

# TURKISH CAPITAL MARKETS

JUNE 2024



<b>3</b>	<b><i>Structure of the Turkish Financial Markets</i></b>
<b>15</b>	<b><i>Turkish Capital Markets Association</i></b>
<b>23</b>	<b><i>Turkish Capital Markets</i></b>
<b>48</b>	<b><i>Investment Institutions</i></b>
<b>71</b>	<b><i>Investor Profile</i></b>



# STRUCTURE OF THE TURKISH CAPITAL MARKETS



# CAPITAL MARKETS BACKGROUND

- 1982: Capital Markets Board established.
- 1985: Istanbul Stock Exchange (ISE) established.
- 1992: Takasbank (Settlement & Custody Bank) established.
- 1995: Istanbul Gold Exchange (IGE) established.
- 1997: Banks are forbidden to trade equities.
- 2001: Association of Capital Markets Intermediary Institutions of Turkey established.  
CSD of Türkiye (MKK) established, Investors' Protection Fund established.
- 2002: Private pension system introduced.
- 2005: IFRS adopted for financial intermediaries and listed companies,  
Turkish Derivatives Exchange (TurkDex) established.  
Dematerialization of equities completed.
- 2006: Dematerialization of corporate bonds & mutual funds completed.
- 2009: Automated Disclosure Platform introduced.  
Istanbul International Financial Centre strategy announced.

# CAPITAL MARKETS BACKGROUND

2011: Forex regulation passed.

2012: New Capital Markets Law passed.  
ISE demutualised and merged with Istanbul Gold Exchange under Borsa Istanbul.

2013: Borsa Istanbul announced strategic partnership with Nasdaq, Borsa Istanbul and TurkDex merged.

2014: The structure of the Association has changed and the membership base was expanded to cover asset management companies and investments trusts, in addition to brokerage firms and banks. The name of the Association was revised to Turkish Capital Markets Association.

2015: Takasbank introduced the Electronic Fund Distribution Platform TEFAS.  
Borsa Istanbul introduced new trading platform BISTECH.

2016: TCMA arbitration committees established.  
Turkey Wealth Fund established.

2017: Auto-enrollment in the private pension system introduced.

2018: Presidential Finance Office established.

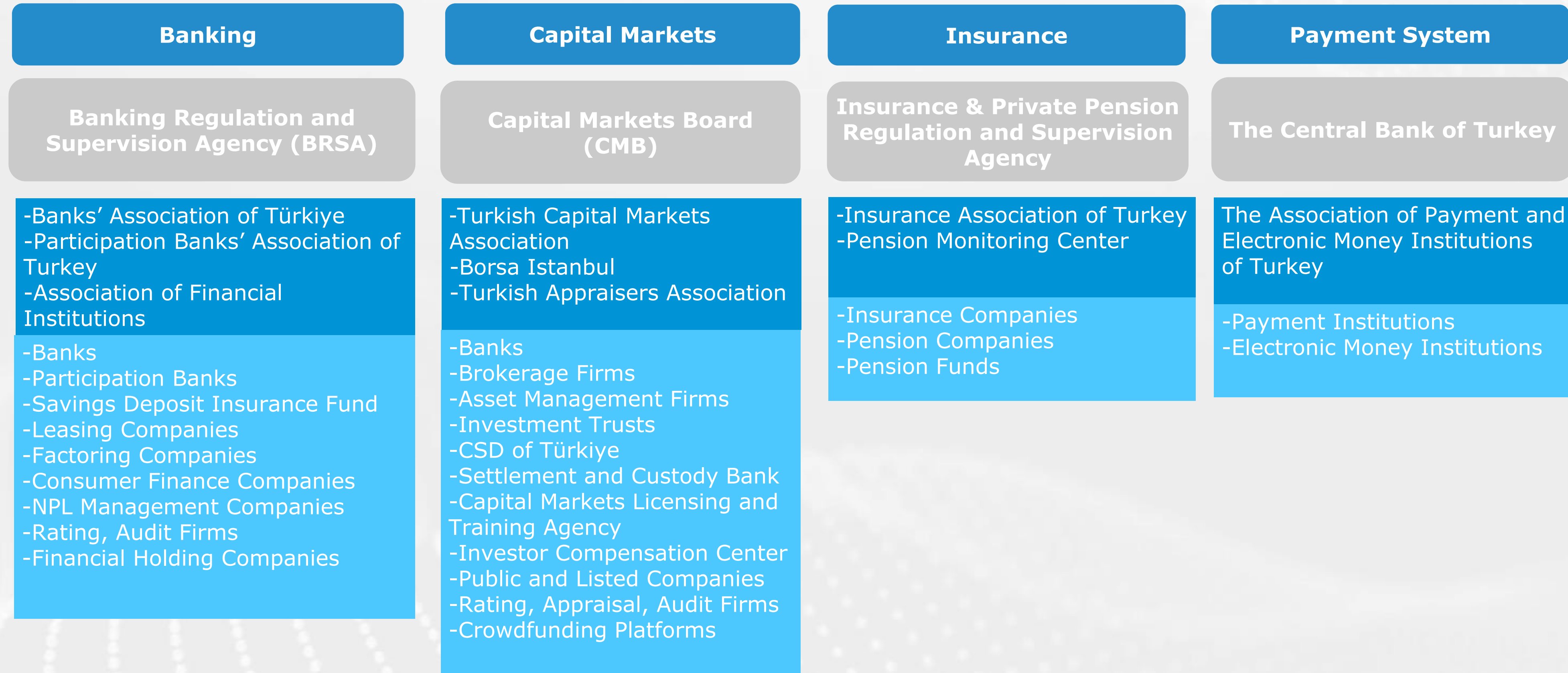
2019: TURIB- e-Warehouse Market started to operate.  
Equity based crowdfunding regulations introduced.

2021: Takasbank launched the private pension fund trading platform BEFAS.  
New crowdfunding regulations introduced.

2022: Guidelines on green and sustainable debt instruments and lease certificates released.

2023: Turkey Sustainability Reporting Standards released.

# REGULATORY STRUCTURE OF THE FINANCIAL MARKETS



- ▶ Capital Markets Board (CMB) is the main regulatory and supervisory authority for the securities markets and institutions in Turkey.
  
- ▶ The Board is responsible for the protection of rights and interests of investors.
  
- ▶ The CMB's jurisdiction areas:
  - Primary markets
  - Secondary markets
  - Investment services

- ▶ Borsa Istanbul, formerly named as Istanbul Stock Exchange, was established in 1985.
- ▶ The exchange was demutualised in 2013.
- ▶ The exchanges operating in Turkey, namely Istanbul Stock Exchange, Istanbul Gold Exchange and the Turkish Derivatives Exchange merged under the roof of Borsa Istanbul.
- ▶ The main markets and the traded securities on Borsa Istanbul are:
  - Equity Market: Shares, rights coupons, ETFs, warrants, certificates, real estate and venture capital investment funds; Turkish state mint certificates.
  - Debt Securities Market: Government bonds, corporate bonds, asset-backed securities, Islamic bonds, repo-reverse repo transactions, Turkish eurobonds, money market and swap transactions.
  - Derivatives Market: Single stock, equity index, foreign currency, physically delivered FX, precious metals, energy, foreign index and interest rate futures, single stock, currency, equity index, USDTRY and physically delivered USDTRY options.
  - Precious Metals and Diamond Market: Gold, silver, platinum and palladium.

## TAKASBANK (ISTANBUL SETTLEMENT AND CUSTODY BANK)

- ▶ Takasbank was established in 1988 as a department of Borsa Istanbul, It was incorporated as a separate company in 1992 and became a non-deposit taking bank in 1995.
  
- ▶ Takasbank is:
  - The clearing and settlement center for Borsa Istanbul
  - The central counterparty for Borsa Istanbul Futures & Options, Debt Securities, Equities, Money and Swap markets
  - The national numbering agency of Turkey
  
- ▶ Services offered:
  - Securities Lending & Borrowing Market and Takasbank Money Market (Takasbank acts as CCP in those markets)
  - Clearing and central counter party services for Turkish lira interest rate swap and overnight index swap contracts in OTC markets
  - Custodian to private pension system
  - Operates the electronic fund (TEFAS) and private pension fund (BEFAS) distribution platforms
  - Record keeping for leveraged transactions and collateral management as trade repository.

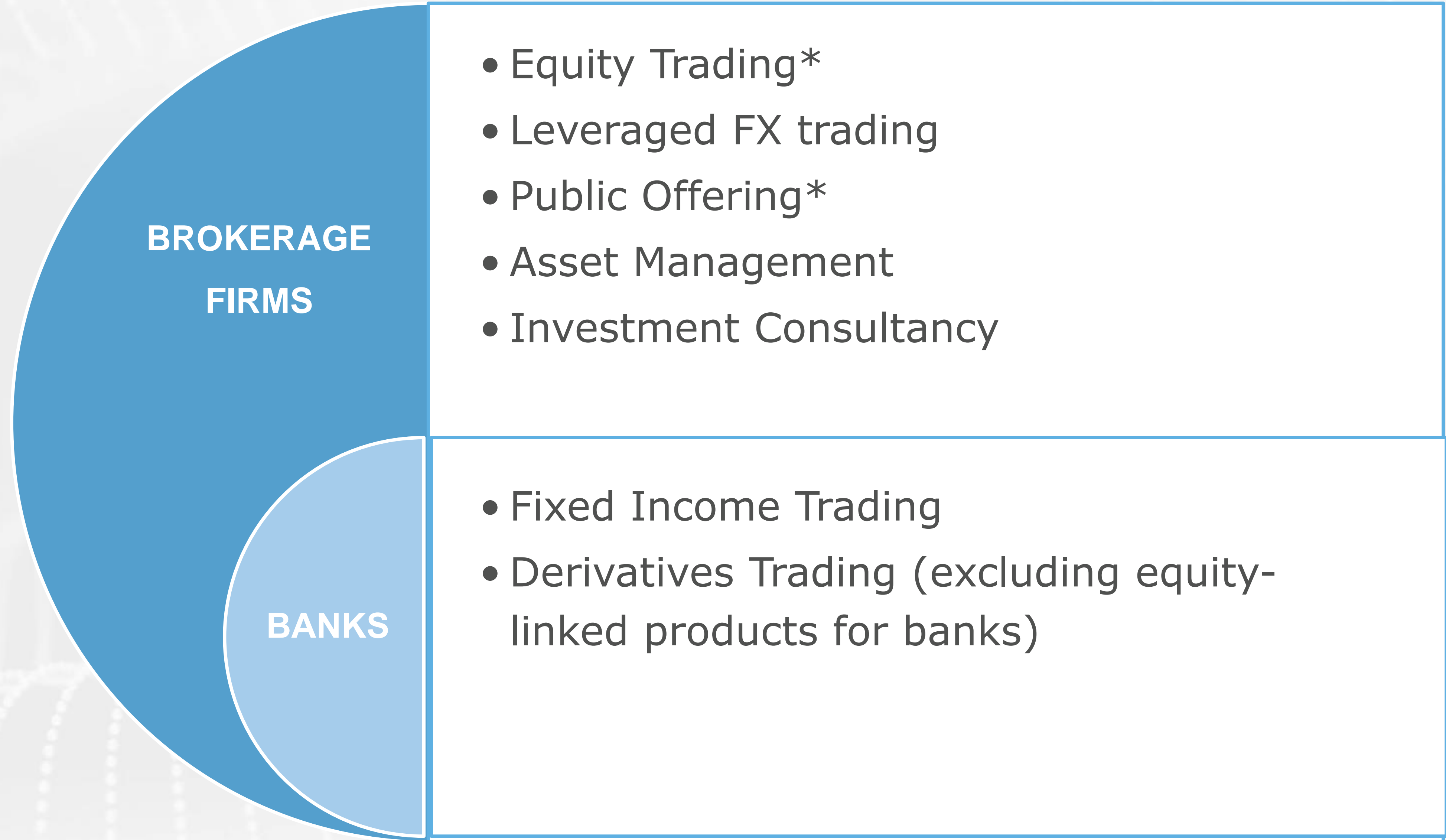
## CSD OF TÜRKİYE (MKK)

- ▶ CSD of Türkiye (MKK) was established in 2001 as a private company.
- ▶ MKK is:
  - The central securities depository for dematerialised securities including all publicly traded equities, mutual funds, government debt instruments (non-bank holdings only), corporate bonds and bills, asset backed securities, warrants real estate certificates, mint certificates and electronic warehouse receipts.
  - A securities settlement system operator (Centralised Dematerialised System).
  - The trade repository for the reporting of derivatives and fixed income transactions.
- ▶ MKK also runs various electronic services for investors and companies:
  - Operates the Public Disclosure Platform (KAP); the single information platform on listed companies and investment funds.
  - Operates the Electronic General Meeting System (e-GENELKURUL); the single electronic platform for general meeting processes in Türkiye.
  - Provides investor information services through its e-YATIRIMCI platform.
  - Provides data on capital markets via its Data Analysis Platform (VAP).
  - Provides integrated crowdfunding services through its KFS system for crowdfunding platforms.
  - Acts as the registration centre for bearer shares of unlisted joint-stock companies through its HPKS system.

## INVESTOR COMPENSATION CENTRE

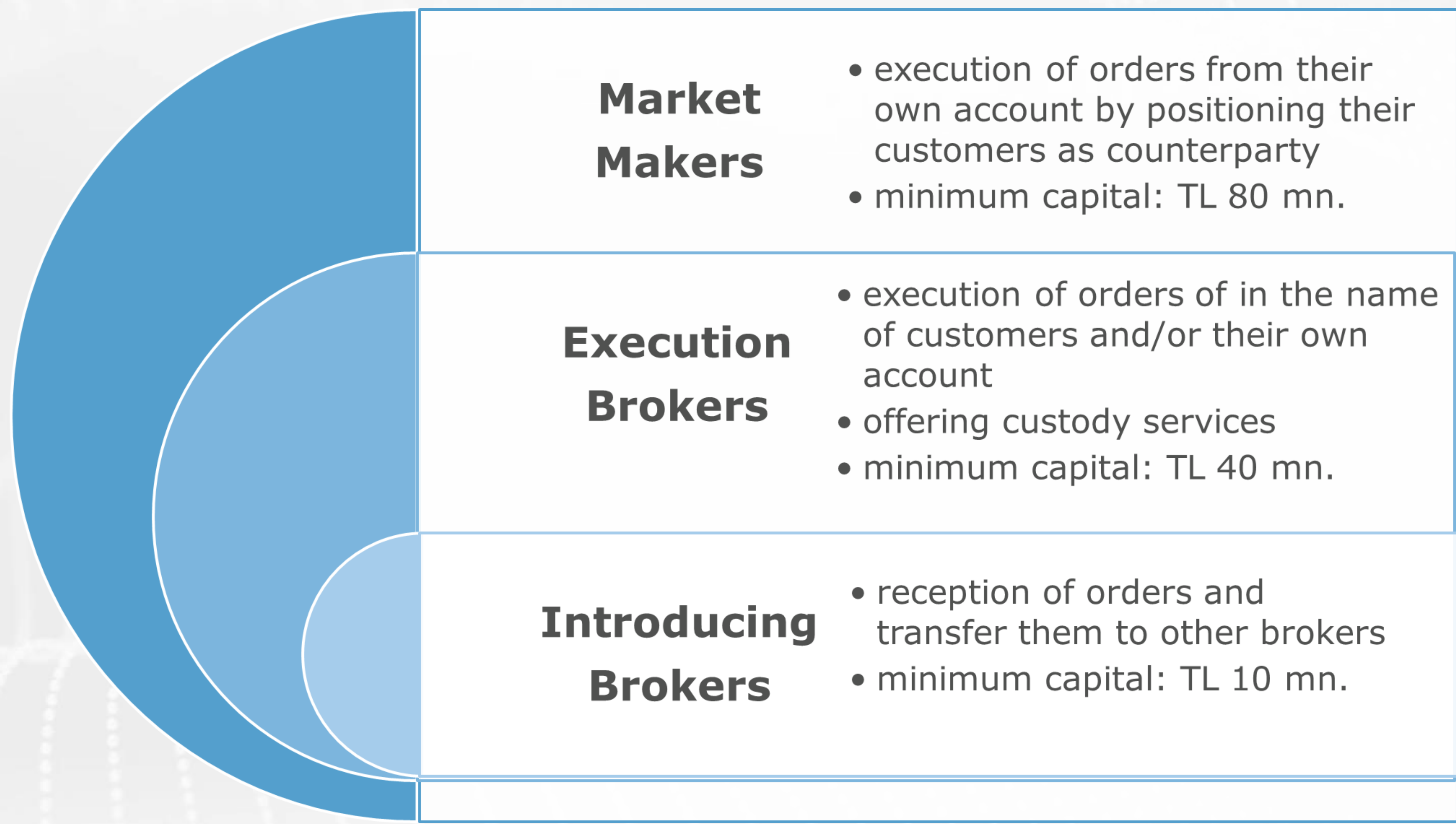
- ▶ Investors' Protection Fund, which covered equity settlement obligations, was established in 2001.
- ▶ Investor Compensation Centre replaced the Investors' Protection Fund in 2013 with the renewed Capital Market Law.
- ▶ It covers settlement obligations of all capital market instruments, up to TL 1,143,379 in 2024, in case of liquidation or bankruptcy of investment institutions.
- ▶ All investment institutions must be a member of the Investor Compensation Centre.

# ACTIVITIES OF INTERMEDIARIES



\*Authorized activities for investment banks

# TYPES OF BROKERAGE FIRMS





## **Portfolio Management Companies**

- Minimum Capital required varies btw. TL 50 million and TL 160 million depending on AUM.\*

## **Real Estate/ Venture Capital Portfolio Management Companies**

- May establish only real estate or venture capital investment funds
- Minimum Capital required varies btw. TL 25 million and TL 80 million depending on AUM.

**TURKISH CAPITAL MARKETS ASSOCIATION**

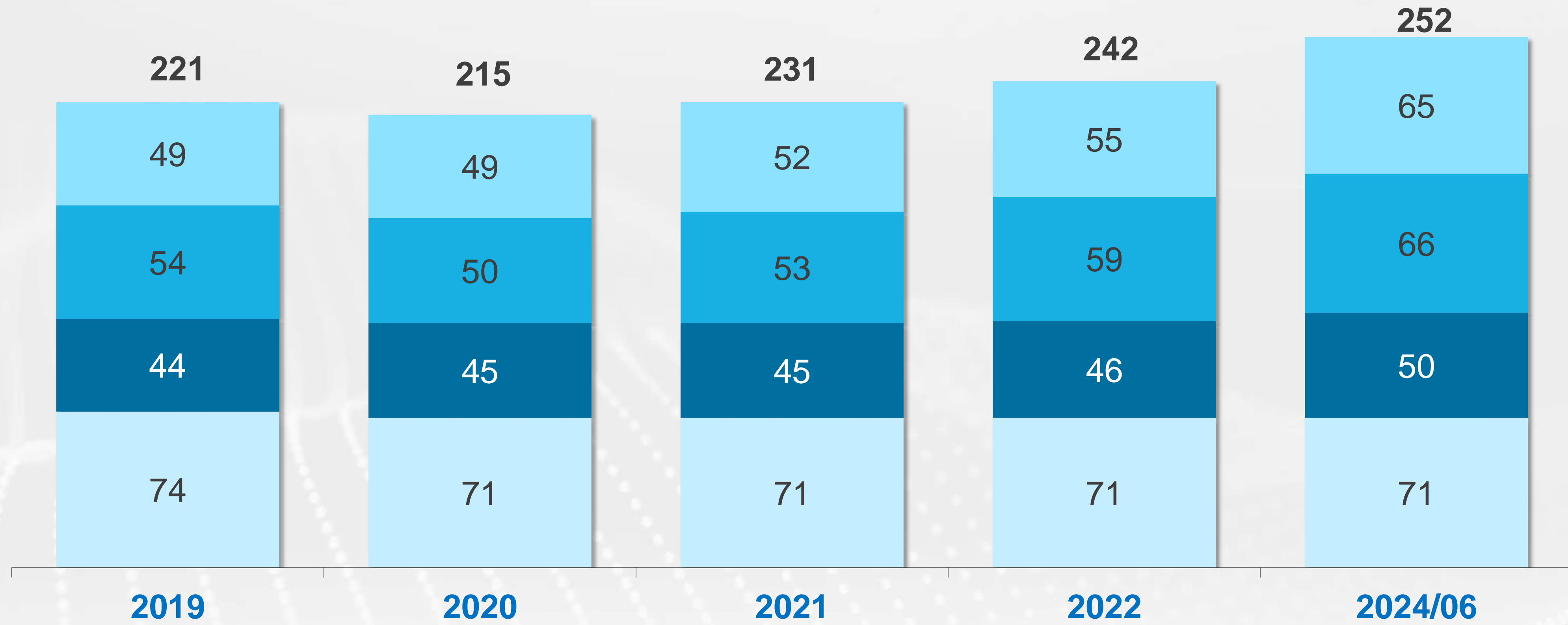
The logo for the Turkish Capital Markets Association (TCMA) features a blue curved line above the acronym "TCMA" in a bold, blue, sans-serif font.

**TCMA**

- ▶ TCMA is the self-regulatory professional organization in the Turkish capital markets.
- ▶ Brokerage firms, banks, asset management companies, and investment trusts are members of the Association.
- ▶ Founded in April 2001 according to the Capital Markets Law.
- ▶ Membership base expanded in 2014 with new law.
- ▶ Membership is mandatory.
- ▶ Under CMB supervision.



■ Investment Trusts   ■ Asset Management Firms   ■ Banks   ■ Brokerage Firms



- ▶ Contribute to the development of the capital market.
- ▶ Meet the collective needs of members and facilitate solidarity among its members.
- ▶ Prevent unfair competition between its members.
- ▶ Enhance know-how in the sector.

## FUNCTIONS

- ▶ Establish code of ethics for the profession.
- ▶ Establish professional rules and regulations.
- ▶ Conduct research.
- ▶ Offer educational programs.
- ▶ Assist in the resolution of disputes.
- ▶ Cooperate with related foreign institutions.
- ▶ Engage in financial literacy activities.

## NATIONAL MEMBERSHIPS

- ▶ Foreign Economic Relations Board of Turkey (DEİK), founder member since 2008.
- ▶ Tax Council, member since 2013.
- ▶ Istanbul Arbitration Center (ISTAC), member since 2017.
- ▶ Impact Investing Advisory Board (EYDK), member since 2021.

## INTERNATIONAL MEMBERSHIPS

- ▶ Asia Securities Forum (ASF) member since 2009.
- ▶ OECD International Network on Financial Education (INFE) affiliate member since 2015.
- ▶ International Council of Securities Associations (ICSA) member since 2006.
- ▶ International Organization of Securities Commissions (IOSCO) affiliate member since 2003.

