

ANNUAL REPORT 2020





ŞAKİR ECZACİBAŞI

Born in İzmir in 1929, Şakir Eczacıbaşı was the youngest of Süleyman Ferit Bey and Saffet Hanım's six sons. He finished primary school in İzmir and went on to study his secondary education at Robert College in İstanbul, upon completion of which he went to the University of London's School of Pharmacy. On his return to Turkey in 1953, he joined Tunç Yalman, Özcan Ergüder, Oktay Akbal and Özer Esen on the publishing team of *Vatan* newspaper's prestigious art supplement, *Sanat Yaprağı* (*Art Leaf*). During these years, he established close friendships with Turkey's leading intellectuals.

In 1955, Şakir Eczacıbaşı joined Eczacıbaşı Pharmaceuticals. There, never far from art, he started up *Tıpta Yenilikler* (*Innovations in Medicine*), an influential magazine not only in scientific circles but also cultural ones that he published between 1956 and 1967. Between 1960 and 1962, he organized the international award-winning Eczacıbaşı Cultural Films series with Sabahattin Eyüboğlu and Pierre Biro. One of the films in the series, *Renk Duvarları* (*Walls of Color*), won the Council of Europe Cultural Film Award in 1964.

In 1965, on the recommendation of Henri Langlois, the founder of Cinémathèque Francaise, Şakir Eczacıbaşı co-founded the Turkish Cinematheque with Onat Kutlar which he chaired for the ten years that followed. During this period, long before the launch of the İstanbul Film Festival, the two founders contributed greatly to the development of Turkey's film industry by introducing films from abroad and fighting censorship laws.

One of Şakir Eczacıbaşı's greatest contributions in the area of publishing was the establishment of *Milliyet Sanat*, a prestigious art journal, upon Abdi İpekçi's request in 1972.

In addition to working on corporate publications and corporate identity, he led the Eczacıbaşı Group's involvement in sports by establishing the Eczacıbaşı Sports Club in 1966, which he

headed for the next 30 years. Aside from training some of Turkey's best basketball, volleyball and table tennis players, the club won numerous Turkish championships, and for years represented Turkey in European cups.

Şakir Eczacıbaşı became general manager of Eczacıbaşı Pharmaceuticals in the 1970s, chairman of the executive board of the Eczacıbaşı Group in 1980, and chairman of the Eczacıbaşı Group in 1993.

Şakir Eczacıbaşı's interest in photography began in the 1960s. Over the years, his work won acclaim in Turkey and on the international arena, establishing him among the leading contemporary photography artists. During his lifetime, his photographs were put on display in fifteen exhibitions in Turkey and twenty-five abroad, most of which are collected in several books: *Anlar/Moments* (1983), *Türkiye: Bir Portre* (*Turkey: A Portrait*) (1993), *Türkiye Renkleri* (*Colors of Turkey*) (1997), *Kapılar ve Penceler* (*Doors and Windows*) (2001) and *Bir Seçki: 1965-2005 (A Selection: 1965-2005)* (2005).

In 1968, Şakir Eczacıbaşı began publishing the Eczacıbaşı Photography Almanacs, featuring works by prominent Turkish authors and photographers as well as unknown young talent. He also compiled two well-received books: a collection of writings by Bernard Shaw entitled *Gülen Düşünceler* (*Smiling Thoughts*) and another of writings by Oscar Wilde entitled *Tutkular, Açılar, Gülümseyen Deyişler* (*Passions, Sorrows, and Smiling Aphorisms*).

Awarded the "Chevalier dans l'Ordre des Arts et des Lettres" of France and the Turkish Republic's "Medal of Distinguished Service", Şakir Eczacıbaşı retired from business life in 1996. During his term as chairman of the İstanbul Foundation for Culture and Arts (İKSV), to which he was appointed in 1993, the International İstanbul Festivals significantly increased their international prestige.

One of Şakir Eczacıbaşı's greatest contributions to İKSV, where he served as chairman until he passed away in January 2010, was realizing the aspiration of his eldest brother and co-founder of İKSV, Nejat Eczacıbaşı to acquire the institution's new building, Deniz Palas, in Tepebaşı.

Şakir Eczacıbaşı contributed prominently to the business and art communities in Turkey. Before his demise, he authored a book of his memoirs, *Çağrışım, Tanıklıklar, Dostluklar* (*Associations, Testimonies, Friendships*), which was published in September 2010.

Cover: ŞAKİR ECZACİBAŞI - İSTANBUL



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

We commemorate with great respect and gratitude the late Şakir Eczacıbaşı, a photographer himself and a connoisseur and supporter of art and culture with invaluable contributions in these areas to our country. We are grateful to Dr. Nejat F. Eczacıbaşı Foundation for the permission to use İstanbul photographs shot by Mr. Eczacıbaşı in our annual report.

CONTENTS

TURKISH CAPITAL MARKETS ASSOCIATION	4	INTERNATIONAL RELATIONS	39
ORGANIZATIONAL STRUCTURE	5	INVESTOR EDUCATION	40
MILESTONES	6	MEETINGS AND EVENTS	44
BOARD OF DIRECTORS	8	TRAINING	52
BOARD OF AUDITORS	10	INFORMATION TECHNOLOGY	55
DISCIPLINE COMMITTEE	11	MEDIA RELATIONS	57
EXECUTIVE MANAGEMENT	12	MEMBERSHIPS	58
OUR TEAM	15	INVESTMENTS	59
OVERVIEW OF 2020	16	OVERSIGHT AND DISPUTE RESOLUTION	62
INITIATIVES	24	APPLICATIONS FOR ACCESS TO INFORMATION	62
REGULATORY FRAMEWORK	31	BOARD OF AUDITORS' REPORT	63
PROFESSIONAL COMMITTEES	35	FINANCIAL STATEMENTS AND INDEPENDENT	
RESEARCH AND PUBLICATIONS	36	AUDITOR'S REPORT	64
DATA	38		

We are a self-regulatory organization established in 2001 under the Turkish Capital Markets Law. Since 2014, our membership structure consists of banks, brokerage firms, asset management companies, and listed investment trusts that are authorized for capital market operations. Drawing on our representative power and experience, we offer solutions driving the development of the capital markets for members and investors.

**WE TAKE ON AN ACTIVE
ROLE IN THE RESOLUTION
OF ISSUES RETARDING THE
SECTOR'S DEVELOPMENT
AND IN TAKING THE STEPS
THAT WILL CARRY IT
FORWARD.**

WE DRIVE PROGRESS

THROUGH OUR INFORMED AND LEADER MANAGEMENT AND EXPERT TEAM, WE ANALYZE THE INDUSTRY'S PROBLEMS AND FORMULATE SOLUTION SUGGESTIONS THAT WILL DRIVE THE INDUSTRY'S PROGRESS BASED ON STRATEGIC PLANS BUILT ON CONSTRUCTIVE APPROACHES. WE SERVE AS THE REFERENCE GUIDE OF THE INDUSTRY WITH OUR KNOW-HOW AND EXPERTISE IN THE CAPITAL MARKETS, THE DATA AND REPORTS WE OFFER, AND THE TRAINING PROGRAMS AND INFORMATIVE ACTIVITIES WE ORGANIZE.



TURKISH CAPITAL MARKETS ASSOCIATION



FOR A SOLID CAPITAL MARKET:

We collaborate with:

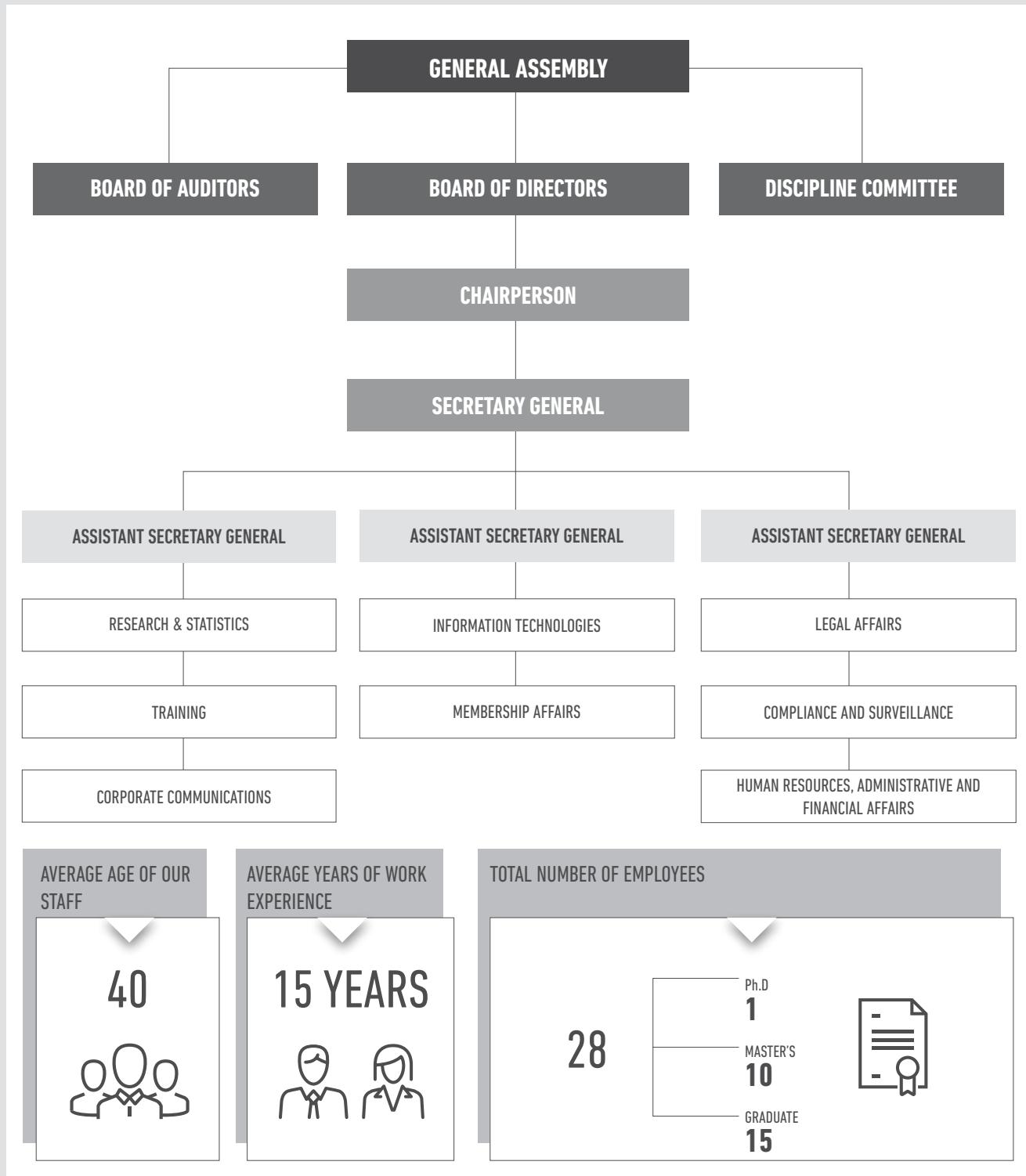
- Institutional and individual investors,
- Our members and market professionals,
- All relevant public institutions and mainly the Capital Markets Board of Turkey (CMB),
- Capital market institutions including Borsa İstanbul, İstanbul Settlement and Custody Bank (Takasbank), Central Securities Depository (MKK), Capital Markets Licensing Registration and Training Agency, etc.,
- Public companies, universities, relevant associations, unions, and the media.



WHAT WE DO

- We develop, implement and oversee guidelines to make sure that our members' operations are fair and honest, and that they exercise the due care and discipline required by the capital market in their business.
- We evaluate complaints regarding the services our members offer to their customers, and we assist in the resolution of disputes.
- We hold events aimed at the development and deepening of the sector in our country, and we take actions before the public institutions and agencies.
- We cooperate in relation to capital markets with related foreign institutions.
- We conduct research for the development of the capital market.
- We monitor professional, regulatory and administrative developments and inform our members.
- We offer training programs for the market professionals.
- We design and run investor education programs.

ORGANIZATIONAL STRUCTURE



MILESTONES

2001

- The Association of Capital Market Intermediary Institutions of Turkey (TSPAKB) was founded.
- The first general meeting was held.
- The first membership meeting was held.
- Professional Rule Book was published.
- Disciplinary Regulation was announced.

2002

- The first panel discussion was held.
- TSPAKB website went live.
- The first annual report was printed.
- The first monthly magazine was published.
- Licensing exam preparation trainings started.
- The first press conference was held.

2003

- Professional development training started.
- Rules of Arbitration were released.
- The Association joined the International Organization of Securities Commissions (IOSCO).

2004

- TurkDEX trainings were initiated.
- First university campus visits were paid.

2005

- A questionnaire was administered regarding the Capital Market Activities.

2006

- The Association 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 trainings began.

2009

- Compliance Program Development Guide for Brokerage Firms was published.
- The Association joined the International Forum for Investor Education (IFIE).
- The Association's Disaster Recovery Center was launched.

2010

- Financial Statements Guide for Brokerage Firms was released.
- The first international conference was organized.
- The first overseas event was organized in South Korea.

- 100th issue of the monthly "Agenda in Capital Markets" was published.
- Various data associated with financial statements of brokerage firms required by the Central Bank of the Republic of Turkey (CBRT) were integrated in the Association's data collection forms and began to be collected at the Association.

2011

- The Association completed its 10th year in operation.
- Tenth edition of the Turkish Capital Market Annual Review was published.

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

2014

paramveben.org (My Money and I) website went live.

2013

First international conference held.

