



# TURKISH BROKERAGE INDUSTRY 2014 ANNUAL REVIEW

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# ABBREVIATIONS

<b>TERM</b>	<b>DEFINITION</b>
BRSA	Banking Regulation and Supervision Authority
CBRT	Central Bank of the Republic of Turkey
CMB	Capital Markets Board
CRA	Central Registry Agency
ETF	Exchange Traded Funds
FX	Foreign Exchange
IFRS	International Financial Reporting Standards
IPO	Initial Public Offerings
OTC	Over the Counter
Takasbank	Istanbul Settlement and Custody Bank
TL	Turkish Lira
TCMA	Turkish Capital Markets Association
TurkDex	Turkish Derivatives Exchange

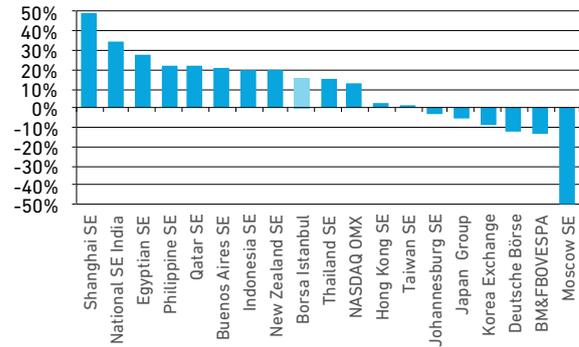
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# MARKET RETURNS

In 2014, the stock exchanges of emerging markets posted mostly positive returns while advanced economies suffered losses except for the US. China and India witnessed the highest increase in US\$ terms, 49% and 35% respectively. These were followed by a more moderate rise (27% - 20%) in Egypt, the Philippines and Qatar. While Borsa Istanbul recorded a 26% increase in TL terms, due to the appreciation of the US dollar, there was only 16% increase in US\$ terms. Thus, BIST-100 ranked 13th in terms of market returns. The plunge in oil prices and the devaluation of Russian Ruble resulted in 49% fall in Moscow Exchange.

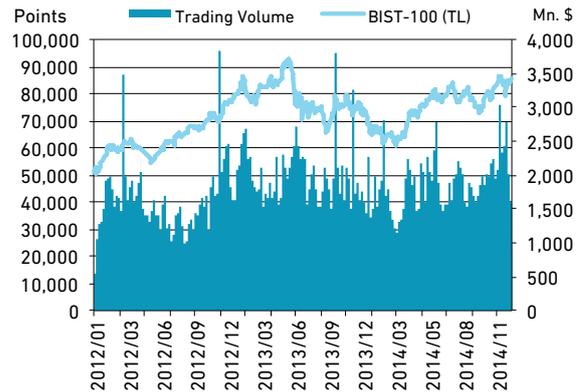
**Selected Market Returns (US\$ Based-2014/12)**



Source: WFE

Borsa Istanbul Index (BIST-100) declined in the first quarter of 2014 due to the political climate before two major elections. In addition to these, geopolitical developments in the region contributed to the fall of BIST-100 index. However, the results of the local and presidential elections, declaration of ECB's quantitative easing program and FED's decision to postpone the increase of interest rates boosted the BIST-100 Index. Overall, Borsa Istanbul recorded an increase of 16% in US\$ terms. The average daily trading volume shrank by 7% to US\$ 1.6 billion in 2014, from US\$ 1.7 billion in 2013.

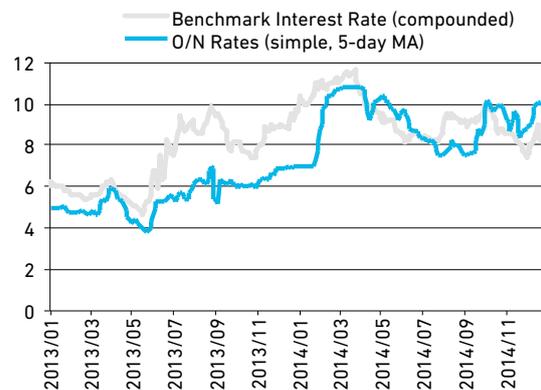
**BIST-100 Index and Trading Volume**



Source: Borsa İstanbul

In January 2014, the Turkish Central Bank increased the benchmark interest rate to 10% from 4.5% due to long expected FED tapering and the domestic political unrest. This upward trend continued until local elections, and the benchmark interest rate exceeded 11% in March 2014, recording the highest level in the last two years. Following the improvements in global liquidity conditions, CBRT gradually lowered the benchmark interest rates in the 2H2014 and ended the year at around 8%.

**Benchmark and O/N Interest Rates**



Source: Bloomberg, Borsa İstanbul

# EQUITY MARKET

In Turkey, only brokerage firms are allowed to trade equities. In 2014, equity trading volume went down by 7% to US\$ 399 billion reflecting the depreciation of the Turkish lira. In TL terms, there was a 7% increase.

85 brokerage firms traded in the equity market. First 10 brokerage firms generated half of the total volume, while for top 20 firms, this share reached 71%.

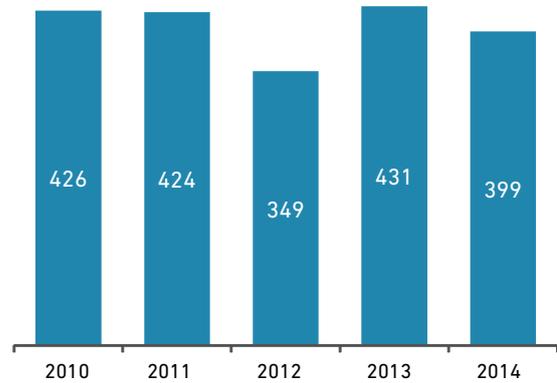
In 2014, domestic individuals continued to drive the market liquidity with a 60% share. Volume share of domestic corporations declined by 1 percentage point to 10%, while domestic institutional investors' share remained at 10%.

Foreign investors' share in the total equity trading volume increased slightly to 20.4% from 19.6% in 2014. Foreign corporations, which mainly refer to foreign banks and brokerage firms, created 16% of the trading volume whereas foreign institutional investors, which hold 45% of the free float, had only 4% share in total turnover.

The breakdown of the trading volume by department, indicates the breakdown of channels through which trading is done. Domestic sales refer to the headquarters of the brokerage firms. Branches are owned by the brokerage firms. Bank branches show the order flow from banks. Mutual funds are included in the institutional investors group in the previous investor breakdown section, and proprietary trading is included in corporations.

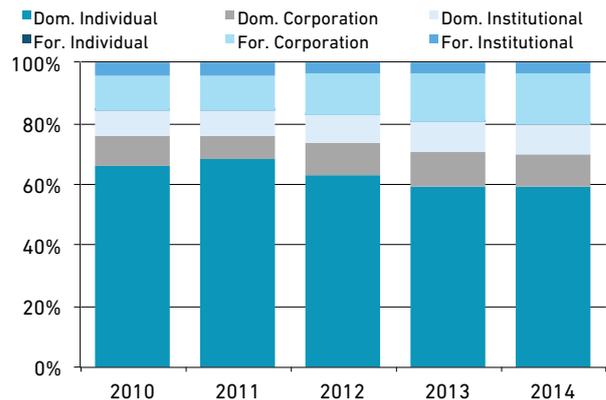
Similar to 2013, internet is the major channel with a share of 24% in total equity trading volume. Internet is followed by domestic sales, representing the headquarters of the brokerage firms. Domestic sales generated 19% of the total turnover, with a 1 percentage point decline compared to the previous year. The share of branches, representative offices and bank branches rose by 1 percentage point to reach 30%.