# PARTICIPATIONS

## CENTRAL SECURITIES DEPOSITORY

- ▶ 5% stake
- ▶ one seat at the board of directors, out of 8 members

## BORSA ISTANBUL

- ▶ 1.3% stake

## CAPITAL MARKETS LICENSING & TRAINING AGENCY

- ▶ 49% stake
- ▶ 2 seats at the board of directors, out of 7 members

## JCR EURASIA CREDIT RATING AGENCY

- ▶ 6% stake

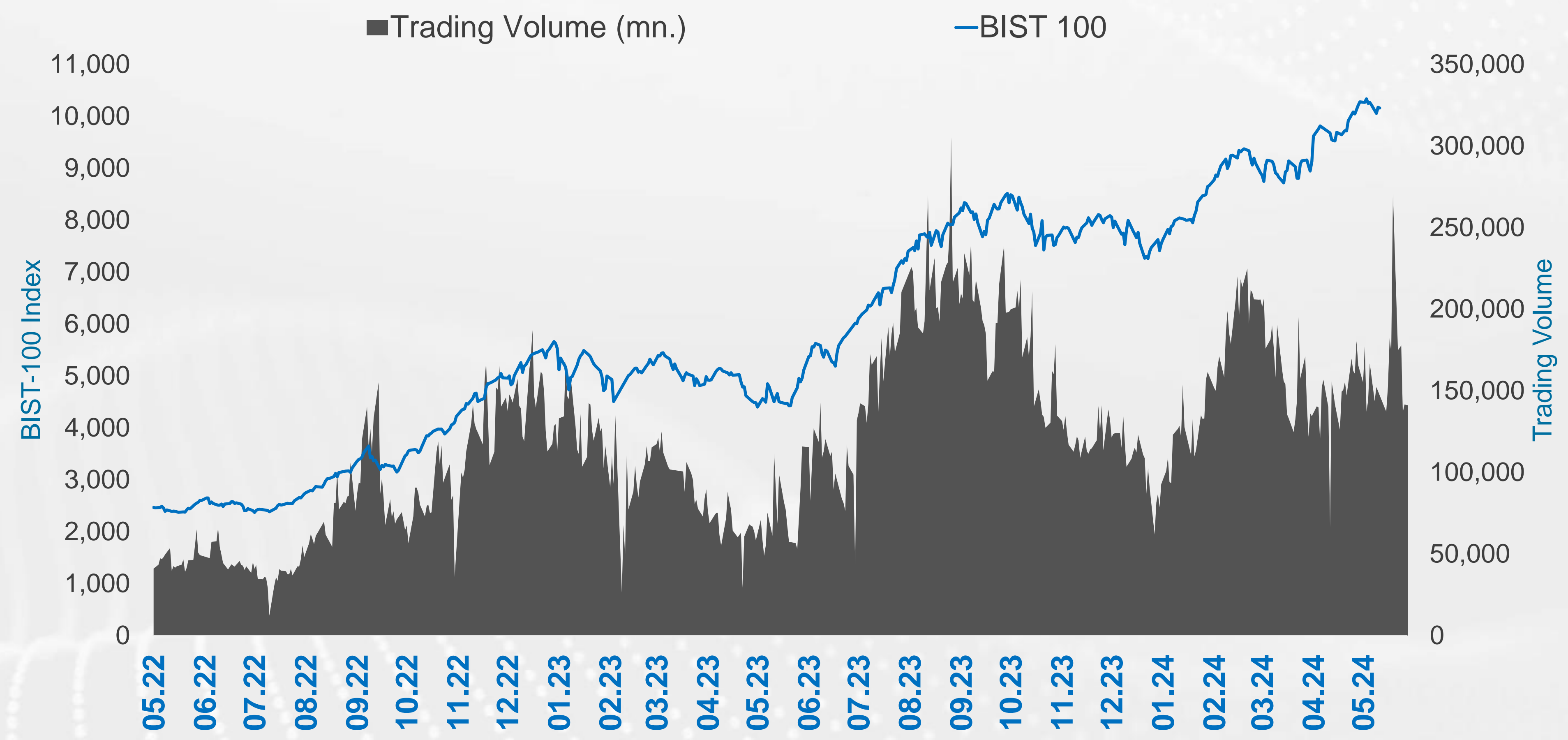
## TURKEY SECURITIZATION COMPANY

- ▶ 5% stake

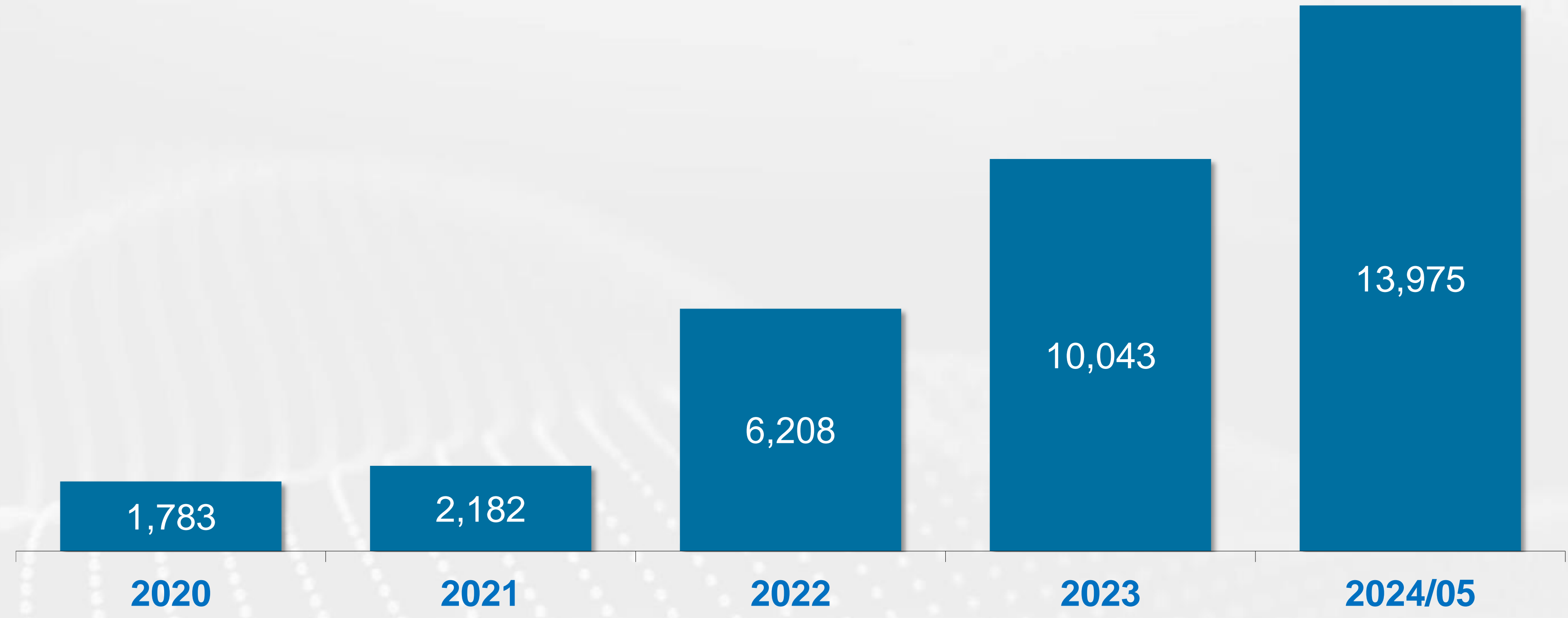
# TURKISH CAPITAL MARKETS



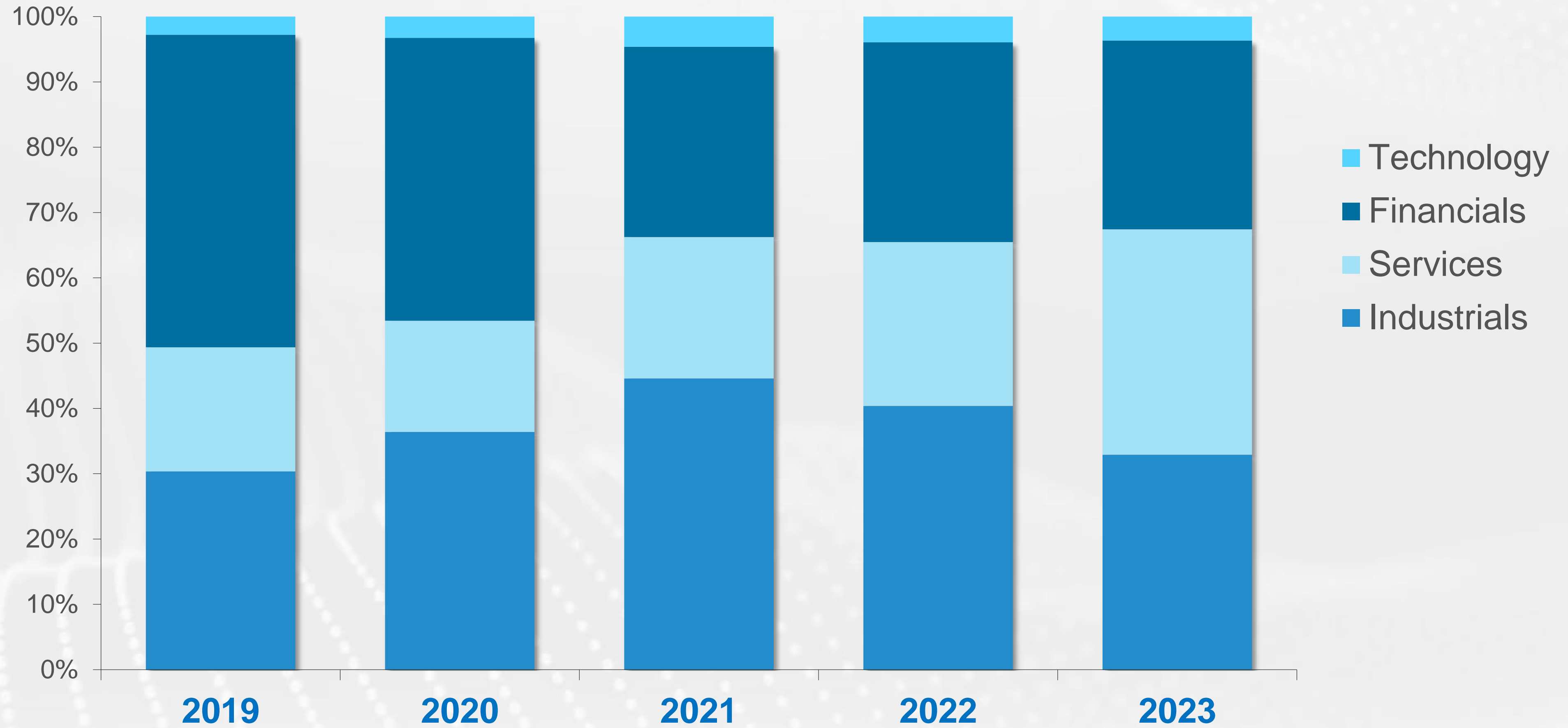
# BIST-100 INDEX & TRADING VOLUME



# MARKET CAPITALIZATION OF BORSA ISTANBUL (BILLION TL)

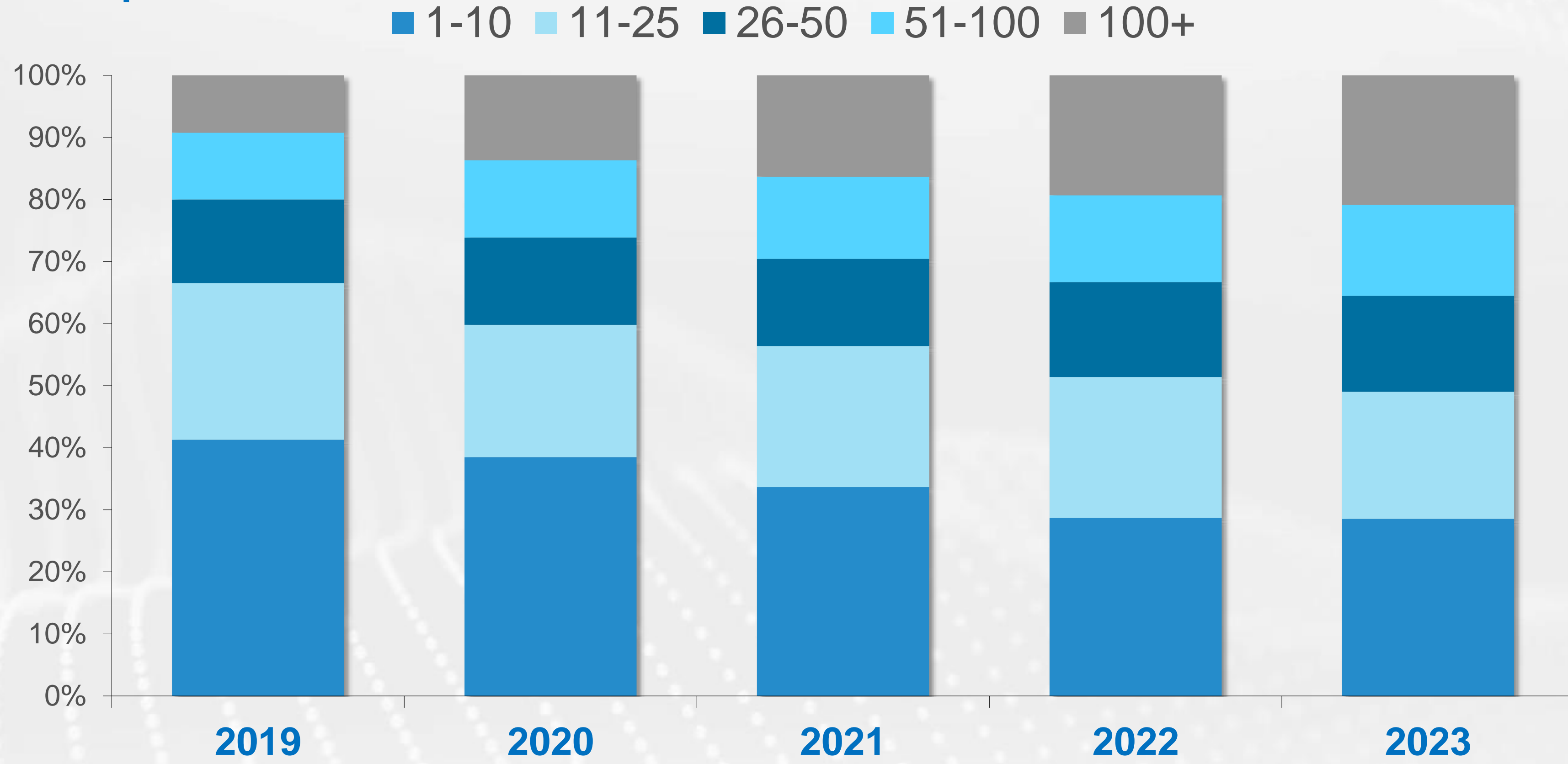


# BREAKDOWN OF BORSA ISTANBUL MARKET CAPITALIZATION

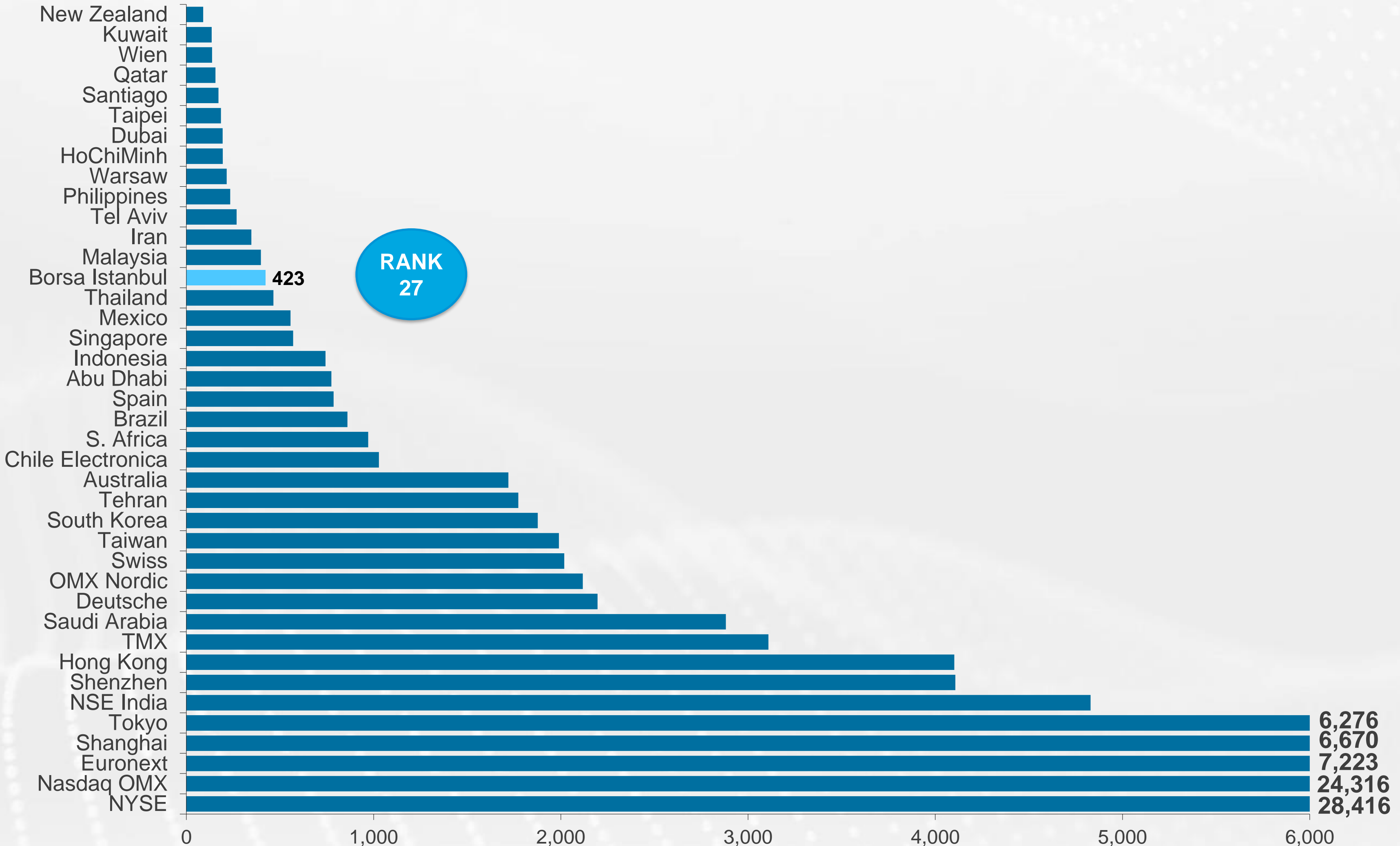


# CONCENTRATION IN THE EQUITY MARKET (MCAP)

No. of Equities



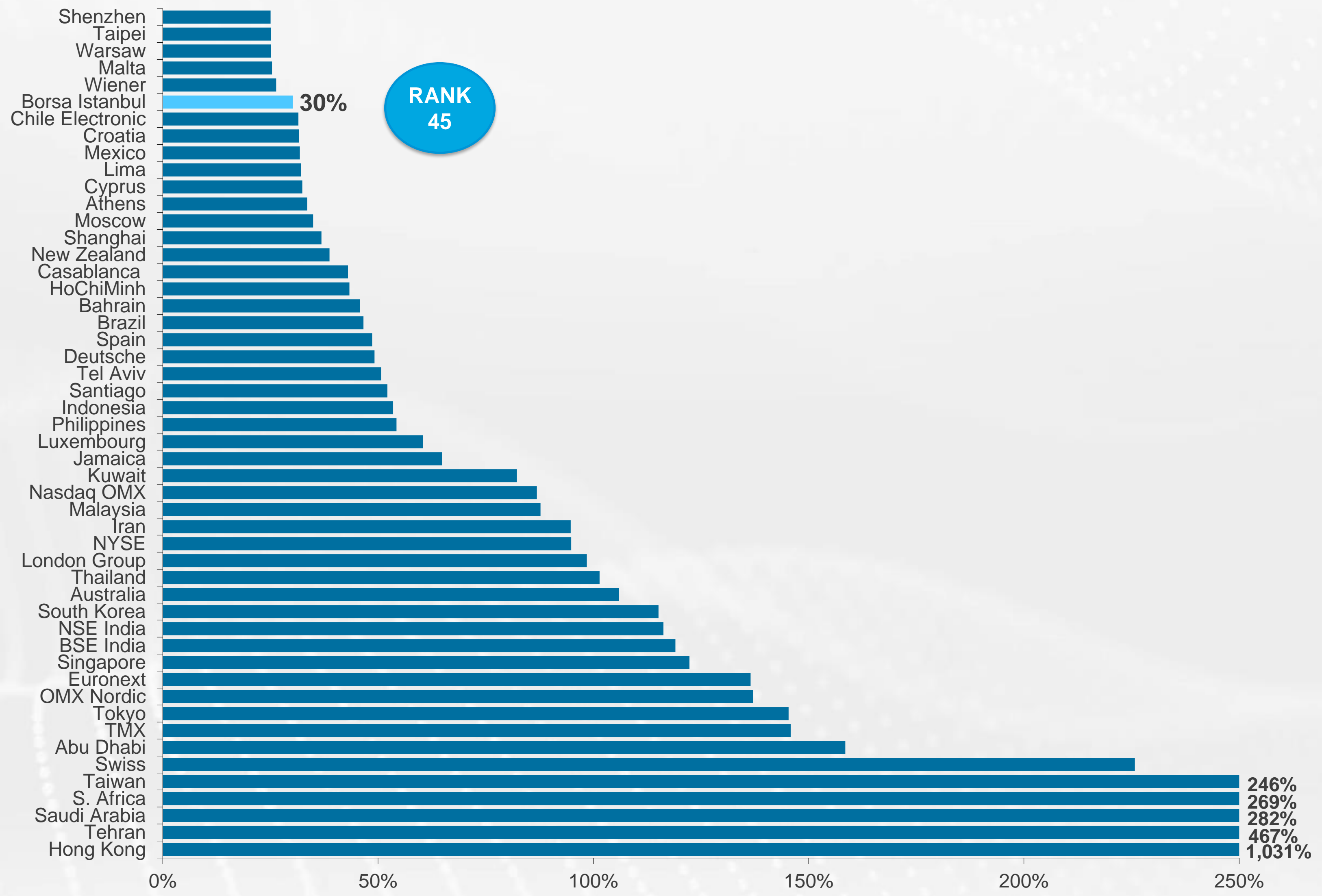
# DOMESTIC MARKET CAPITALIZATION\* (2024/03, BILLION \$)



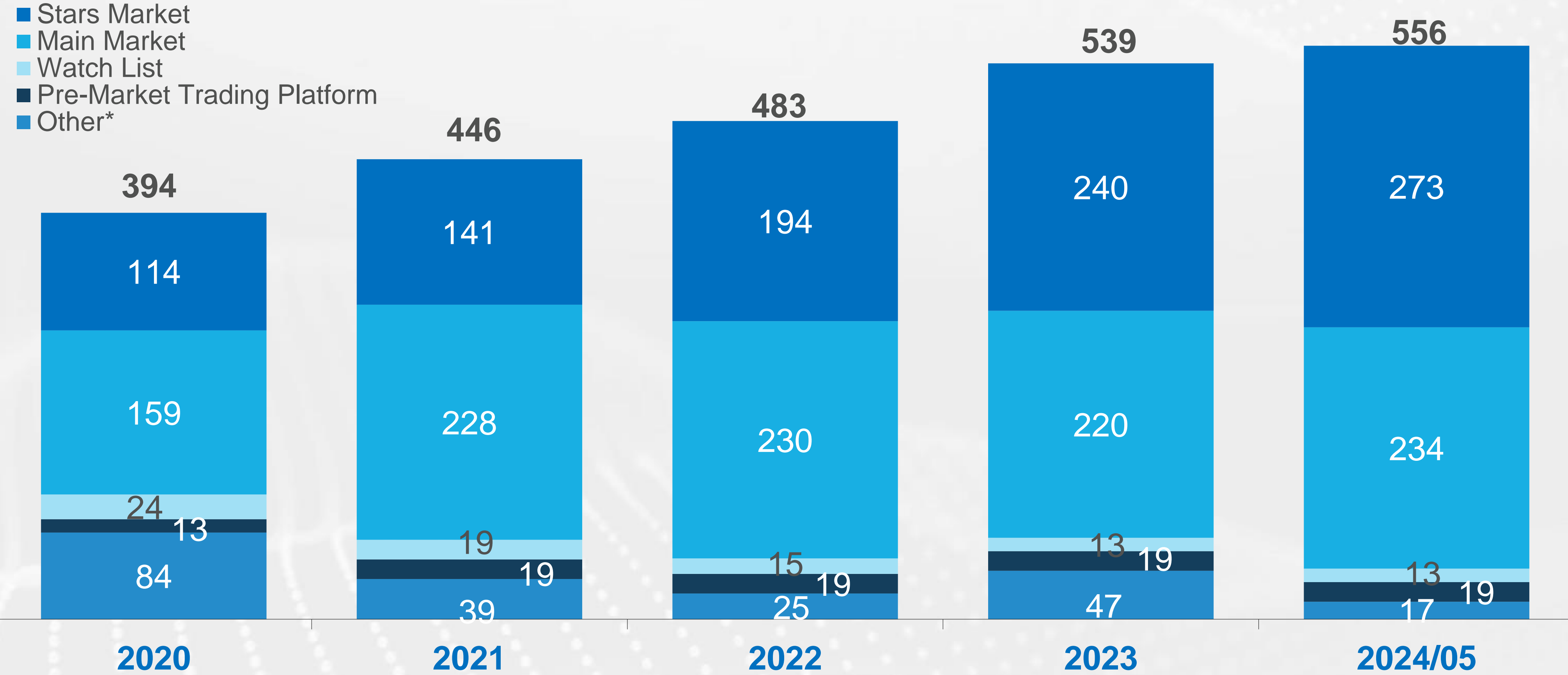
**RANK**  
27

\*WFE definition does not include mutual funds, exchange traded funds, investment trusts, unlisted firms and holding companies.

# MARKET CAPITALIZATION/GDP\* (2023)

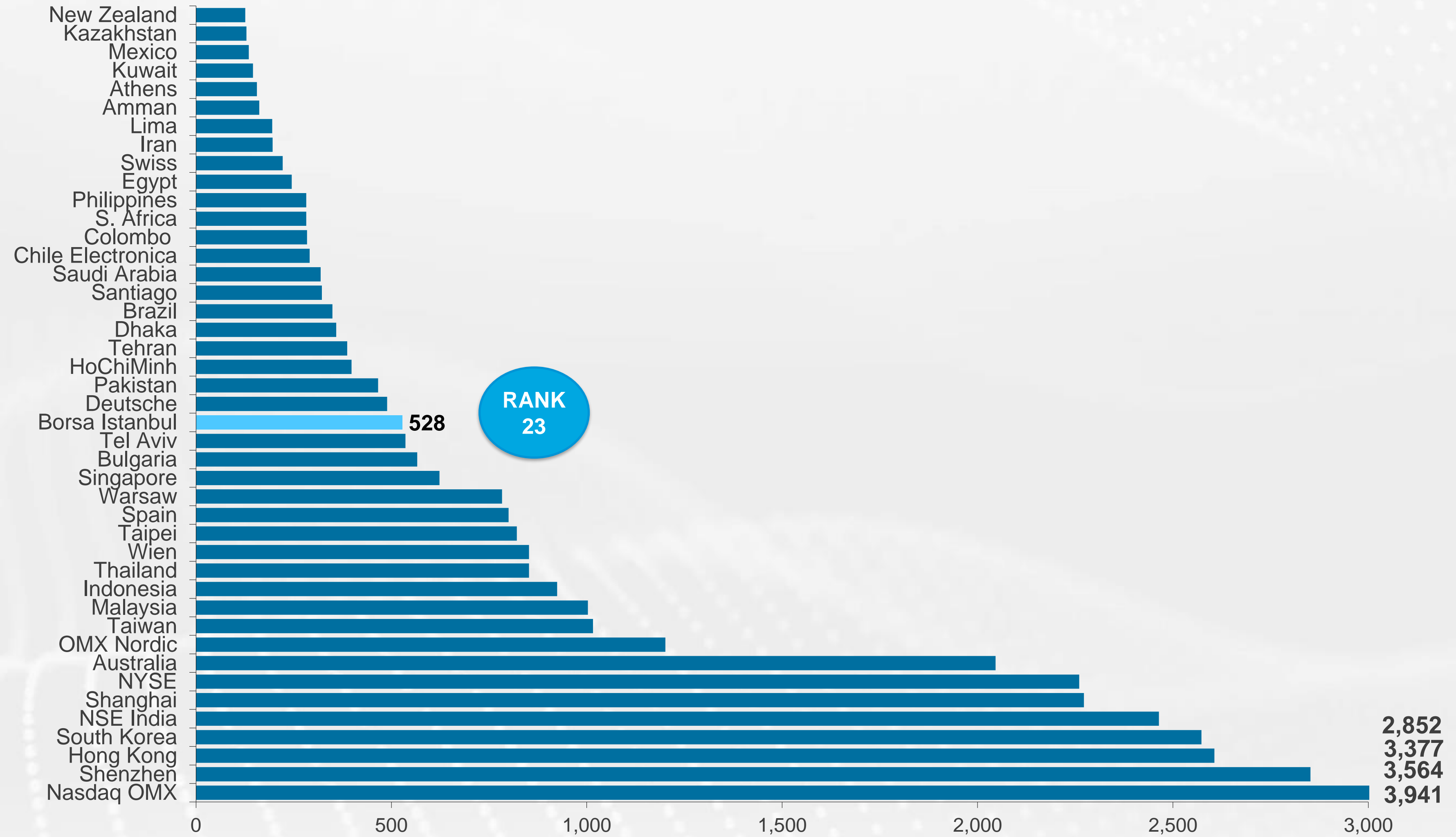


# NUMBER OF SECURITIES IN THE EQUITY MARKET



\*Includes SubMarket, Structured Products and Fund Market, Equity Market for Qualified Investors and Commodity Market.

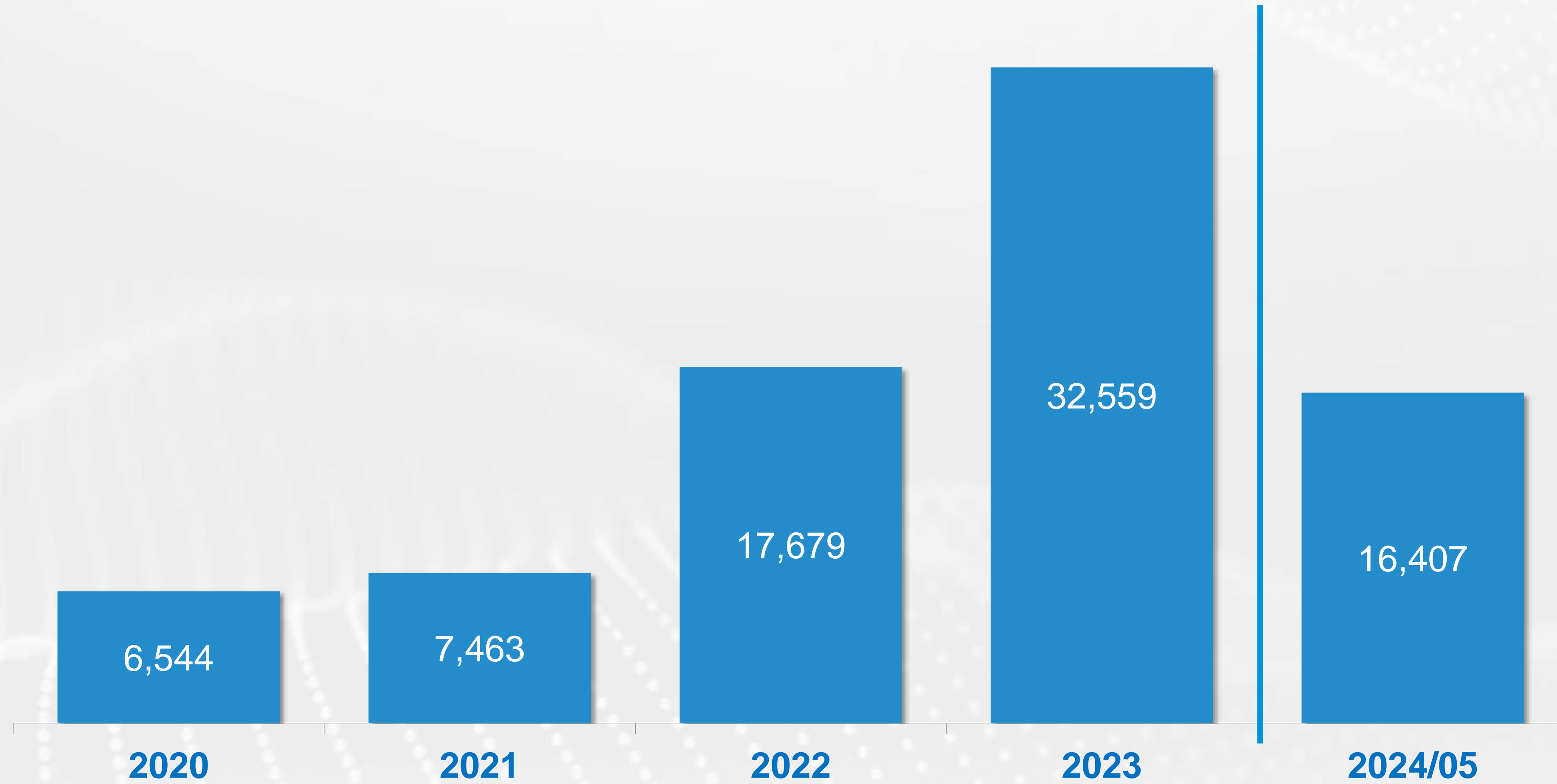
# NUMBER OF LISTED COMPANIES\* (2024/04)



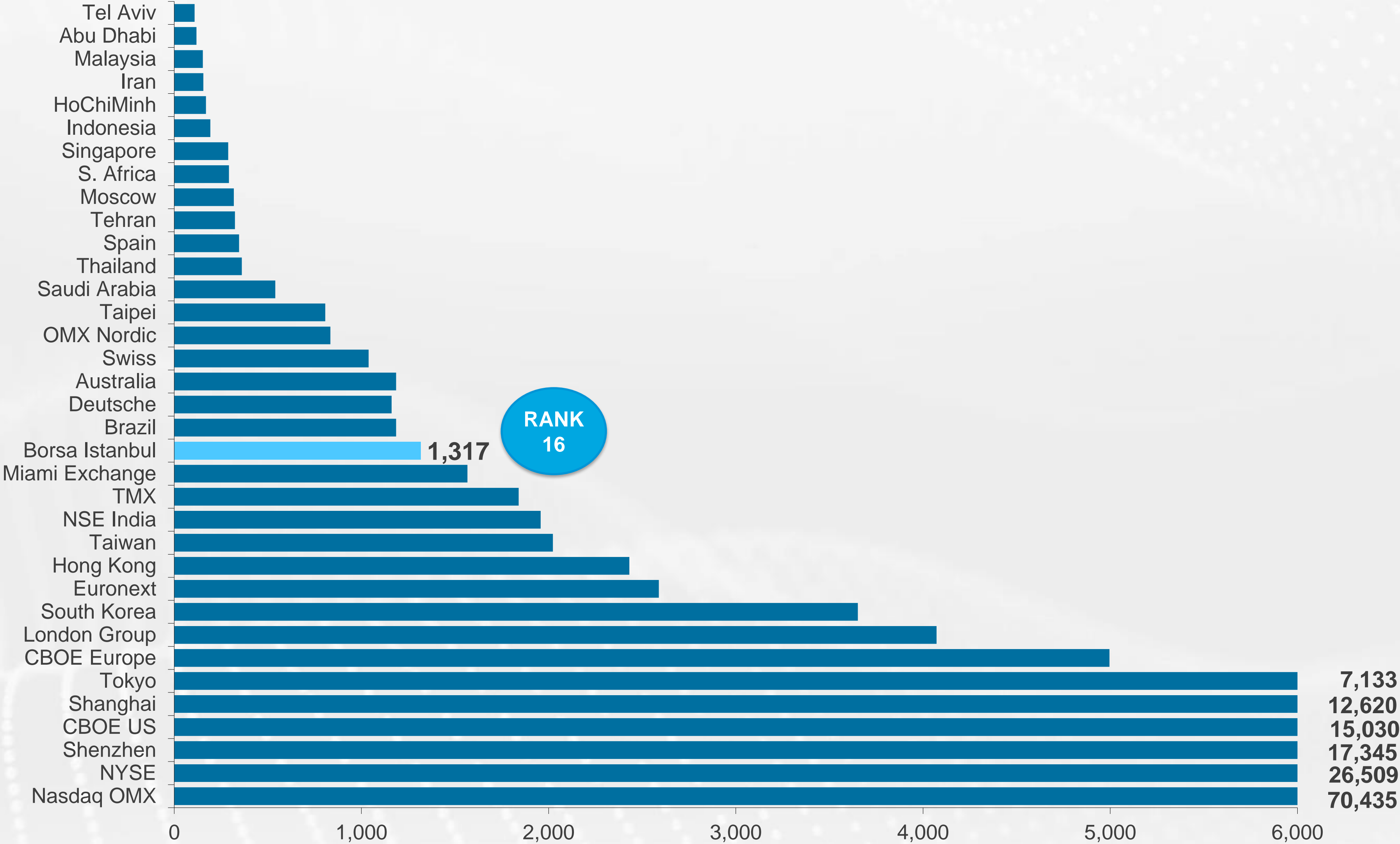
**RANK**  
23

\*Borsa Istanbul data excludes mutual funds, investment trusts and Pre-Market Trading Platform