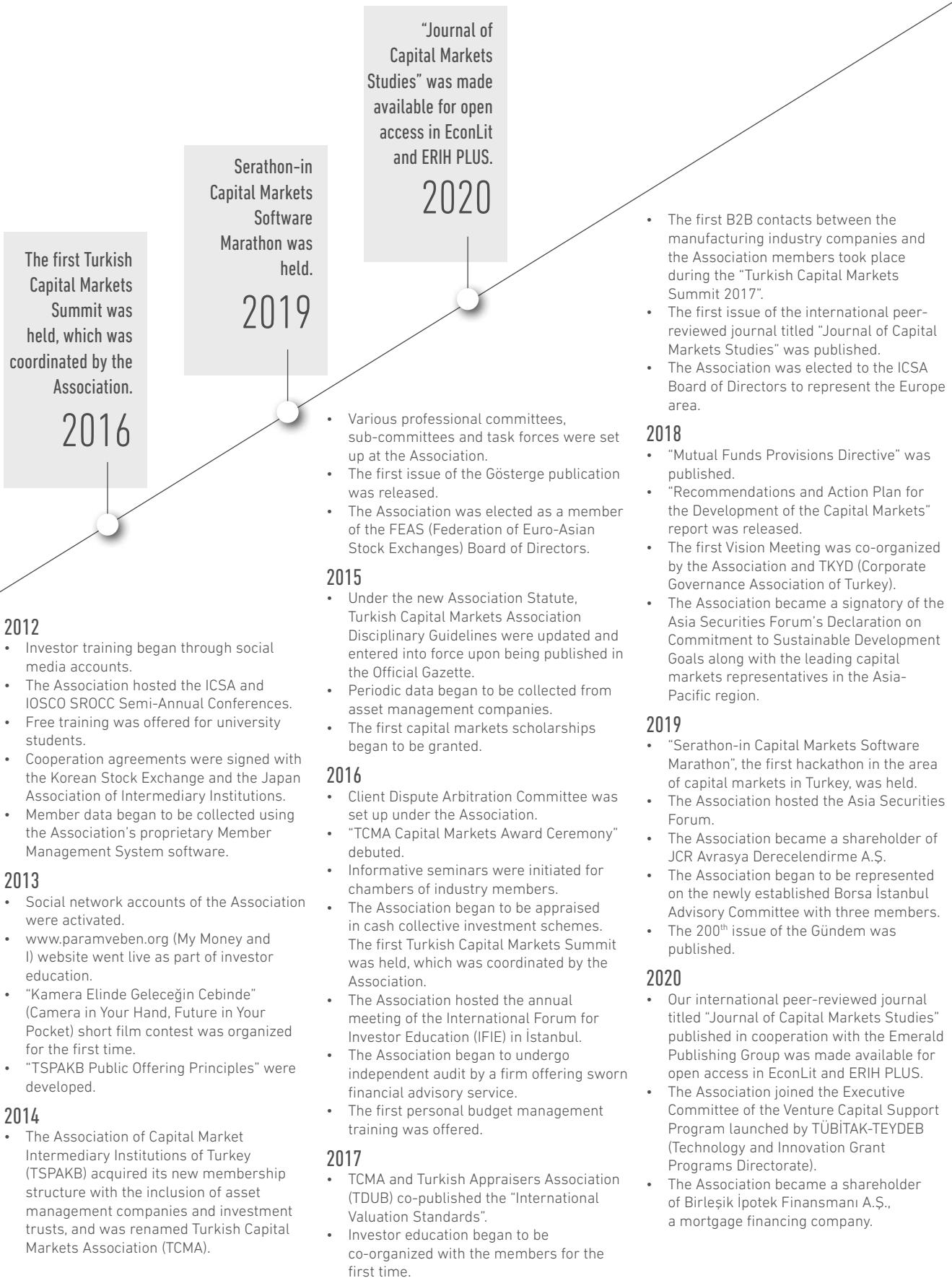
2010

Joined ICSA.

2006

TSPAKB founded.

2001



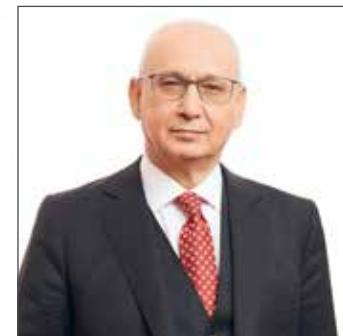
BOARD OF DIRECTORS



Tevfik Eraslan
Chairperson
İş Asset Management
CEO



İbrahim Halil Öztop
Vice Chairperson
Development and Investment Bank of Turkey
CEO and Executive Board Member



Erhan Topaç
Board Member
Gedik Investment
Chairman of Executive Board



E. Pamir Karagöz
Board Member
QNB Finansinvest
General Manager and Executive Board Member



M. Selim Yazıcı
Board Member
TEB Yatırım
General Manager



Serdar Sürer
Board Member
Halkbank
Deputy General Manager



Alim Telci
Board Member
RE-PIE Asset Management
General Manager and Executive Board Member



Hakan Gedikli
Board Member
Emlak Konut Real Estate Investment Company
General Manager and Executive Board Member



Encan Aydoğdu
Board Member
The Turkish Association of Appraisers
Chairman of Executive Board



Şule Korkmaz, Ph.D.
Independent Board Member



Taliye Yeşilürdü
Independent Board Member

BOARD OF AUDITORS



E. Kerem Korur
Audit Board Member
PhillipCapital Securities
General Manager and Vice Chairman of Executive Board



Yılmaz Arısoy
Audit Board Member
Yapı Kredi Investment Securities
General Manager and Executive Board Member



C. Cem Önenç, Ph.D.
Audit Board Member
Denizbank
Executive Vice President



Murat Onuk
Audit Board Member
Arz Portfolio
CEO and Executive Board Member



İ. Gökşin Durusoy
Audit Board Member
Akiş Real Estate Investment Trust
General Manager and Executive Board Member

DISCIPLINE COMMITTEE



Erkan Ünal
Discipline Committee Chairman
Oyak Investment Securities
General Manager



Ömer Eryılmaz
Discipline Committee Member
Yatırım Finansman Securities
General Manager



İzzet Şahin
Discipline Committee Member
Anadolubank
Vice Chairman of Executive Board



M. Emin Özer
Discipline Committee Member
Albaraka Asset Management
General Manager and Executive Board Member



Nazlı Yılmaz
Discipline Committee Member
Doğuş Real Estate Investment Trust
Assistant General Manager

EXECUTIVE MANAGEMENT



İlkay Arıkan
Secretary General



O. İlker Savuran
Assistant Secretary General
Research and Statistics
Training
Corporate Communication



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 Fıkirkoca Asena
Research and Statistics Director

5- Engin Turan
Human Resources, Administrative and Financial Affairs Director

6- Esra Esin
Compliance and Surveillance Director

7- Gökhan Büyüksengür, Ph.D.
Training Director

8- Telman Şahbazoğlu
Information Technology Director

9- Tuğba Oğan
Corporate Communication Director

OUR STAFF

10- Aslı Hondu İmamoğlu
Member Relations / Assistant Director

11- Ceylan Anıl
Research and Statistics / Assistant

12- Cihan Coşgun
Information Technology / Senior Specialist

13- Çağla Eralp
Training / Senior Specialist

14- Deniz Kahraman
Research and Statistics / Senior Specialist

**15- Duru Güner**

Corporate Communication / Assistant Specialist

16- Gökben Çevikcan

Research and Statistics / Assistant Director

17- Gülcen Yalciner Durmus

Human Resources, Administrative and Financial Affairs / Asistant Chief

18- H. Onur Saltтурk

Research and Statistics / Senior Specialist

19- Hülya Kandemir Yilmaz

Human Resources, Administrative and Financial Affairs / Chief

20- Kerim Karakaya

Human Resources, Administrative and Financial / Assistant Director

21- Atty. K. Burcu Mert

Legal Affairs / Assistant Director

22- Muzaffer Demirci

Human Resources, Administrative and Financial / Administrative Support

23- Atty. Nil Ayav Tural

Legal Affairs / Senior Specialist

24- Nilüfer Gevenoğlu

Corporate Communication / Assistant Director

25- Serhat T. İşler

Compliance and Surveillance / Assistant Director

26- Sevda Uslu

Compliance and Surveillance / Assistant Director

27- Şadiye Selek

Human Resources, Administrative and Financial / Office Services

2

23

16

27

12

7

25

15

20

17

21

13

14

26

3

OUR TEAM

WE ARE STRONG

WE ARE A STRONG ORGANIZATION DRAWING
ON THE SUPPORT EXTENDED BY OUR
PRESTIGIOUS MEMBERS AND OUR CORPORATE
GOVERNANCE.



OVERVIEW OF 2020



As a result of the growing interest in the capital markets, we witnessed the number of domestic individual investors that floated along the line of 1 million people for many years close in on 2 million people by 2020 year-end.

Distinguished Members,

We are going through a period when the fight against the Covid-19 outbreak that is dominating the global system and threatening human health has become the number 1 priority. During the reporting period in which we had to deal with the consequences of economic pressures resulting from the Covid-19 outbreak that acquired the nature of a global epidemic, combating the pandemic has been the key agenda topic of governments and economy leaders as well. Yet, the fast pace of the vaccination campaigns around the world and in our country nurture our hopes in relation to the fight against the pandemic. I am hoping that we have by now embarked upon a period where humanity is triumphing over the pandemic.

We were elected for this important role to serve as the new board of directors of the Turkish Capital Markets Association in September 2020. As the entire management team, we are working without letup to duly perform this duty. On behalf

of the industry, we would like to express our gratitude to the members of the Board of Directors, Board of Auditors and Discipline Committee who served at the Association in the previous period for their valuable efforts and significant contributions. In this annual report, I would like to share the Association's activities, the details of the roadmap we have devised, and my assessments of 2020.

Esteemed Members,

In the wake of the unprecedented Covid-19 outbreak that threatens the human health and dominates the global system completely, we have left behind a year characterized by uncertainty and challenges, during which we were compelled to fit our social and working life in our homes. Amid the negatively affected world trade and economy in the pandemic days, global capital markets are giving a good account of themselves. Low interest rates and high liquidity brought along increased investor interest in global capital markets.

To the backdrop of an environment featuring high global liquidity and decreased interest rates, domestic investors' interest in capital markets soared in our country, as was the case in the rest of the world. We witnessed that, owing to increased interest, the number of domestic individual investors that floated along the line of 1 million for many years before going up to 1.2 million people at year-end 2019 closed in on 2 million people by 2020 year-end. Domestic investors showed intense interest not only in the equity market but also in the funds industry managed by professionals. As a result, total assets under the management of asset management companies grew by 28% to TL 365 billion.

The fact that the majority of individual investors that joined our equity market in the past one year consist of the youth is of great importance and promising for the future of our capital markets. Given our longstanding desire to broaden the investor base, we also find it very meaningful that these investors attracted to the stock exchange are from all over Turkey.

The choices of new investors joining our equity market present us with noteworthy data that we need to consider carefully. We have observed that the new individual investors prefer companies outside the BIST-100 index rather than big companies traded on Borsa İstanbul. Consequently, BIST-100 index ended the year with 29% rise, while the non-BIST-100 stock price rose at a much higher 125%. The increased investor interest tripled the average daily trading volume in the equity market and brought it up to TL 26 billion.

Higher investor interest in capital markets reflected also on our members' revenues. In 2020, intermediary institutions booked TL 4.4 billion in profit, representing a 156% growth year-over-year, whereas asset management companies increased their profit by 106% to TL 655 million.

Distinguished Members,

We deem the development of the capital markets essential for sustainable growth of the Turkish economy, for democratizing finance by providing a broad-based distribution of the added value generated by economic growth, and for efficiently channeling resources to future- and technology-driven productive areas. The way to deepen and grow the capital markets is to increase the number of investors. Hence, we consider the increased interest of investors in capital market products in recent years as a historic opportunity from the standpoint of capital markets. Continuation of increased investor interest in the period ahead is critical for achieving the depth and magnitude we desire for our industry. To this end, we must first establish a solid investment environment that prioritizes, protects and assures investor rights. Important responsibility and duty fall upon all capital market actors in this respect. We will continue to be guided in our actions with the recognition of our responsibility in this sense in the future, as we have done so far; hence, we want to create an effective capital market culture by informing savers about the capital market products. To ensure the sustainability of this productive process that is vital for our capital markets, we are maintaining our cooperation with the Capital Markets Board of Turkey (CMB), Borsa İstanbul and other institutions. I would like to emphasize once again that, as TCMA, we always consider "protecting and informing the investors" as a matter of priority, and as the management team, we put it at the top of our roadmap.

Despite the domestic investor interest that grew in the last year, there was a limited performance in the public offering side in the reporting period. Throughout the year, capital markets provided a financing of more than TL 1 billion to companies by way of eight public offerings. However, intense demand for public offerings triggered the initiation of the public offering process by a large number of companies for 2021. In the absence of an extraordinary development in global conditions, 2021 will be a year marked by "public offerings" with respect to our capital markets.

Despite the extraordinary circumstances that prevailed, all institutions and organizations of the capital markets carried on with their activities with commitment, developing new solutions, so that our industry would operate effectively.

Distinguished Members,

Long-term funds are needed in order for Turkey to achieve sustainable economic growth and increased share within world trade. It is a desire shared by all capital market stakeholders to contribute higher added-value for the development of our country by creating the fund we need. However, although we have secured historic performances in relation to the number of investors, we are still very far from the magnitudes we target.

A current portrayal of our capital markets on the basis of several data can provide a clearer view of the distance we need to cover. In the world, performance of capital markets is measured by the ratio of capital markets to GDP. From this perspective, the ratio of capital markets to GDP is 244% in the US, 137% in Japan and South Korea, and 130% in Malaysia whereas it is limited to 32% in Turkey. While our country ranks nineteenth in the world in terms of total GDP, it takes the 48th spot in terms of market capitalization/GDP. On the basis of the number of companies quoted on stock exchanges, Borsa İstanbul features a number of companies below those in numerous emerging countries, let alone the exchanges in developed economies such as the US, UK, Japan and Europe.

Whether it be the share the capital markets get in household assets/savings, or the ratio of capital markets to GDP, or the number of companies quoted on stock exchanges, all the data show us that we, meaning the capital markets, evidently still have a long way to go. The distribution of credits and the capital market in our country also portrays a situation that

is unfortunately far from being balanced as compared to the overall situation in the world. Therefore, we believe that a growth in capital markets outpacing that in the credit markets is important for achieving this balance.

On another note, when we look at the countries that have established themselves as financial centers in the world, we observe that their capital markets have achieved significant dimensions and there is a highly linear relationship between the development of capital markets and the level of financial development. It is evident that Hong Kong, New York and London have become the world's financial centers today because of the development levels of their capital markets. In order for Turkey to make İstanbul a financial center, we must join hands to develop the investment environment that will attract foreign savings to our country, besides increasing domestic savings and attracting these savings to our capital markets. An additional requirement is to become a hub that creates the financial products needed in regional terms. To this end, we need to tell the whole world about the powerful story of İstanbul and our capital markets that present a multitude of opportunities. As TCMA, we will keep working with this understanding in the coming period to make İstanbul an international financial center.

Distinguished Members,

I believe that in the period ahead we will create the capital markets ecosystem that presents the depth and magnitude we target, with the support of our stakeholders. At this point, as the TCMA administration, we are charging ahead with our activities and initiatives to develop medium- and long-term solutions in cooperation with all capital market institutions and members within the frame of our duties and powers under our statute, focusing on the key problems of our industry. In this context, the top ranks of our 2020 agenda consisted of topics categorized under these 11 headings: financial inclusion and protection of individual investors and enhancing investor satisfaction; İstanbul Financial Center; broadening the participant base of the pension system and enhancing participants' satisfaction; investment advisory; integration of the startup ecosystem with the capital markets; introduction of our capital markets to international investors; popularizing Islamic products; securitization, project finance and creation of new financial products; preparation of the ancillary legislation governing distance contracts; sustainability, technological infrastructure and data management.