**Equity Trading Volume (bn. \$)**



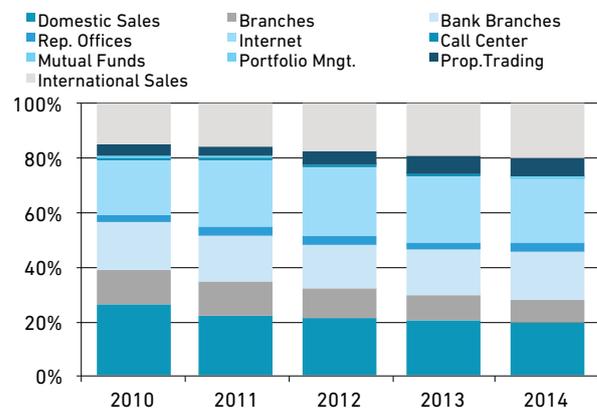
Source: Borsa Istanbul

**Investor Breakdown of Equity Trading Volume**



Source: TCMA

**Department Breakdown of Equity Trading Volume**



Source: TCMA

# BONDS&BILLS MARKET

In the fixed income market, both brokerage firms and banks are authorized to trade. Figures in this section represent the sum of public and corporate bonds and bills, traded at the Borsa Istanbul and OTC markets. Although the corporate bond market revived recently, trading volume of corporate bonds represent only 5% of the total.

The figures on the chart show the trading volume of financial intermediaries. It excludes the transactions by the CBRT (Central Bank) and Takasbank.

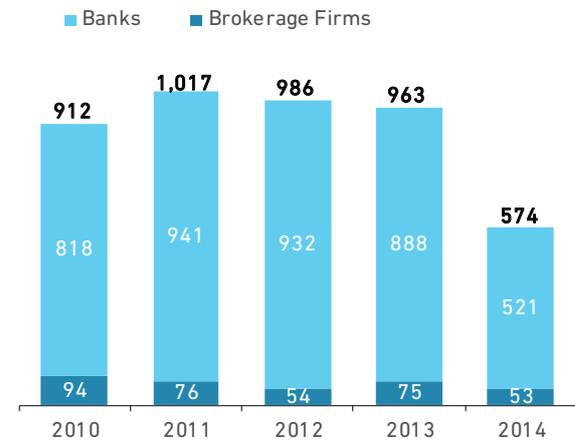
In 2014, bond trading volume of intermediaries decreased significantly by 40% to US\$ 574 billion. 70 brokerage firms and 38 banks traded bonds and bills in 2014. Brokerage firms have only 9% share in this market. 2 brokerage firms generated half of total brokerage firms' bonds and bills trading volume.

The breakdown of trading volume, in terms of departments and investor categories, includes the brokerage firms' figures only.

98% of bonds and bills trading volume of brokerage firms was generated by domestic investors. The share of domestic institutional investors, which represent mutual funds, investment trusts and pension funds, has been increasing in the last years to reach 80% in 2014. Domestic corporations, mainly reflecting the proprietary trading of brokerage firms, created 16% of bonds trading volume. The share of foreign investors' bonds and bills trading has increased slightly to 2% in 2014. Foreign investors prefer using banks rather than brokerage firms for trading in the bonds and bills market.

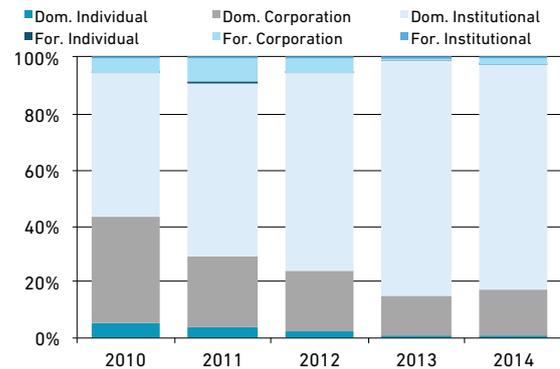
In 2014, domestic sales department generated 72% of the trading volume in the fixed income market. The share of proprietary trading increased by 1 percentage point to 12% in the same period. Discretionary portfolio management clients and mutual funds that are managed by brokerage firms generated 10% of the trading volume.

## Bonds & Bills Trading Volume (bn. \$)



Source: Borsa İstanbul

## Investor Breakdown of Bonds & Bills Trading Vol.



Source: TCMA

## Department Breakdown of Bonds&Bills Trading Vol.



Source: TCMA

# REPO MARKET

Total repo trading volume remained at US\$ 6.7 trillion in 2014. These transactions also include OTC transactions. OTC market's share represents 9% of total volume.

41 brokerage firms and 38 banks traded in the repo market in 2014. The largest 4 intermediaries in the repo market generated 50% of total transactions. Similar to bonds and bills market, banks dominate the repo market as well.

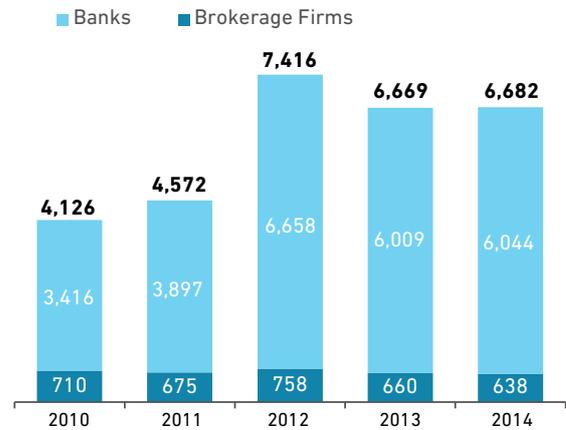
The repo trading volume of brokerage firms decreased by 3% to US\$ 638 million in 2014. Brokerage firms' share in total repo transactions remained at 10%.

As in bonds and bills trading, the breakdown of the repo volume, in terms of departments and investor categories, includes the brokerage firms' figures only.

Domestic investors generate almost the entire repo trading volume of brokerage firms. Domestic institutional investors, which mainly represent the money market mutual funds managed by brokerage firms or their affiliated portfolio management companies, are the major investor group with a share of 82%. Foreign investors' repo trading through brokerage firms is negligible with a share less than 1%.

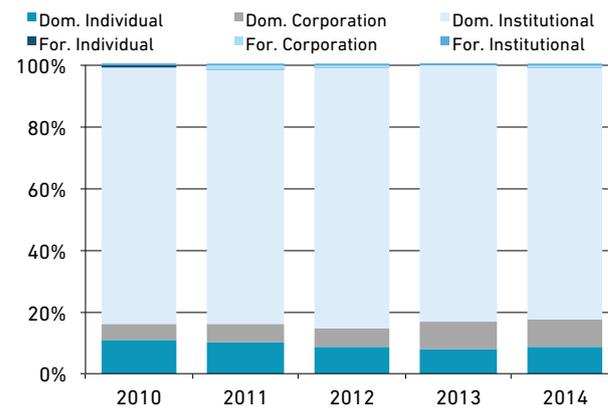
A considerable amount of repo trading was done through domestic sales department holding a share of 67% while share of mutual funds decreased by 3 percentage points to 15%. Proprietary trading still represents 7% of brokerage firms' total repo transactions.

