

TURKISH CAPITAL MARKETS

AUGUST 2024



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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.

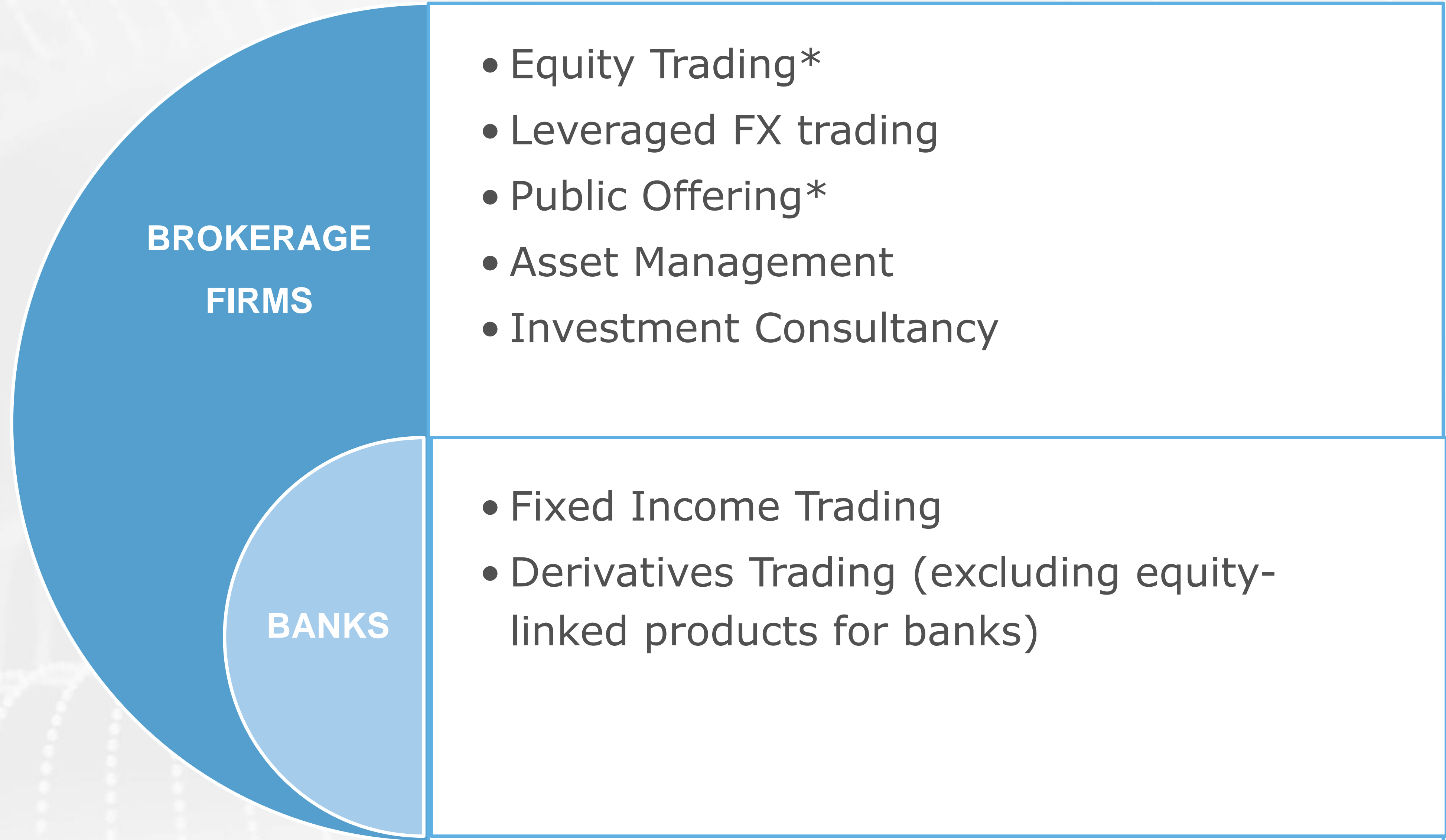
CSD OF TÜRKİYE (MKK)

- ▶ 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

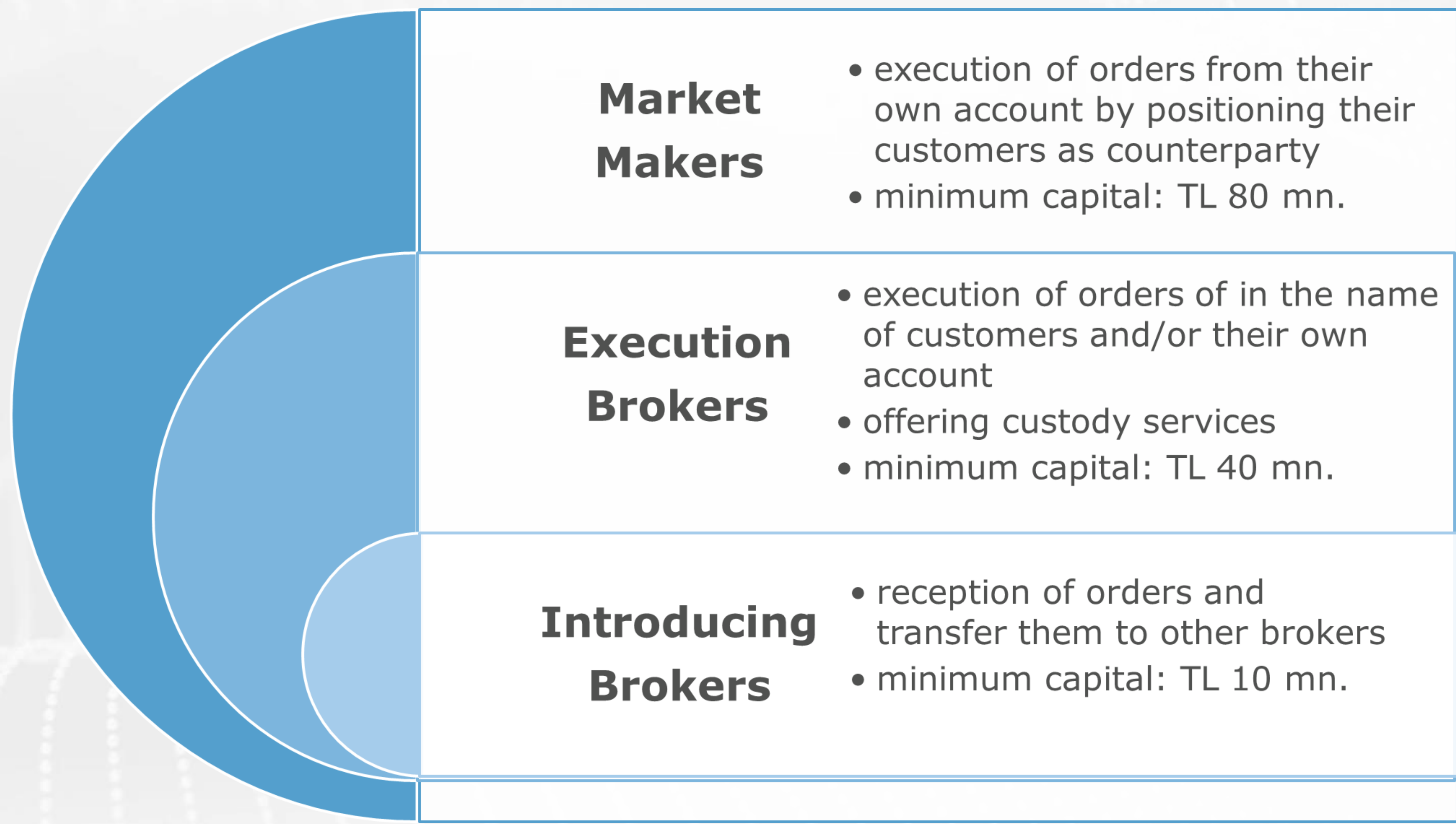
- ▶ Investors' Protection Fund, which covered equity settlement obligations, was established in 2001.
- ▶ Investor Compensation Centre replaced the Investors' Protection Fund in 2013 with the renewed Capital Market Law.
- ▶ It covers settlement obligations of all capital market instruments, up to TL 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.

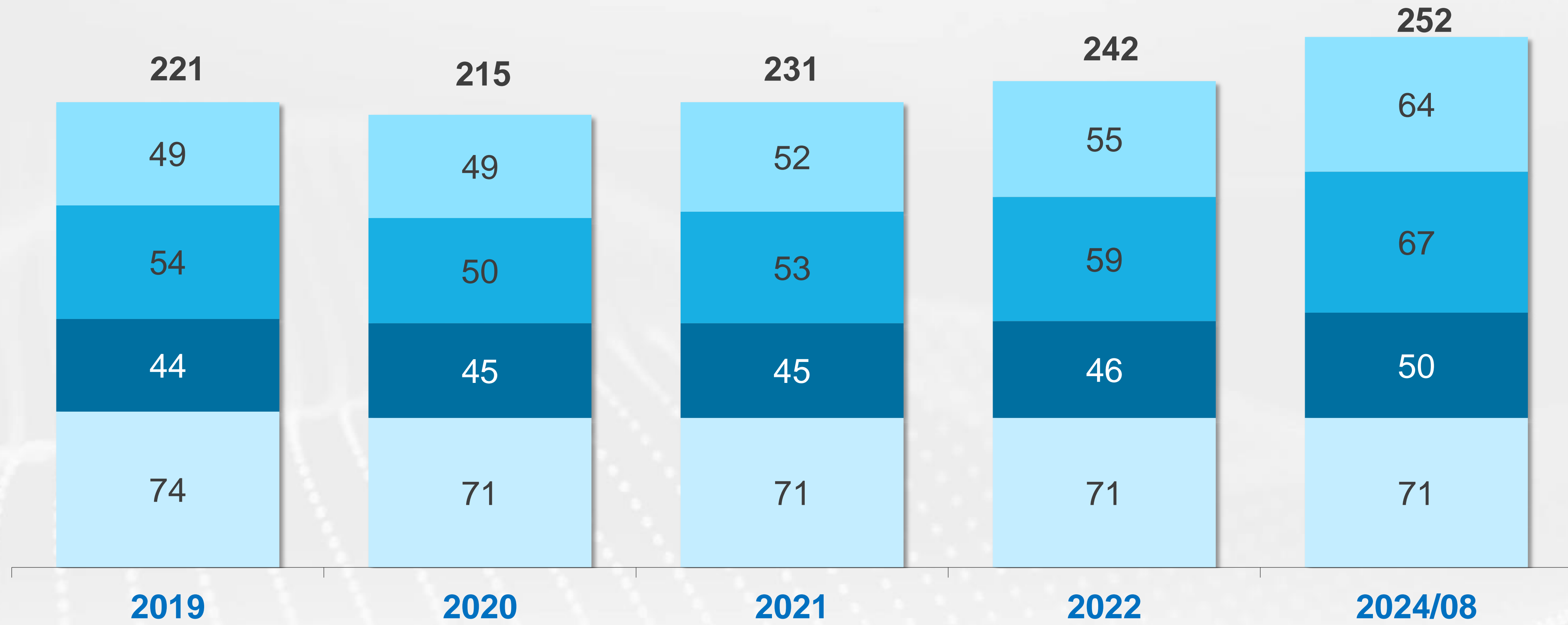
TURKISH CAPITAL MARKETS ASSOCIATION

**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

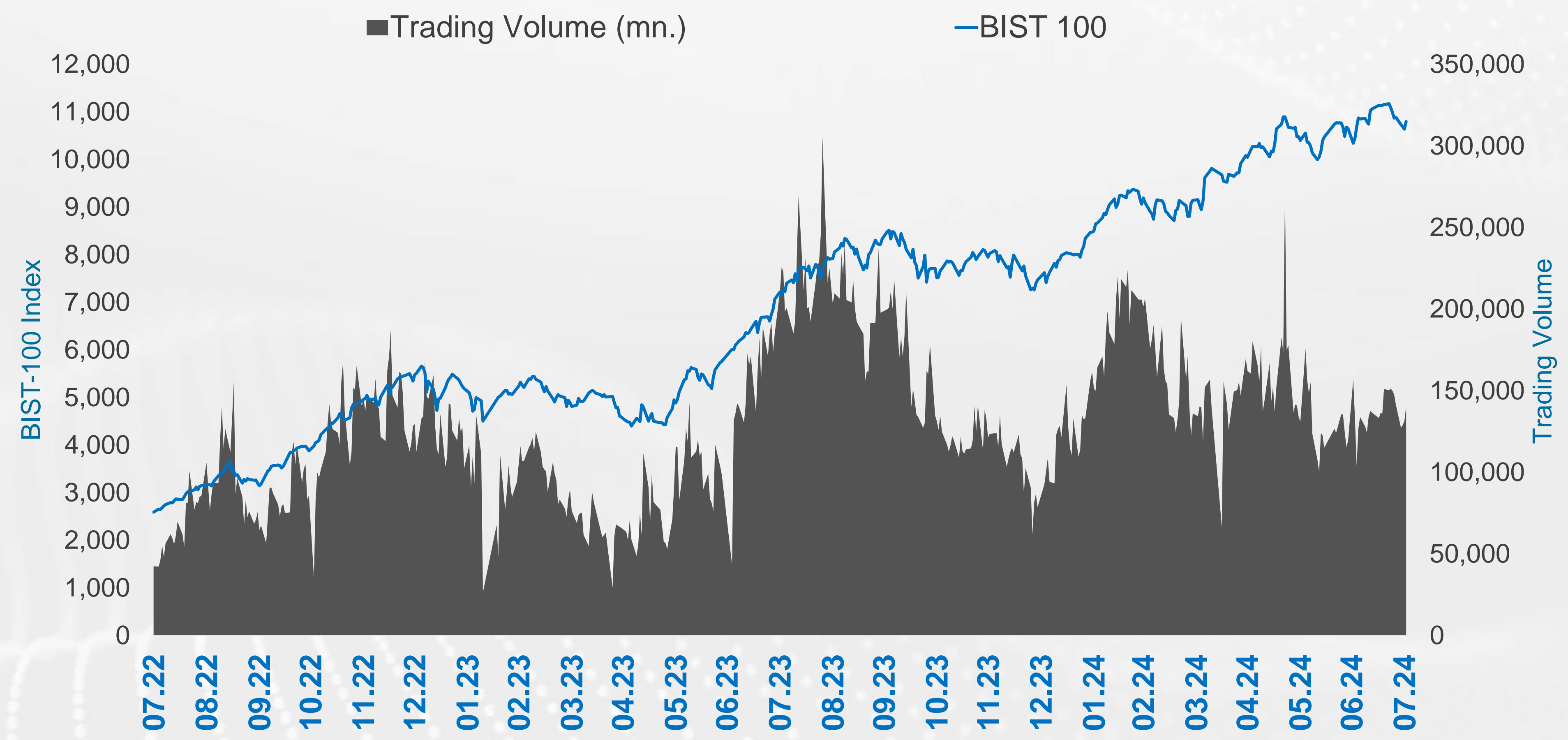
TURKEY SECURITIZATION COMPANY

- ▶ 5% stake

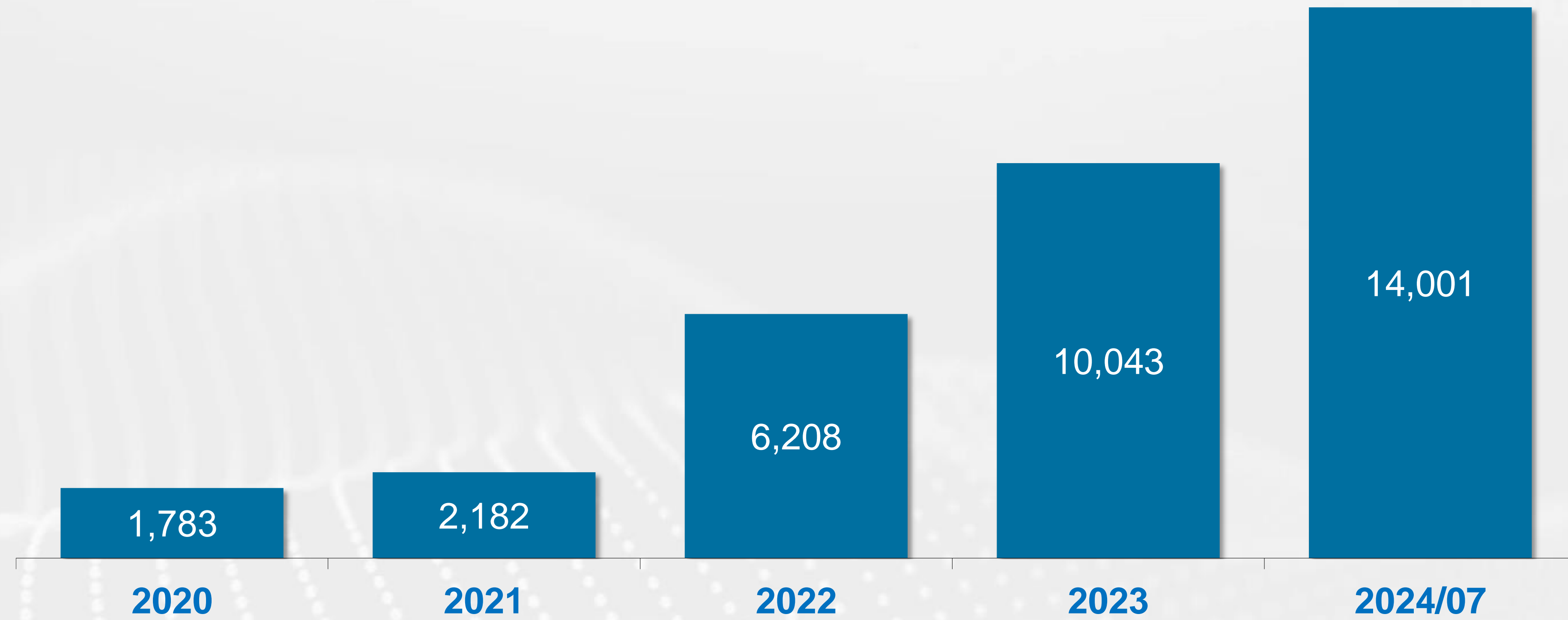
TURKISH CAPITAL MARKETS



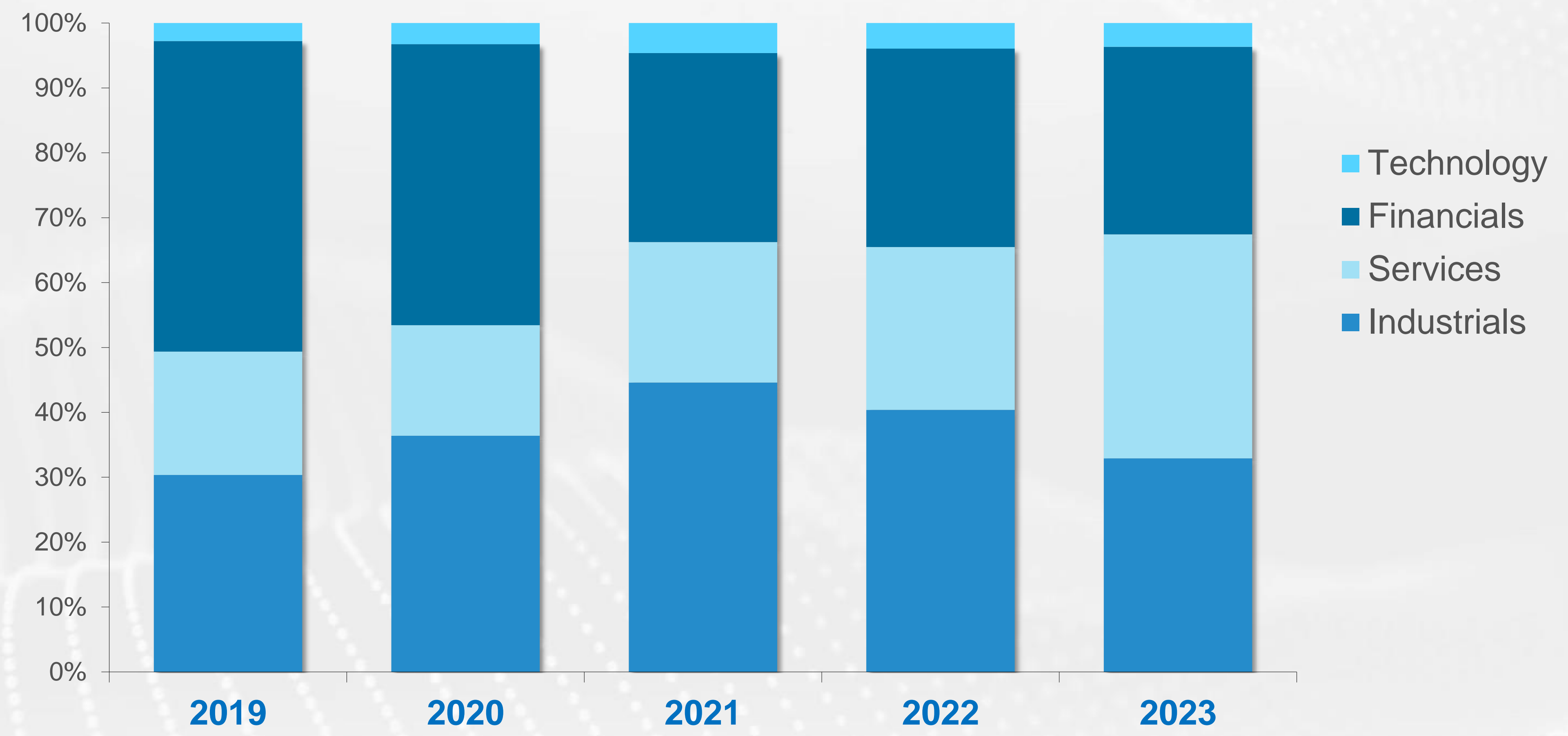
BIST-100 INDEX & TRADING VOLUME



MARKET CAPITALIZATION OF BORSA ISTANBUL (BILLION TL)

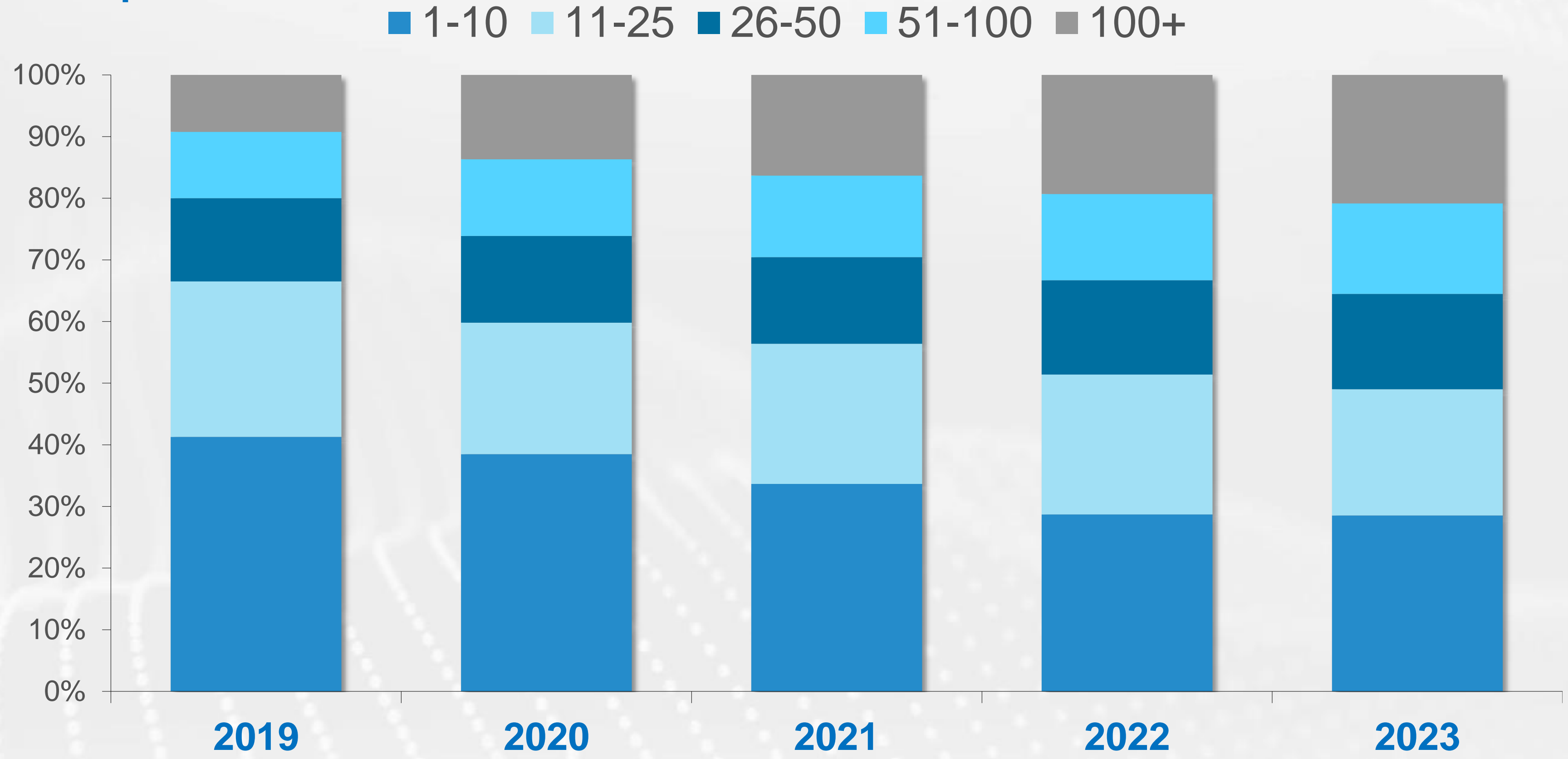


BREAKDOWN OF BORSA ISTANBUL MARKET CAPITALIZATION

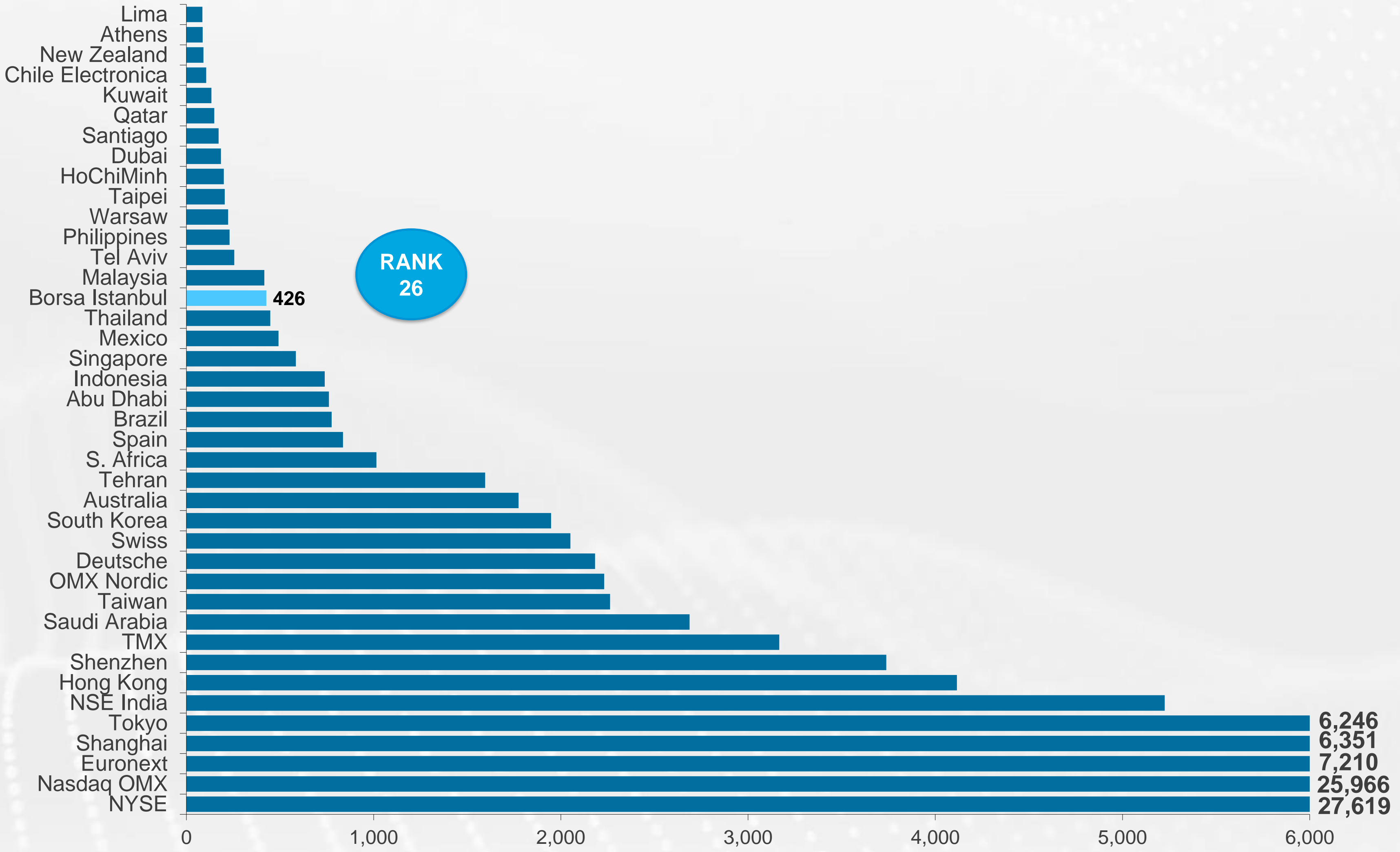


CONCENTRATION IN THE EQUITY MARKET (MCAP)

