ANNUAL REPORT 2016

TCMA | TURKISH CAPITAL MARKETS ASSOCIATION

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www.tspb.org.tr

Turkish Capital Markets Association

We are a self-regulatory organization established in 2001 by the Capital Market Law. Our members are banks, brokerage firms and asset management companies, investment trusts that are authorized for capital market operations.

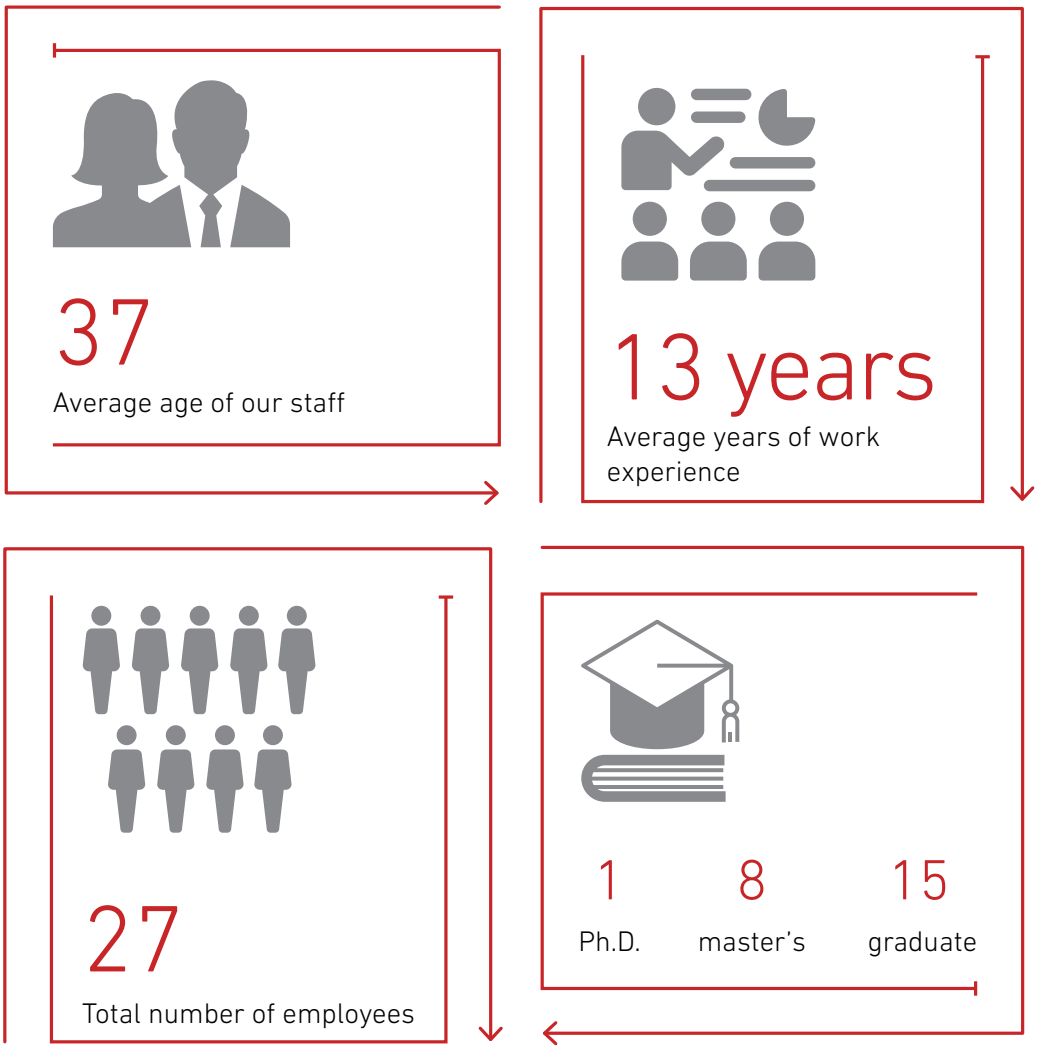
What We Do?

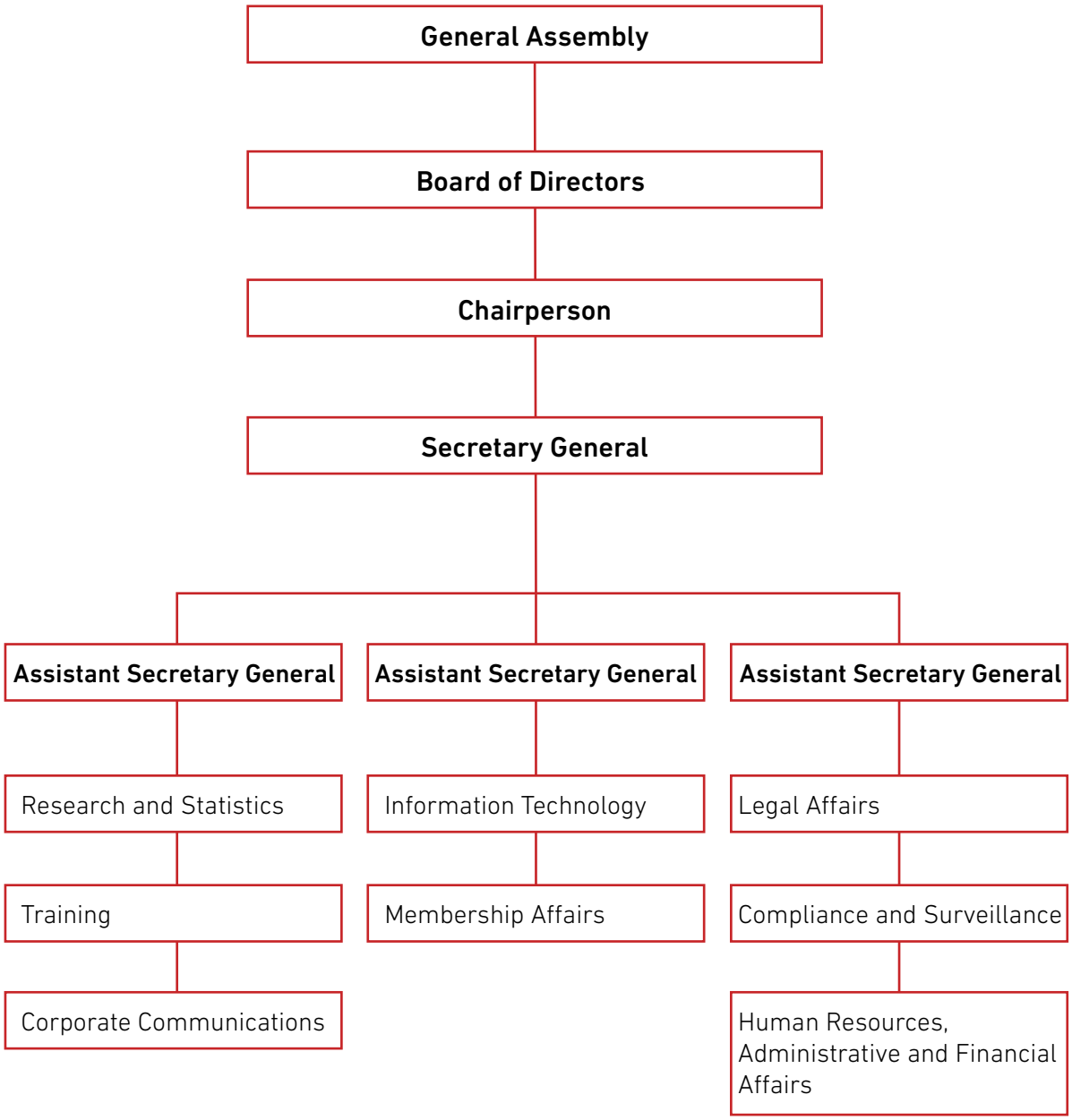
- We set safety measures aimed at preventing unfair competition.
- We assist in the resolution of disputes arising from off-exchanges transactions among our members or between our members and investors.
- We cooperate with related foreign institutions.
- We conduct research for the development of the capital markets.
- We monitor professional developments, changes in rules and regulations and inform our members.
- We offer training programs for the market professionals.
- We design and run investor education programs.

we drive progress

Through our informed and leader management and expert team, we analyze the industry's problems and formulate solution suggestions that will drive the industry's progress based on strategic plans built on constructive approaches. We serve as the reference guide of the industry with our know-how and expertise in the capital markets, the data and reports we offer, and the training programs and informative activities we organize.

Organization Structure




General Assembly
Board of Directors
Chairperson
Secretary General
Assistant Secretary General
Assistant Secretary General
Assistant Secretary General
Research and Statistics
Information Technology
Legal Affairs
Training
Membership Affairs
Compliance and Surveillance
Corporate Communications
Human Resources, Administrative and Financial Affairs

2016 Board of Directors

İlhami Koç
Chairperson
IS Investment
Chairman

M. Berra Doğaner, Ph.D.
Deputy Chairperson
Turkish Investment
General Manager and Board Member

Gülsevin Çipli
Board Member
Yapı Kredi Invest
General Manager and Board Member

Murat Çetinkaya
Board Member
Halk Invest
General Manager and Board Member

Ersin Akyüz
Board Member
Deutsche Bank
General Manager and Board Member

İ. Namık Aksel
Board Member
HSBC Asset Management
General Manager and Vice Chairman

O. Okan Alpay
Board Member
Tacirler Investment
General Manager

İsmail Kazanç
Board Member
Torunlar Real Estate Investment Company
Assistant General Manager

Prof. Güler Aras
Independent Board Member

Rüya Eser, Ph.D.
Independent Board Member

Atty. Şebnem Ergün
Board Member
Association of Appraisal Experts of Turkey
Attorney

Board of Auditors

C. Özgür Güneri
Audit Board Member
Finans Invest
General Manager and Board Member

Murat Güler
Audit Board Member
A1 Capital Investment
Chairman

M. Aşkın Dolaştır
Audit Board Member
Turkish Economy Bank
Assistant General Manager

Ş. Alp Keler, Ph.D., CFA
Audit Board Member
Ak Asset Management
General Manager

Mehmet Ahkemoğlu
Audit Board Member
Alarko Real Estate Investment Company
Board Member

Discipline Committee

Hasan Hüsnü Güzelöz
Discipline Committee Chairman
Doğuş Real Estate Investment Company
Board Member

Ceyhun Egemen Erden
Discipline Committee Member
Finans Securities
Assistant General Manager

Vedat Mizrahi, Ph.D.
Discipline Committee Chairman
ÜNLÜ Securities
Assistant General Manager