## Repo Volume (bn. \$)



Source: Borsa İstanbul

## Investor Breakdown of Repo Volume



Source: TCMA

## Department Breakdown of Repo Volume



Source: TCMA

# FUTURES MARKET

Since the merger of the Turkish Derivatives Exchange (TurkDex) and Borsa Istanbul on August 5, 2013, all futures and options contracts in Turkey are traded at the Borsa Istanbul Futures and Options Market (VIOP). Options have been traded in Turkey since December 2012. On VIOP, brokerage firms and banks are authorized to trade.

In 2014, the trading volume generated by 69 brokerage firms and 5 banks on Borsa Istanbul Futures Market remained at US\$ 397 billion. The equity-index futures contracts represented 92% of the total volume. Contrary to the fixed income market, brokerage firms dominate the market by generating almost the entire trading volume. It is worth mentioning that banks are not permitted to trade equity-based contracts since 2012. First 10 brokerage firms generated 57% of total futures trading volume in 2014.

The breakdown of the futures trading volume includes brokerage firms only. The share of domestic individual investors decreased by 2 percentage points to 75% in 2014. As in the equity market, trading volume is driven by domestic individuals who generated 64% of the total trading volume.

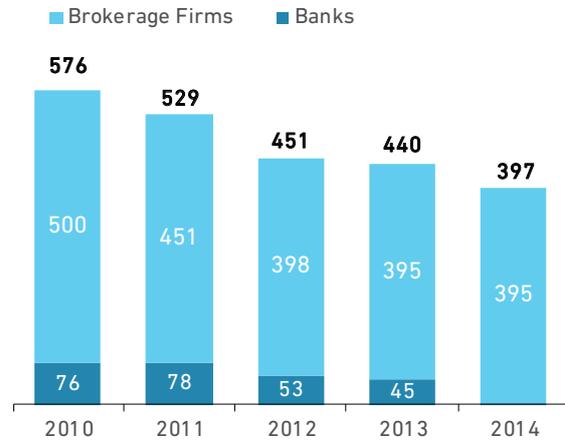
Domestic corporations' (mainly the proprietary trading of brokerage firms) market share decreased by 2 percentage points to 8%. Domestic institutional investors have a negligible share of 4%.

Foreign investors' share in the trading volume kept rising to an all-time high of 25% in 2014.

The increased share of foreign investors in futures market has mirrored itself in the share of the international sales department. Internet continued to be the most preferred channel for domestic investors trading futures contracts, and its share increased by 4 percentage points to 34%.

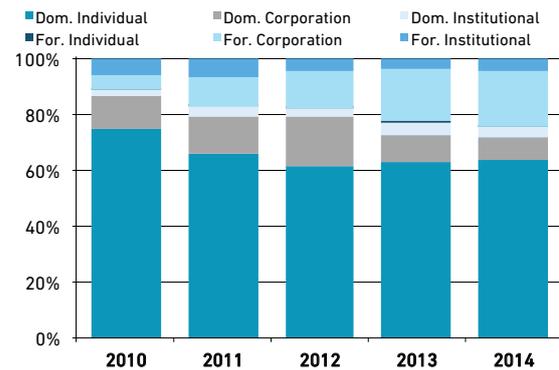
Brokerage firms' branches, representative offices and bank branches constituted a quarter of futures transactions in 2014. While the share of the branch network rose by 4 percentage points, the share of domestic sales department declined by 5 percentage points to 11%. The share of brokerage firms' proprietary trading declined by 2 percentage points to 6%.

## Futures Trading Volume (bn. \$)



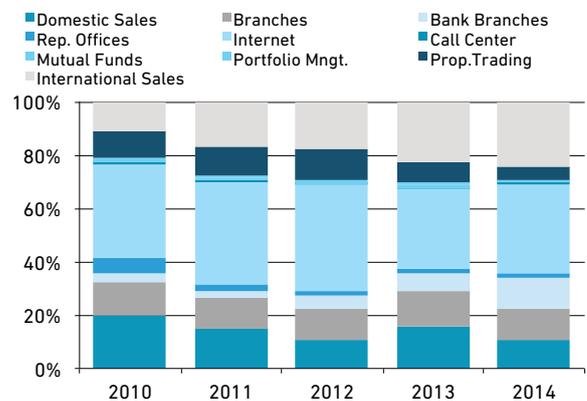
Source: Borsa İstanbul

## Investor Breakdown of Futures Trading Volume



Source: TCMA

## Department Breakdown of Futures Trading Volume

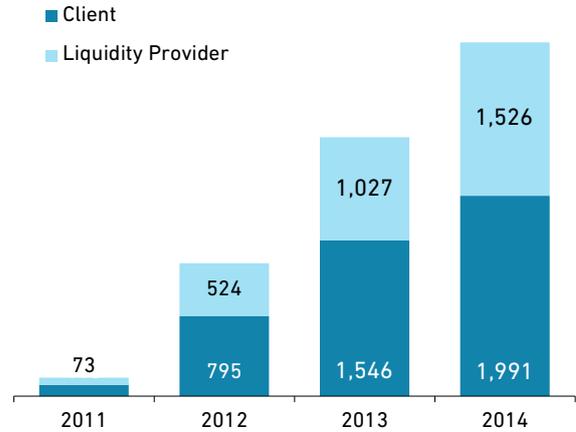


Source: TCMA

# FOREX MARKET

Forex market showed a remarkable growth, after it became regulated in August 2011. The trading volume in the forex market reached US\$ 3.5 trillion in 2014. US\$ 2 trillion of the total volume comprises of the transactions with the clients, and US\$ 1.5 trillion comprises of the transactions with the liquidity providers.

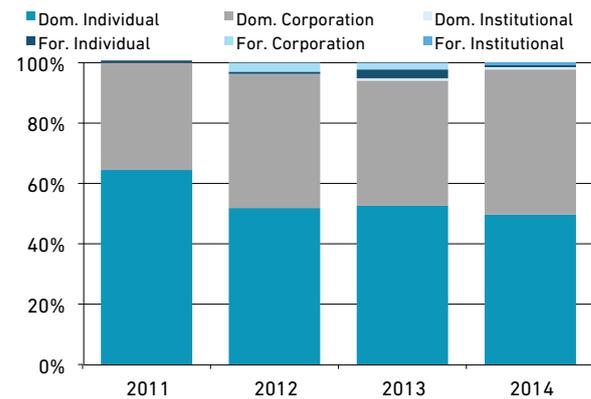
## Forex Trading Volume (bn. \$)



Source: Borsa İstanbul

In 2014, domestic retail investors (50%) and domestic corporations (49%) continued to dominate the market. The high share of the domestic corporations reflects mainly brokerage firms' hedging operations.

## Investor Breakdown of Forex Trading Volume



Source: TCMA

Internet is the most preferred channel for forex trading, holding a share of 35% in 2014. Internet channel is followed by domestic sales, which generated 19% of the trading volume. The hedging operations mirrored in the transactions of the domestic corporations in investor breakdown, appears in the proprietary trading in department breakdown. Proprietary trading generates 43% of the total turnover.

