

OCTOBER 2013

# TURKEY

## BROKERAGE INDUSTRY 2013 SEMIANNUAL REVIEW

**EQUITY**  
MARKET

**DERIVATIVES**

**ASSET MANAGEMENT**

**FIXED INCOME**

**CORPORATE  
FINANCE**





# TURKISH BROKERAGE INDUSTRY 2013 SEMIANNUAL REVIEW

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Print: Printcenter

Istanbul, October 2013

TSPAKB Publication No. 67

ISBN-978-975-6483-45-9

For online version please visit TSPAKB's website at [www.tspakb.org.tr](http://www.tspakb.org.tr).

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## ABBREVIATIONS

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<b>Term</b>	<b>Definition</b>
CBRT	Central Bank of the Republic of Turkey
CMB	Capital Markets Board
CRA	Central Securities Depository
IFRS	International Financial Reporting Standards
MCap	Market Capitalization
OTC	Over-the-Counter
PMC	Pension Monitoring Center
Takasbank	Istanbul Settlement and Custody Bank
TL	Turkish Lira
TSPAKB	The Association of Capital Market Intermediary Institutions of Turkey
TurkDex	Turkish Derivatives Exchange
WFE	World Federation of Exchanges
Y-t-d	Year-to-Date
Y-o-y	Year-on-Year

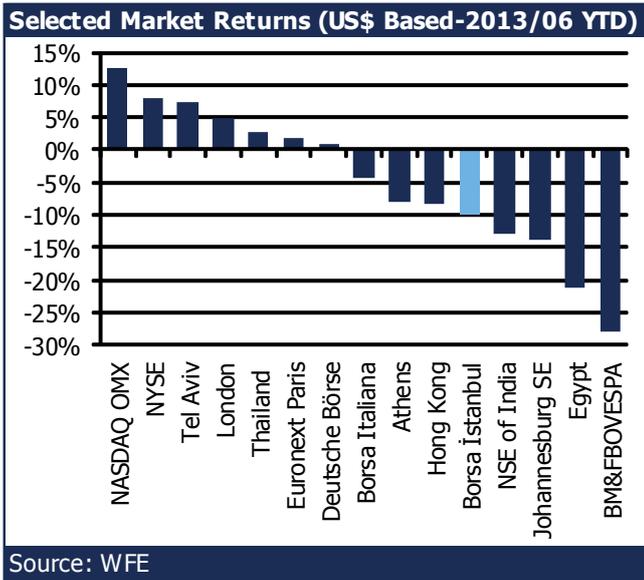
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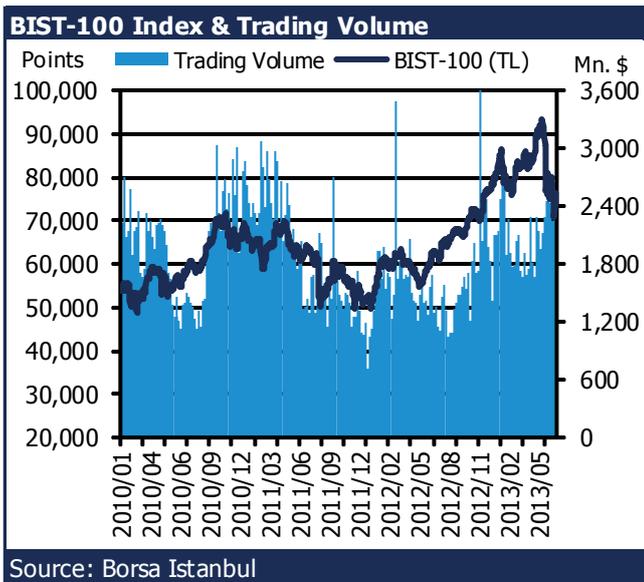
Market Returns .....	1
Equity Market .....	2
Bonds and Bills Market .....	3
Repo Market .....	4
Futures Market .....	5
Lending, Borrowing & Margin Trading .....	6
Corporate Finance .....	7
Asset Management & Branch Network.....	8
Employees .....	9
Financial Statements .....	10
Investors .....	13
Capital Market Institutions .....	16

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# MARKET RETURNS

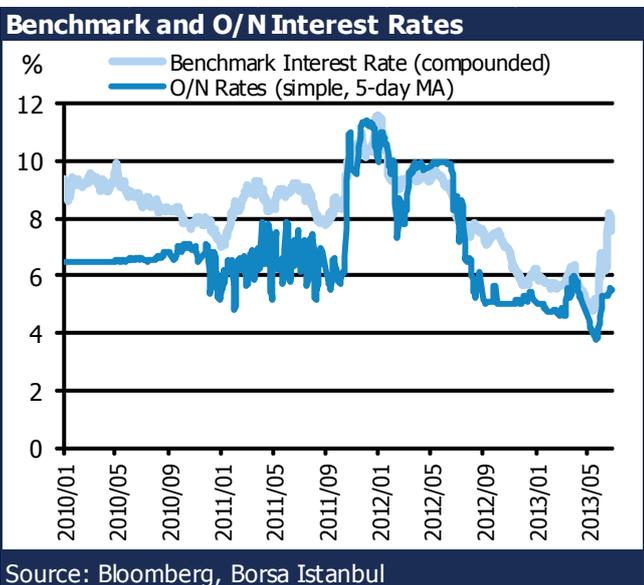


Moderate growth expectations in developed countries coupled with fading sovereign debt problems in the European Union dominated the markets in the first half of 2013. This trend resulted in capital outflows from emerging countries to developed countries. In the same period, BIST-100 Index decreased by 10% in US\$ terms.



BIST-100 Index ended the first half of 2013 at 76.300 points by a 3% loss in TL terms, after hitting its all-time high level in May. In US\$ terms, BIST-100 Index lost 10% with the depreciation of the Turkish Lira. A downward trend was observed in the other emerging markets as well, as the US central bank announced that it would reduce its bond purchases in view of more optimistic expectations regarding the US economy.

While the index declined, the average daily trading volume increased by 29% to US\$ 1.8 billion in 1H13 from US\$ 1.4 billion in 1H12.

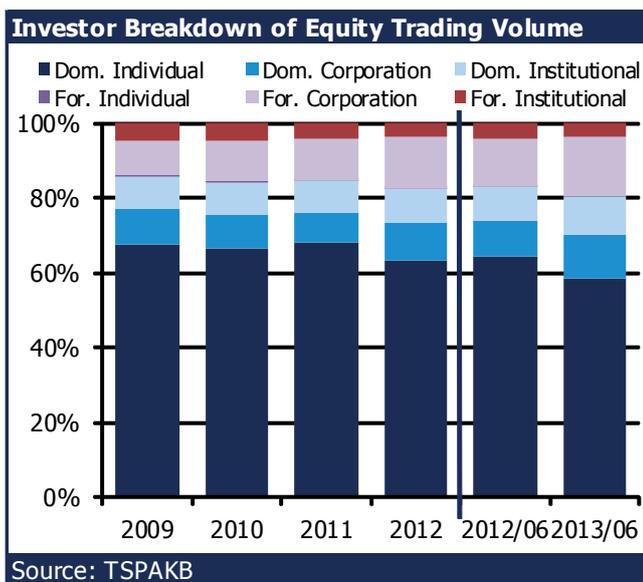


After increasing to above 10% by the end of the year 2011 with the Central Bank's tighter monetary policy, the benchmark interest rate started to decline in 2013 in parallel to CBRT's policy mix aiming at financial stability amidst rising global capital inflows. The benchmark interest rate declined to around 5% in May 2013. However, rates went up sharply to 8% in June with the Fed's tapering announcement.



In Turkey, only brokerage firms are allowed to trade equities. The following analysis covers only the operations of brokerage firms unless otherwise specified.

After the contraction caused by the global financial crisis, the equity trading volume recovered in 2010. However, trading volume later decreased to US\$ 349 billion in 2012. In the 1H13, equity trading volume rose by 32% y-o-y. 89 brokerage firms traded in the equity market and the first 10 of them generated half of the total volume.



Domestic investors generated 80% of the equity trading in 1H13. This is the lowest level since 2008. On the other hand, domestic individuals continue to drive the market liquidity with a 59% share. These investors held around only one-fifth of the free float, as of end 1H13. Volume share of domestic corporations and institutional investors are above 10% each.