We Took Actions in Response to the Pandemic

Despite the extraordinary circumstances that prevailed globally, all institutions and organizations of the capital markets kept working with commitment, developing new solutions, so that our industry would operate effectively and continue to contribute value to the Turkish economy. Along this line, our members carried on with their activities adopting various schemes such as half-time working, rotating shifts, teleworking or similar models, and executed the running of our markets smoothly in operational terms amid the current circumstances. We were pleased to observe that capital market institutions quickly and effectively adjusted to the new period with all their employees, and produced services strongly for their investors with their products and services.

We actively carried on with our efforts as the industry, endeavoring to produce solutions for our country's fight against the pandemic. As TCMA, we have shared our feedbacks and suggestions regarding facilitation of certain operational processes stipulated by the legislation during the timeframe teleworking/shifting working schemes were implemented, and we informed our members about the decisions adopted in this respect.

We Led the Regulatory Framework Concerning our Industry

As the Turkish Capital Markets Association, we have carried out comprehensive work for the improvement of the capital market legislation, involving the representatives of non-governmental organizations, capital market institutions and publicly-floated companies in the process. The bill envisaging certain alterations to the Capital Market Law, which was drafted based on these efforts and in close cooperation with the Capital Markets Board (CMB), was ratified at the Grand National Assembly of Turkey and published in the Official Gazette. This revision allows intermediary institutions to extend project finance loans and to set up project finance funds so as to bring those seeking funding for a project together with those wishing to finance a project. While collateralized issuance of borrowing instruments has become possible, the way was paved for the establishment of a board of debt instruments holders, which we predict will be functional in case of non-satisfaction of the liabilities arising from a debt instrument. The bill made the first step for the transformation from an intermediary institution into an

investment company, and paved the way for increasing the depth of our industry with new possibilities.

As TCMA, we take every opportunity to express the absolute necessity to consider certain fundamental principles when establishing taxation policies regarding capital market instruments and the need for tax incentives. Our suggestions, which we have formulated based on the necessity to decrease withholding rates also for key capital market products so that investors can base their choice for financial products on their risk and return preferences instead of taxation differences, and which we have submitted for consideration by our government, were deemed acceptable. In this context, changes were made to the deduction rates applicable to yields on the debt instruments issued by banks, and to hedge (FC) funds and certain mutual funds set up in accordance with the Capital Markets Law. On behalf of our Association and our industry, we extend our gratitude to all public authorities who have contributed to the enforcement of the regulatory framework.

Being the Dispute Center, We Have Finalized the Arbitration Committee Reviews

In 2020, the two-year terms of office expired for the present members of the Client Disputes Arbitration Committees that were first set up in 2016 under the Association for the resolution of disputes, which is one of our key duties and responsibilities. The members who will serve in the new term were designated by the Association's Board of Directors from among the submissions. Client Disputes Arbitration Committee received 773 applications since its establishment to date, 563 of them directly and the remaining 210 through the CMB. 295 of these files have been decided.

We Started Working on Updating Public Offering Principles

We have also carried out various activities to identify and fulfill our members' common needs, to contribute to the development of the capital market, and to better understand the expectations of our members and other stakeholders so as to enhance the quality of the services we render. Within the frame of these efforts, we made attempts for setting the standards and principles of public offering, which closely concerns our industry, and of research reports by late 2020.

I am expecting 2021 to be a year in which our country will get a share of global capital movements commensurate with its potential and I wish it will also mark the start of a new period in which our capital markets will flourish further.

I believe that driving the progress of capital markets requires improvement not just on the investor side, but also in the companies' viewpoint of capital markets and their culture in this respect. We need to increase the number of publicly-held companies in a healthy fashion. To do that, steps need to be taken for companies to consider the capital market as an area where they can derive long-term funding. Public offerings may not be carried out without the involvement of intermediary institutions, which are our members. Based on this fact, we set up a working group under the Intermediary Institutions Professional Committee operating under the Association to conceive suggestions targeted at investment companies so that public offering intermediation activities can be executed effectively, and to review the TCMA Public Offering Principles.

At the same time, we decided that minimum standards for research reports be set by the Association, with the purpose of increasing the number of reports and bettering their quality, which help our investors make healthy investment decisions. Accordingly, through our working group composed of related sector professionals, we started to work towards determining "Research and Analyst Reports Principles", observing compliance with the national capital markets in technical and regulatory aspects, within the frame of internationally recognized documents in the public domain.

We have Organized the 5th TCMA Golden Bull Awards Ceremony

On 3 September 2020, we held the fifth edition of the TCMA Golden Bull Awards Ceremony that we have turned into an annual event with the aim of contributing to the development and recognition of capital markets. During the event for

which we exercised the necessary caution in view of the pandemic conditions, we distributed a total of 42 awards under 8 categories this year. We dedicated the first one of the meritorious service in capital market awards to Yaşar Erdinç, Ph.D. who passed away in 2018, in recognition of his major contributions to training in the field of capital markets, and the second one to the late Zeki Döşlüoğlu, a doyen in the industry. On behalf of the Association and our industry, we would like to express our heartfelt gratitude to the late Yaşar Erdinç and the late Zeki Döşlüoğlu for their invaluable contributions to our capital markets.

The 4th World Investor Week was Held with a High Level of Interest

Although we were forced to put on hold our physical programs in investor education and financial literacy due to the Covid-19, which we regard vital for our industry's development at the TCMA, we carried on with our activities through online events and training programs.

Celebrated in 87 countries with the support of international organizations, the fourth edition of the World Investor Week was held online between 16-21 November 2020 as a co-organization of our Association, the CMB and Borsa İstanbul. In our event that featured 113 speakers on 27 different topics, we emphasized the importance of informed and accurate investment around the theme of investor education, informing and protection throughout the week. The sessions organized on various topics ranging from stock and gold investment to the golden rule of budgeting, company acquisitions, mergers and finding strategic partners to attracting sustainability funds to Turkey were viewed 18,000 times in 6 days.

"Camera in Your Hand, Future in Your Pocket" short film contest was another initiative within the scope of financial literacy and investor education, which are among the Association's fundamental duties. Submissions were received from all regions of Turkey for our annual contest that was organized for the sixth time in 2020. As a new feature this year, 10 films selected by the jury were put to public vote for the first time. We announced the results of the contest during an online award ceremony held in June, where we presented the prizes to our finalists.

We carried on with our multi-faceted communication activities aimed at supporting and improving the investment culture in Turkey. In 2020, we continued to air the TV program "Birlikte Yatırım" (Investing Together), which made its debut in 2019

to accurately convey the value created by the capital market to our society. You can reach all episodes of the program, in which we have addressed a number of topics from corporate bonds to venture capital, on the TCMA YouTube channel.

We Continued to Organize Training

Besides investor education, we organized training in various fields so that market professionals would keep abreast of the developments. Our training programs continued in physical environment and online in 2020 under the heading "Birlikte Eğitim". A total of 1,336 people participated in 35 training programs we organized in 2020.

In addition, we continued with our joint events with universities aimed at increasing academic studies on the capital market, expanding financial literacy, publicizing the industry and fulfilling the need for qualified employees within the scope of the capital market industry and university cooperation. During the reporting period, we had the opportunity to get together with 51,795 university students and to give them an introduction to the capital markets in events organized by 30 different universities. In addition to these activities, we carried on with our projects on social network channels in order to bring our investor education initiatives to broader groups.

Our Peer-Reviewed Journal Began to be Featured on International Databases

We kept releasing our publications that are followed up with interest and regarded as reference by the industry in 2020. When preparing our publications in Turkish and English, we took care to produce content providing information about current topics discussed in the international arena.

Launched in 2017 and published in cooperation with the Emerald Publishing Group, our peer-reviewed "Journal of Capital Markets Studies" continued to take steps to reinforce its position and increase its recognition in the industry as an international, open access and peer-reviewed periodical. As a result of these efforts, our journal began to be featured in two international databases, EconLit and ERIH PLUS.

On another note, our Association took place in the Group Executive Committee of the "Venture Capital (Private Equity) Funding Program" (GİSDEG) set up under TUBITAK (The Scientific and Technological Research Council of Turkey) the Directorate of Technology and Innovation Funding Program aiming to activate venture capital funds supporting startups

focusing on R&D. Additionally, the TCMA acquired 5% stake in Birleşik İpotek Finansmanı Kuruluşu (BİFK – Birleşik Mortgage Financing), which will contribute to deepening capital markets through securitization of loans.

Distinguished Members,

We will strongly carry on with our efforts to expand our capital markets' sphere of influence, to deepen and develop them with the aim of helping the Turkish economy grow sustainably, and channel the resources to future- and technology-driven productive areas. I would like to underline once again that altogether we can improve our investment environment by attracting the foreign savings we need, besides increasing our domestic savings and attracting them to our capital markets.

We are anticipating the Turkish economy to display a more positive performance in 2021 than in 2020 that has been the scene to tough events. I am confident that our members engaged in the capital market will increase their contribution to our real sector companies through financing of investments by way of public offerings and bond issuances, and through risk management products. I am expecting 2021 to be a year in which our country will get a share of global capital movements commensurate with its potential, backed by the supportive policies of the economy administration. I wish 2021 will also mark the start of a new period through which our economy and capital markets will flourish further.

I believe that we will carry out major initiatives also in the international arena in the coming term that will carry our Association and our industry further ahead.

I leave you to our annual report for the details and more of our activities that I discussed briefly in these pages. As always, I thank you, our esteemed members for your invaluable contributions, my colleagues on the boards of directors and auditors who always act in harmony in all sorts of decisions and actions for undersigning remarkable results, and the valued employees of our Association.

Yours sincerely,



Tevfik Eraslan
Chairperson

WE ARE RELIABLE

WE ARE A RELIABLE ORGANIZATION AS WE REPRESENT ALL OF THE CAPITAL MARKET INSTITUTIONS IN OUR COUNTRY BASED ON OUR STATUS AS A PROFESSIONAL ORGANIZATION, STRICTLY ADHERE TO REGULATIONS, AND EMBRACE AN IMPARTIAL, FAIR, TRANSPARENT AND ETHICAL APPROACH AS OUR FUNDAMENTAL PRINCIPLE.



INITIATIVES



We carried on with our innovative and developer efforts to deepen and strengthen our capital markets in 2020.

Cooperation between Borsa İstanbul and the Association

Joint meetings were held between the intermediary institution and bank sectors' representatives from amongst the Association's Board of Directors and Board of Auditors members and Borsa İstanbul officials, which were attended also by representatives from İstanbul Settlement and Custody Bank (Takasbank) and Central Securities Depository (MKK) representatives. The purposes of the meetings were to exchange ideas in relation to implementation principles mainly for the equity market and derivatives market, IPO and debt securities market and for improving and expanding the markets, evaluate new products and improve market operation processes. In the meetings, where specific agenda items for a given meeting were discussed, issues and uncertainties arising in practice were tackled and solutions were sought.

Promotional Campaigns

Pursuant to the Capital Markets Board of Turkey (CMB) requirements, promotion campaigns in relation to capital market activities by intermediary institutions and banks are notified to the Association prior to implementation, and planned campaigns can be held only after applications are reviewed and approved. During 2020, the Association reviewed 41 applications by members and informed the related parties on its conclusions.

Actions and Suggestions Related to Market Security

First emerged in December 2019 in China and having penetrated worldwide due to its rapid transmission, the Coronavirus was declared a pandemic by the World Health Organization (WHO) on 11 March 2020 because of its severe pandemic impact.

Various efficient studies were conducted and numerous rules and arrangements were introduced by related institutions and organizations on a global and national scale in an effort to take the outbreak under control and minimize its effects. In our country, proactive decisions and action plans deemed necessary in response to the pandemic threat were enforced by related ministries, institutions and organizations, all coordinated by the T.R. Presidency and the T.R. Ministry of Health.

Due to the illness's negative effects on human health that complicate physical working conditions, our Members submitted their opinions and recommendations to our Association in relation to aligning the markets and operational processes of our Members with the current circumstances, for the purpose of restraining the negative implications on the markets. In this framework, opinions and suggestions seeking to mitigate the negative impacts of the ongoing process upon our capital markets and national economy were considered by the Association's Board of Directors and submitted to the Capital Markets Board of Turkey (CMB). In the meeting of the CMB Executive Board, e.g. the decision making body, held on 19 March 2020, measures that can be adopted with respect to the capital markets against the Covid-19 outbreak were tackled comprehensively and the decisions made were published in the CMB Weekly Bulletin no. 2020/19 dated 23 March 2020.

CMB Decision for Facilitation of Operational Processes

Announcement was made to the Association Members regarding the decisions made by the CMB Executive Board upon consideration of the opinions and suggestions conveyed to the CMB by the Association for the facilitation of certain operational processes stipulated in the legislation during the period teleworking/shifting work schemes were implemented in order to prevent the spreading of the Coronavirus pandemic.

Questionnaire on the Impact of the Covid-19 Process upon Capital Markets

The Association developed the "Covid-19 Process Evaluation Questionnaire" to follow up the changes in the sector induced by the Covid-19 pandemic and to identify necessary actions.

Sent to our Members, the questionnaire covered various questions about the changes in transaction volumes and budget targets during the pandemic, number of daily account openings in March and April, investor actions, remote access and teleworking.

The New Market Segmentation in the Equity Market

Within the framework of the announcement no. 2020/58 by Borsa İstanbul on "Market Segmentation in Equity Market", some changes were made to the Equity Market structure, trading principles, market segment change-over criteria and listing requirements for the purpose of increasing depth in equity trading, under the Borsa İstanbul Board of Directors' decision dated 10 September 2020 and the Capital Markets Board of Turkey (CMB) decision dated 14 September 2020. The said changes took effect on 01 November 2020.

Decisions passed in the CMB Executive Board meeting no. 62 held on 30 September 2020 for elimination of uncertainties arising in the application of the "Open Clearing Position/Margin" ratio were announced to our Members by the Association's General Letter no. 834.

Within the framework of the decisions made as announced by the CMB announcement dated 30 September 2020, which has been notified with the Borsa İstanbul Announcement no. 2020/58 dated 17 September 2020 and the Association's General Letter dated 834; the problems arising in practice and ambiguities were discussed in the meetings held by and between our Association and representatives from İstanbul Settlement and Custody Bank (Takasbank) regarding the market segmentation in Borsa İstanbul equity market that was launched on 01 October 2020. Our members' opinions and suggestions regarding open clearing position/margin ratio and gross settlement were presented.