## Department Breakdown of Forex Trading Volume

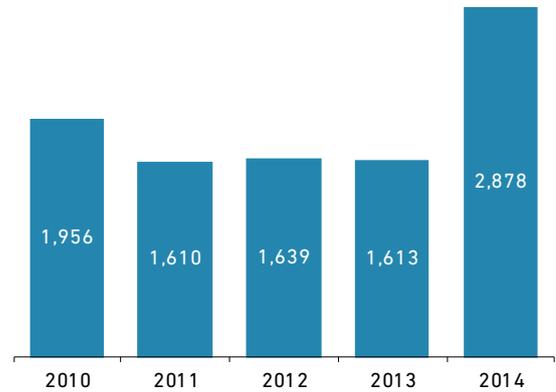


Source: TCMA

# LENDING, BORROWING & MARGIN TRADING

Takasbank operates the Securities Lending and Borrowing Market. After a remarkable contraction in 2011, lending and borrowing of securities followed a stable pattern. However, a striking jump was observed in 2014, during when 295 securities were subject to borrowing and lending transactions. The volume of these transactions increased by 78% to US\$ 2.9 billion. The rise in short selling volume, as mentioned below, boosted the securities borrowing market.

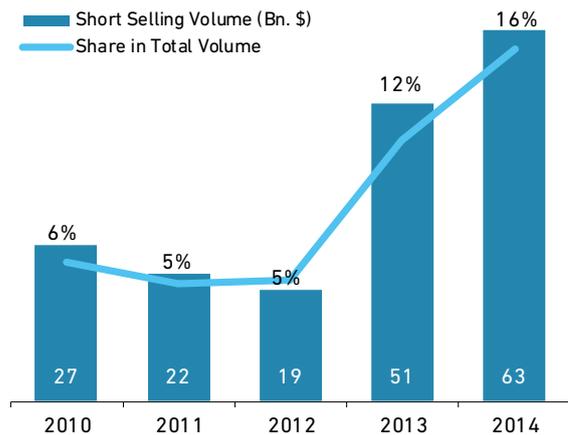
## Securities Lending & Borrowing (mn. \$)



Source: Takasbank

The short selling transactions were on a downward trend in 2011 and 2012 due to the CMB's measures in August 2011 to limit the short selling operations. In February 2013, the uptick rule was abolished by CMB which resulted in an increase in the volume to US\$ 51 billion. In 2014, the share of short selling in total equity trading volume increased by 4 percentage points to 16%, while its volume approached US\$ 63 billion.

## Short Selling

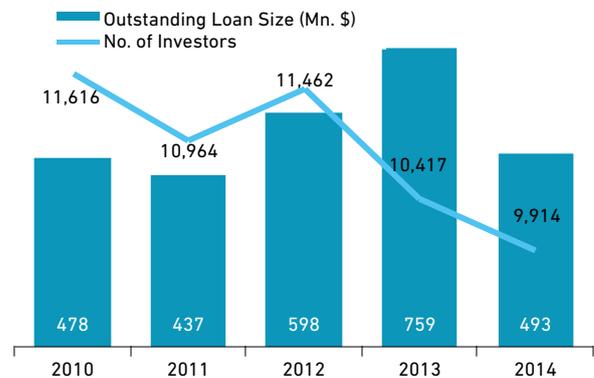


Source: Borsa Istanbul

In 2014, the total loan size in margin trading decreased by 36% to US\$ 487. The deterioration in the value of TL negatively affected the loan size, as the decline in TL terms is 30%.

57 brokerage firms have margin-trading customers as of end-2014, while there were 60 brokerage firms as of end-2013. 10,000 investors borrowed for their equity transactions. Average loan size per investor is just below US\$ 50,000.

## Margin Trading



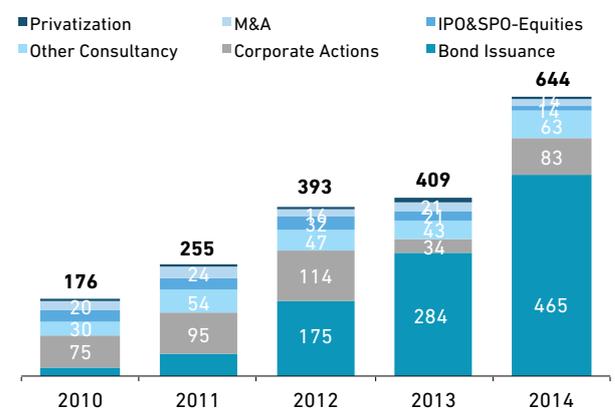
Source: TCMA

# CORPORATE FINANCE

Corporate finance services are provided by brokerage firms, as well as consultancy companies. This section covers only the corporate finance activities of brokerage firms. 33 brokerage firms were active in this market in 2014.

During that period, the number of finalized transactions increased to 644 from 409 with a rising number of corporate actions (83 capital increases and dividend payments) and the boom in the corporate bond issuances (465). 14 M&A projects were finalized by brokerage firms.

## Corporate Finance Activities of Brokerage Firms

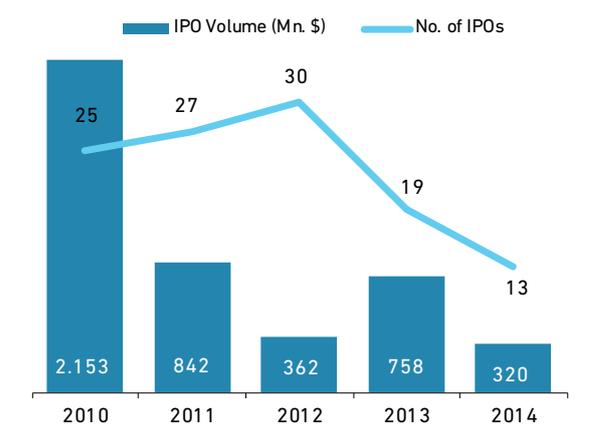


Source: TCMA

With favourable market conditions and the support of the IPO campaign, the primary market revived in 2010. The recovery continued in terms of numbers, but the values fell sharply in 2011 and 2012. In 2013, 19 IPOs took place with a size of US\$ 758 million.

In 2014, 13 IPOs took place, with a total size of US\$ 320 million. 7 of the IPOs with a size of US\$ 57 million were offered in the Second National Market and the Emerging Companies Market, which are designed mostly for small and medium sized enterprises.

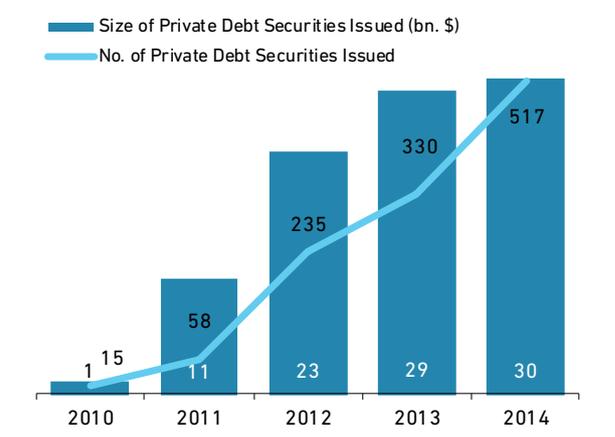
## Initial Public Offerings



Source: Borsa İstanbul

Following the revisions in relevant regulations to revive the market, coupled with a downward trend in interest rates, the corporate bond market almost exploded since 2010. In 2014, 517 bonds were issued with a size of US\$ 30 billion. Major issuers were banks as in the previous years, with a share of 82% of the total size. The share of non-banking financial industry increased to 13% from 8%, and the share of real industry decreased to 5% from 6%.