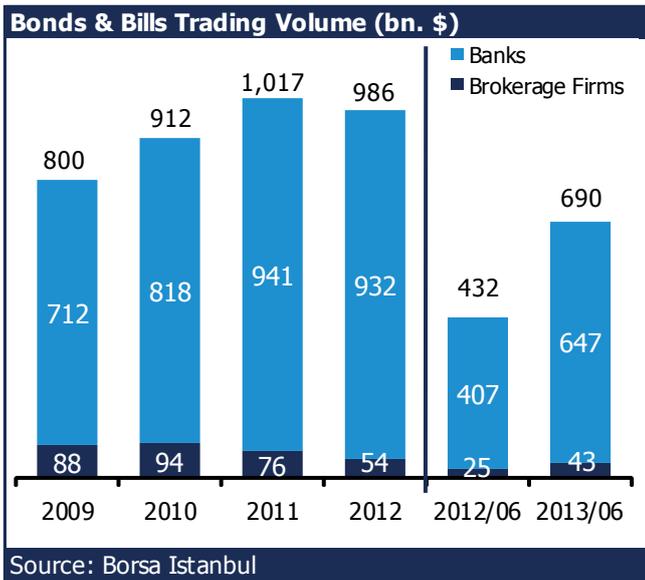
The share of foreign investors in the trading volume retreated to 13% in 2010 as the global financial crisis deepened until 2010. This ratio rose to 20% in 1H13 from 17% in 1H12. Foreign corporations, which mainly refer to foreign banks and brokerage firms, created 16% of the trading volume. Foreign institutionals, which hold 36% of the free float, had only 4% share in total turnover.



Department breakdown of the trading volume shows the 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. In the previous investor breakdown section, mutual funds are included in the institutional investors group and proprietary trading is included in corporations.

The share of internet declined in the last year although it is still the major channel of equity trading with a 22% of total share in 2013. Domestic sales, representing the headquarters of the brokerage firms, generated 21% of the total turnover, the same as last year. Around one third of the trading volume was done through branches and bank branches.

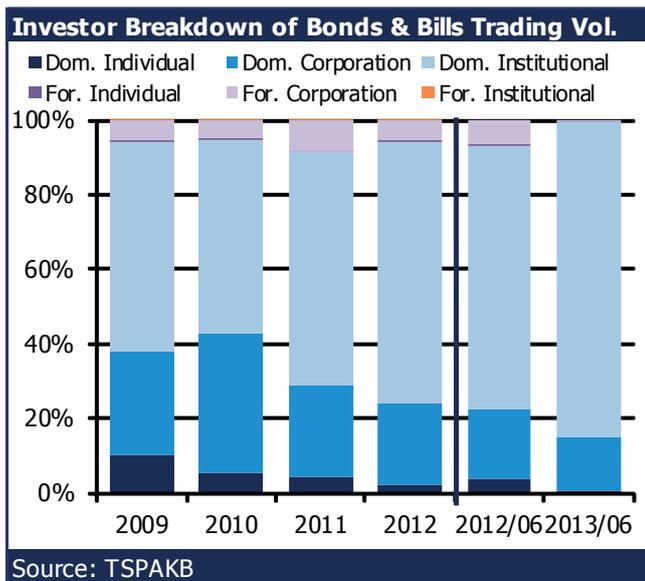
# BONDS & BILLS MARKET



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 Borsa Istanbul and OTC markets. Although the corporate bond market revived recently, it has only 2% share in the total fixed income volume.

The figures on the chart show the trading volume of financial intermediaries. It excludes the transactions by the CBRT (Central Bank of Republic of Turkey) and Takasbank (Settlement and Custody Bank). In 1H13, bonds trading volume of intermediaries increased by 60% to US\$ 690 billion. The share of OTC transactions increased to 63% in 1H13, from 57% in 2012.

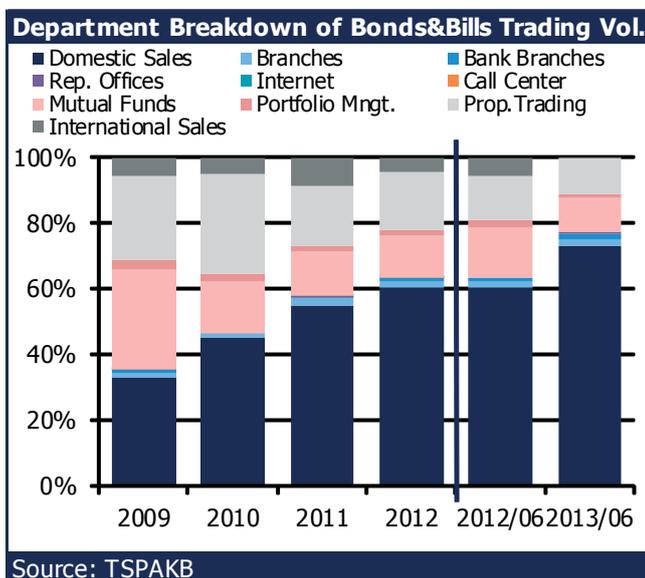
51 brokerage firms and 40 banks traded bonds and bills in 1H13. First 5 of them generated 60% of total volume. Brokerage firms have 6% share in the bonds and bills market.



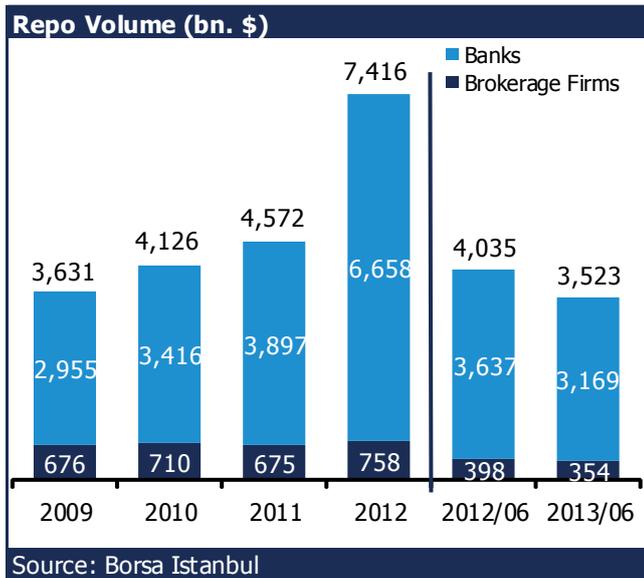
The breakdown of trading volume, in terms of departments and investor categories, includes the brokerage firms' figures only.

99% of bonds and bills trading volume of brokerage firms was generated by domestic investors. Domestic institutional investors, which represent mutual funds, investment trusts and pension funds, is the leading group, making 84% of total trading volume. Domestic corporations, mainly reflecting the proprietary trading of brokerage firms, generated 14% of bonds trading volume.

The share of foreign investors' bonds and bills trading decreased by 6% points to nearly 1% in 1H13. A brokerage firm, which generated almost all of the trading volume of foreign corporations in 1H12, has not done any transactions with foreign investors during 1H13.

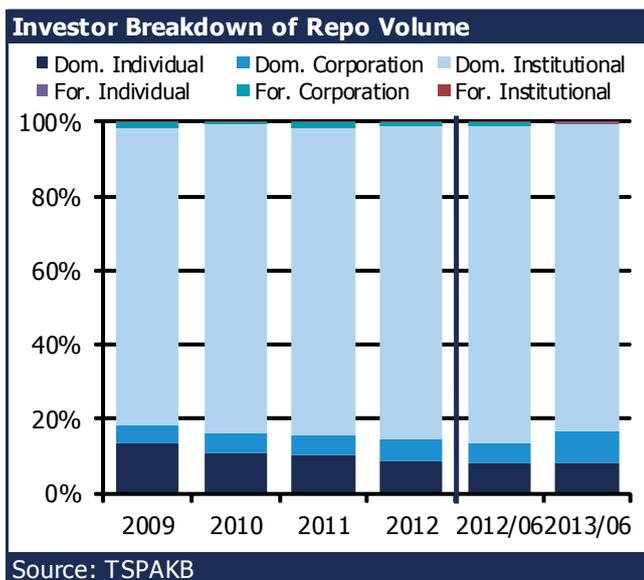


Domestic sales, mutual funds and proprietary trading cover 95% of the trading volume. Domestic sales' share increased to 74% in 1H13 from 61% in 1H12. The share of proprietary trading decreased by 3 percentage points to 11% in the same period. Discretionary portfolio management clients and mutual funds that are managed by brokerage firms generated 11% of the trading volume.



Borsa Istanbul Debt Securities Market is one of the leading organized repo markets of the world. But total repo trading volume went down by 13%, y-o-y, to US\$ 3.5 trillion in 1H13. These figures also include OTC market transactions that represent 5% of the total volume.