# EQUITY TRADING VOLUME OF BORSA ISTANBUL (BILLION TL)



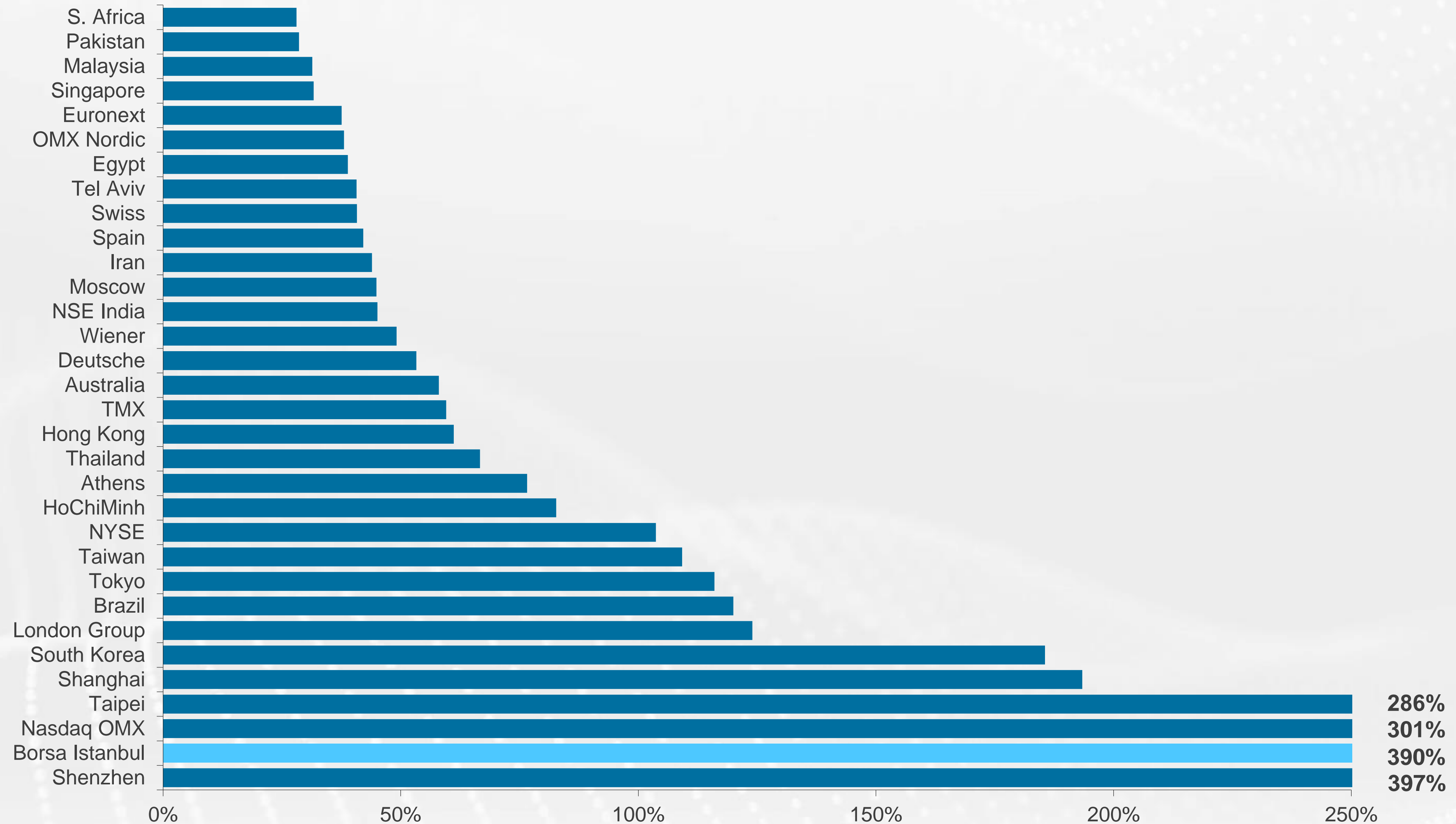
# EQUITY TRADING VOLUME (2023, BILLION \$)



**RANK**  
16

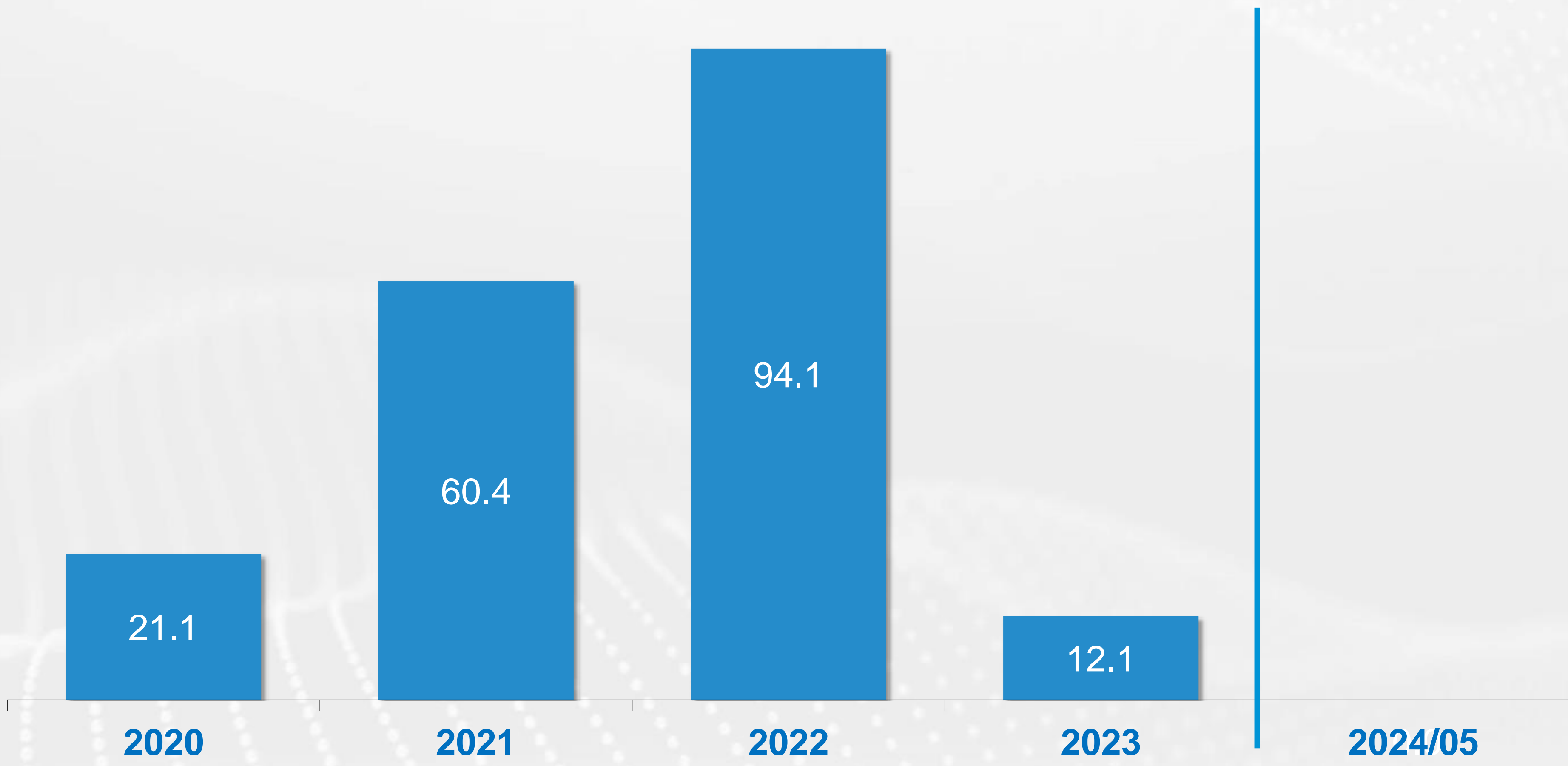
Source: WFE

# TURNOVER RATIO (2023, EQUITY TRADING VOLUME/MARKET CAPITALIZATION)



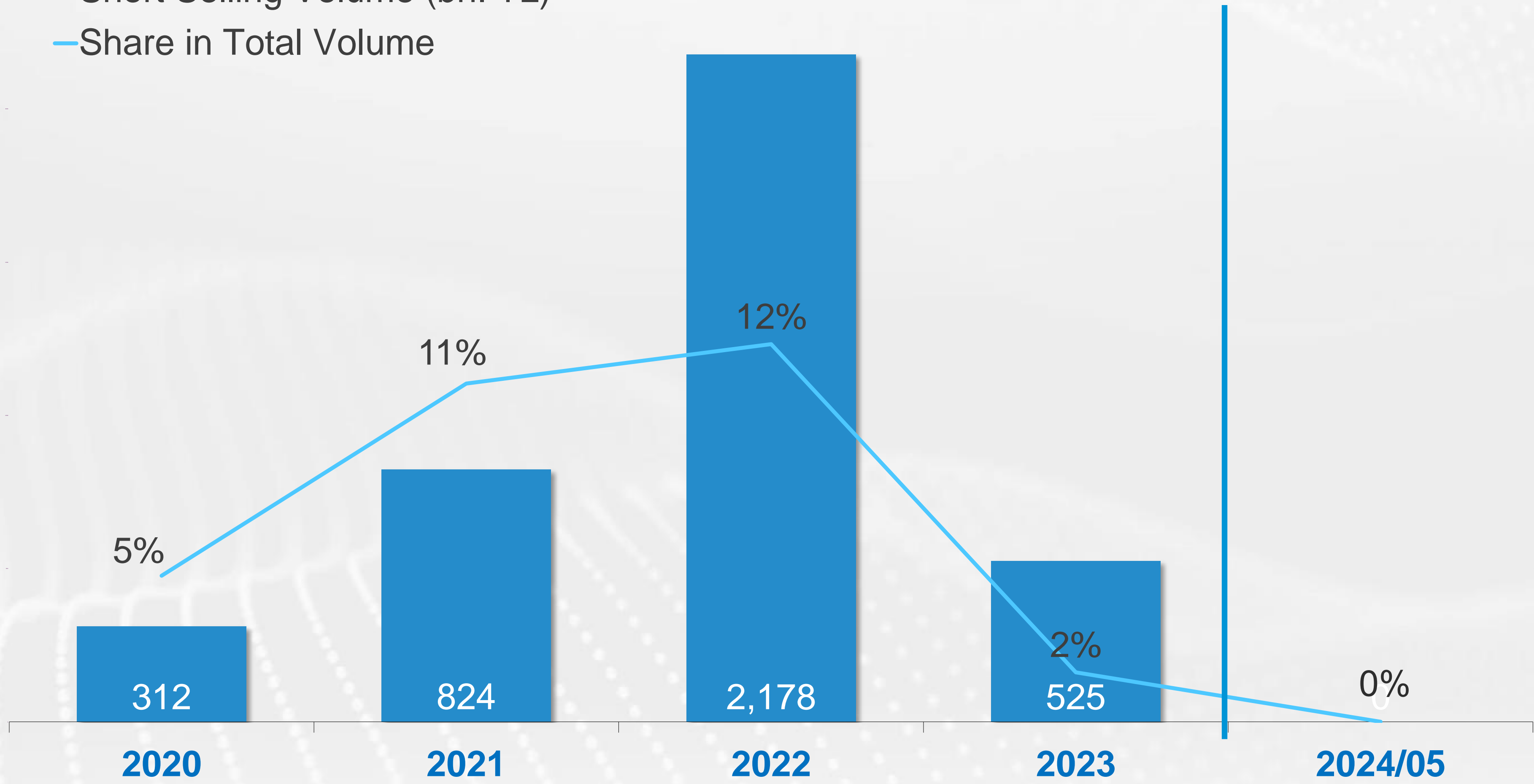
**RANK**  
2

# SECURITIES LENDING/BORROWING IN BORSA ISTANBUL (BILLION TL)

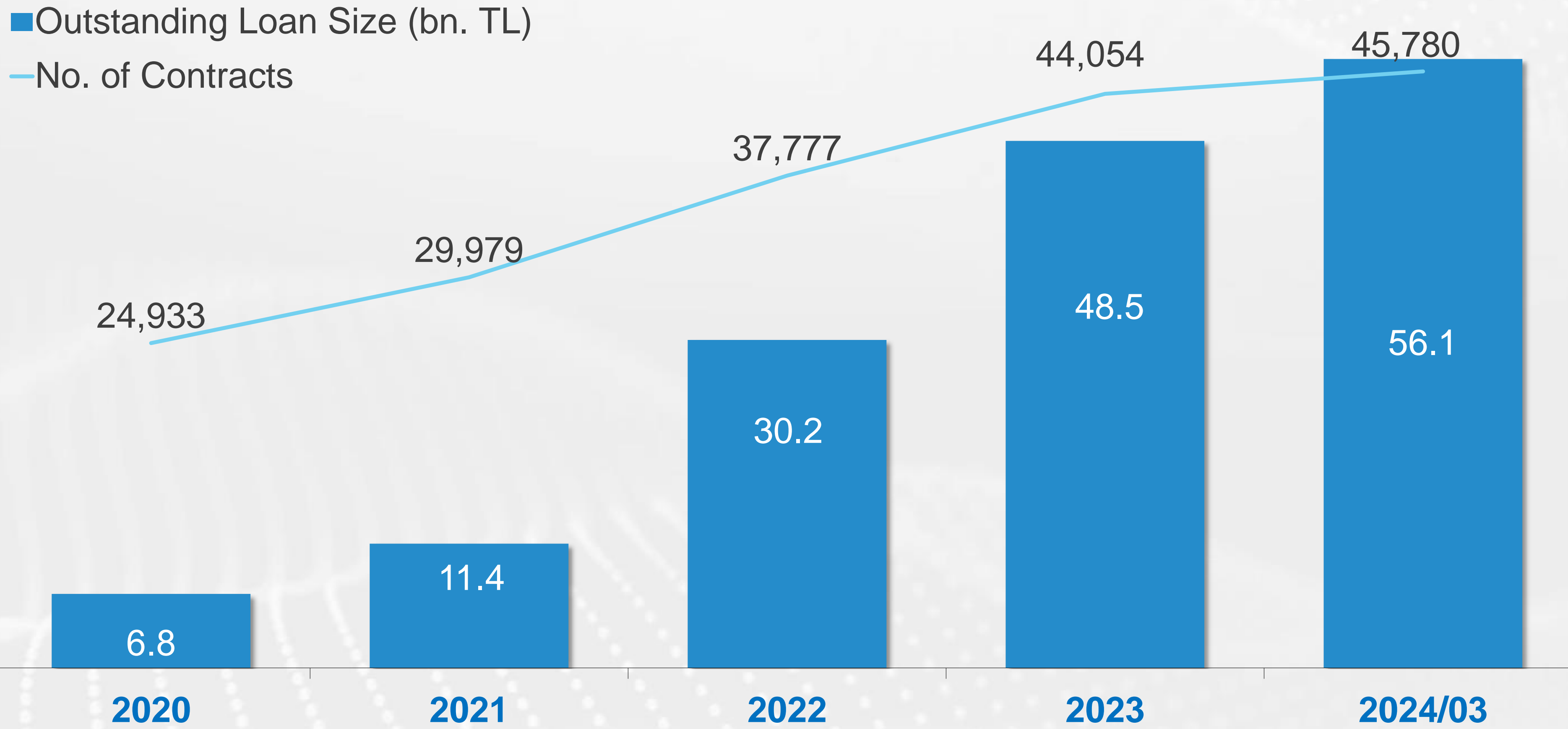


# SHORT SELLING IN BORSA ISTANBUL

■ Short Selling Volume (bn. TL)  
— Share in Total Volume

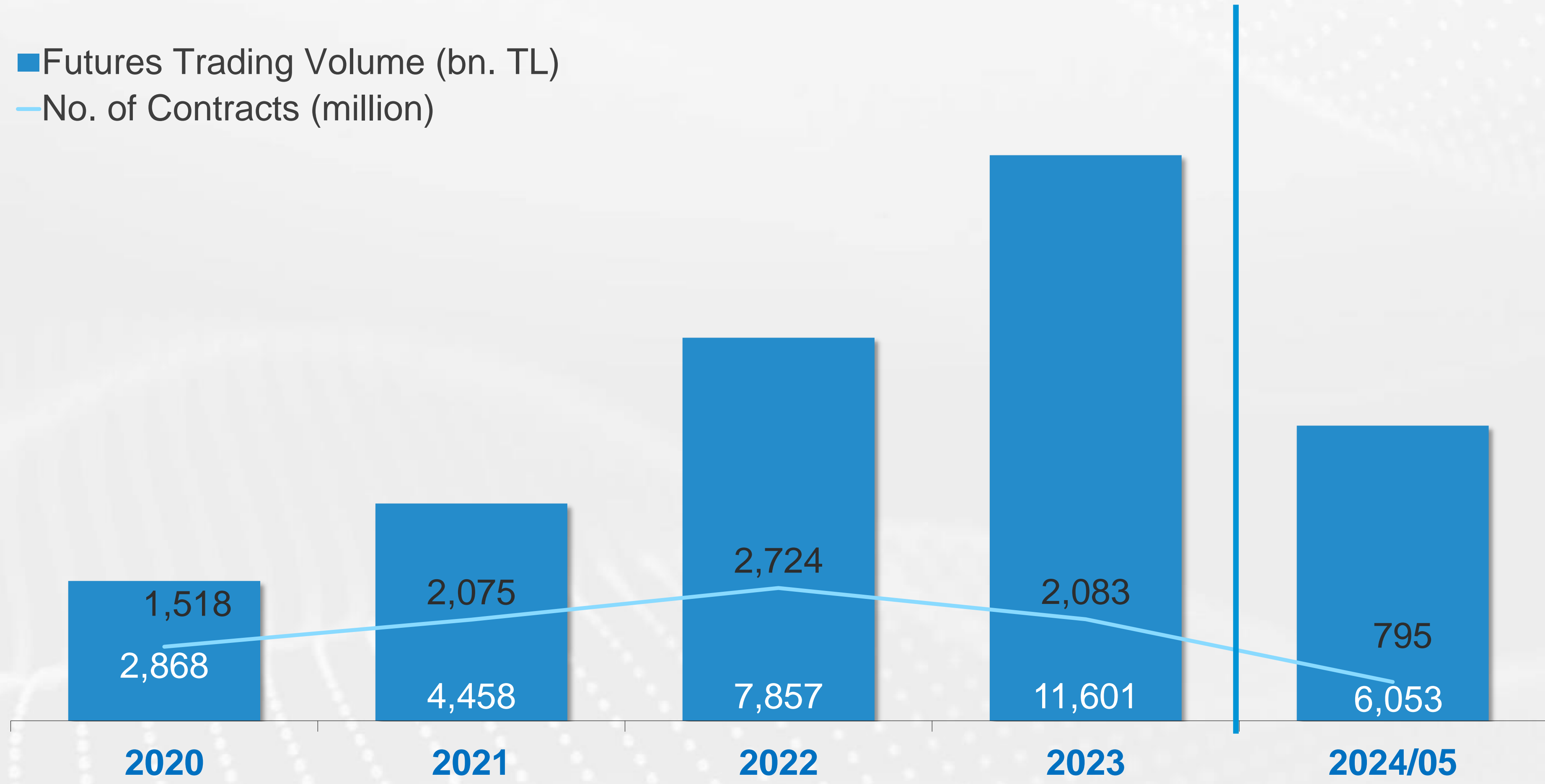


# MARGIN TRADING

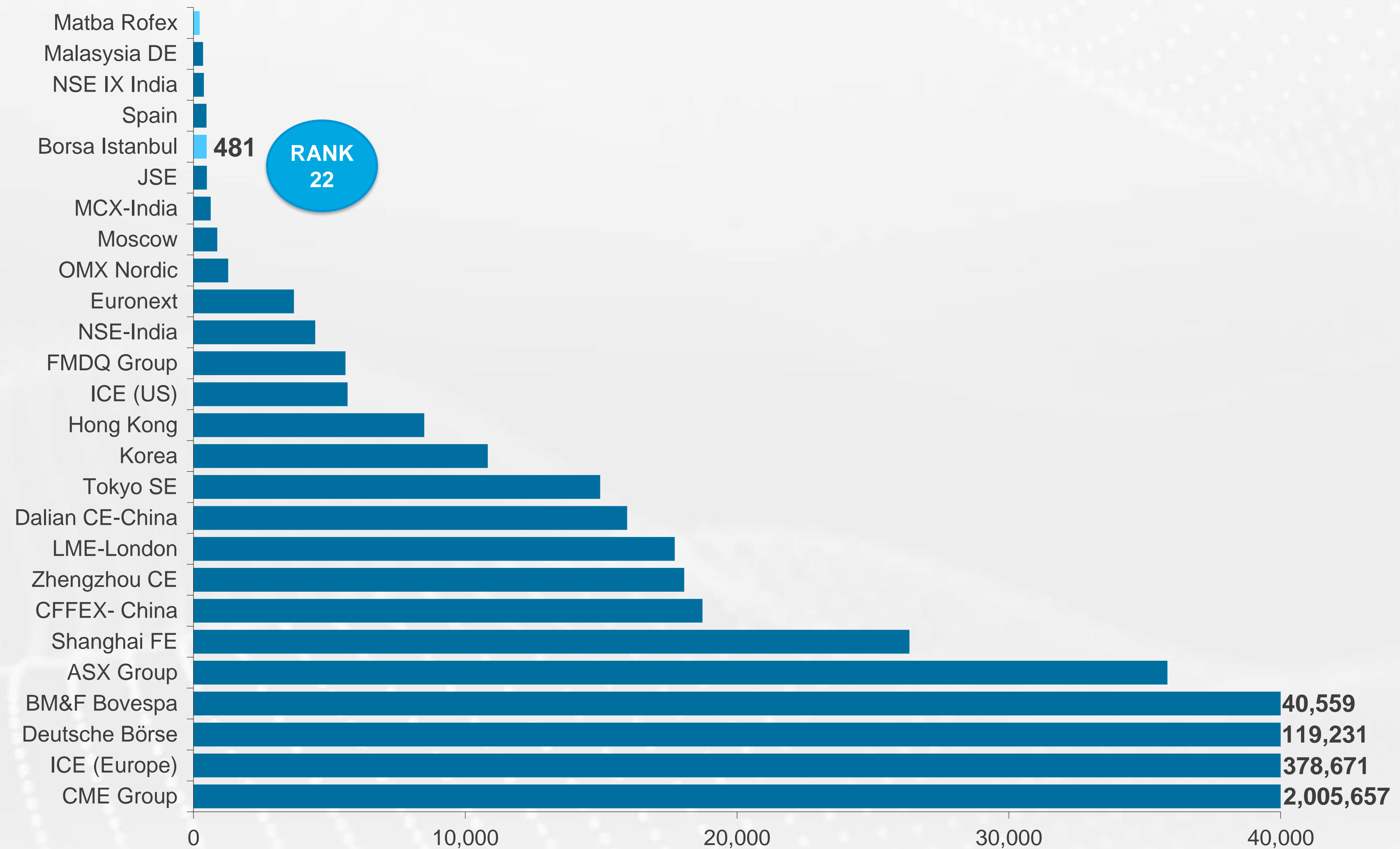


# FUTURES TRADING VOLUME OF BORSA ISTANBUL

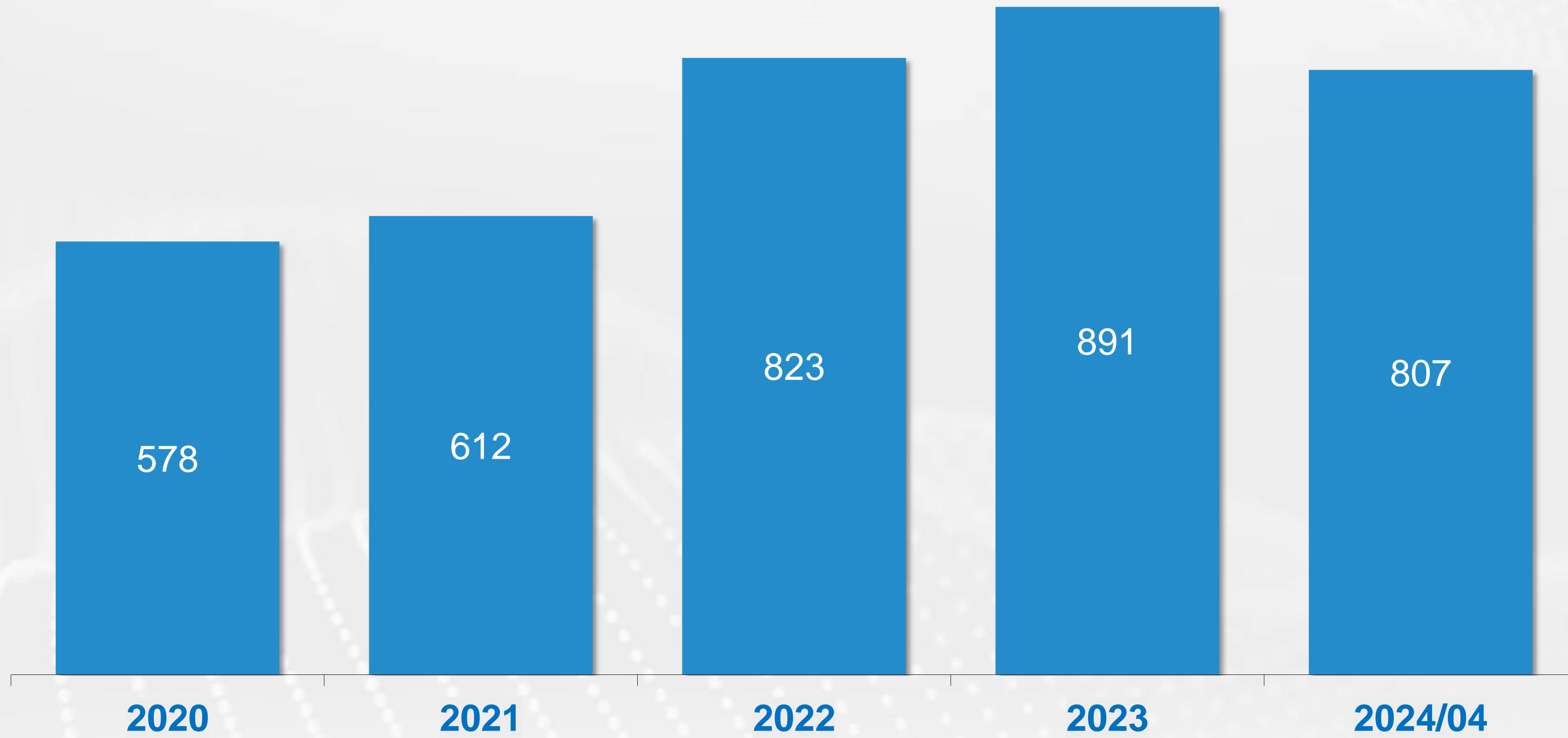
■ Futures Trading Volume (bn. TL)  
— No. of Contracts (million)



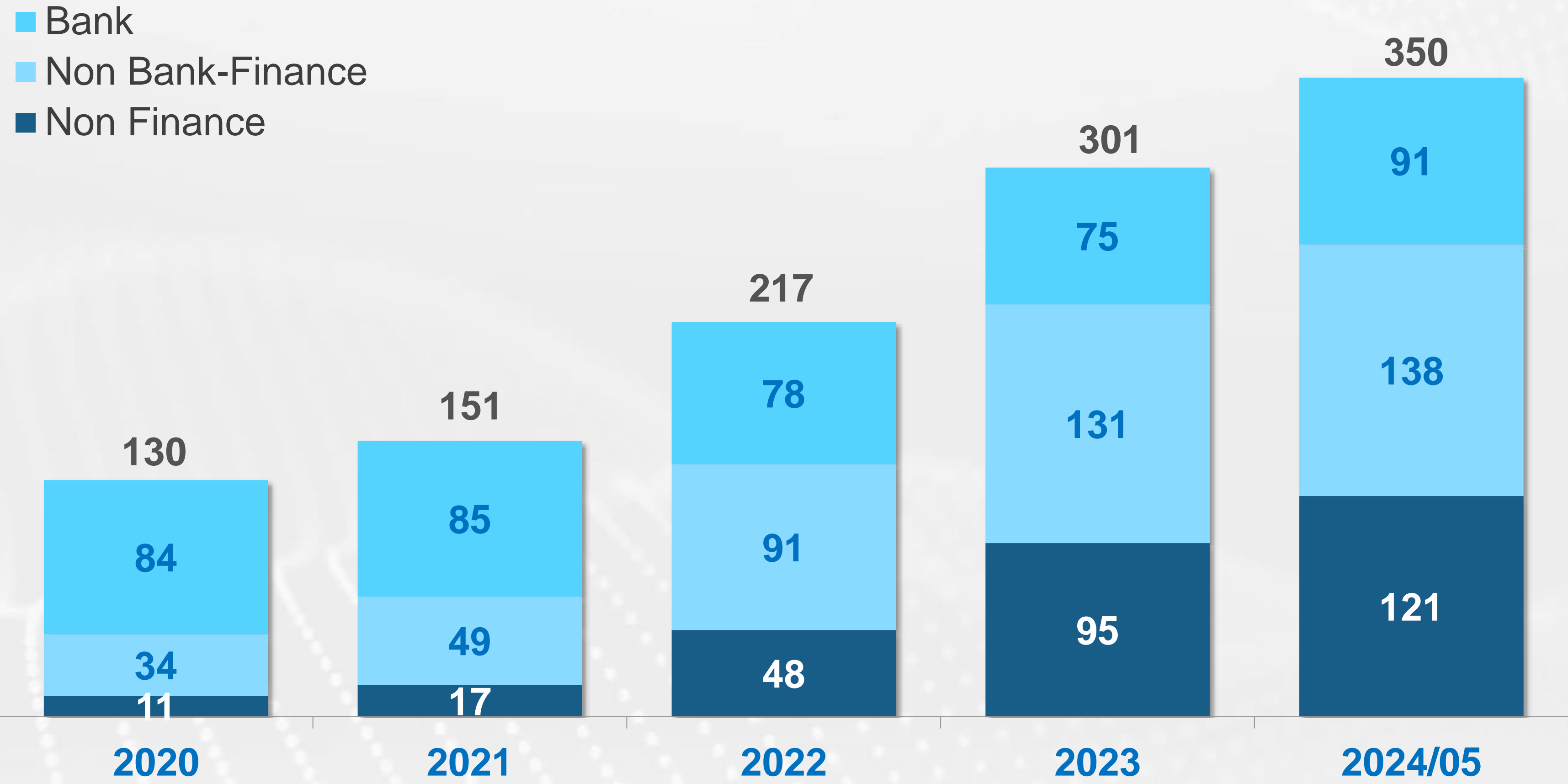
# TRADING VOLUME IN FUTURES MARKETS (2023, BILLION \$)