No. of Equities



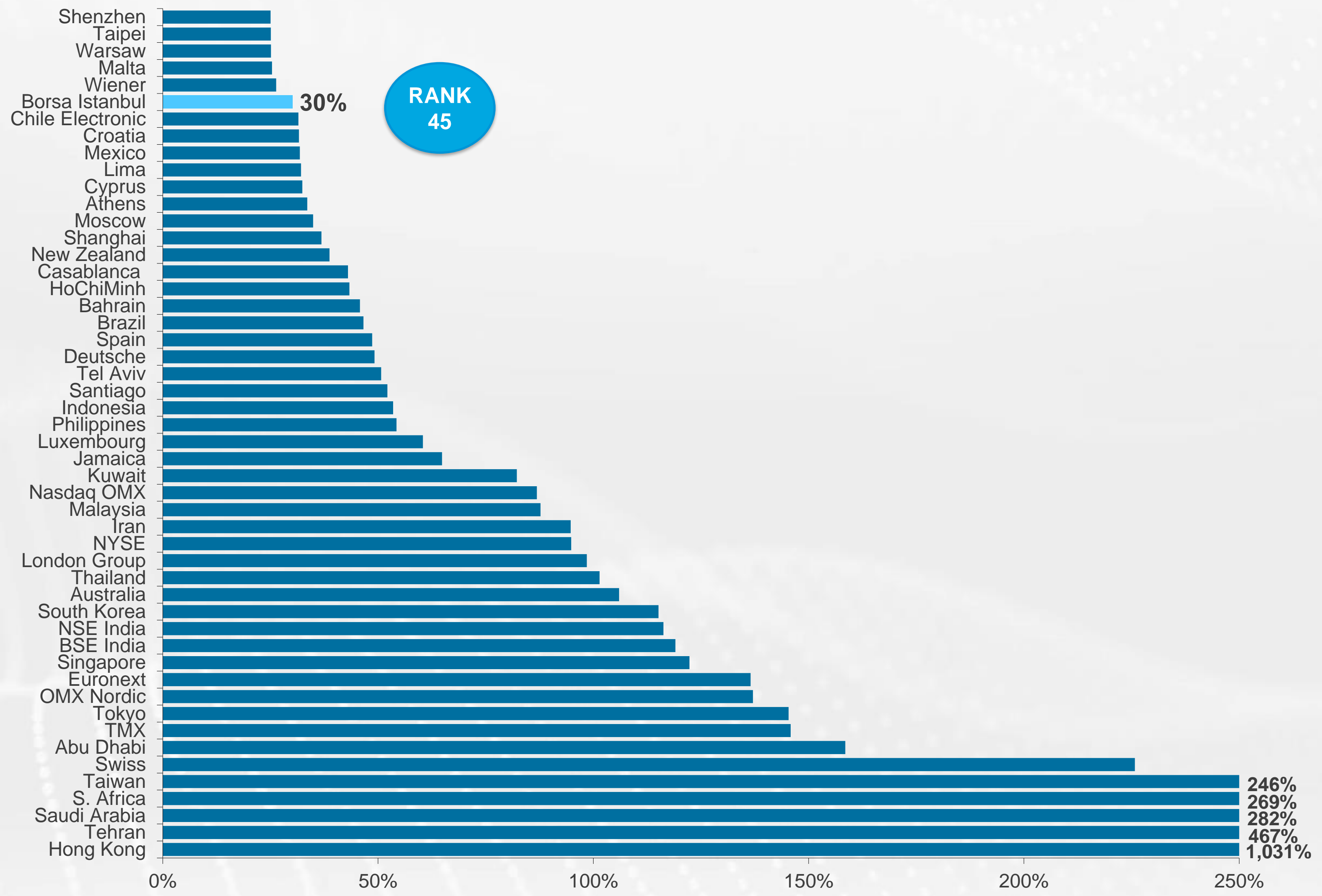
DOMESTIC MARKET CAPITALIZATION* (2024/06, BILLION \$)



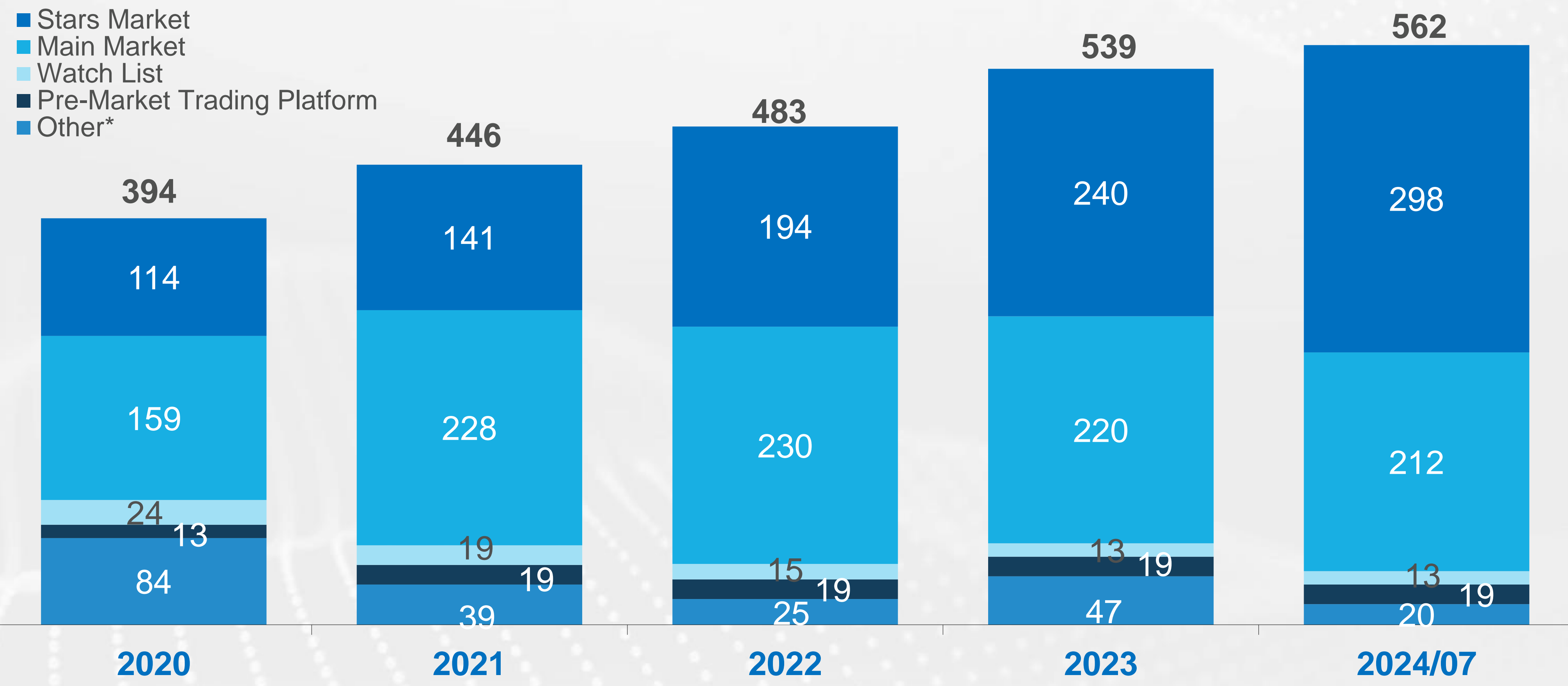
RANK
26

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

MARKET CAPITALIZATION/GDP* (2023)

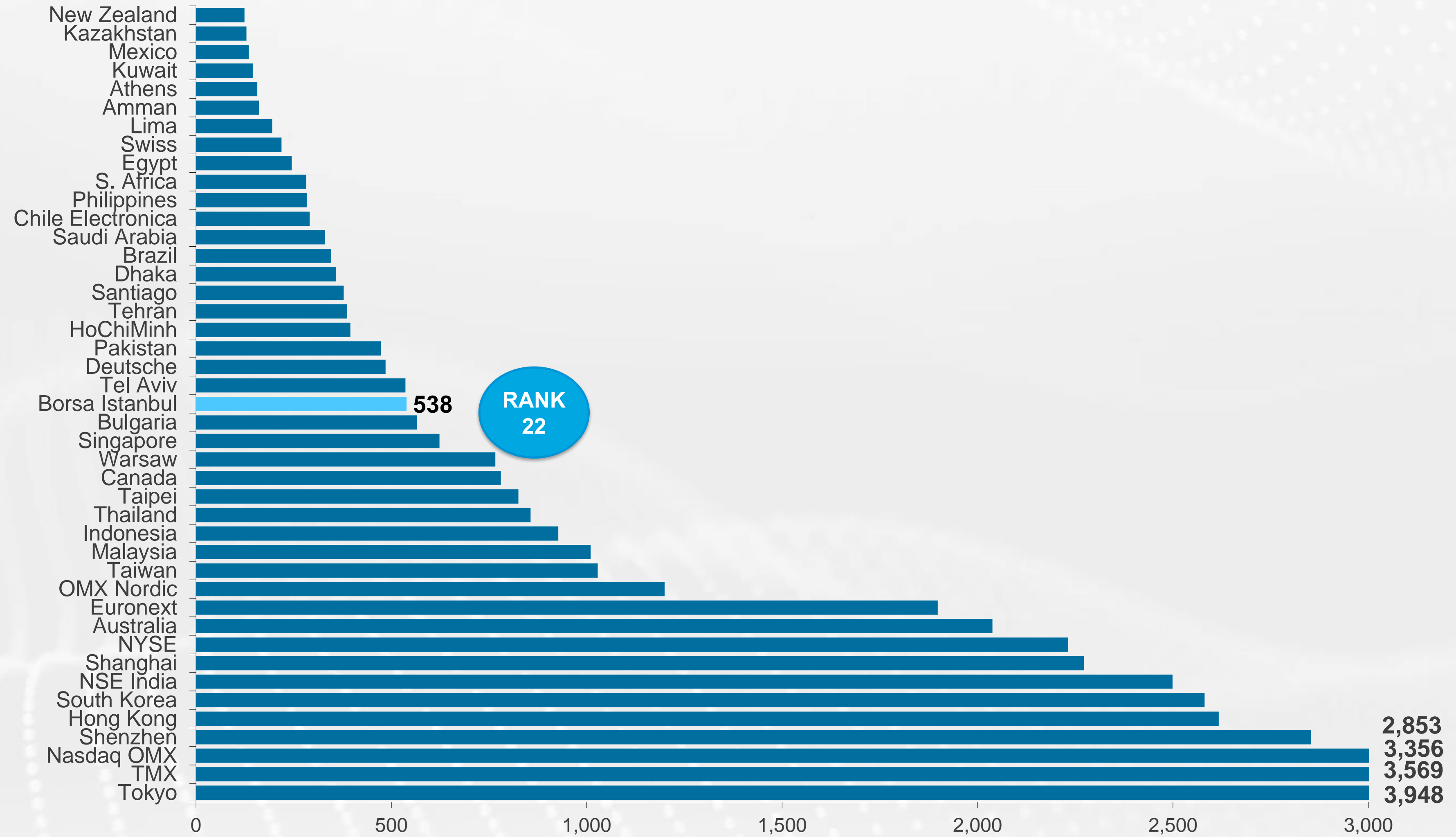


NUMBER OF SECURITIES IN THE EQUITY MARKET



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

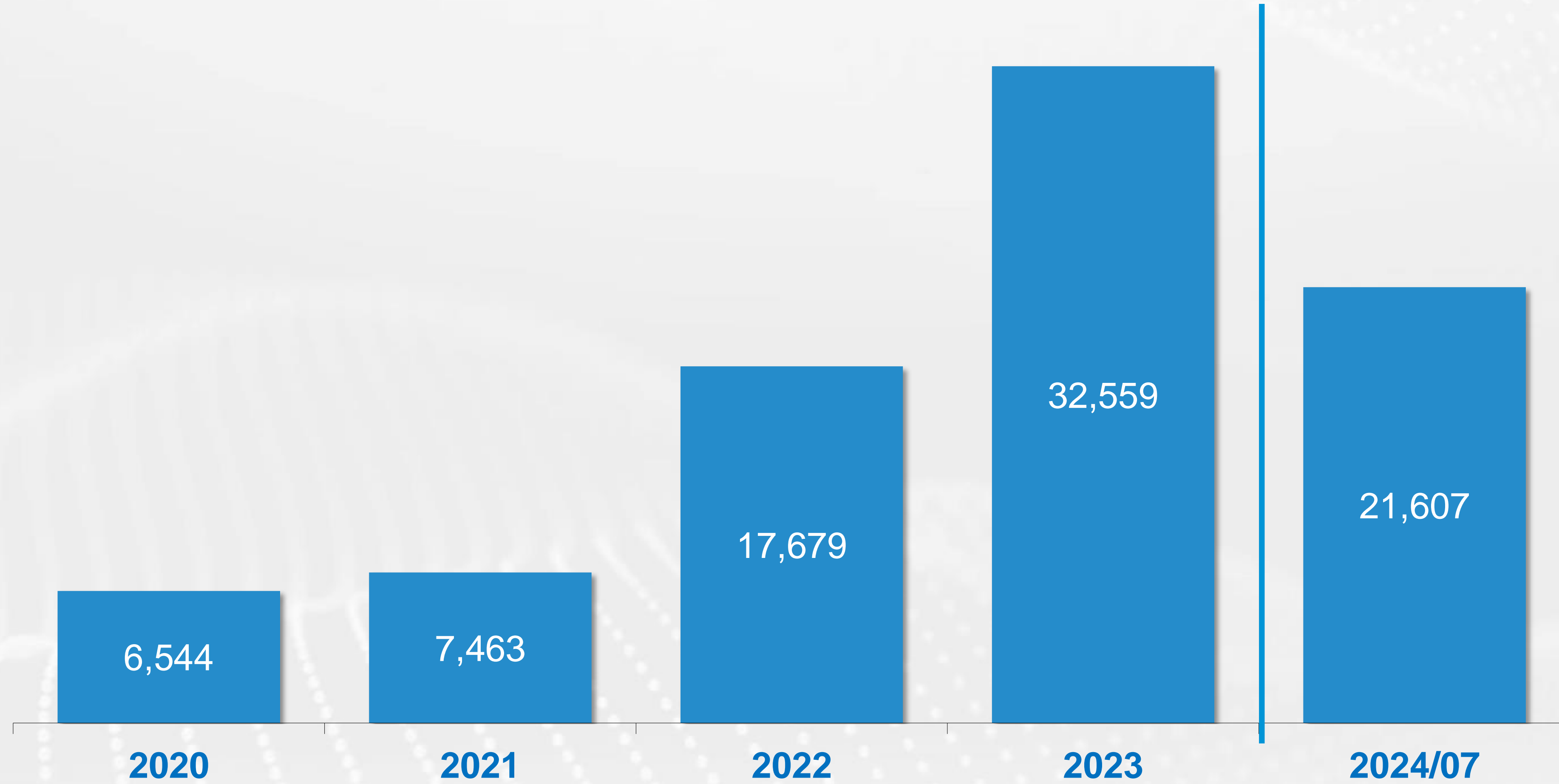
NUMBER OF LISTED COMPANIES* (2024/06)



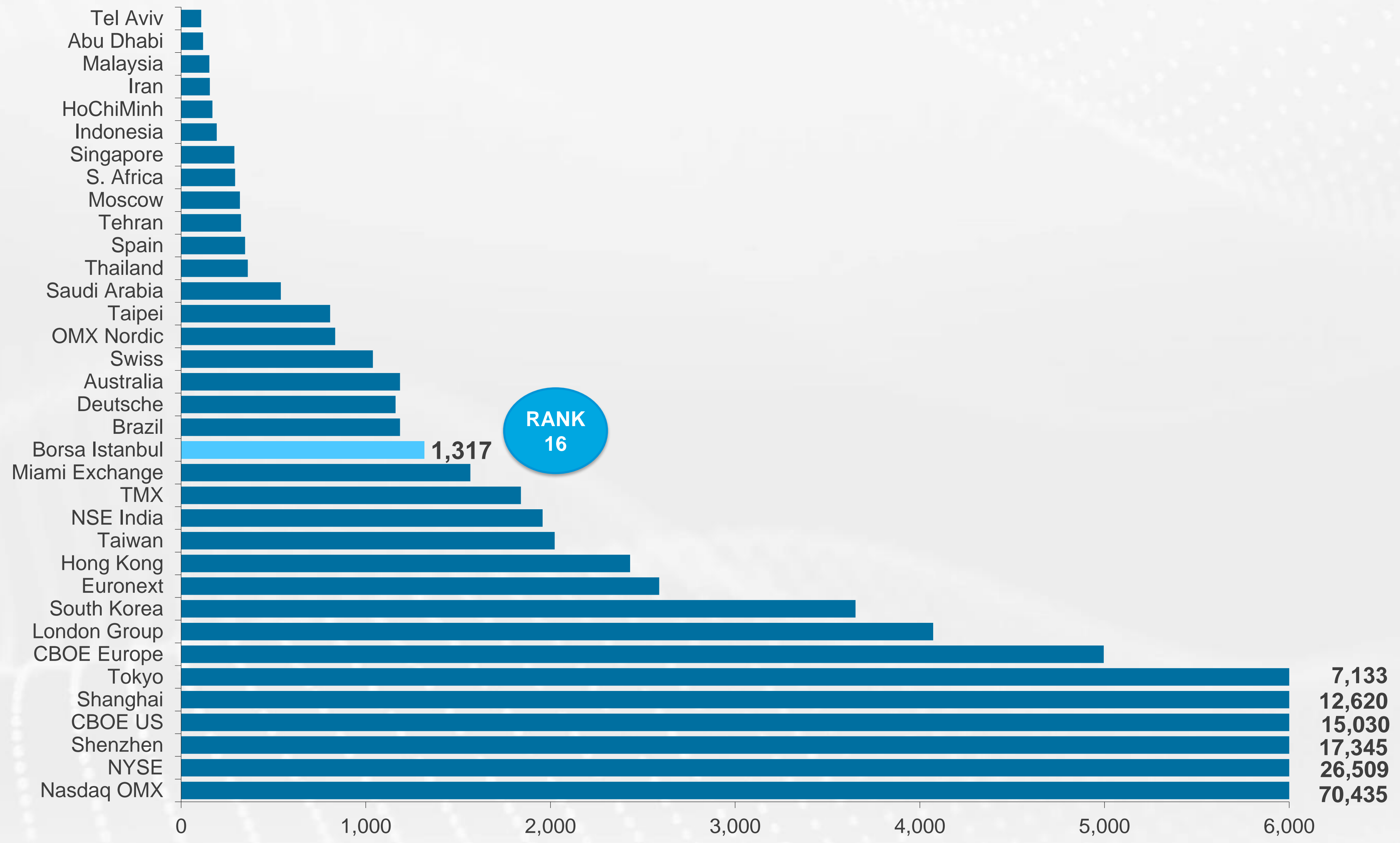
RANK
22

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

EQUITY TRADING VOLUME OF BORSA ISTANBUL (BILLION TL)

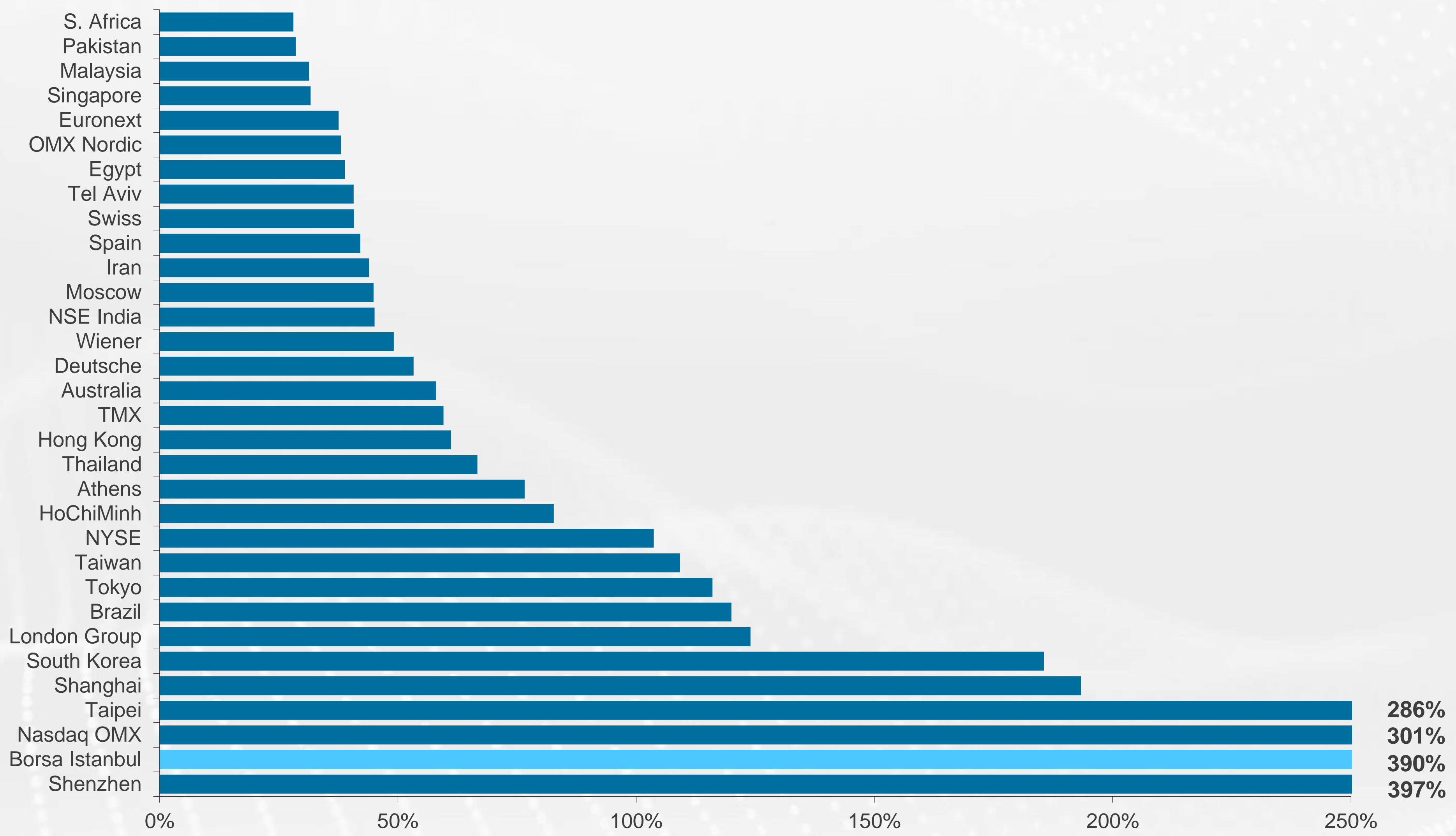


EQUITY TRADING VOLUME (2023, BILLION \$)