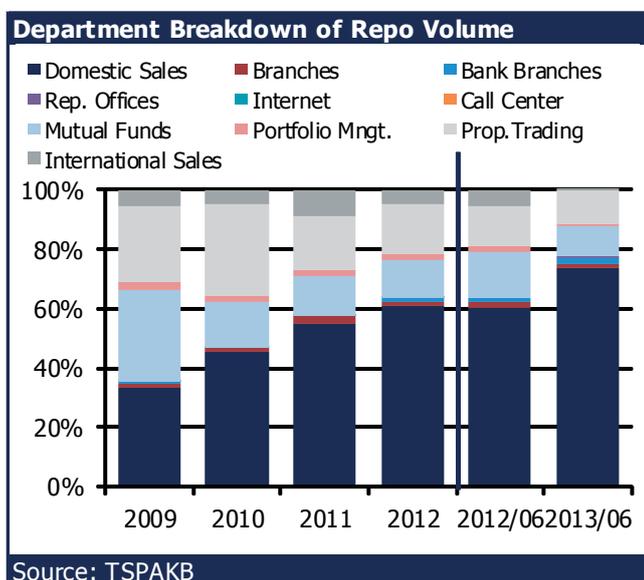
36 brokerage firms and 37 banks traded in the repo market in 1H13. First 5 intermediaries generated 75% of repo transactions in 1H13. Similar to bonds and bills market, banks dominate the repo market. Brokerage firms' share in total repo transactions remained stable at 10% in 1H13.



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 create 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 83%. One brokerage firm generated nearly 45% of the domestic institutional investors' repo volume.

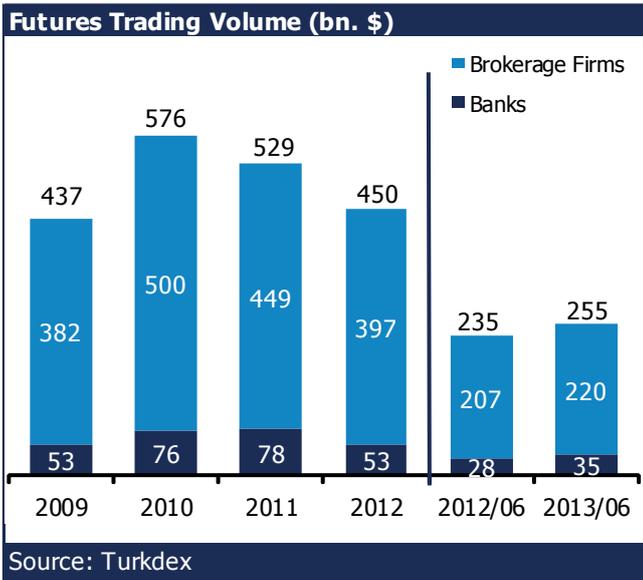
Foreign investors' repo trading through brokerage firms is quite limited with less than 1% share. It is known that foreign investors prefer to trade fixed income instruments through banks rather than brokerage firms.



69% of repo trading was done through domestic sales department. Mutual funds and propriety trading generated 17% and 17% of the total volume respectively.

Concentration in repo transactions among brokerage firms is relatively high. A single brokerage firm generated 37% of total volume.

# FUTURES MARKET



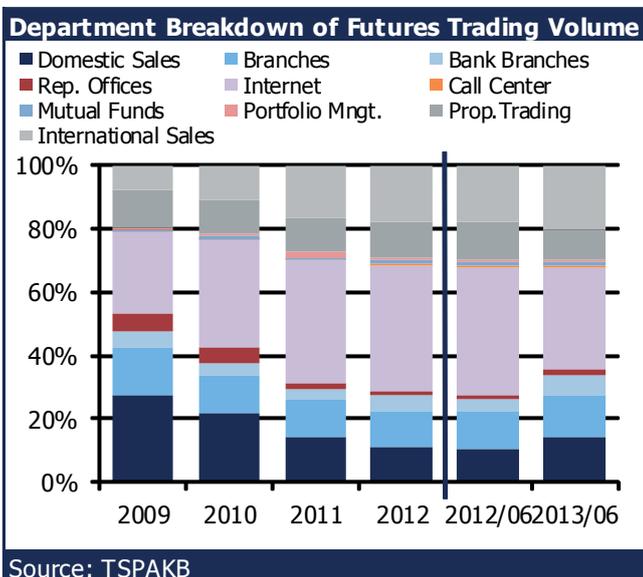
In the Turkish Derivative Exchange (TurkDex), brokerage firms, derivatives brokerage firms and banks are authorized to trade. Derivatives brokerage firms are allowed to trade only in this market. However, the single derivatives brokerage firm was transformed into a brokerage firm in August 2013.

TurkDex markets merged with Borsa Istanbul as of August 5, 2013. The futures contracts are traded in the Futures and Options Market at Borsa Istanbul since then. Meanwhile, options have been traded in Borsa Istanbul since August 2012. However, those transactions are not covered in this section. The futures trading volume increased by 9% to US\$ 255 billion in the first half of 2013. 81 brokerage firms, 1 derivatives brokerage firm and 11 banks traded in this market in 1H13. Contrary to the fixed income market, brokerage firms dominate the market with an 86% trading share. First 6 institutions (4 brokerage firms and 2 banks) generated 42% of total futures trading volume in 1H13.



The breakdown of the futures trading volume includes the brokerage firms and the derivatives brokerage firm's statistics only. Domestic individual investors are the major group with a share of 65% in brokerage firms' futures transactions in 1H13. Their share rose by 3 percentage points y-o-y. Trading volume is still driven by domestic individuals as in the equity market.

Domestic corporations' (mainly reflecting the proprietary trading of brokerage firms) market share fell by 6 percentage points to 11%. Domestic institutional investors' share is rather limited at 4%. Foreign investors' share in the trading volume increased to 21% in 1H13 from 18% in the previous year. The share of foreign investors was around 20% before the global crisis. The figure in 1H13 is the highest since 2007. Meanwhile, concentration in foreign investors' futures trading volume is high. Three brokerage firms generated 61% of the foreign investors' futures trading volume.

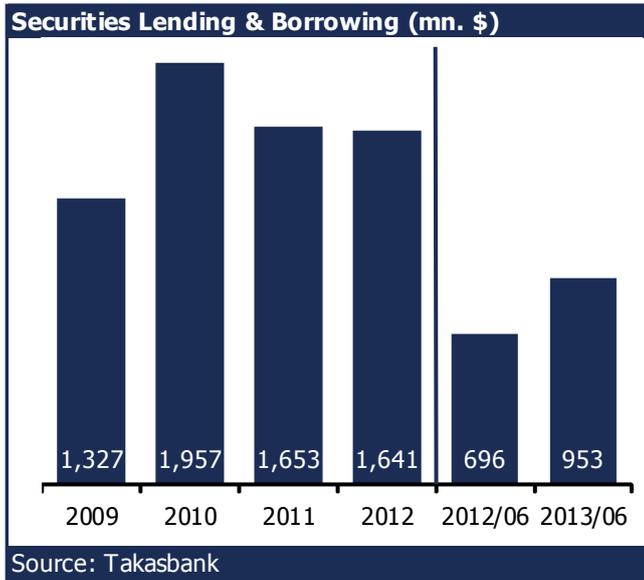


Although its share has been falling since last year, as in equity trading, the internet transactions are well ahead of other departments in futures trading with a share of 32%. The share of internet transactions in the futures market exceeds that of the equity market.

The domestic sales department, representing the headquarters of brokerage firms, generated 14% of the futures trading volume in 1H13. The share of the domestic sales department was 11% in 1H12.

In the first half of 2013, 22% of futures transactions have been done through brokerage firms' branches, representative offices and bank branches. 9% of total volume belongs to the brokerage firm's trading on its own accounts.

# LENDING, BORROWING, & MARGIN TRADING



Takasbank (Istanbul Settlement and Custody Bank) operates the Securities Lending and Borrowing Market. Equities listed on Borsa İstanbul are classified under A, B and C groups, according to the CMB's criteria since 2010. Only the equities classified as A group can be used for short selling and margin trading.

As of end 1H13, 313 equities were subject to borrowing and lending transactions out of a total of 399. The volume of these transactions increased by 37% to US\$ 953 million in 1H13.

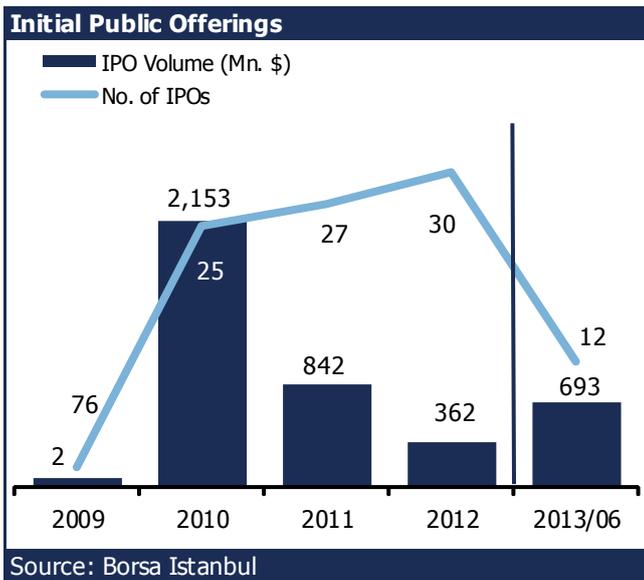


The short selling transactions were on a down trend between the years 2010 and 2012. That was caused by the CMB's measures to limit the short selling operations. In 1H13, short selling volume rose by 163% to US\$ 24 billion from US\$ 9 billion in 1H12.