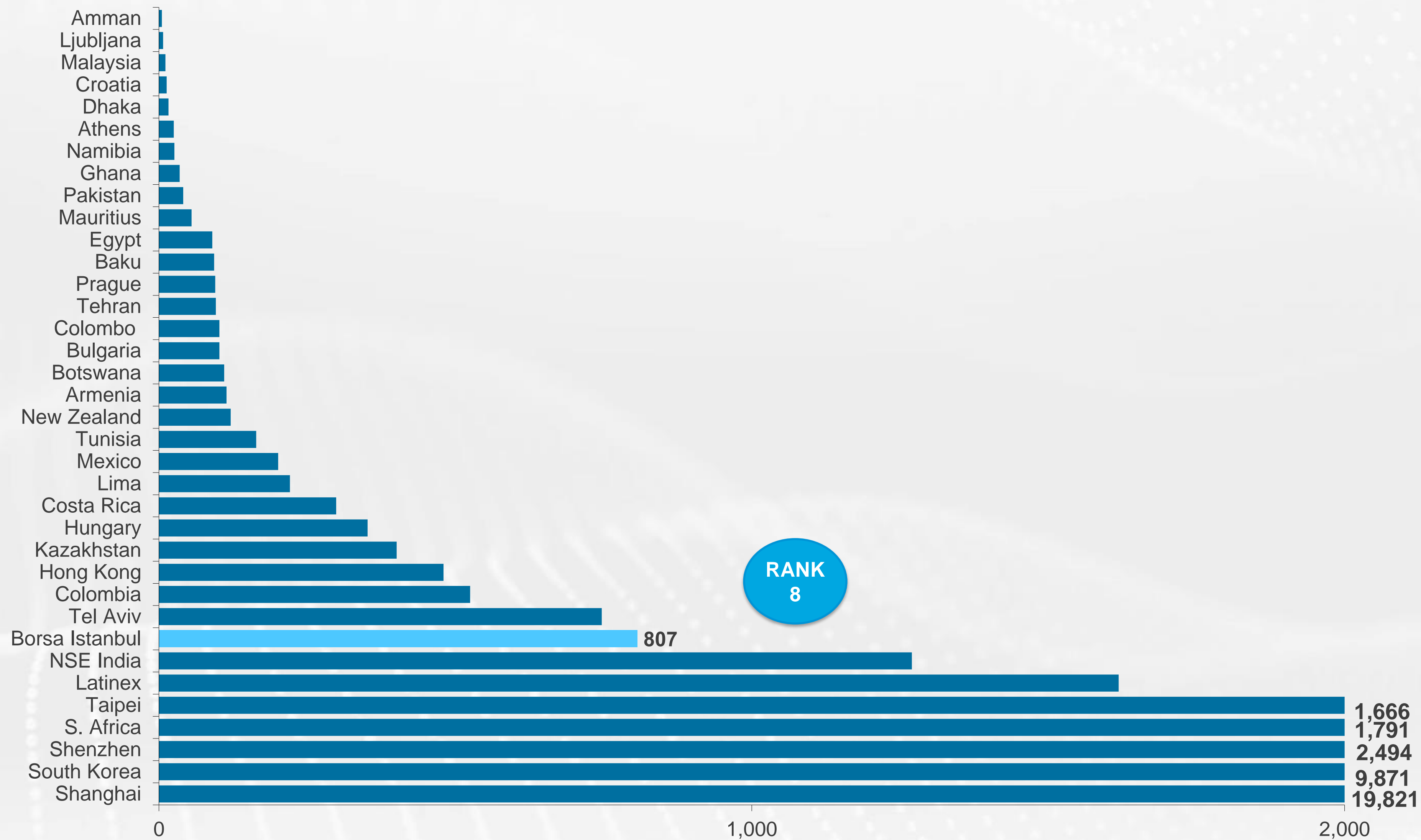
# NUMBER OF LISTED CORPORATE BONDS IN BORSA ISTANBUL



# MARKET VALUE OF DOMESTIC CORPORATE DEBT SECURITIES (BILLION TL)

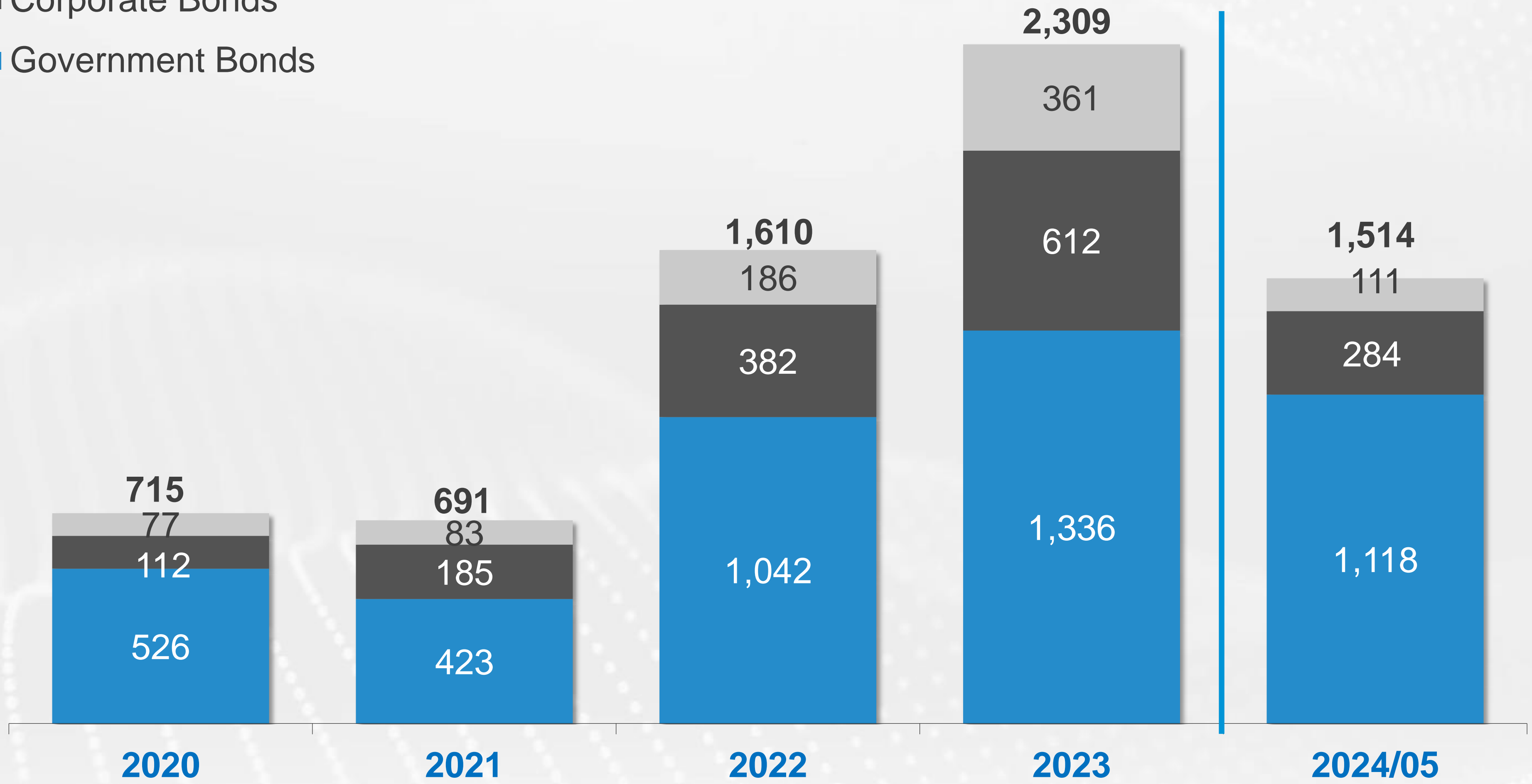


# NUMBER OF LISTED CORPORATE BONDS (2024/04)



# BOND TRADING VOLUME (BILLION TL)

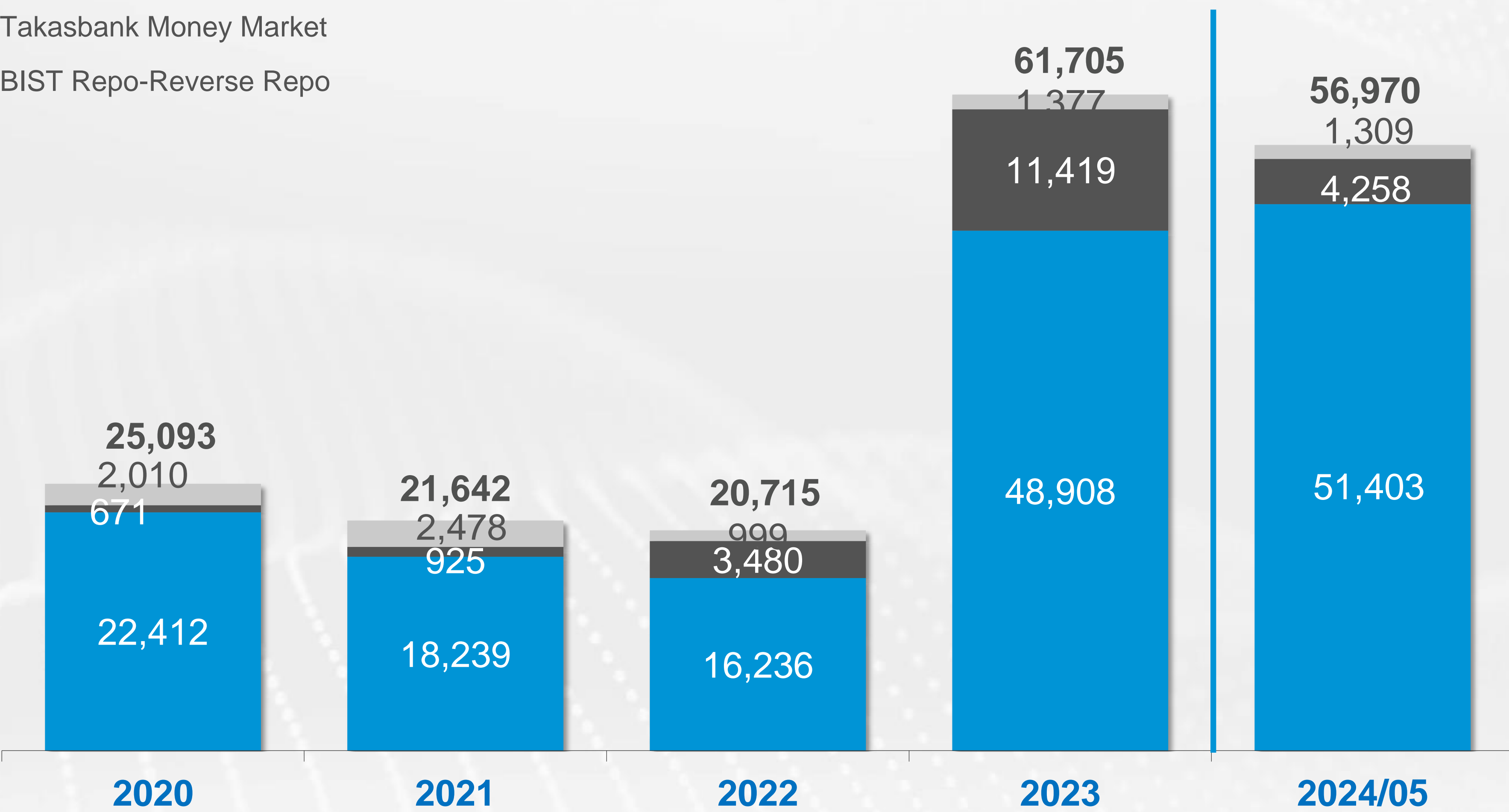
- Eurobond
- Corporate Bonds
- Government Bonds



