association continued to be represented by one member on the MKK Board of Directors in 2019.

IN KEEPING WITH THE TARGET OF FOSTERING THE CAPITAL MARKETS, THE ASSOCIATION ACQUIRED EQUITY STAKES IN INCORPORATED CAPITAL MARKETS INSTITUTIONS AND PARTICIPATED IN THEIR MANAGEMENT, AND THUS CONTRIBUTED TO IMPROVING OUR SECTOR.

Capital Markets Licensing, Registry and Training Agency

TCMA holds a 49% share in the Capital Markets Licensing Registry and Training Agency (CMLTA). The Association holds TL 2,940,000 in the company's total capital of TL 6,000,000 and was represented by two members on the CMLTA Board of Directors in 2019.



DEVİRİM ERBİL

İSTANBUL TUTKUSU ÜSTÜNE ÇEŞİTLEMELER (VARIATIONS ON ISTANBUL PASSION)

Oil painting on Canvas - 2018 - 120x100 cm



WE HAVE INFLUENCE

WE ARE AN INFLUENTIAL AND EFFECTIVE INSTITUTION BY MEANS OF THE DYNAMISM AND SOCIAL NATURE OF OUR PRIVATE SECTOR REPRESENTATIVES.

OVERSIGHT AND DISPUTE RESOLUTION

Oversight

Our Association is authorized and is assigned to regulate, supervise and enforce issues delegated by legislation or by the Capital Markets Board. In this context, various audits are conducted when necessary and legislative provisions are applied in the case of non-compliance.

TCMA Client Disputes Arbitration Committee

The Capital Markets Board of Turkey Statute charges our Association with the duty to assist in the resolution of disputes arising from off-exchange transactions among our members or between our members and their customers; set up the Arbitration Committee and the necessary infrastructure subject to the procedures and principles that will be drawn up for this purpose and approved by the Capital Markets Board of Turkey (CMB). The TCMA Arbitration Committee Guidelines drawn up, based on the above-mentioned duty, sets out

the formation, authority, duties, and responsibilities of the Arbitration Committee and the principles and procedures for the applications and their results.

Turkish Capital Markets Association Client Dispute Arbitration Committee reviews and resolves the disputes arising in relation to or from the off-exchange Capital Markets transactions among the Association members, engaged in capital markets activities or between such the Association members and their clients and resolves the compensation requirements of the Association members (brokerage firms, banks, asset management companies and mutual trusts) for damages and loss.

Ever since its establishment, a total of 612 applications have been received until the end of 2019 of which 413 applications were relayed directly to our Association and 199 through the Capital Markets Board. The summary table of the applications is detailed below.

2019 Arbitration Committee Application Table (Summary)	Number
File in the evolutionary stage	55
Under the review of the Grand Jury	48
Evaluated and resolved	291
Resolved. The decision was finalized as there were no objections.	209
Resolved. Notified to CMB due to the violation of legislation	30
Objection	52
Resolved. Following the objection was sent to CMB. Awaiting CMB Decision.	27
Resolved. Following the objection, per the decision of CMB to break the objection after the appeal, in the HC review.	5
Resolved. Following the objection, the CMB approved and the decision was finalized.	20
Reconciliation, Complaint was withdrawn	126
Rejected. Out of the Scope of the Committee	92
TOTAL	612

APPLICATIONS FOR INFORMATION ACCESS

Within the framework of the "Right to Information Act", a total of 11 information access applications were made to our Association in 2019. Affirmative responses were provided towards 8 applications, allowing applicants to access information and documents. 3 applications were directed to other institutions and organizations due to their relevance.



DEVİRİM ERBİL

İSTANBUL, GALATA YEŞİL (İSTANBUL, GALATA GREEN)

Oil painting on Canvas - 2017 - 180x160 cm

BOARD OF AUDITORS' REPORT

TO THE GENERAL ASSEMBLY OF THE TURKISH CAPITAL MARKETS ASSOCIATION
AUDITORS' REPORT

08.04.2020

The Association's accounts and transactions have been audited on a monthly basis.

It has been established that the records of the Turkish Capital Markets Association have been kept in accordance with the relevant regulations and accounting principles, at that they present at 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 31.12.2019 for your approval, and hereby recommend that the Board of Directors be acquitted from its liabilities.