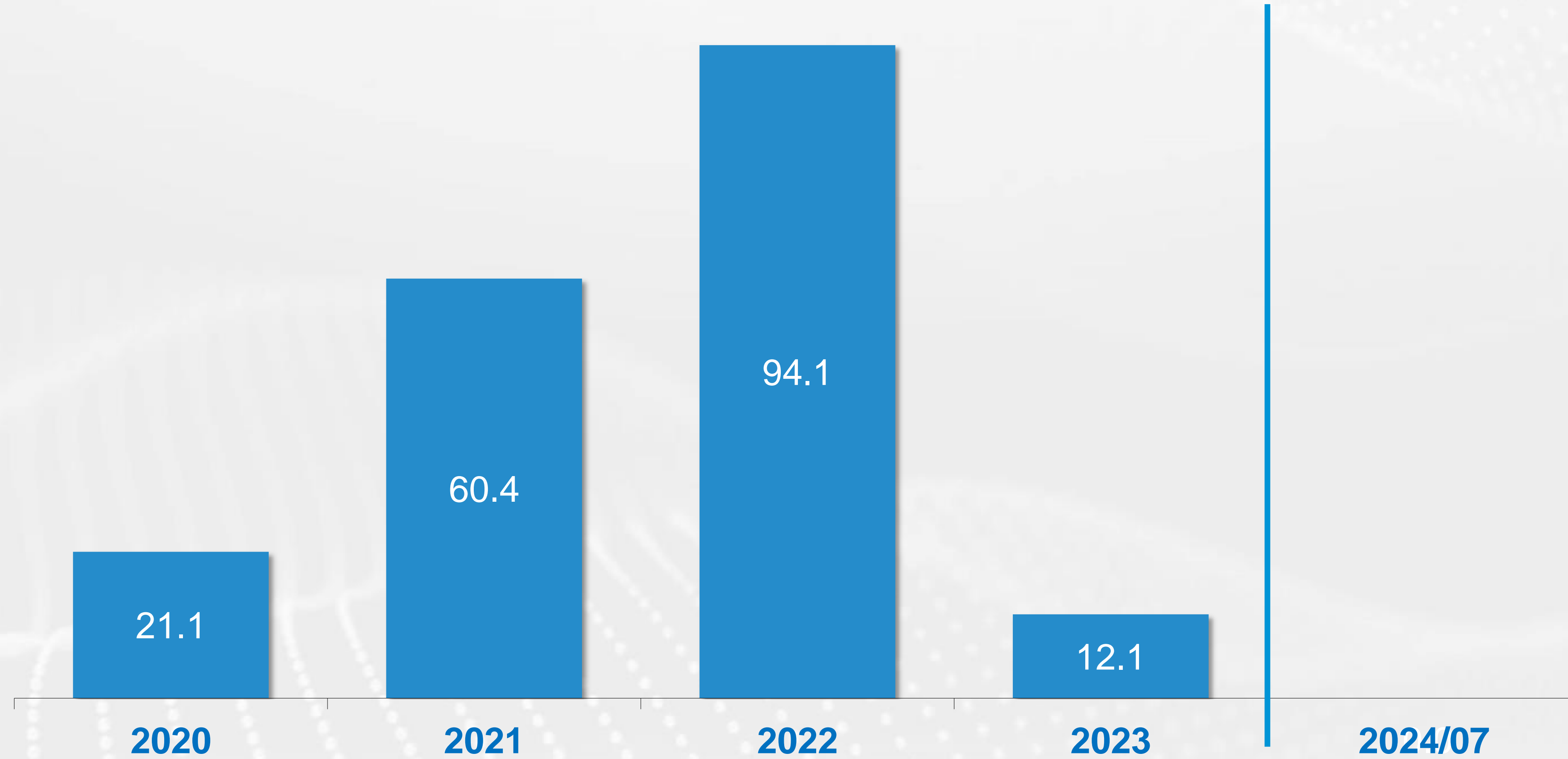
RANK
16

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



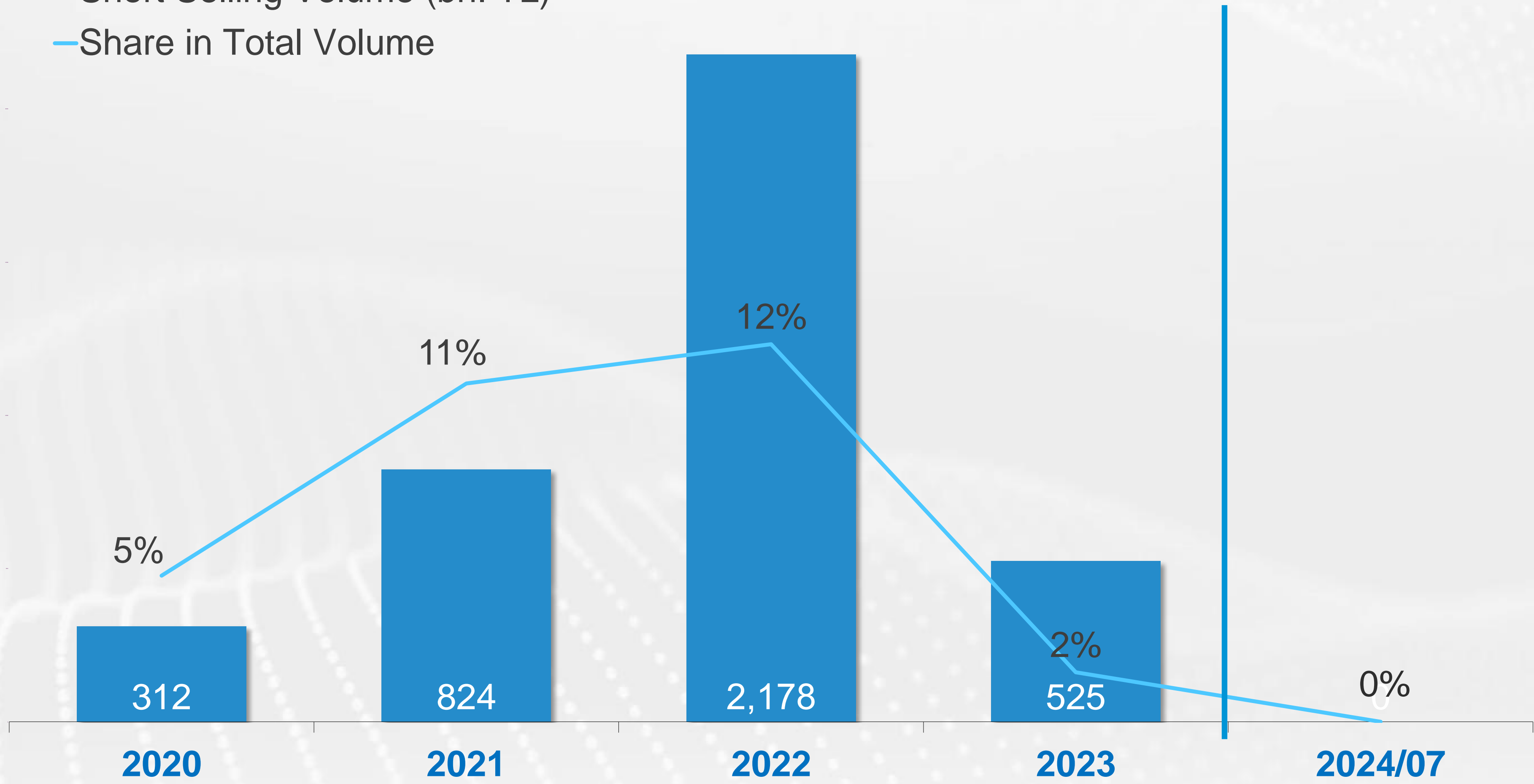
RANK
2

SECURITIES LENDING/BORROWING IN BORSA ISTANBUL (BILLION TL)

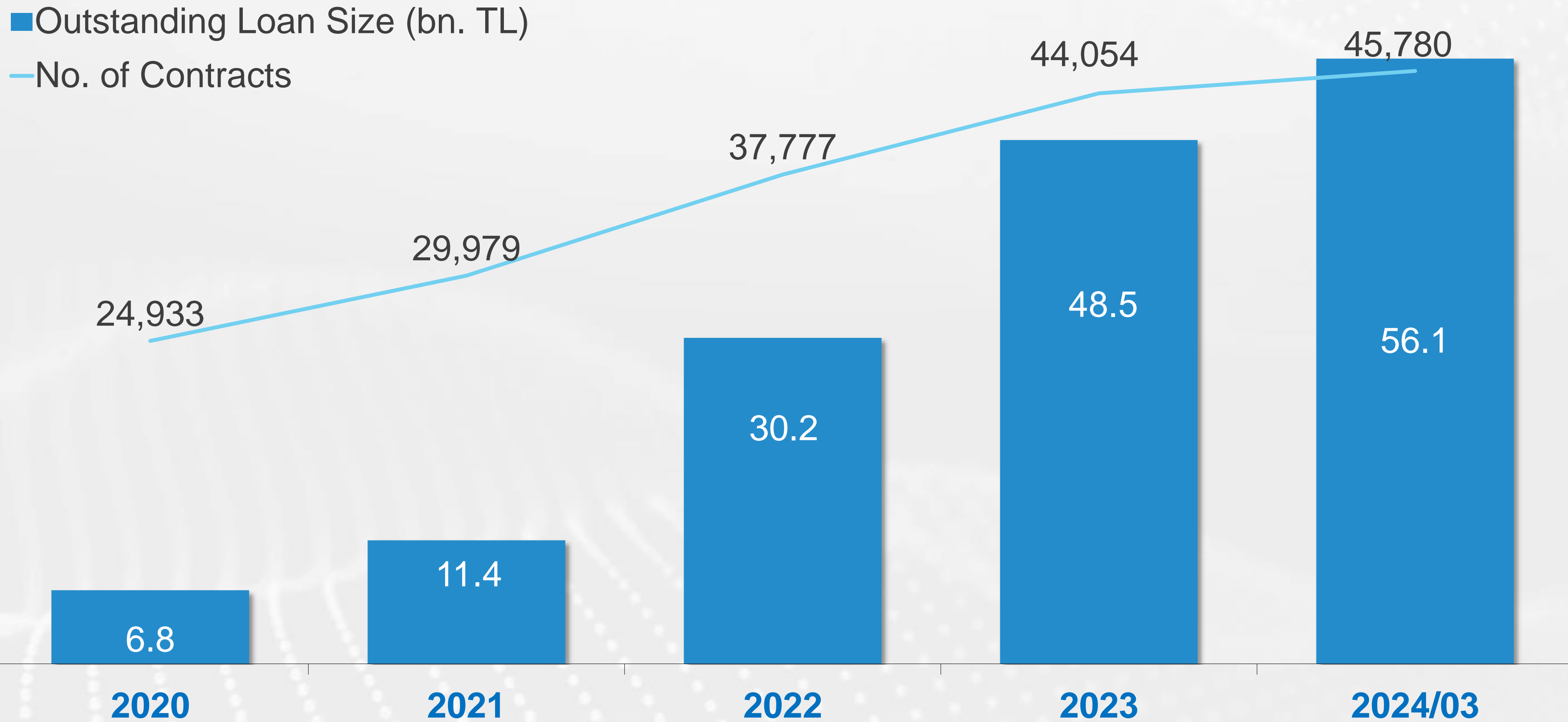


SHORT SELLING IN BORSA ISTANBUL

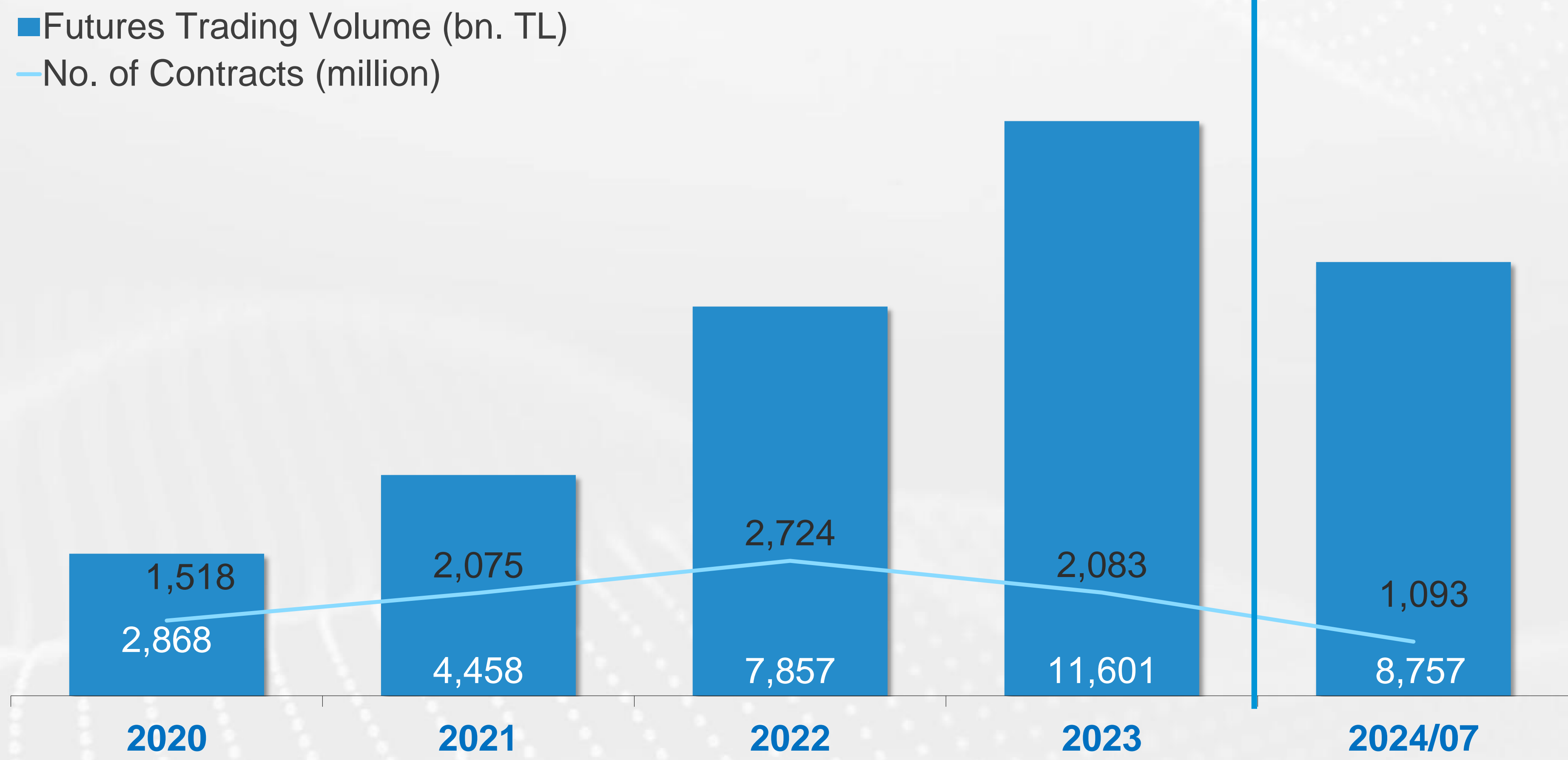
■ Short Selling Volume (bn. TL)
— Share in Total Volume



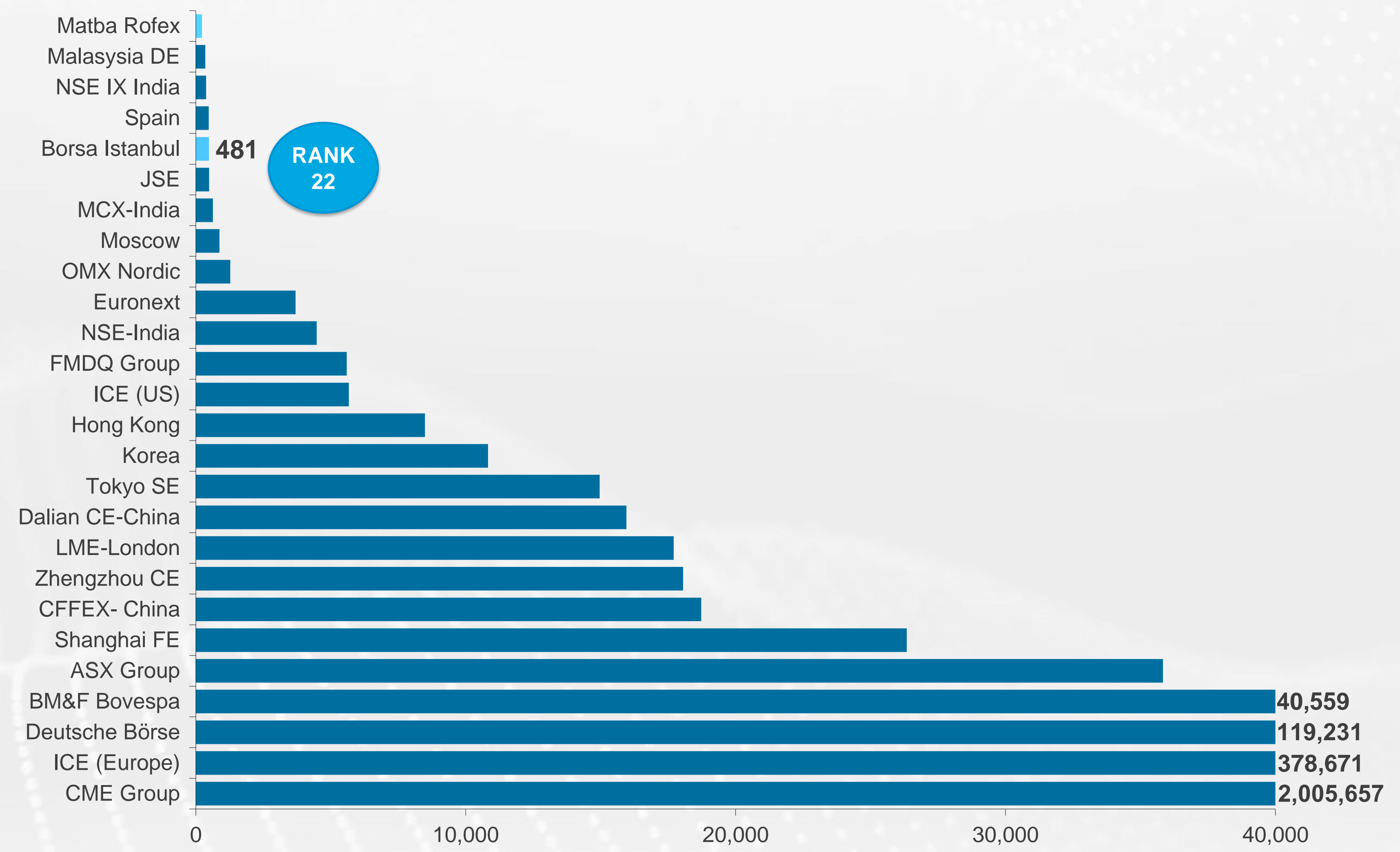
MARGIN TRADING



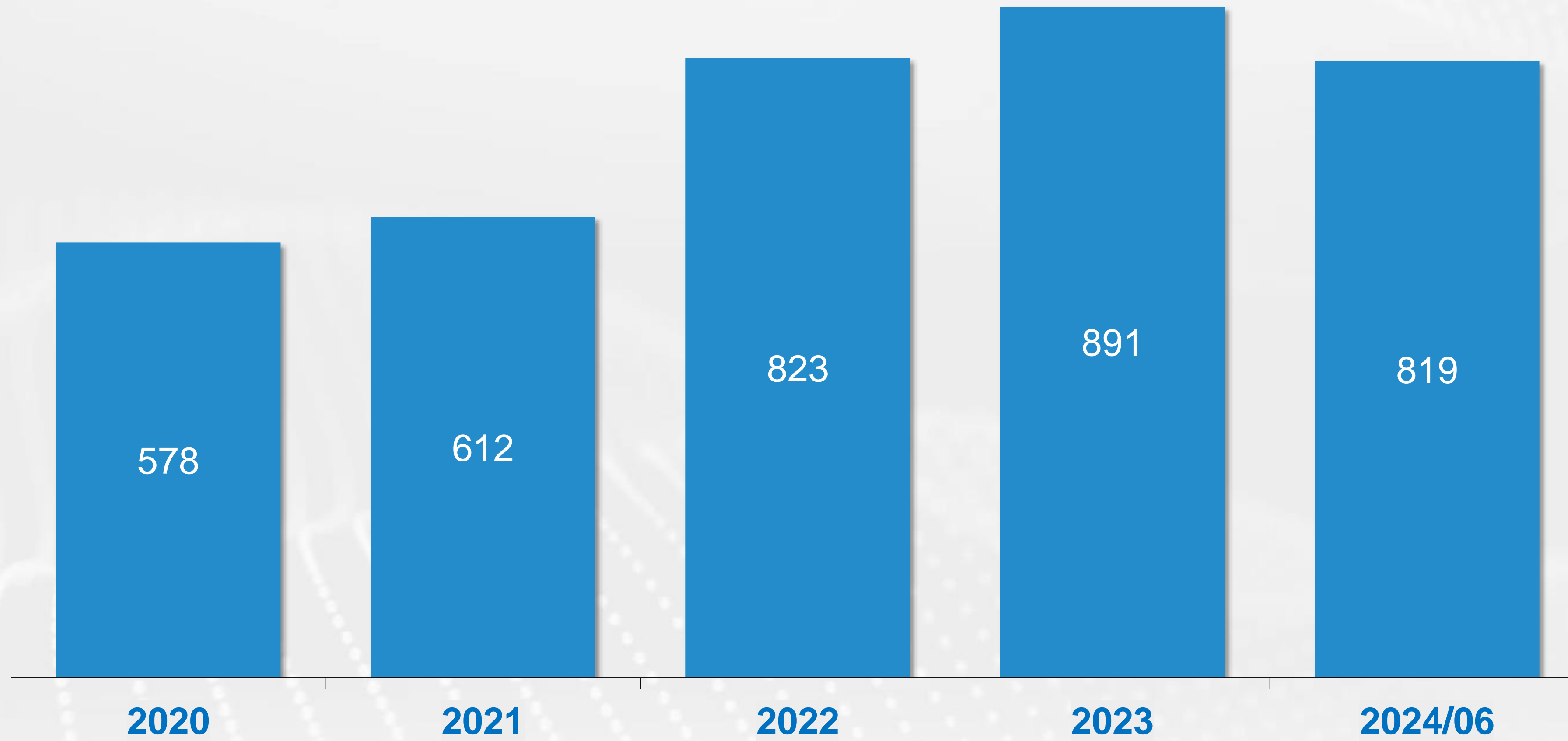
FUTURES TRADING VOLUME OF BORSA ISTANBUL



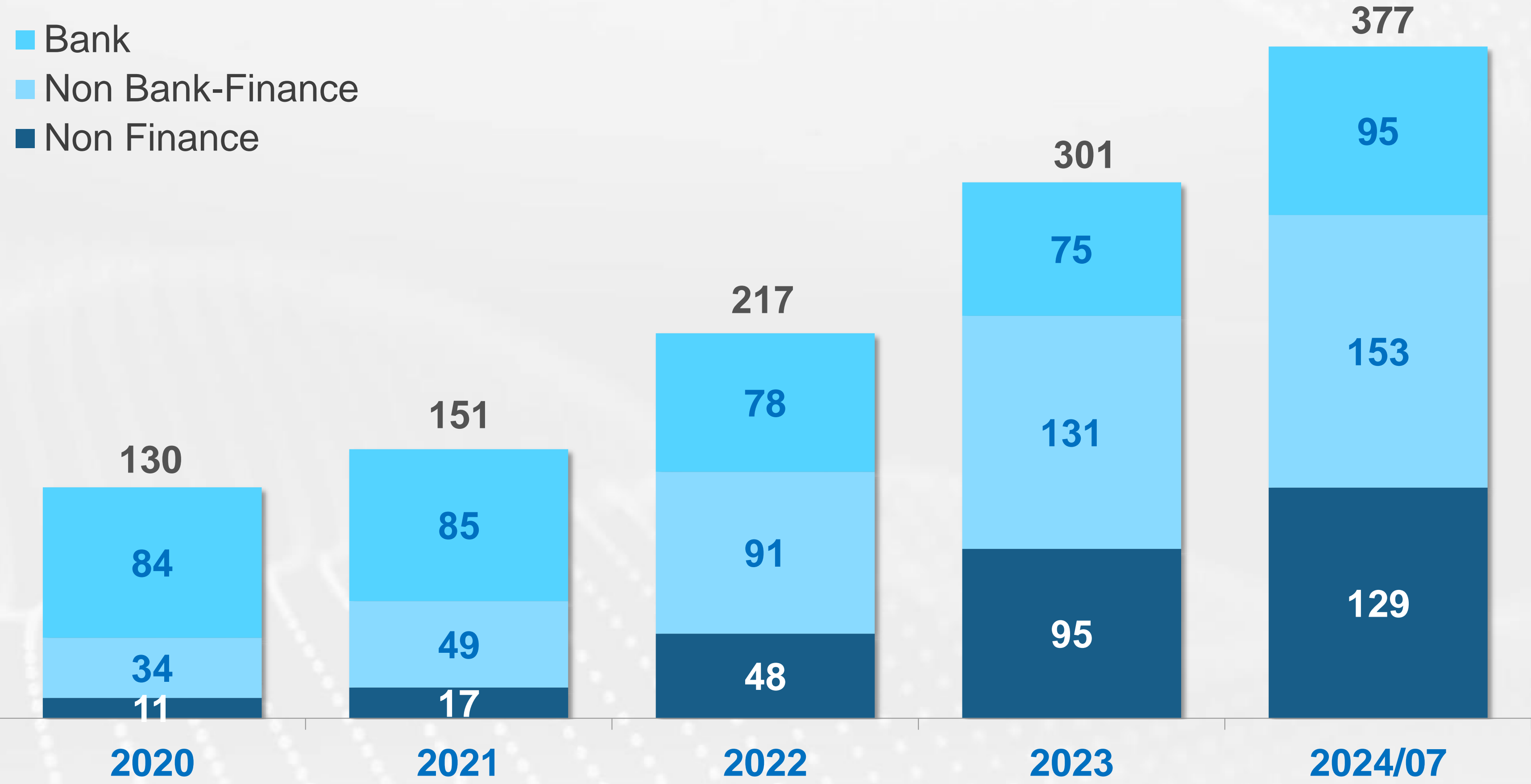
TRADING VOLUME IN FUTURES MARKETS (2023, BILLION \$)



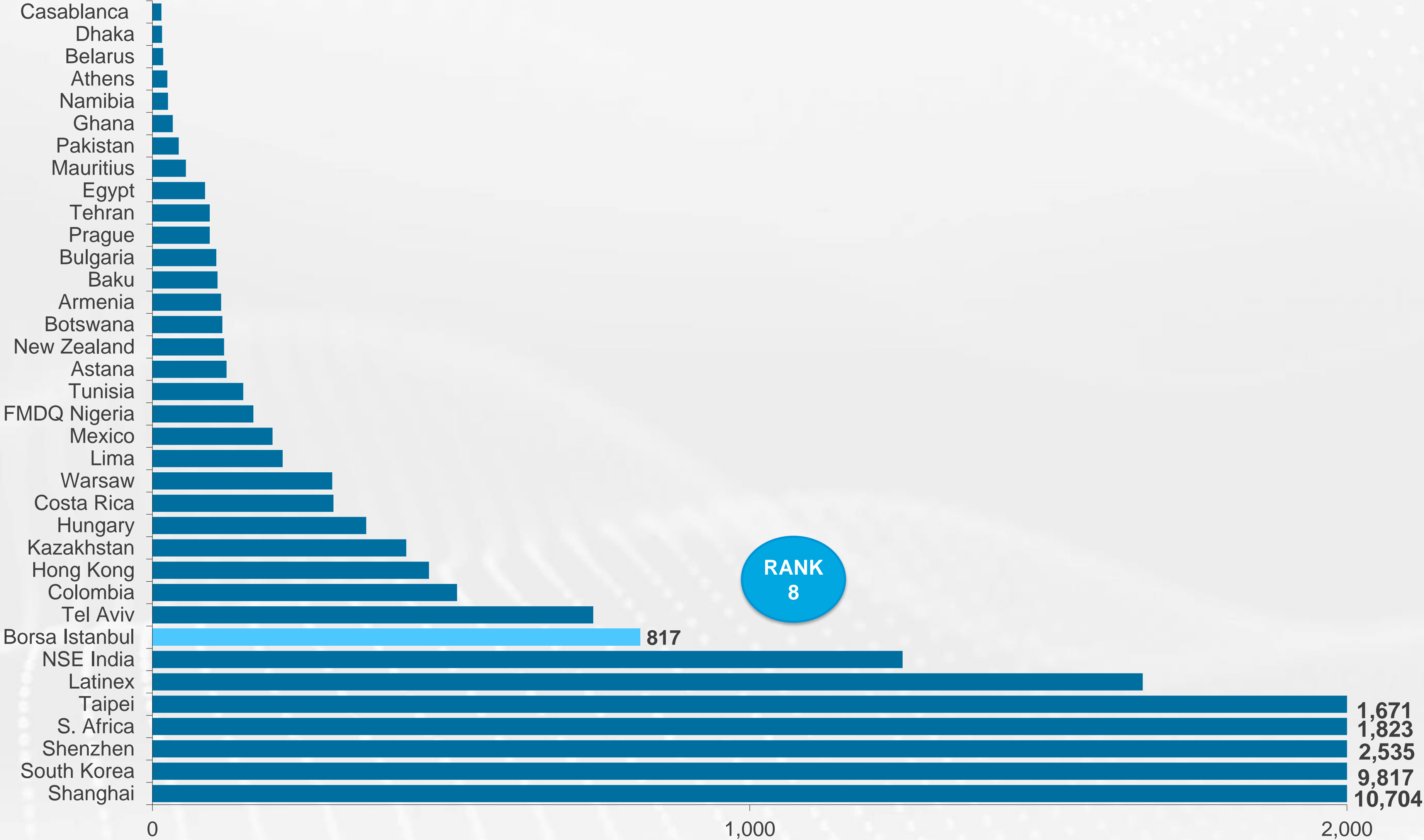
NUMBER OF LISTED CORPORATE BONDS IN BORSA ISTANBUL



MARKET VALUE OF DOMESTIC CORPORATE DEBT SECURITIES (BILLION TL)