OTC transactions included, as of 30.04.2024

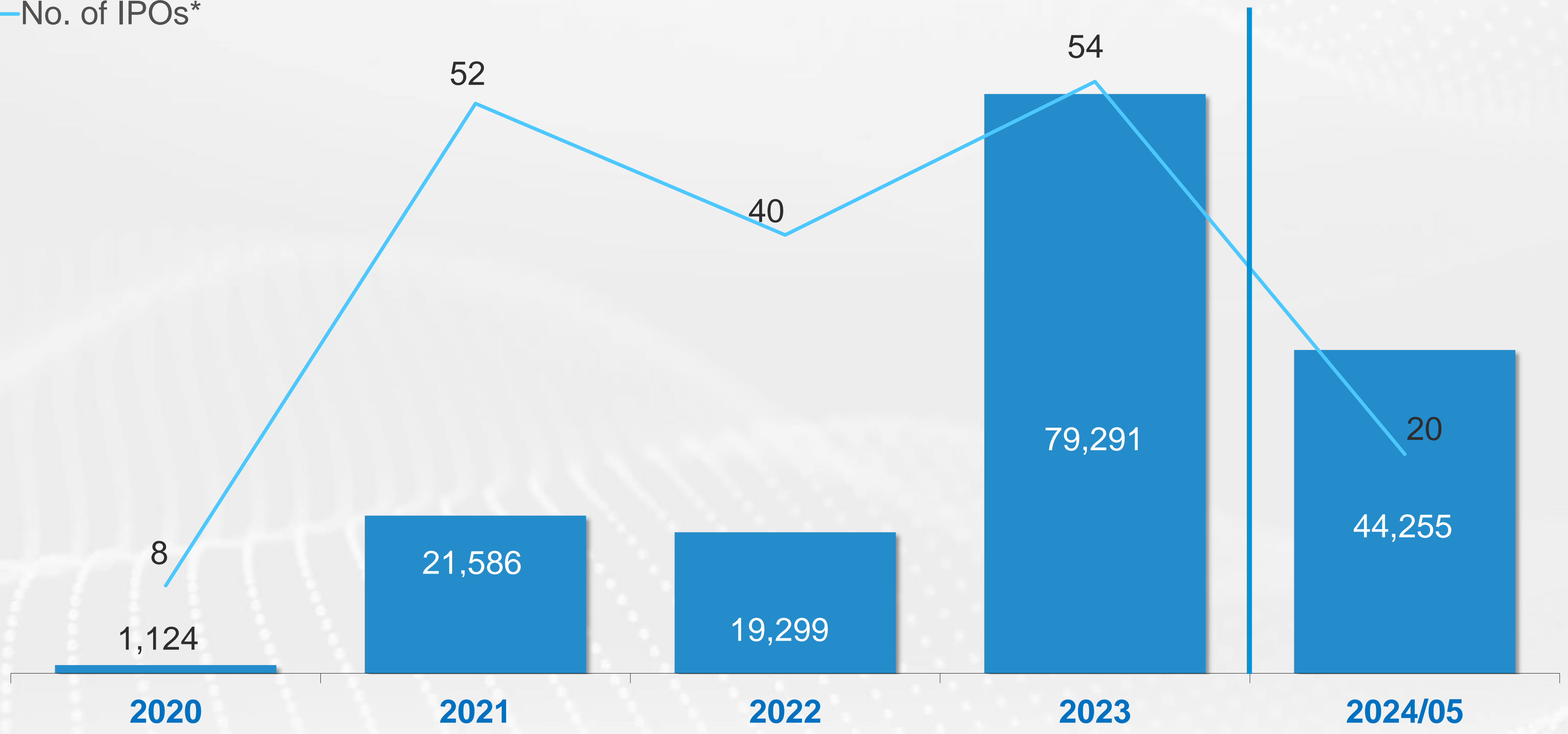
# REPO-REVERSE REPO, SWAP AND TAKASBANK MONEY MARKET TRADING VOLUME

- BIST Swap
- Takasbank Money Market
- BIST Repo-Reverse Repo



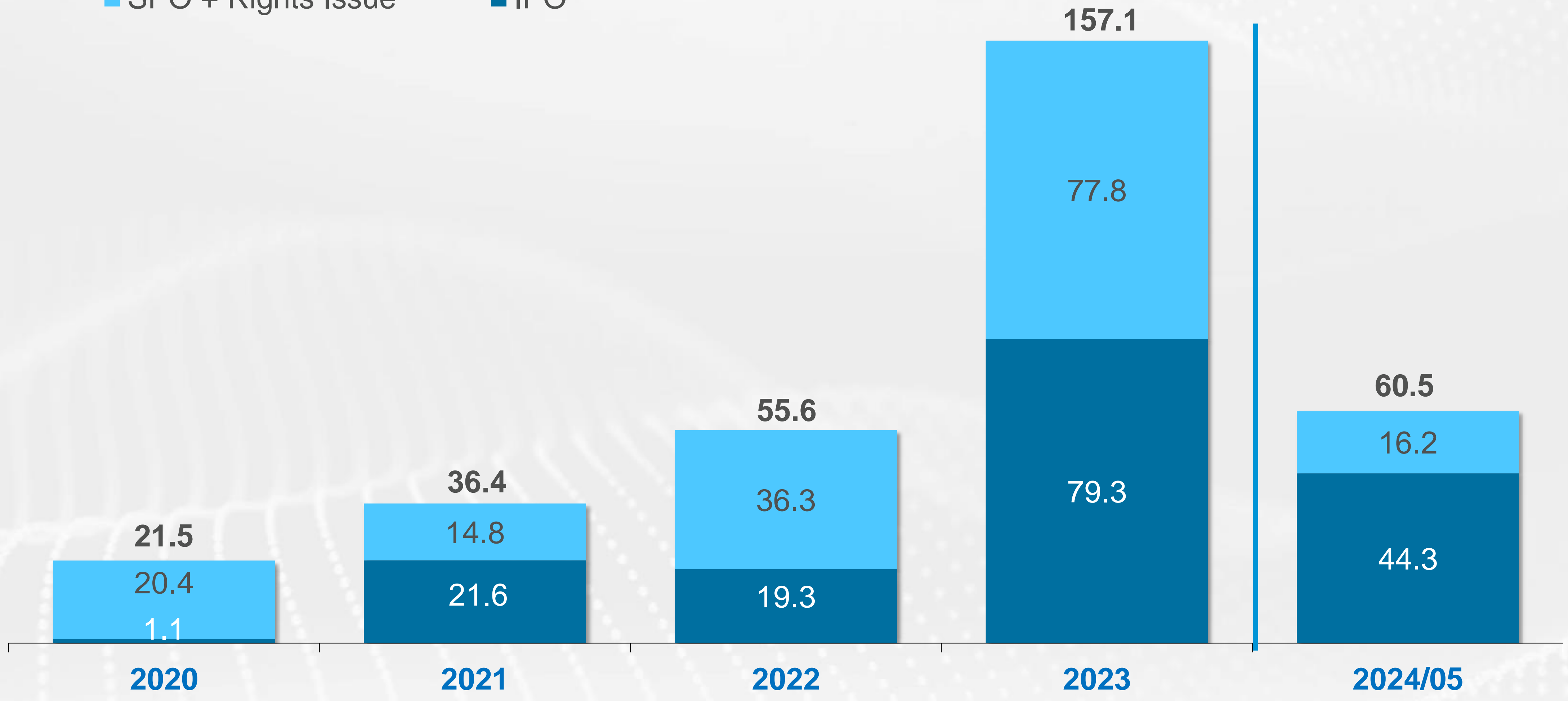
# INITIAL PUBLIC OFFERINGS

■ IPO Volume (mn. TL)  
— No. of IPOs\*

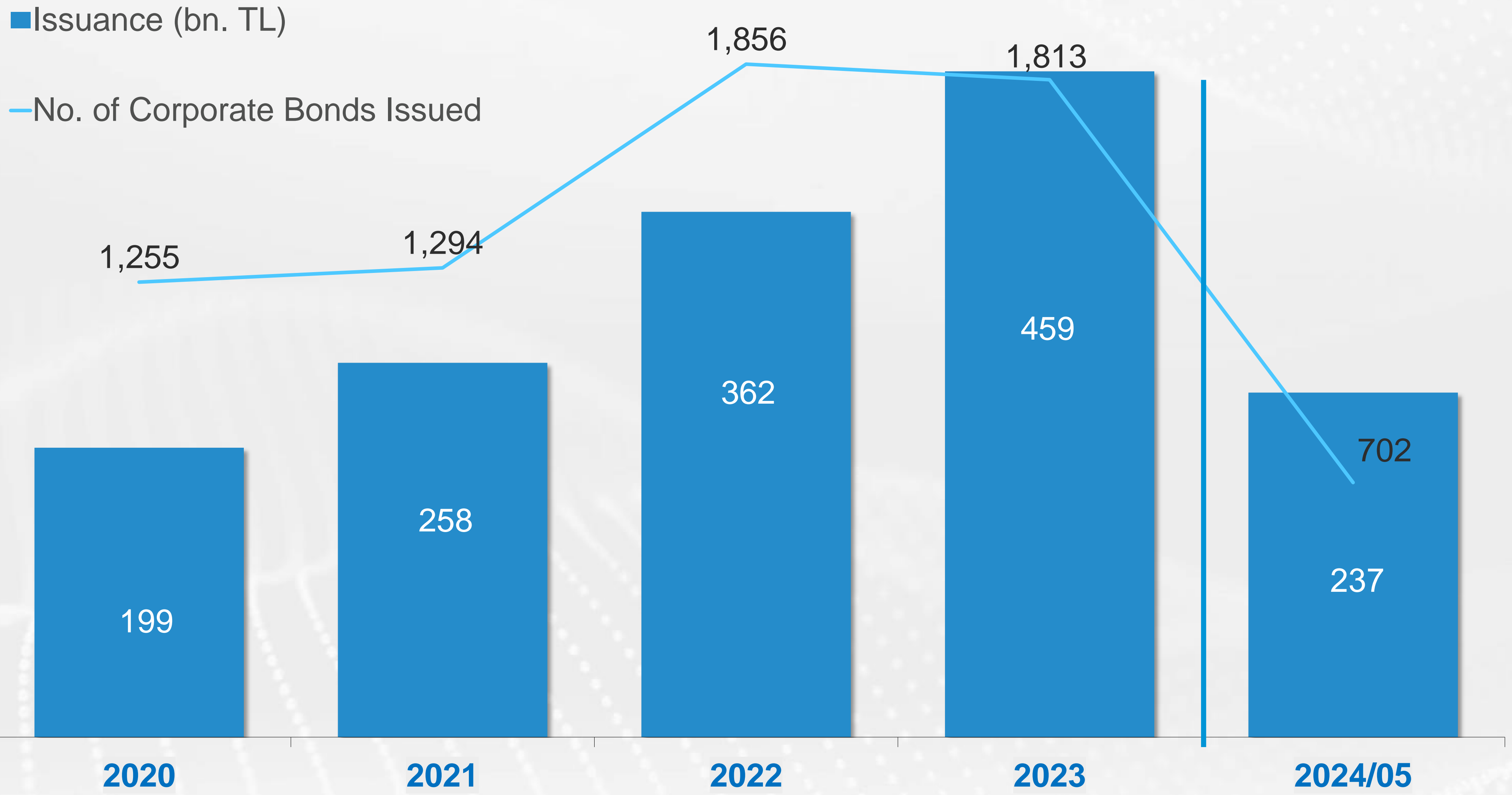


# EQUITY FINANCING (BILLION TL)

■ SPO + Rights Issue    ■ IPO



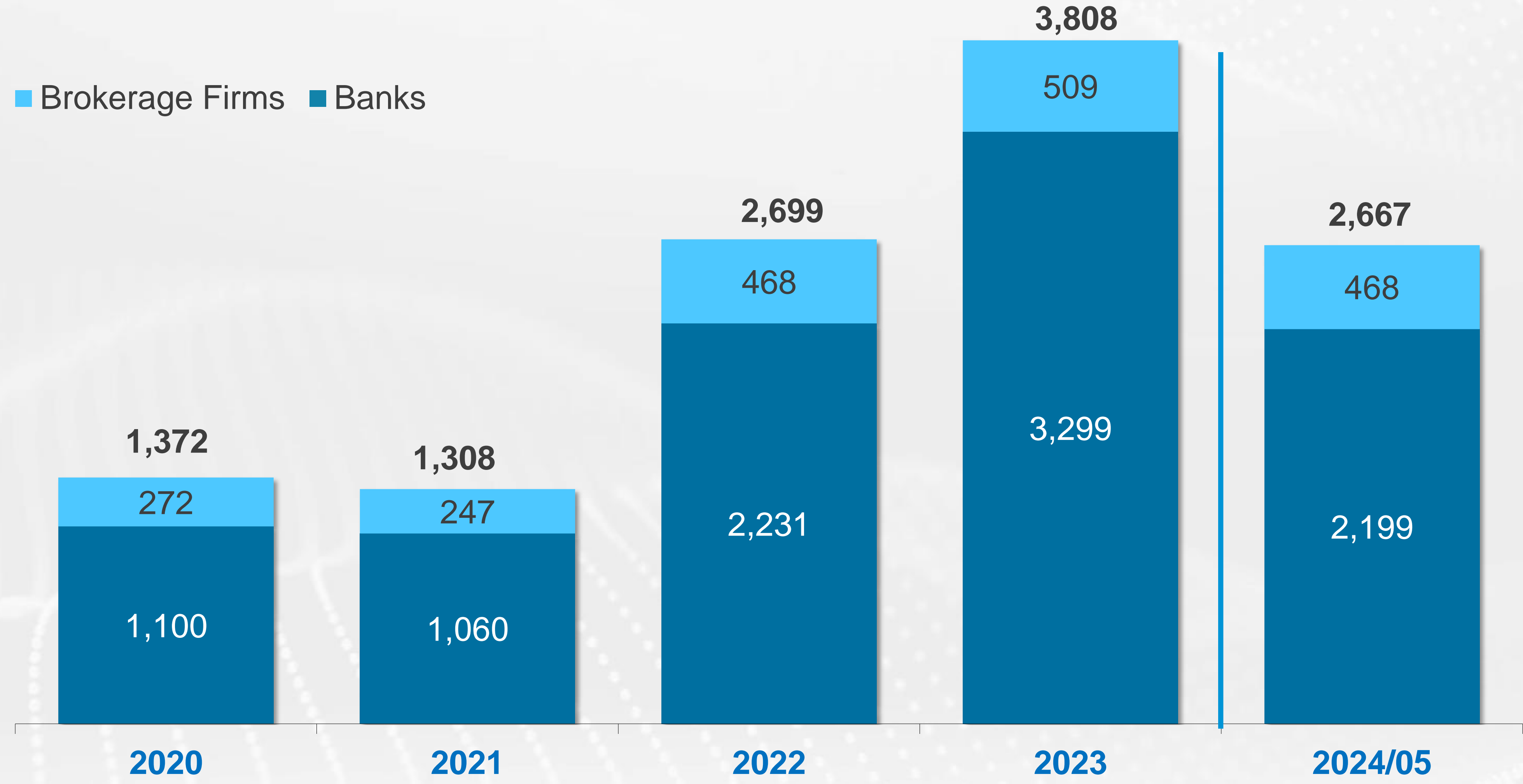
# CORPORATE DEBT SECURITIES ISSUANCE



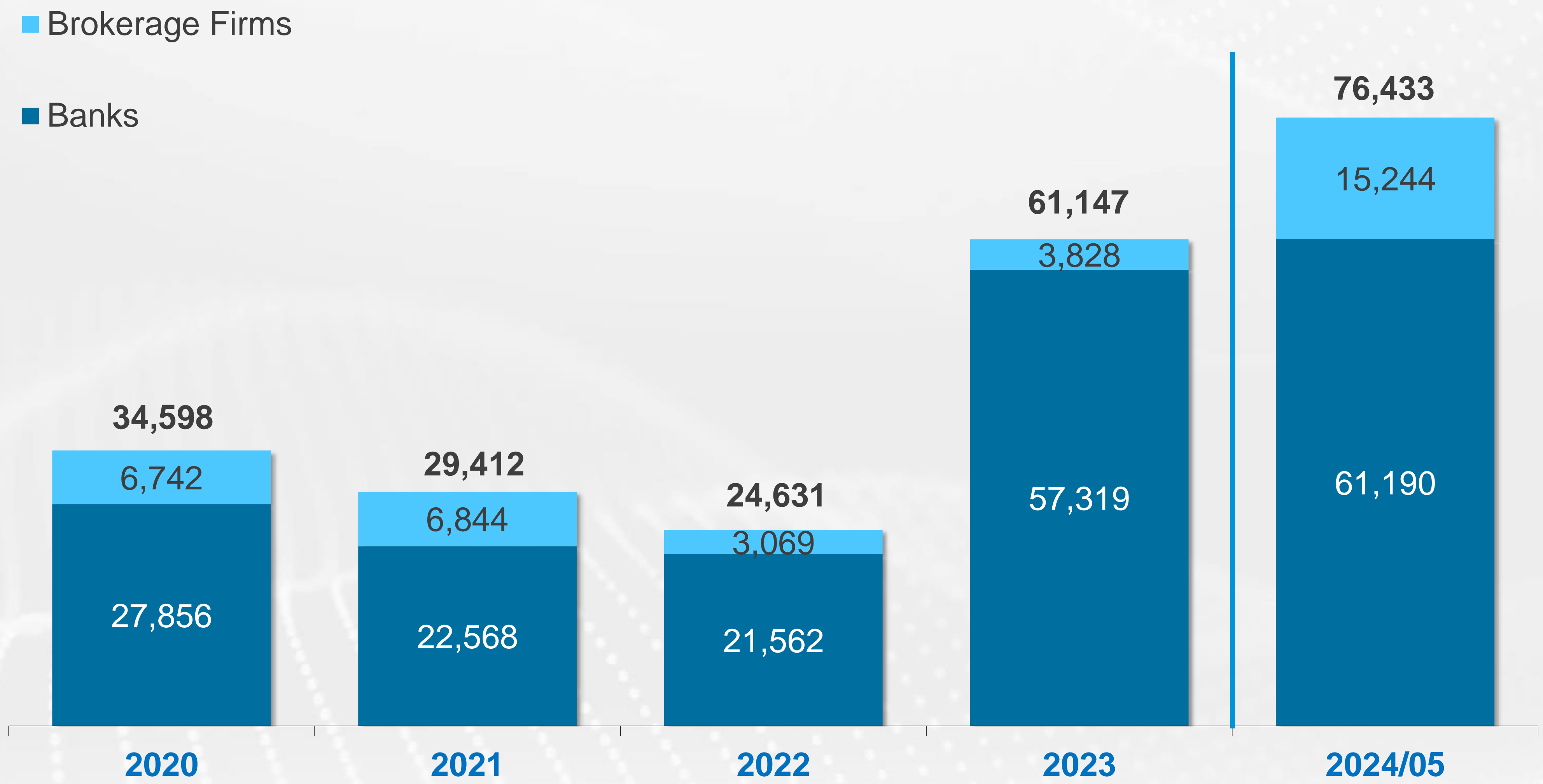
# INVESTMENT INSTITUTIONS



# FIXED INCOME TRADING VOLUME OF INTERMEDIARIES (BILLION TL)

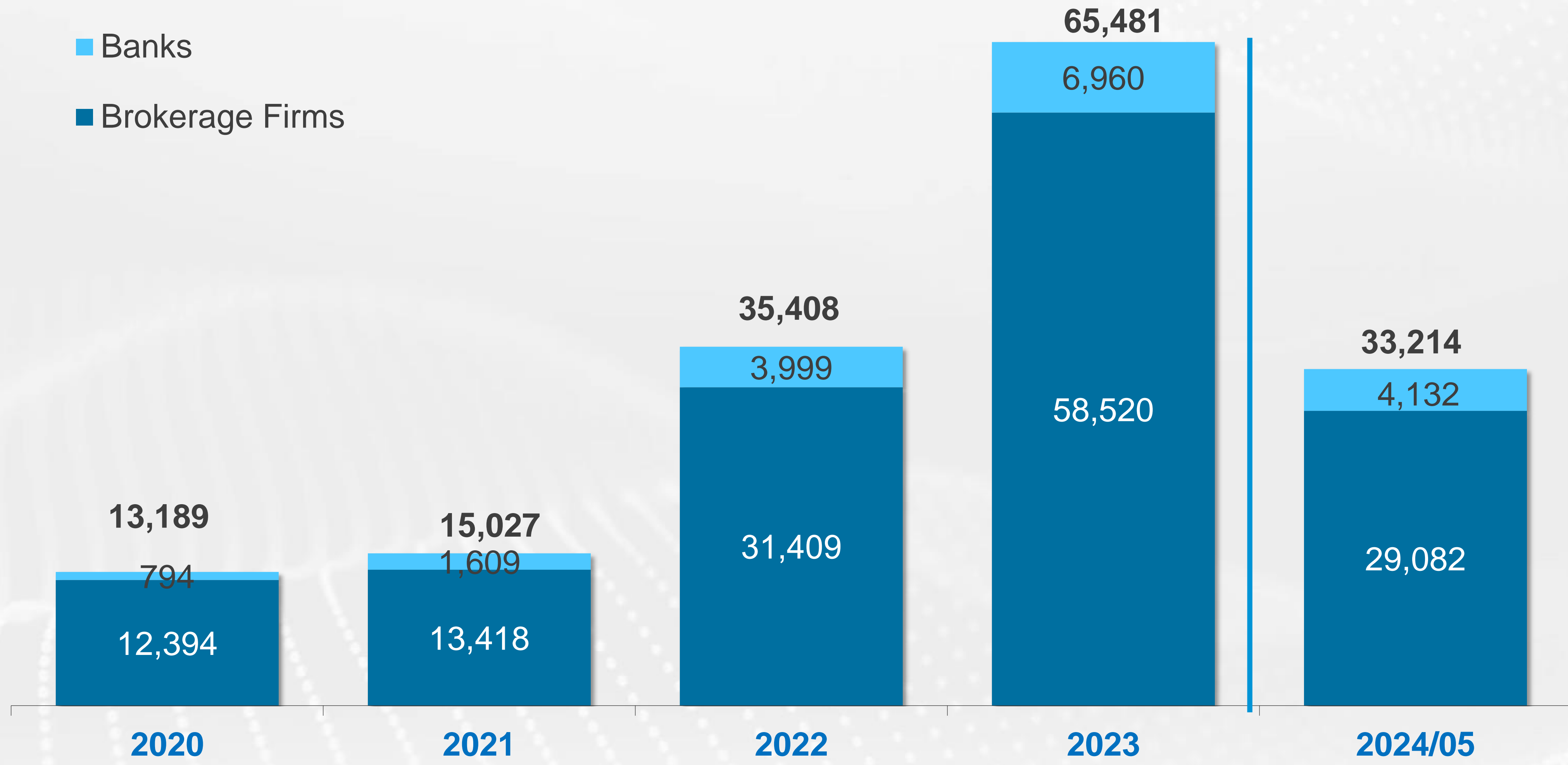


# REPO-REVERSE REPO TRADING VOLUME OF INTERMEDIARIES (BILLION TL)



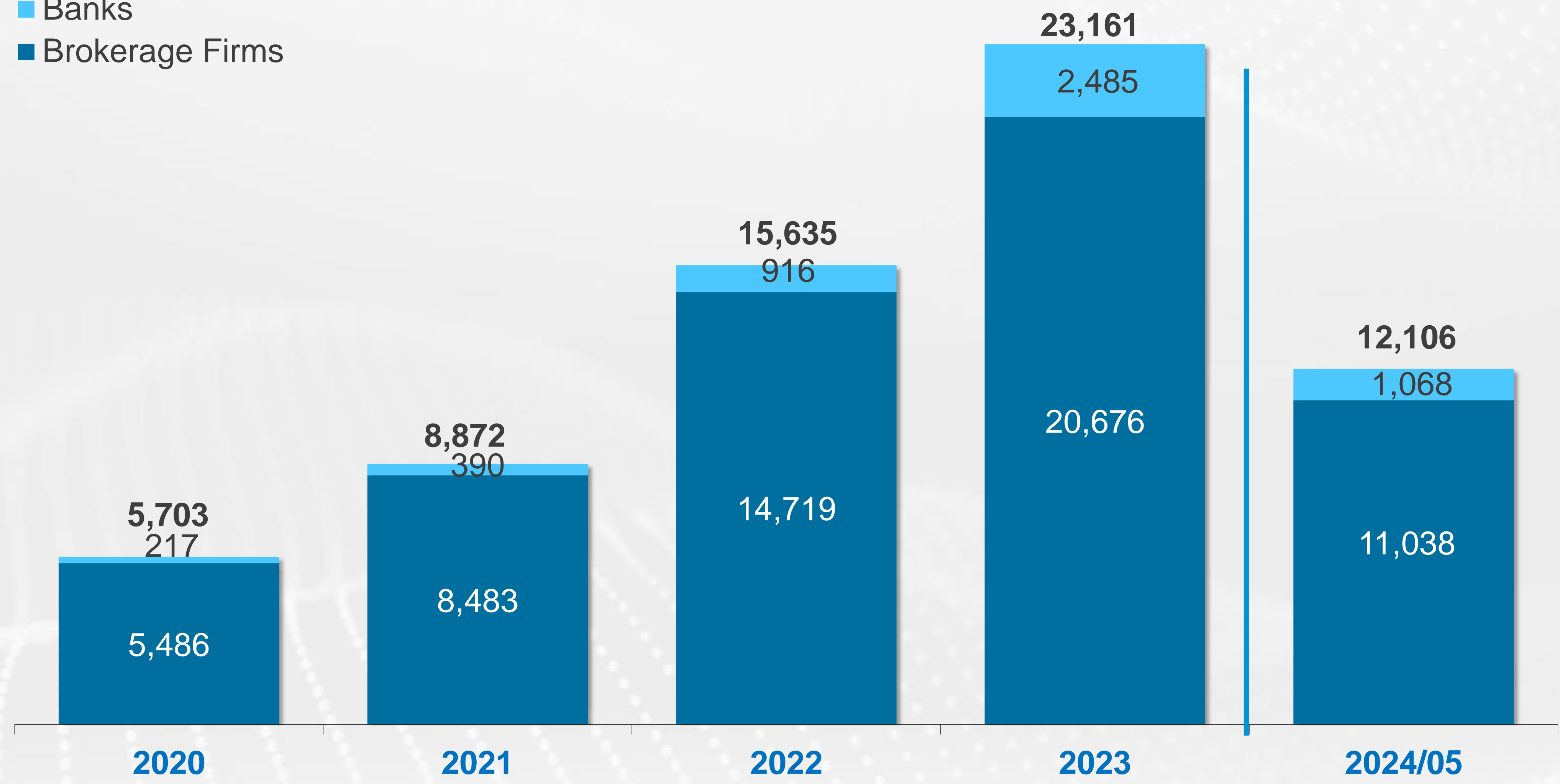
Excluding CBRT and Takasbank OTC transactions included, as of 30.04.2024

# EQUITY TRADING VOLUME OF INTERMEDIARIES (BILLION TL)



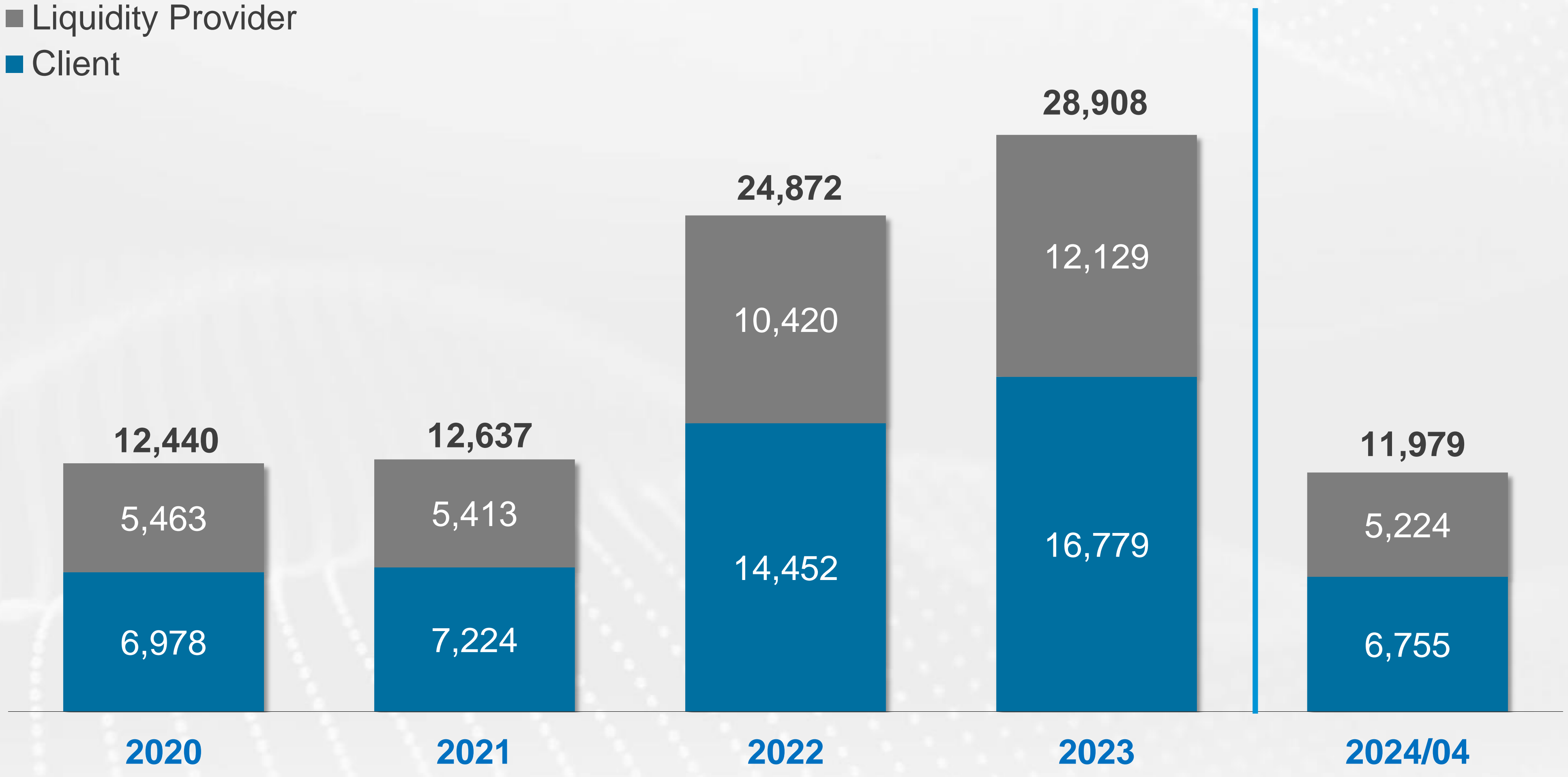
# FUTURES TRADING VOLUME OF INTERMEDIARIES (BILLION TL)

- Banks
- Brokerage Firms



# FOREX TRADING VOLUME (BILLION TL)

■ Liquidity Provider  
■ Client



# CONCENTRATION IN TRADING VOLUMES (2024/05)

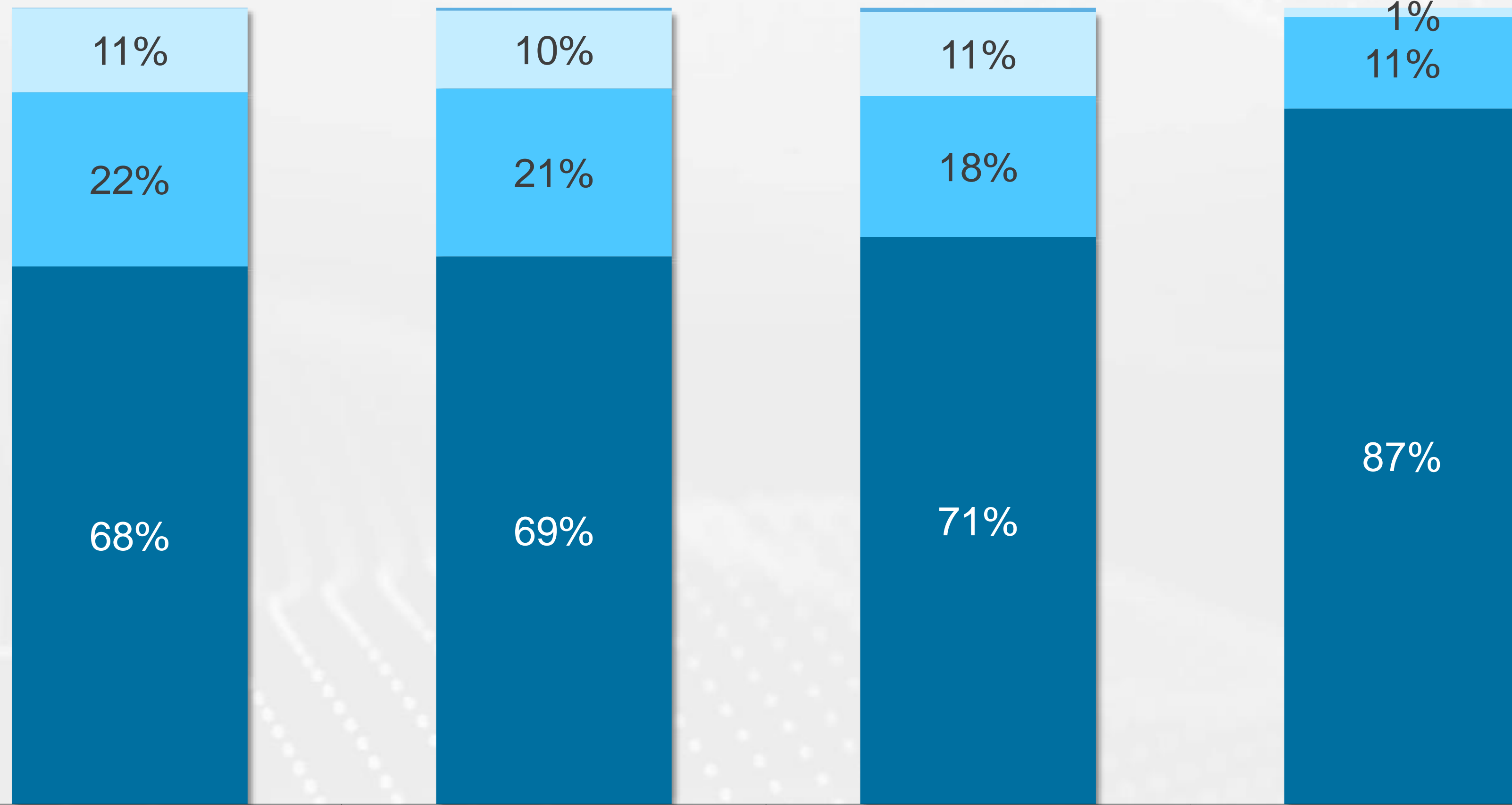
No. of Intermediaries

■ 51+

■ 21-50

■ 11-20

■ 1-10



Equity

Fixed Income

Futures

Forex (Customer)\*

## TOP 10 MEMBERS IN THE MARKETS (2024/05)

Equity Market		
1	YAPI KREDİ YATIRIM	14%
2	BANK OF AMERICA	12%
3	İŞ YATIRIM	10%
4	DENİZ YATIRIM	6%
5	GARANTİ YATIRIM	5%
6	İFO YATIRIM	5%
7	AK YATIRIM	5%
8	ZİRAAT YATIRIM	4%
9	VAKIF YATIRIM	4%
10	A1 CAPITAL	3%
Total (billion TL)		33,214

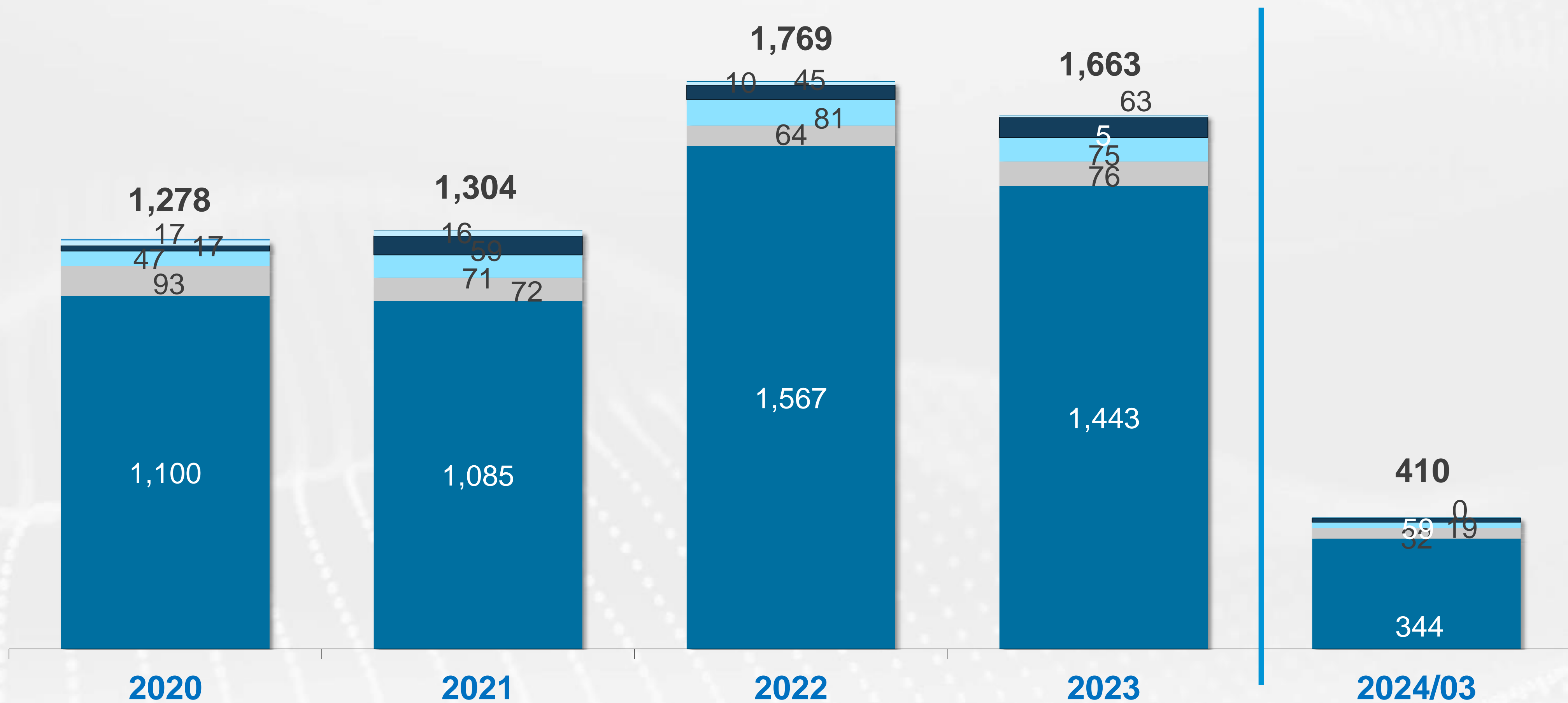
Futures Market		
1	YAPI KREDİ YATIRIM	24%
2	İŞ YATIRIM	10%
3	QNB FİNANS YATIRIM	7%
4	İFO YATIRIM	6%
5	BANK OF AMERICA	5%
6	AK YATIRIM	5%
7	DENİZ YATIRIM	4%
8	TEB YATIRIM	3%
9	GARANTİ YATIRIM	3%
10	TACİRLER MENKUL	3%
Total (billion TL)		12,106

Fixed Income Market*		
1	AKTİF YATIRIM BANKASI	12%
2	JPMORGAN	10%
3	TÜRKİYE VAKIFLAR BANKASI	8%
4	TÜRKİYE İŞ BANKASI	7%
5	HSBC BANK	7%
6	TÜRKİYE GARANTİ BANKASI	6%
7	DENİZBANK	6%
8	AKBANK	5%
9	FİNANSBANK	4%
10	ZİRAAT YATIRIM	3%
Total (trillion TL)		2,667

Forex Market (Customer)**		
1	GCM MENKUL	26%
2	MEKSA YATIRIM	18%
3	İFO YATIRIM	10%
4	AK YATIRIM	7%
5	INTEGRAL YATIRIM	7%
6	GEDİK YATIRIM	5%
7	TACİRLER MENKUL	4%
8	ALB MENKUL	4%
9	İŞ YATIRIM	3%
10	NOOR CAPITAL	3%
Total (billion TL)		6,755

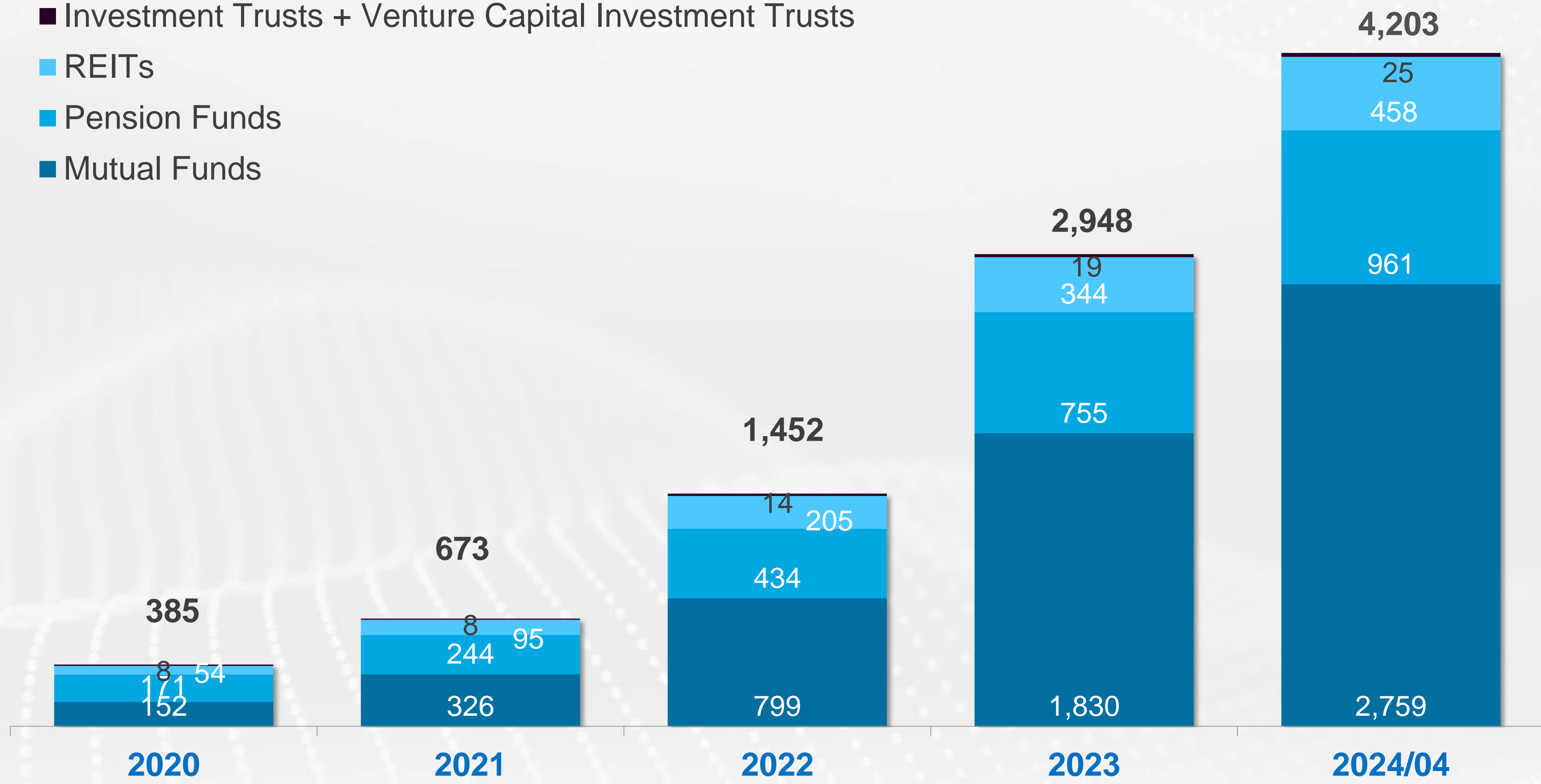
# NUMBER OF FINALIZED CORPORATE FINANCE DEALS (BROKERAGE FIRMS ONLY)

■ Other Financing ■ Privatization ■ M&A ■ IPO&SPO-Equities ■ Corporate Actions ■ Other Consultancy ■ Bond Issuance

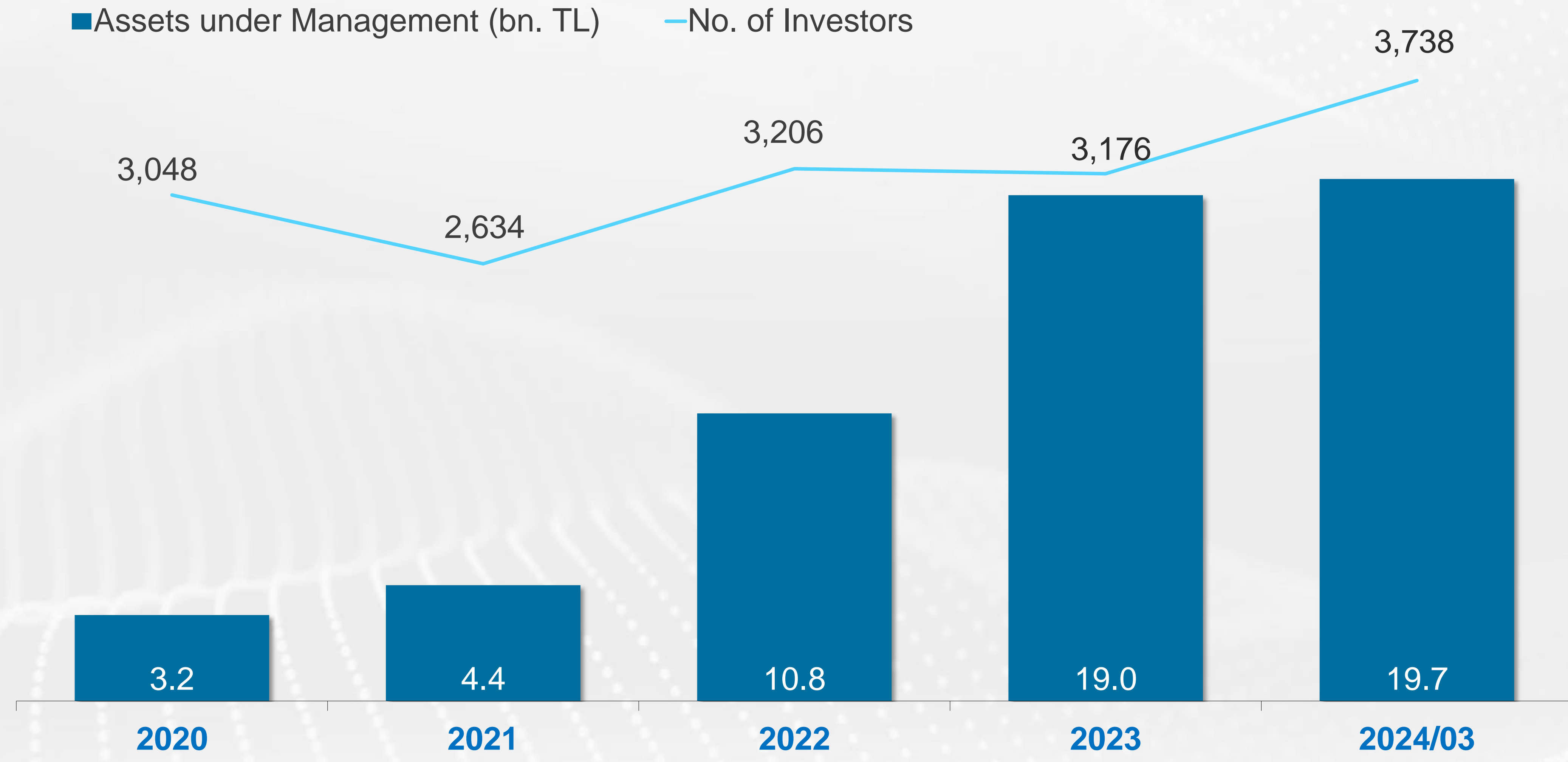


# INSTITUTIONAL INVESTMENTS (BILLION TL)

- Investment Trusts + Venture Capital Investment Trusts
- REITs
- Pension Funds
- Mutual Funds