Tolga Ataman
Discipline Committee Member
TEB Asset Management
Board Member

İzzet Şahin
Discipline Committee Member
Anadolubank
Board Member

Executives

İlkay Arıkan
Secretary General

O. İlker Savuran
Assistant Secretary General
Research and Statistics
Training
Corporate Communications

Süleyman Morbel
Assistant Secretary General
Legal Affairs
Compliance and Surveillance
Human Resources, Administrative and Financial Affairs

Adalet Polat
Assistant Secretary General
Information Technology
Member Relations

EXECUTIVES

1-İlkay Arıkan
Secretary General

2- O. İlker Savuran
Assistant Secretary General

3- Adalet Polat
Assistant Secretary General

4- Süleyman Morbel
Assistant Secretary General

DIRECTORS

5- Ekin Fıkırkoca Asena
Research and Statistics Director

6- Engin Turan
Human Resources, Administrative and Financial Affairs Director

7- Esra Esin Savaşan
Compliance and Surveillance Director

8- Gökhan Büyükşengür, Ph.D.
Training Director

9- Telman Şahbazoğlu
Information Technology Director

10- Tuğba Oğan
Corporate Communications Director

EMPLOYEES

11- Aslı Hondu İmamoğlu
Member Relations / Assistant Director

12- Beyza Emek
Research and Statistics Department / Intern

13- Cihan Coşgun
Information Technology / Specialist

14- Çağla Savuran Eralp
Training / Specialist

15- Dimitri Lazaridi
Information Technology / Technical Support

16- Eda Cabbar
Corporate Communications / Senior Specialist

17- Gökben Altaş Çevikcan
Research and Statistics / Assistant Director

18- Gülcan Yalçıner
Human Resources, Administrative and Financial Affairs / Officer

19- Kerim Karakaya
Human Resources, Administrative and Financial Affairs / Assistant Director

20- Mustafa Özer
Research and Statistics / Specialist

21- Muzaffer Demirci
Human Resources, Administrative and Financial Affairs / Administrative Support

22- Nil Ayav
Legal Affairs / Specialist

23- Nilüfer Gevenoğlu
Corporate Communications / Senior Specialist

24- Onur Salttürk
Research and Statistics / Specialist

25- Serhat Tahsin İşler
Compliance and Surveillance / Senior Specialist

26- Sevda Uslu
Compliance and Surveillance / Specialist

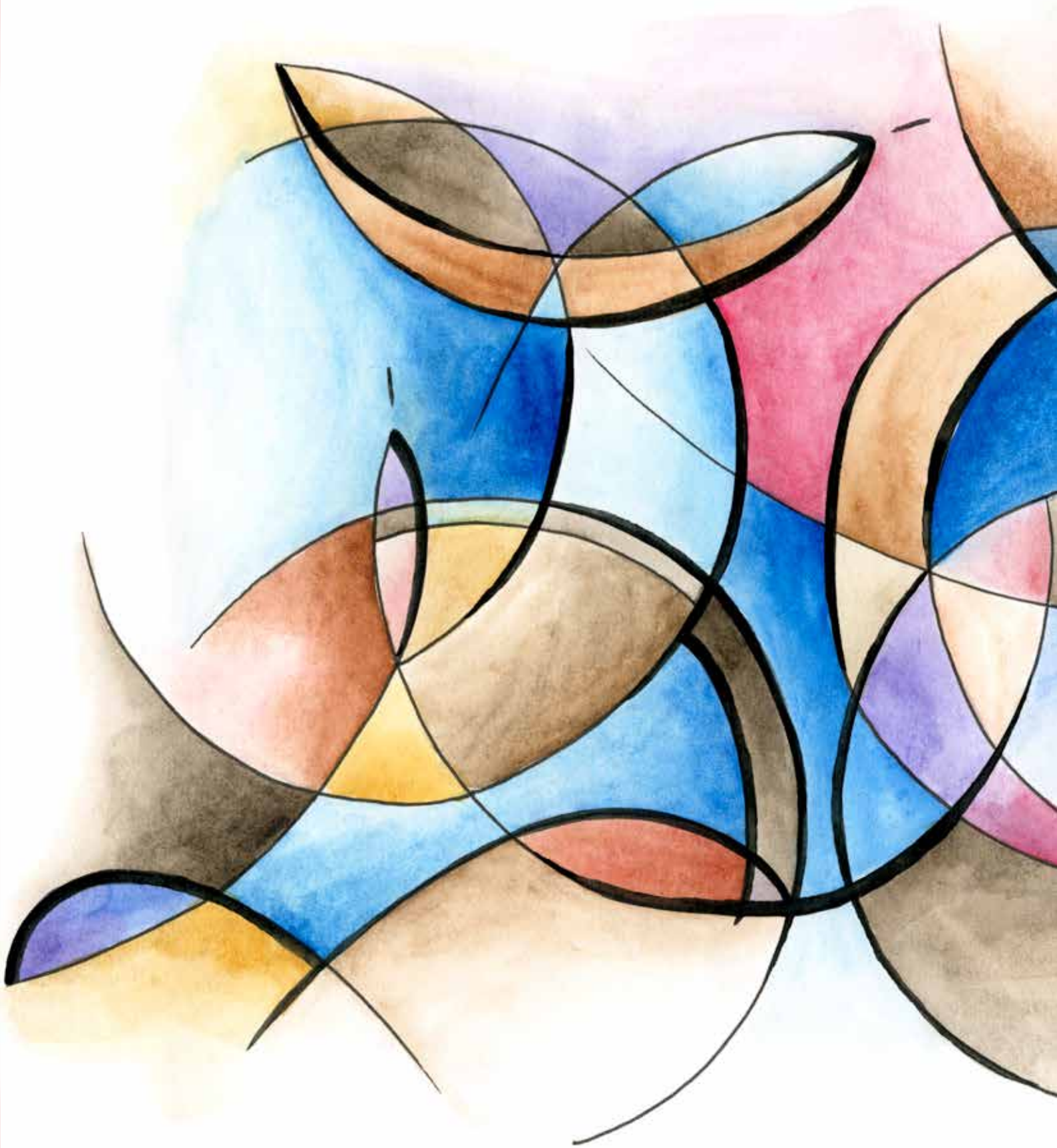
27- Şadiye Selek
Human Resources, Administrative and Financial Affairs / Office Services

28- Ünal Özkan
Legal Affairs / Specialist

29- Zuhal Paralı
Human Resources, Administrative and Financial Affairs / Administrative Support

Hülya Kandemir Yılmaz
Human Resources, Administrative and Financial Affairs / Chief

Our Team



we are strong

We are a strong organization drawing on the support extended by our prestigious members and our corporate governance.

Overview of 2016

Turkey has ended 2016 amid an environment of rough political and macroeconomic events. Nevertheless, crucial reformative steps were also taken in such a difficult year.

Distinguished Members,

2016 has been a tough year for our country, and for global economies alike. Waves of migration resulting from the political crisis in the Middle East, fluctuating Chinese markets, the Brexit decision, and the US presidential election results have been the signs that the world has stepped into a new era.

Turkey has ended 2016 amid an environment of rough political and macroeconomic events. We went through an extraordinary period because of the outcomes of certain political developments in our geography on one hand, and the coup attempt of 15 July against the constitutional order, on the other. In defiance of the mishaps, our country sustained her economic growth.

These extraordinary times also added to the volatility in our capital markets. In 2015, the intermediation sector and asset management segment had registered 16% and 9% increases in their profits, respectively. However, this was reversed in 2016, and intermediary institutions suffered 21% decline in their profits in the first three quarters of the year, while the profit rise for asset management firms was limited to 2%.

2016 has been the scene to mergers or cessation of activities by the Association-member institutions. During the reporting period, three intermediary institutions merged with other intermediaries, while 10 others withdrew from membership due to discontinuation of operations or renouncement of license. Asset management firms also underwent similar processes. During 2016, four asset management firms withdrew from the Association's membership, two of which merged with other asset management firms.

Nevertheless, crucial reformative steps were also taken in such a difficult year. At the start of the year, we received the news that the Provisional Article 67 concerning taxation of capital market instruments was extended until 2020. This was immediately followed by regulations regarding leveraged trading, which gave the foreground to informing and educating the investors. These requirements imposed various duties and responsibilities upon our Association, as well.

During 2016, some of our taxation issues were resolved, an undoubtedly key development with respect to our sector. In the last quarter of 2014, we had submitted a comprehensive study in this field to the public authorities. In the two years that followed, we kept the subject under close follow-up. Finally this year, some of our suggestions in this respect were adopted in the Parliament with the Law Amending Certain Laws for the Improvement of the Investment Environment. Thanks to this step, stamp tax charged to margin trading was abolished, which had long been a topic of discussion, and an unjust implementation in our opinion. Furthermore, stamp tax exemption was introduced also for certain contracts made by venture capital firms and trusts and real estate investment trusts, papers issued in relation to lease certificates, and over-the-counter derivative trading contracts which intermediary institutions are a party to or are made thereby. We are convinced that these steps will add further momentum to our activities in the year ahead.

Automatic Enrolment in Private Pension represents another development of 2016 that will bear a positive impact on our sector in the long term. Thanks to automatic enrolment, individuals under the age of 45 working in private and public sector will be able to participate in the system and save up to guarantee their own future. We are anticipating that the expansion in the Private Pension System will lend a boost to both asset management and intermediation activities.

Another event that will reflect positively on our capital markets was the incorporation of Turkey Wealth Fund. This move will allow, for the first time ever, direct support from public savings to our capital markets. Another point we deem important for deepening and driving our market is having our Association members serve in the management of resources in this fund.

On another front, a pleasing step was taken with respect to the resolution of disputes, a key duty and responsibility of our Association. A Dispute Center was set up to handle and resolve conflicts among our members or between our members and their clients. Right afterwards, arbitration committees began functioning under the Association, which

Overview of 2016

Seeking solutions to our sector's problems, investigating possible steps to grow our markets, and discussing these topics on different platforms will remain among our priority goals also in the year ahead.

deal with intermediation activities, asset management, collective investment instruments and leveraged trading transactions.

An important subject on our agenda during the reporting period was addressing the current topics that needed attention and contributing to wider recognition of our sector. Within this context, we organized a number of conferences, panels and events. One of them tackled algorithmic trading, a worldwide discussion topic, with the participation of Prof. Ali N. Akansu from the New Jersey Institute of Technology. Another significant event was the TCMA Capital Markets Award Ceremony that made its debut in 2016 with the purpose of contributing to the flourishing, deepening and increased recognition of capital markets. We intend to make this award ceremony an annual event and we believe that it will prove to be crucial for the development of our capital markets.