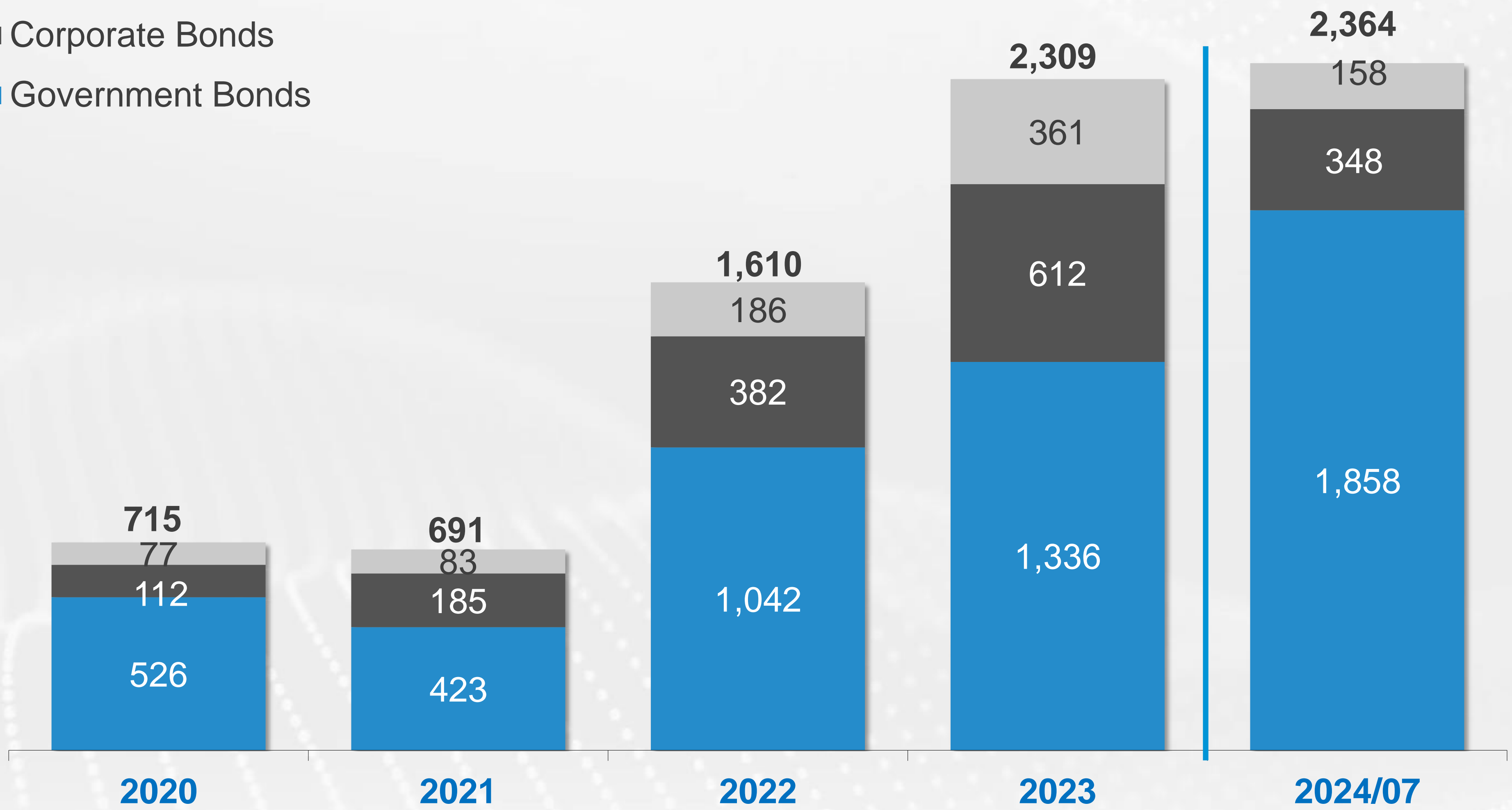
NUMBER OF LISTED CORPORATE BONDS (2024/06)



Source: WFE

BOND TRADING VOLUME (BILLION TL)

- Eurobond
- Corporate Bonds
- Government Bonds



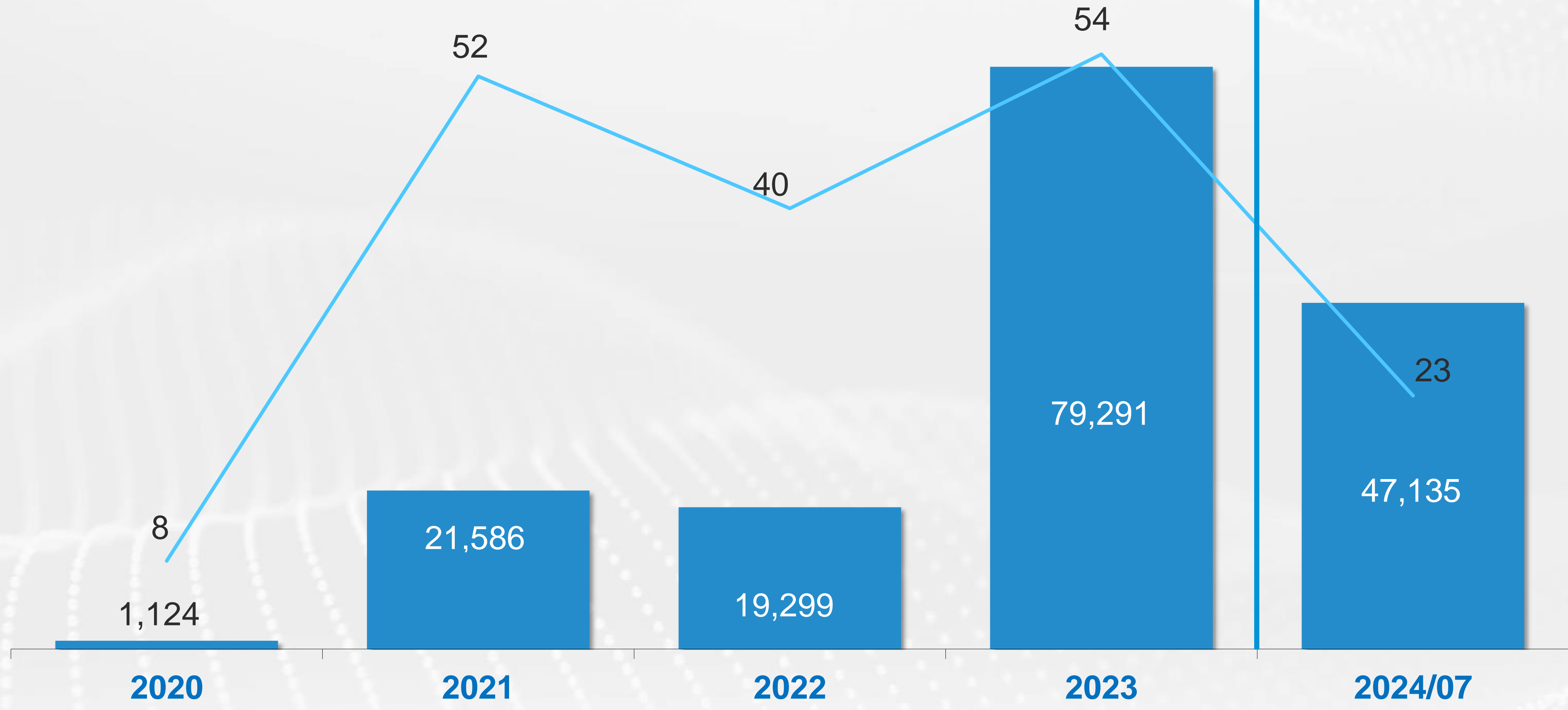
REPO-REVERSE REPO, SWAP AND TAKASBANK MONEY MARKET TRADING VOLUME

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



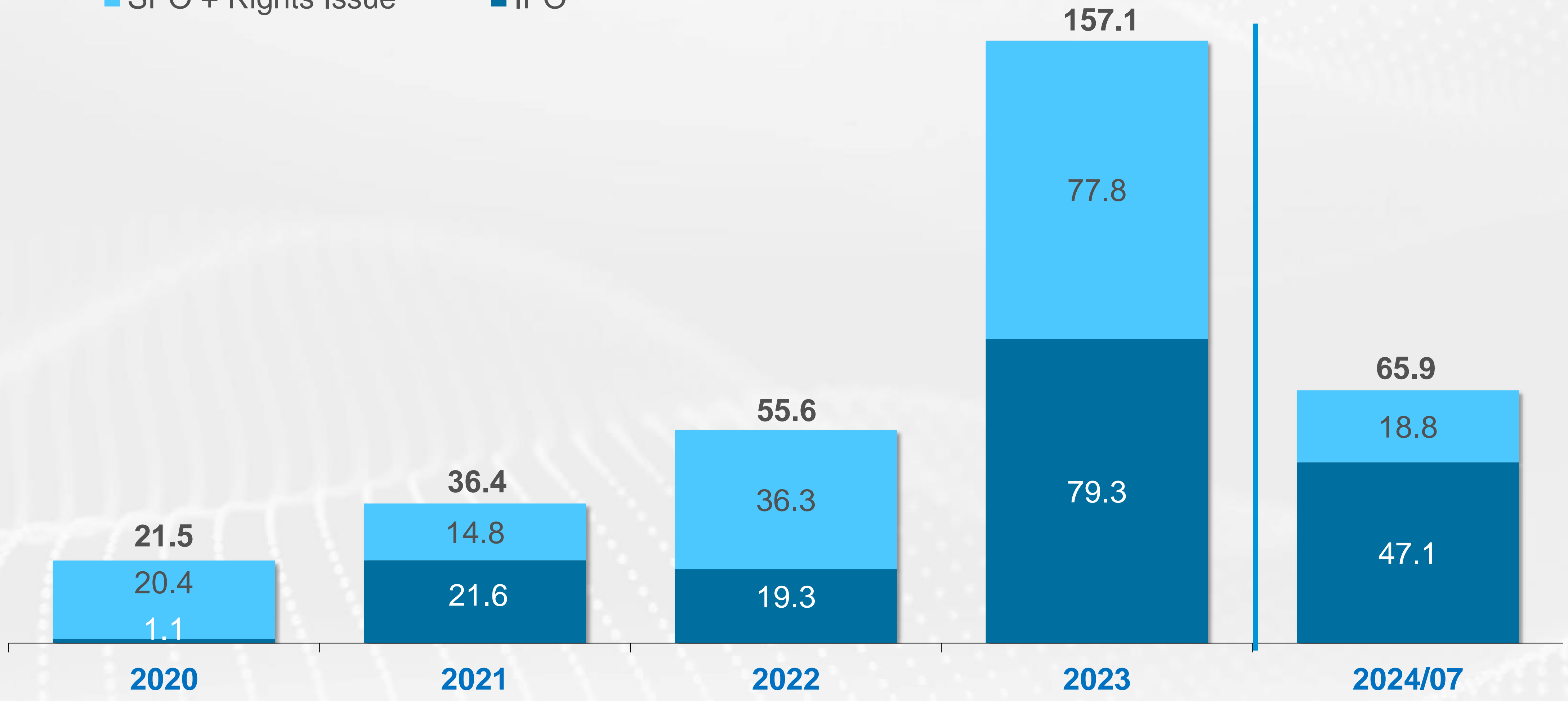
INITIAL PUBLIC OFFERINGS

■ IPO Volume (mn. TL)
— No. of IPOs*

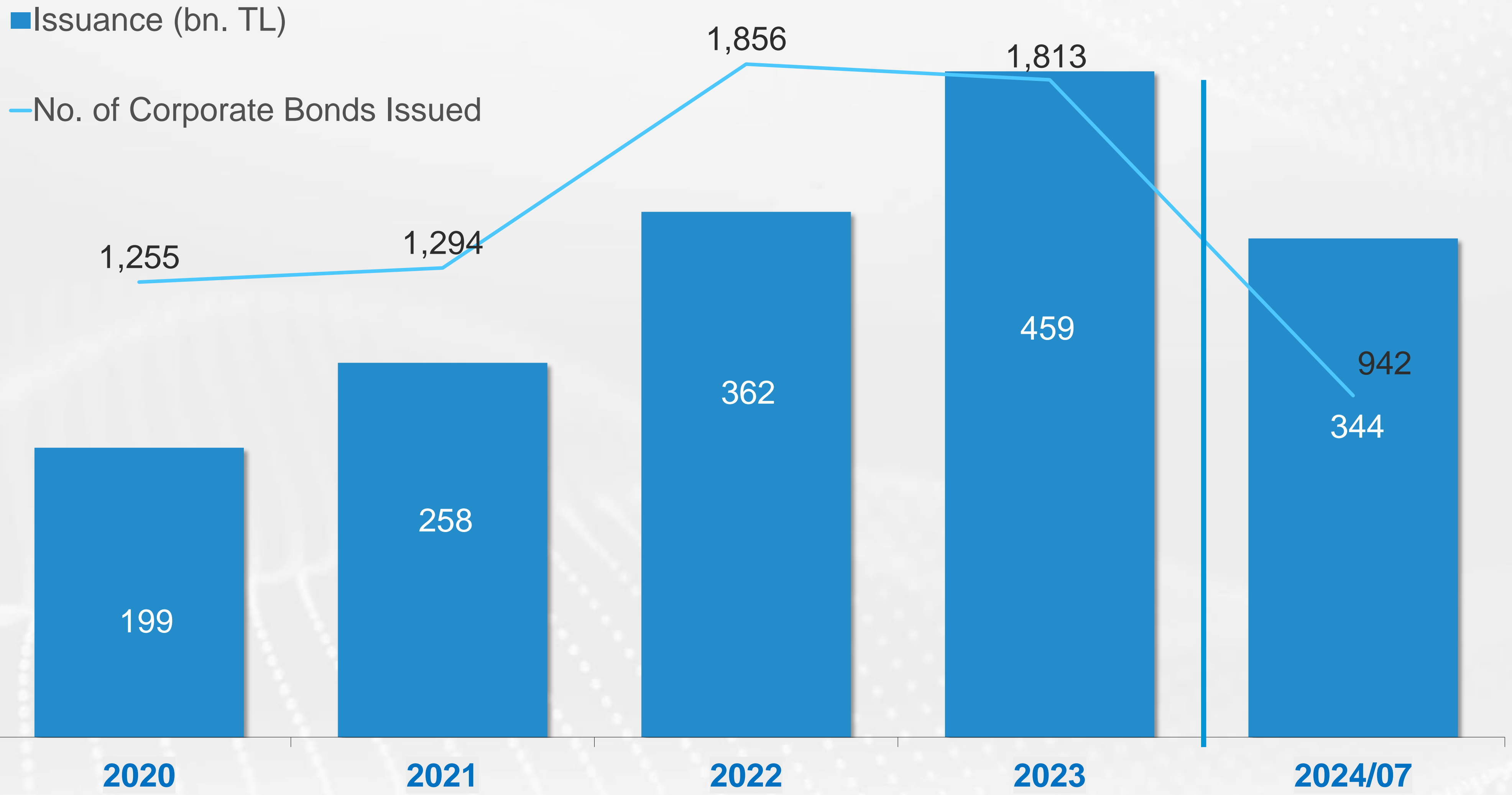


EQUITY FINANCING (BILLION TL)

■ SPO + Rights Issue ■ IPO



CORPORATE DEBT SECURITIES ISSUANCE

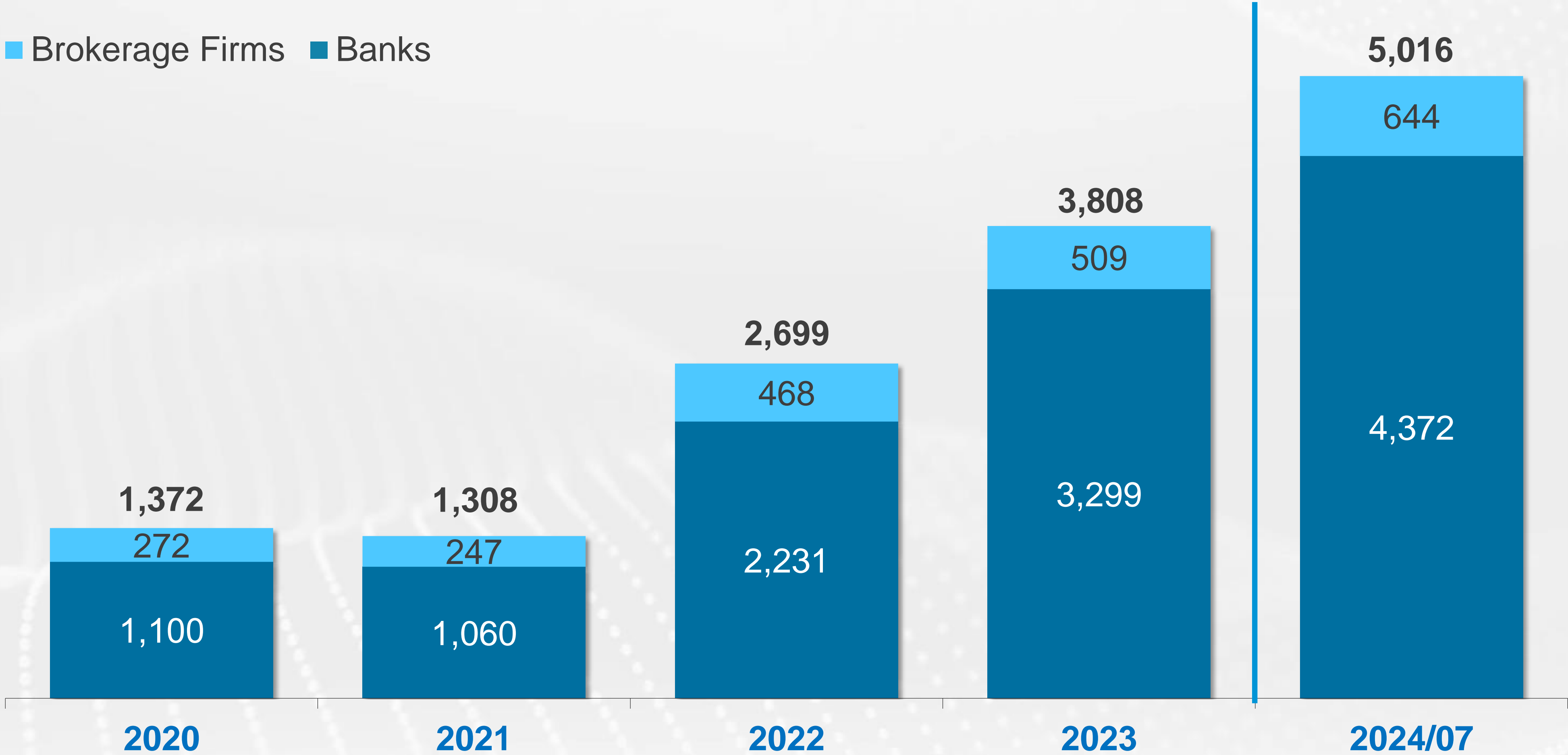


INVESTMENT INSTITUTIONS



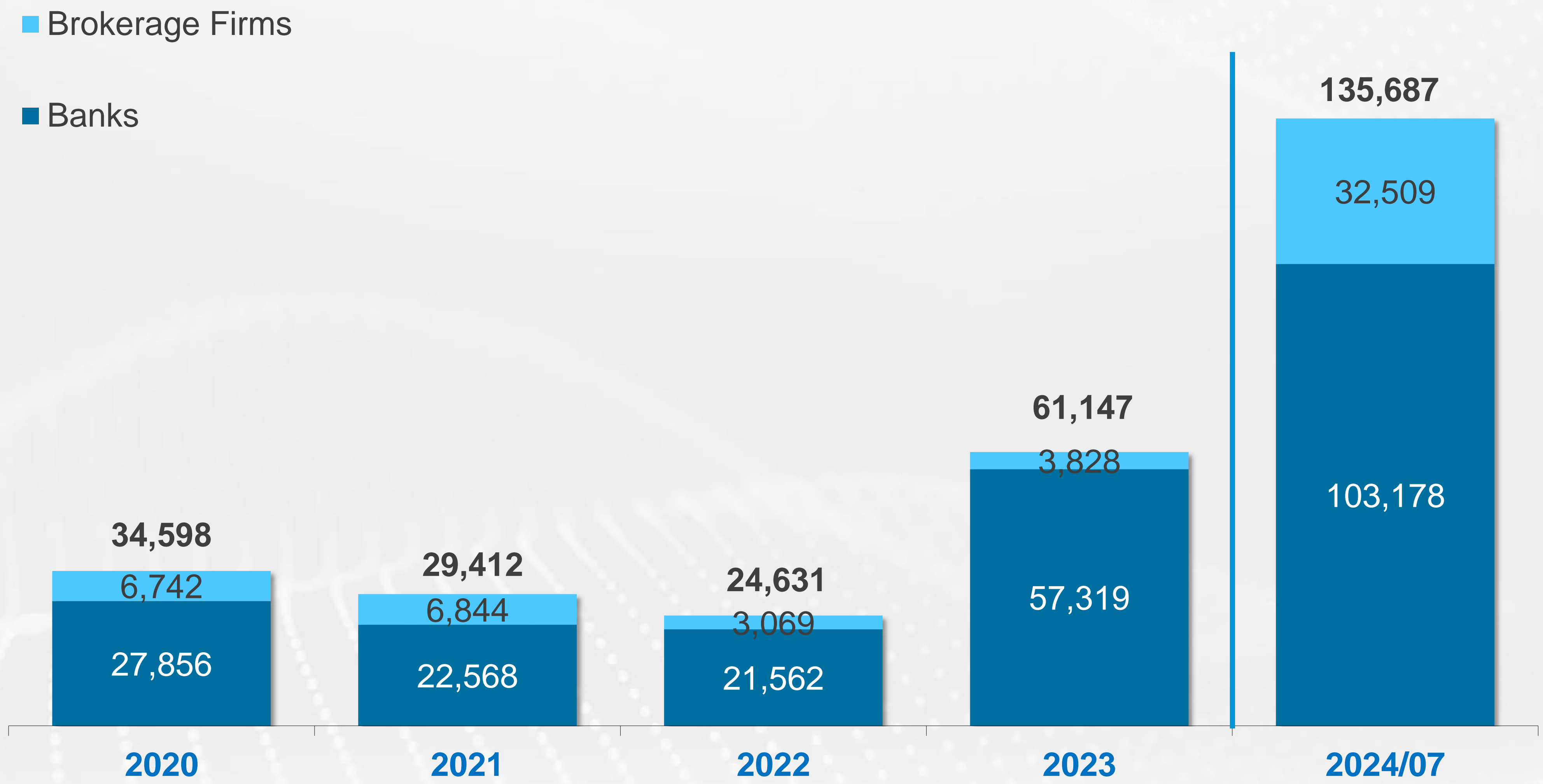
FIXED INCOME TRADING VOLUME OF INTERMEDIARIES (BILLION TL)

■ Brokerage Firms ■ Banks



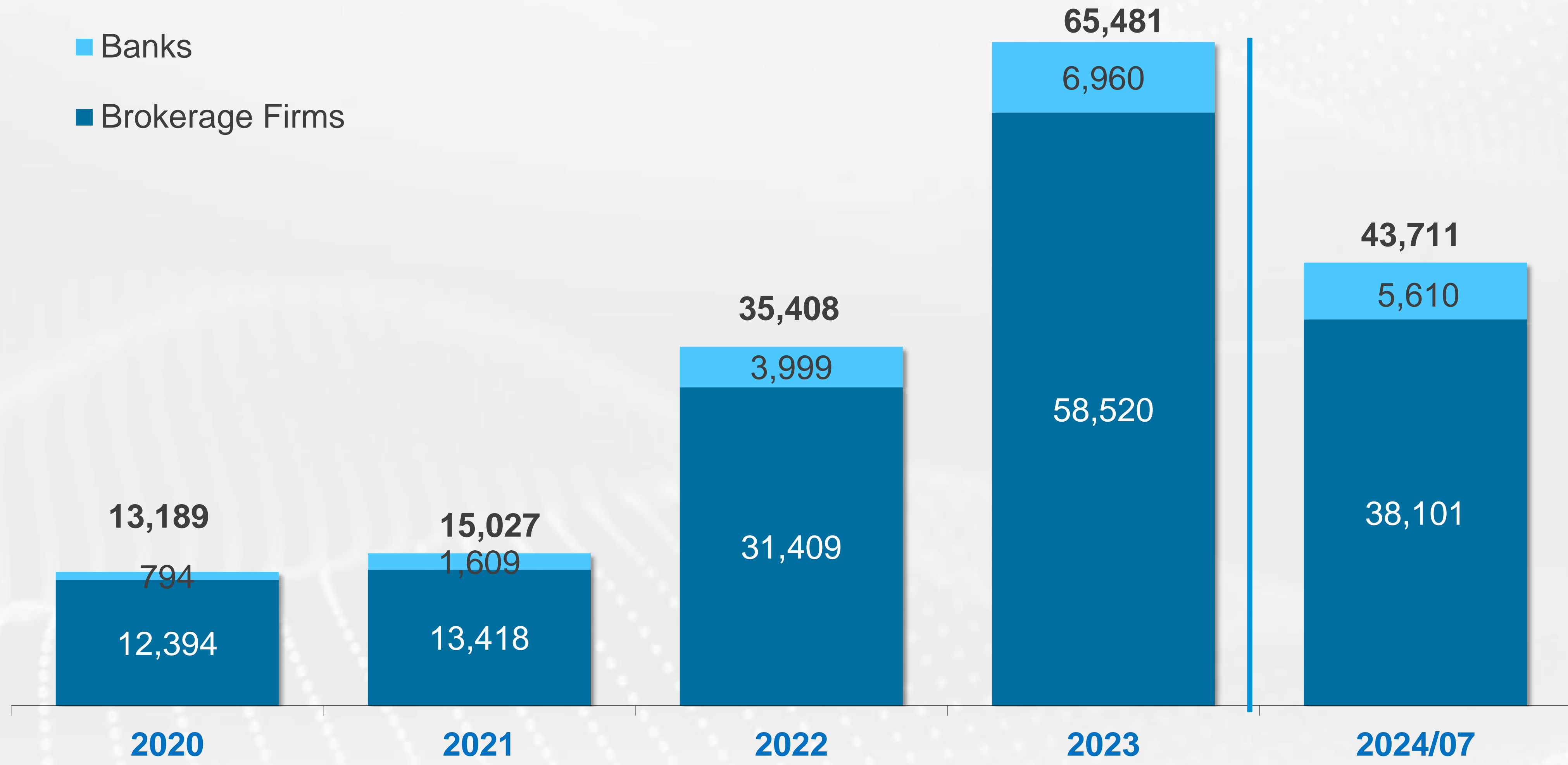
Excluding CBRT and Takasbank
 Excluding Eurobond transactions,
 OTC transactions included, as of 28.06.2024