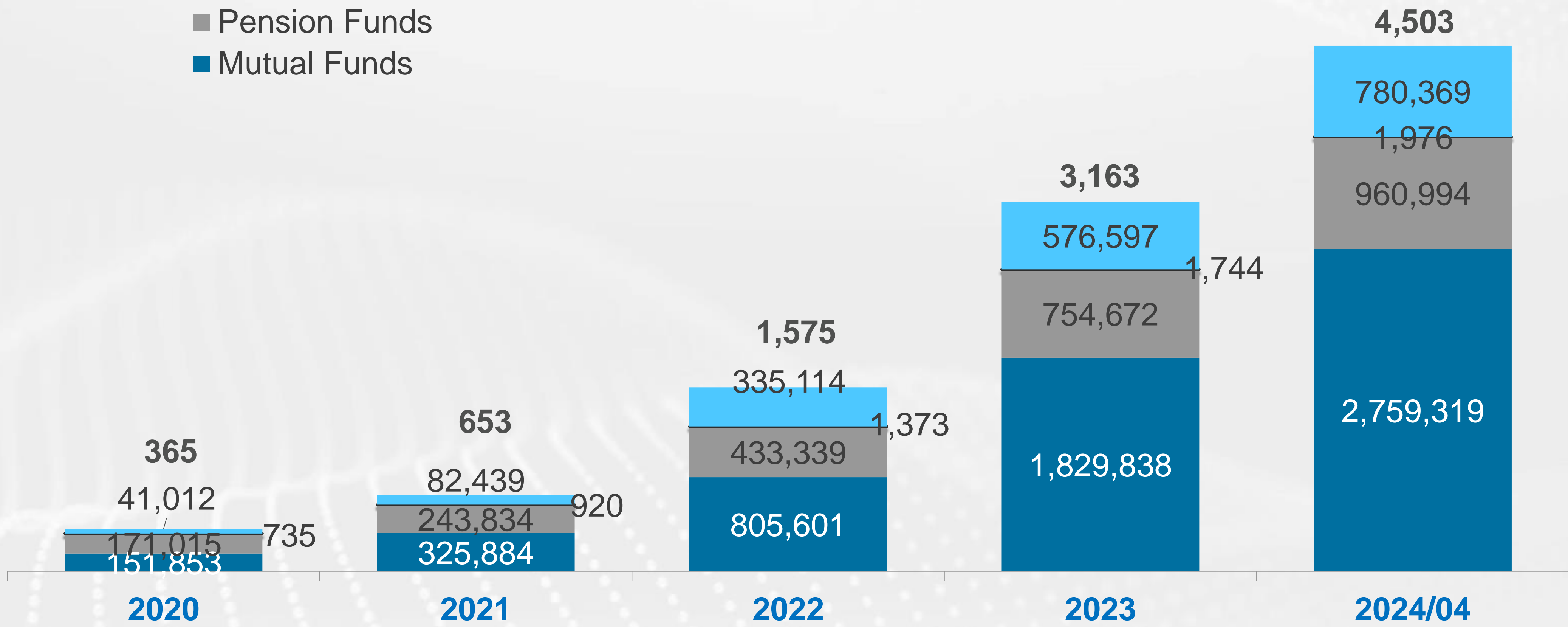


# ASSET MANAGEMENT BY BROKERAGE FIRMS



# ASSET MANAGEMENT BY ASSET MANAGEMENT COMPANIES (BILLION TL)

- Discretionary
- Investment Trust
- Pension Funds
- Mutual Funds



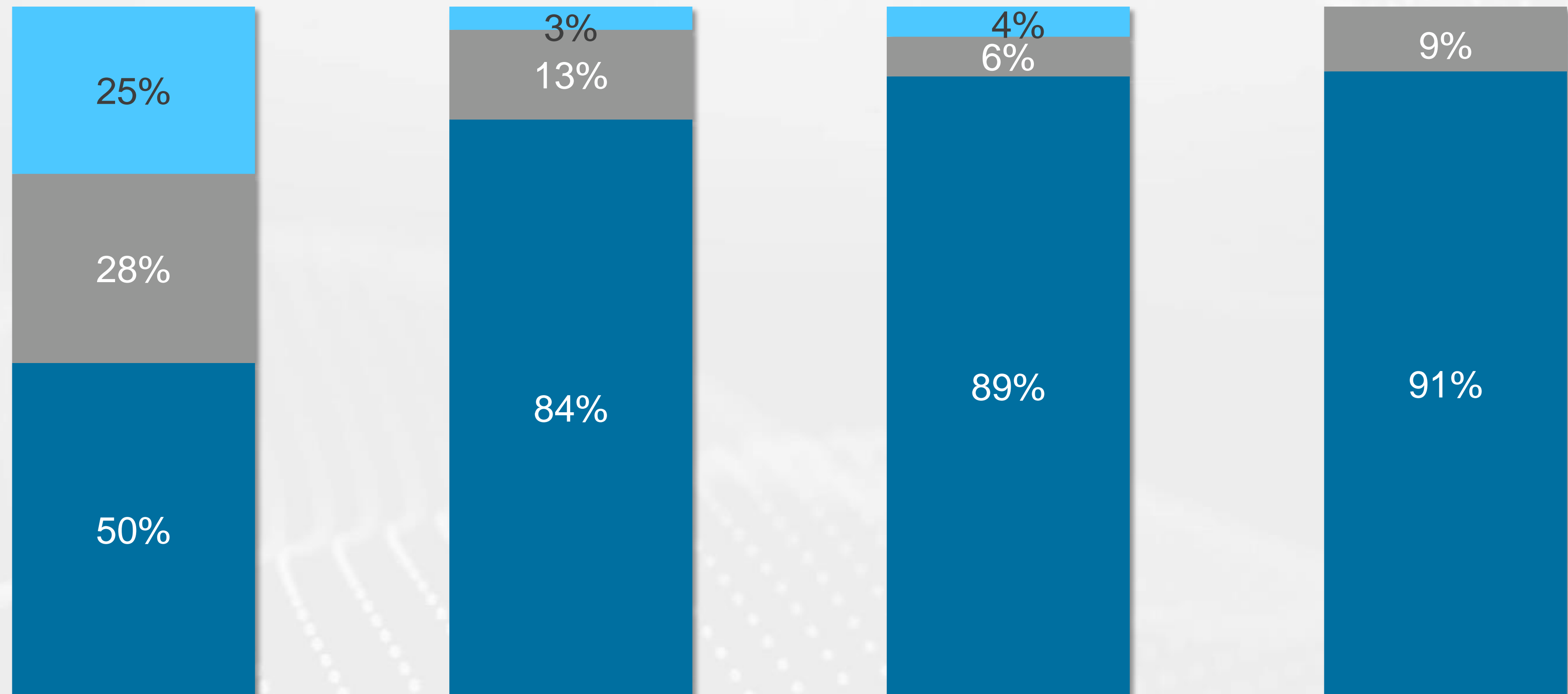
# CONCENTRATION IN ASSET MANAGEMENT FIRMS (2024/04)

Number of Asset Management Companies

■ 10+

■ 6-10

■ 1-5



Mutual Funds

Pension Funds

Discretionary Asset Man.

Investment Trusts

## TOP 5 MEMBERS IN ASSET MANAGEMENT ACTIVITIES (2024/04)

Mutual Funds		
1	AK PORTFÖY	13%
2	İŞ PORTFÖY	10%
3	ZİRAAT PORTFÖY	10%
4	GARANTİ PORTFÖY	9%
5	DENİZ PORTFÖY	9%
Total (billion TL)		2,759.3

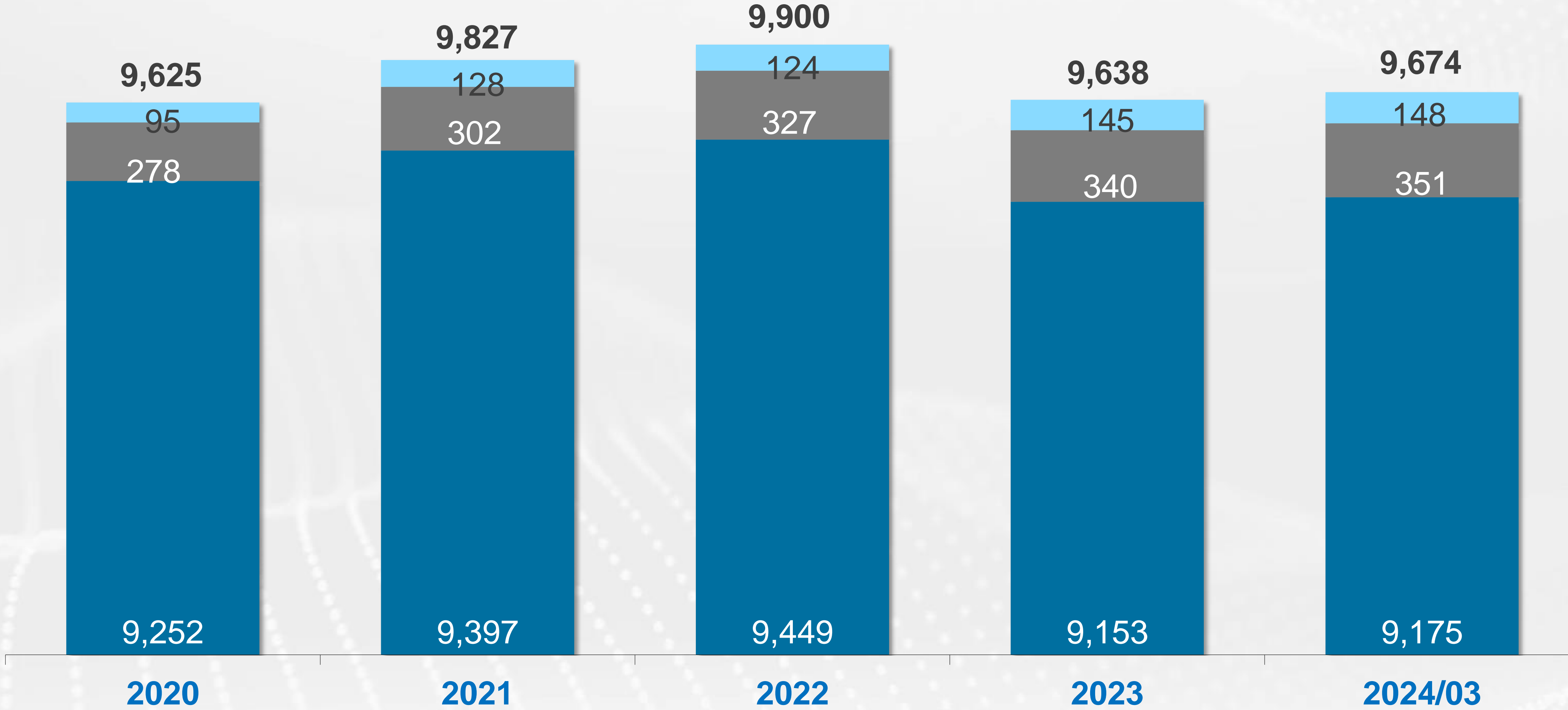
Pension Funds		
1	ZİRAAT PORTFÖY	21%
2	AK PORTFÖY	18%
3	İŞ PORTFÖY	18%
4	GARANTİ PORTFÖY	15%
5	YAPI KREDİ PORTFÖY	12%
Total (billion TL)		961.0

Discretionary Asset Management		
1	ZİRAAT PORTFÖY	54%
2	AZİMUT PORTFÖY	16%
3	AK PORTFÖY	10%
4	İSTANBUL PORTFÖY	5%
5	İŞ PORTFÖY	5%
Total (billion TL)		780.4

Investment Trusts		
1	METRO PORTFÖY	34%
2	İŞ PORTFÖY	21%
3	LOGOS PORTFÖY	19%
4	ATLAS PORTFÖY	9%
5	HEDEF PORTFÖY	6%
Total (billion TL)		1.98

# BROKERAGE FIRMS' BRANCH NETWORK

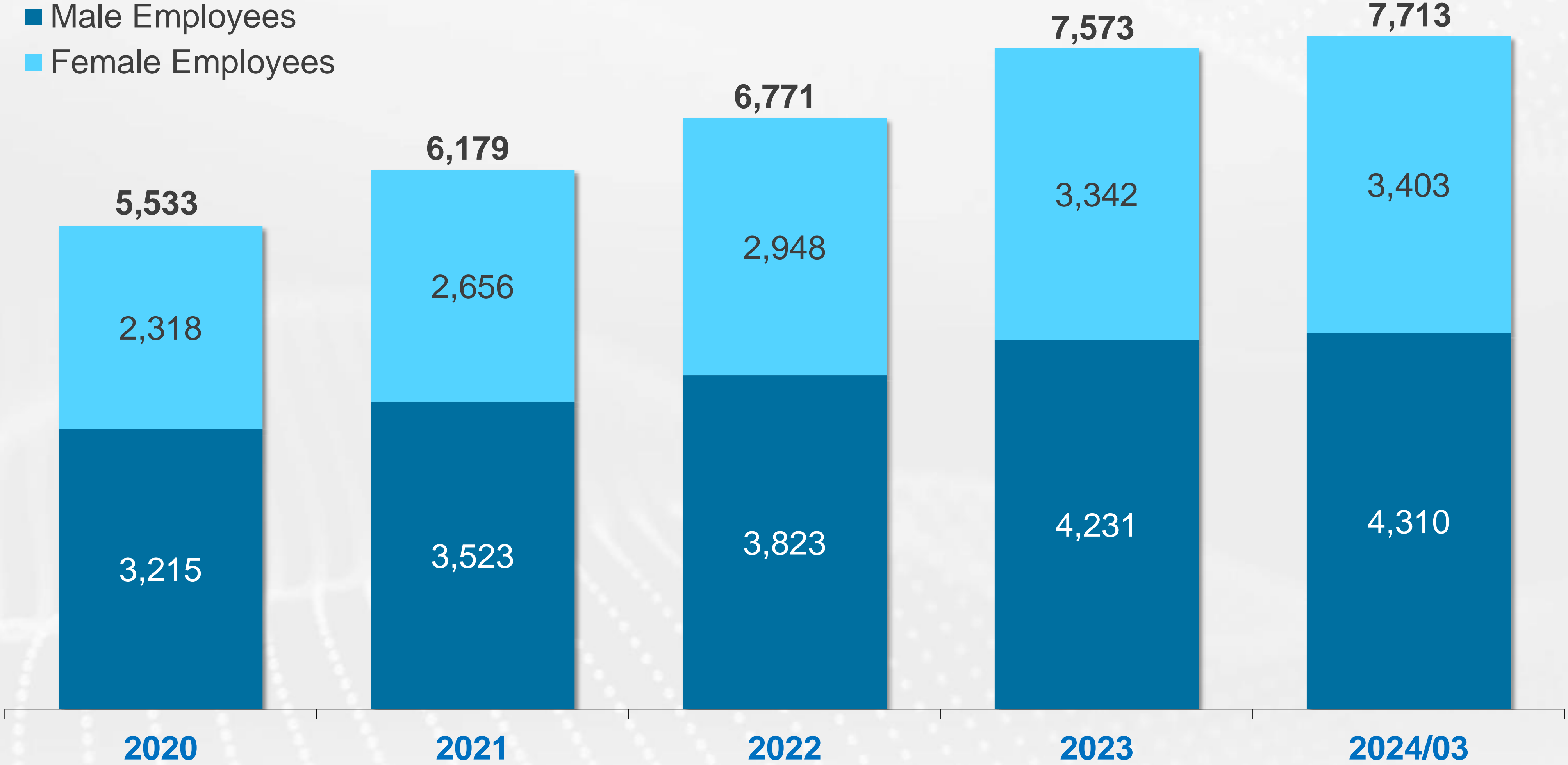
■ Bank Branches ■ Branches ■ Rep. Offices



Source: TCMA

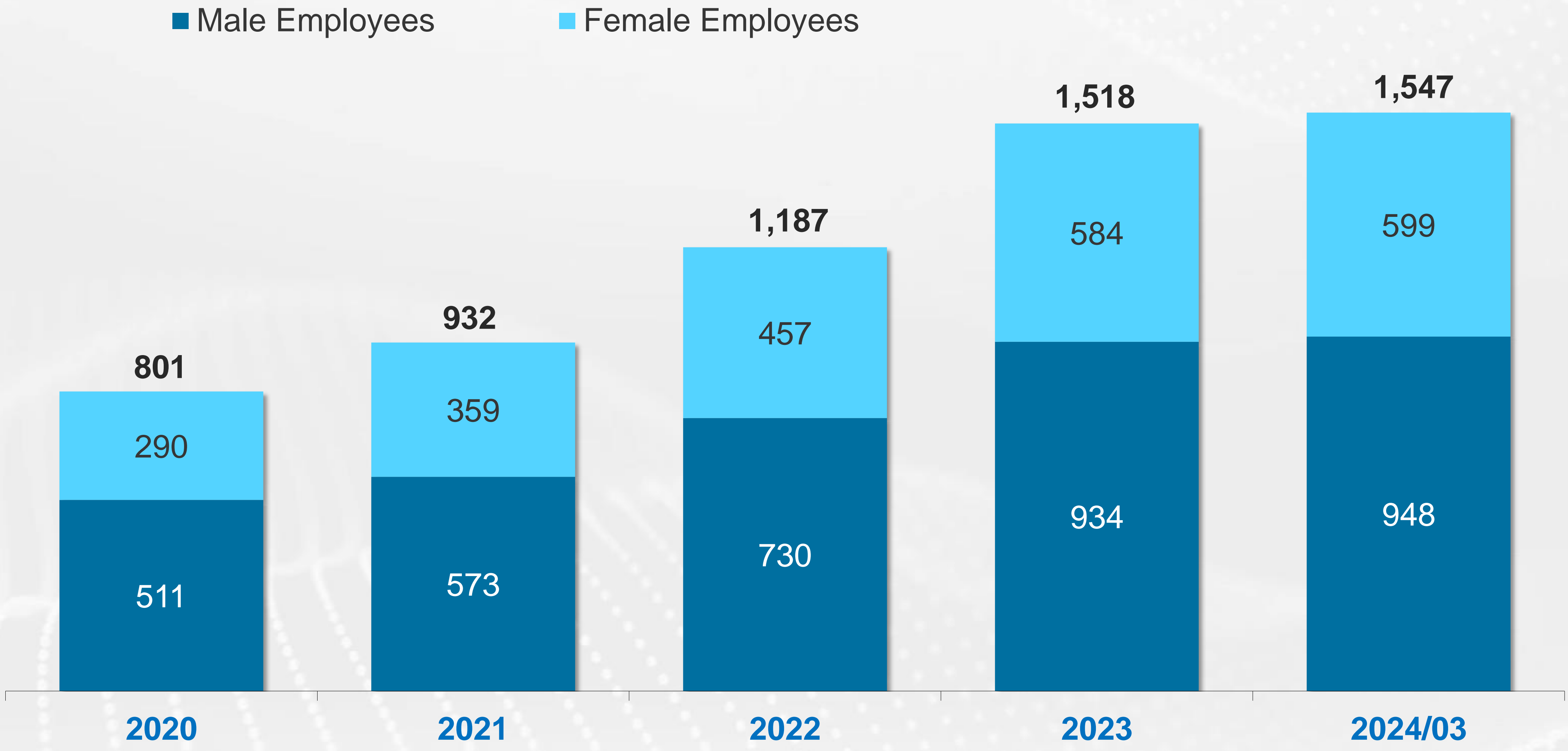
# BROKERAGE FIRMS' EMPLOYEES

- Male Employees
- Female Employees



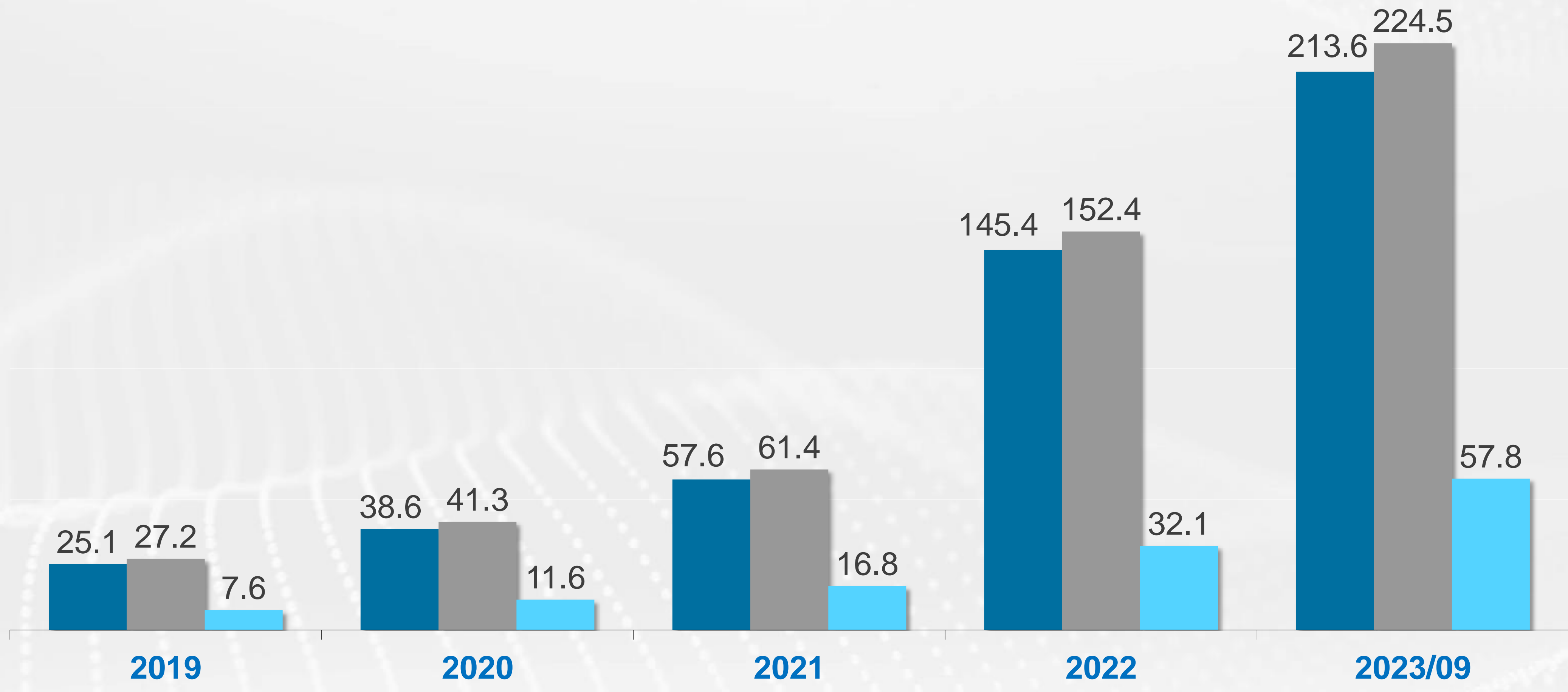
Source: TCMA

# ASSET MANAGEMENT COMPANIES' EMPLOYEES



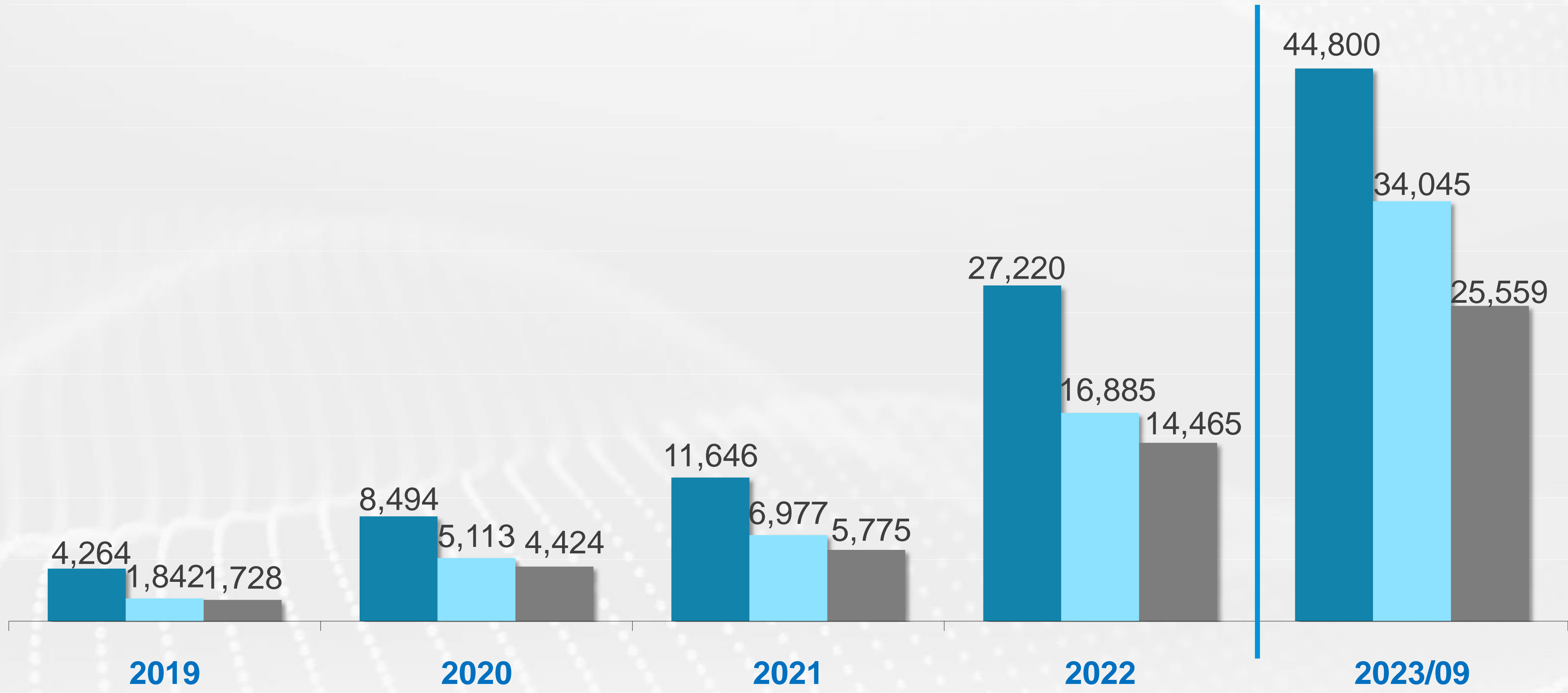
# BALANCE SHEET OF BROKERAGE FIRMS (BILLION TL)

■ Current Assets ■ Total Assets ■ Shareholders' Equity



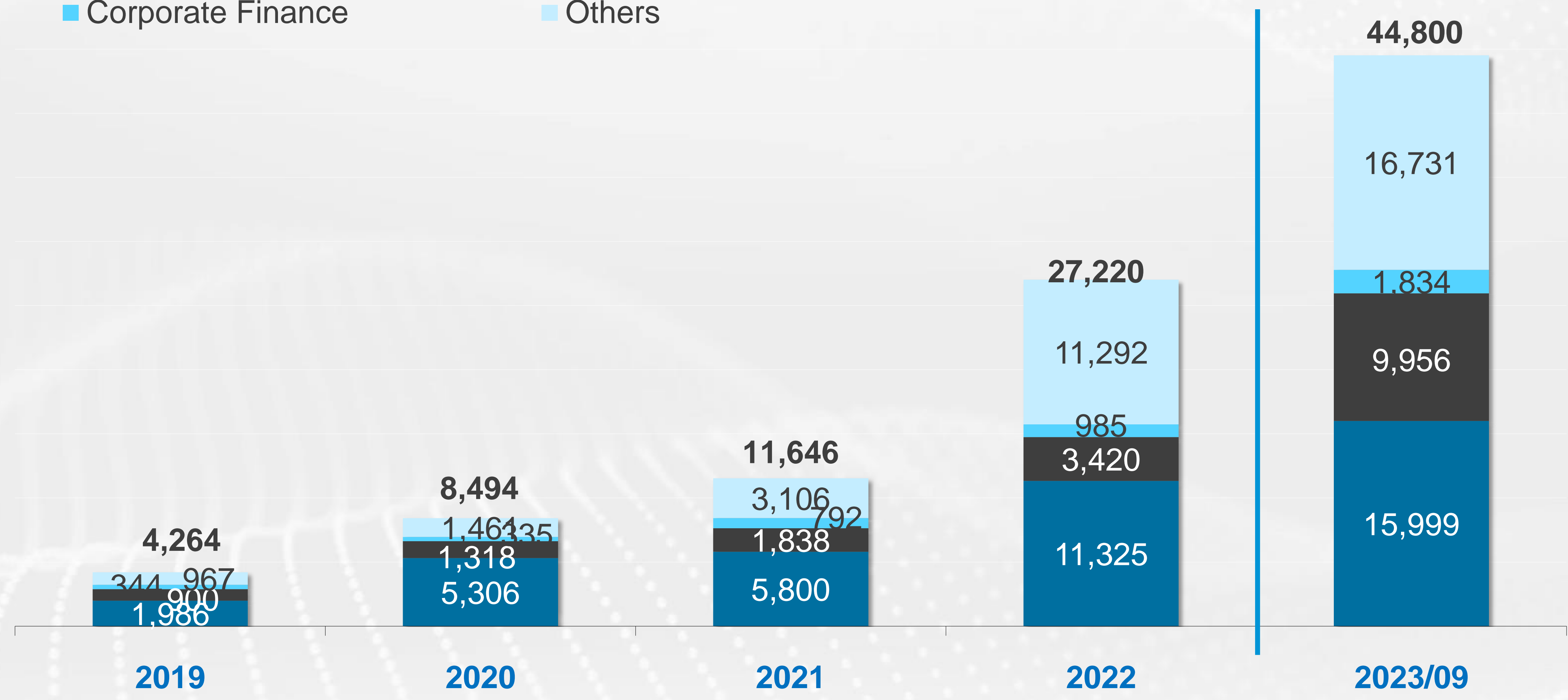
# INCOME STATEMENT OF BROKERAGE FIRMS (MILLION TL)