However, the events we organized in 2016 were headlined by the Capital Markets Congress in November, which was attended by President Recep Tayyip Erdoğan and Deputy Prime Minister Nurettin Canikli. With the presence of our state's highest ranks, we have realized an event of the utmost importance for our Association and our sector. For two days, the Congress hosted more than 2,500 people including policymakers, Turkish and foreign experts, academics and investors, as well as market professionals. Themed "Strong Capital Markets, Strong Turkey", the Congress served as a platform for the experts to address topics that will shape our sector's future in seven main panels and seven synchronized sessions.

A strong economy is enabled through increased savings and the capability to properly transform them into investment. Financial literacy that serves to this purpose was also on our 2016 agenda as a crucial topic of activity of our Association. We emphatically carried on with our projects on our social media channels to propagate our activities before large audiences. We are receiving positive feedback from numerous users from different callings and age groups on all our social media platforms, led

by "Param ve Ben" (My Money and I) Facebook page that currently has approximately 80,000 followers. As part of our projects, we have held the third edition of "Kamera Elinde Geleceğin Cebinde" (Camera In Your Hand, Future In Your Pocket) Short Film Contest, which we hold to raise awareness of planning of financial future by individuals.

In June, we proudly hosted on behalf of our sector an international convention, the Global Investor Education Conference organized by the International Forum for Investor Education (IFIE) and International Organization of Securities Commissions (IOSCO), to introduce our financial literacy initiatives on a global scale. Bringing together the representatives of institutions working in the field of investor education in Turkey and in the world, nearly 200 people attended the conference. Held in a different country every year, the conference took place in Turkey for the first time, which coincided fully with our goal of becoming a financial center. This global conference co-organized by IFIE and IOSCO was of special significance since it was held in cooperation with the OECD-C8 committee for the first time. In the first two days of the Conference, the world's leading experts thoroughly discussed the latest developments in investor education. As a result of the sessions, all participants agreed on the necessity to secure coordination in the planning of initiatives by all institutions of each country and to formulate a globally shared vision.

Distinguished Members,

Seeking solutions to our sector's problems, investigating possible steps to grow our markets, and discussing these topics on different platforms will remain among our priority goals also in the year ahead. To this end, we will be organizing panels and conferences that will be attended by international experts. In 2017, we will hold the second edition of the Capital Market Award Ceremony, which debuted in the reporting period, and thus, share the achievements of our sector with large audiences. We will increase the depth and breadth of the Capital Markets Congress in 2017 and turn it into an internationally recognized event.

Our 2017 plans include reaching a larger number of people by making the Association's publications designed to inform and drive the sector available on online platforms. In addition, we will be launching our peer-reviewed journal in 2017, which is intended to support scientific research in the sector. Titled "Journal of Capital Market Studies", the journal will address the professionals in the financial services sector and academic circles, and as such, will connect our sector with the academic world. With the contributions of foreign individuals specialized in their respective fields, we are aiming to produce a publication that will be recognized not only in Turkey, but also globally.

After the release of the Financial Access and Financial Consumer Protection Strategy by the Capital Markets Board of Turkey, financial literacy initiatives took on a more coordinated and comprehensive format. In the period ahead, our Association, in collaboration with our stakeholders, will be launching new projects in financial education that will reach broader audiences. In 2017, the activities of the sub-committees set up under the Financial Education Task Force, which assured a broad-based participation from our members, will continue in a much more comprehensive fashion.

As I present the 2016 annual report, I would like to extend my thanks to all our stakeholders and particularly the Capital Markets Board of Turkey and Borsa İstanbul, to the distinguished members of our Board of Directors and Board of Auditors, and all our employees for their unrelenting support.

Yours sincerely,

İlhami Koç
Chairperson

we are reliable

We are a reliable organization as we represent all of the capital market institutions in our country based on our status as a professional organization, our strict adherence to regulations, and our impartial, fair, transparent and ethical approach that we have embraced as our main principles.

Initiatives

In 2016, we carried on with our innovative efforts to deepen and strengthen our sector.

Our Feedback on Draft Communiqués

Feedback and suggestions of our members regarding the below mentioned regulations drafted by the Capital Markets Board of Turkey (CMB), on which the sector's opinions were sought, have been presented to the CMB.

- Draft Communiqué Amending the Debt Instruments Communiqué
- Draft Communiqué Amending the Communiqué on Material Events Disclosure
- Draft Communiqué Amending the Communiqué on Principles of Financial Reporting in Capital Markets
- Draft Communiqué Amending the Communiqué on Principles of Investment Services, Activities and Ancillary Services
- Communiqué Amending the Communiqué on Principles of Establishment and Activities of Investment Firms
- Draft Regulation on the Activity, Operating and Auditing Principles of Data Storage Companies
- Draft Communiqué on the Principles of Reporting to Data Storage Companies

Principles Regarding Those Engaged in Rating and Ranking Activities of Collective Investment Instruments

The revised Circular sets out, among others, that international rating agencies established abroad, which have been allowed by the CMB to engage in rating activity in Turkey, will be included in the list by being exempted from the terms and conditions stipulated by the relevant Circular to engage in the rating and ranking activities of collective investment instruments, provided that they file a written application with our Association. This has been regulated and communicated to our members in the Circular no. 27.

The up-to-date list of establishments that will be engaged in rating and ranking activities of collective investment instruments is available on our Association's website.

Circular on Reporting Principles of Special Circumstances in the Market

Circular on Reporting Principles of Special Circumstances in the Market covering the principles and procedures defined by our Association in relation to reporting the special cases in the market has been published pursuant to Article 29/A of the CMB Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services.

Circular on Intermediary Institutions' Announcements on their Websites Regarding Leveraged Transactions and Their Collective Announcement on the Association's Website

Pursuant to Article 28 of the CMB Communiqué on Principles of Establishment and Activities of Investment Firms, the obligation to make the announcements mentioned below has been regulated.

Accordingly, the Circular on Intermediary Institutions' Announcements on their Websites Regarding Leveraged Transactions and Their Collective Announcement on the Association's Website has been published. The said Regulation defines the principles and procedures for intermediary institutions' postings regarding their leveraged transactions in a noticeable fashion by the investors, as well as notices to be sent to the Association. Within this context, intermediary institutions are required to make the following information available regarding their leveraged transactions:

a) Disclosures about the enterprises acting as price providers and their places of residence; whether intermediary institutions have direct or indirect shareholding relationship with these enterprises;

b) Ratio of rejected orders to all orders;

c) Number of customer complaints, and the ratio of these complaints to total number of customers.

Circular on the Principles Regarding Proportional Distribution and Announcement of Intermediary Institutions' Customer Accounts Posting Profits vs. Loss on Leveraged Transactions

Pursuant to Article 28 of the CMB Communiqué on Principles of Establishment and Activities of Investment Firms, the obligation to announce the proportional distribution of intermediary institutions' customer accounts posting profits versus loss on leveraged transactions on their websites has been regulated.

Accordingly, Circular on the Principles Regarding Proportional Distribution and Announcement of Intermediary Institutions' Customer Accounts Posting Profits vs. Loss on Leveraged Transactions has been published, which covers the principles and procedures defined in relation to calculation methods and the format of the announcements, as well as the notices to be given to the Association.

Circular on the Principles Regarding Communication of Leveraged Transaction Prices Announced by Intermediary Institutions and Spread and Public Disclosure of Deviations Above a Certain Threshold Broken Down by Institutions

Under Article 32 of the CMB Communiqué on Principles of Investment Services, Activities and Ancillary Services, Circular on the Principles regarding Communication of Leveraged Transaction Prices Announced by Intermediary Institutions and Spread and Public Disclosure of Deviations Above a Certain Threshold Broken Down by Institutions has been published, which covers the principles and procedures defined for the following:

a) Intermediary institutions are required to communicate the prices they announce for leveraged transactions at intervals set by the Association and the spread within a period of time to be defined by the Association,

b) The Association will create retroactive price series for each intermediary institution, create the data on the spread, which it will then use to create a price and spread series for each asset. The Association will employ the statistical methods it deems fitting to identify deviations above a certain threshold out of this series on the basis of institutions and publicly disclose the same on a weekly basis.

Initiatives

The Circular named above also covers principles and procedures defined for the announcement of deviations determined in price and spread series created for each asset to be made by the intermediary institutions on their own websites pursuant to the CMB's regulations governing investment services and activities.

The Guide for Investment Services, Activities and Investment Firms Updated

Within the frame of the revisions made to the Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services, and to the Communiqué on Principles of Establishment and Activities of Investment Firms on 14 January 2016, the CMB decided that disclosures about the provisions of various articles of the Communiqués mentioned in The Guide for Investment Services, Activities and Investment Firms be accepted as Resolution no. i-SPK.37.4 (dated 15 July 2016 and 22/802 s.k.) and incorporated in the Guide. The Guide updated accordingly has been announced to our members by way of a General Letter.

Promotion Campaigns for Leveraged Trading and Contracts for Difference

Through a General Letter, our members have been notified of the CMB resolution that intermediary institutions may not organize promotion campaigns for their customers' leveraged trading transactions and/or contracts for difference, and that they may not, under whatsoever name, undertake any practice of a similar nature to promotion campaigns including, but not limited to, providing any retroactive benefits or not charging certain costs in connection with the trading volume.

TCMA Professional Committees

Pursuant to Article 25 of the Statute of the Turkish Capital Markets Association (the Association), the following committees exist under our Association:

a) Intermediary Institutions Professional Committee,

b) Banks Professional Committee,

c) Asset Management Companies Professional Committee,

d) Investment Trusts Professional Committee.

Professional Committees have been set up to work on topics in their respective fields assigned to them by the Board of Directors or determined thereby sua sponte. They collaborate with other committees if necessary, to form and submit common opinions and suggestions. They also act as an advisory unit for the Association's Board of Directors.

Terms of office of the Professional Committees expired with the General Meeting convened on 27 May 2016 where the elections for the Association's bodies were carried out. In order to re-elect the Committee members, relevant applications of member representatives who will represent our member institutions were presented to the Association's Board of Directors; hence, TCMA Professional Committees have been formed as follows within the frame of Formation and Operation Principles of TCMA Professional Committees through elections made for the Professional Committee members whose terms of office expired:

a) Eight members from intermediary associations to the Intermediary Associations Professional Committee,

b) Eight members from banks to the Banks Professional Committee,

c) Eight members from asset management companies to the Asset Management Companies Professional Committee,

d) From out of listed investment trusts,

   1. Four members from real estate investment trusts,

   2. Two members from securities investment trusts,

   3. Two members from venture capital investment trusts

to the Investment Trusts Professional Committee.