The initial margin ratio was reduced to 50% from 70% in July 2012. In addition to this, the introduction of derivative contracts on major stocks created arbitrage opportunities with the short selling transactions. Therefore, short selling volume soared in the first half of the year. The share of short selling in total trading volume also went up to 10% in 1H13. It was around 6% in the previous years.

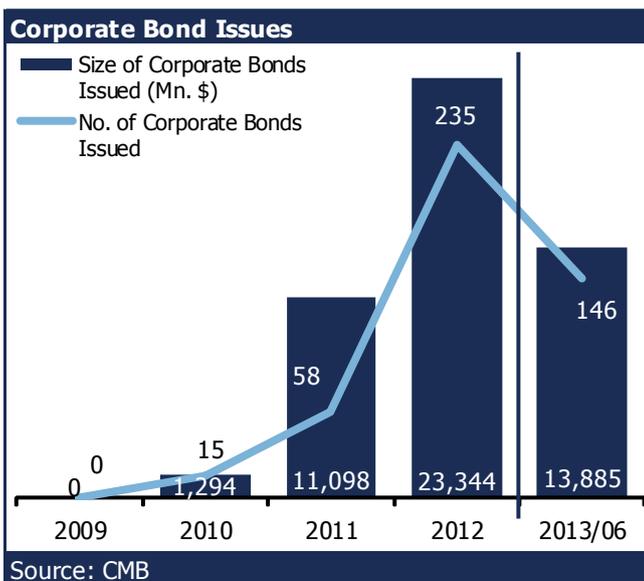


64 brokerage firms have margin-trading customers as of 1H13. Outstanding loan size went up by 5% y-t-d and reached US\$ 627 million. Around 10,500 investors borrowed for their equity transactions. Average loan size per investor is roughly US\$ 60,000.



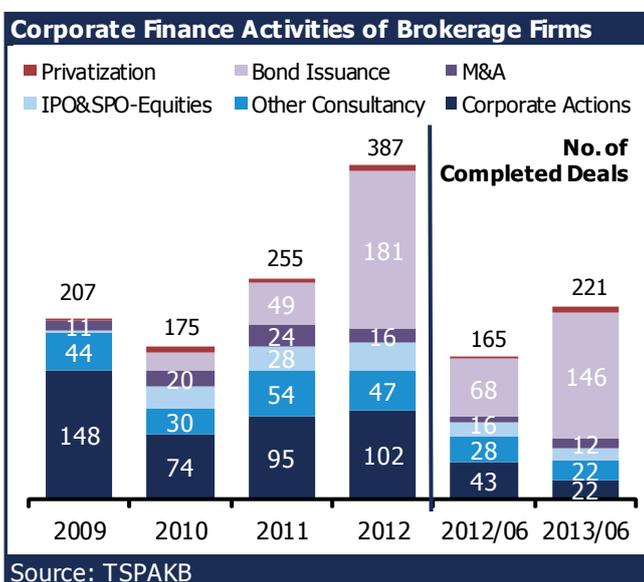
The global financial crisis limited the number of public offerings and in 2009 there were only two IPOs amounting to US\$ 76 million. With favourable market conditions and the support of the IPO campaign, the primary market revived in 2010. The recovery continued in terms of numbers, but the value fell sharply by 61% in 2011 and %57 in 2012. The average IPO size decreased to US\$ 31 million in 2011 and to US\$ 12 million in 2012.

In 1H13, 12 IPOs took place with a total size of US\$ 693 million. Within 12 IPOs, 4 companies were listed on the Emerging Companies Market. In addition, 3 real estate investment trusts went public in 1H13. The issue sizes of the two biggest IPOs, Pegasus Airlines and Halk REIT were US\$ 361 million and US\$ 142 million respectively.



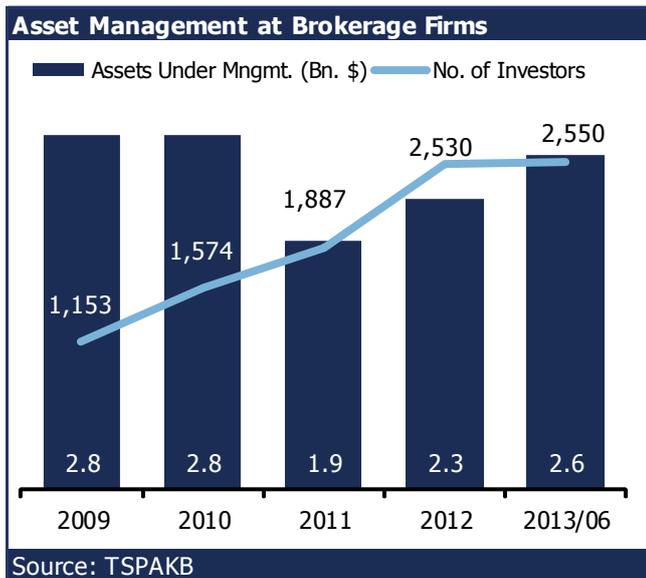
Following the revisions in relevant regulations to revive the market and the declining interest rates, the corporate bond market almost exploded since 2010.

In 1H13, 146 bonds were issued with a size of US\$ 14 billion. Major issuers were banks.



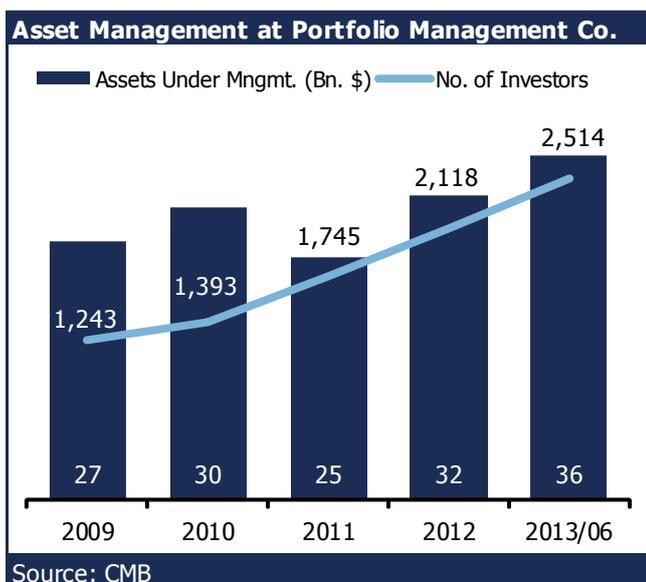
Corporate finance services are provided by brokerage firms, as well as consultancy companies. This section covers only the corporate finance activities of brokerage firms. 27 brokerage firms were active in this market in 1H13.

In the first half of 2013, the number of finalized transactions increased to 221, compared with 165 in 1H12. There is a sizeable y-o-y increase in bond issuance in 1H13. 146 bond issuances were finalized in 1H13 versus 68 in 1H12. The brokerage firms completed 22 corporate actions (5 capital increases and 17 dividend payments) in 1H13, versus 43 in 1H12. Additionally, 12 M&A projects, 5 of which were buy-side, were finalized. Other consultancy deals (22) were mainly valuation services and almost half of them belongs to a single brokerage firm.



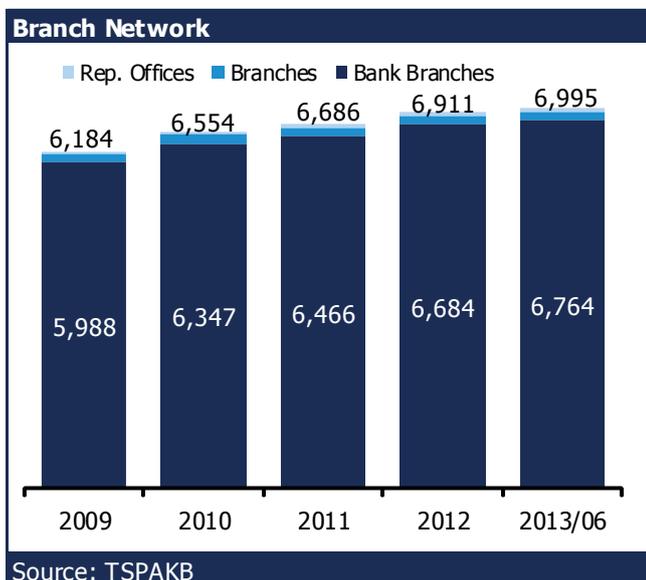
Asset management services are provided by portfolio management firms and brokerage firms. Total assets under management by professionals is around US\$ 39 billion as of 1H13.