Cyber Security Initiatives

Activity reports concerning "Cyber Security Activities" compiled and submitted to our Association by intermediary institutions and asset management companies that have

established Cyber Incident Response Teams (CIRT) were submitted to the CMB.

Cooperation between MASAK and the Association

T.R. Ministry of Treasury and Finance Financial Crimes Investigation Board (MASAK) continues to work in close collaboration and coordination with principally financial institutions and all the other obliged parties for ensuring effective implementation of preventive measures in relation to combating laundering and financing of terrorism.

The Association and MASAK conducted collaborative efforts targeting obliged groups for increasing our members' awareness of the topic, who have important obligations in relation to preventive measures in combating the laundering proceeds from crime and financing of terrorism pursuant to the Law no. 5549 and applicable legislation, for increasing the effectiveness in the enforcement of the applicable legislation, and for mutually deliberating on the current issues in relation to practice.

FATF Meetings with MASAK Officials

T.R. Ministry of Treasury and Finance Financial Crimes Investigation Board (MASAK) scheduled meetings between 3 and 5 February 2020 participated by representatives from Turkish financial institutions in order to discuss the 4th Round Mutual Evaluation of Turkey Report of the Financial Action Task Force (FATF) and to co-determine with MASAK the actions to be established by obliged groups for the issues. Accordingly, a meeting was held on 4 February 2020 with representatives from 13 intermediary institutions and 5 asset management companies, for a total of 18 members representing our sector.

In the meetings participated also by MASAK officials, the attendants discussed the activities to be undertaken for;

- Compiling the data and statistical information that will form the basis for revealing the risk of money laundering and terrorist financing in the capital market,
- Preparation of the national risk assessment report in relation to the capital market activities,
- Determination of the measures in relation to the issues by the obliged groups, and a new roadmap was defined in line with the timeline that will be followed in the process.

Activities Associated with the FATF 4th Round Mutual Evaluation of Turkey

As a result of the consultations with the T.R. Ministry of Treasury and Finance Financial Crimes Investigation Board (MASAK) officials regarding the activities to be undertaken by related institutions and organizations under the responsibility and coordination of MASAK during 2020, our Association was requested to perform a risk assessment and to submit the outcomes to MASAK in relation to the Evaluation of Turkey Report released in December 2019 by the Financial Action Task Force (FATF), of which our Association is also a member.

"Capital Market National Risk Assessment Report" compiled together with the MASAK Task Force participants at our Association and the financial data for the Association members were submitted to MASAK.

As part of the related activities, a questionnaire was administered to form the basis of the "National Risk Assessment Report" to be prepared for determining our members' anti-money laundering and combating the financing of terrorism (AML/CFT) capabilities and identifying improvement areas. The set of questions MASAK provided for risk assessment to our Association was adapted and improved for the sector by our Association, and answered by member intermediary institutions, asset management companies and investment trusts. The questionnaire covered questions regarding the activities of intermediary institutions, asset management companies and investment trusts under the following headings:

- Policies, procedures and compliance program
- Organization and Governance
- Implementation (Know-Your-Customer, monitoring, suspicious transaction reporting)
- Audit
- Training

The outcomes of the questionnaire were submitted to MASAK for incorporation in the "Capital Market National Risk Assessment Report".

In response to further demand by MASAK, a separate questionnaire was administered regarding the measures adopted in our sector on the basis of activity. Risk assessment report for the overall sector and on the basis of companies,

which also included residual risk calculation in view of risk measurements inherent in all activities of our members and the measures/actions taken, was submitted to MASAK.

Within the scope of the FATF 4th Round Mutual Evaluation of Turkey Report, informative activities were carried out to raise increased awareness of:

- Improved AML/CFT risk perception,
- Knowing the real beneficiary,
- Suspicious Transaction Reporting reports,
- High-risk situations and stricter measures that need to be adopted in such cases,
- Implementation of targeted financial sanctions.

Suspicious Transactions Reporting Guidance and Forms

In relation to the Financial Action Task Force (FATF) 4th Round Mutual Evaluation of Turkey Report; in order to improve the quality and nature of suspicious transaction reports (STRs) and catering to the needs of liable parties for submission of STRs, Financial Crimes Investigation Board (MASAK) updated the "Suspicious Transaction Reporting Guidance (Capital Market Intermediary Institutions)" and Suspicious Transaction Reporting Form". The feedbacks on related forms, compiling the opinions and suggestions presented to our Association, were submitted to MASAK.

Financing of the Proliferation of Weapons of Mass Destruction

Within the frame of the decisions passed in the general assembly meetings of the Financial Action Task Force (FATF) held in June 2020, it was decided that the recommendations in relation to the revision of FATF recommendations and explanatory notes for improving the combat against the financing of proliferation of weapons of mass destruction conducted by FATF will be negotiated by financial institutions, certain non-financial businesses and professions, and other related stakeholders. Accordingly, suggested revisions to FATF guidance and explanatory notes were submitted to our members for their feedback and suggestions in line with the demand from the T.R. Ministry of Treasury and Finance Financial Crimes Investigation Board (MASAK).

Our members' opinions that FATF efforts and changes in relation to the proliferation of financing are critical and essential, and their suggestions were submitted to MASAK.

Contracts to be Concluded with Customers for Capital Market Transactions

Following the feedbacks and suggestions submitted by the Association prior to the amendment of the Law and the Association's endeavors within the scope of the activities of the Grand National Assembly of Turkey (GNAT) the Committee on Plan and Budget concerning the law amendment, the Law Amending Certain Laws and Statutory Decrees published in the Official Gazette dated 26 June 2020 set out the requirements for:

- Customer contracts that can be established from a distance with the use of distance communication tools; or contracts, whether or not distance, which will be established by means of methods that may replace the written form as determined by the Capital Markets Board of Turkey (CMB) and that may be realized through information or electronic communication devices enabling verification of the customer's identity,
- Our members' access to identification data, settlement and other address data stored on the central database of the T.R. Ministry of Interior Directorate General of Civil Registration and Citizenship Affairs.

The Association started working particularly on determining the methods that will allow contracts, distance or otherwise, to be concluded through an information or electronic communication device, and that will allow verification of the customer's identity.

The feedbacks and suggestions developed by the technical working group set up at the Association regarding methods that will allow verification of customer identity in contracts, distance or otherwise, to be concluded by intermediary institutions or asset management companies through an information or electronic communication device were submitted to the T.R. Ministry of Treasury and Finance Financial Crimes Investigation Board (MASAK) and the CMB.

Postponement of the Revision to Minimum Initial/Paid-in Capital

As a result of our Association's endeavors, the CMB decided to postpone the enforcement of the minimum initial/paid-in capital and minimum shareholders' equity amounts that were reset for 2020 and that asset management companies were obliged to achieve alignment with until end-June 2020 to year-end 2020, in order to help alleviate the negative impact of the Covid-19 pandemic upon the asset management industry.

Research Report Guidelines

"Research Report Guidelines Working Group" was set up at the Association for establishing the minimum standards for research and analyst reports prepared by Association-member intermediary institutions.

Association members prepare research and analyst reports on company and sector reviews (their inclusion within the scope of research) in order to provide information within the fundamental principles of the science of finance when investors are deciding about the companies traded on Borsa İstanbul. Consisting of market professionals, the Working Group began working to establish the principles for the procedures, principles and contents of the reports prepared, and to determine the minimum standards and the report format.

Provision of Insurance Agency or Brokerage Services by Intermediary Institutions

As per the demands of the intermediary institutions which are incorporated under the Capital Market Law and which are authorized by the Capital Markets Board of Turkey (CMB) to undertake investment services and activities in the capital market, the Association submitted to the CMB, the Insurance and Private Pension Regulation and Supervision Agency and the Insurance Association of Turkey its opinion that the aforementioned should be allowed to undertake insurance agency and/or brokerage activities for the purposes of:

- Satisfaction of their customers' insurance needs in the fastest and easiest manner possible,
- Contribution to more effective and efficient marketing of insurance products,

- Increased effectiveness of intermediary institutions within the financial system,
- Creation of a new business model, and
- Giving access to an important distribution network also with respect to insurance companies.

TCMA Public Offering Principles Updated

The working group set up under the Association started activities to update the Public Offering Principles first published by the Association in 2013 so as to reflect the current conditions and incorporate the changes in the legislation.

Unauthorized Capital Market Activities and Capital Market Crimes

Unauthorized capital market activities and capital market crimes reported to the Association by investors were forwarded to the Capital Markets Board of Turkey (CMB).

2020 – 2022 Projects

Following the general assembly convened on 3 September 2020, the Association's new Board of Directors identified the topics below:

- Financial Inclusion and Protection of Individual Investors, Enhancing Their Satisfaction
- İstanbul Financial Center
- Increasing the Participants Base of, and Satisfaction with, the Pension System
- Investment Consultancy
- Integration of the Startup Ecosystem with the Capital Markets
- Introducing the Turkish Capital Markets to International Investors
- Proliferation of Islamic Products
- Securitization / Project Finance / New Financial Products
- Preparation of Ancillary Legislation Governing Distance Contracts
- Sustainability

Action plans were created for the projects covered under the above mentioned topics which are led by the members of our Association's Boards of Directors and Auditors, and related work began.

VaR Model in Mutual Funds

Our Association took steps for the replacement of the 250-business day observation period in the calculation of the Value at Risk (VaR) in Mutual Funds, which will be performed to determine the maximum loss a fund portfolio value might sustain during a given period of time, with a shorter observation period given the extraordinary times we are going through. Accordingly, our Association submitted its feedbacks and recommendations to the CMB for determination of a shorter observation period by the CMB and for contributing to ensure uniformity in practice across the sector.

Revision in CMB Fees to be Charged to Mutual Funds

The CMB allowed provision setting on a daily basis instead of on the last business day of the quarterly periods for the CMB fee calculated based on the net asset value of mutual funds.

Introduced at the initiative of our Association in May 2020, this new rule is intended to ensure fair calculation of the unit share values of mutual funds with respect to investors receiving or returning fund participation shares at different times, minimization of the effect of fund costs on fund unit share price by spreading them over time, and alignment with the periodicity concept.

Service Provision by Asset Management Companies to Other Asset Management Companies

At the initiative of the Association, the CMB allowed asset management companies with limited operations to receive service in relation to internal control, internal audit, research, risk management, fund service units and accounting from other asset management companies starting from May.

Valuation of Foreign Currency Hedge Funds

Based on a Presidential decree, the withholding rate calculated on the asset management of foreign currency hedge funds was raised from 0% to 15% in June 2020. Our

Association made attempts before the CMB and the Revenue Administration for the determination of provisioning for foreign currency hedge funds, due to the differences in the valuation procedures stipulated by the Tax Procedural Law and the CMB regulations.

New Rule for the CMB Fee in Alternative Mutual Funds

Similarly to the procedure in place for securities mutual funds, the CMB decided that the CMB fee charged on real estate mutual funds, venture capital mutual funds and exchange traded mutual funds were to be calculated according to the number of days within the related quarter in relation to the days on which fund unit shares are put on sale upon the Association's initiative to this end. The decision is intended to prevent investors' aggrievement due to heavy fund inflows/outflows on various dates.

Questionnaire on Online Delivery of Investor Orders to Fund Distributors

The requirements enforced by the Capital Markets Board of Turkey (CMB) in 2019 obligated the use of head offices, branches and internet branches of fund distributors companies for the delivery of investor orders through the TEFAS (Turkey Electronic Fund Trading Platform) regarding hedge funds. However, due to the fact that the necessary hardware and infrastructure for transacting via internet branches are not available at all distributors, our Association administered two questionnaires, after which the deficiencies and needs of the sector were shared with the CMB.

Cash Movements in Mutual Fund Portfolios

The Association made attempts before the Capital Markets Board of Turkey (CMB) for transfers from cash accounts of mutual funds opened with third parties to be sent without hitting the portfolio custody accounts, provided that the transaction documents are delivered to the portfolio custody the same day.

Valuation Working Group Established

A "Valuation Working Group" was set up at the Association consisting of İstanbul Settlement and Custody Bank

(Takasbank) and our members for eliminating the discrepancies in the valuation of certain securities covered in the fund portfolios of members. Established in November, the working group is anticipated to determine a standard valuation method for securities identified by the CMB and to ensure uniformity in practice across the sector.

Mutual Fund Investments of Insurance and Pension Companies

The Association made attempts before the Insurance and Private Pension Regulation and Supervision Agency to broaden the mutual funds universe that can be purchased for the portfolios of insurance and pension companies and to update the risk weights of these mutual funds according to underlying assets.

Real Estate and Venture Capital Mutual Fund Investments for Acquiring Turkish Citizenship

Upon the new application filed in December for ensuring equality in the minimum amount of real estate and venture capital mutual fund investment with other instruments for acquiring Turkish citizenship, our Association took a formal step before the T.R. Ministry of Interior Directorate General of Civil Registry and Citizenship Affairs.

Our Association also made an attempt before the Capital Markets Board of Turkey (CMB) for satisfaction of the retention requirement for real estate and venture capital fund investments in the regulations through a new Citizenship Blockage Account before the Central Securities Depository (MKK).

Mutual Funds Transfer

The Association made an attempt before the Capital Markets Board of Turkey (CMB) to enable mutual fund unit shares transfers between the same investor's accounts with different institutions and between different investors' accounts with the same and/or different institutions, such is the case for other capital market instruments like equities and bonds.

Contribution to the Tax Expenditures Report of the T.R. Ministry of Treasury and Finance

Data on revenues derived on stock and securities investment trust share trading on the basis of investor groups for 2019 were compiled from our members and submitted to the T.R. Ministry of Treasury and Finance to be used for the Ministry's Tax Expenditures report.

TCMA Scale Up Investments Questionnaire

To measure the investors' investment appetite for scale up companies the Association administered a questionnaire among asset management companies, investment trusts, venture capital investment funds and angel investors. The results of the survey were shared with Borsa İstanbul.

Joint Initiatives with Birleşik Mortgage Financing Company

The Association lent support to the initiatives of Birleşik İpoteğ Finansmanı Kuruluşu (BİFK), a mortgage financing company established in 2020 to perform the securitization activities within the scope of housing and asset finance, in which the Association has a shareholding interest. In this context, various meetings were held participated by representatives from our Members, and opinions were exchanged on various topics from the properties of asset/mortgage-backed securities to be issued by BİFK in the period ahead to regulations.

The 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 the mutual funds traded on the Turkey Electronic Fund Trading Platform (TEFAS), for the dual purpose of securing maximum returns with minimum risk through proper distribution of assets, and of supporting the capital markets.