Trading Platform Service to be received from Non-resident Intermediary Institutions

The Association conveyed to the CMB the issues and doubts raised by our members in relation to the following:

a) whether such service to be received from an overseas intermediary institution would fall under the scope of outsourcing,

b) whether order transmission intermediation activity license is required for receiving such service

under a protocol to be signed by intermediary institutions with a non-resident intermediary institution for provision of a clearing, custody, order transmission infrastructure in overseas markets.

Feedback on Price Steps Under One Kurush Practice in Equity Market Transactions

Members of the Association's Intermediary Institutions Professional Committee and İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank) authorities collaborated to resolve the potential uncertainties that may result in rounding operations, in the event that the transition is made to display of prices with three digits in kurush for indicating price steps under one kurush in Borsa İstanbul Equity Market within the frame of the BISTECH system. Upon assessment of technical and financial issues that may arise in practice, key problems and doubts were communicated to Borsa İstanbul and the CMB.

Borsa İstanbul Memberships of Narrowly Authorized Intermediary Institutions

The Association made attempts before the CMB and Borsa İstanbul to provide that annual membership fees should not be charged to narrowly authorized intermediary associations on account of their Borsa İstanbul memberships. Taking our Association's feedback and suggestions into consideration, the CMB decided that annual membership fees will be not charged to narrowly authorized intermediary institutions and their memberships with Borsa İstanbul be sustained.

Revised Equity Market Exchange Fee Implementation

The Association's opinion formed on the basis of concrete data about the impact of the increase of basic exchange fee applied as 0.20 bps in equity market transactions of Borsa İstanbul to 0.25 bps upon the industry and upon careful consideration of international implementations has been submitted to the CMB for its consideration.

Since it is believed that the new fee tariff that came into force starting with the transactions on 2 January 2017 would lead to adversities for investors and intermediary institutions, the opinion that the increase in exchange fee should be reconsidered has been communicated to Borsa İstanbul.

Suitability Test

The sector's opinions have been conveyed to the CMB in order to help resolve the issues experienced in practice with respect to completion of suitability tests and hesitancies in service delivery to customers. The CMB's statements about the subject have been communicated to our members with the General Letter no. 763.

Effect of Daylight Saving Time on Leveraged Trading Transactions

Suggestions for the resolution of problems that may result from the new time difference between the overseas markets and our country stemming from the daylight saving time practice that has become permanent in Turkey have been presented to the CMB upon seeking the opinion of İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank) whether an operational hardship would result in collateralization reporting to be made thereto.

Revised Clearing Fees Due to Central Counterparty Service

Since İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank) has become a central counterparty in transactions to be executed in Borsa İstanbul Equity Market, clearing fees are planned to be revised. Underlining the issues that arose for investors and intermediary institutions as a result of recently increased intermediation costs that reflect negatively on our sector, our opinion that clearing fee rise should not be effected has been communicated to the CMB.

Taxation Problems in our Capital Market

During the Association's General Meeting convened on 7 December 2016, opinions and suggestions about tax arrangements believed to contribute to the international competitive strength of our country's capital market and intermediation sector have been communicated to the CMB within the frame of the instructions of Dr. Vahdettin Ertaş, CMB Chairman.

Reconciliation with Clients relating to Custody Accounts

We have discussed with our members the problems and hesitations regarding the obligation to make written or electronic reconciliation at least once a calendar year for capital market instruments and cash of clients by and between clients receiving custody service and the investment firms authorized to act as custodians. The resulting opinions and suggestions have been conveyed to the CMB.

Initiatives

Personnel Employed in Liaison Offices of Intermediary Institutions

The CMB has been presented with our opinion and suggestions that employment of only one licensed personnel (Liaison Office Contact Person holding Capital Market Activities Basic Level license) in liaison offices will suffice, as a result of which intermediary institutions will be able to promote capital market investment services and capital market instruments from a greater number of service points at a lower cost.

Valuation of Collateral Amounts and Updating Collaterals in Leveraged Trading Transactions

Under the requirements set out in the CMB Communiqué on Principles regarding Investment Services, Activities and Ancillary Services, intermediary institutions undertaking leveraged trading transactions are unable to update the collaterals during the period of time positions remain open since these intermediary institutions update customer collaterals before İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank) within the frame of profit/loss amounts arising after the position is closed.

In order to manage risks intermediary institutions engaging in leveraged trading may be faced with due to non-updated collaterals maintained with Takasbank, the CMB has been presented with the opinion and suggestions that end-of-day collateral amounts valued as at 23:59 hours, which also include clients' profits and losses pertaining to open positions, be taken as the basis, as is the case in the transactions on Derivatives Market and international practice.

Draft Regulation on Postponement of Transactions within the Frame of Prevention of Laundering Proceeds of Crime and Financing of Terrorism

The members' feedback and suggestions regarding the Draft Regulation on Postponement of Transactions within the Frame of Prevention of Laundering Proceeds of Crime and Financing of Terrorism drafted based on Article 19/A of the Law no. 5549 on Prevention of Laundering Proceeds of Crime published by the Financial Crimes Investigation Board (MASAK) have been communicated to the CMB.

Distance Contracts to be made in Capital Market Transactions

A detailed memorandum has been presented to the Financial Crimes Investigation Board (MASAK), which seeks that our members be allowed to make distance contracts within the frame of CMB regulations. The memorandum also requested that the issue be addressed mutually in a meeting to be held.

Borsa İstanbul A.Ş. Shares

Borsa İstanbul has been informed of our opinion that it would be beneficial to enable Borsa İstanbul to purchase the shares in Borsa İstanbul A.Ş. held by our members wishing to sell these shares for strengthening their companies' shareholders' equities, at the price set in the transfer transaction conducted with the European Bank for Reconstruction and Development (EBRD).

Cooperation between Borsa İstanbul and Our Members

It has been resolved to hold regular monthly meetings in order to intensify the cooperation between the Stock Exchange and the sector, and to address the sector's feedbacks. The initial meeting was held at the Association on 1 December 2016. The topics addressed in the meeting included the problems and hesitations arising in practice in relation to the exchange fee charged to equity market transactions, annual member dues to the stock exchange, setting-off these dues from the exchange fees, co-location service, and increased charges for data distribution.

Draft FATCA Communiqué

Our members' feedback and suggestions regarding the Draft General Communiqué on the Agreement between the Government of the Republic of Turkey and the Government of the United States of America to Improve International Tax Compliance through Enhanced Exchange of Information drafted under the Agreement between the Government of the Republic of Turkey and the Government of the United States of America to Improve International Tax Compliance through Enhanced Exchange of Information (FATCA Agreement) were presented to the T.R. Ministry of Finance Revenue Administration.

Draft Income Tax Law

Draft Income Tax Law combining the Income Tax Law and Corporate Tax Law in force under a single law was drafted in the previous legislative year and submitted to the Turkish Parliament. The draft was deemed null and void due to renewed elections. The Council of Ministers saw it fit that the draft should be renewed, which was then resubmitted to the Parliament on 5 January 2016. Work continued to communicate the sector's feedbacks and suggestions to the Parliament and the Ministry of Finance during the legislation process.

BITT Application in Arbitrage Transactions

T.R. Ministry of Finance Revenue Administration has been presented with the Association's feedback and opinions that the mutual transactions performed by our members on Borsa İstanbul Equity Market and Borsa İstanbul Derivatives Market be regarded as arbitrage transactions, and BITT (Banking and Insurance Transactions Tax) exemption should be made available thereto.

Form Bs Implementations

It has been stated that retroactive special irregularity fines going back to 2008 served on institutions based on the claim that mutual funds were required to file Bs forms even if they were blank were adjudged in favor of the institutions that submitted the situation to litigation because of difference of interpretation. Hence, T.R. Ministry of Finance Revenue Administration has been presented with the opinion that it should be established that filing blank Bs forms by mutual funds is not required.

Draft General Communiqué on the Law. No 6736 for Restructuring of Certain Receivables

The sector's feedback and suggestions received from our members regarding the Draft General Communiqué on the Law no. 6736 for Restructuring of Certain Receivables of the T.R. Ministry of Finance Revenue Administration has been conveyed to the Revenue Administration.

Law Amending Certain Laws for the Improvement of the Investment Environment

The feedback and suggestions formulated by the Association for resolution of taxation issues that prevent the flourishing of our capital markets have been communicated to the T.R. Ministry of Finance Revenue Administration.

Draft General Communiqué on Tax Procedure Law

T.R. Ministry of Finance Revenue Administration was presented with our members' feedback and suggestions regarding the Draft General Communiqué on Tax Procedure Law containing explanations about the implementation of changes made in relation to the "Notification Form for Goods and Services Purchases and "Notification Form for Goods and Services Sales", for which feedback was sought by the T.R. Ministry of Finance Revenue Administration.

Meetings of the TBMM Subcommittee for Investigating Unjust Treatments in the Forex Market

The Turkish Parliament Committee on Petitions decided that a subcommittee be set up for investigating the claims that intermediary institutions in the Forex market treated individual investors unjustly.

The Parliamentary Subcommittee on Petitions was presented with the letter containing our opinion that our Association should attend the meetings to be held by the Parliamentary Subcommittee for the leveraged trading transactions service offered by the Association-member intermediary institutions to their clients as part of investment services and activities within the scope of the duties imposed on our Association by the Constitution, the Law and its Statute.

Venture Capital Investment Funds as Company Founding Partners

In view of the fact that the capital market legislation allows venture capital investment funds to become a founding partner in joint stock companies in order to enable venture capital investments, we have presented our opinion for consideration to the T.R. Ministry of Customs and Trade that it needs to be resolved that, in practice, venture capital investment funds are unable to become founding members in joint stock companies based on the preamble that they are not legal entities.

International Valuation Standards

The CMB assigned our Association and the Turkish Appraisers Association (TDUB) for defining the principles of valuation services to be received in appraisals by companies subject to the capital market legislation, capital market institutions and issuers.

Initiatives

The draft principles formulated by the Association and TDUB based on the international valuation standards published by the International Valuation Standards Council (IVSC) have been communicated to the CMB. Joint committee work was carried out in line with the CMB's demand for the incorporation of the CMB's corrections and technical information notes. Accordingly, the final text agreed upon by the Association and TDUB, which will be implemented in the valuations to be performed as per the capital market legislation, has been conveyed to the CMB to supersede the Communiqué on International Valuation Standards in the Capital Market.