■ Total Revenues   ■ Operating Profit   ■ Net Profit

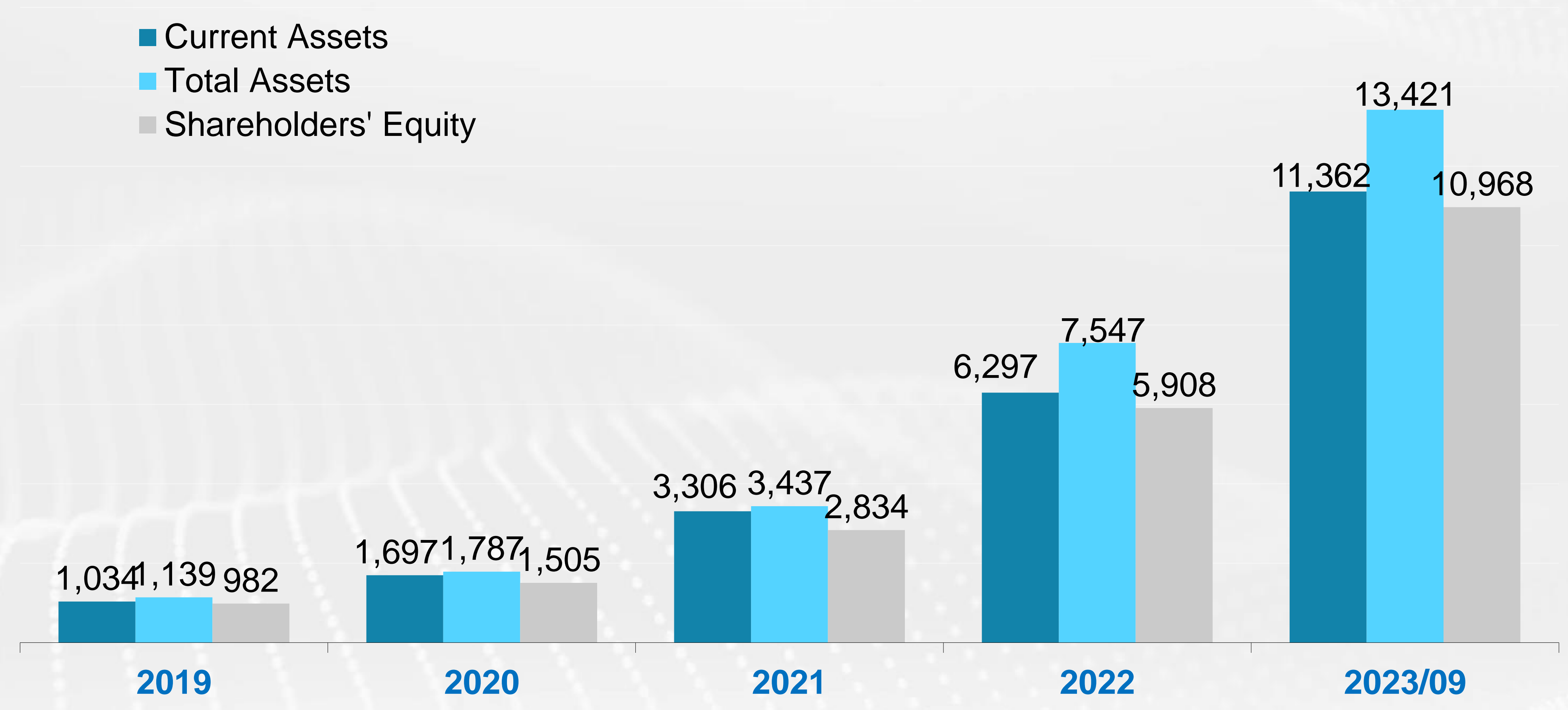


# BREAKDOWN OF BROKERAGE FIRMS' REVENUES (MILLION TL)

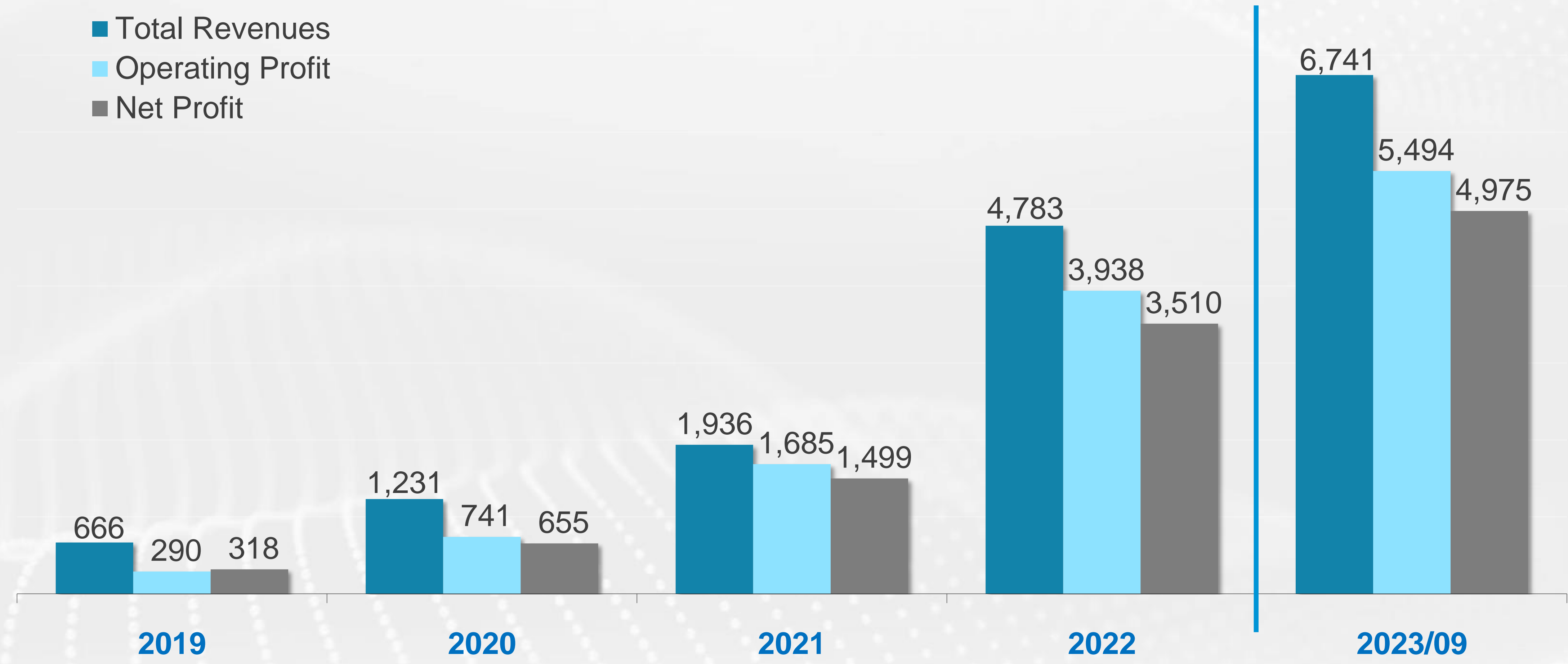
- Brokerage Commissions
- Proprietary Trading Profits
- Corporate Finance
- Others



# BALANCE SHEET OF ASSET MANAGEMENT COMPANIES (BILLION TL)

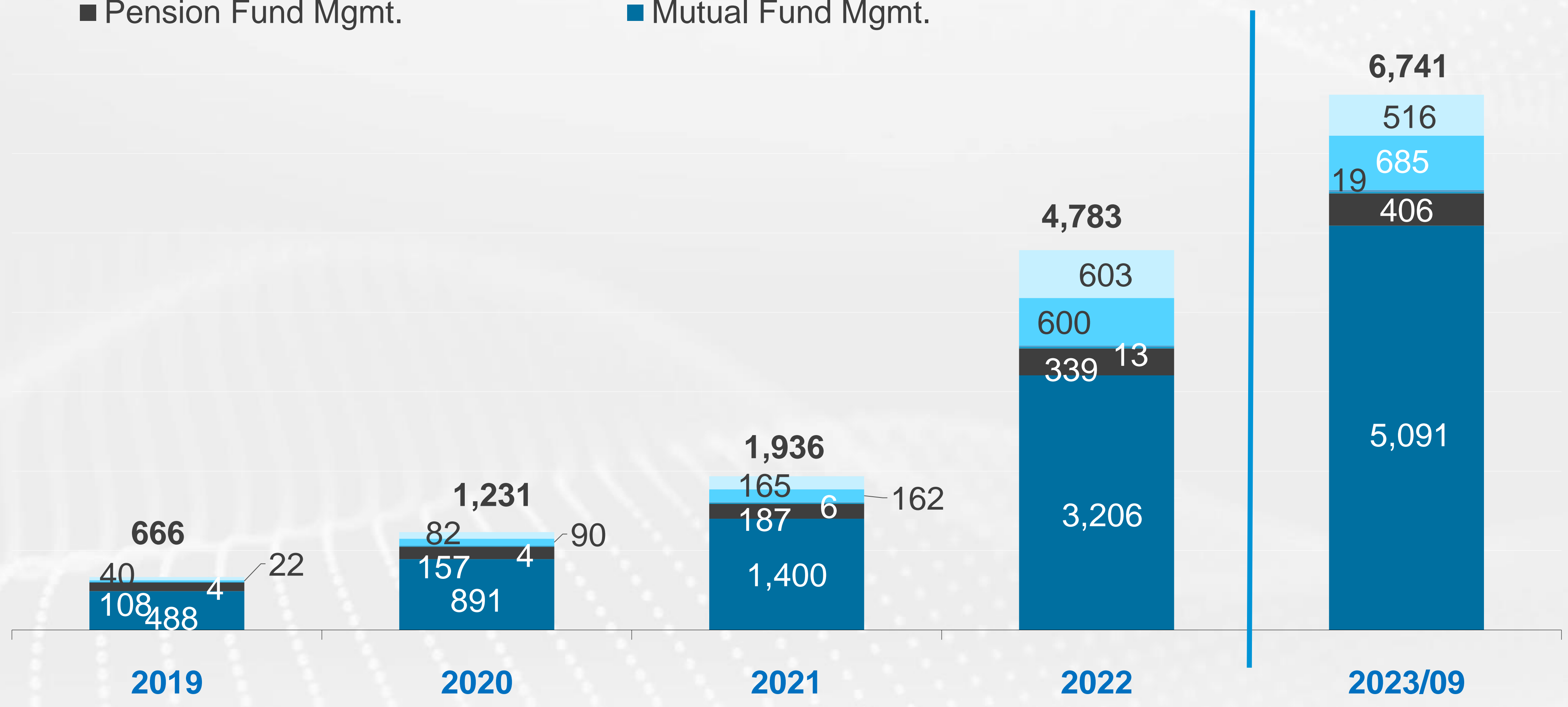


# INCOME STATEMENT OF ASSET MANAGEMENT COMPANIES (MILLION TL)



# BREAKDOWN OF ASSET MANAGEMENT COMPANIES' REVENUES (MILLION TL)

- Discretionary Asset Mgmt.
- Financial Advisory
- Pension Fund Mgmt.
- Other
- Investment Trust Mgmt.
- Mutual Fund Mgmt.

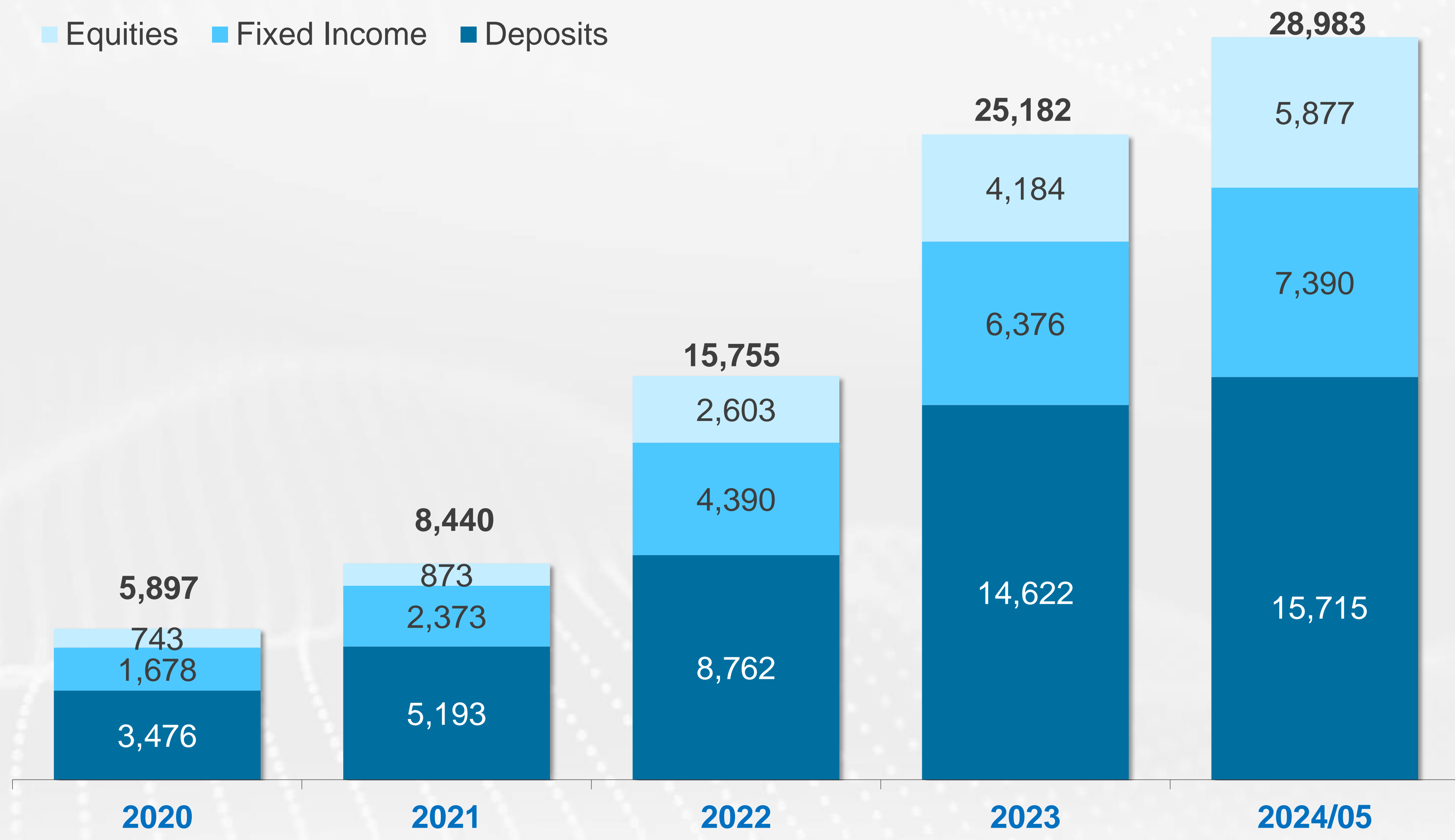


# INVESTOR PROFILE



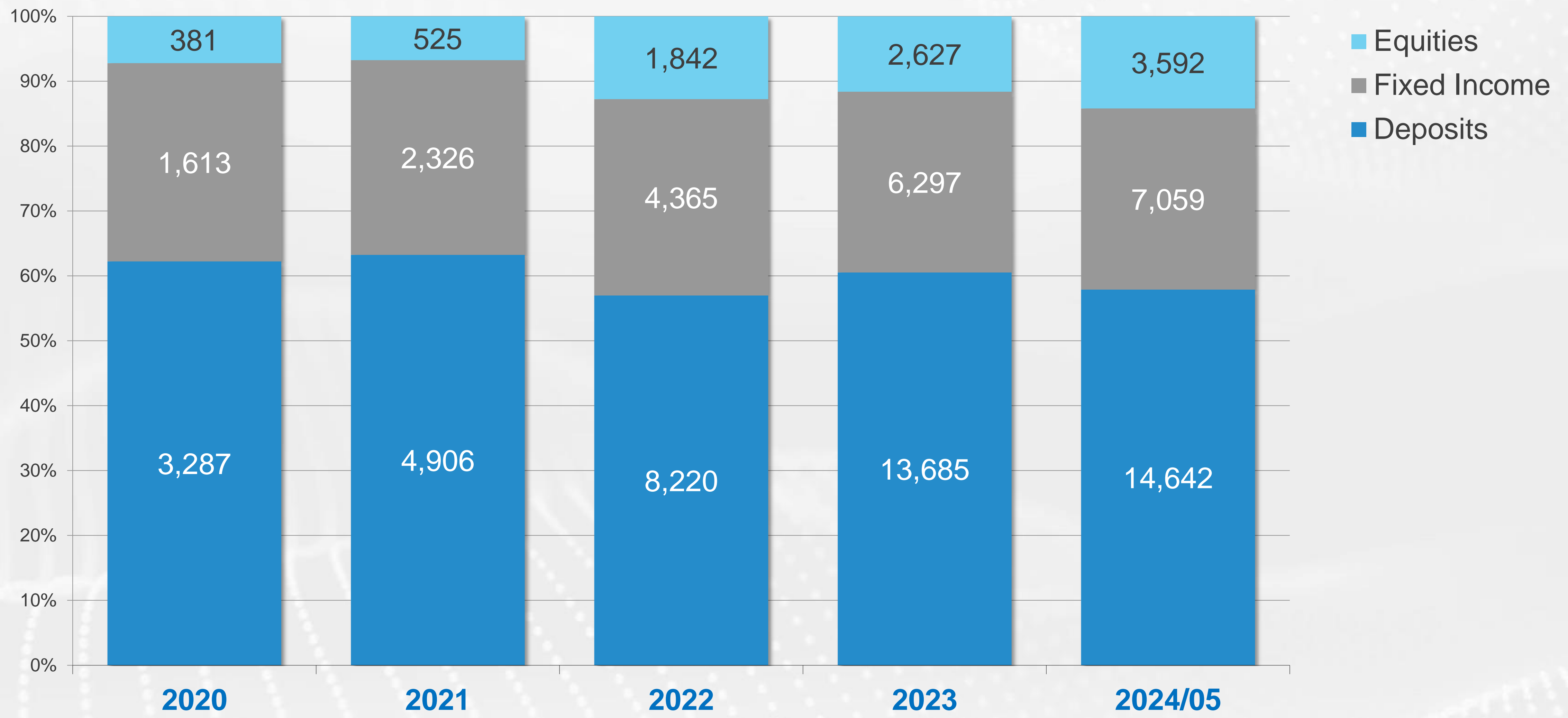
# BREAKDOWN OF TOTAL SAVINGS (BILLION TL)

■ Equities 
 ■ Fixed Income 
 ■ Deposits



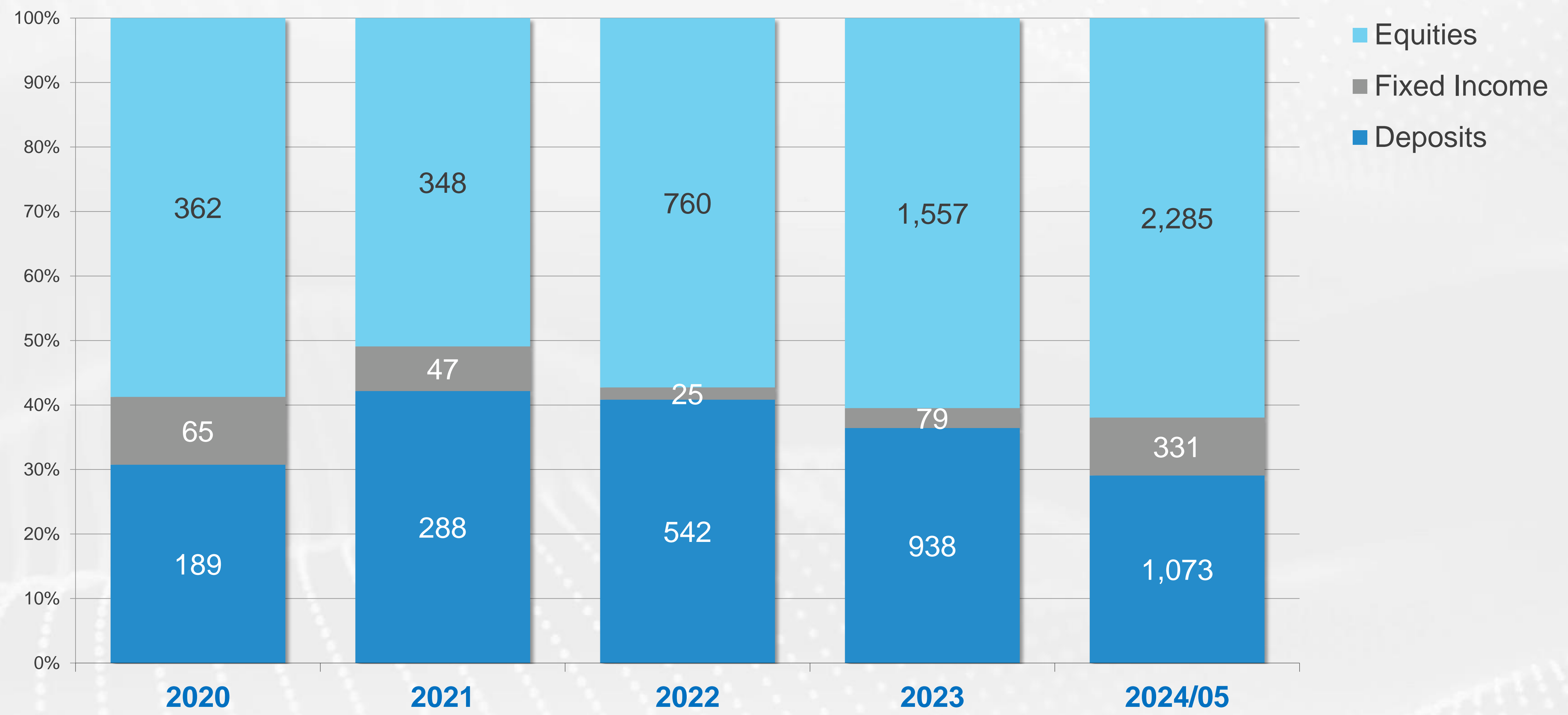
Source: BRSA, MKK, TCMA estimates

# SAVINGS OF DOMESTIC INVESTORS (% , BILLION TL)



Source: BRSA, MKK, TCMA estimates

# SAVINGS OF FOREIGN INVESTORS (% , BILLION TL)

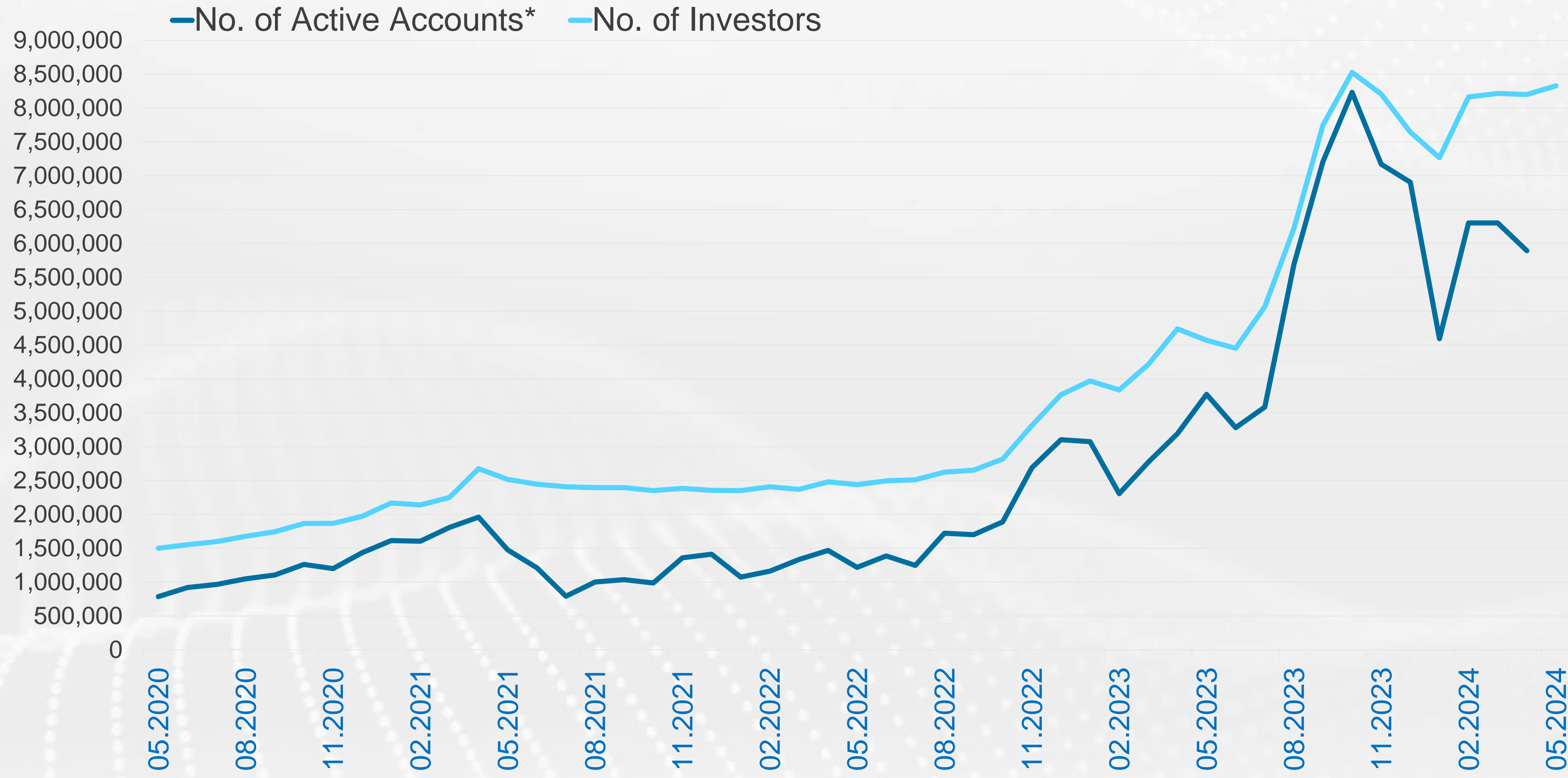


Source: BRSA, MKK, TCMA estimates

# NUMBER OF EQUITY INVESTORS

<b>Number of Equity Investors</b>					
<b>(thousand)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024/05</b>
<b>Domestic Investors</b>	<b>1,977.0</b>	<b>2,341.9</b>	<b>3,766.4</b>	<b>7,614.9</b>	<b>8,296.3</b>
Domestic Individuals	1,970.4	2,333.6	3,757.3	7,604.4	8,285.5
Domestic Corporations	5.7	7.4	8.0	9.3	9.4
Domestic Other	0.8	0.9	1.1	1.3	1.4
<b>Foreign Investors</b>	<b>12.0</b>	<b>13.1</b>	<b>17.0</b>	<b>28.9</b>	<b>31.9</b>
Foreign Individuals	9.2	10.7	14.8	26.6	29.5
Foreign Corporations	1.3	1.2	1.1	1.1	1.1
Foreign Other	1.5	1.3	1.2	1.3	1.3
<b>Total</b>	<b>1,988.9</b>	<b>2,355.1</b>	<b>3,783.5</b>	<b>7,643.9</b>	<b>8,328.2</b>

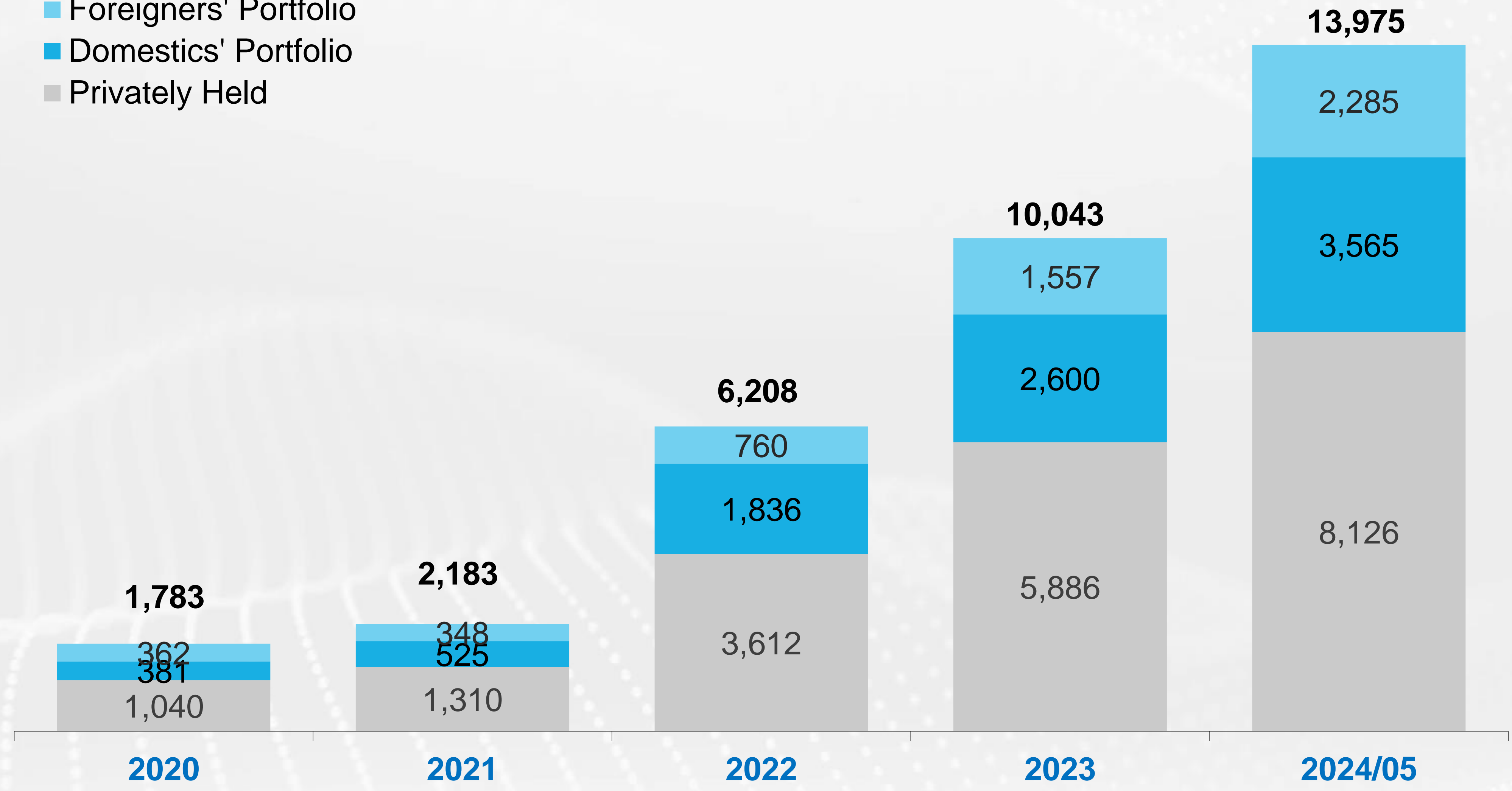
# NUMBER OF EQUITY INVESTORS



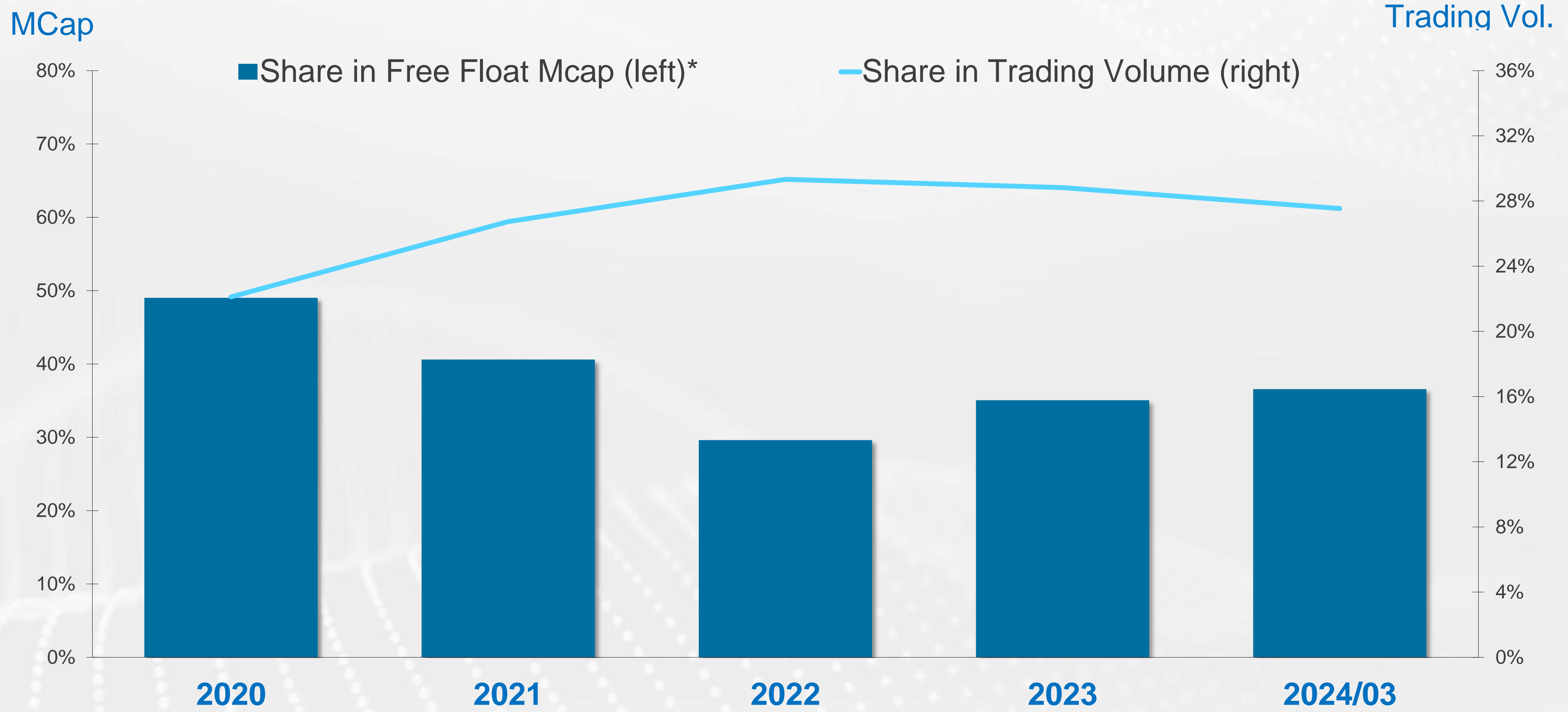
\*No. of Active Accounts: Accounts with at least one order execution per month  
 Double counting due to investors with accounts in multiple brokers