The preparatory work for the portfolio, and an assessment of its one-year performance were published in the Winter 2020 edition of the Association's quarterly journal, *Gösterge*. The initial investment amount of TL 1.1 million in March 2016 rose to TL 1.6 million at the end of 2017, to TL 1.7 million at the end of 2018, to TL 2.4 million at the end of 2019, and to TL 3.3 million at the end of 2020.

REGULATORY FRAMEWORK



Working together with representatives from the capital market institutions, non-governmental organizations and publicly-held companies, we carried out comprehensive studies to improve the capital market legislation.

Amendment to Circular Regarding Engagement in the Rating and Ranking Activities of Collective Investment Schemes

Circular no. 43 communicated the amendments to the Circular to our members. Accordingly, the listing fee and the annual fee for remaining in the list will not be charged until further announcement by the Association, with the purpose of informing the investors about risks and returns fully and accurately and of supporting the growth of the market within a fair competitive environment within the context of the proliferation and increased recognition of rating and ranking activity.

Draft Amendments to the Communiqué on Principles regarding Venture Capital Mutual Funds and the Communiqué on Financial Reporting Principles of Mutual Funds

The Association submitted to Capital Markets Board of Turkey (CMB) its feedbacks and suggestions prepared based on the opinions and suggestions of our members and in line with the needs and demands of the sector in relation to the draft amendments to:

- The Communiqué on Principles Regarding Venture Capital Mutual Funds
- The Communiqué on Financial Reporting Principles of Mutual Funds

drafted by the CMB.

Draft Communiqué on the Board of Debt Instruments Holders

The Association submitted to Capital Markets Board of Turkey (CMB) its comments and suggestions prepared based on the comments and suggestions of our members and in line with the needs and demands of the sector in relation to the draft Communiqué on the Board of Debt Instruments Holders prepared by the CMB, for which feedback was sought.

Draft Communiqué on Material Transactions and the Right to Opt-out

The Law Amending the Banking Law and Certain Laws that amended various articles of the Capital Market Law was published in the Official Gazette dated 25 February 2020 and entered into force. Accordingly, within the framework of the Capital Markets Board of Turkey (CMB) activities in relation to ancillary legislation, the CMB prepared the Draft Communiqué no. II-23.3 on Material Transactions and the Right to Opt-out, taking into consideration the amendments to the Capital Market Law and other demands received from the market.

Our members' feedbacks were sought regarding the draft communiqué in order to form and submit to the CMB the sector opinion regarding the draft communiqué. The Association submitted to the CMB its opinions prepared based on the feedbacks from our members and in line with the needs and demands of the sector.

Draft Communiqué on Project Bonds

The Association submitted to the Capital Markets Board of Turkey (CMB) the feedbacks and suggestions conveyed by our members regarding the "Draft Communiqué on Project Bonds", presented for public opinion by the CMB, together with the points that our Association wished to particularly emphasize.

Principles and Procedures for Issuance of Asset Secured Capital Market Instruments

The Association submitted to the Capital Markets Board of Turkey (CMB) its feedbacks and recommendations prepared based on our members' opinions and suggestions, and the demands and needs of the sector regarding the "Draft Communiqué on the Principles and Procedures for Issuance of Asset Secured Capital Market Instruments" prepared and presented for public opinion by the CMB.

Draft Communiqué on Squeeze-Out and Sell-Out Rights

The Association submitted to the Capital Markets Board of Turkey (CMB) its opinions prepared based on our members' opinions and suggestions and the Association's assessments

regarding the "Draft Communiqué on Squeeze-Out and Sell-Out Rights, which was presented for public opinion by the CMB.

Activities of the Intermediary Institutions Professional Committee and Banks Professional Committee regarding Draft Communiqués

Intermediary Associations Professional Committee and Banks Professional Committee carried out work to submit the Association's opinions to the Capital Markets Board of Turkey (CMB) in addition to the opinions and suggestions conveyed by our members regarding the draft amendments to:

- Communiqué no. III-37.1 Principles Regarding Investment Services, Activities and Ancillary Services
- Communiqué no. III-39.1 on Establishment and Activities of Investment Firms,
- Communiqué no. III-45.1 on Documentation and Record-Keeping System for Investment Services and Activities and Ancillary Services
- Communiqué Serial V, No. 34 on Principles Regarding the Capital and Capital Adequacy of Intermediary Institutions

prepared by the CMB.

Good Practice Guides

Our Association was requested to submit its opinions and suggestions regarding seven draft Good Practice Guides compiled by the Turkish Appraisers Association (TDUB) under Article 23(2) of the Capital Markets Board of Turkey (CMB) Communiqué no. III-62.3 on Real Estate Appraisal Firms Operating in Capital Markets published in the Official Gazette issue 30874 dated 31 August 2019.

Based on our conclusion that the Good Practice Guides prepared by TDUB for providing guidance and support to real estate appraisal activities are of the quality to serve the intended purpose, and would contribute positively to the development of real estate appraisal activities, our positive opinions about the drafts were submitted to the CMB.

About the Draft Real Estate Appraisal Minimum Fees Tariff and Implementation Principles

Paragraph 6 of "Article 76 - Turkish Appraisers Association" of the Capital Market Law set out that the principles regarding the amounts and limits of fees to be charged by the members of the Turkish Appraisers Association (TDUB) would be determined by the Capital Markets Board of Turkey (CMB) after seeking feedback from the Banking Regulation and Supervision Agency (BRS), TDUB, Banks Association of

Turkey and our Association, and that the annual minimum fee tariff so determined by the CMB would be published in the Official Gazette.

The Association submitted to the CMB its opinions and suggestions compiled based on the opinions and suggestions conveyed by our members in relation to the "Draft 2021 Real Estate Appraisal Minimum Fee Tariff and Implementation Principles", which incorporates increases at varying rates and was reviewed by CMB for enforcement in 2021, in line with the needs and demands of the sector.

Taxation Regulations Concerning our Sector

The Law envisaging restructuring of certain public receivables, declaration of assets at home and abroad for their entry into records, and amendments to various tax laws was published in the Official Gazette issue 31307 dated 17 November 2020.

Our Association represented our sector during the negotiation of the bill by the Grand National Assembly of Turkey Committee on Plan and Budget; taxation arrangements concerning our sector within the scope of the Law no. 7256 regarding Restructuring of Certain Receivables and Amending Certain Laws" are summarized below:

Corporate Tax incentive companies that will carry out an IPO at Borsa İstanbul

It has been stipulated that a corporate tax rate reduced by 2 points will be applied to corporate earnings of companies offering at least 20% of their shares at the initial public offering on Borsa İstanbul Equity Market for 5 fiscal years starting from the fiscal the IPO takes place in.

Banks, leasing companies, factoring companies, finance companies, payment and electronic money institutions, authorized FX firms, asset management companies, capital market institutions, and insurance, reinsurance and pension companies are excluded from this practice.

This arrangement entered into force on its publication date, applicable from 1 January 2021, and from the start of the special fiscal period starting in 2021 calendar year for taxpayers subject to special fiscal period.

Extending the validity of Provisional Article 67 of the Income Tax Law until 31 December 2025, and inclusion of revenues derived on leveraged trading transactions within the scope of withholding

The validity of the Provisional Article 67 of the Tax Income Law was extended until 31 December 2025 and the President has been authorized to further extend this period up to five years. The said article covers provisions regarding the taxation

of the yields on the disposal and retention of securities and other capital market instruments, interests earned on deposit accounts, repo income, and income derived on participation shares paid in return for participation accounts.

An additional provision was inserted within the scope of Provisional Article 67, stipulating taxation through withholding at source of the earnings derived on leverage trading (forex) transactions executed via banks and intermediary institutions (applicable to earnings derived from 1 January 2021 onwards).

Extended applicability for rule that certain revenues derived by associations or foundations will not constitute economic enterprise

The term of the rule that economic enterprise will not be deemed to have been constituted by reason of the revenues and income subjected to withholding tax under Article 94(5) and Provisional Article 67 of the Income Tax Law derived by associations or foundations as mentioned in the first paragraph of Provisional Article 2 of the Corporate Tax Law no. 5520 was extended from 31 December 2020 until 31 December 2025.

Payments by equity companies to shareholders through capital decrease be deemed dividend distribution and be subjected to 15% withholding tax

The paragraph inserted in Article 94 of the Income Tax Law set out as follows:

In the event that full-fledge taxpayer equity companies buy back their own share certificates or shareholding interests under the provisions of the Turkish Commercial Code, they will be deemed as dividend distribution and be subjected to 15% withholding tax;

- If redeemed through capital decrease; based on the difference between the acquisition price and the nominal value of share certificates or shareholding interests, on the date the capital decrease decision is registered with the trade registry,
- If disposed of at a price below the acquisition price; based on the difference between the acquisition price and the disposal price, on the date of disposal,
- If not redeemed through capital decrease or not disposed of within two full years following the date of acquisition; based on the difference between the acquisition price and the nominal value of share certificates or shareholding interests, on the final day of the two full year-period from the acquisition date.

The article also stipulated that the taxes withheld may not be offset from any other tax. Additionally, the President is granted authorization to reduce the withholding rate to zero or to increase it up to one fold, individually or jointly, depending on whether (i) the full-fledge taxpayer equity company's shares are traded on Borsa İstanbul, (ii) the ratio of the traded shares in the total shares, (iii) the repurchased shares are among the shares traded on Borsa İstanbul, (iv) whether they are repurchased from the full-fledge taxpayer companies and (v) the total amount of the annual sales revenue and other income of the full-fledge taxpayer equity company.

Revised Withholding Rates Applied under Provisional Article 67 of the Income Tax Law

a) Debt instruments and mutual funds

The Presidential Decree no. 3032 dated 29 September 2020 published in the Official Gazette issue 31260 dated 30 September 2020 revised the withholding rates applied to deposit rates and profit shares paid by participation banks in return for participation accounts under Provisional Article 67 of the Income Tax Law no. 193. The said revisions will be valid through 31 December 2020. The Association's opinion and suggestion for application of the reduced withholding rate also to mutual funds and debt instruments were submitted to the T.R. Ministry of Treasury and Finance on 5 October 2020.

The Association made another attempt before the T.R. Ministry of Treasury and Finance upon the statements that the implementation period would be extended by another 3 months for deposit and participation accounts on 31 December 2020, which was the deadline for the said decree. Considering it important for investors to be able to select financial products not on the basis of different taxation schemes but in line with their own risk and return preferences, the Association presented its opinions that reduction of withholding rates also for fundamental capital market products such as mutual funds and debt instruments (T-bills, government bonds, private sector bonds, lease certificates) would be beneficial for maintaining an equal distance in terms of taxation to financial products and also for the development of our capital markets.

b) Hedge (FC) funds

Furthermore, the Presidential Decree no. 2604 dated 2 June 2020 published in the Official Gazette dated 3 June 2020 modified the taxation systematic with respect to hedge (FC) funds. With the enforcement of the said decree on the date of its publication, 15% withholding began to be

applied on yields arising from asset management of hedge (FC) funds from the said date. The Association presented its opinion and suggestions that the application of "15% tax withholding on the fund based on the asset management revenues" should be revisited in order not to aggrieve fund investors, and that withholding on these funds should be applied solely to the revenues derived on disposal of fund participation shares as was the case in the former practice, to the T.R. Ministry of Treasury and Finance.

With the revisions made to the withholding rates covered in Provisional Article 67 of the Income Tax Law no. 193 by the Presidential Decree no. 3321 published in the Official Gazette issue 31343 dated 23 December 2020;

- a) In parallel with the taxation of deposit interests and participation account profit shares at discounted rates, it was decided to reduce withholding rates to be applied to yields derived on certain mutual funds that serve as alternatives to the aforementioned and are set up under the Capital Market Law, and on debt instruments issued by banks, until 31 March 2020.
- b) 15% withholding applied to portfolio yields of hedge (FC) funds exempted from corporate tax was terminated effective from 2021 period.

Taxation of Revenues Derived on Leveraged Trading Transactions

Based on Article 19 of the Law no. 7256 Regarding Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 17 November 2020, and an arrangement inserted within Provisional Article 67 of the Income Tax Law no. 193, revenues derived on contracts for leveraged transactions involving foreign currency, precious metals, and other assets specified by the CMB are subjected to withholding under Provisional Article 67 of the Income Tax Law. In order to clarify the situation for the sector and to steer the implementations, the Association presented its opinions and suggestions to the T.R. Ministry of Treasury and Finance, Revenue Administration.

PROFESSIONAL COMMITTEES



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

- Intermediary Institutions Professional Committee,
- Banks Professional Committee,
- Asset Management Companies Professional Committee,
- Investment Trusts Professional Committee.

Acting as an advisory unit 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 when necessary, to form and submit joint opinions and suggestions.

During the reporting period, professional committees worked on topics that concern their respective groups, and presented their feedbacks and suggestions to the Association's Board of Directors.

Borsa İstanbul Advisory Committee

In 2019, it was decided to establish an Advisory Committee under Borsa İstanbul to keep Borsa İstanbul Board of Directors informed about the development of capital markets and the sector's issues, demands and needs, and to adopt advisory decisions. Under the Advisory Committee's Operating Procedures and Principles Guidelines, the Committee consists of the Association's Chairman and two members proposed by the Association from amongst its own Board of Directors members and elected by the Board of Directors for a period of two years. The Committee was composed in a manner providing the representation of an intermediary institution, a bank and an asset management company.

The Advisory Committee members designated by our Association for the 2020-2022 period are:

- Tevfik Eraslan – Chairperson of the Association's Board of Directors
- İbrahim Halil Öztop – Vice Chairperson of the Association's Board of Directors
- Erhan Topaç – Member of the Association's Board of Directors

RESEARCH AND PUBLICATIONS



We shared our publications in English and Turkish with large audiences in order to inform the public about financial data and analysis, developments and regulations in the market.

PERIODIC PUBLICATIONS

Turkish Capital Markets 2019 Report

The 2019 issue of our report published annually since 2002, "Turkish Capital Markets" was released in May 2020. The report addresses a historic analysis of the Turkish capital markets, changes in investor preferences and the global as well as domestic macroeconomic developments.

Quarterly Journal

Research articles prepared by the Association are published in our quarterly journal, Göstergé. The journal serves as a comprehensive reference for anyone wishing to keep track of the developments in domestic and global financial markets.

2020 issues of the journal analyzed the data on brokerage and asset management companies compiled by the Association and also featured articles on the topics below:

- European Union Digital Finance Strategy
- Tulip Mania
- Post-pandemic Economic Outlook
- Serathon-in Capital Market Software Marathon

- Covid-19 Measures in Capital Markets
- Savings-Based Financing System
- NPL Resolution Methods
- Bond Covenants
- Performance Assessment of TCMA Investments
- Stablecoins

Turkish Capital Markets Review

Analyzing the developments in the capital markets and the brokerage industry during 2019, "Turkish Capital Markets 2019 Annual Review" was published in English in August 2020.