Promotion Campaigns

Pursuant to the CMB requirements, promotion campaigns in relation to capital market activities by intermediary institutions and banks are notified to the Association prior to implementation, and planned campaigns can be held only after applications are reviewed and approved.

During 2016, the Association reviewed 137 campaign applications by members and informed the related parties on its conclusions.

Activities for Developing Mutual Funds

During 2016, the Association applied to relevant institutions to support the development of the mutual funds industry:

- Our application to the CSD of Turkey, İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank) and the Capital Markets Board of Turkey (CMB) to render the temporary discount introduced for 2016 in the trading fees of mutual funds on the CSD of Turkey and Turkey Electronic Fund Trading Platform (TEFAS) permanent came to a successful conclusion.
- Our attempt to preclude the duplicate charging of Banking and Insurance Transactions Tax (BITT) came to a successful conclusion, pursuant to our suggestion that TEFAS be used for commission sharing between the founder and distributor of mutual funds traded on TEFAS.
- With regard to the regulation that allows mutual funds to be set up by asset management companies only, we applied to the Revenue Administration for resolving the incertitude regarding the BITT derived by mutual funds on the Takasbank Money Market. As a result of our initiative; the Revenue Administration announced its ruling clarifying the issue.
- Our opinion was communicated for revocation of the license fees on BIST index used in the titles of mutual funds.
- Our members' feedback about revising the minimum shareholders' equity requirement in real estate investment trusts was communicated to the CMB.
- Our members' proposal about updating the risk value computation method of mutual funds investing heavily in corporate bonds, was communicated to the CMB.
- Our view regarding problems related to cash payment liability in case returns are made to equity-intensive funds in half-day trading days was communicated to the CMB and Borsa İstanbul.

Activities for Corporate Bonds

T.R. Ministry of Customs and Trade and T.R. Ministry of Justice have been presented with feedback and suggestions observing the bond investors' rights and interests in relation to bankruptcy suspension processes of companies issuing bonds.

Activities for Developing the Private Pension System

T.R. Prime Ministry Undersecretariat of Treasury and the CMB were presented with the sector's feedback regarding the Draft Law Amending the Law on Private Pension Saving and Investment System that regulated automatic enrollment of public and private sector employees in a private pension plan. Furthermore, the sector's feedback and suggestions regarding the draft regulation on the private pension system published by the Undersecretariat of Treasury in September were submitted to the Undersecretariat of Treasury and CMB under various headings.

Our Association became a member of the Automatic Enrollment System Advisory Committee representing the capital market.

Task Forces

We brought together representatives of different institutions engaged in the sector in a bid to identify the needs and issues, and to devise innovative solution suggestions.

OTC Derivative Transactions Technical Task Force

It was stipulated that a notification is to be filed with our Association in relation to types of OTC derivatives, their underlying assets and platforms, programs, modules and accessories used by intermediary institutions in OTC derivative transactions, under the CMB's regulations.

Accordingly, a technical task force was formed to collaborate with our Association in the formulation of principles and procedures of notifications to be made to the Association.

Leveraged Trading Demo Account Task Force

A technical task force was set up to collaborate with our Association with respect to the principles that will be defined by the Association to have the general customers trade from the demo account in the leveraged trading transactions prior to account opening, within the frame of CMB regulations.

Leveraged Trading Technical Task Force

A technical task force was set up under the CMB regulations to define the notification obligations set out in the Communiqué with respect to intermediary institutions particularly in leveraged trading.

Task Forces

Task Force for Intermediary Institution Chart of Accounts and Accounting Practices

The revisions introduced with the new capital market legislation regarding investment services and investment firms, capital adequacy of intermediary institutions, and other matters such as records and documents brought about the need to review the arrangements related to altered market conditions, and bookkeeping and record keeping of intermediary institutions. To conduct the relevant activities, a Task Force for Intermediary Institution Chart of Accounts and Accounting Practices was set up in the Association.

It has been considered that it would be useful to ensure uniformity in the sector to incorporate explanatory provisions about the operating principles of intermediary institution accounts, as well as the intermediary institution chart of accounts in the chart of accounts and accounting initiative. To this end, "Chart of Accounts Prospectus" covering descriptions of the accounts in relation to the new chart of accounts and "Sample Accounting Slips" covering sample records of different accounting transactions were prepared.

The Task Force completed its work on regulations about the chart of accounts and accounting, which was coordinated by the Association. The resulting Chart of Accounts, Chart of Accounts Prospectus and Sample Accounting Slips were presented for review and comments by the CMB. The Task Force will continue to work on finalizing the incomplete aspects of the new Chart of Accounts, Chart of Accounts Prospectus and Sample Accounting Slips.

Data Storage Companies Task Force

The CMB drew up the Draft Regulation on the Activity, Operating and Auditing Principles of Data Storage Companies and the Draft Communiqué on the Principles of Reporting to Data Storage Companies; the sector's feedback and suggestions on the subject were presented to the CMB by our Association.

Following the CMB's revisions to draft communiqués and regulations, and to reporting fields, it was considered potentially useful to share a document in the nature of a guide on the reporting fields set out in the arrangement with the sector's representatives.

Within this framework, a Data Storage Companies Task Force was set up to work on the topics mentioned above, which will be coordinated by the Association and the Banks Association of Turkey (TBB). The Task Force will be formed of the CSD of Turkey and sector representatives.

The Task Force held meetings at the Association, in which experts from the Association and the CSD of Turkey and sector representatives took part. Within the scope of the arrangements in the draft regulations and draft communiqués, related reporting fields and the document in the nature of a guide will be submitted to the CMB once they are finalized by the CSD of Turkey.

Corporate Bonds Task Force

Corporate bonds have been one of the fastest growing investment instruments in the capital markets in the last years. A Corporate Bond Task Force was set up at the Association to establish the risks, issues and suggested solutions for this gradually growing market.

Including various parties such as banks, intermediary institutions and asset management companies, the Task Force held meetings in April and developed suggestions under many headings related to the flourishing of the market. Covering details of the suggestions, the Corporate Bonds Task Force Report was submitted to the CMB by early May.

Private Pension Joint Committee

A Private Pension Joint Committee was set up under the coordination of the Association and the Insurance Association of Turkey (IAT) and formed of representatives from asset management and pension companies for identifying structural issues in the private pension system and suggested solutions.

The Committee gathered various suggestions that will support the healthy growth of the sector such as simplification of mutual funds, introduction of new products to the system and increasing the returns, and presented the same at the Pension Mutual Funds Workshop held on 21 January 2016, where representatives of the T.R. Prime Ministry Undersecretariat of Treasury, CMB and the sector representatives got together.

After the Workshop, the Committee held various meetings during the year to address improvements to the existing system and automatic enrollment. The Committee also convened with regulatory authorities and submitted its opinions and suggestions.

Questionnaires

Accounting Method for Fund Sell Orders

The questionnaire was conveyed to the CMB, which was prepared by the CMB and which covers the answers regarding the revised accounting method for fund share sell orders of our members that are founder asset management companies and distributor companies.

Daylight Saving Time Practice

Based on the Council of Ministers Decision no. 2016/9154 dated 7 September 2016, which was published in the Official Gazette dated 8 September 2016, it has been resolved to carry on with the summer time practice with the purpose of daylight saving.

A questionnaire was administered to evaluate the effects of the said practice with respect to Borsa İstanbul Equity Market and Derivatives Market (VIOP), which was considered to affect the Turkish capital markets as well as many other areas. Our members' feedback as reflected in the questionnaire was communicated to Borsa İstanbul.

Questionnaire Regarding the Transition Date to Foreign Currency Revision in the TEFAS Platform

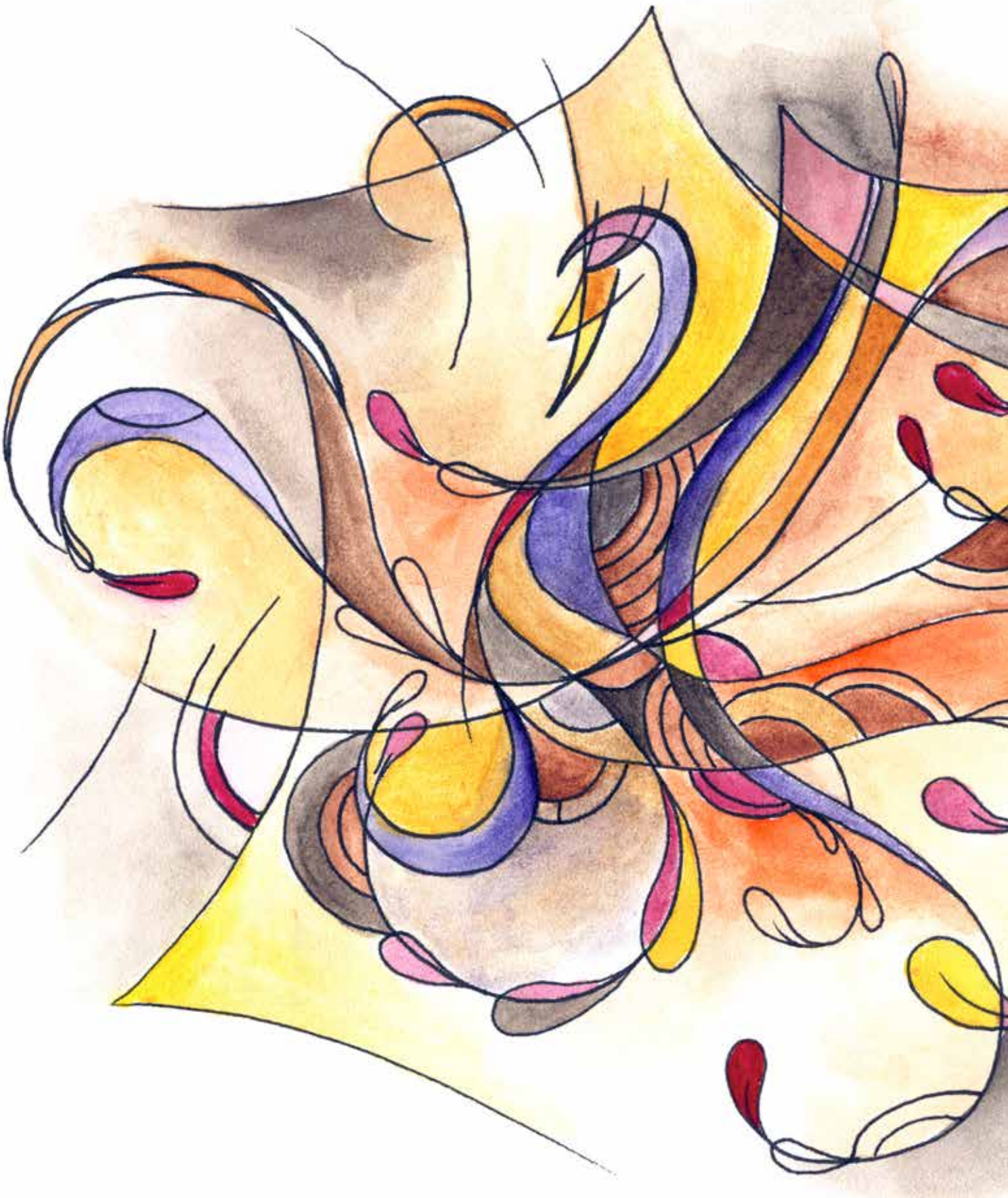
Within the frame of the CMB decision to allow foreign currency trading of fund participation shares, the Association administered a questionnaire among the members in order to seek their comments about setting the inception date of the practice that will enable trading of mutual fund participation share buy/sell orders, which are transmitted via the Turkey Electronic Fund Trading Platform (TEFAS), in a foreign currency. The outcomes of the questionnaire were conveyed to İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank).