## Corporate Bond Issues



Source: CMB

# ASSET MANAGEMENT & BRANCH NETWORK

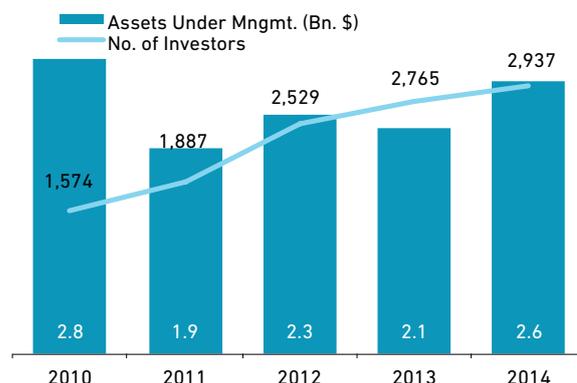
Asset management services are provided by portfolio management firms and brokerage firms. Total assets under management by professionals is around US\$ 38 billion at the end of 2014.

31 brokerage firms were offering asset management services in 2014. The number of investors increased to 2,937 and 115 of them are institutional investors. Assets under management reached US\$ 2.6 billion. Out of this total size, institutional investors' portfolio is US\$ 1.9 billion. Two thirds of the portfolio belongs to fixed income funds, most of which are money market funds. With US\$ 188 million, managed equity funds have 7% share in total assets under management.

48 portfolio management companies were operating in this market as of end 2014. Both the number of investors and assets under management increased in 2014. There are 2,420 investors with US\$ 35 billion worth of portfolio, while there were 2,248 investors holding USD \$ 30 billion assets in 2013. US\$ 31 billion of the total assets under management belong to 606 institutional investors as of end 2014.

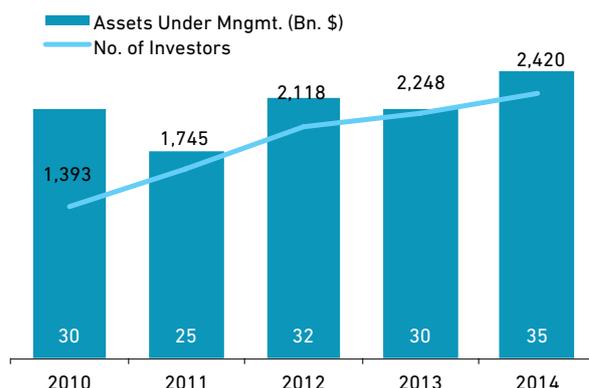
Other than headquarters, brokerage firms use their bank branches, own branches and representative offices in order to service their customers. Branches and representative offices are owned and staffed by brokerage firms. Bank branches are used as sales agents, based on agreements between banks and brokerage firms. At the end of 2014, 52 brokerage firms have at least one of the three types of branches. The number of representative offices went down to 67 in 2014 from 72 in 2013. The number of branches has also shown a similar pattern and declined to 150 from 153. The reason is the temporary suspension of 10 brokerage firms that were active in 2013. The number of bank branches however, reached 7,071 up from 6,950 in 2013.

## Asset Management at Brokerage Firms



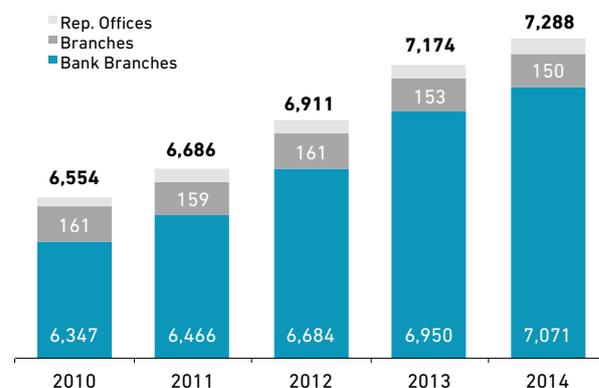
Source: TCMA

## Asset Management at Portfolio Management Co.



Source: CMB

## Branch Network

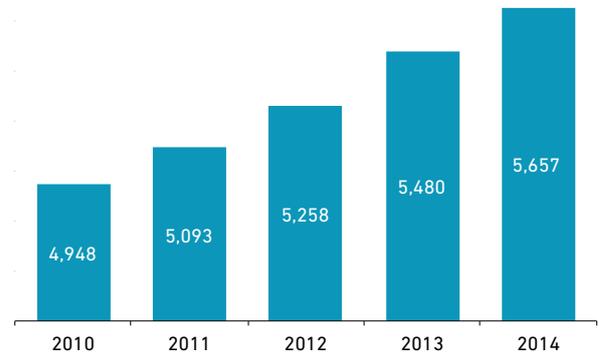


Source: TCMA

# EMPLOYEES

The number of employees in the brokerage firms is increasing mainly due to the forex companies that have started operating recently. In 2014, the total number of employees increased to 5,657 from 5,480. The average number of employees per brokerage firm is 66.

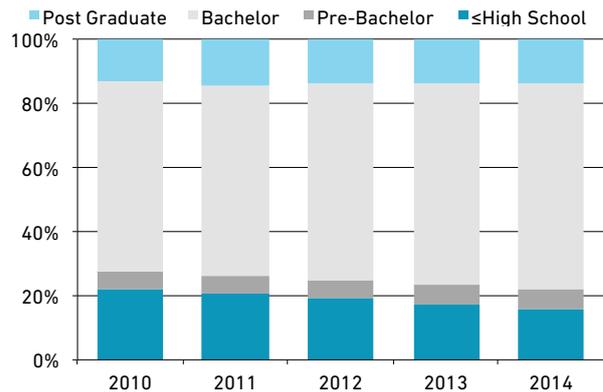
**Number of Brokerage Firms' Employees**



Source: TCMA

There is a clear upward trend in the education level of the industry. The share of employees that have at least a graduate diploma increased to 78% in 2014 from 72% in 2010. The concentration of employees is still in bachelor's degree with 64% share.

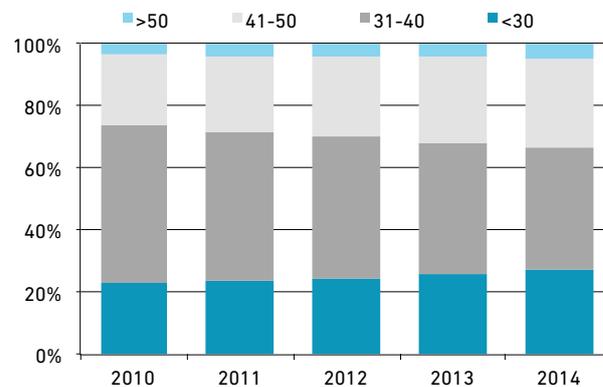
**Education of Employees**



Source: TCMA

In 2013, 26% of the employees were aged below 30 years of age, while this ratio rose to 28% at the end of 2014. The increase reflects mainly the employment opportunities offered by brokerage firms specialised in FX trading for new graduates.