Journal of Capital Markets Studies

Two new editions of the fourth volume of the Journal of Capital Market Studies, the international peer-reviewed journal that the Association has been publishing since 2017 to support the scientific research in the sector, were released. Published in cooperation with Emerald Publishing Group, a leading publishing house in its field in the world, the journal is featured in more than 10 indices and databases, including EconLit and ERIH PLUS.

Monthly Magazine

Aiming to communicate the new practices and developments in the sector, the monthly *Gündem* magazine covers news about member firms and the sector, as well as the activities of the Association. The magazine that continues to be published digitally in the TCMA web site includes summary financial market data compiled by the Association.

OTHER PUBLICATIONS

The Abstracts Book of the 4th Turkish Capital Markets Summit

The abstracts book of the 4th Turkish Capital Markets Summit held on 19-20 November 2019 was released.

The book covers the presentations and discussions held during the Summit and abstracts of 28 panels held. The digital version of the book can be accessed on www.capitalmarketssummit.org.tr

Report on the Financing of High Tech Startups

The outcomes from the research on the ways to further improve the financing of high tech startups co-conducted by the Association and the Technology Development Foundation of Turkey (TTGV) were released in February.

The report covers the results from the questionnaire administered among asset management companies and investment trusts in October 2019, and the feedbacks and suggestions voiced during the workshop organized following the questionnaire. The report, which discusses giving a broader role to the capital market for producing creative financing solutions for high tech startups, can be accessed on the Association's website.

Capital Market Guide for Non-Resident Individual Investors

Within the scope of the Finance Office of Presidency of the Republic of Turkey initiatives, the Association compiled a Capital Markets Guide for non-resident individuals in September in order to incite them to invest in the Turkish capital markets. Anticipated to be released in 2021, the Guide addresses the process of opening an investment account, preliminary procedures, execution of contract, account opening, services offered by investment firms and taxation.





We continued to release the data we compile about our members and data providing an overview of the sector.

Periodic Data

Gathering various operational and financial data from brokerage firms and asset management companies ever since its establishment, the Association continues to publish the aggregate financial statements and operational data of brokerage firms and asset management companies, and comparative data on brokerage firms and asset management companies on its website.

Moreover, certain data compiled by the Association are submitted to the Central Bank of the Republic of Turkey (CBRT), İstanbul Settlement and Custody Bank (Takasbank) and the Turkish Statistical Institute. Our data are used as benchmark by other agencies including the Banking Regulation and Supervision Agency (BRSA), as well as the organizations named above.

Sectoral Data

Summary data about our sector and members compiled from various resources are published under the "Data Bank" section on our website every month. Constantly improved on a need-basis, the data bank was further expanded in 2020 with the addition of the number of customers transacting at least once a month, a data collected only by the Association.

In addition, presentations in Turkish and English where general information about our industry is provided are also updated on our website.

INTERNATIONAL RELATIONS



We have exchanged opinions with international agencies to keep a close eye on the developments with a potential impact on our sector and to represent our country.

14th Meeting of The Organization of the Islamic Cooperation Exchanges Forum (OICEF)

The Organization of the Islamic Cooperation Exchanges Forum (OICEF) was established in 2005 as part of the initiatives to promote cooperation between the exchanges of The Organization of the Islamic Cooperation-member (OIC) countries. The 14th Forum Meeting hosted by Borsa İstanbul was held online on 8 October 2020 with the participation of 135 representatives from 24 countries. Our Association's representative also participated in the meeting where the importance of healthy operation of financial infrastructure institutions amid the pandemic environment was underlined.

INVESTOR EDUCATION



Recognizing the contribution of financial education to the advancement of our country, we kept focusing on our initiatives in this area.

Paramveben.org Website

Set up to raise broad-based awareness of saving and investment, www.paramveben.org website was visited 93,393 times in 2020.

ParamveBen Facebook Page

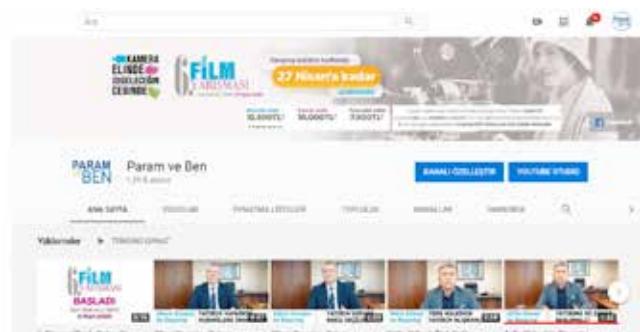
Launched in December 2012, ParamveBen (My Money and I) Facebook page reached 78,035 fans as of 31 December 2020. The Facebook page is followed by users from 45 different countries.

ParamveBen Twitter Account

Opened in June 2013 and designed in coordinated content with the Facebook page, ParamveBen (My Money and I) Twitter account had 1,850 followers as of 31 December 2020.



ParamveBen Facebook Page



ParamveBen YouTube Channel

ParamveBen YouTube Channel

ParamveBen (My Money and I) YouTube channel features videos about saving and investment that address users of all ages.

The page also covers short films selected by the jury of the Association's annual "Kamera Elinde Geleceğin Cebinde" (Camera in Your Hand, Future in Your Pocket) Short Film Contest, which aim to encourage people to save up and invest. 187 videos featured on the ParamveBen YouTube page that went live in February 2013 reached more than 504 thousand views since then. Also, the number of our subscribers increased by 165 people and reached 1,460 in 2020.

ParamveBen LinkedIn Page

Launched in December 2015, the LinkedIn page reached 180 followers as of 31 December 2020.

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

Launched in September 2017 for reaching larger audiences through social media, "Camera in Your Hand, Future in Your Pocket" Instagram account reached 2,112 followers.

Investing Together Program

The TV program "Birlikte Yatırım" (Investing Together) which began to be aired in 2019 with the aim to reach investors by taking advantage of the reach and influence of the media to help improve investor culture continued in 2020.

In the program broadcast on BloombergHT channel every two weeks, the following topics were addressed with the participation of expert guests:

- Funding through Private Sector Borrowing Instruments
- Yields of Investment Instruments and Investors' Preferences
- The Value that Going Public Contributes to Companies and the Society
- Venture Capital
- Financing Infrastructure Investments through Capital Market

The recordings of the programs broadcast and informative and educational videos produced for the program can be viewed on the TCMA YouTube channel.

6th Camera in Your Hand, Future in Your Pocket Short Film Contest

Organized for the sixth time between 7 October 2019 and 27 April 2020, "Camera in Your Hand, Future in Your Pocket" short film contest had defined its concept this year as "Puzzle Scripts".

54 submissions from all regions of Turkey have been assessed by a jury consisting of academics, film critics, news editors and journalists. In addition, 10 films named by the jury was put to the public vote for the first time in 2020. The results of the contest were announced at the award ceremony held online on 23 June 2020.

The contestant who made the film that best reflected the importance of saving money regularly and making



6th Camera in Your Hand, Future in Your Pocket Short Film Contest

investments was awarded mutual funds worth TL 12,500, while the second and third place prizes were mutual funds worth TL 10,000 and TL 7,500 respectively. The contestant who came in fourth place received mutual funds worth TL 5,000 within the scope of Cüneyt Cebenoyan Special Award. Additionally, the contestants who ranked in the top 10 won one-year Red Tulip Membership from Istanbul Foundation for Culture and Arts.

300 people from among those who participated in the public vote received 4 GB internet connection valid for 1 month.

2020 Regional Career Events

Dates	Name of University	Participants
5-6 March 2020	Eastern Anatolia Career Fair (Erzurum – 11 Universities)	35,000
10-11 March 2020	Eastern Black Sea Career Fair (Trabzon - 10 Universities)	15,865
Total	21 Universities	50,865

University Events in 2020

Within the scope of the cooperation between the capital markets sector and universities, joint activities with universities continued in 2020 which are intended to promote academic studies on the capital markets, expanded financial literacy, publicized the sector and fulfilled the sector's need for qualified employees.



Eastern Black Sea Career Fair

Presidency of the Republic of Turkey Human Resources Office

Launched in 2019 by the T.R. Presidency Human Resources Office, "Regional Career Events" continued in 2020 with the "Eastern Anatolia Career Fair" and "Eastern Black Sea Career Fair" events. Career fairs planned for various dates during 2020 were postponed due to the restrictions imposed in connection with the pandemic.

The events addressed the following topics: Capital Markets and Current Developments, An Introduction to the Association and its Activities, Transformation and Career in the Capital Markets, Investor Education, Financial Literacy, Financial Security and Career Route in the Financial Sector.

Free-of-Charge University Information Seminars / Webinars in 2020

Dates	Name of University	Participants
25 February 2020	Karadeniz Technical University, Management Club	150
4 March 2020	Erzurum Technical University Faculty of Engineering and Architecture	150
30 April 2020	İzmir Katip Çelebi University Faculty of Economics and Administrative Sciences	45
5 May 2020	Süleyman Demirel University Economy Management Group	100
15 May 2020	Arel University Continuous Learning Center	165
22 May 2020	Yıldız Technical University Corporate Governance and Sustainability Application and Research Center	120
27 May 2020	Süleyman Demirel University Economy Management Group	60
1 December 2020	Abdullah Gül University Faculty of Business Administration	40
28 December 2020	İstanbul Kültür University Banking and Insurance Program	100
Total	9 Universities	930

Participation in University Seminars held between 2011 and 2020

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	61	27,030
2020	30	51,795
Total	240	119,425

MEETINGS AND EVENTS



We shed light on the sector's future with educational and developmental activities including meetings, seminars, conferences and panels aimed at bringing our institutions together and responding to their demands.

2020 Activities Planning Meeting

A meeting was held with our members and stakeholders on 27 January 2020 to discuss the events planned to be held and the collaboration with the real sector and universities in 2020. The topics addressed in the meeting included the following:

- Licensing, professional and personal development training programs, free-of-charge seminars and workshops directed towards members' needs and demands,
- Events for increasing the recognition of capital market institutions and instruments before the real sector companies, and for leveraging the collaboration between our members and real sector companies; meetings, panels, seminars, workshops and B2B talks,
- Participation in career fairs planned to be held in different regions of our country in 2020 under the National Talent Fairs Program titled "Yetenek Her Yerde" (Talent Everywhere) run by the Presidency of the Republic of Turkey Human Resources Office, and university cooperations and other events for students.

The meeting was attended by 45 people working in the treasury, corporate finance, investment advisory, business and product development, sales and marketing, corporate communications, training and human resources departments.

Sustainability in Corporate Training and Development Processes Workshop

The Association and the Sustainable Learning Development and Excellence Association (SEGM) co-organized the Sustainability in Corporate Training and Development Processes Workshop on 28 January 2020. The workshop was intended to devise the roadmaps based on common sense, which would be pursued in determining the status of the elements impacting the human and organization aspects in corporate training and development processes through sustainability workshops, improving the processes and achieving excellence in results. The workshop was attended by 22 people who were HR, organizational development, corporate academy managers and specialists, as well as trainers and consultants working in the field.

Press Conferences Held

Two press conferences were held in 2020 which featured the TCMA Chairperson at the time, Alp Keler, Ph.D. CFA. In the first conference held on 12 February 2020, a review of 2019 with respect to capital markets and the data for 2019 were shared. 45 members from the media participated in the conference which also addressed 2020 anticipations, future projects and the Association's priorities.

In the second conference held online on 30 June 2020, the recent developments in the capital markets were analyzed, and information was provided on important considerations for individual investors to make healthy investments in capital markets. Having opened with the statement of Alp Keler, Ph.D. CFA, the TCMA Chairperson at the time, the broadly participated online press conference was concluded with questions and opinion exchanges.



Sustainability in Corporate Training and Development Processes Workshop

CEO Club Non-Bank Finance Summit

The CEO Club Non-Bank Finance Summit, which included the Association among its sponsors, took place in İstanbul on 26 February 2020. Bringing the sector's leaders together, the summit analyzed the present and future of the sector, and its contributions to the economy.

Turkey's First Sustainable Music Festival 'Festtogether at Home'

Having our Association among its sponsors, Festtogether was broadcast digitally with the concept 'Festtogether at Home' on 9 May 2020, making a house visit. Turkey's first sustainable music festival, Festtogether brought non-governmental organizations together around the healing and unifying power of music.

Organized with a social good focus, the event featured concerts and talks hosting numerous famous names. Having set off with the purpose of fulfilling healthcare and hygiene-related needs and extending support to students who need computers for distance learning, to performing arts workers and technical people working in the music industry, the festival has been instrumental in fulfilling 80% of the needs (334,791 needs) listed on the İhtiyaç Haritası (Need Map). Presented by 29 famous names, Festtogether featured 43 valuable artists who performed special gigs for the occasion.

İstanbul Blockchain School

İstanbul Blockchain School Project continued in 2020, which was launched with the support of Innovative and Creative İstanbul Financial Support Program of the İstanbul Development Agency and in partnership with our Association



Press Conference - February 12, 2020

MEETINGS AND EVENTS

and the Habitat Association. Targeted at contributing to the growth of the high value-added blockchain market in Turkey and heightening awareness of blockchain, İstanbul Blockchain School Project was carried on with various activities during 2020:

- A Blockchain Lab, containing 25 computers, was set up at the Habitat Association Facebook İstasyon Office.
- Chain talks series about blockchain was organized with specialists and recognized names in the area of blockchain. Headlining 11 individuals, the events were attended by a total of 569 people.
- Blockchain Specialist Training was organized. The 104-hour program was completed by 112 participants.
- Through Mentor&Ambassador training programs, face-to-face blockchain literacy training was organized. While mentor training programs attracted 42 participants, a total of 840 people attended the local training sessions.
- Articles, videos and infographics about Blockchain were prepared and made public on digital platforms.
- Online Basic Blockchain Literacy Training was organized during the pandemic. 881 people took part in the online training given by the volunteer mentors for the project.
- Livestreaming was held on social network channels during the pandemic. 25,000 viewers were addressed in Chain Talk Series held online.
- On the basis of new collaborations established, project hackathons and accelerator programs were carried out using online sprint method.