Questionnaire Regarding the Transition Date to Periodic Fund Revision Practice on the TEFAS Platform

In relation to Turkey Electronic Fund Trading Platform (TEFAS) transactions, a development was carried out that will enable determining whether clearing will be made on half-days by funds, and infrastructural work was completed to allow implementations deviating from daily trading principles for the participation shares of the CMB. A questionnaire was administered to determine the date on which the abovementioned revisions would go live, which was to be responded to by all TEFAS-member institutions. The outcomes of the questionnaire were conveyed to İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank).

Questionnaire Regarding the Transition Date to Central Counterparty Service to be provided by Takasbank in Borsa İstanbul Equity Market

A questionnaire was administered among our members to seek the sector's opinion about determining the transition date to the Central Counterparty service to be provided in Borsa İstanbul Equity Market. The outcomes of the questionnaire were conveyed to İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank).



we represent

We represent the entire industry in Turkey thanks to our comprehensive membership structure, and we represent our industry and our country abroad thanks to our memberships with eminent international organizations.

Investor Education

Financial Education Task Force

Recognizing the contribution of financial education to the advancement of our country, we kept focusing on initiatives in this area together with our stakeholders.

Financial Education Task Force Restructured

Financial Education Task Force, which was set up at the Association in 2012 in order to create the "informed investors" group and was formed of volunteers from the financial services sector, was restructured in 2016. 53 volunteers from establishments engaged in the capital markets took part in the Committee.

The restructured Committee included the following subgroups:

- Project Development and International Collaboration Group
- Content Research, Creation and Development Group
- Printed and Broadcast Media and Publicity Group
- Measurement and Evaluation Group
- External Relations, Resource Development and Fund Raising Group

Following the restructuring, the Committee started meetings and activities. In meetings attended by our members active in the areas of investor education and financial literacy, and representatives from nongovernmental organizations and other related institutions, projects were discussed which will be conducted to instill an awareness of saving up in the society and to steer them to investing.

My Money and I Facebook Page

Launched in December 2012 as part of the activities of the Financial Education Task Force formed of volunteer market professionals at the Association, ParamveBen (My Money and I) Facebook page reached more than 78,000 fans as of 31 December 2016. Receiving positive feedback from many users from various professions, our Facebook page is followed by users from 45 different countries.

My Money and I Twitter Account

Opened in June 2013 and designed in parallel content with the Facebook page, ParamveBen (My Money and I) Twitter account had 2,100 followers as of 31 December 2016.

My Money and I YouTube Channel

ParamveBen (My Money and I) YouTube channel features videos about saving and investment that address users from diverse backgrounds. "Real-Life Investor Stories" cover interviews with people who made successful investments in real life. The series "Interviews with Celebrities" presents interviews about saving and investment habits of celebrities. "Street Interviews" consist of interviews that seek the community's opinions in relation to saving and investing, and take the pulse of the people.

The page also covers short films selected by the jury of the Association's annual "Kamera Elinde Geleceğin Cebinde" (Camera In Your Hand, Future In Your Pocket) Short Film Contest, which aim to encourage people to save up and invest. A total of 141 videos featured on the ParamveBen YouTube page that went live in February 2013 reached more than 172,000 views.

My Money and I Google+ Channel

ParamveBen (My Money and I) Google+ channel went live in July 2014 in line with the objective of reaching broader audiences via social media. Offering informative and educational content about saving and investment, the channel was viewed 16,000 times during 2016.

My Money and I LinkedIn Page

Launched in December 2015 in a parallel content with other social media channels, the LinkedIn page reached 100 followers as of 31 December 2016.

Paramveben.org Website

Set up to raise broad-based awareness of saving and investment, www.paramveben.org website went live in June 2013. The website's interface was revamped in December 2015 based on the conviction that a more effective interaction would be secured with the target audience through a visually functional, lively and aesthetic Internet site. Redesigned to offer a more interactive communication with the users, the website covers real life examples and success stories, reminding the undesired consequences of careless spending.

The website features short films encouraging individuals to save up and invest. The short films are produced in parallel content with the website with the aim of reaching broader audiences. In addition to interviews with celebrities, the website also covers street interviews, real-life investor stories, and the films selected by the jury of the "Kamera Elinde Geleceğin Cebinde" (Camera In Your Hand, Future In Your Pocket) Short Film Contest. Also, the website contains approximately 40 stories and articles. The website was visited 50,000 times in 2016, and visitors included people from different countries such as Russia, USA, Kyrgyzstan, UK, Germany, Brazil, Bulgaria and Azerbaijan.

My Money and I Facebook Page

My Money and I YouTube Channel

Investor Education

"Money Money Money" Facebook Competition

A wall competition titled "Money Money Money" was organized in 2016 to increase interactions with users on ParamveBen (My Money and I) Facebook page. Attracting 150 entrants, the competition served to establish contact with nearly 450,000 people.

"Camera in Your Hand, Future In Your Pocket" Short Film Contest

The third edition of the "Camera in Your Hand, Future in Your Pocket" short film contest themed "Live the Day, Consider Tomorrow" was organized from 1 February to 20 May 2016 under the tagline "Every investment you make will take you one step closer to your dream!" A total of 109 films submitted by entrants from all over Turkey have been assessed by a jury constituted by Uğur Vardan, sports editor for the daily Hürriyet, Selin Gürel, film critic and news editor, Cüneyt Cebenoyan, columnist and film critic for the daily BirGün, Alp Birol, lecturer in the Faculty of Communications at Galatasaray University, and Attila Köksal, Head of the TCMA Financial Education Task Force.

The results of the contest were announced during the closing ceremony of the Capital Markets Congress held on 4-5 November 2016. Top three places were awarded TL 15,000, TL 10,000 and TL 7,500 prize money. Additionally, participants who ranked in the top 10 received one-day training from TCMA.

TEFAS Platform Introductory Activities

A comprehensive campaign led by the Association was carried out to introduce the Turkey Electronic Trading Platform (TEFAS) that allows investors to trade in the fund that best suits them. An advertising film was produced introducing TEFAS, with the support of Borsa İstanbul, İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank), the CSD of Turkey and asset management companies. First broadcast during January 2016, the advertising film aired on TV channels, radio stations and digital media until May 2016. Introductory materials can be reached at www.tefas.gov.tr.

Junior Achievement Smart Money Management Program

The Association extended support to the "Junior Achievement Smart Money Management Program" addressing secondary and high school students, which was an initiative of the Junior Achievement Education Foundation.

Within this scope, the first training program was held at the Association on 13 January 2016, which was attended by 7 volunteer trainers from amongst our members' representatives. Upon completion of their training, volunteer trainers carried out classroom training programs with students at identified primary schools.

"Camera in Your Hand, Future in Your Pocket" Short Film Contest Award Ceremony

"Camera in Your Hand, Future in Your Pocket" Short Film Contest, First Prize: The Savings Rush - Volkan Ersin Kansız

"I Can Manage My Money" Coordination Meeting

Conducted for the 7th time by Habitat Association, "I Can Manage My Money" Coordination Meeting took place between 18 and 21 December 2016 in İstanbul with the participation of 160 teachers. Different groups of participants attended the meeting on different days, where our Association was represented by Gökhan Büyükşengür, PhD., Director of Training Department, and Tuğba Oğan, Director of Corporate Communications Department. The training program titled "Investment Instruments" consisting of 3 different sessions on 20 December 2016 was offered by the Association's Training Department Director, Gökhan Büyükşengür, PhD. In the training programs, the attending trainers were informed on the organization of the capital market, TCMA financial literacy initiatives, basic concepts in investment, investment instruments and risks, and investor rights.

Seminars

Upon invitations received from 20 different universities, the Association participated in career days to help the students with their career choice. Students were given a thorough introduction to the capital market, investment firms, investment instruments, licensing exams and career opportunities.

The Association participated in the seminars held in 30 different universities during 2016 within the frame of the availability of the speakers' schedules.

2015-2016 Academic Year	
23 February 2016	İstanbul Commerce University
9 March 2016	Marmara University
13 April 2016	Boğaziçi University
21 April 2016	Giresun University
28 April 2016	Marmara University
10-11 May 2016	Dokuz Eylül University
2016-2017 Academic Year	
21 October 2016	Karadeniz Technical University
2 November 2016	Bozok University
21 December 2016	Uludağ University
26 December 2016	Dumlupınar University

Apart from the seminars, Uşak University Accounting and Finance Group and Balıkesir University Faculty of Economics and Administrative Sciences students visited our Association.

During the visits, the Association's Training Director Gökhan Büyükşengür, PhD.provided information in key topics including the Association's field of activity, traineeship opportunities, career opportunities at the Association for graduated students, qualifications required for employees, and job positions.

Balıkesir University Faculty of Economics and Administrative Sciences students visited TCMA.

Uşak University Accounting and Finance Group students visited TCMA.

Research and Publications

We shared our publications in English and Turkish with large audiences with the purpose of informing the public.

Turkish Capital Markets 2015

The 2015 issue of our annual report published regularly since 2002, "Turkish Capital Markets" was released in May 2016. The report addressed the macroeconomic developments in the world and in Turkey, a historic analysis of the Turkish capital markets, and the changes in investors' preferences.

Quarterly Journal

Research articles prepared by the Association are being made public in our new quarterly "Gösterge" journal since 2014. The journal serves as a comprehensive reference for anyone wishing to keep track of the developments in domestic and overseas financial markets.