**Age Groups of Brokerage Firms' Employees**



Source:TCMA

# FINANCIAL STATEMENTS

Stand-alone financial statements, prepared according to the International Financial Reporting Standards (IFRS) were collected from 85 brokerage firms in 2014.

At the end of 2014, brokerage firms' total assets decreased by 1% y-o-y to US\$ 6.5 billion. The deterioration in the value of the Turkish lira negatively affected the sector's total assets as there is an 8% y-o-y surge in TL terms. Total assets were US\$ 4.4 billion in 2010. The bulk of assets continue to be quite liquid as 93% of the total assets is composed of current assets. Cash and cash equivalents are the key item with a share of 56% of total assets. Trade receivables, related to settlement dues, are another important item (27%) in total assets.

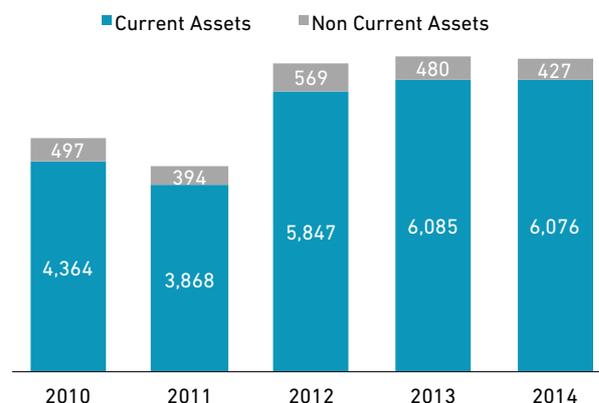
The short-term liabilities that represent 75% of total liabilities, are related to overnight borrowings and settlement dues. 2 brokerage firms account for 79% of the overnight borrowings of the brokerage industry. Financial details of these brokerage firms suggest that, they borrow short term from the money markets and invest mainly in deposits.

Shareholders' equity of the industry stood at US\$ 1.6 billion, equalling to 24% of total liabilities.

In 2014, brokerage firms' total revenues increased to US\$ 809 million from US\$ 733 million. The increase in TL terms stands at 27%. Thanks to higher revenues, the operating profits of the industry increased by 79% to US\$ 212 million.

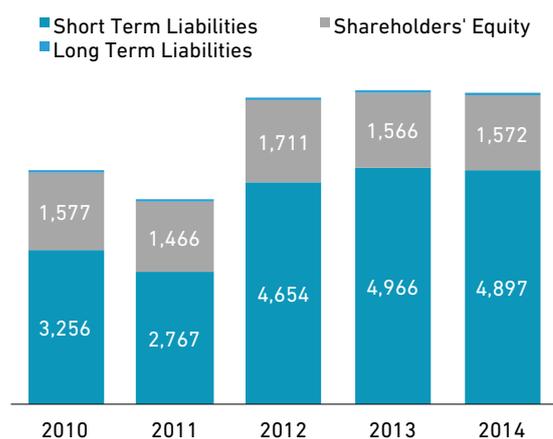
On the other hand, the financial income of the industry shrank to US\$ 356 million in 2014 from US\$ 483 million in 2013. Besides, the financial expenses jumped by 30% to US\$ 368 million in 2014 owing to one brokerage firm's loss-making swap operations. As a result, the industry's net profit declined by 39% to US\$ 170 million.

## Total Assets of Brokerage Firms (mn. \$)



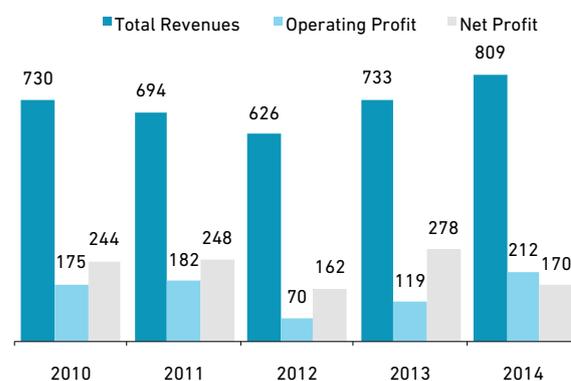
Source: TCMA

## Total Liabilities of Brokerage Firms (mn. \$)



Source: TCMA

## Income Statement of Brokerage Firms (mn. \$)



Source: TCMA

# FINANCIAL STATEMENTS

Brokerage firms generate revenues from brokerage commissions, proprietary trading, corporate finance, asset management and other operations.

Brokerage commissions continue to be the leading revenue source of the industry. In 2014, 57% of total revenues came from brokerage commissions.

Brokerage commissions are followed by proprietary trading profits which jumped 4 times to US\$ 119 million in 2014. One brokerage firms' derivatives trading supported the proprietary trading profits of the industry. These profits represent 15% of total revenues.

Commissions on equity trading generate 49% of total brokerage revenues. Equity trading volume contracted by 7% y-o-y to US\$ 790 billion in 2014. Meanwhile commissions on equity trading reduced by 16% to US\$ 226 million. The effective commission rate on equity transactions (calculated by the net amount left to the brokerage firm) declined to 0.031% as compared to 0.033% in 2013.

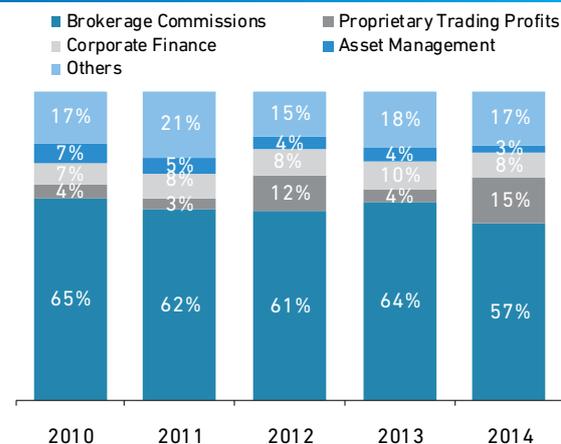
Brokerage firms generated 13% of their brokerage revenues from derivatives trading. Commissions from derivatives trading was down by 10% in US\$ terms. The effective commission rate for those transactions was 0.016% in 2014.

Leveraged FX trading became one of the major sources of brokerage revenues. The profits from leveraged FX trading increased by 32% to US\$ 171 million.

The revenues from corporate finance activities declined by 11% to US\$ 62 million. Public offerings, an area where only brokerage firms are allowed to operate, is the main source of corporate finance revenues. In 2014, total amount of public offerings of shares contracted compared to 2013. However the public offering revenues surged by 10% to US\$ 46 million thanks to the boom in corporate bond offerings.

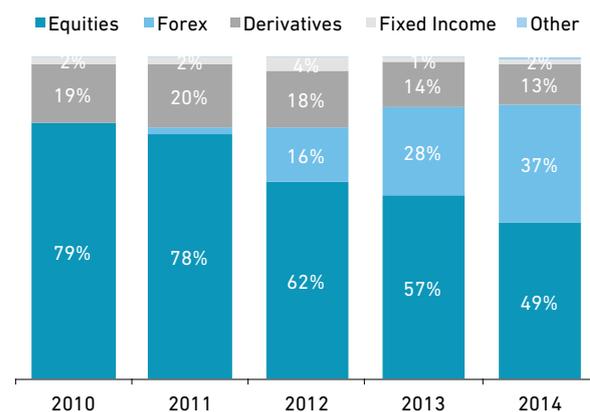
Merger and acquisition services are provided by consultancy companies as well. In 2014, only 2 brokerage firms provided these services and the M&A revenues fell sharply by 77% to US\$ 6 million. Other corporate finance activities were mainly valuation services. Revenues from those services totalled US\$ 10 million as of end 2014.