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



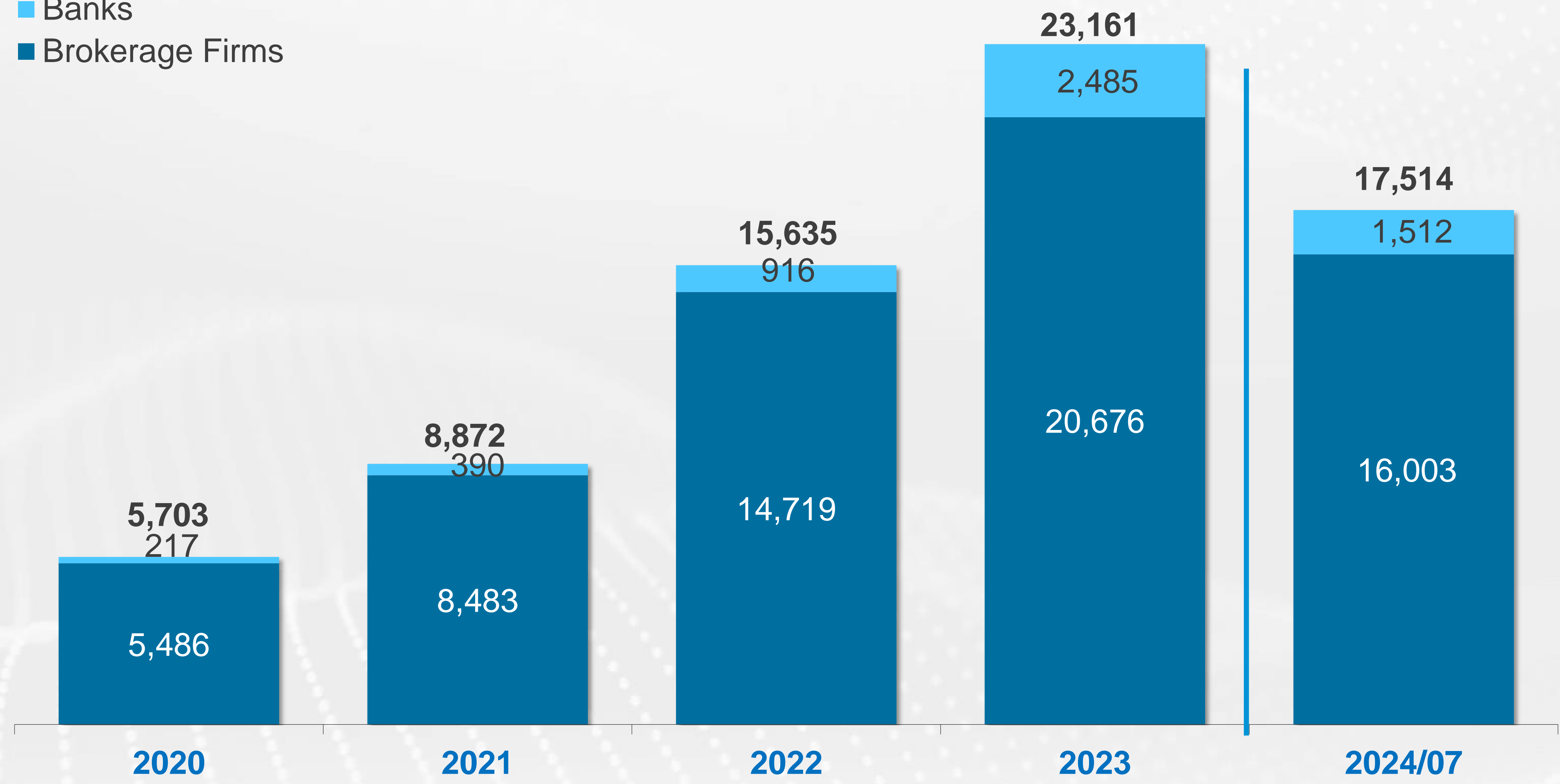
Excluding CBRT and Takasbank OTC transactions included, as of 28.06.2024

EQUITY TRADING VOLUME OF INTERMEDIARIES (BILLION TL)



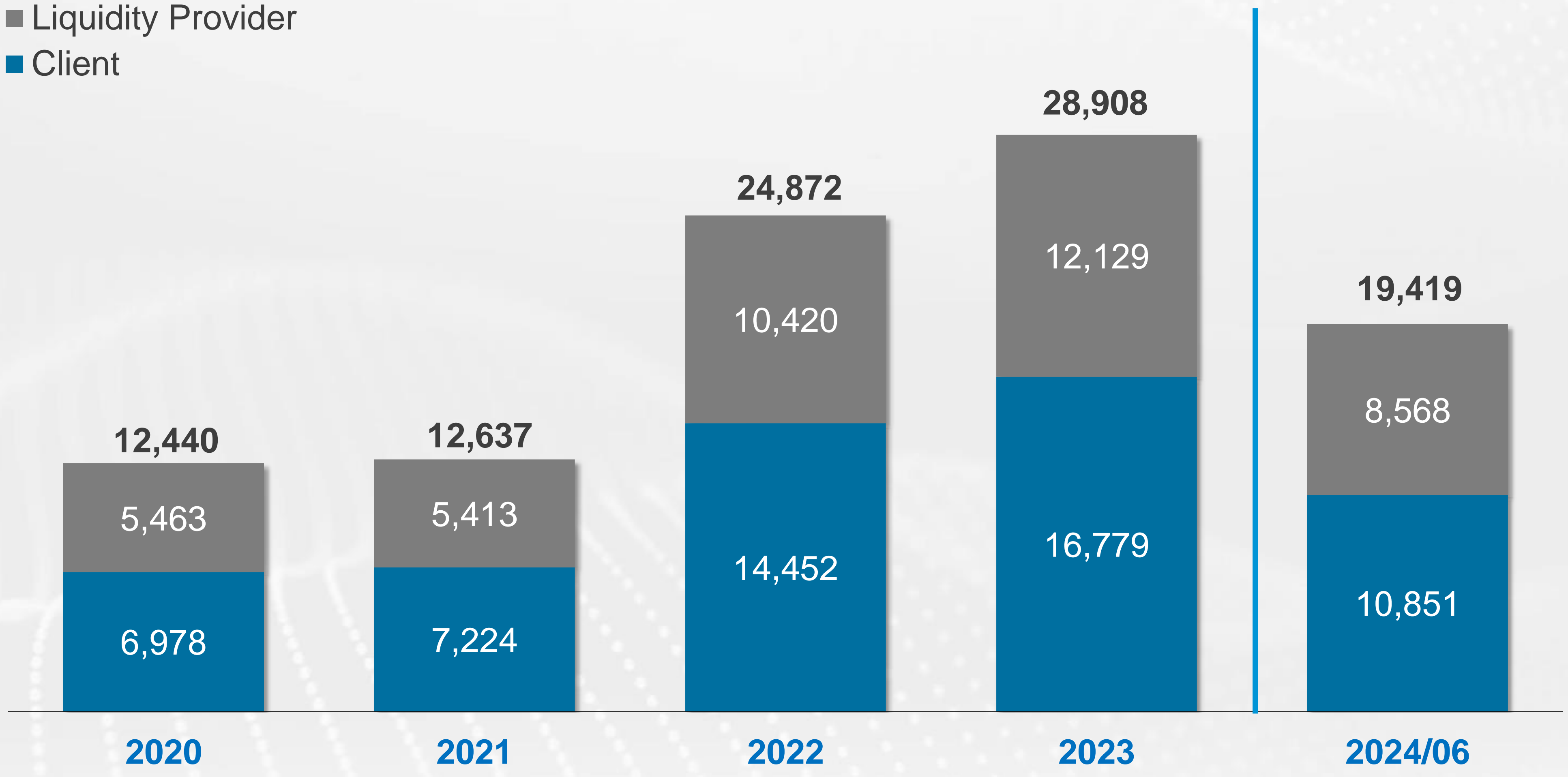
FUTURES TRADING VOLUME OF INTERMEDIARIES (BILLION TL)

- Banks
- Brokerage Firms



FOREX TRADING VOLUME (BILLION TL)

■ Liquidity Provider
■ Client



CONCENTRATION IN TRADING VOLUMES (2024/07)

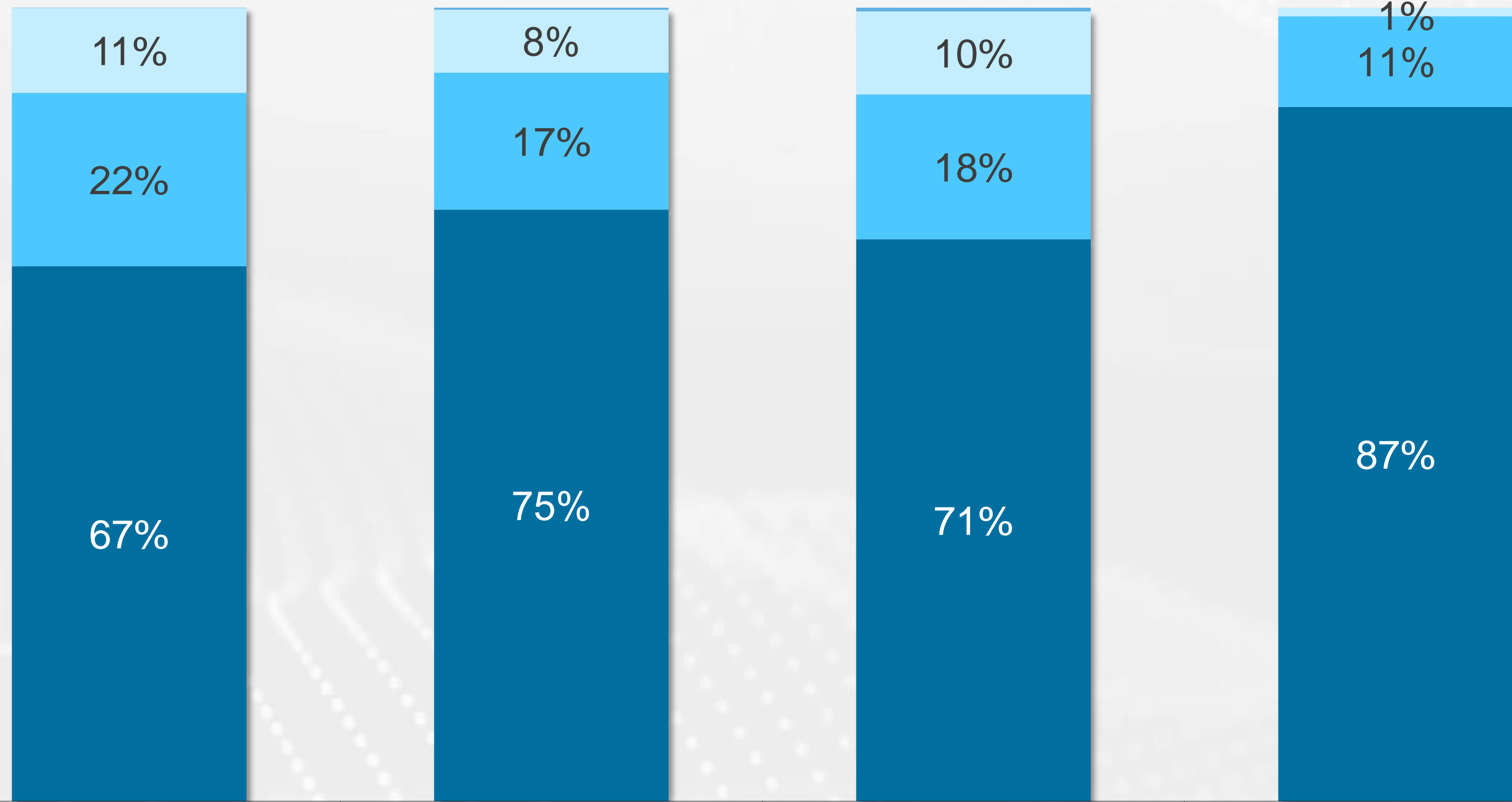
No. of Intermediaries

■ 51+

■ 21-50

■ 11-20

■ 1-10



Equity

Fixed Income

Futures

Forex (Customer)*

TOP 10 MEMBERS IN THE MARKETS (2024/07)

Equity Market		
1	YAPI KREDİ YATIRIM	13%
2	BANK OF AMERICA	13%
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	QNB FİNANS YATIRIM	3%
Total (billion TL)		43,711

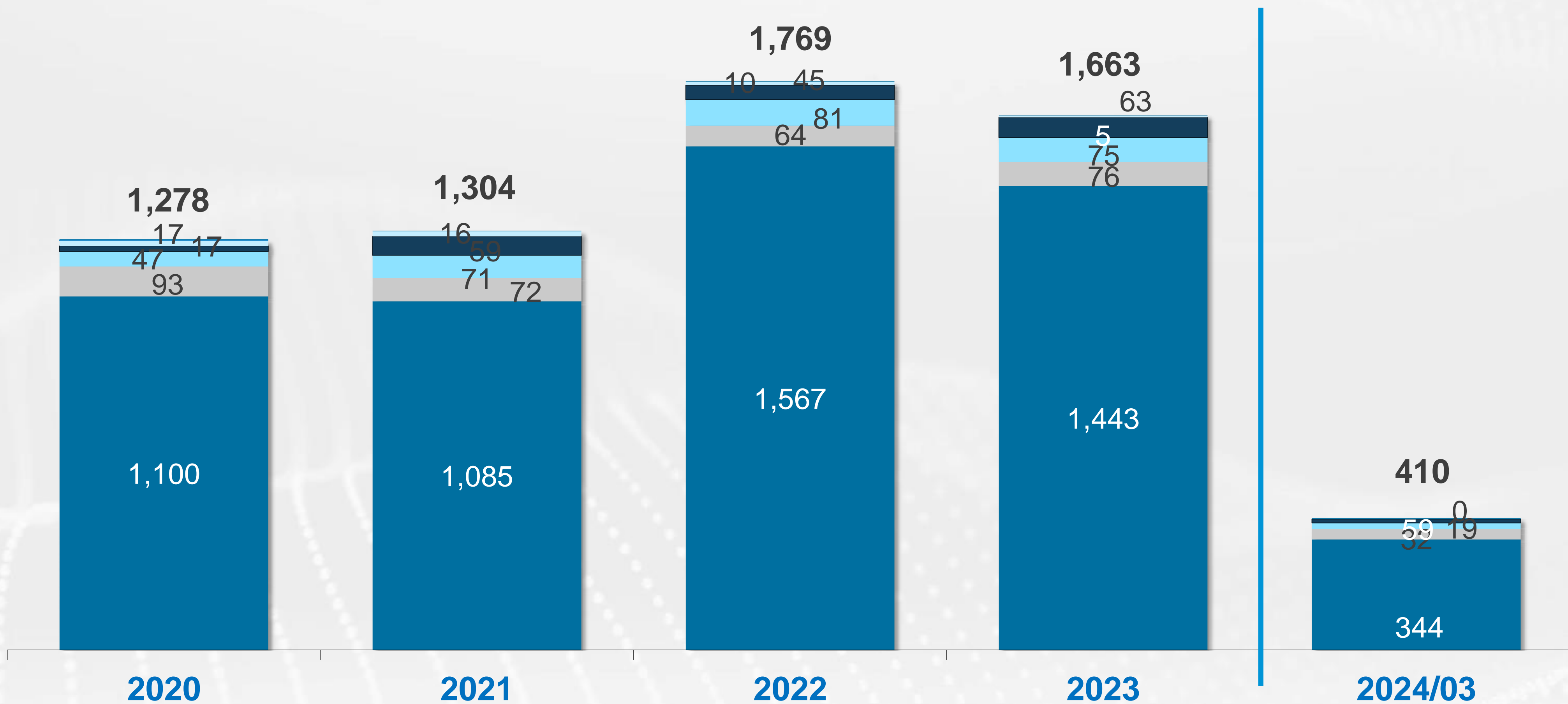
Futures Market		
1	YAPI KREDİ YATIRIM	23%
2	İŞ YATIRIM	11%
3	QNB FİNANS YATIRIM	7%
4	İFO YATIRIM	6%
5	BANK OF AMERICA	6%
6	AK YATIRIM	5%
7	DENİZ YATIRIM	4%
8	TEB YATIRIM	4%
9	GARANTİ YATIRIM	3%
10	GEDİK YATIRIM	3%
Total (billion TL)		17,514

Fixed Income Market*		
1	VAKIFBANK	15%
2	AKBANK	11%
3	JPMORGAN	9%
4	AKTİF YATIRIM BANKASI	8%
5	TÜRKİYE İŞ BANKASI	7%
6	HSBC BANK	6%
7	TÜRKİYE GARANTİ BANKASI	6%
8	FİNANSBANK	4%
9	DENİZBANK	4%
10	TÜRK EKONOMİ BANKASI	3%
Total (trillion TL)		5,016

Forex Market (Customer)**		
1	GCM MENKUL	27%
2	MEKSA YATIRIM	16%
3	İFO YATIRIM	10%
4	AK YATIRIM	7%
5	INTEGRAL YATIRIM	7%
6	TRIVE YATIRIM	5%
7	GEDİK YATIRIM	5%
8	NOOR CAPITAL	3%
9	TACİRLER MENKUL	3%
10	ALB MENKUL	3%
Total (billion TL)		10,840

NUMBER OF FINALIZED CORPORATE FINANCE DEALS (BROKERAGE FIRMS ONLY)

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

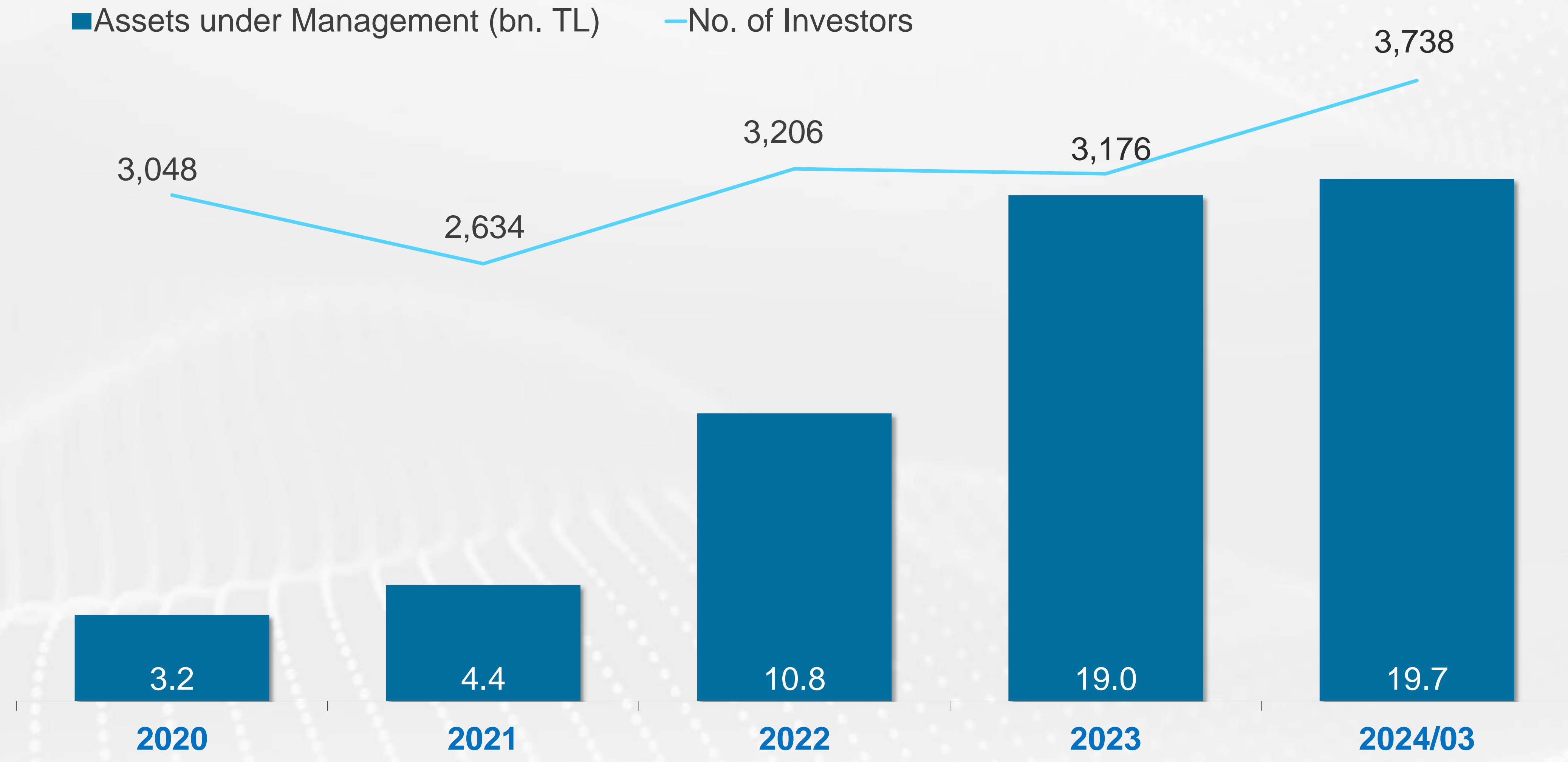


INSTITUTIONAL INVESTMENTS (BILLION TL)

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

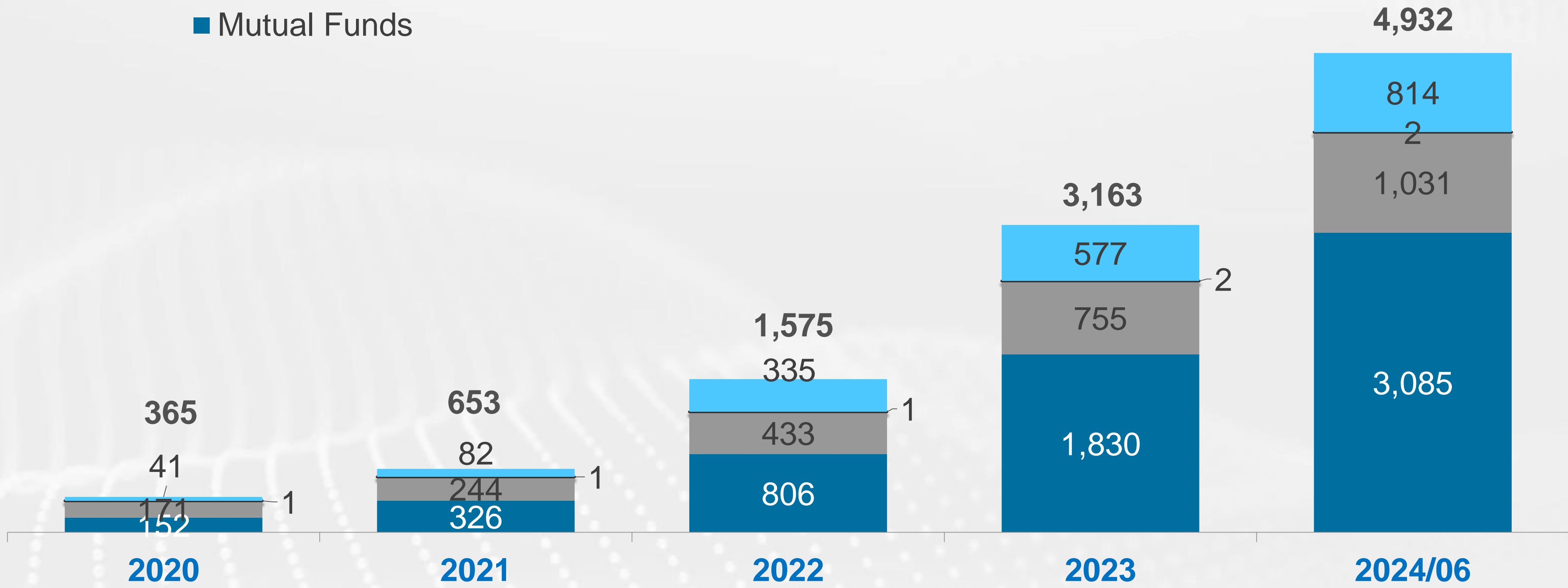


ASSET MANAGEMENT BY BROKERAGE FIRMS

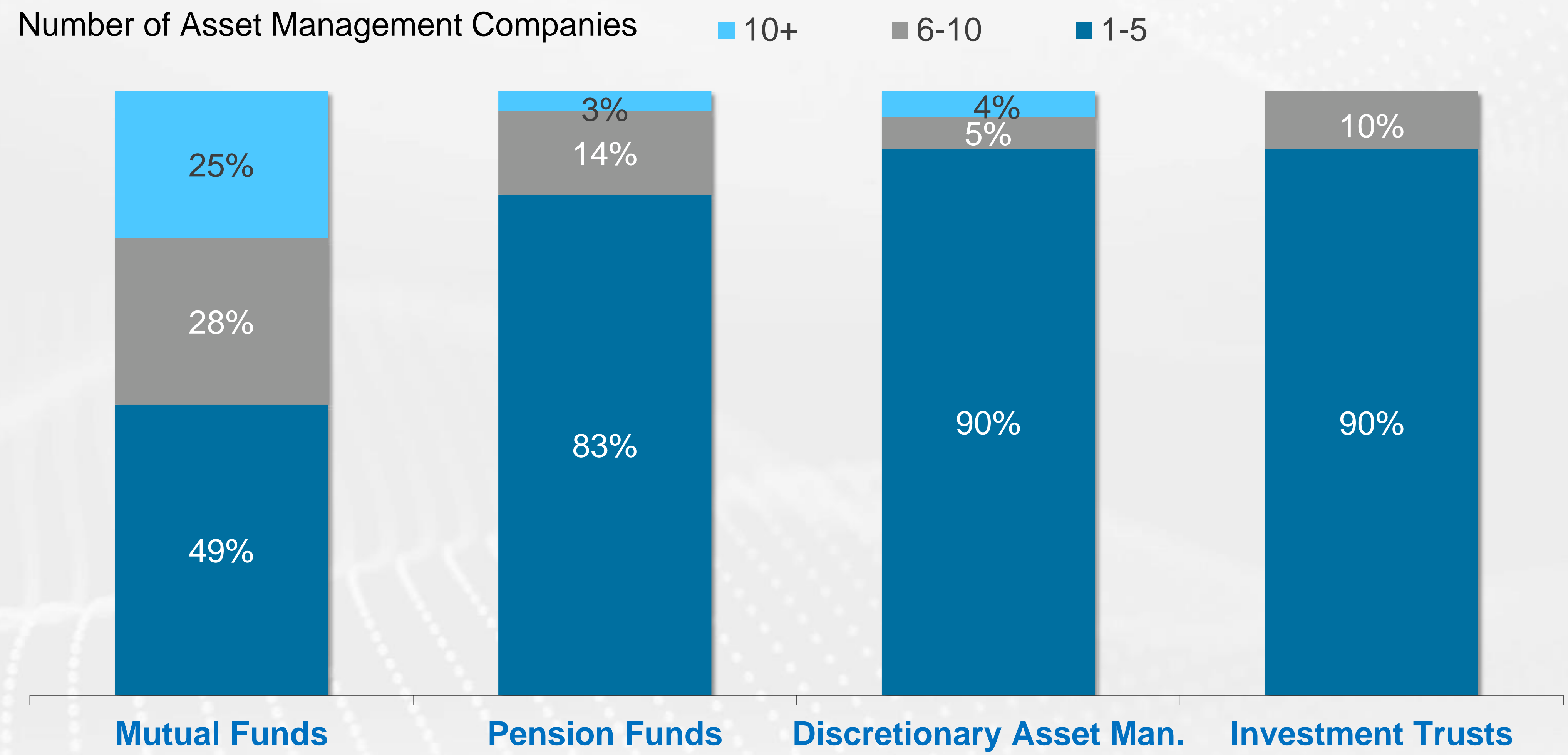


ASSET MANAGEMENT BY ASSET MANAGEMENT COMPANIES (BILLION TL)

- Discretionary
- Investment Trust
- Pension Funds
- Mutual Funds



CONCENTRATION IN ASSET MANAGEMENT FIRMS (2024/06)



TOP 5 MEMBERS IN ASSET MANAGEMENT ACTIVITIES (2024/06)

Mutual Funds		
1	AK PORTFÖY	12%
2	İŞ PORTFÖY	10%
3	ZİRAAT PORTFÖY	9%
4	GARANTİ PORTFÖY	9%
5	DENİZ PORTFÖY	9%
Total (billion TL)		3,085.0