2016 issues of the magazine analyzed the data on brokerage and asset management companies compiled by the Association and also featured articles on the topics below:

- Alternative Exchange Traded Funds (ETFs)
- The New Market Abuse Regulation in the European Union
- Electronic Money and Blockchain Technology
- Financial Secrecy
- Targeted Investment Accounts
- Automatic Enrolment in Private Pension: A Case Study of the UK Implementation
- A New Era in Asset Management: Robo-advisory
- Cyber Security and Cyber Crimes in Financial Markets
- Investors in the Turkish Capital Market
- Household Savings in Turkey
- Debt Instruments of Local Governments

Turkish Capital Markets Review

Analyzing the developments in the capital markets and the brokerage industry during 2015, "Brokerage Industry Review 2015" was published in English in May 2016. In addition, our report shedding light on the capital market activities in the first half of 2016 was published in October under the title "Turkish Capital Markets Semi-Annual Review".

Handbook of the Turkish Capital Markets

Dealing with the institutions operating in the Turkish capital market and the general structure of the sector, "The Handbook of the Turkish Capital Markets" in English was updated and published in March.

Gündem

Intending to communicate the new practices and developments in the sector, the monthly Gündem magazine covers news about member firms and the sector, as well as the activities of the Association. The publication also included summary financial market data compiled by the Association.

Industry Data Bank

Gathering various operational and financial data from brokerage firms ever since its establishment, the Association started collecting the data also from the asset management firms on a quarterly basis starting in 2015.

The data received are posted on our website under the section "Data Bank", which provides the capital market factsheet, aggregate financial statements and operational data of brokerage firms and asset management firms, and comparative data on brokerage firms and asset management firms.

Moreover, certain data are submitted to the Central Bank of the Republic of Turkey (CBRT), İstanbul Clearing, Settlement and Custody Bank Inc. (Takasbank) and the Turkish Statistical Institute. Our data are used as benchmark by other agencies including the Banking Regulation and Supervision Agency (BRSA), as well as the organizations named above.

Meetings and Events

16th Ordinary General Meeting

We shed light on the sector's future with educational and developmental activities including meetings, seminars, conferences and panels aimed at bringing our institutions together and responding to their demands.

9th Corporate Governance Summit

Organized by the Corporate Governance Association of Turkey (TKYD), 9th Corporate Governance Summit was attended by senior executives from the leading companies and organizations of the business world. With our Association taking place among its sponsors, the Summit took place on 14 January 2016 at Sabancı Center. The opening speeches of the Summit were delivered by Vahdettin Ertaş, Ph.D., CMB Chairman, Talat Ulussever, Ph.D., Borsa İstanbul Chairman at the time, and Hurşit Zorlu, TKYD Chairman. TCMA Chairperson İlhami Koç was a speaker in the session titled "Reflections of New OECD Corporate Governance Principles on the Turkish Capital Markets".

Conversations on Economy

"Conversations on Economy" event that featured famous economist and academic Prof. Emre Alkin as the speaker took place at the Association on 20 January 2016. Headlined "New World, New Paradigms", the event was attended by our members, academics and members of the media. Having drawn a remarkable turnout and interest, the event ended with a Q&A session.

Pension Mutual Funds Workshop

On 21 January 2016, a "Pension Mutual Funds Workshop" took place, which was coordinated by the Association and the Insurance Association of Turkey (IAT). Within the frame of the initiative carried out by the T.R. Prime Ministry

Undersecretariat of Treasury and the CMB for consolidation of pension mutual funds, the workshop was intended to benefit from the opinions and contributions of all parties, and was attended by asset management firms and pension companies.

Corporate Governance Principles Compliance and Reporting Workshop

"Supporting the CMB in the Implementation of Corporate Governance Principles" project was initiated with the cooperation of the European Bank for Reconstruction and Development (EBRD) and the CMB with the objective of improving the corporate governance practices of listed companies. The priority goals of the project included extension of support to companies traded on Borsa İstanbul in their achievement of compliance with compulsory corporate governance requirements and increasing the efficiency of reporting on non-compulsory principles.

Within the frame of the project, a workshop titled "Corporate Governance Principles Compliance and Reporting" was organized by our Association on 23 February 2016 to seek the investors' expectations and feedback about corporate governance principles. Moderated by project consultants Nestor Advisors Ltd. and Ünsal-Gündüz Attorneys at Law, the workshop attendees included representatives from banks, intermediary institutions, asset management companies and investment trusts.

Talk on Women that Changed the World

Within the scope of the International Women's Day, the Association hosted a talk titled "Women that Changed the World" on 9 March 2016. The guest speaker of the event that took place at the Association was trainer Pınar Konya. During the talk, exemplary life stories of women executives and powerful women that left their marks in the world and Turkish history, backed by statistical data, were shared with the attendees.

TCMA Capital Markets Award Ceremony

In an effort to contribute to the flourishing and increased recognition of capital markets, the Association held the first edition of the "TCMA Capital Markets Award Ceremony" on 5 April 2016. The awards were distributed in 21 branches under a total of 7 categories that included 2015 activities in intermediation, corporate finance, custody, asset management, mutual funds, investment funds and capital market press. TCMA Capital Markets Award Ceremony sponsors included Borsa İstanbul, MetaQuotes, Metatürk Financial Software, Matriks Data Distribution, İnfina Software, JCR Eurasia Rating, İş Net and BloombergHT.

Inaugurated with the speeches delivered by Vahdettin Ertaş, Ph.D., CMB Chairman, and İlhami Koç, TCMA Chairperson, the award ceremony was attended by Himmet Karadağ, Chairman of the Board of Borsa İstanbul, and senior executives of banks, intermediary institutions, asset management companies and investment trusts engaged in the capital market. During the ceremony that was participated by nearly 250 people, "Most Innovative Capital Market Project" Special Award was presented by the TCMA Chairperson İlhami Koç to the CMB Chairman Vahdettin Ertaş, Ph.D., for the "Turkey Electronic Fund Trading Platform (TEFAS)".

Revolution in The Air - The New EU Regulatory Framework Seminar

Revolution in The Air - The New EU Regulatory Framework seminar was held at the Association on 24 March 2016. The speakers at the seminar, which was free of charge, were Bernd Geier and Müfit Arapoğlu. Having attracted a large crowd, the seminar's first session was titled "European Market Infrastructure Regulation and MiFID II / MiFIR / PRIIPs", while the second session was entitled "Transparency Regime and Market Abuse Regulation".

Pension Mutual Funds Workshop

TCMA Capital Markets Award Ceremony

Meetings and Events

Algorithmic Trading Panel: Theory and Practice

The Association organized the "Algorithmic Trading Panel: Theory and Practice" on 13 May 2016, tackling the worldwide discussion topic of algorithmic trading.

The keynote speaker was Prof. Ali N. Akansu from the New Jersey Institute of Technology in the conference that analyzed algorithmic trading regulations and examples in the global markets. With the opening speech delivered by the TCMA Chairperson İlhami Koç, the panel was attended by approximately 200 people from the public and private sector. The opening speech was followed by a presentation by Prof. Ali N. Akansu on the development of algorithmic trading. After Akansu's presentation, the meaning of algorithmic trading, their impact on the market and regulatory needs were discussed with the participation of distinguished panelists.

The Foreign Account Tax Compliance Act - FATCA Seminar

The Association organized the "The Foreign Account Tax Compliance Act - FATCA" seminar on 20 May 2016. Attended by approximately 70 people, the seminar that took place at the Association started with the opening speech of Süleyman Morbel, TCMA Assistant Secretary General. Featuring Assoc. Prof. Leyla Ateş from İstanbul Kemerburgaz University School of Law as the speaker, the seminar addressed "The Meaning of FATCA for Financial Institutions".

16th Ordinary General Meeting

The 16th Ordinary General Meeting was held on 27 May 2016 with the participation of Vahdettin Ertaş, Ph.D., CMB Chairman, and Himmet Karadağ, Chairman of the Board of Borsa İstanbul. In the meeting attended by approximately 150 market professionals, opening speeches were delivered by Vahdettin Ertaş, Ph.D., CMB Chairman, Himmet Karadağ, Chairman of the Board of Borsa İstanbul, and İlhami Koç, the Association's Chairperson.

After the opening speeches, the meeting agenda was discussed, and elections were held for members' seats on the Board of Directors and Board of Auditors, whose two-year terms of office expired as per the Association's Statute. İlhami Koç, who has been serving as the Association's Chairperson since 2014 and M. Berra Doğaner, Ph.D., serving as Vice Chairperson, were re-elected for a two-year term of office.

Ideal Private Pension - Putting Investors First Conference

Organized by the CFA Society of İstanbul and sponsored by T.R. Prime Ministry Undersecretariat of Treasury, Insurance Association of Turkey, Turkish Institutional Investment Managers' Association, Willis Tower Watson and Bloomberg HT, "Ideal Private Pension - Putting Investors First Conference" took place on 1 June 2016. The first panel addressed "Investors' Opinions about PPS, Issues and Perceptions Related to the System", while "Potential Steps for Protecting Participants in the Private Pension System" were discussed in the second panel.

Global Investor Education Conference

Hosted by our Association, the Global Investor Education Conference organized by the International Forum for Investor Education (IFIE) and International Organization of Securities Commissions (IOSCO) took place in İstanbul on 13-14 June 2016. Having brought together more than 100 attendants from numerous different countries, the two-day conference gave the world's leading experts the opportunity to thoroughly discuss the latest developments in investor education.

Revolution in The Air - The New EU Regulatory Framework Seminar

Algorithmic Trading Panel: Theory and Practice

The opening speeches of the conference were delivered by Vahdettin Ertaş, Ph.D., CMB Chairman, İlhami Koç, the Association's Chairperson, Paul P. Andrews, IOSCO Secretary General, and Alparslan Budak, IFIE Chair. Following the opening speeches, country representatives shared the trends in investor education, case studies and global developments with the attendants. In addition, the experts discussed the impact of changing economy and market dynamics upon investor education activities.

TCMA and CFA Society of İstanbul Event

The event co-organized by our Association and CFA Society of İstanbul took place at Müzedechanga on 4 October 2016. Approximately 150 guests attended the event that brought together the directors of capital market institutions who shared their opinions about current topics.

Combating Terrorist Financing and Anti-Money Laundering Efficiency Training and Workshop

Financial Crimes Investigation Board (MASAK) Workshop tackling UK and EU legislation practices within the scope of EU Harmonization Project "Efficiency in Combating Terrorist Financing and Anti-Money Laundering", which was co-organized by our Association, Association of Financial Institutions, Banks Association of Turkey and Insurance Association of Turkey, took place in İstanbul on 10-14 October 2016.