35 brokerage firms were offering asset management services as of 1H13. The number of investors increased to 2,550 and the assets under management increased by 13% to US\$ 2.6 billion in 1H13 from US\$ 2.3 billion at the end of 2012. Two thirds of this portfolio belongs to fixed income funds, most of which are money market funds. Managed equity funds have 9% (US\$ 225 million) share of total assets under management.



The data for portfolio management firms has been gathered from the Capital Markets Board. 36 portfolio management companies were active in the market as of end 1H13. The number of investors at portfolio management companies slightly increased to 2,514 in 1H13, and total assets under management improved by 29%, y-o-y, to US\$ 36 billion. 588 institutional investors own 89% of this amount.

Average portfolio of institutional investors is around US\$ 12 million in brokerage firms, versus US\$ 54 million in portfolio management companies.

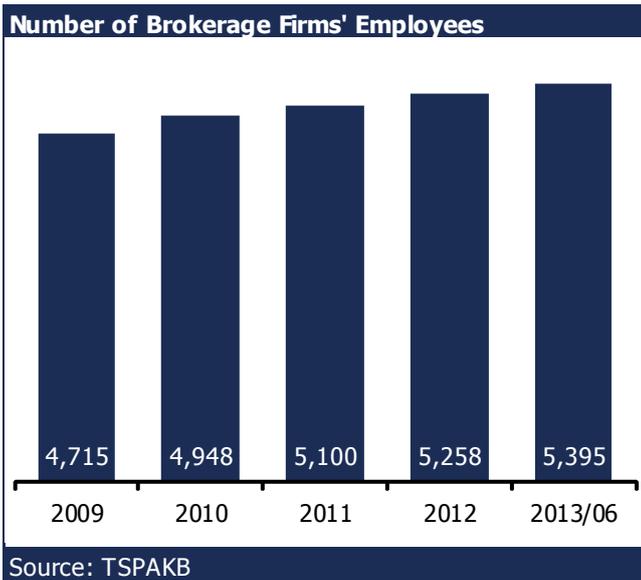


Brokerage firms may reach investors through bank branches, own branches and representative offices in addition to the headquarters.

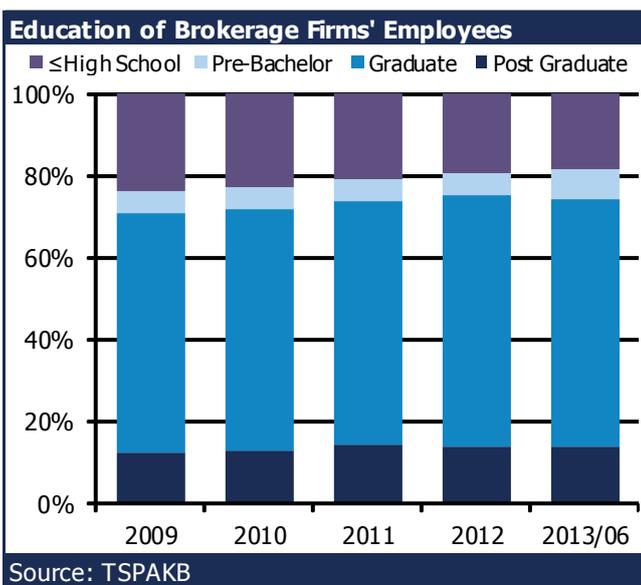
Branches and representative offices are owned and staffed by brokerage firms. Bank branches are also used as sales agents, based on agreements between the banks and the brokerage firms. As of end 1H13, 54 brokerage firms have at least one of the three types of branch network.

In 2010, the number of branches and representative offices increased for the first time since 2006. The increase continued in 2011 and 2012. The number of representative offices rose to 72 in 1H13, from 66 at the end of 2012, thanks to brokerage firms that are specialized in forex trading. On the other hand, the number of branches decreased to 159 from 161 in the same period. The number of bank branches continued to increase and reached 6,764 in the first half of the year from 6,684 at the end of 2012.

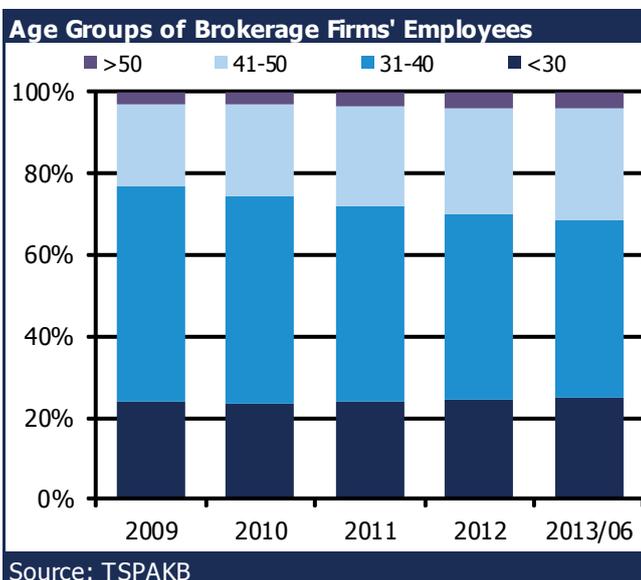
# EMPLOYEES



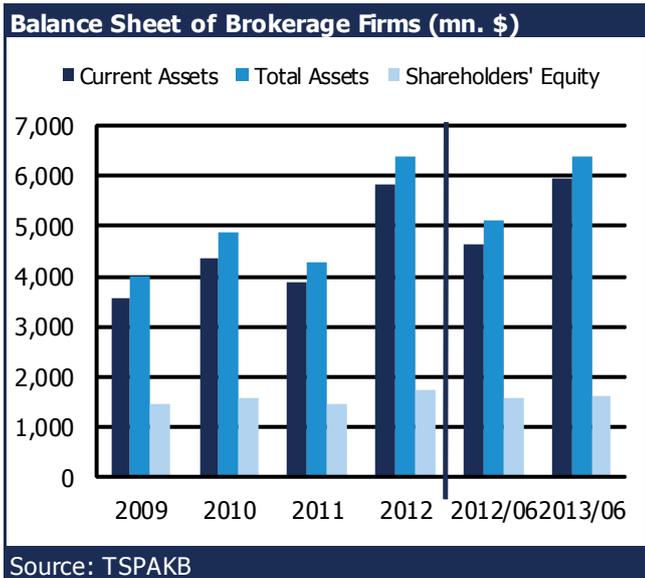
Between 2004 and 2007, brokerage firms employed around 5,900 personnel. Amidst the global crisis, brokerage firms reduced the headcount to 4,700 in two years. Thanks to the market recovery, the number of employees started to rise since 2010. As of June 2013, brokerage firms are employing 5,395 professionals versus 5,258 as of end-2012. The increase in the number of employees is mainly due to new brokerage firms entering the market. These firms are focused on leveraged trading. In 1H13, two new brokerage firms went into operation. The average number of employees at a brokerage firm is 56.



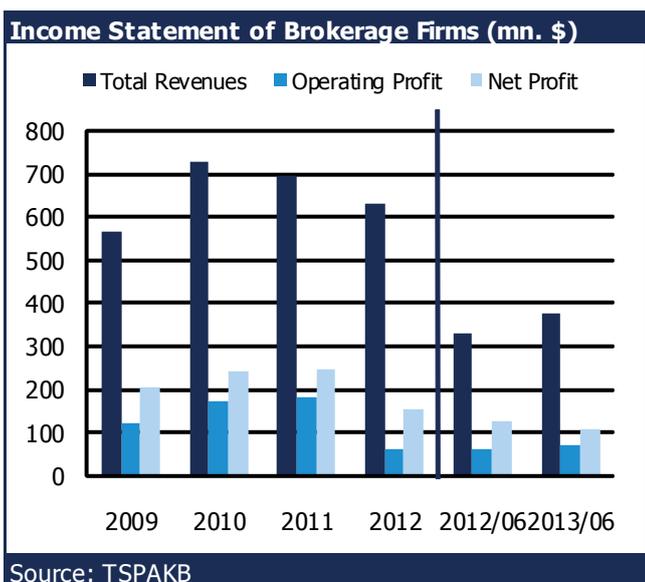
The education level of the sector has been increasing. The share of employees that have at least a graduate diploma increased to 74% in 1H13 from 71% in 2009. Moreover, post-graduate segments' weight increased by 2 percentage points to 14% as compared to end-2009.



In 1H13, 45% of the employees are between 31 and 40 years of age. 27% of the employees are aged between 41 and 50, versus 18% in 2009. The industry is getting older.