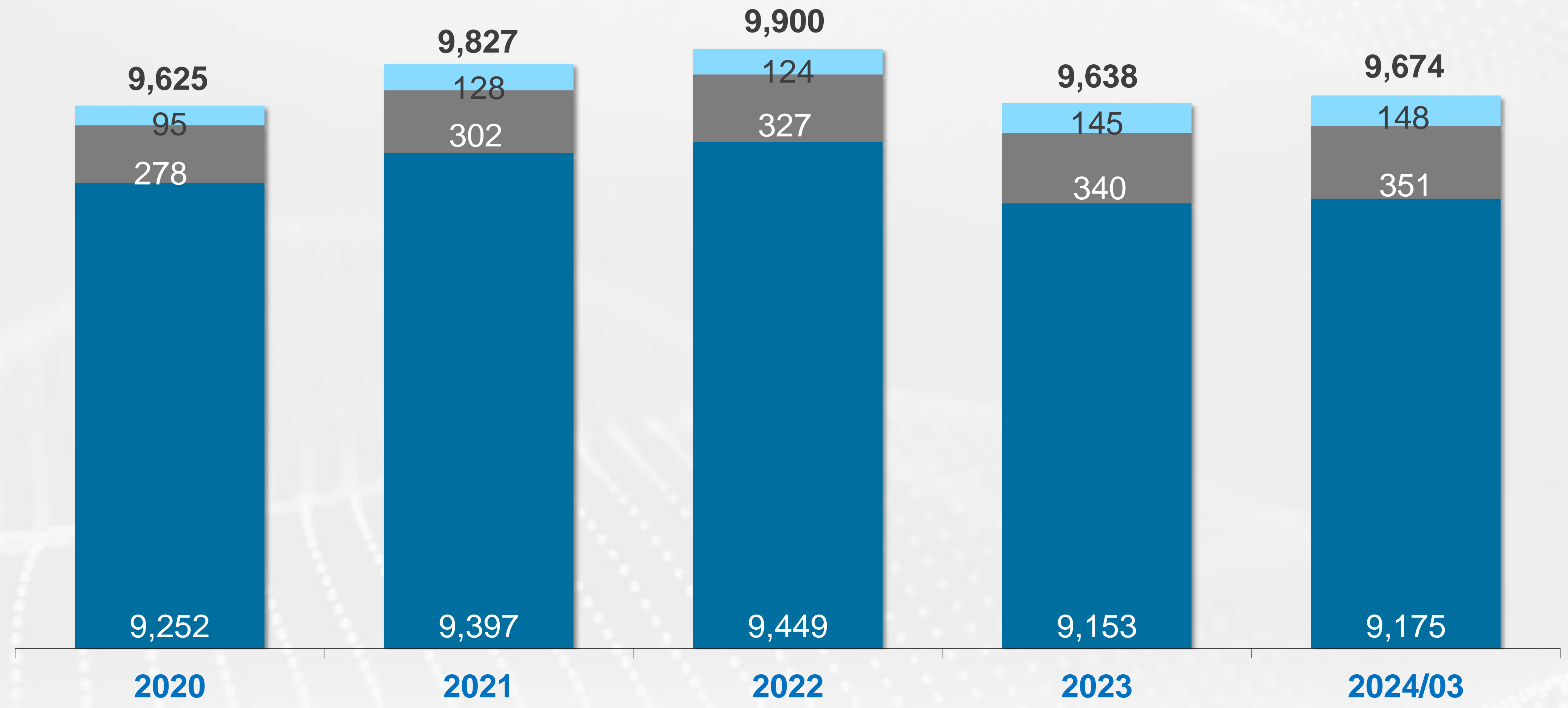
Pension Funds		
1	ZİRAAT PORTFÖY	21%
2	İŞ PORTFÖY	18%
3	AK PORTFÖY	17%
4	GARANTİ PORTFÖY	15%
5	YAPI KREDİ PORTFÖY	12%
Total (billion TL)		1,030.7

Discretionary Asset Management		
1	ZİRAAT PORTFÖY	54%
2	AZİMUT PORTFÖY	15%
3	AK PORTFÖY	10%
4	İSTANBUL PORTFÖY	6%
5	İŞ PORTFÖY	5%
Total (billion TL)		813.8

Investment Trusts		
1	METRO PORTFÖY	33%
2	İŞ PORTFÖY	21%
3	LOGOS PORTFÖY	18%
4	ATLAS PORTFÖY	9%
5	HEDEF PORTFÖY	9%
Total (billion TL)		2.11

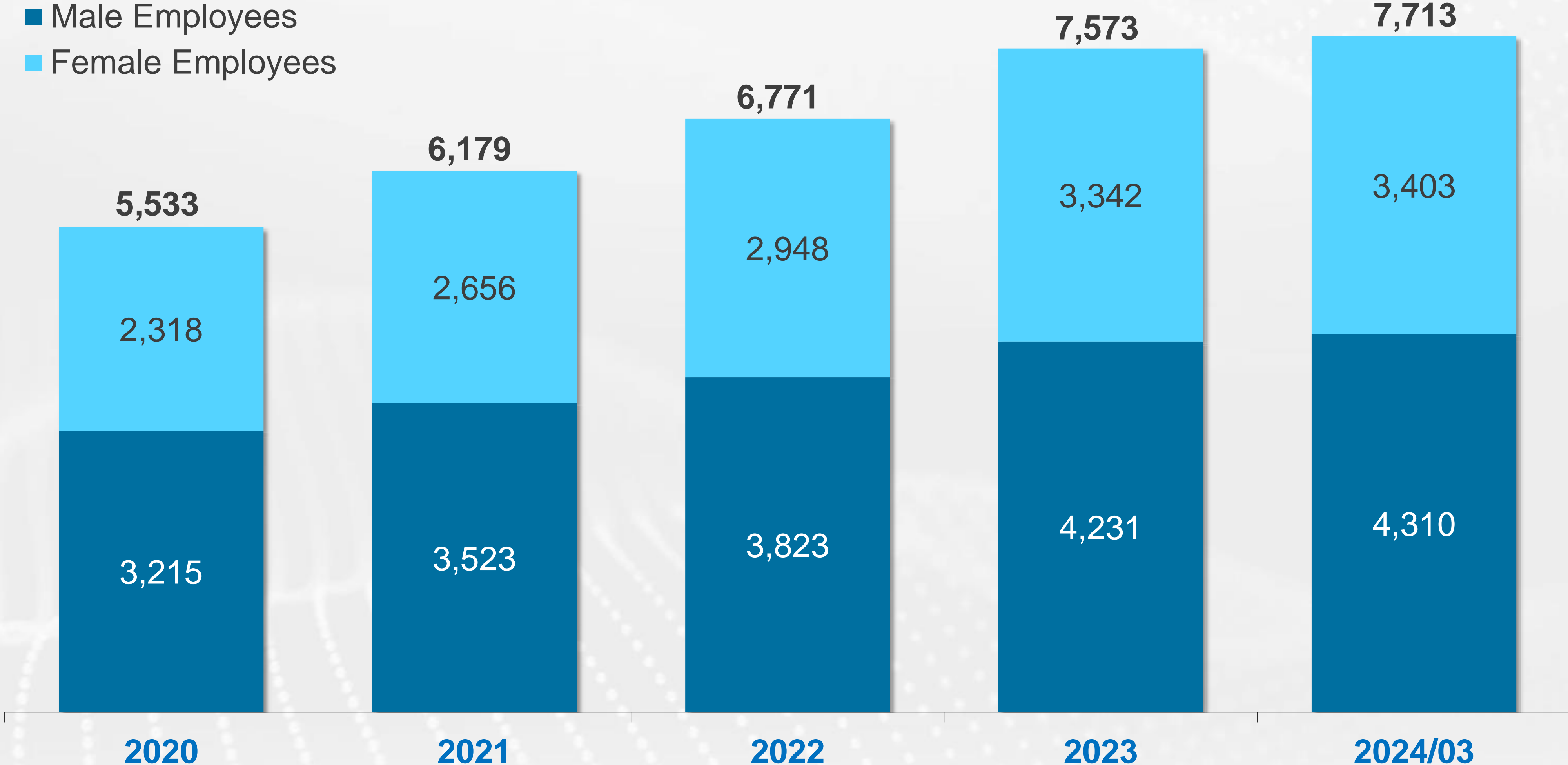
BROKERAGE FIRMS' BRANCH NETWORK

■ Bank Branches ■ Branches ■ Rep. Offices



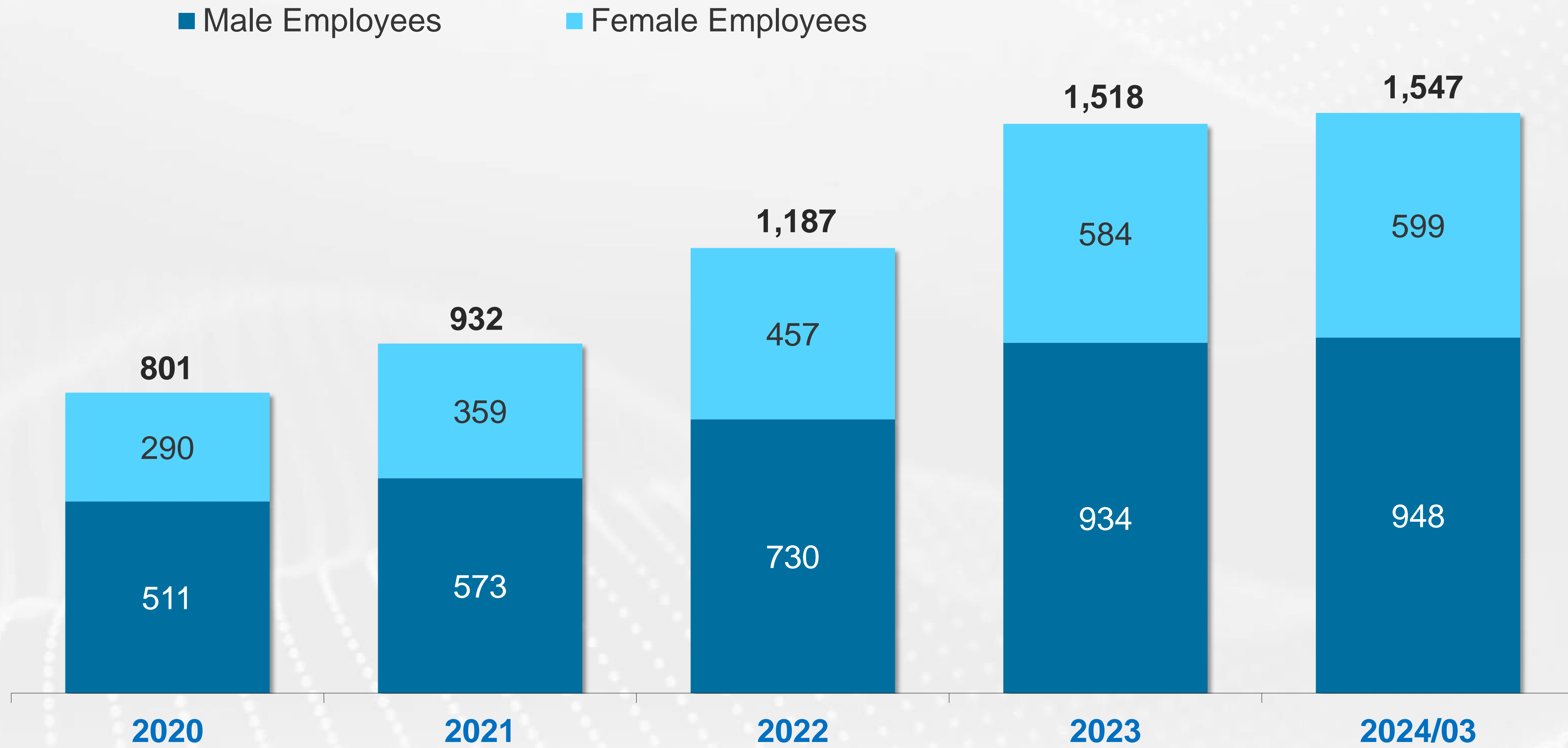
BROKERAGE FIRMS' EMPLOYEES

- Male Employees
- Female Employees



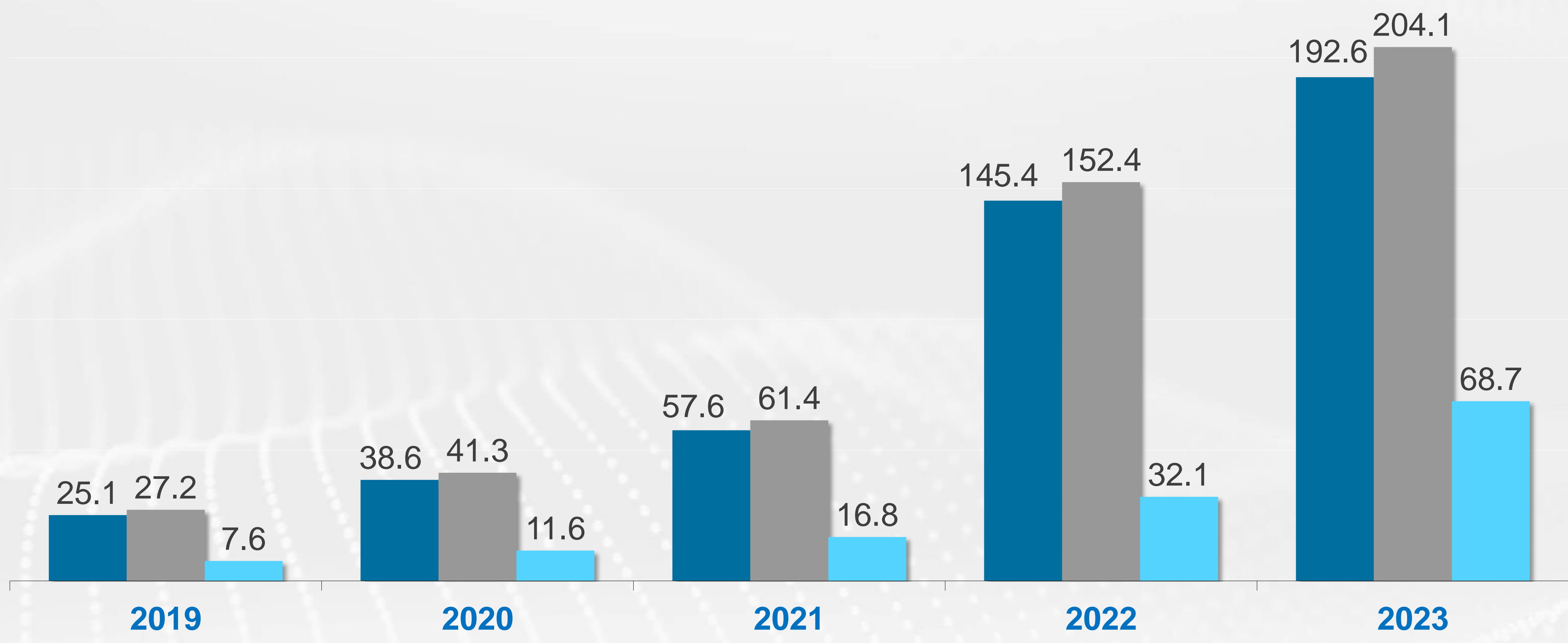
Source: TCMA

ASSET MANAGEMENT COMPANIES' EMPLOYEES



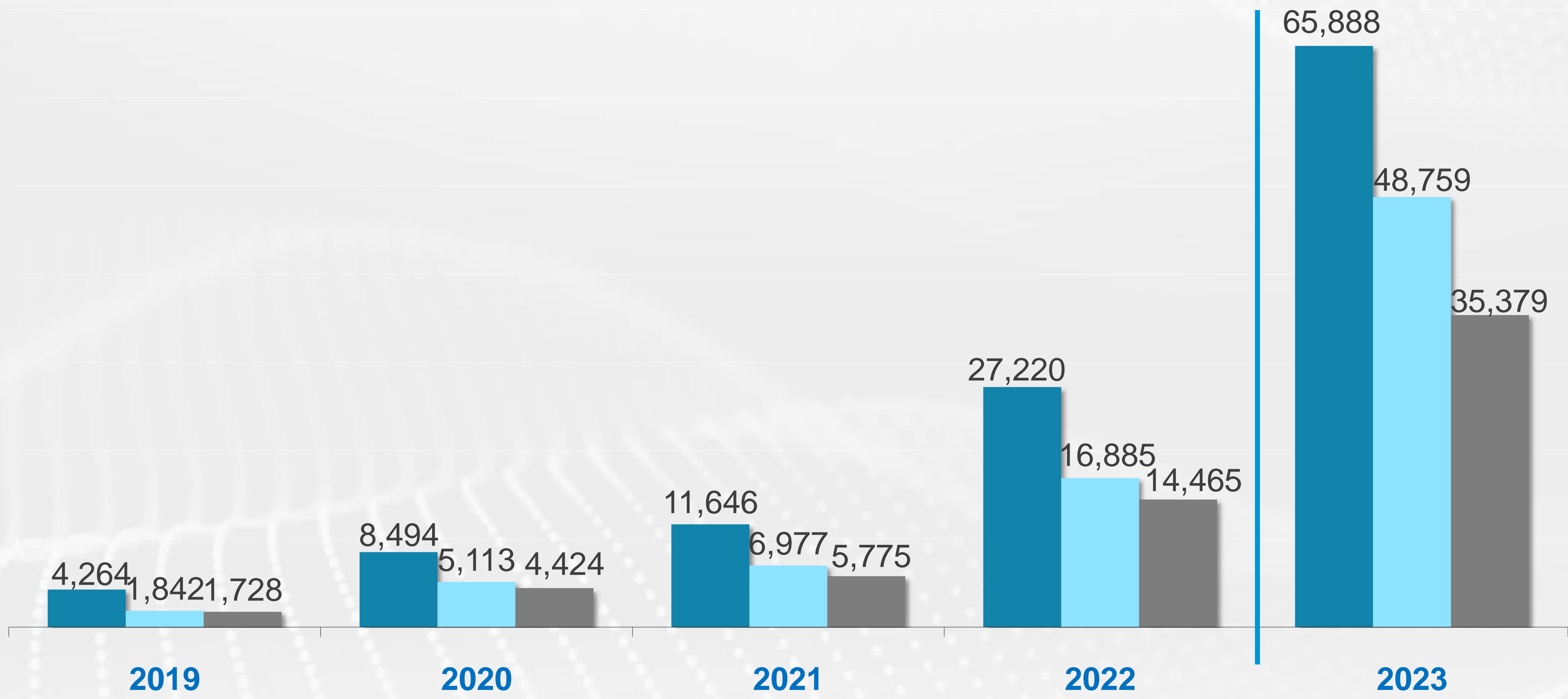
BALANCE SHEET OF BROKERAGE FIRMS (BILLION TL)

■ Current Assets ■ Total Assets ■ Shareholders' Equity



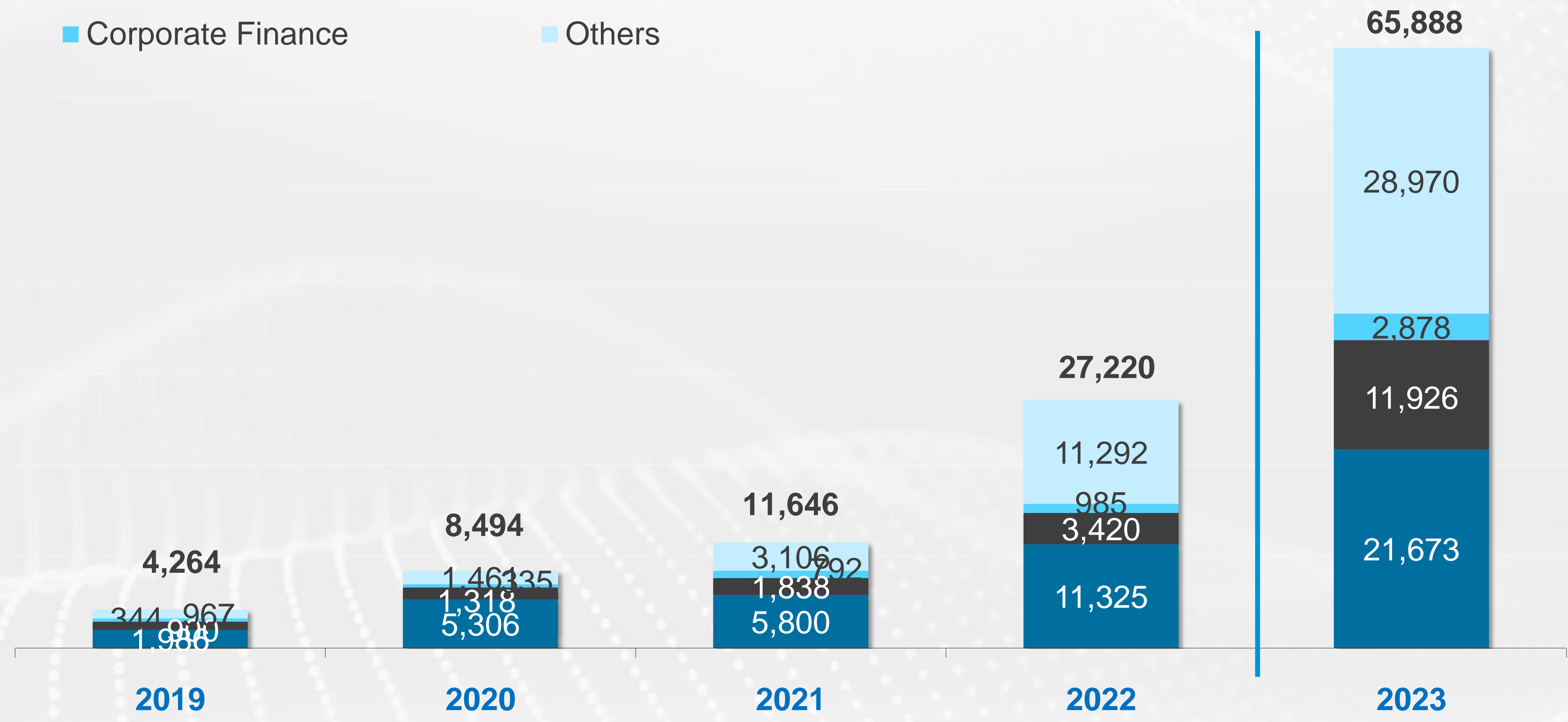
INCOME STATEMENT OF BROKERAGE FIRMS (MILLION TL)

■ Total Revenues ■ Operating Profit ■ Net Profit

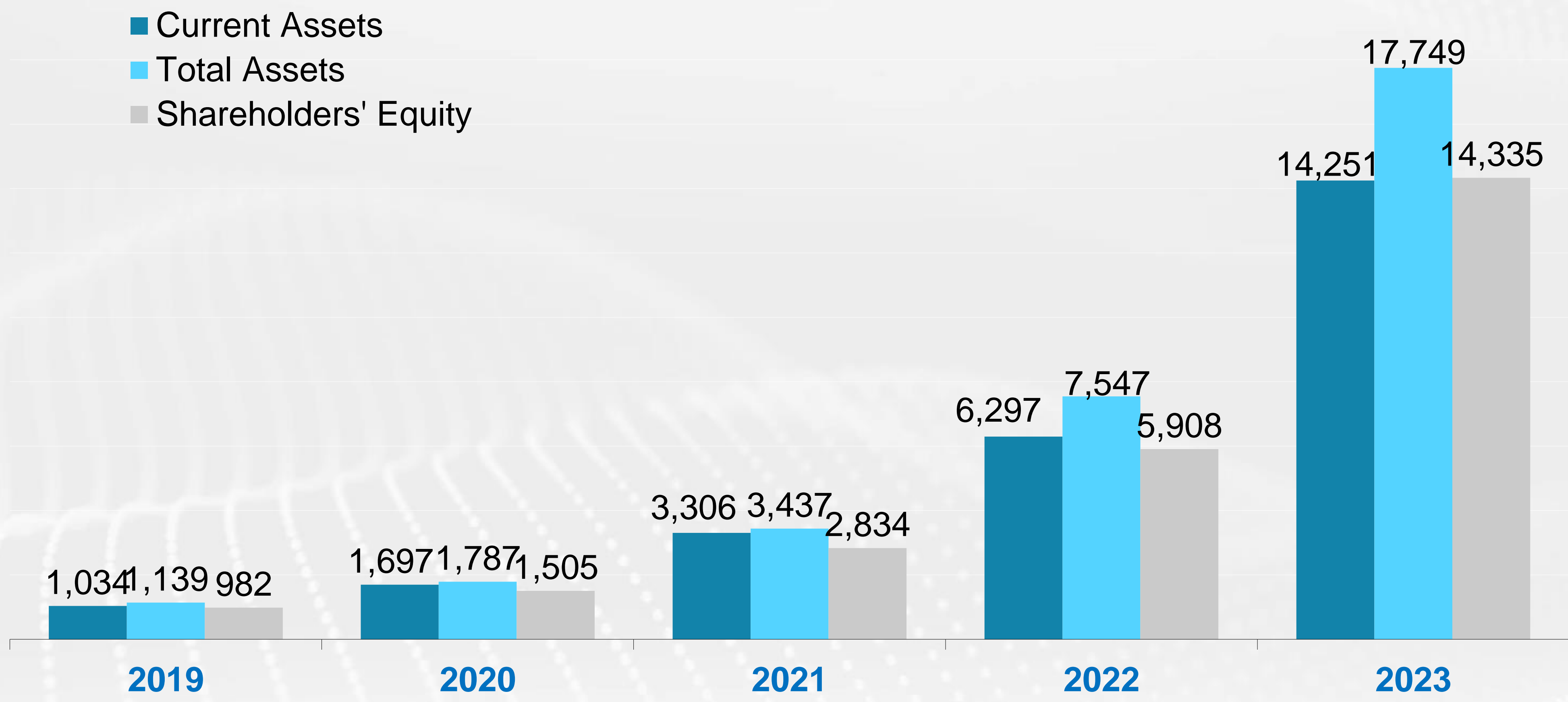


BREAKDOWN OF BROKERAGE FIRMS' REVENUES (MILLION TL)

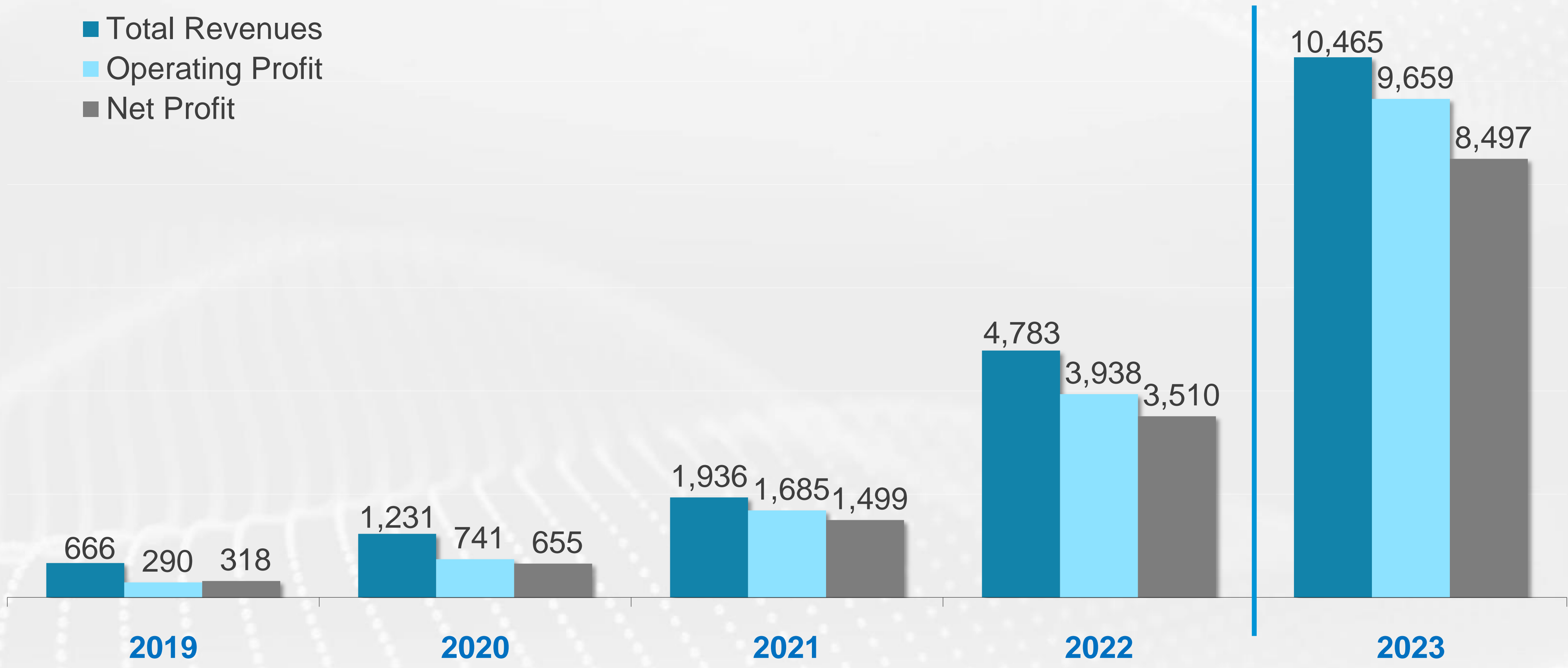
- Brokerage Commissions
- Proprietary Trading Profits
- Corporate Finance
- Others