# BREAKDOWN OF MARKET CAPITALIZATION (BILLION TL)

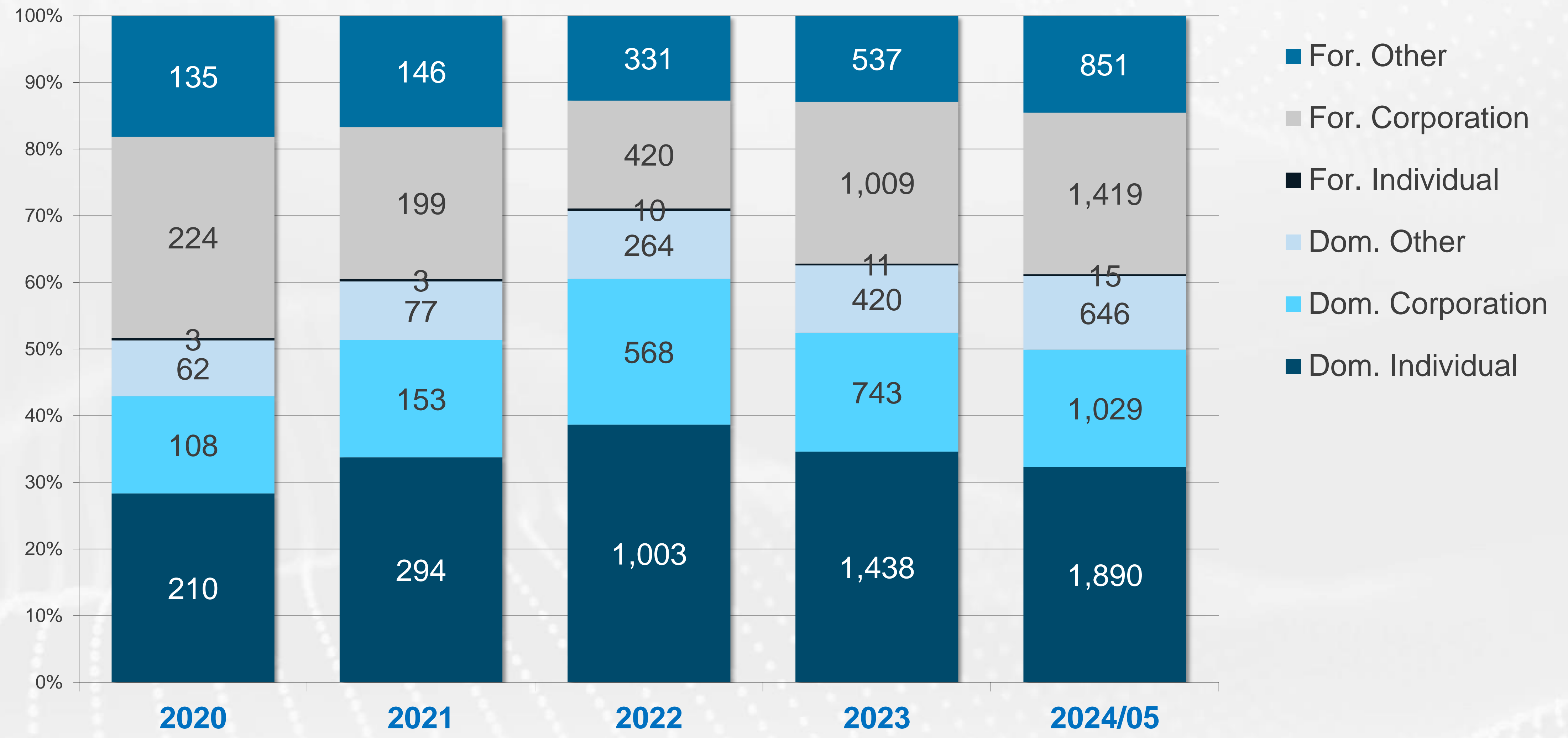
- Foreigners' Portfolio
- Domestics' Portfolio
- Privately Held



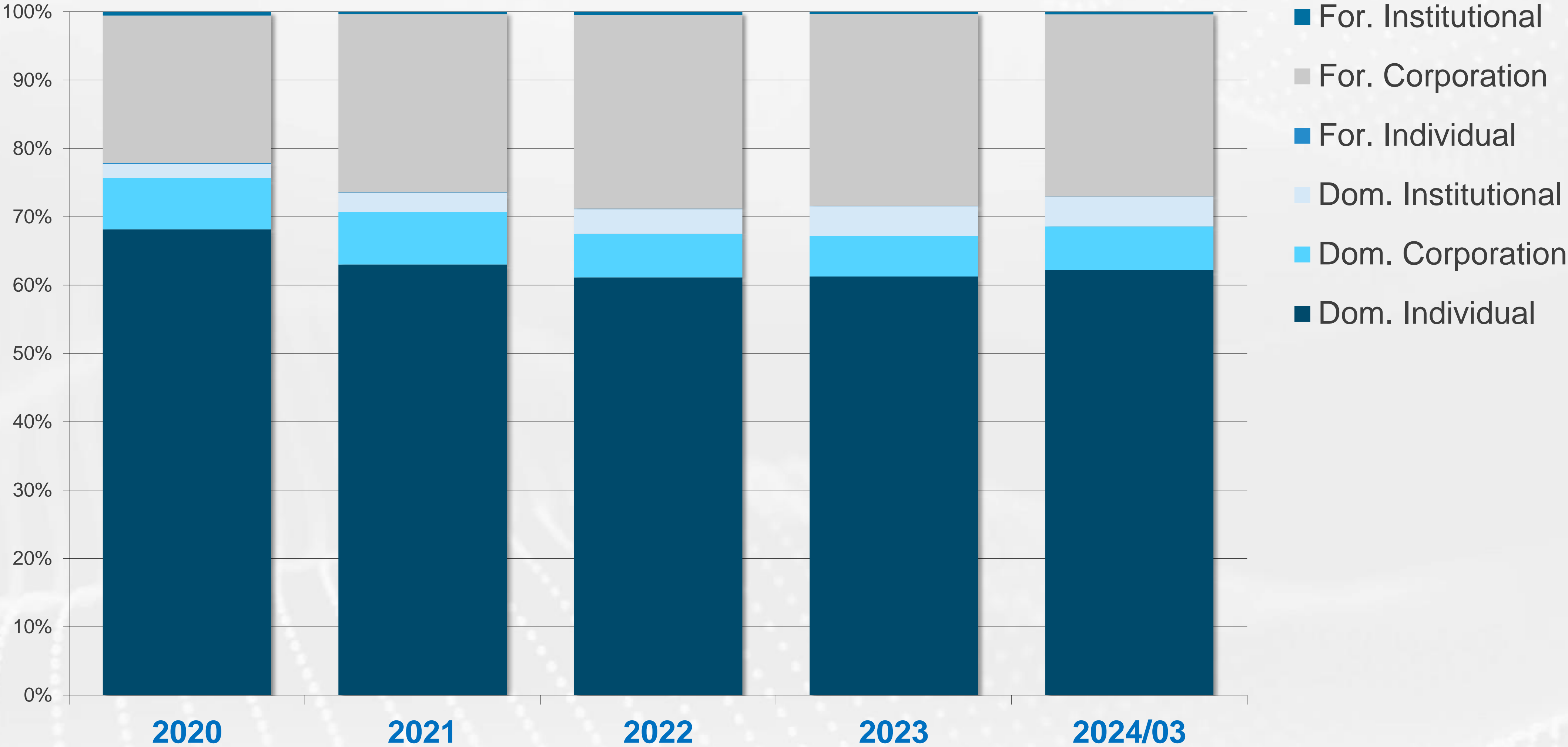
# SHARE OF FOREIGN INVESTORS



# EQUITY OWNERSHIP ACCORDING TO INVESTOR CATEGORIES (% , BILLION TL)



# EQUITY TRADING VOLUME BY INVESTOR CATEGORIES

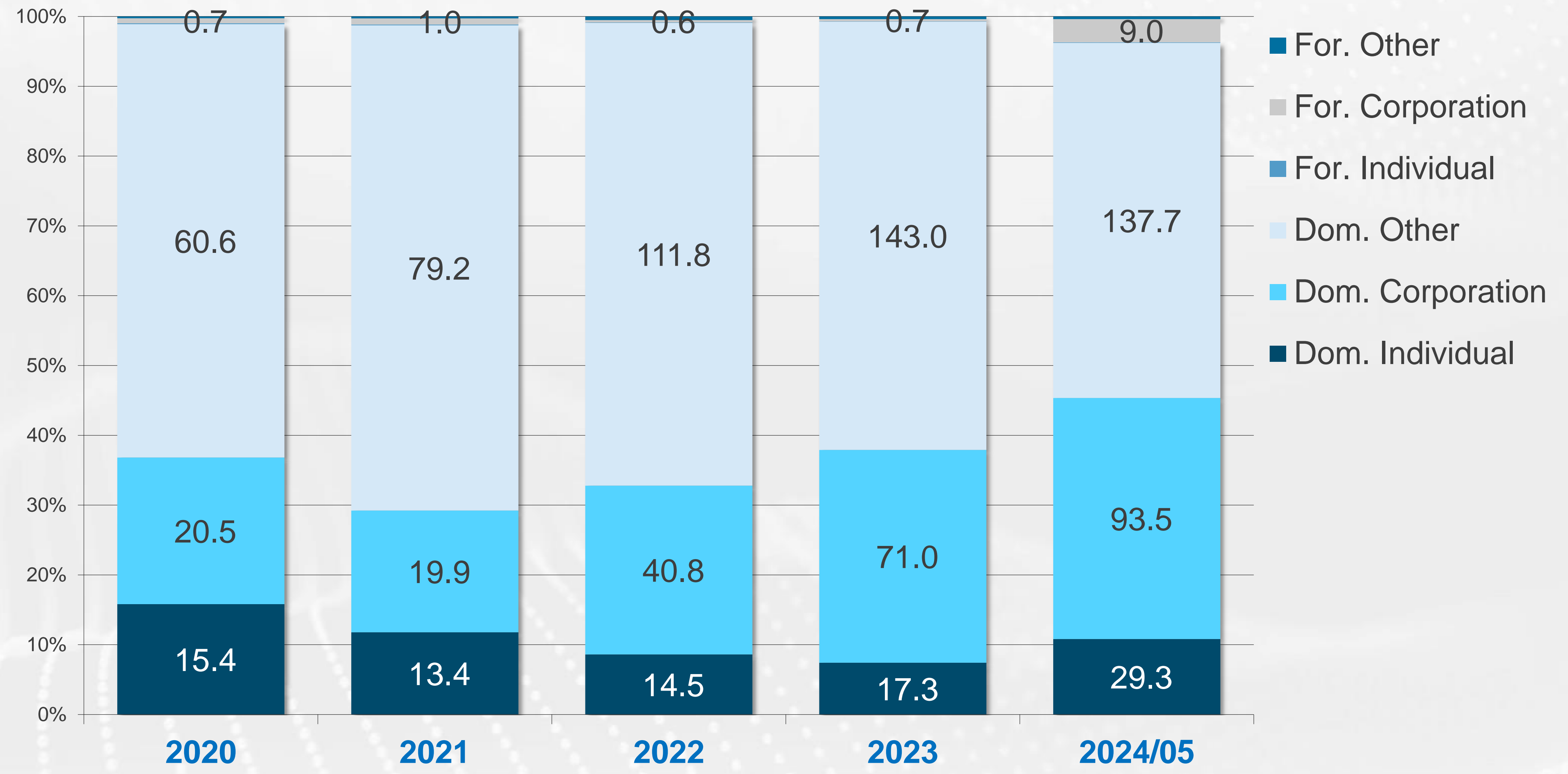


Source: TCMA

# NUMBER OF CORPORATE BOND INVESTORS

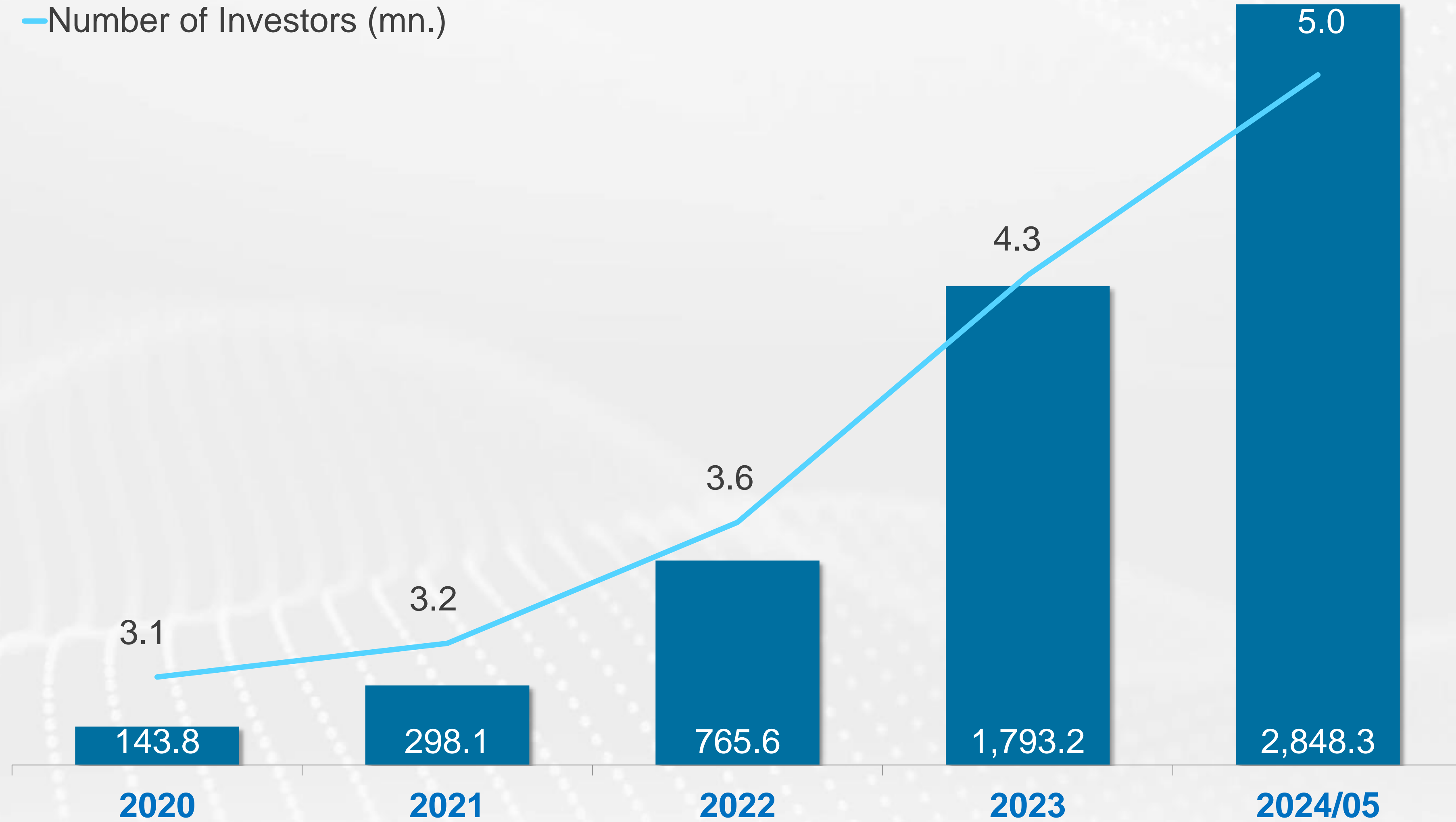
Number of Corporate Bond Investors		2020	2021	2022	2023	2024/05
<b>Domestic Investors</b>		<b>55,378</b>	<b>46,793</b>	<b>40,669</b>	<b>45,906</b>	<b>89,556</b>
Domestic Individuals		53,450	45,013	38,832	44,378	86,847
Domestic Corporations		1,284	1,163	1,212	906	2,065
Domestic Other		644	617	625	622	644
<b>Foreign Investors</b>		<b>475</b>	<b>388</b>	<b>274</b>	<b>232</b>	<b>563</b>
Foreign Individuals		450	365	252	212	536
Foreign Corporations		20	18	17	15	22
Foreign Other		5	5	5	5	5
<b>Total</b>		<b>55,853</b>	<b>47,181</b>	<b>40,943</b>	<b>46,138</b>	<b>90,119</b>

# CORPORATE BOND OWNERSHIP ACCORDING TO INVESTOR CATEGORIES (% , BILLION TL)



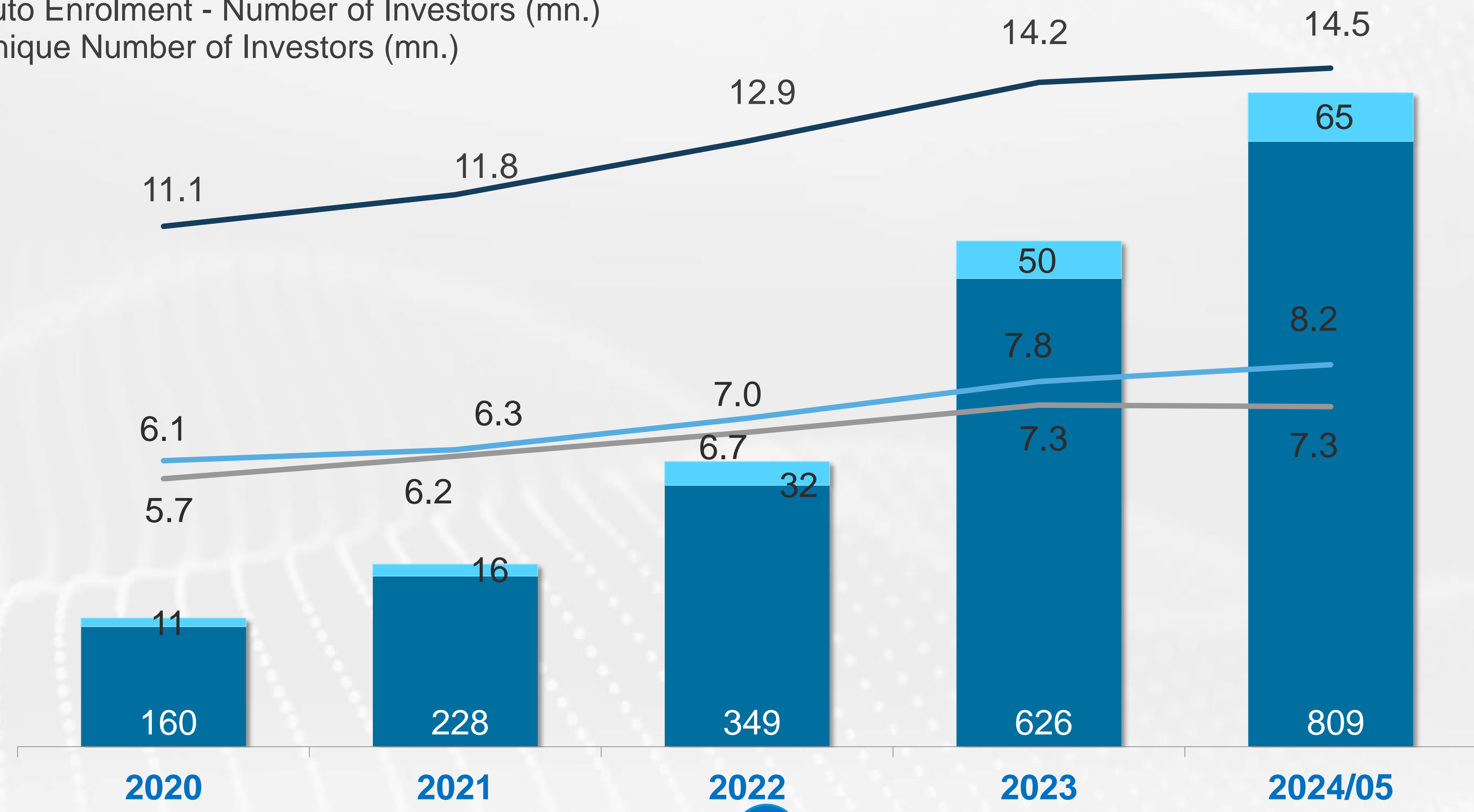
# MUTUAL FUND INVESTORS

- Portfolio Size (bn. TL)
- Number of Investors (mn.)

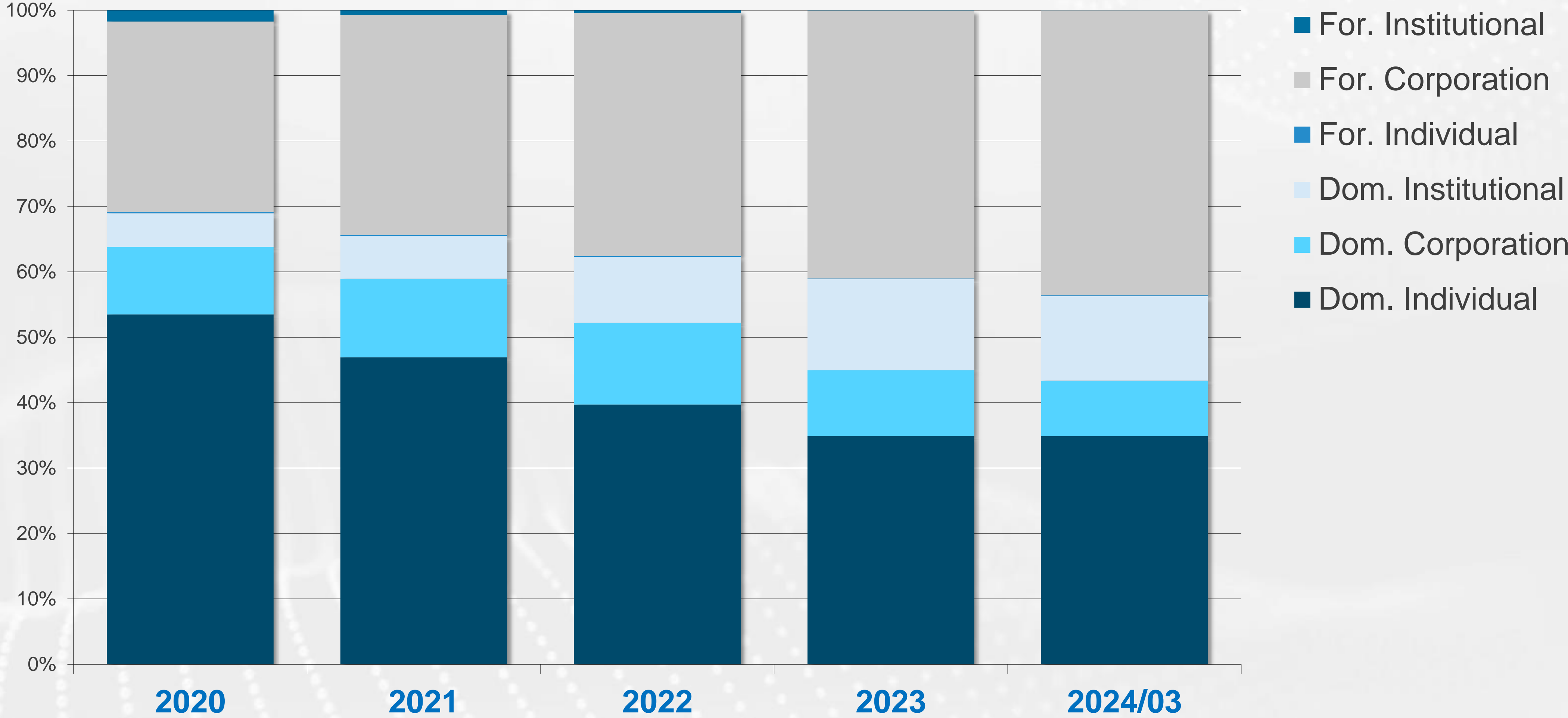


# PENSION FUND INVESTORS

- Auto Enrolment - Portfolio Size (bn. TL)
- Voluntary Enrolment - Portfolio Size (bn. TL)
- Voluntary Enrolment - Number of Investors (mn.)
- Auto Enrolment - Number of Investors (mn.)
- Unique Number of Investors (mn.)



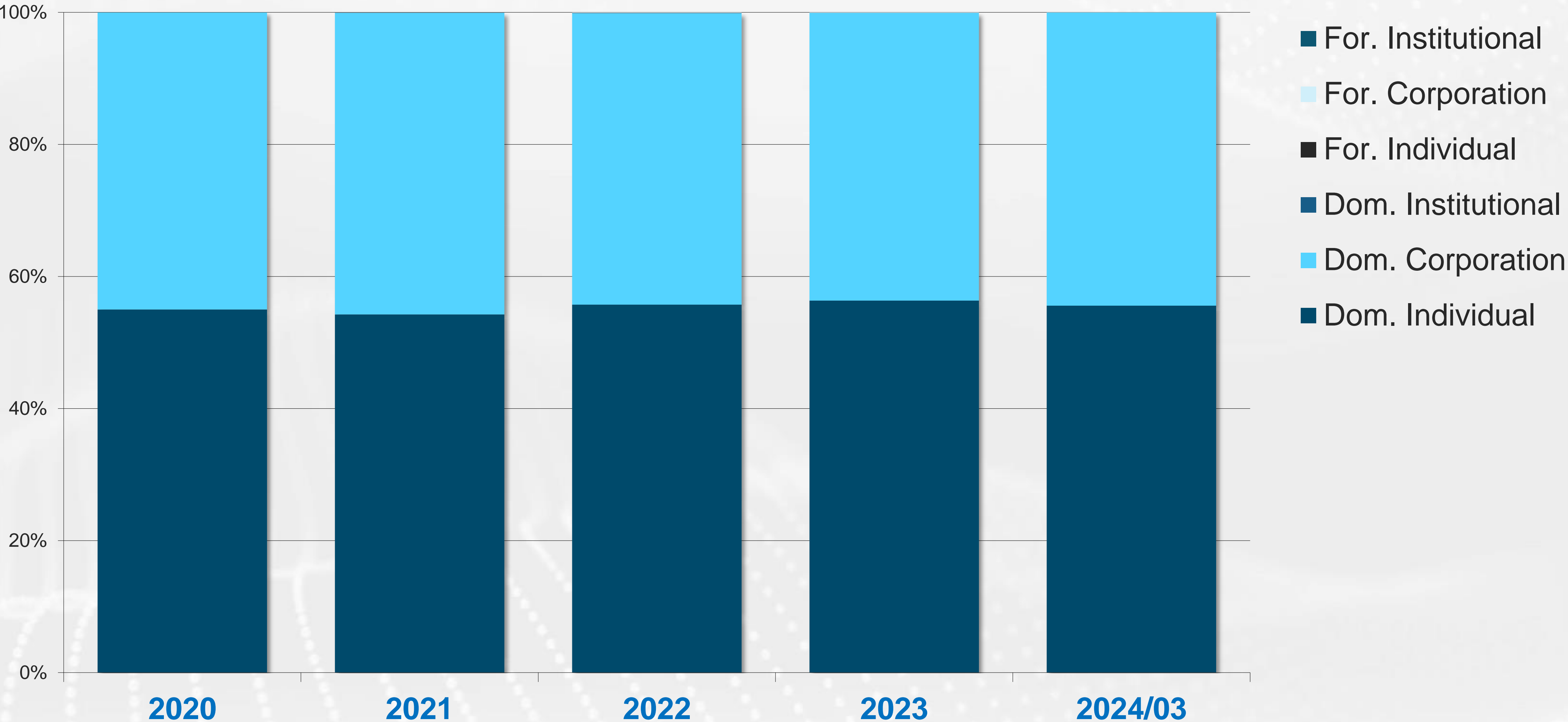
# BREAKDOWN OF FUTURES TRADING VOLUME BY INVESTOR CATEGORIES\*



Source: TCMA

\*Brokerage firms and investment banks only

# BREAKDOWN OF FOREX TRADING VOLUME BY INVESTOR CATEGORIES



Source: TCMA

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**TCMA**