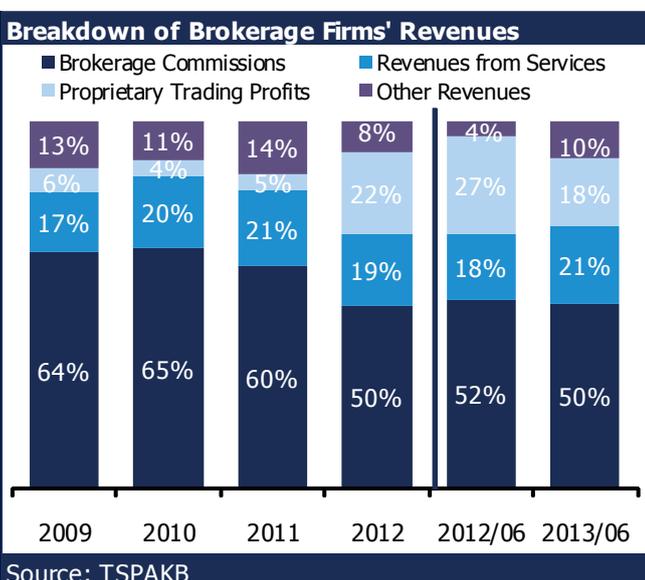


Stand-alone financial statements, prepared according to the International Financial Reporting Standards (IFRS), were collected from 96 brokerage firms in the first half of 2013. At the end of June 2013, brokerage firms' total assets surged by 25%, y-o-y, to reach US\$ 6.4 billion. Total assets were around US\$ 4 billion in 2009. The bulk of assets continue to be in liquid assets. Cash and cash equivalents composed 52% of total assets. Shareholders' equity of the industry is US\$ 1.6 billion, equaling to 26% of total liabilities. It was over 36% as of end 2009. The decline in the equity's share is due to the rising short term debt. Short term liabilities (74%) are related to overnight borrowings and settlement dues. 2 brokerage firms account for 68% of the overnight borrowings of the brokerage industry. Financial table details of these brokerage firms suggest that, they borrow short term from money market and invest in bank deposits, derivatives and other financial instruments. In fact, this is the main reason behind the sharp growth of the balance sheets of the brokerage industry in the last years.



As of end-June 2013, brokerage firms' total revenues increased by 14% to US\$ 378 million. Operating profits of the industry increased by 14% to US\$ 69 million.

The net profits decreased to US\$ 110 million in the first half of 2013 from US\$ 126 million in the first half of 2012. Negative effect of the lower financial profits owing to one brokerage firm's less profitable swap operations deteriorated the bottom-line.



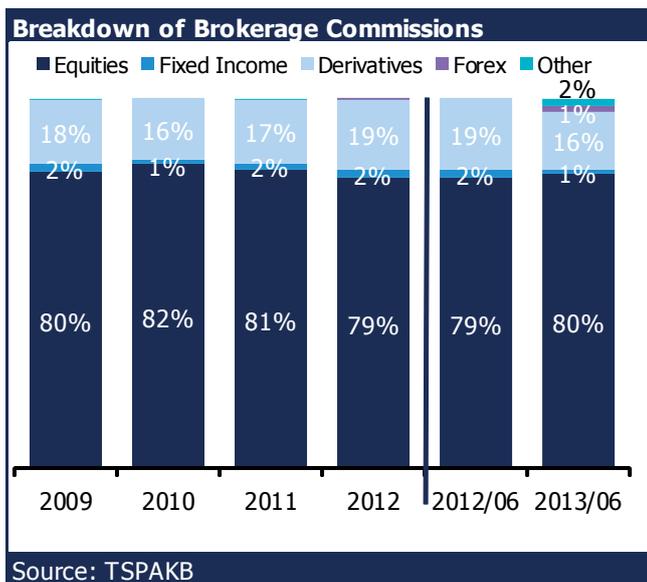
Brokerage firms generate revenues from brokerage commissions, services, proprietary trading and other operations.

Brokerage commissions increased by 12% y-o-y to US\$ 190 million in 2013/06. As of end-June 2013, 50% of total revenues came from brokerage commissions.

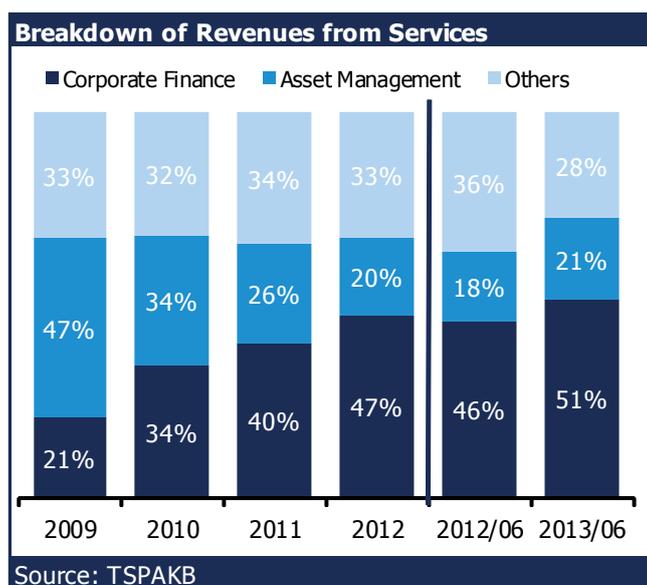
Brokerage commissions are followed by revenues from services (21%), which refer to corporate finance and asset management activities.

The increase in the share of proprietary trading profits from 5% in 2011 to 18% in the first half of 2013 is due to leveraged FX trading. Since August 2011, forex trading can only be done by brokerage firms. The share of other revenues, including mainly interest income and dividends received, increased by 6 percentage points y-o-y to 10%.

# FINANCIAL STATEMENTS



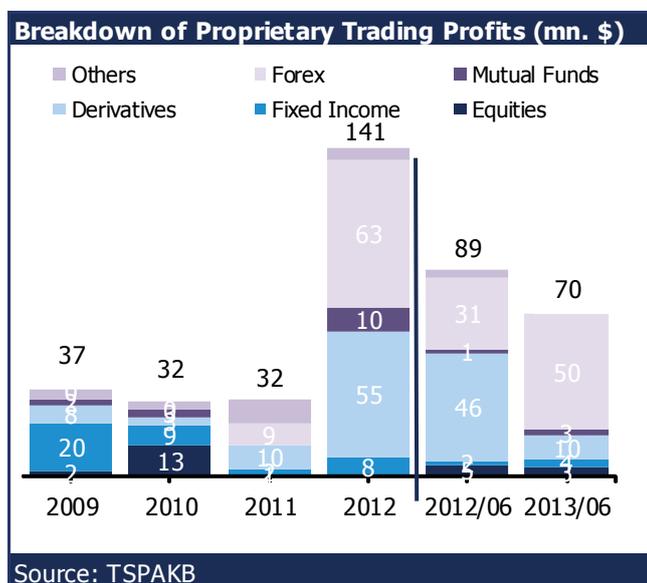
Brokerage firms earned US\$ 190 million in brokerage commissions. In the first half of 2013, total commission revenues increased by 12% y-o-y, on the back of rising equity trading volume. Commissions on equity trading form 80% of total commissions. Equity trading volume of brokerage firms (US\$ 470 billion) increased by 33% in the first half of 2013. Meanwhile, commissions on equity trading improved by only 13% to US\$ 152 million. Effective commission rate on equity trading is calculated by the net amount left to the brokerage firm, excluding rebates to clients and revenue sharing with the sales agents. As of end-June 2013, the effective commission rate decreased to 0.035% compared to 0.040% a year ago. It was 0.050% as of end 2009. Please note that this should not be interpreted as the rate charged from the client. Brokerage firms generated 17% of their commissions from derivatives trading. Commissions from derivatives trading remained nearly the same in US\$ terms in the first half of 2013. The effective commission rate for those transactions was 0.016% in 2013/06 compared to 0.018% in 2012/06.



Revenues from services cover mainly asset management and corporate finance fees. "Others" refers to fees charged on custody services, other consultancy services, as well as money and securities transfers. Service revenues recorded US\$ 78 million, up 33% as compared to 2012/06.

Total assets under brokerage firms' management increased by 22%, y-o-y, in the first half of 2013. Revenues from asset management increased by 57% y-o-y to US\$ 16 million. The higher increase in revenues is due to one brokerage firms' earnings. This firm is mainly marketing foreign funds to its customers.

Corporate finance activities' share reached 51% of revenues from services with the contribution of the revenues from public offerings. Brokerage firms earned US\$ 25 million on public offerings.



Brokerage firms' proprietary trading profits decreased to US\$ 70 million as of end-June 2013 down from US\$ 89 million in the previous year.

The leveraged FX trading became the major source of proprietary trading revenues. The profits from leveraged FX trading recorded US\$ 50 million in the first half of 2013. On the other hand, the profits from derivatives trading decreased to US\$ 10 million in the first half of 2013 from US\$ 46 million, owing to one brokerage firm's transactions.