- Turkey's first online "Blockchain Accelerator Program" was completed in July. The program hosted startups and solutions with the potential to make an impact on various sectors by using the blockchain technology from energy to finance, human resources to secure information transfer.
- Sprint 201 phase of the accelerator program was held online between 25-29 July 2020. The finale of the Sprint 201 phase, which admitted applications from squads who do not have a suggested solution or prototype as yet but have competent teams in blockchain and all startups that have completed their prototypes or MVPs using the blockchain technology, came to an end with the presentations made to decision makers, donors and mentors and the assessment on 29 July 2020. At the end of the program, the Demo Day brought together accelerator teams producing blockchain solutions, investors and various organizations.
- The first meeting of the Academic Advisory Board set up within the scope of the project was held online on 29 September 2020. During the meeting, an overall assessment was made about İstanbul Blockchain School Project, and opinions were exchanged with the Board members.
- The Blockchain Summit was held on 23 October 2020, which embodied sessions under different headings. Streamed live on the YouTube channel of Habitat Association, the Blockchain Summit was attended by all business people following up the developments



İstanbul Blockchain School Project



in the blockchain technology, learners, public sector professionals, academics and students. During the Summit, the projects of the Blockchain Accelerator Program organized as part of İstanbul Blockchain School Project was introduced, and the winning team was announced.

Visit by CMB Assistant Specialists

An introduction and training program was carried out on 2 July 2020 for assistant specialists onboarding the CMB.

Within the scope of the program, the Association's activities, membership structure, events organized, and own career experiences in the finance sector were shared with the assistant specialists.

The 20th Ordinary General Meeting

The 20th Ordinary General Meeting of the Association was held on 3 September 2020 in İstanbul with the participation of the President of the Presidency of the Republic of Turkey Finance Office Prof. Dr. Göksel Aşan, Capital Markets Board of Turkey Chairman Ali Fuat Taşkesenlioğlu, Borsa İstanbul Chairperson Prof. Dr. Erişah Arıcan, Borsa İstanbul CEO and Board Member at the time M. Hakan Atilla, and a large number of market representatives.

At the meeting, elections were made for members of the Board of Directors, Board of Auditors and Discipline Committee, whose terms of office had expired, as per the Association's Statute. At the first Board of Directors meeting held following the elections, Tevfik Eraslan and İbrahim Halil Öztop were elected as the Chairperson and Vice Chairperson of the Board, respectively.



The 20th Ordinary General Meeting

5th TCMA Golden Bull Awards Ceremony

TCMA Golden Bull Awards Ceremony, which was made into an annual event by the Association with the purpose of contributing to the flourishing of capital markets and contributing to their recognition, was held for the fifth time on 3 September 2020 in İstanbul.

With the inaugural speeches delivered by the President of the Presidency of the Republic of Turkey Finance Office Prof. Dr. Göksel Aşan, Capital Markets Board of Turkey Chairman Ali Fuat Taşkesenlioğlu, Borsa İstanbul Chairperson Prof. Dr. Erişah Arıcan, Borsa İstanbul CEO and Board Member at the time M. Hakan Atilla, and Dr. Alp Keler, CFA who was the TCMA Chairperson at the time, the awards ceremony attracted interest from the senior executives of the banks, intermediary institutions, asset management companies and investment trusts operating in the capital market, and members of the economy media.

42 awards under 8 categories were granted in the capital markets awards held for the fifth time this year. The first one of the meritorious service in capital market awards was dedicated to Yaşar Erdinç, Ph.D. who passed on 8 October 2018, in recognition of his major contributions to training in the field of capital markets, and the second one to Zeki Döslüoğlu, a doyen in the sector. The last award in this category was presented to Borsa İstanbul for the TLREF Turkish Lira Overnight Reference Rate implementation.

At the 5th TCMA Golden Bull Awards, Ak Asset Management claimed the Most Creative Capital Market award for its First Venture Capital Mutual Fund. Social Value Project awards were shared by three organizations. The projects awarded in this



5th TCMA Golden Bull Awards Ceremony

MEETINGS AND EVENTS

category were "Little Hands Are Coding" by QNB Finansbank, "Women Entrepreneurs Academy" by Ünlü Securities, and the project Garanti Invest co-conducts with Tohum Autism Foundation.

World Investor Week Events

Organized by the International Organization of Securities Commissions (IOSCO), the 4th World Investor Week was celebrated with online events held between 16-21 November 2020 co-hosted by the Capital Markets Board of Turkey (CMB) and Borsa İstanbul.

The World Investor Week was inaugurated with the Gong Ceremony on 16 November 2020 hosted by Borsa İstanbul. The inauguration speeches of the event were delivered by the President of the Presidency of the Republic of Turkey Finance Office Prof. Dr. Göksel Aşan, Capital Markets Board of Turkey Chairperson Ali Fuat Taşkesenlioğlu, Borsa İstanbul Chairperson Prof. Dr. Erişah Arıcan, Borsa İstanbul CEO and Board Member at the time M. Hakan Atilla, and Tevfik Eraslan, the TCMA Chairperson.

Real sector, investors and students showed great interest in the sessions held on 27 different topics, which featured 113 experts, market representatives and academics as speakers throughout the week. The World Investor Week website was visited by 30 thousand people between 16-21 November 2020.

The website was also viewed 150 thousand times. The online sessions were streamed live on the www.dunyayatirimcihaftasi.org.tr website and TCMA YouTube channel reached a viewing number of 18,000 during the course of those 6 days.

A number of topics were discussed in the sessions, ranging from mergers, acquisitions and finding strategic partners to securities investment, from attracting sustainability funds to Turkey to gold investments. The sessions also dealt with 27 informative subjects addressing individual investors, students and real sector companies on a broad spectrum extending from taxation of capital market instruments to bills and bonds investments; from the golden rule of budgeting to corporate governance in family companies and internship in the capital market.

The 4th World Investor Week held online was followed by investors from not only İstanbul but from all the regions in Turkey. The interest in the sessions was high especially from the UK, Germany, Austria, Holland, Azerbaijan and the Turkish Republic of Northern Cyprus. Besides individual investors and university students, attendants from 14 different sectors and 8 different profession groups showed interest in the event. It was followed by the members of chambers of industry and commerce, exporter associations and organized industrial sites. Employees of ministries, municipalities, associations



World Investor Week Events



and consulates were also among the viewers. Various presents were given out to online panel participants following a draw after each panel with the support of our sponsors.

All sessions organized within the scope of the World Investor Week can also be accessed on the Association's YouTube channel.

22nd Extraordinary General Meeting

The 22nd Extraordinary General Meeting of the Association was organized on 3 December 2020 via the e-General Meeting System of the Central Securities Depository (MKK). Attended by 121 of our 215 members, the online general assembly was opened by inaugural speeches of the TCMA Chairperson Tevfik Eraslan and the Capital Markets Board of Turkey Chairperson Ali Fuat Taşkesenlioğlu's video streaming.

The topics addressed in the general meeting were the Association's 2021 budget, 2021 membership fees and expense contributions.

Members Review Meeting for Brokerage Activities

A members meeting was held with the Association-member intermediary institutions through video-conference system on 11 December 2020. Participated by the general managers of intermediary institutions, the meeting started with the

opening speech of the TCMA Chairperson Tevfik Eraslan. During the meeting where brokerage activities of intermediary institutions were addressed, the activities carried out by the Association and the topics on the agenda of the Intermediary Institutions Professional Committee were discussed.

Members Meeting for Revision of Withholding Tax Returns

A meeting was held through video conference system on 29 December 2020 to tackle the technical aspect of the revision planned to be made by the T.R. Ministry of Treasury and Finance Revenue Administration on the "Withholding Tax Return for Withholdings Made According to Temporary Provision 67 of the Income Tax Law". The meeting was attended by representatives from the Revenue Administration and Association members.



World Investor Week



22nd Extraordinary General Meeting

WE COORDINATE

WE ARE A THINK TANK THAT UNDERTAKES A UNIFYING ROLE AMONG ALL STAKEHOLDERS OF THE INDUSTRY AND LEADS THE WAY TO THE RIGHT SOLUTIONS. WE SERVE AS THE SPOKESPERSON OF ALL OUR MEMBERS, A CHARACTERISTIC ENABLED BY OUR COMMUNICATION SKILL.



TRAINING



In 2020, we carried on with our comprehensive training programs, held in physical and online formats, to build on the competencies of market professionals.

We organized training programs under two categories in 2020 as free and paid programs:

- Licensing exam preparation programs and professional development training programs were paid training, whereas
- Monthly seminars/webinars were under the free programs category.

Seminars for our members and online free professional development webinars were organized to contribute to the growth of the capital markets and to the development of employees. In addition, seminars and online informative webinars were held addressing university students to heighten awareness of the sector and help fulfill the need for qualified employees.

Licensing Exam Preparation Programs

The Capital Markets Licensing Registration and Training Agency (CMLTA) held the year's first class-based exam on 11-12 July 2020. The exam scheduled for 19-20 December, on the other hand, was postponed due to pandemic-related restrictions.

Taking into consideration the conditions imposed by the pandemic, the Association organized company-specific online training programs in preparation for these exams. Demands for training programs concentrated mostly in the topics covered by Capital Market Activities Level 1, Level 3, Derivatives and Credit Rating exams.

At our members' request, eight online training sessions were held for three different organizations in 2020.

2020 Training Programs

	Number of Programs	Number of Participants
Licensing	8	160
Professional Development	14	249
Total	22	409

Professional Development Programs

The professional development training organized in 2020 covered programs in financial technologies, digitalization, technical analysis, economy, finance, auditing, accounting and risk management. The training programs were attended by the manufacturing industry employees, as well as bank and intermediary institution employees. A total of 249 participants attended 14 company-specific and public courses held in 2020.

Free Online Professional and Personal Development Webinars

318 people attended six professional and personal development programs hosted by our Association in 2020.

Date	Title of Seminar	Number of Participants
10 January 2020	Comprehensive Digital Asset Management (RoboAdvisor) Seminar	63
2 March 2020	Who is Who? Strategies for Connecting with the Customer – Customer Calibration	40
9 March 2020	Women in Sports Conversation	30
29 April 2020	Webinar: How to Manage Your Portfolio through Volatility?	50
8 June 2020	Webinar: Investment Experience Sharing Through Covid-19 Days	60
22 July 2020	Webinar: Covid-19 – The Path from Crisis to Recovery and Duties of Finance Professionals	75
Total	6 Seminars	318



Who is Who? Strategies for Connecting with the Customer – Customer Calibration

TRAINING

Free Events for Members

A total of 609 people attended seven events organized for our members by the Association in 2020.

Date	Event Title	Number of Participants
21 August 2020	Webinar: What You Wanted to Know About the Message Management System	120
22 September 2020	Webinar: Optimal Design of Pension Systems in Emerging Countries	75
22 October 2020	Webinar: Future of Humanity	100
26 October 2020	Webinar: AI Applications in Finance, in the World and in Turkey	100
2 November 2020	Cyber Security in our Day and Proactive Strategy Development Training	44
30 November 2020	Borsa İstanbul Precious Metals Swap Market Meeting	80
15 December 2020	Webinar: Turkish Commodity Exchange and Electronic Commodity Certificate	90
Total	7 Events	609

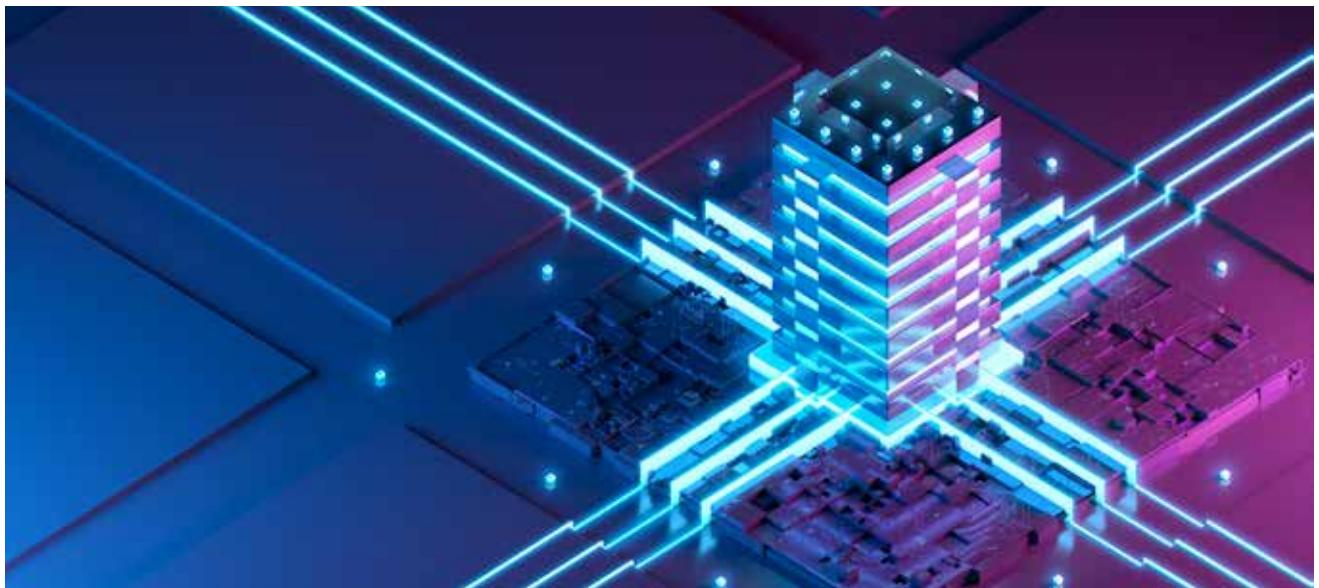
Idea Station Gathering

The 4th Idea Station Gathering themed "Management of Sustainability" was organized on 10 June 2020. During the event that was a co-organization of the TCMA, the Sustainable Learning Development and Excellence Association (SEGM) and Seçkin Consulting, leadership, change and risk management, organizational training development aspects were discussed and tackled within the framework of sustainability dynamics. The recording of the event can be accessed also on SEGM's YouTube channel.

Habitat Association I Can Manage My Money Financial Security Seminar

As part of the I Can Manage My Money Project run by Habitat Association, an online seminar titled "Financial Security" was organized on 19 June 2020, during which the Association offered an introduction to the regulatory, self-regulatory organizations and the market actors in the finance sector. Furthermore, information was provided on the most frequently used fraudulent methods in Turkey, and "social engineering" and "Ponzi scheme" methods were explained using examples, and information for protection was offered. Streamed on Habitat Association's YouTube channel, the event was viewed by 155 participants.

INFORMATION TECHNOLOGY



Based on the awareness that technological transformation is the key to the future, we closely monitored the global innovations and strengthened our infrastructure.

