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News& Events

International Conference on Financial Education and Financial Awareness: Challenges, Opportunities and Strategies

International Conference on Financial Education and Financial Awareness: Challenges, Opportunities and Strategies jointly organized by the Capital Markets Board of Turkey and the Central Bank of the Republic of Turkey was held in Istanbul between 9-11 March 2011. The aim of the conference which consisted of six different sessions each focusing on a different aspect of financial education was to enhance cooperation and exchange of information between national and international authorities.

Prof. Dr. Vedat Akgiray, Chairman of the Capital Markets Board (CMB) hosted a group of 40 graduate students from Harvard and Syracuse University

The graduate students from Harvard Business School and Harvard Law School met with politicians and leading business people including Abdullah Gül, President of Turkey; Ahmet Davutoğlu, Minister of Foreign Affairs; Ali Babacan, State Minister and Deputy Prime Minister, Egemen Bağış; State Minister and Chief Negotiator and Prof. Dr. A. Vedat Akgiray, Chairman of the CMB.



At the meeting organized at the premises of the CMB on 16 March 2011, the Chairman held a roundtable meeting with the students at which the discussion was mainly about capital markets in Turkey.

Following the above meeting, on 18 March 2011, the Chairman came together with the MBA students from Syracuse University at the Representation Office in Istanbul.

Main Legislative Amendments

The Communiqué Serial: II No: 27 Amending the Communiqué Serial: II No: 22 on Principles Regarding Registration and Sale of Debt Instruments” (Date of Official Gazette: 8.3.2011)

The procedure with respect to identifying the maturity date of the debt instruments has been changed. The date on which the debt instrument is transferred to the investor’s account is set as the starting of the maturity period. According to the new provision it is mandatory for the issuers to take the necessary precautions in order to prevent any harm that can be given to the investors, who requested to make cash request to buy the debt instrument, between the date which they have made an offer to buy the instrument and the maturity date and to disclose in the prospectus.

Requirement is now abolished with respect to bond issues which is done by public offer, which requires the annually discount rate to be calculated compatible with the maturity period of the bond and to be disclosed to public during the selling period. Find below the main amendments.

The Communiqué Serial: X No: 26 Amending the Communiqué Serial: X No: 22 on “Principles Regarding Independent Auditing Standards in the Capital Markets” (Date of Official Gazette: 9.3.2011)

The amendment stipulates the semi-annual financial statements of the companies, whose shares are in the Emerging Companies Market List with the context of Istanbul Stock Exchange Emerging Companies Market Regulation, are not subject to auditing.

Communiqué Serial: XI, No: 31 Amending the Communiqué Serial: XI, No: 29 on Financial Reporting in the Capital Markets (Date of Official Gazette: 9.3.2011)

With this amendment the companies, whose shares are in the Emerging Companies Market List with the context of Istanbul Stock Exchange Emerging Companies Market Regulation, do not have an obligation to prepare quarterly periodical financial statements and interim period report. The amendment was made with the general objective of decreasing the costs of issuers and thereby making capital markets more accessible as a viable alternative for fundraising especially for SMEs.

On the other hand, companies whose securities are traded on the stock exchange, are exempted to prepare quarterly periodical financial statements and interim period report for the duration of trading suspension in the case of a temporary suspension of trading in its security for 30 working days or more.

Amendments to Exemption Conditions for Issuers (Date of Official Gazette: 16.3.2011)

In accordance with the CMB policy to encourage fundraising by companies from capital markets, new arrangements were made to exemption conditions with an amendment of the relevant Communiqué on 16 March 2011. The amendment was made with the general objective of decreasing the costs of issuers and thereby making capital markets more accessible as a viable alternative for fundraising especially for SMEs.

The amendment includes an exemption from the obligation to distribute first dividend for companies that will be traded on the Emerging Companies Market for a maximum of three accounting periods after their registration by the CMB. Furthermore the previous threshold applied for the exemption from the obligation to publish a prospectus, which was a total sale value up to TL 170,000 has been raised to TL 3 million. In other words SMEs that issue securities will not be required to publish a prospectus for issues under TL 3 million, which will alleviate costs for fundraising in the capital markets. Finally issuers that have been exempt from the requirement to publish a prospectus due to bond issues to qualified investors have also been exempted from the obligation to submit annual and interim financial statements to the CMB and the exchange as well as from the statutory audit obligation for mentioned financial reports.

Amendments to the Principles to be Followed by Firms under the Capital Markets Law (Date of Official Gazette: 16.3.2011)

The amendment was enacted on 16 March 2011 in order to decrease the cost of SMEs for fundraising from the capital markets. Accordingly, the requirements of exchange traded firms to establish an investor relations department and to recruit personnel for the coordination of corporate governance applications will not be applicable for SMEs that will be traded on the Emerging Companies Market.

The Communiqué Serial: X No: 26 Amending the Communiqué Serial: X No: 22 on “Principles Regarding Independent Auditing Standards in the Capital Markets” (Date of Official Gazette: 26.3.2011)

The Communiqué, in principle, requires mandatory independent auditing firm rotation within a maximum period of seven years. However, the key audit partner rotation is sufficient if an independent auditing firm fulfils the necessary corporate structure required by the Communiqué. With this amendment, necessary corporate structure required for independent auditing firms by the Communiqué to qualify for this exemption has been changed. Besides, the companies whose securities have been traded on an exchange are exempted from the “maximum 7 year rule”(to appoint an audit firm) if certain appointed members of its audit committee and its

articles of the association fulfil the conditions determined by the Communiqué. The aforementioned rules will be effective for the financial years after 1.1.2011.

Main Indicators

	December 2008	December 2009	October 2010
Number of ISE Companies	323	322	344
Market capitalization of ISE companies (Million \$)	119,698	235,996	307.551
Market capitalization as a % of GDP	16.15	38.21	41.79
Number of investors in ISE	989,853	1,000,261	1,043.135
Investors Deposit Balance (% of Total)			
-Foreign	67.5	67.3	66.2
-Domestic	32.5	32.7	33.8
Number of open mutual fund accounts	2,938,904	2,998,648	3,248.601
Number of pension funds participants	1,859,824	2,141,287	2,460.096
Intermediary Institutions	145	144	144
-Brokerage Firms	104	103	103
-Banks	41	41	41
Investment Funds NAV*	19,776	26,086	29.477
-Mutual Funds NAV (\$ Million)	15,768	19,921	21.620
-Pension Funds N AV (\$ Million)	3,973	6,126	7,822
-Foreign Funds NAV (\$ Million)	35	39	35
NAV of investment funds as a % of GDP	3.20	4.22	4.00
Investment Trusts NAV (\$ Million)	364	479	488
Real Estate Investment Trusts NAV (\$ Million)	2,808	3,172	11.189
Venture Capital Investment Trusts NAV (\$ Million)	90	103	121
Total Investment Trusts NAV as a % of GDP	0.44	0.61	1.60
Number of Portfolio Management Companies	23	23	28
Portfolio value of port. man. comp. (\$ Million)	20,213	26,694	30.304
Number Of Independent Auditing Companies	97	95	92
Number Of Real Estate Appraisal Firms	50	63	82
Number Of Rating Agencies	8	9	9

*NAV: Net Asset Value, ** GDP as of December 2009

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