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## Main Legislative Amendments

### The Communiqué Serial: VI, No: 30 on Principles Regarding Investment Companies (date of official gazette: 5.8.2011)

Abolishing the Communiqué Serial: VI, No: 4, the Communiqué Serial: VI, No: 30 stipulates new provisions regarding establishment, public offering, management and portfolio restrictions of investment companies. With the new Communiqué, minimum issued capital is increased and provisions regarding the gradually establishment are abolished. Main amendments are summarised below:

- ✓ at least one shareholder of investment company must be leading shareholder,
- ✓ investment companies will not be able to issue privileged shares,
- ✓ Minimum % 20 of the distributable profit has to be paid cash as a first dividend,
- ✓ Instruments that investment companies may invest and valuation principles are formulated parallel to the investment funds,
- ✓ Detailed provisions are foreseen regarding internal control and risk management systems,
- ✓ A maximum limit that can be paid for the services such as accounting, portfolio management, internal control and risk management systems is determined,
- ✓ A new provision is introduced regarding repurchase of their own stocks.

Detailed provisions are introduced regarding management of their portfolios and outsourcing of the services accounting, operation etc.

**The Communiqué Serial: V, No: 125 on Principles Regarding Leveraged Transactions and Institutions Which are Authorised to Provide Those Transactions and Communiqués Serial:V, No: 123, Serial: V, No: 124, Serial: V, No: 126 (date of official gazette: 27.8.2011)**

According to article 155 of Law No 6111, intermediation in trades involving the leveraged sale of foreign exchange, commodities, precious metals or other assets that may be determined by the CMB will now be listed among capital market activities in Article 30 of the CML.

The Capital Markets Board of Turkey (“CMB”), authorized by Law No. 6111 for the supervision and surveillance of the leveraged transactions, published the relevant Communiqué on 27.8.2011.

With the new Communiqué only licensed brokerage firms and derivatives intermediary institutions will act as fundamental service providers for the leveraged transactions which also includes foreign currency transactions, widely known as “forex”. On the other hand, purchasing and selling those materials physically, all kinds of derivative transactions executed on the exchanges or out of the exchanges and transactions executed in the interbank market and transactions performed by banks in order to provide liquidity for brokerage firms are exempted from the provisions of this Communiqué.

Brokerage firms and derivatives intermediary institutions intending to provide leveraged trading services shall fulfill certain conditions on organizational structure, capital adequacy requirements, IT infrastructure, risk management, documentation and reporting, determined by the Communiqué. The institutions which are not authorized by CMB in order to engage those transactions will have to cease their activities. On the contrary, performing those transactions without an authorisation will be an infringement of capital market legislation, and CMB will take appropriate measures.

In the context of leveraged transactions, several amendments have been made with the Communiqués Serial: V, No: 123, Serial: V, No: 124 and Serial: V, No: 126 on the Communiqué Serial: V, No: 46 on Principles Regarding Intermediary Activities and Intermediary Institutions, Serial: V, No:34 on Principles Regarding Capital and Capital Adequacy of the Brokerage Firms, Communiqué Serial: V, No: 90 on Principles Regarding Establishment and Operation Conditions of the Derivatives Intermediary Institutions, respectively.

# Main Indicators

	December 2009	December 2010	April 2011
Number of ISE Companies	322	344	351
Market capitalization of ISE companies (Million \$)	235,996	307,551	339,562
Market capitalization as a % of GDP	38.21	41.79	46.14
Number of investors in ISE	1,000,261	1,043,135	1,080,286
Investors Deposit Balance (% of Total)			
-Foreign	67.3	66.2	63.0
-Domestic	32.7	33.8	37.0
Number of open mutual fund accounts	2,998,648	3,248,601	3,414,982
Number of pension funds participants	2,141,287	2,460,096	2,601,718
Intermediary Institutions	144	144	143
-Brokerage Firms	103	103	103
-Banks	41	41	40
Investment Funds NAV*	26,086	29,477	29,443
-Mutual Funds NAV (\$ Million)	19,921	21,620	20,838
-Pension Funds N AV (\$ Million)	6,126	7,822	8,568
-Foreign Funds NAV (\$ Million)	39	35	37
NAV of investment funds as a % of GDP	4.22	4.00	4.0
Investment Trusts NAV (\$ Million)	479	488	508
Real Estate Investment Trusts NAV (\$ Million)	3,172	11,189	11,199
Venture Capital Investment Trusts NAV (\$ Million)	103	121	114
Total Investment Trusts NAV as a % of GDP	0.61	1.6	1.60
Number of Portfolio Management Companies	23	28	28
Portfolio value of port. man. comp. (\$ Million)	26,694	30,304	32,354
Number Of Independent Auditing Companies	95	92	93
Number Of Real Estate Appraisal Firms	63	82	89
Number Of Rating Agencies	9	9	9

\*NAV: Net Asset Value, \*\* GDP as of December 2010 (735,828 \$ Million)

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