Information Initiatives Compelled by Covid-19

Continuing to dominate the whole world, the Covid-19 pandemic accelerated the introduction of known crisis management and teleworking guidelines in relation to IT and automation. All work processes that are being run at the Association were reviewed and necessary investments were made for necessary hardware and software assessments so as to minimize manual interventions. The activities carried out within this scope are as follows:

- Network access authorizations manually given to our guests were automated with Expanded HotSpot and Logging Solutions.
- Electrical infrastructure was modernized, and the systems that are more resilient to power cuts were established.
- Within the scope of Cyber Security Strategies, our data center was updated, and the laptops distributed to the Association employees enabled smooth running of the Association's tasks while at the same time allowing distance management of work processes without causing any security violations.

- Necessary hardware and software investments were made for quickly switching to Izmir Disaster Recovery Center that offers service for contingencies by minimizing manual intervention in the case of potential incidents; also necessary work was completed with our Internet service provider and the demanded network structure was achieved.
- In addition to popular digital meeting platforms, the e-GEM (Electronic General Meeting System) software developed by the Central Securities Depository (MKK) was supplied and installed.
- Software programs either developed in-house or supplied from third party firms, which are used by the Association's employees and external users, were updated and rendered compatible with the current sub-components of the software sector.

Document Management System

Improvements were achieved in performance and reporting through hardware and software upgrades made to the Document Management System that is used for the Association's information, document and process management needs. 2,971 new documents were added to the Document Management System during 2020, which brought the total number of documents kept on the system to 94,863 as at 31 December 2020.

Corporate Website

The infrastructure and content of the website were constantly updated. During 2020, our website was visited 191,227 times by users from ten different countries, namely Turkey, United States of America, United Kingdom, Holland, Germany, France, Finland, Canada, Austria and South Korea.

Member Management System

Active since November 2012, the Member Management System collected various data about intermediary institutions and asset management companies, and produced periodic and annual reports. The software development phase of the reporting module for comprehensive database queries was finalized and the module began to be used by the employees.

Software for Collecting and Reporting of Leveraged Trading Transactions

Under the Capital Markets Board of Turkey's Investment Services Communiqué, our Association collected the prices and the spread announced by intermediary institutions for leveraged trading transactions, processed them using statistical methods and released them.

Security Scan

The software and hardware vulnerabilities of the data center were identified based on the report that resulted from the penetration/attack tests co-executed with the data security consultancy company we have engaged. Necessary steps were taken in line with the suggested solutions devised.

Infrastructure Updates and Security

Within the frame of Data Center infrastructure updates, servers, virtualization, replication and security software were upgraded while firewall 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.

In 2020, our Association released 15 press bulletins. During 2020, 359 news articles about the Association appeared in the press. 200 news appeared on TV while 4,975 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.

The collage includes the following snippets:

- Sermaye piyasaları**: Headline from a newspaper, with a sub-headline: "Yatırımcı haklarını konuşmak için düzenlenecek geliyor".
- "İstanbul'un finans merkezi olmam için ugrasacağız"**: Headline from a newspaper, featuring a photo of a group of people in suits.
- Yerli yabancı sevinci**: Headline from a newspaper, featuring a photo of a group of people in suits.
- TSPB'nin yeni başkanı Tevfik Eraslan oldu**: Headline from a newspaper, featuring a photo of Tevfik Eraslan.
- 2 yıl görevde olacaklar**: Headline from a newspaper, featuring a photo of Tevfik Eraslan.
- Borsa İstanbul'da gong yatırımcılar için çaldı**: Headline from a newspaper, featuring a photo of a group of people in suits.
- "Sermaye piyasalarına ilgi artıyor"**: Headline from a newspaper, featuring a photo of a man in a suit.
- 6. Kamera Elinde Geleceğin Çeklinde" yarışmasında geri sayım başladı**: Headline from a newspaper, featuring a photo of a group of people in suits.
- Eraslan: Türkiye Sermaye Piyasalarını Yabancı Yatırımcılara Anlatacak**: Headline from a newspaper, featuring a photo of Tevfik Eraslan.
- Filmleri, Halk Oylayacak**: Headline from a newspaper, featuring a photo of a group of people in suits.
- TSPB 5'inci Sermaye Piyasaları Ödülleri sahiplerini buldu**: Headline from a newspaper, featuring a photo of two men shaking hands.
- Ulusal derecelendirmeye şirket ile ilgili önemli gelişmeler!**: Headline from a newspaper, featuring a chart and a photo of a graph.

MEMBERSHIPS

DEİK

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

ASF

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

ICSA

The International Council of Securities Associations (ICSA) is an organization representing the associations of the industry. The aim of the Council, which was founded in 1988, is to contribute to the development of the capital market by ensuring cooperation between member associations. The Association has been a member of ICSA since 2006.

IFIE

The aim of the International Forum for Investor Education (IFIE), which was set up in 2005 as an independent organization, is to enhance investor education on a global level and to support investors in taking well-informed decisions. Our Association joined the Forum in September 2009, where self-regulatory, regulatory and various non-profit organizations are represented. The Association is a member of the Board of Directors of IFIE since 2011.

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 set global standards in the capital markets. Our Association joined the organization as an affiliate member in 2003, whose members include capital market regulatory agencies. A regular contributor to the bulletin that facilitates information sharing among affiliate members, our Association keeps the international public opinion informed of the developments in our marketplace.

ISTAC

İstanbul Arbitration Center (ISTAC) was founded upon the enforcement of the İstanbul Arbitration Center Arbitration Law no. 6570 and dated 20 November 2014, which was published in the Official Gazette issue 29190 dated 29 November 2014. ISTAC is an independent, impartial and autonomous institution providing arbitration and mediation services for dispute resolution 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 in 2017 in "General Assembly Member" status.

TAX COUNCIL

Our Association is represented with one member on the Tax Council, which was established to provide the T.R. Ministry of Treasury and Finance with feedback on the formulation and implementation of tax policies, and to conduct studies and researches on these issues.

TUBITAK Venture Capital (Private Equity) Funding Program

"Venture Capital (Private Equity) Funding Program" (GISDEG) was set up under TUBITAK (The Scientific and Technological Research Council of Turkey) the Directorate of Technology and Innovation Funding Program with the aim to activate venture capital funds supporting startups focusing on R&D. Our Association joined the Group Executive Committee that offers feedbacks and suggestions regarding the Program's activities. The Committee presents its final decision suggestions related to the projects and venture capital funds to be provided with grants to TUBITAK President's Office.

INVESTMENTS



Borsa İstanbul

The Association holds 1.30% equity stake in Borsa İstanbul, corresponding to TL 5,502,042 in the company's capital of TL 423,234,000.

Central Securities Depository of Turkey (MKK)

The Association 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 2020.

Capital Markets Licensing Registration and Training Agency

The Association holds 49% share in the Capital Markets Licensing Registration 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 2020.

Birleşik Mortgage Financing

Birleşik İpoteğ Finansmanı A.Ş. (Birleşik Mortgage Financing) was incorporated in 2020 to take over or transfer assets, the types and qualifications of which are determined by the Capital Markets Board of Turkey (CMB), to manage the assets taken over, take assets as collateral, and to carry

out capital market issues in return for these assets, as well as to undertake other activities deemed appropriate by the CMB, within the frame of housing and asset financing under the provisions of the related legislation of the CMB. The Association holds 5% share in Birleşik Mortgage Financing, corresponding to TL 2,500,000 within the company's total capital of TL 50,000,000.

JCR Avrasya Rating Shareholding

In order to initiate national rating activities to ensure more efficient distribution of domestic financial resources with the widespread use of credit ratings and to ensure recognition in international markets, the leading institutions of the Turkish financial sector including the Association and Borsa İstanbul acquired 85.05% of the shares in JCR Avrasya Rating, in which Japan Credit Agency Ltd. -enjoying international quality, recognition and experience- was a shareholder, from the founding partners of JCR Avrasya. In this vein, the Association acquired 6% stake in JCR Avrasya Rating in 2020. At the ordinary general meeting of JCR Avrasya Rating convened following the share transfer, the new board of directors members compatible with the new shareholding structure were elected.

WE ARE INFLUENTIAL

WE ARE AN INFLUENTIAL AND EFFICIENT
ORGANIZATION THANKS TO THE DYNAMISM
LENT TO US BY OUR MEMBERS COUPLED WITH
OUR ACHIEVER CHARACTER.



OVERSIGHT AND DISPUTE RESOLUTION

Oversight

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

Turkish Capital Markets Association (TCMA) Client Dispute Arbitration Committee

Pursuant to the Statute of the Turkish Capital Markets Association, the Association is charged 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 Client Dispute Arbitration Committee Guidelines drawn up based on the above mentioned duty sets out the formation, power, duties and responsibilities of the Arbitration Committee and the principles and procedures for applying to the Arbitration Committee and for conclusion of applications.

The Turkish Capital Markets Association Client Dispute Arbitration Committee reviews and resolves the disputes, which arise from or in relation to off-exchange capital market transactions among the Association members engaged in capital market activities (intermediary institutions, banks, asset management companies and investment trusts) or between the Association members and their clients and which may entail clients' claims for damages, losses and compensation.

Ever since its establishment until year-end 2020, a total of 773 applications were received, 563 of which were submitted directly and the remaining 210 via the CMB. The table below summarizes the status of these applications:

Summary of the Applications to the Arbitration Committee in 2020	Number
File in Preparation	154
Under Review by the Arbitration Committee	42
Decided	295
Decided. Unchallenged and finalized.	209
Decided. Notified to the CMB due to nonconformity to the legislation.	30
Challenged	56
Decided. Referred to CMB following the challenge; pending for CMB decision.	24
Decided. Under review by the Arbitration Committee due to post-challenge CMB reversal.	5
Decided. Decision finalized upon post-challenge CMB approval.	27
Settled and Withdrawn	156
Rejected – Irrelevant to the Arbitration Committee's Scope.	126
TOTAL	773

APPLICATIONS FOR ACCESS TO INFORMATION

Under the Law on the Right to Information, the Association received a total of nine applications for access to information during 2020. Out of these nine applications, two were given positive responses and one partial positive response, which were provided with access to information and documents. The remaining six applications were rejected since they did not fall under the scope of the right to information.

BOARD OF AUDITORS' REPORT

TO THE GENERAL ASSEMBLY OF THE TURKISH CAPITAL MARKETS ASSOCIATION

BOARD OF AUDITORS' REPORT

13.04.2021

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, and that they present a true and fair view of the financial position of the Association.

We hereby present the balance sheet, income statement and final chart of accounts as well as the Auditors' Report for the year ended 31.12.2020 for your approval, and hereby recommend that the Board of Directors be acquitted from its liabilities.

BOARD OF AUDITORS



E. Kerem KORUR

AUDITOR



Yılmaz ARISOY

AUDITOR



C. Cem ÖNENÇ

AUDITOR



Murat ONUK

AUDITOR



İ. Gökşin DURUSOY

AUDITOR

INDEPENDENT AUDITOR'S REPORT



Güney Bağımsız Denetim ve
SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Turkey

Tel: +90 212 315 3000
Fax: +90 212 230 8291
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, 2020 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, 2020 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

Gülşen Deniz, SMMM

Partner

April 14, 2021

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 DECEMBER 31, 2020

(CURRENCY – TURKISH LIRA (TL))

Assets	Current Period Audited December, 31 2020	Prior Period Audited December, 31 2019
Current assets:		
Cash and cash equivalents	5,579,733	6,143,334
Securities	3,658,468	7,769,188
Receivables from operations	1,098,745	846,583
Prepaid expenses	253,467	288,079
Other current assets	7,874	11,136
Total current assets	10,598,287	15,058,320
Non – current assets:		
Financial investments	18,596,484	10,242,042
Property and equipment	4,910,318	4,670,758
Intangible assets	321,603	321,603
Accumulated depreciation and amortization	(5,231,921)	(4,992,361)
Other non – current assets	10,822	7,822
Total non – current assets	18,607,306	10,249,864
Total assets	29,205,593	25,308,184
Liabilities and equity		
Current liabilities:		
Trade payables	14,164	45,462
Other payables	27,778	33,042
Advances received	41,146	34,146
Taxes and other obligations	302,453	342,634
Deferred income and expense accruals	1,061,575	786,733
Liabilities for employees	826,692	922,526
Expense accruals for acquisition of subsidiaries and investments	-	6,288,186
Total current liabilities	2,273,808	8,452,729
Non - current liabilities:		
Reserve for employee termination benefits	2,259,839	1,856,834
Total non - current liabilities	2,259,839	1,856,834
Total liabilities	4,533,647	10,309,563
Equity:		
Funds	18,601,484	10,247,042
Statutory reserve	4,707,675	3,513,750
Income surplus	1,362,787	1,237,829
Total equity	24,671,946	14,998,621
Total liabilities and equity	29,205,593	25,308,184

(CONVENIENCE TRANSLATION OF A REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)
TURKISH CAPITAL MARKETS ASSOCIATION AND ITS OPERATING ENTITY

TURKISH CAPITAL MARKETS ASSOCIATION AND ITS OPERATING ENTITY

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2020

(CURRENCY – TURKISH LIRA (TL))

	Current Period Audited January, 1 - December, 31 2020	Prior Period Audited January, 1 - December, 31 2019
Income		
Membership fee and expense contribution from members	11,886,154	10,384,886
Operating income	188,160	906,254
Non-operating income	4,198,080	5,781,493
Surplus income of previous year	43,904	2,853,215
Other income	1,892,942	2,794,146
TCMA congress income	-	1,873,696
Total income	18,209,240	24,593,690
Expenses		
Personnel expenses	(9,371,501)	(8,372,502)
Expenses for acquisition of subsidiaries and investments	(2,066,256)	(6,288,186)
Advertisement and meeting expenses	(1,596,131)	(3,008,121)
Outsourced services	(932,386)	(747,736)
Information technology expenses	(759,921)	(730,910)
Membership fees expenses	(512,043)	(397,868)
Board of director's fee	(440,700)	(383,280)
Research and publication expenses	(159,585)	(139,390)
Training, courses and seminars expenses	(71,887)	(241,832)
Travel and accommodation expenses	(32,569)	(180,846)
Fixed assets and purchases expenses	(84,223)	(1,537)
Other expenses	(819,251)	(989,958)
TCMA congress expenses	-	(1,873,695)
Total expenses	(16,846,453)	(23,355,861)
Income surplus	1,362,787	1,237,829
Provision for taxes and other legal liabilities (-)	-	-
Net income surplus	1,362,787	1,237,829

www.tspb.org.tr/en/

Address: Büyükdere Caddesi No: 173 1. Levent Plaza

A Blok Kat: 4 34394 Levent/İstanbul

Tel: +90 212 280 85 67

Fax: +90 212 280 85 89

e-mail: info@tspb.org.tr

Produced by Tayburn
Tel: (90 212) 227 04 36
www.tayburnkurumsal.com