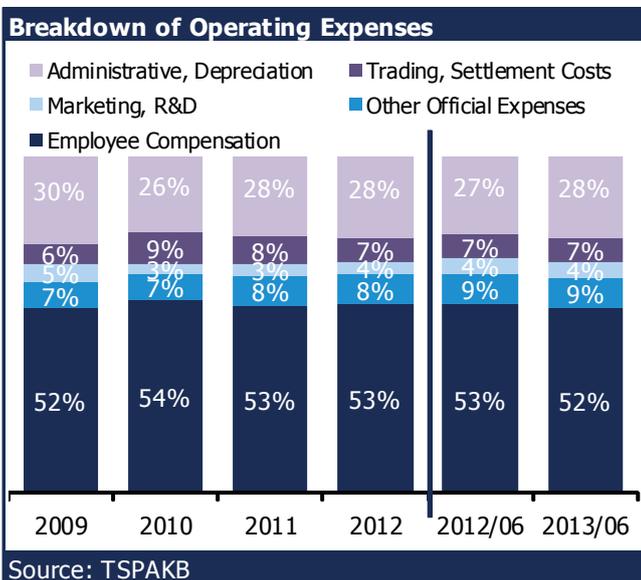
Breakdown of Other Revenues			
(Mn. \$)	2012/06	2013/06	Change
Other Revenues	-32.6	-1.3	-96.1%
Int. Rec. from Customers	45.2	40.4	-10.7%
<b>Total</b>	<b>12.6</b>	<b>39.1</b>	<b>209.9%</b>

Source: TSPAKB

In 2013/06, other revenues increased by 210% to US\$ 39 million.

Interests received from customers, including margin trading and short selling, decreased by 11% to US\$ 40 million as of June 2013.

Due to the reduction of a brokerage firm's proprietary margin trading loss, other revenues totaled US\$ 39 million.



In the first half of 2013, operating expenses of the brokerage industry increased by 11% y-o-y to US\$ 315 million. 52% of the expenses correspond to employee compensation (including social security payments, health insurance and alike). The average monthly cost of an employee increased by 5% to US\$ 5,141 in 2013/06, from US\$ 4,885 in 2012/06.

Trading and settlement costs were increased by 14% to US\$ 22 million in the first half of 2013. Administrative and depreciation expenses, which include office rents, other infrastructure expenses and depreciation, represent 28% of total expenses.

Breakdown of Brokerage Firms' Profits			
	2012/06	2013/06	Change
No. of Profit Makers	56	57	1.8%
No. of Loss Makers	40	39	-2.5%
Total Profit (Mn. \$)	140.5	123.8	-11.9%
Total Loss (Mn. \$)	-13.9	-14.0	0.5%
<b>Net Profit/Losses</b>	<b>126.6</b>	<b>109.8</b>	<b>-13.3%</b>

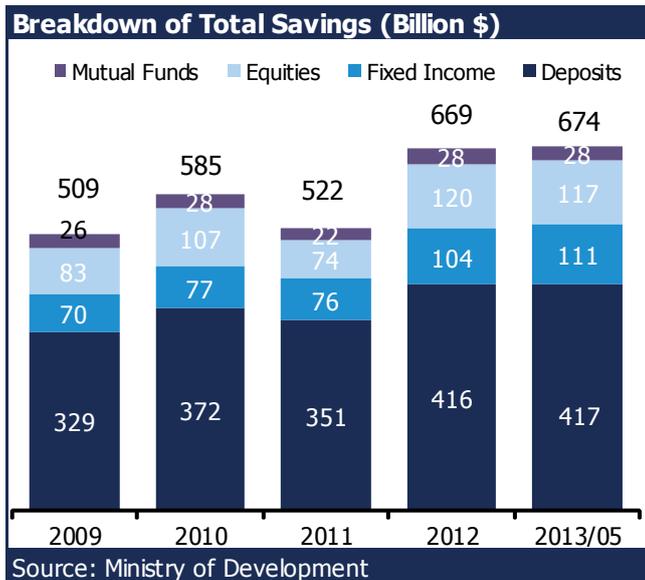
Source: TSPAKB

The brokerage firms' aggregate net profits decreased by 13% in the first half of 2013. 57 brokerage firms recorded a profit of US\$ 124 million, while 39 brokerage firms posted aggregate losses of US\$ 14 million. The most profitable brokerage firms' profit was US\$ 27 million, whereas the highest loss incurred by a brokerage firm was US\$ 2 million.

Brokerage Firms' Profitability			
	2012/06	2013/06	Change
ROE	13.1%	8.1%	-38.2%
EPS (TL)	0.23	0.14	-39.1%

Source: TSPAKB

Return on equity (ROE) of the sector deteriorated to 8% as of end-June 2013, versus 13% as of end-June-2012. Similar trend could be observed in the earnings per share (EPS). EPS dropped to TL 0.14 in the first half of 2013, from TL 0.23 in the first half of 2012.



As of end May 2013, total savings in Turkey increased by 1% y-o-y to US\$ 674 billion. In TL terms, total savings went up by 7% in the same period. Domestic residents hold 78% of the total savings.

Bank deposits continued to be the major component in savings. Investors hold US\$ 417 billion in bank deposits as of end May 2013. Total investments in equities decreased by 3% to US\$ 117 billion in the first six months of 2013. The shares of the fixed income securities and mutual funds in total savings remained unchanged, at 16% and 4% respectively.

<b>Number of Equity Investors (thou.)</b>			
	2011	2012	2013/06
<b>Domestic Investors</b>	<b>1,090.1</b>	<b>1,080.3</b>	<b>1,097.0</b>
Dom. Individuals	1,086.4	1,075.4	1,091.4
Dom. Corporations	3.2	4.3	5.0
Dom. Institutionals	0.5	0.6	0.6
<b>Foreign Investors</b>	<b>7.7</b>	<b>8.3</b>	<b>8.8</b>
For. Individuals	4.5	4.8	5.2
For. Corporations	1.1	1.3	1.3
For. Institutionals	2.1	2.2	2.3
<b>Total</b>	<b>1,097.8</b>	<b>1,088.6</b>	<b>1,105.8</b>

Source: CRA

The number of investors with equity holdings increased to 1.1 million with the participation of around 16,500 new domestic individuals in the first six months of 2013. Number of domestic corporations increased by 700 in the same period.

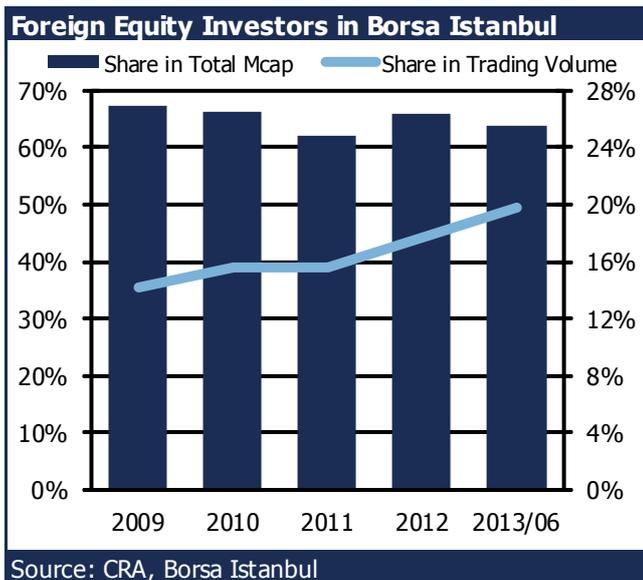
Although the number of foreign investors continued to increase, they represent less than 1% of the investor base.

<b>Equity Ownership mn. \$</b>			
	2011	2012	2013/06
<b>Domestic Investors</b>	<b>29,966</b>	<b>40,884</b>	<b>38,735</b>
Dom. Individuals	16,984	21,226	20,111
Dom. Corporations	10,001	14,900	13,814
Dom. Institutionals	2,982	4,758	4,810
<b>Foreign Investors</b>	<b>49,235</b>	<b>79,056</b>	<b>70,454</b>
For. Individuals	196	260	282
For. Corporations	14,399	23,459	19,149
For. Institutionals	34,640	55,337	51,023
<b>Total</b>	<b>79,201</b>	<b>119,940</b>	<b>109,189</b>

Source: CRA

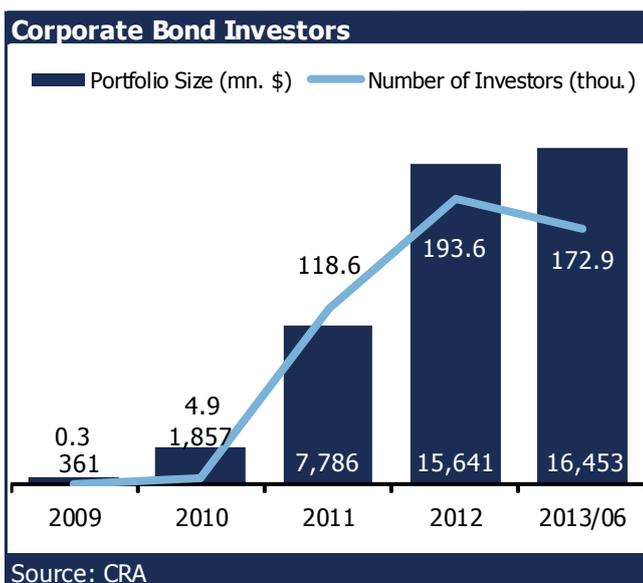
Both global and local developments improved the total equity holdings in 2012. Total portfolio size increased to US\$ 120 billion at the end of 2012, from US\$ 79 billion in 2011. As of end June 2013, total equity portfolio deteriorated back to US\$ 109 billion with unfavorable market conditions. Foreign investors hold 65% of the equity portfolio. Foreign institutional investors hold 47%. Foreign corporations, which include banks and brokerage firms, rank second among the foreign investors with an 18% share.