BALANCE SHEET OF ASSET MANAGEMENT COMPANIES (BILLION TL)

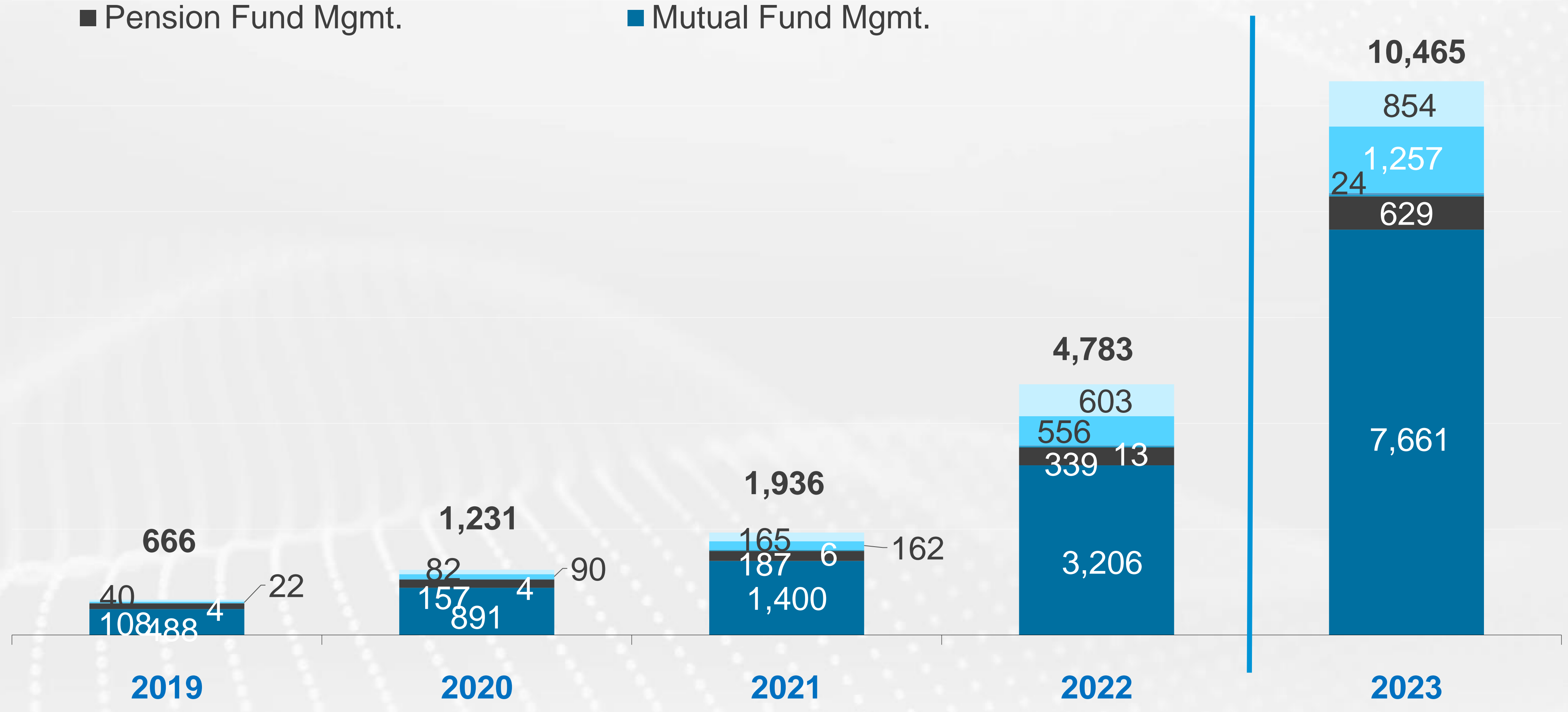


INCOME STATEMENT OF ASSET MANAGEMENT COMPANIES (MILLION TL)



BREAKDOWN OF ASSET MANAGEMENT COMPANIES' REVENUES (MILLION TL)

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

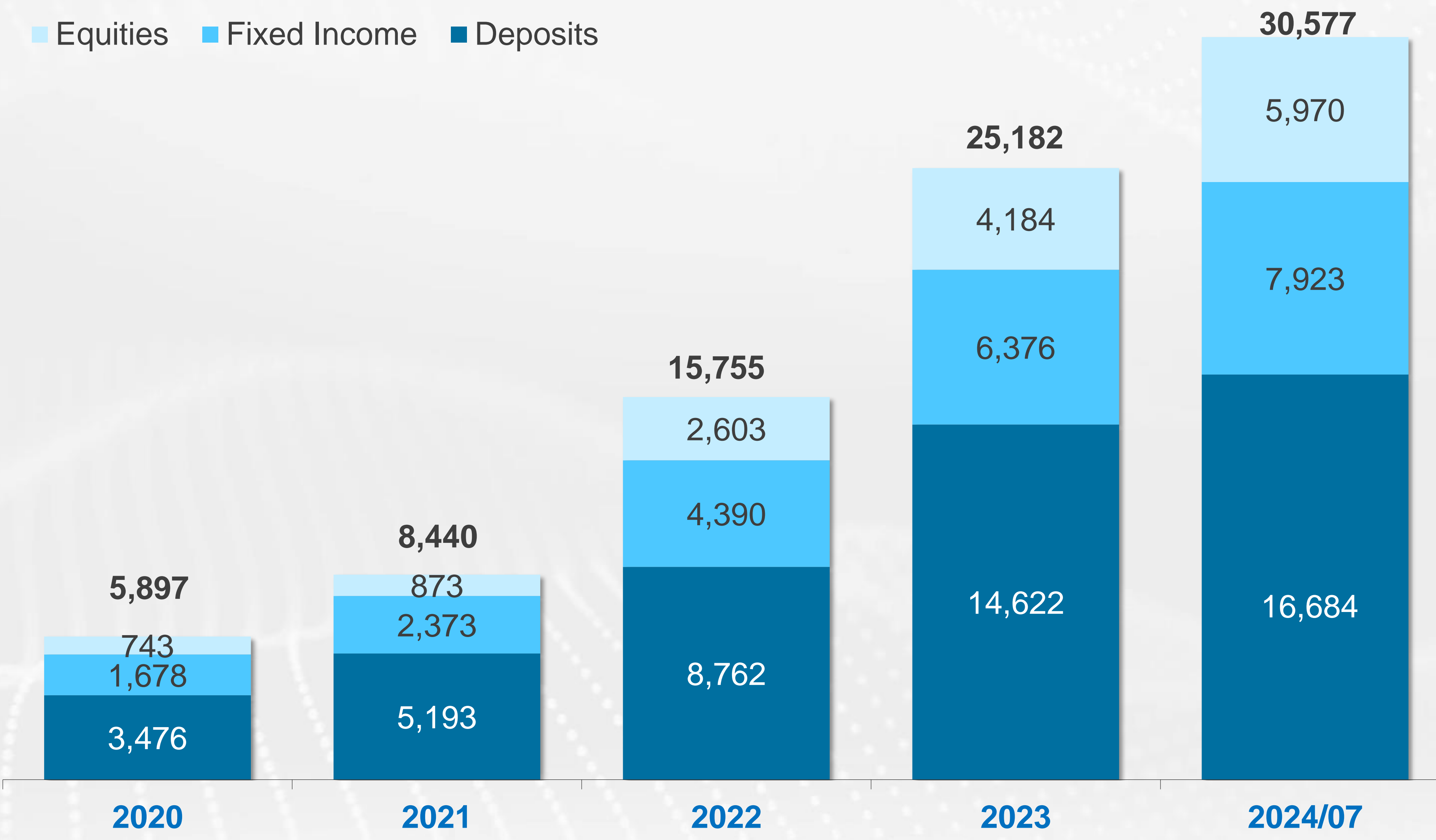


INVESTOR PROFILE



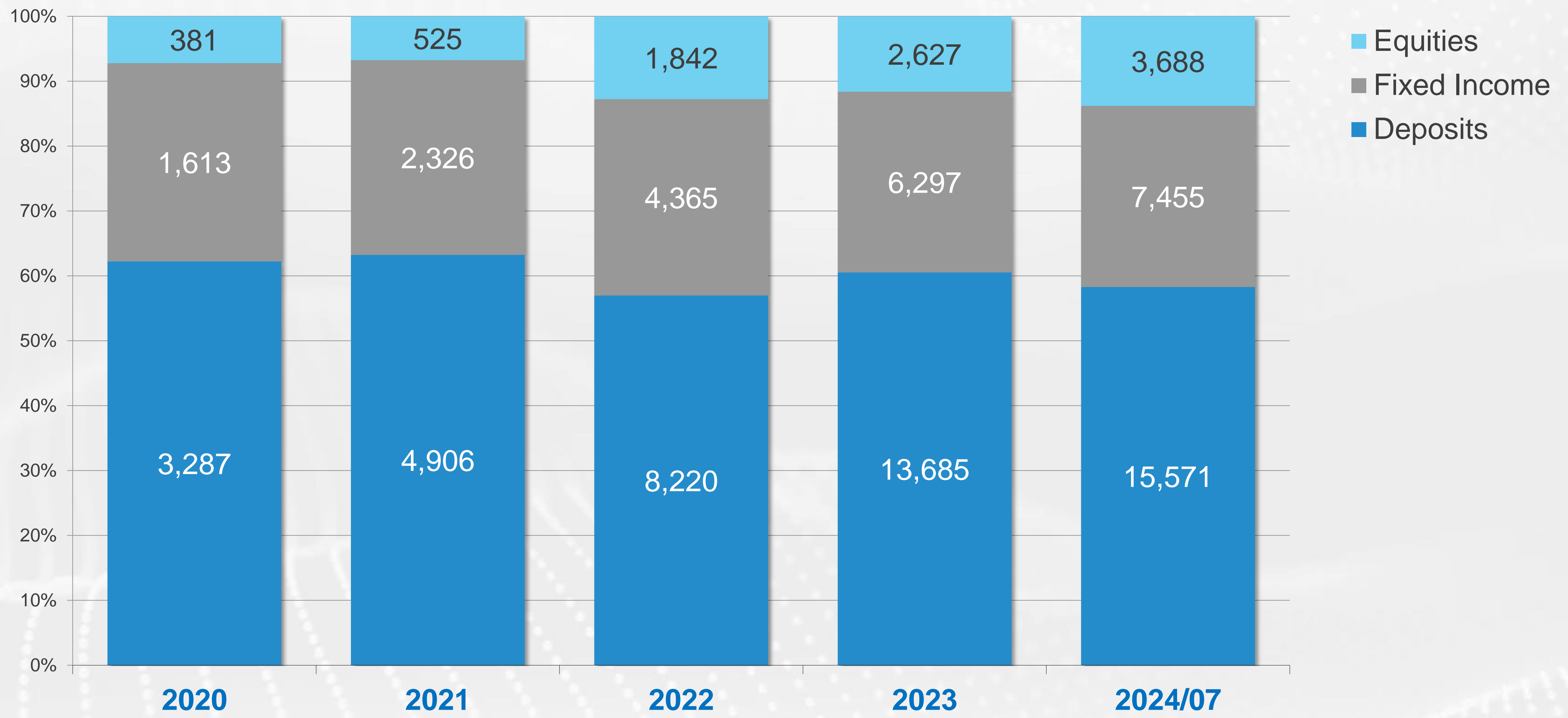
BREAKDOWN OF TOTAL SAVINGS (BILLION TL)

Equities Fixed Income Deposits



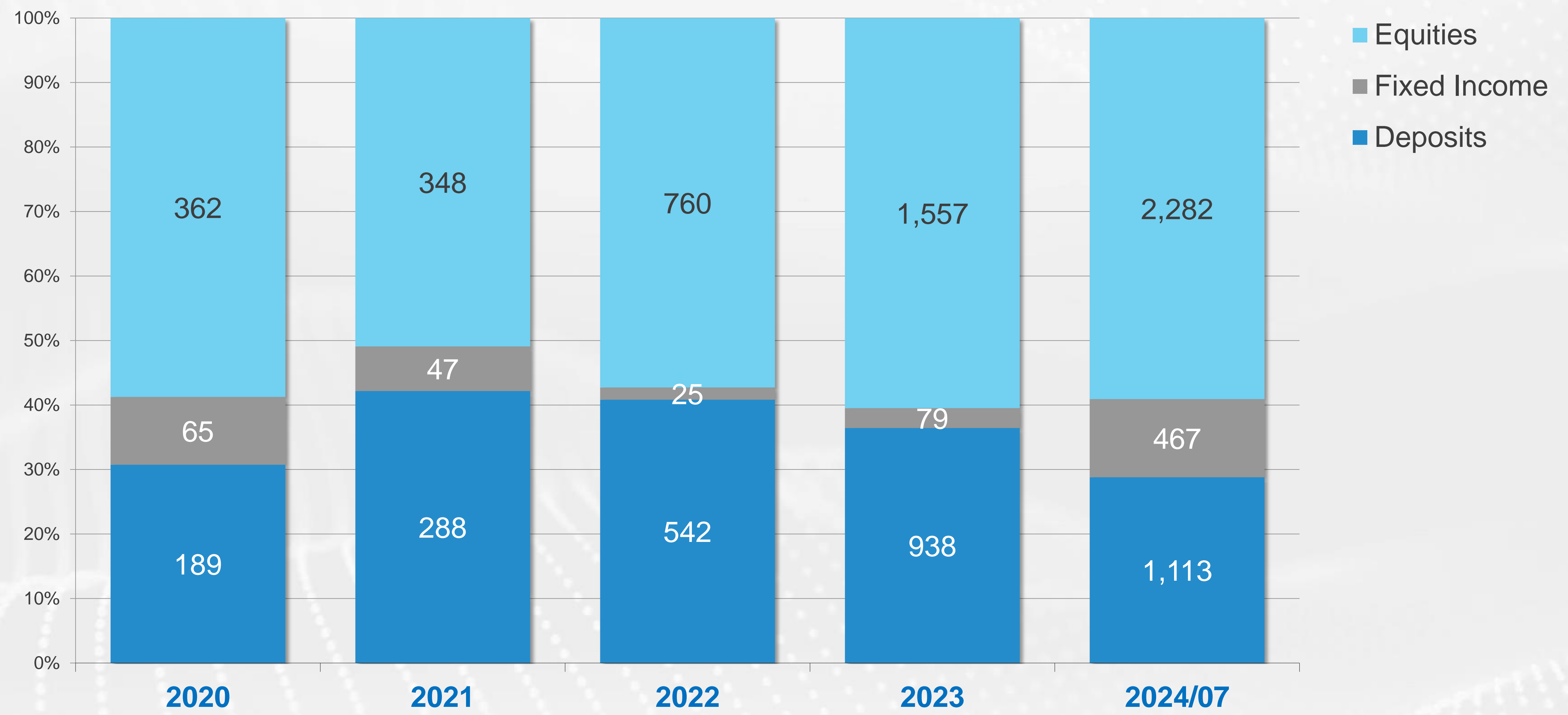
Source: BRSA, MKK, TCMA estimates

SAVINGS OF DOMESTIC INVESTORS (% , BILLION TL)



Source: BRSA, MKK, TCMA estimates

SAVINGS OF FOREIGN INVESTORS (% , BILLION TL)

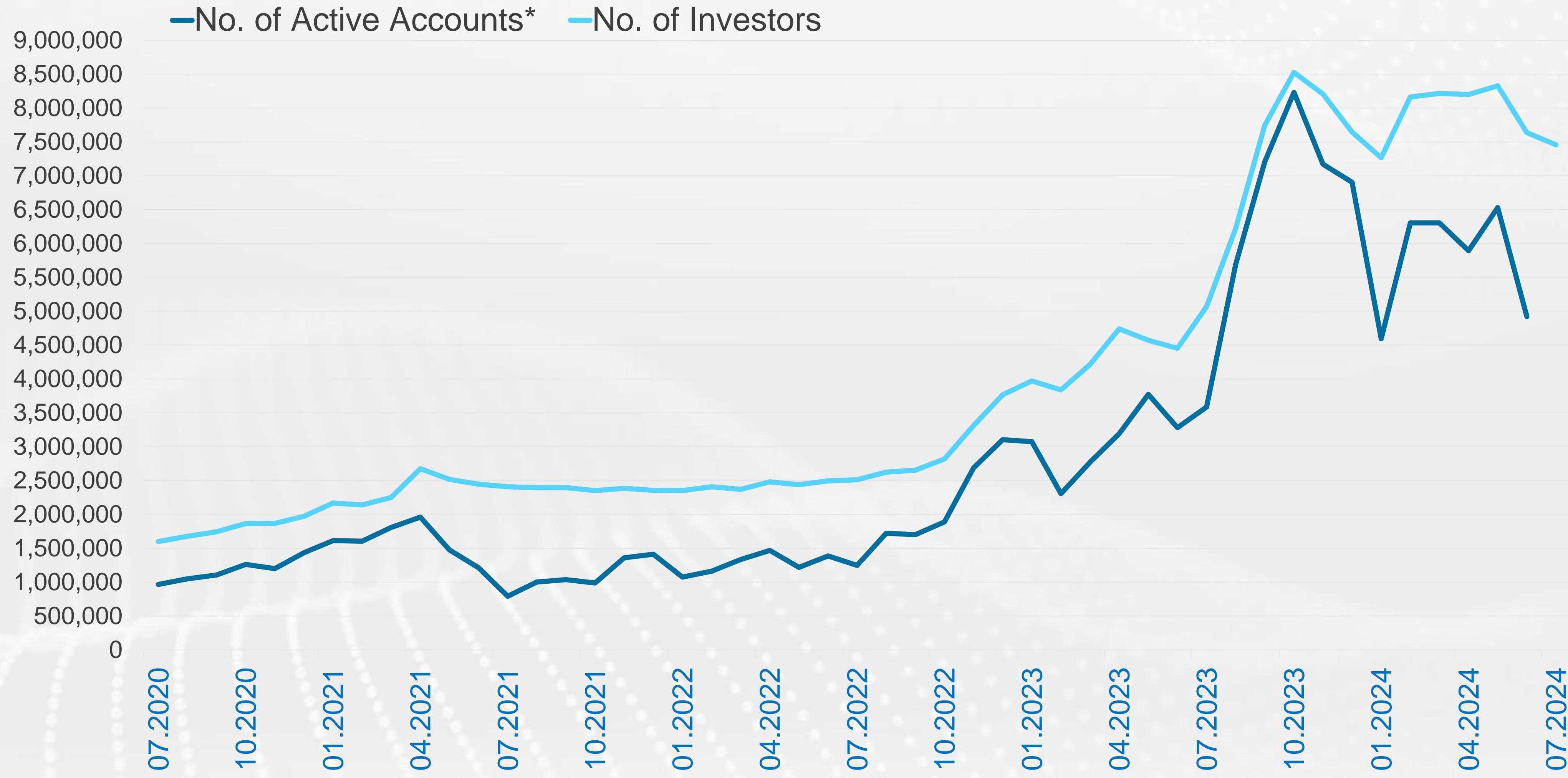


Source: BRSA, MKK, TCMA estimates

NUMBER OF EQUITY INVESTORS

Number of Equity Investors					
(thousand)	2020	2021	2022	2023	2024/07
Domestic Investors	1,977.0	2,341.9	3,766.4	7,614.9	7,427.8
Domestic Individuals	1,970.4	2,333.6	3,757.3	7,604.4	7,417.1
Domestic Corporations	5.7	7.4	8.0	9.3	9.4
Domestic Other	0.8	0.9	1.1	1.3	1.4
Foreign Investors	12.0	13.1	17.0	28.9	30.3
Foreign Individuals	9.2	10.7	14.8	26.6	27.8
Foreign Corporations	1.3	1.2	1.1	1.1	1.1
Foreign Other	1.5	1.3	1.2	1.3	1.4
Total	1,988.9	2,355.1	3,783.5	7,643.9	7,458.1

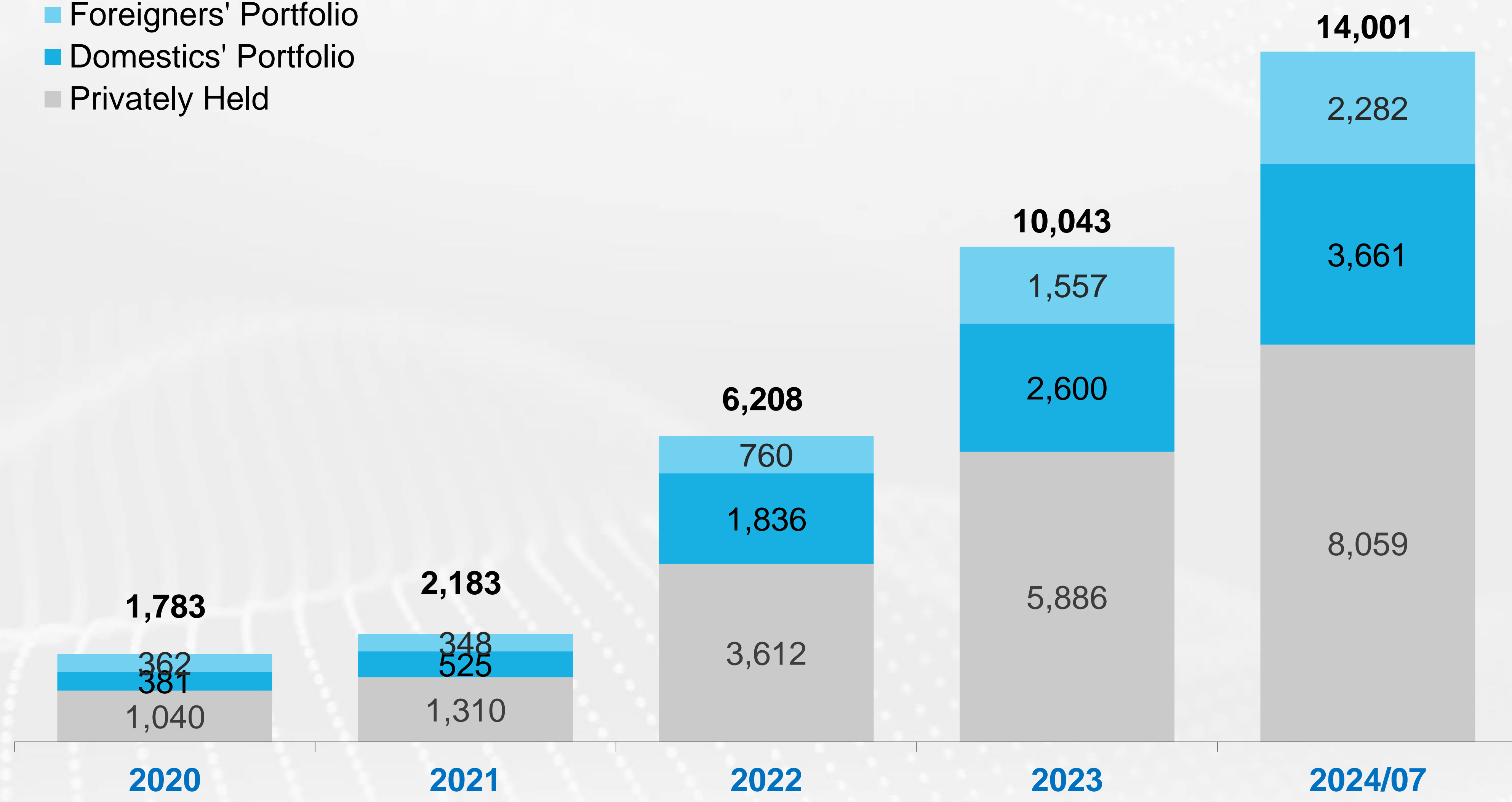
NUMBER OF EQUITY INVESTORS



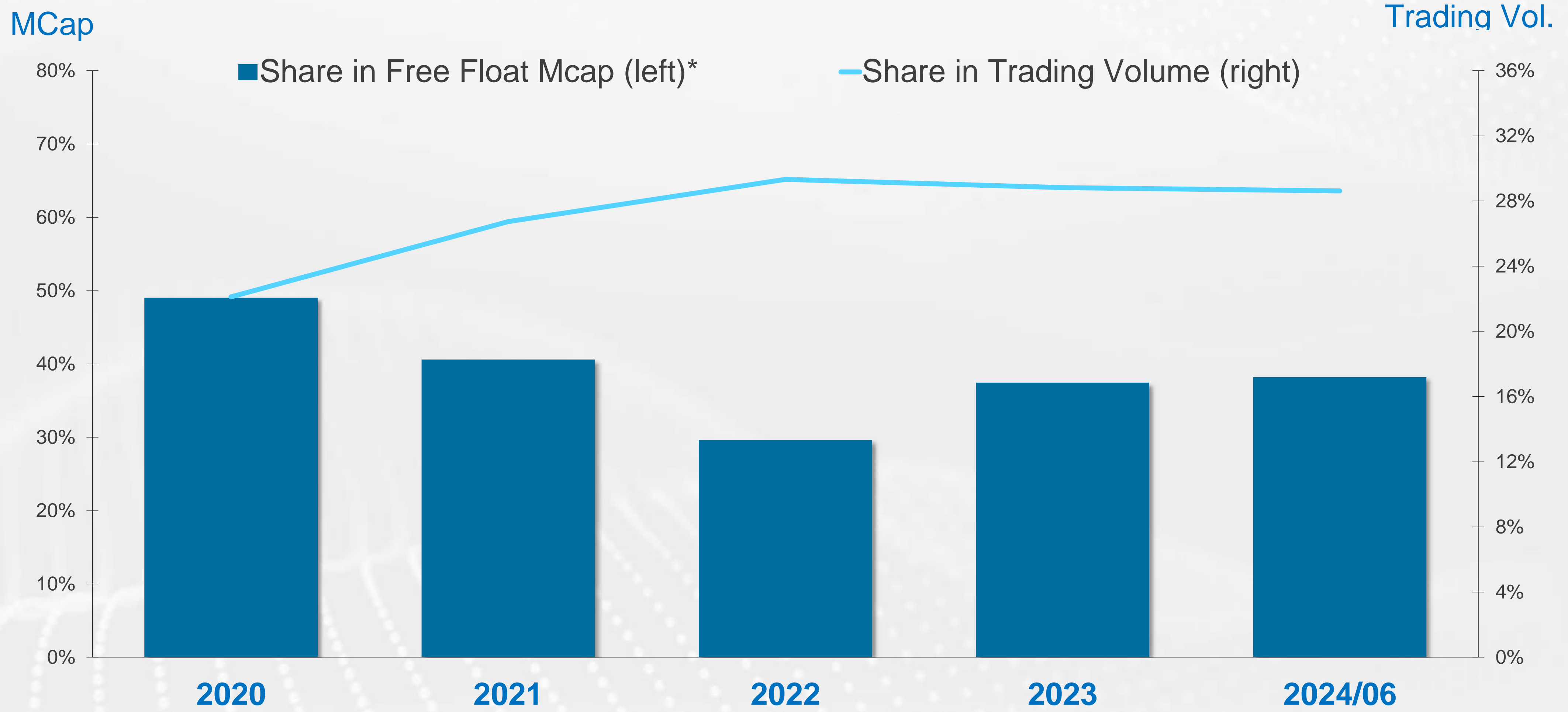
*No. of Active Accounts: Accounts with at least one order execution per month
 Double counting due to investors with accounts in multiple brokers