## Breakdown of Brokerage Firms' Revenues



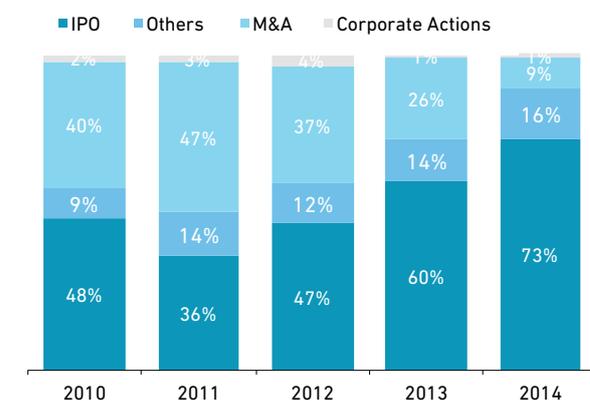
Source: TCMA

## Breakdown of Brokerage Commissions



Source: TCMA

## Breakdown of Corporate Finance Revenues



Source: TCMA

# FINANCIAL STATEMENTS

In 2014, operating expenses of the brokerage industry decreased slightly by 2% to US\$ 621 million (There is a 10% increase in TL terms). 51% of the expenses correspond to employee compensation (including social security payments, health insurance and alike). The average monthly cost of an employee dropped to US\$ 4,807 in 2014, from US\$ 5,099 in 2013.

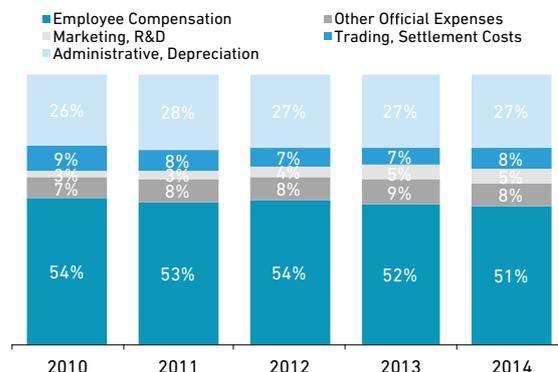
Trading and settlement costs surged by 16% to US\$ 48 million in 2014. One brokerage firms' higher derivatives trading in foreign markets boosted these costs. Administrative (office rents, infrastructure etc.) and depreciation expenses, represent 27% of total expenses.

In TL terms, the brokerage firms' aggregate net profits decreased by 30% in 2014 along with higher financial expenses. In US\$ terms, the decline in profits reached 39% due to the depreciation of TL.

57 brokerage firms recorded a profit of US\$ 183 million, while 28 brokerage firms posted aggregate losses of US\$ 13 million. The most profitable brokerage firm's profit was US\$ 29 million, whereas the highest loss incurred by a brokerage firm was US\$ 2.3 million.

Return on equity (ROE) of the industry declined to 11% in 2014 versus 17% in 2013. The sale of subsidiaries of one brokerage firm in 2013 supported the net profit which improved the ROE in 2013. A similar trend was observed in the earnings per share, which reduced to TL 0.18 in 2014, from TL 0.30 in 2013.

## Breakdown of Operating Expenses



Source: TCMA

## Breakdown of Brokerage Firms' Profits

	2013	2014	Change
No. of Profit Makers	54	57	6%
No. of Profit Makers	41	28	-32%
Total Profit (Mn. \$)	308	183	-41%
Total Loss (Mn. \$)	-30	-13	-56%
Net Profit/Losses	278	170	-39%

Source: TCMA

## Brokerage Firms' Profitability

	2013	2014	Change
ROE	16.5%	10.7%	-35.1%
EPS (TL)	0.30	0.18	-38.7%

Source: TCMA

# INVESTORS

In 2014, total savings in Turkey increased by 5% to US\$ 673 billion from US\$ 642 billion in 2013.

Bank deposits continued to be the major component in savings. Investors hold US\$ 452 billion in bank deposits as of end 2014. Investments in equities increased by 17% to US\$ 107 billion. Investments in fixed income securities increased to US\$ 114 billion, and their share in total savings remained unchanged at 17%.

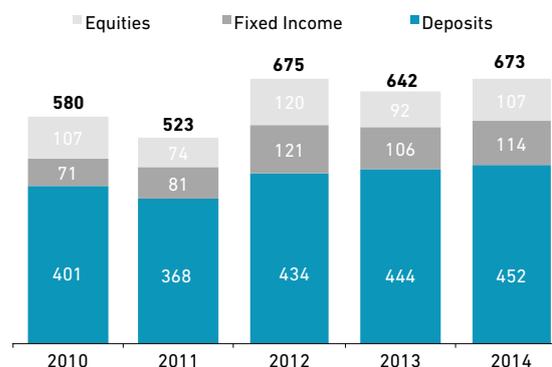
Domestic investors hold US\$ 526 billion of the total savings and 81% of this portfolio is kept as bank deposits. Foreign investors, however, hold US\$ 147 billion of the total savings and 47% of this portfolio comprises of equities.

The number of investors with equity holdings is around 1.1 million as of 2014. Almost 35,000 domestic retail investors liquidated their equity portfolios in 2014. Since 2012, number of foreign investors has increased by 19%.

In 2014, total equity holdings improved back to US\$ 107 billion with favorable market conditions. Foreign investors' share rose to 64% from 63%. Foreign institutional investors hold 45% of the overall equity portfolio. Foreign corporations, which include banks and brokerage firms, rank second among foreign investors with a 19% share.

Domestic investors' share in equity holdings is 36% in 2014. Domestic individual investors, who drive the equity market liquidity (with a share of 60% in total trading volume), hold 17% of total equities.

## Breakdown of Total Savings



Source: BRSA, CRA, TCMA estimates

## Number of Equity Investors

(thou.)	2012	2013	2014
<b>Domestic Investors</b>	<b>1,080.3</b>	<b>1,100.9</b>	<b>1,065.5</b>
Dom. Individuals	1,075.4	1,095.2	1,059.6
Dom. Corporations	4.3	5.1	5.2
Dom. Institutionals	0.6	0.6	0.7
<b>Foreign Investors</b>	<b>8.3</b>	<b>9.6</b>	<b>9.9</b>
For. Individuals	4.8	6.0	6.2
For. Corporations	1.3	1.3	1.4
For. Institutionals	2.2	2.3	2.3
<b>Total</b>	<b>1,088.6</b>	<b>1,110.4</b>	<b>1,075.4</b>