Domestic investors' share in equity holdings decreased by 4 percentage points in 2012 to 34%. In the first half of 2013, their share remained at 35%.

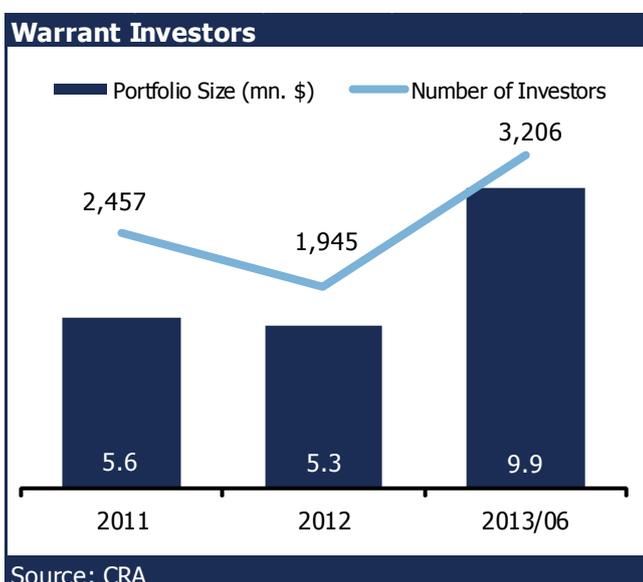


In 2012, foreign investors' share increased by 4 percentage points to 66% as compared to year-end 2011. As of end-June 2013, foreign investors' share slightly decreased by 1 points to 65% of the free-float Mcap.

In 2010 and 2011, foreign investors generated 16% of the trading volume. In 2012, the share of foreign investors in the trading volume slightly increased to 18%. In the first half of 2013, foreigners generated 20% of the trading volume.



Although both the number of investors and the size of corporate bond holdings rapidly increased in the last five years, in the first six months of 2013, the number of investors decreased to 173,000 from 194,000 at the beginning of the year. Their bond investments remained around \$ 16 billion in the same period.



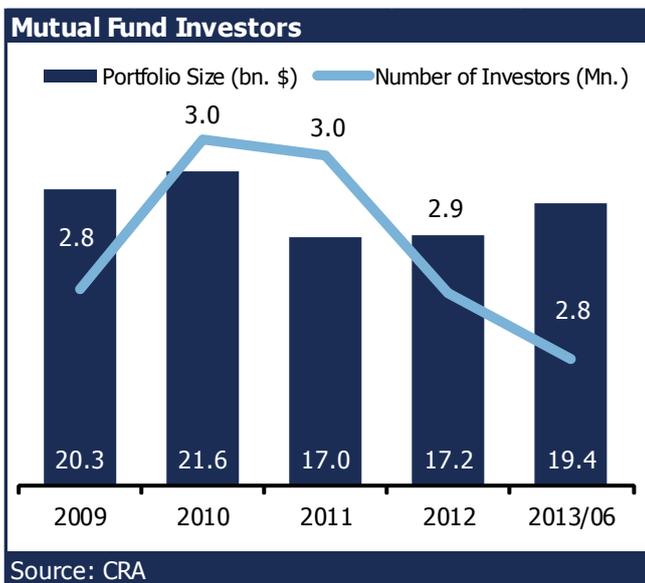
After its inception in August 2010, investments in the warrant market reached US\$ 5.6 million as of year-end 2011. After declining to \$ 5.3 million in December 2012, the portfolio size nearly doubled to reach US\$ 9.9 million as of end June-2013. The number of warrant investors also increased to 3,206 from 1,945 in the same period.

Breakdown of Forex Investors			
	2011*	2012	2013/06
<b>Total Volume (bn \$)</b>	<b>183.0</b>	<b>1,328.0</b>	<b>1,126.6</b>
<b>Domestic Investors</b>	<b>100.0%</b>	<b>99.0%</b>	<b>95.3%</b>
Dom. Individuals	65.0%	52.0%	57.5%
Dom. Corporations	35.0%	47.0%	37.7%
Dom. Institutionals	0.0%	0.0%	0.1%
<b>Foreign Investors</b>	<b>0.0%</b>	<b>1.0%</b>	<b>4.7%</b>
For. Individuals	0.0%	1.0%	0.6%
For. Corporations	0.0%	0.0%	4.1%
For. Institutionals	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

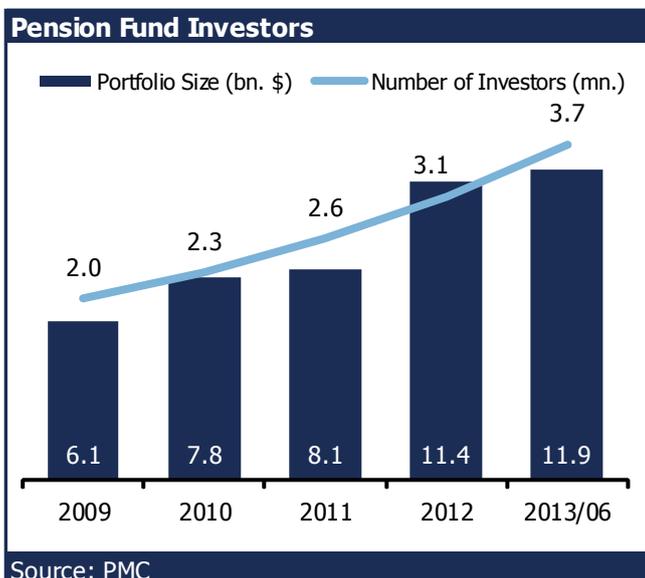
Source: TSPAKB \* August-December

Forex market showed a remarkable growth, after it became regulated in September 2011. The trading volume in the forex market reached US\$ 1 trillion in the 1H13 (twice the equity trading volume and three times the derivatives trading volume).

Domestic retail investors (58%) and domestic corporations (38%) dominated the market. The high share of the domestic corporations is due to brokerage firms' hedging operations with the market makers.



Although the number of mutual fund investors decreased by 3% in the first half of 2013 to 2.8 million people, the number of mutual fund investors is almost 3 times higher than equity investors. On the other hand, total size of mutual funds increased to US\$ 19.4 billion as of end June 2013, from US\$ 17 billion at the beginning of the year.



Despite the global financial crisis, pension funds market is showing a steady growth since its inception in 2003. At the end of June 2013, the number of pension fund investors increased by 19% to 3.7 million, while the asset size reached US\$ 11.9 billion by a 4% increase.

## **Capital Market Institutions**

Borsa Istanbul  
Capital Markets Board of Turkey  
Capital Markets Licensing and Training Agency  
Central Securities Depository  
Takasbank - Istanbul Settlement and Custody Bank

[www.borsaistanbul.com](http://www.borsaistanbul.com)  
[www.cmb.gov.tr](http://www.cmb.gov.tr)  
[www.spl.com.tr](http://www.spl.com.tr)  
[www.mkk.com](http://www.mkk.com)  
[www.takasbank.com.tr](http://www.takasbank.com.tr)

## **Public Institutions**

Banking Regulation and Supervision Agency  
Central Bank of the Republic of Turkey  
Financial Crimes Investigation Board  
Pension Monitoring Center  
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.egm.org.tr](http://www.egm.org.tr)  
[www.treasury.gov.tr](http://www.treasury.gov.tr)

## **Professional Associations**

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

[www.bakyd.org.tr](http://www.bakyd.org.tr)  
[www.tspakb.org.tr](http://www.tspakb.org.tr)  
[www.koteder.org.tr](http://www.koteder.org.tr)  
[www.boryad.org](http://www.boryad.org)  
[www.tbb.org.tr](http://www.tbb.org.tr)  
[www.tkyd.org](http://www.tkyd.org)  
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ISBN-978-975-6483-45-9