BREAKDOWN OF MARKET CAPITALIZATION (BILLION TL)

- Foreigners' Portfolio
- Domestics' Portfolio
- Privately Held

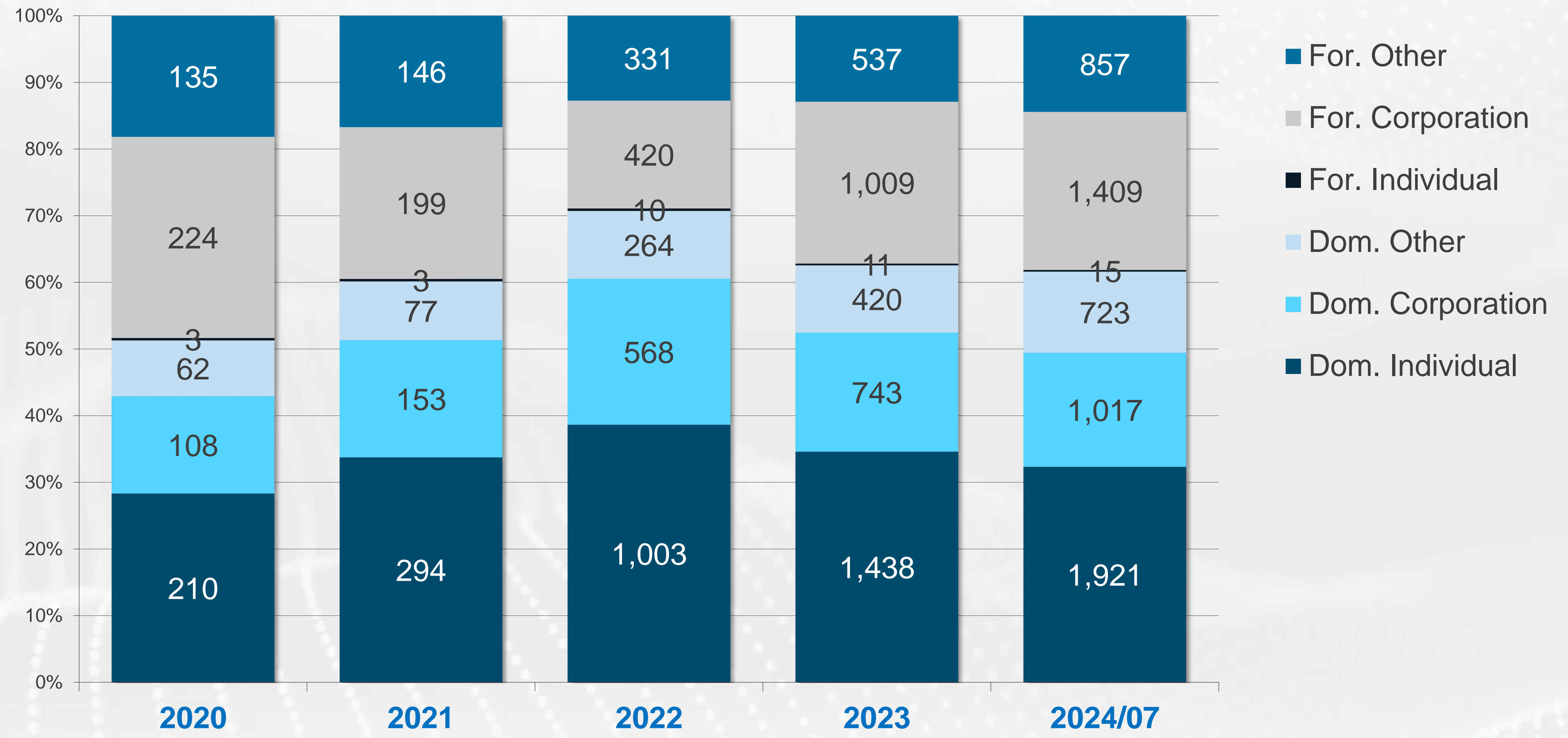


SHARE OF FOREIGN INVESTORS

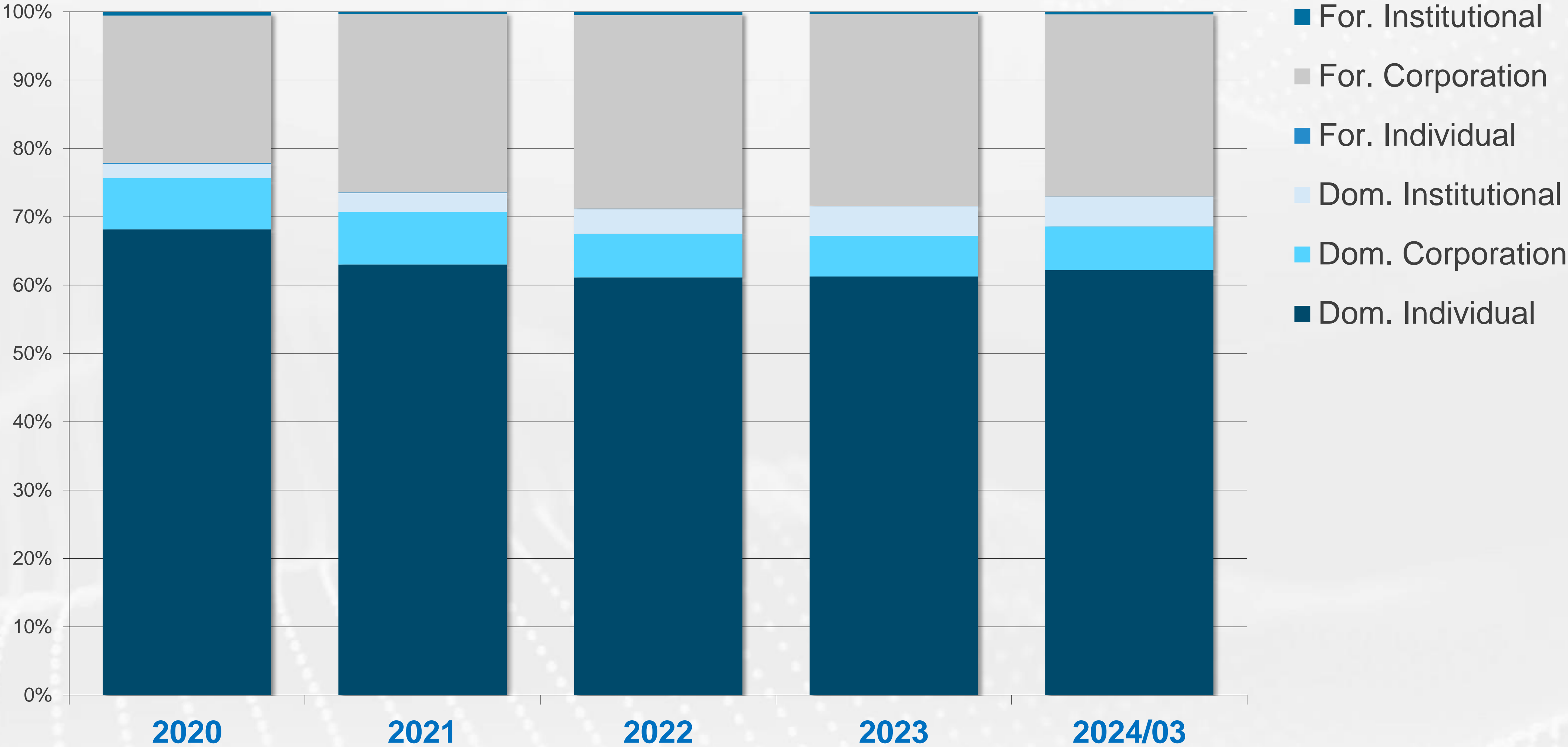


Source: MKK, Borsa Istanbul

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



EQUITY TRADING VOLUME BY INVESTOR CATEGORIES

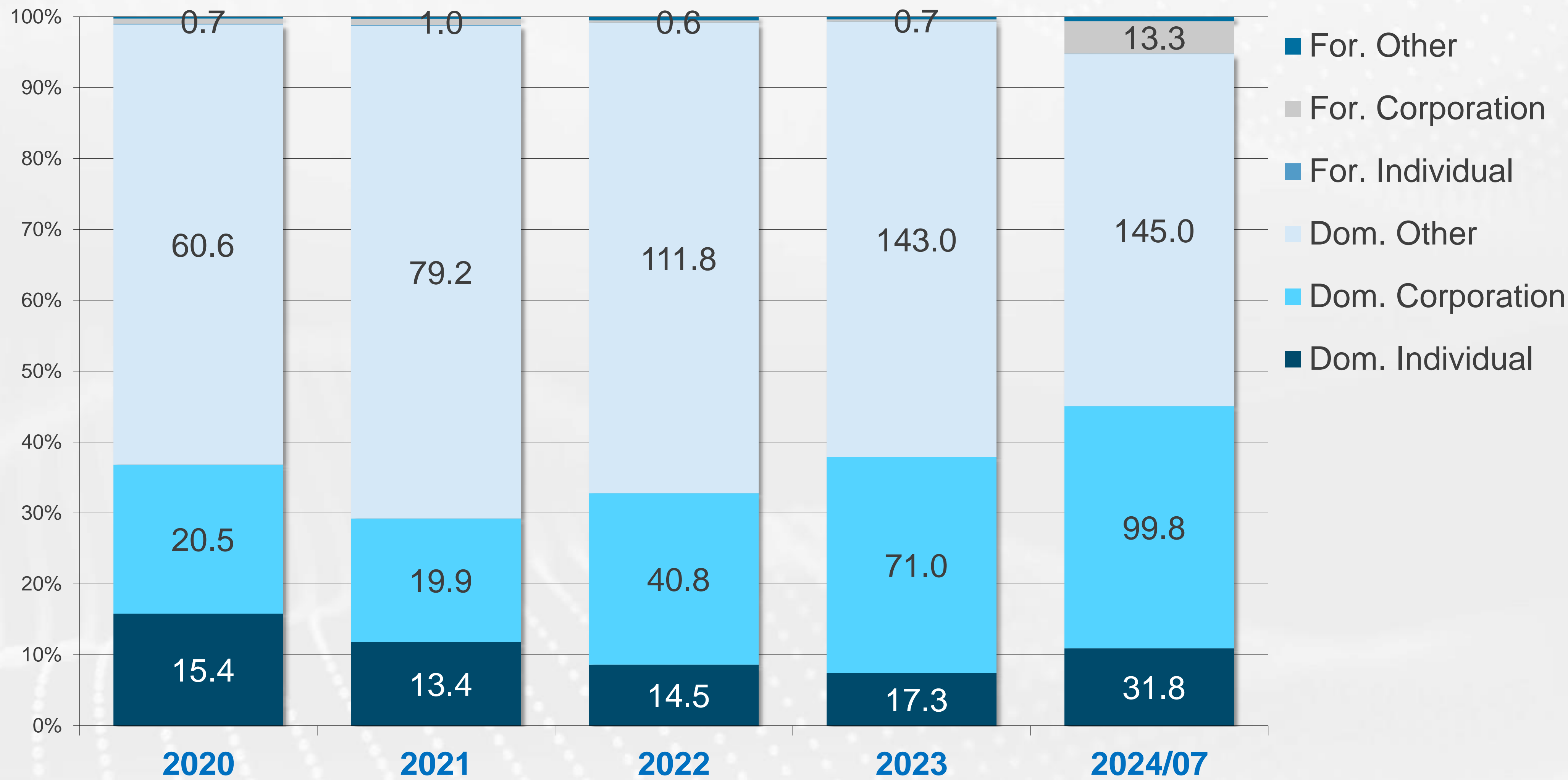


Source: TCMA

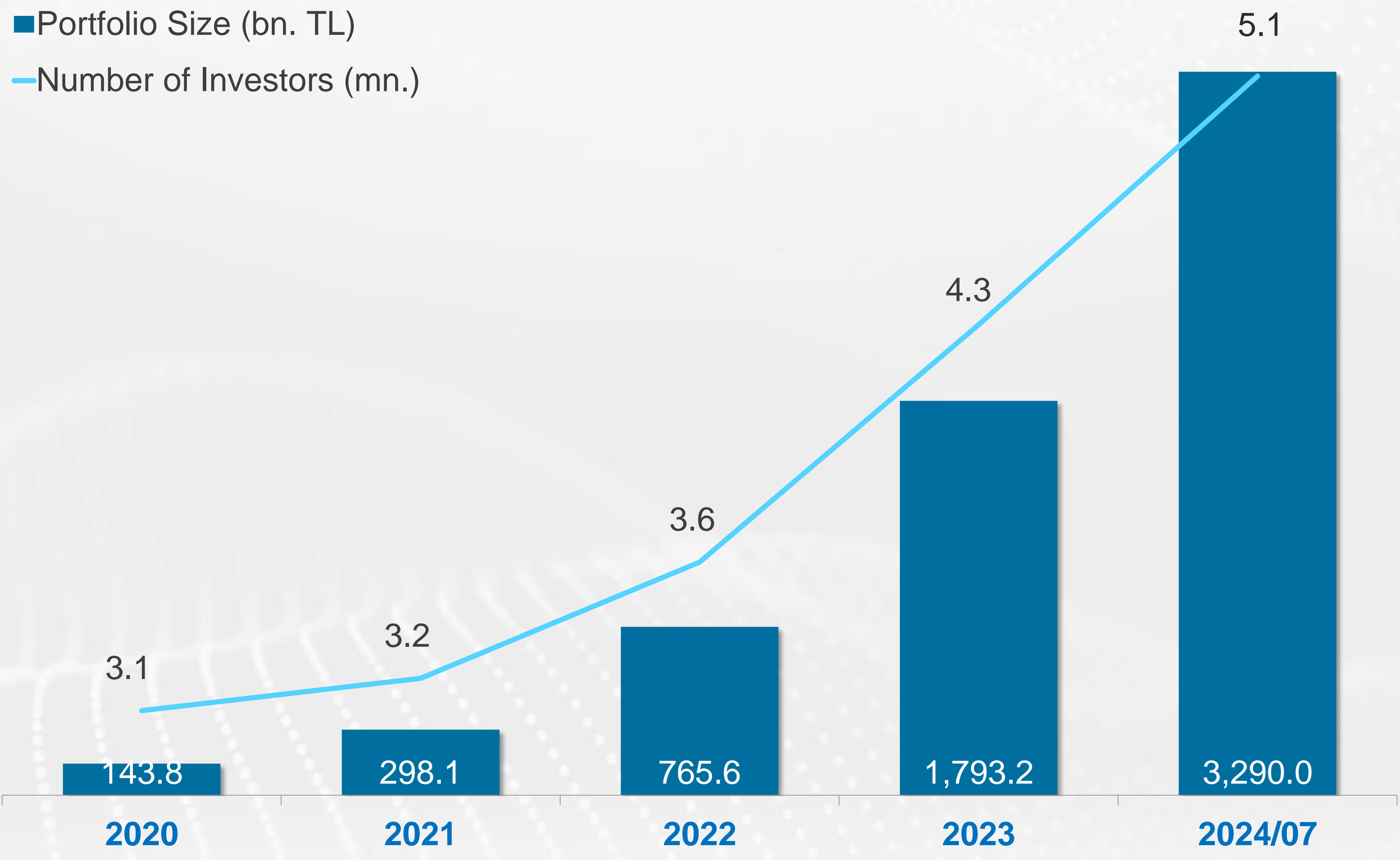
NUMBER OF CORPORATE BOND INVESTORS

Number of Corporate Bond Investors		2020	2021	2022	2023	2024/07
Domestic Investors		55,378	46,793	40,669	45,906	89,826
Domestic Individuals		53,450	45,013	38,832	44,378	87,188
Domestic Corporations		1,284	1,163	1,212	906	1,997
Domestic Other		644	617	625	622	641
Foreign Investors		475	388	274	232	593
Foreign Individuals		450	365	252	212	548
Foreign Corporations		20	18	17	15	26
Foreign Other		5	5	5	5	19
Total		55,853	47,181	40,943	46,138	90,419

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

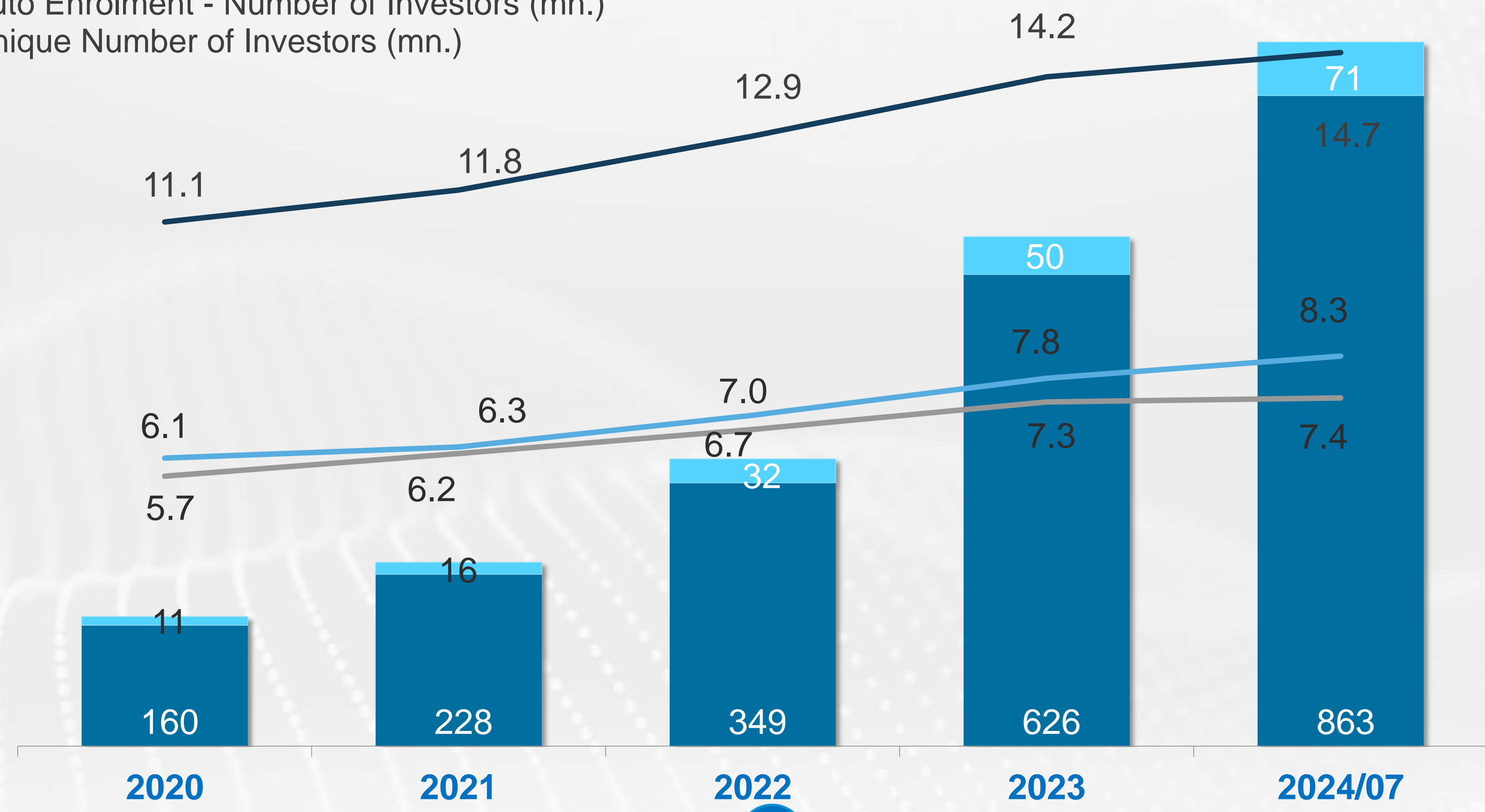


MUTUAL FUND INVESTORS

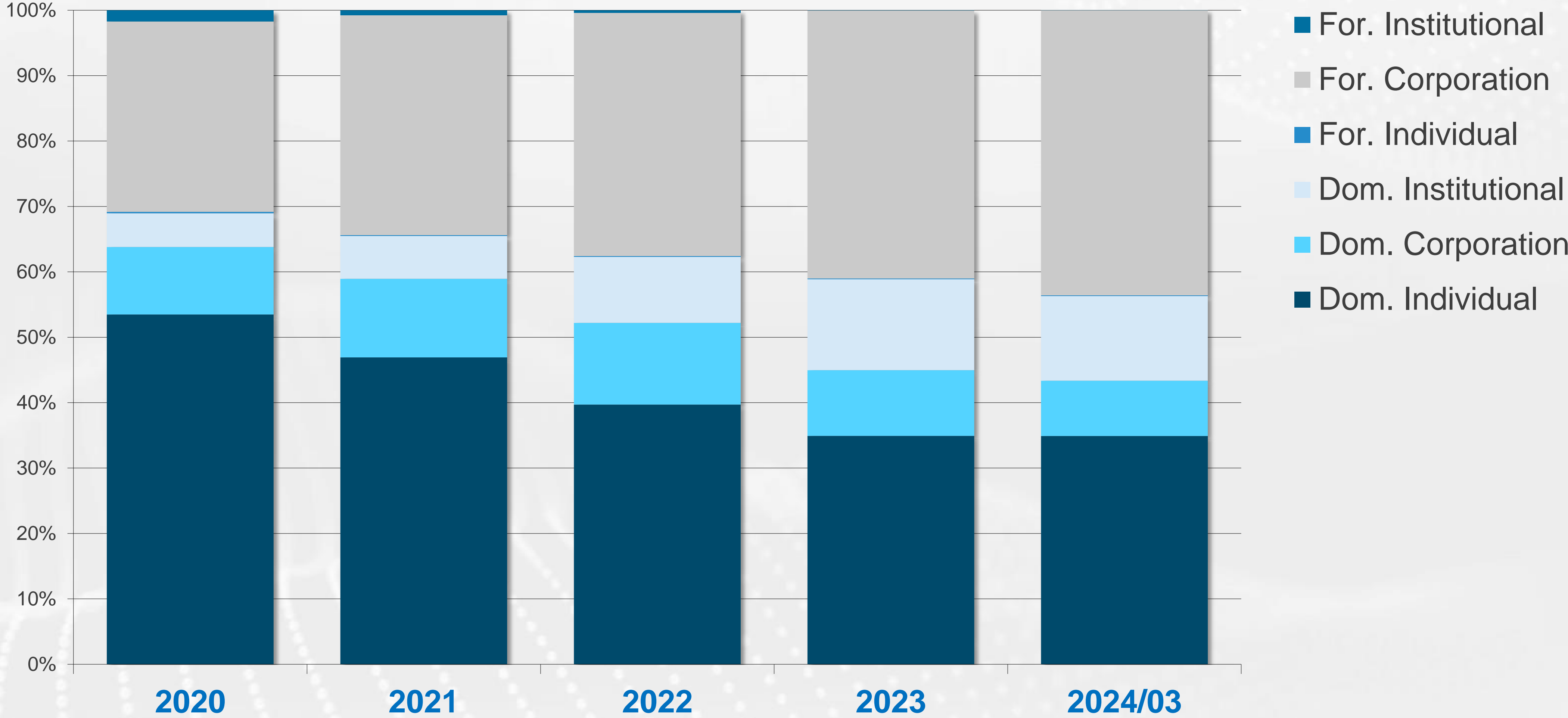


PENSION FUND INVESTORS

- 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.)



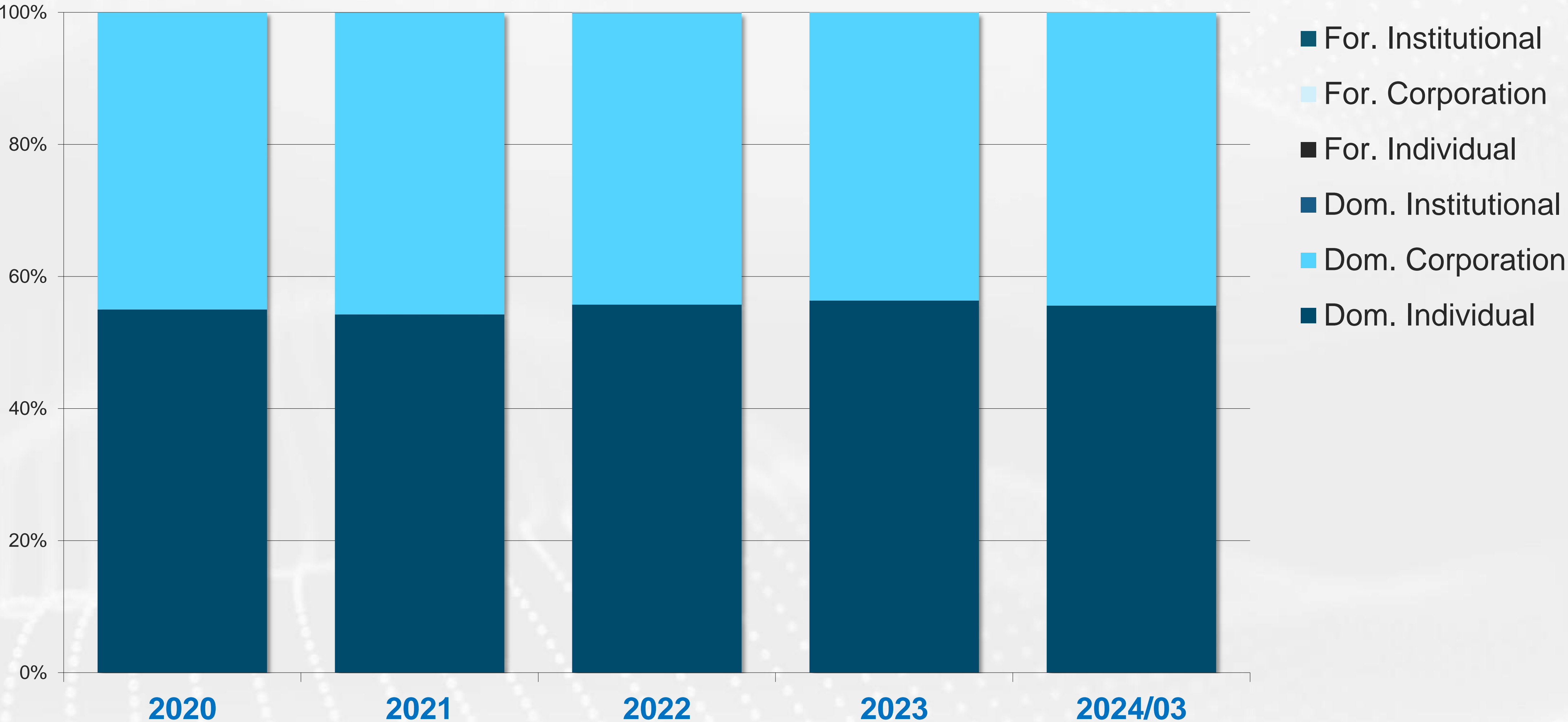
BREAKDOWN OF FUTURES TRADING VOLUME BY INVESTOR CATEGORIES*



Source: TCMA

*Brokerage firms and investment banks only

BREAKDOWN OF FOREX TRADING VOLUME BY INVESTOR CATEGORIES



Source: TCMA

www.tspb.org.tr

info@tspb.org.tr


TCMA