Source: CRA

## Equity Ownership

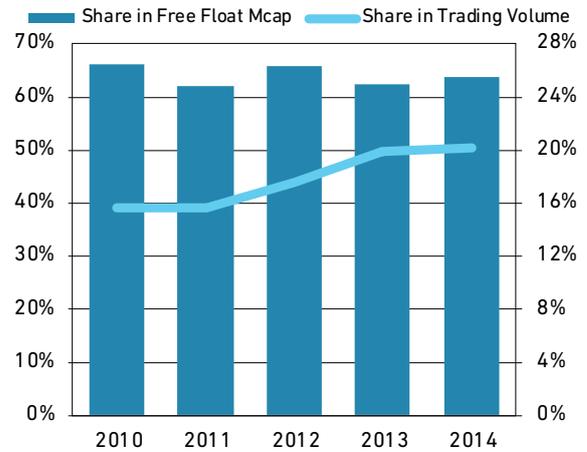
mn. \$	2012	2013	2014
<b>Domestic Investors</b>	<b>40,884</b>	<b>34,282</b>	<b>38,549</b>
Dom. Individuals	21,226	17,344	18,711
Dom. Corporations	14,900	12,647	15,114
Dom. Institutionals	4,758	4,290	4,724
<b>Foreign Investors</b>	<b>79,056</b>	<b>57,369</b>	<b>68,435</b>
For. Individuals	260	235	226
For. Corporations	23,459	15,646	20,259
For. Institutionals	55,337	41,488	47,950
<b>Total</b>	<b>119,940</b>	<b>91,651</b>	<b>106,984</b>

Source: CRA

# INVESTORS

The share of foreign investors in the trading volume continued to increase in the last five years. They generated one fifth of the trading volume in 2014. With a slight increase in 2014, foreign investors hold 64% of the total equity portfolio.

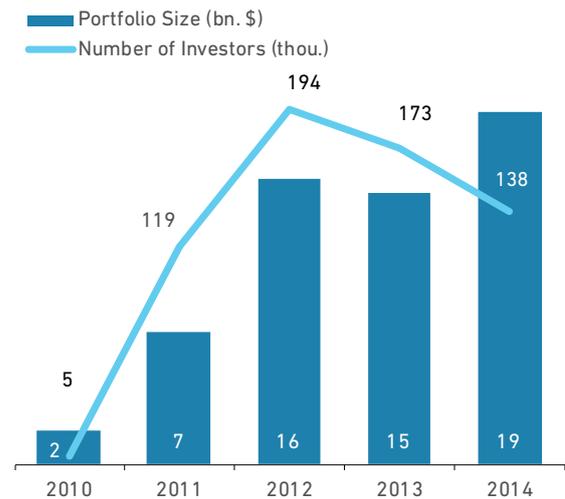
## Foreign Equity Investors in Borsa İstanbul



Source: CRA, Borsa İstanbul

The size of bond investments increased significantly in last five years following the revisions in relevant regulations. The bond portfolio reached US\$ 19 billion in 2014 from US\$ 2 billion in 2010. The number of investors jumped to a peak of 194,000 in 2012 from 5,000 in 2010. Although the portfolio size continued its growth, the number of bond investors has been declining since 2013. In 2014, the number of investors is 138,000, of which 132,000 are domestic individuals.

## Corporate Bond Investors



Source: CMB

Domestic institutional investors hold 43% of total corporate bond investments, followed by domestic retails who hold 32% of outstanding bonds.

After its inception in August 2010, investments in the warrant market reached US\$ 5.7 million as of year-end 2013. Total warrant investments declined by 40% to US\$ 3.4 million in 2014, parallel to the decline in the number of investors.

## Warrant Investors



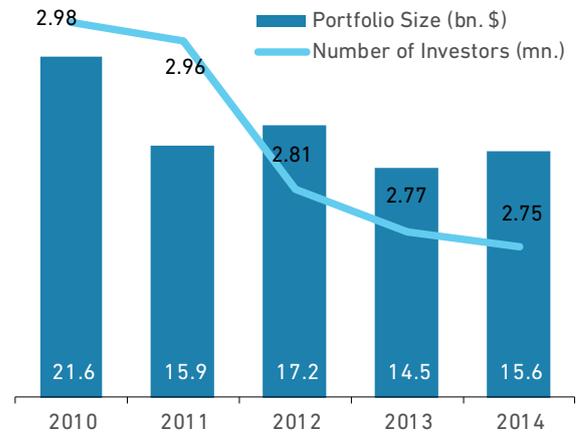
Source: TCMA

Domestic individual investors continued to hold almost whole of outstanding warrants (99%) in 2014.

# INVESTORS

As of end 2014, the number of mutual fund investors is 2.8 million, which is 2.5 times higher than equity investors. The number of mutual fund investors was stagnant in 2014. Total size of mutual funds increased slightly to US\$ 16 billion, while there is an increase of 17% in TL terms. 71% of this portfolio belongs to money market and short term bond funds.

## Mutual Fund Investors

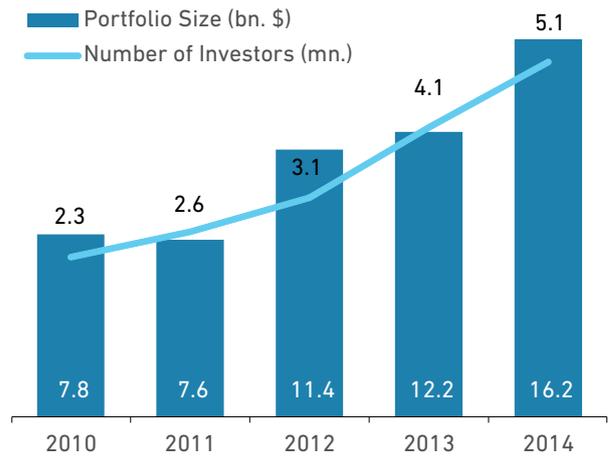


Source: CRA

Pension funds market showed a remarkable development since 2013, thanks to changes in regulations, envisaging a 25% direct state contribution to private pension funds, as part of a policy aiming to boost domestic savings. The number of pension fund investors increased by 32% in 2013.

In 2014, while the number of investors rose by 23%, total portfolio size, including the government contribution, increased by 32% (45% in TL terms) to reach US\$ 16 billion.

## Pension Fund Investors



Source: PMC

# CAPITAL MARKET INSTITUTIONS

## CAPITAL MARKET INSTITUTIONS

Capital Markets Board of Turkey  
Central Registry Agency  
Capital Markets Licensing and Training Agency  
Borsa Istanbul  
Investor Compensation Center  
Public Disclosure Platform  
Takasbank - Settlement and Custody Bank  
Turkish Capital Markets Association

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## PUBLIC INSTITUTIONS

Banking Regulation and Supervision Agency  
Central Bank of the Republic of Turkey  
Financial Crimes Investigation Board  
Undersecretariat of Treasury

[www.bddk.org.tr](http://www.bddk.org.tr)  
[www.tcmb.gov.tr](http://www.tcmb.gov.tr)  
[www.masak.gov.tr](http://www.masak.gov.tr)  
[www.treasury.gov.tr](http://www.treasury.gov.tr)

## PROFESSIONAL ASSOCIATIONS

Association of Brokerage Firms' Managers  
Association of Publicly Traded Companies' Managers  
Association of Stock Market Investors  
Banks' Association of Turkey  
Corporate Governance Association of Turkey  
Participation Banks' Association of Turkey  
Insurance Association of Turkey  
Investor Relations Association of Turkey  
Turkish Institutional Investment Managers' Association

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