BOARD OF AUDITORS



Adnan BAHAR

AUDITOR



A. Albert KRESPIN

AUDITOR



C. Cem ÖNENÇ

AUDITOR



M. Selim YAZICI

AUDITOR



Mehmet AHKEMOĞLU

AUDITOR

INDEPENDENT AUDITOR'S REPORT



Güney Bağımsız Denetim ve
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ey.com
Ticaret Sicil No: 479920
Mersis No: 0-4350-3032-6000017

To the Board of Directors of Turkish Capital Markets Association:

1) Opinion

We have audited the financial statements of Turkish Capital Markets Association and Its Operating Entity (the Association) which comprise the balance sheet as at December 31, 2019 and the income statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Turkish Capital Markets Association and Its Operating Entity for the year ended December 31, 2019 are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the balance sheet.

2) Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. Accounting policies applied by the Association differ from the accounting principles generally accepted in other countries and International Financial Reporting Standards (IFRS) in material aspects and the effects of such differences have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and financial performance of the Association in accordance with the accounting principles generally accepted in such countries and IFRS. This report has been prepared solely for the information and use of the members and the Management of the Association and should not be used for any other purpose. Our opinion is not modified in respect of this matter.

4) Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies described in Note 2 to the accompanying financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

5) Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Balkız Devrim Ünal, SMMM

Partner

March 30, 2020

Istanbul, Turkey

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

TURKISH CAPITAL MARKETS ASSOCIATION AND ITS OPERATING ENTITY

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2019

(CURRENCY – TURKISH LIRA (TL))

	Current Period Audited 31 December 2019	Prior Period Audited 31 December 2019
Assets		
Current assets:		
Cash and cash equivalents	6,143,334	6,792,809
Securities	7,769,188	1,731,472
Receivables from operations	846,583	781,932
Prepaid expenses	288,079	319,618
Other current assets	11,136	5,141
Total current assets	15,058,320	9,630,972
Non-current assets:		
Financial investments	10,242,042	10,242,042
Property and equipment	4,670,758	4,657,003
Intangible assets	321,603	321,603
Accumulated depreciation and amortization	(4,992,361)	(4,977,069)
Other non-current assets	7,822	7,822
Total non-current assets	10,249,864	10,251,401
Total assets	25,308,184	19,882,373
Liabilities and equity		
Current liabilities:		
Trade payables	45,462	45,983
Other payables	33,042	26,759
Advances received	34,146	45,626
Taxes and other obligations	342,634	219,882
Deferred income and expense accruals	786,733	764,472
Liabilities for employees	922,526	708,197
Expense accruals for acquisition of subsidiaries and investments	6,288,186	
Total current liabilities	8,452,729	1,810,919
Non-current liabilities:		
Reserve for employee termination benefits	1,856,834	1,457,446
Total non-current liabilities	1,856,834	1,457,446
Total liabilities	10,309,563	3,268,365
Equity:		
Funds	10,247,042	10,247,042
Statutory reserve	3,513,750	2,222,477
Income surplus	1,237,829	4,144,488
Total equity	14,998,621	16,614,008
Total liabilities and equity	25,308,184	19,882,373

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

TURKISH CAPITAL MARKETS ASSOCIATION AND ITS OPERATING ENTITY**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2019**

(CURRENCY – TURKISH LIRA (TL))

Income	Current Period Audited 1 January - 31 December 2019	Prior Period Audited 1 January - 31 December 2018
Membership fee and expense contribution from members	10,384,886	8,817,666
Operating income	906,254	646,808
Non-operating income	5,781,493	5,412,200
Surplus income of previous year	2,853,215	-
Other income	2,794,146	909,876
Turkish Capital Markets Summit income	1,873,696	1,851,030
Total income	24,593,690	17,637,580
Expenses		
Personnel expenses	(8,372,502)	(6,927,798)
Expenses for acquisition of subsidiaries and investments	(6,288,186)	-
Board of director's fee	(383,280)	(319,440)
Outsourced services	(747,736)	(613,813)
Advertisement and meeting expenses	(3,008,121)	(949,897)
Research and publication expenses	(139,390)	(68,420)
Information technology expenses	(730,910)	(1,531,923)
Training, courses and seminars expenses	(241,832)	(213,463)
Travel and accommodation expenses	(180,846)	(261,014)
Fixed assets and purchases expenses	(1,537)	(6,229)
Membership fees expenses	(397,868)	(464,335)
Other expenses	(989,958)	(284,914)
Turkish Capital Markets Summit expenses	(1,873,695)	(1,851,846)
Total expenses	(23,355,861)	(13,493,092)
Income surplus	1,237,829	4,144,488
Provision for taxes and other legal liabilities (-)	-	-
Net income surplus	1,237,829	4,144,488

www.tspb.org.tr/en/

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