85 representatives from amongst Association members took part in the training on 10 October 2016. The joint workshop on 14 October 2016 was attended by a total of 170 representatives, 40 of whom were our Association's members.

In addition, MASAK and the Association co-organized the Combating Terrorist Financing and Anti-Money Laundering Workshop on 21 November 2016 for the purpose of increasing the effectiveness of the implementation of applicable legislation and joint deliberation of current topics related to practice with respect to our members that have significant obligations in terms of preventive measures for anti-money laundering and combating terrorist financing. Held in İstanbul, the workshop was attended by 142 people, broken down as 56 from Association-member banks, 58 from intermediary institutions, 25 from asset management companies, and 3 from investment trusts.

Capital Markets Congress

Organized by our Association with the theme "Strong Capital Markets, Strong Turkey" and with the vision of putting İstanbul among the world's financial centers, the Capital Markets Congress was held in İstanbul on 4-5 November 2016 and honored by T.R. President Recep Tayyip Erdoğan. Having started with the opening speeches of the T.R. President Recep Tayyip Erdoğan, T.R. Deputy Prime Minister Nurettin Canikli, and TCMA Chairperson İlhami Koç, the congress brought together leading names from Turkey, finance gurus, academics, market professionals and institutional and individual investors from around the globe.

During the congress, "Capital Markets Congress Award" ceremony was also carried out. Having inaugurated the congress with his speech, President Recep Tayyip Erdoğan presented plaques to representatives of the seven companies from the financial services industry, that were recognized with an award.

2,047 guests participated in the Capital Markets Congress that received intense interest from all over Turkey. The congress covered 14 panels and 18 training programs.

TCMA and CFA Society of İstanbul Event

Combating Terrorist Financing and Anti-Money Laundering Efficiency Training and Workshop

Meetings and Events

450 people took part in the training programs. Panels and training sessions dwelled on various subjects including the wealth fund and financing of infrastructure investments, Islamic financial products, public floatation, financial technologies, foreign investments, real estate investments, derivatives, private sector bonds and career opportunities in capital markets. The headline of the congress, "Strong Capital Markets, Strong Turkey", was addressed in the panel attended by Bloomberg HT TV Editor-in-Chief Cüneyt Başaran and Deputy Prime Minister Nurettin Canikli.

Among the speakers of the Capital Markets Congress were remarkable figures including Vahdettin Ertaş, Ph.D., CMB Chairman, Mehmet Bostan, President of the Privatization Administration at the time, Ahmet Genç, Ph.D., Deputy Treasury Undersecretary, Himmet Karadağ, Chairman of the Board of Borsa İstanbul, Osman Akyüz, Secretary General of Participation Banks Association of Turkey, Zamir İqbal, Head of the World Bank Global Islamic Finance Development Center, Jean Patrick Marquet, European Bank for Reconstruction and Development Director for Turkey, Oliver August, Europe Editor at The Economist Magazine, and Rolf Dobelli, author of book *The Art of Thinking Clearly*.

İstanbul Financial Institutions Introductory Program

The third "İstanbul Financial Institutions Introductory Program" supporting the professional and personal development of the newly hired career officers at the Undersecretariat of Treasury and giving them an introduction to the key regulatory and executive bodies in this field took place on 7-11 November 2016. As part of the program, career officers who recently joined the Undersecretariat of Treasury paid a visit to the Association on 9 November 2016. Süleyman Morbel, TCMA Assistant Secretary General, made a presentation on the structure, operation, authorities and fields of responsibilities of the Association and on the capital market industry to the visitors.

Capital Markets Running Team Ran for TOFD

The Association's employees and volunteers from our members took part in the corporate charity run to extend support to the Spinal Cord Paralytics Association of Turkey (TOFD) at the 38th İstanbul Marathon through the Adım Adım (Step by Step) platform, charity run fundraising initiative. The "Capital Markets Running Team", whose formation was led by the Association, ran for the charity campaign "İstanbul-2016-TOFD-Will You Be My Running Body?" with the aim of drawing attention to the problems of severely handicapped individuals who are dependent on another person to run a regular wheelchair, and to help TOFD reach out to a larger number of individuals that need support.

Made up of 14 people, the running team ran for TOFD in the İstanbul Marathon on 13 November 2016 and added mobility to three disabled individuals.

18th Extraordinary General Meeting

The 18th Extraordinary General Meeting convened on 7 December 2016 at the Association with the participation of CMB Chairman Vahdettin Ertaş, Ph.D. Inaugurated by CMB Chairman Vahdettin Ertaş, Ph.D. and TCMA Chairperson İlhami Koç, the General Meeting continued with the election of the presiding board. In the General Meeting, the Association's 2017 budget was approved and 2017 membership dues and pro-rata share of expenses were determined.

Capital Markets Congress

Capital Markets Congress

International Relations

We have exchanged opinions with international agencies to keep a close eye on the developments with a potential impact on our sector and to represent our country.

Visits by Foreign Missions in Turkey

The Association invites experts working for foreign missions in Turkey to exchange opinions about the capital markets and the Turkish economy. Within this frame, various meetings were held with representatives from the US Embassy in August, French Embassy in October, and British Embassy in December 2016.

Visits by IMF and World Bank

A World Bank commission paid a visit to the Association on 2 June 2016 within the frame of the initiatives the World Bank is carrying out with related Turkish authorities to deepen capital markets.

Following this meeting, a commission constituted by officials from International Monetary Fund (IMF) and the World Bank were hosted at the Association on 17 June 2016 within the scope of the Financial Sector Assessment Program (FSAP) review regarding Turkey. O. İlker Savuran, Assistant Secretary General of the Association, and Ekin Fıkırkoca, Director of Research and Statistics, exchanged opinions with the commission in relation to the current status of the Turkish capital markets and action steps for its development.

we coordinate

We function as a platform of opinions that undertakes a unifying role among all stakeholders of the industry and guarantees reaching the right solutions. Our communication skill puts us in the position of a spokesperson for all our members.

Training

We carried on with our comprehensive training programs designed to build on the competencies of market professionals.

Licensing Exam Preparation Programs

The Capital Markets Licensing Registration and Training Agency (CMLTA) held two licensing exams on 11-12 June and 24-25 December 2016. The Association organized public, company-specific and individual training programs in preparation for these exams. Demands for training programs concentrated mostly in the topics covered by Capital Market Activities Level 1, Level 2, Level 3, Derivatives and Corporate Governance examinations.

Under the company-specific programs held upon members' request, classroom training sessions were held in İstanbul, Ankara, İzmir, Bursa, Adana and Antalya for the personnel of five banks and one intermediary institution in 2016. In addition to classroom sessions, "questions and solutions sessions" and "video training" were broadcast live. Furthermore, a personalized one-on-one program was provided to two senior executives from the manufacturing industry and the financial sector.

A total of 3,099 individuals attended 141 public and company-specific programs offered during 2016.

2016 Training Programs		
	Number of Programs	**Number of Participants**
Licensing	141	3,099
Professional Development	13	155
TOTAL	**154**	**3,254**

Professional Development Courses

In 2016, courses were offered in banking, tax, economy, finance, derivatives, real estate, legislation and personal development. Real estate, banking, derivatives and legislation programs drew particularly great interest.

The training programs were attended by the manufacturing industry employees, as well as bank and intermediary institution staff.

In 2016, 13 organization-specific and public courses in professional development were held, which were attended by a total of 155 participants.

TCMA Training Mobile Application

"Birlikte Eğitim" (TCMA Training) mobile application, developed for helping prepare for licensing exams in relation to Capital Market Activities, was used by 3,135 individuals during 2016. Providing a question bank for candidates preparing for the Licensing Exams, the mobile application content has been developed by experienced trainers. Compatible with mobile devices with Android operating systems, the application has been instrumental in better preparation of the candidates who have solved the question sets.

Free Training for University Students

In 2016, the Association continued to offer free training to students attending the relevant departments of universities, an initiative commenced in 2012. Quotas for 5 students were reserved in each of the licensing exam preparation programs, professional development and personal development courses, which were allocated free of charge on a first-apply, first-served basis.

During 2016, a total of 28 students attended the Association's training programs within the scope of the free quotas assigned.

Capital Markets Scholarship

Based on the Board of the Directors decision, the Association instituted a "Capital Markets Scholarship" program for undergraduate students effective from 2014/2015 academic year. Within this frame, a total of 12 university students are provided with scholarships through the Turkish Education Foundation (TEV) until the end of their undergraduate studies.

9 undergraduate students gained access to the "Capital Markets Scholarship" in 2015/2016 academic year, and 6 in 2016/2017 academic year.

While questions relating to the "Capital Markets Scholarship" can be mailed to info@birlikteegitim.org, applications are collected from www.tev.org.tr.

TCMA Training Social Media Accounts

A more effective communication strategy was defined and related steps were taken accordingly with respect to "Birlikte Eğitim" (TCMA Training) social media accounts with the objective of announcing our training activities, discussing current educational matters, staying in constant contact with followers, increasing brand awareness and interaction, and reaching larger audiences. As a result of the steps taken, "Birlikte Eğitim" (TCMA Training) LinkedIn group's followers reached 252 people, which was opened in July 2016. While Facebook page that went live in 2015 reached more than 3,500 fans, the number of the followers on the Twitter account went up to 347.

Career Days at Cağaloğlu Anadolu High School

A Career Days event was held at Cağaloğlu Anadolu High School for second graders in High School on 17 May 2016. Co-organized by Cağaloğlu Anadolu High School and the Parent-Teacher Association, the event's guest was Gökhan Büyükşengür, Ph.D., TCMA Training Director.

During the event that was followed with great interest by more than 100 students, Büyükşengür told the students about the importance of profession selection in the list of preferred universities. Also providing information on professions and qualification levels in the financial services sector, Büyükşengür gave an introduction to the future professions, and shared his knowledge on "Interrupted Professions".

Training

Collaboration with the Spinal Cord Paralytics Association of Turkey

On 2 June 2016, the Association's Training Director Gökhan Büyükşengür, Ph.D., offered "Personal Budget Management" training to the Spinal Cord Paralytics Association of Turkey (TOFD) employees, care center employees and handicapped members. During the program that was attentively followed by the participants, questions concentrated particularly in credit card and debit card use.

Services Project, Points of Single Contact and National Assistance Center with the T.R. Ministry for EU Affairs

During 2016, efforts continued in "Institutional Capacity Building", the last component of the Services Project. Topics addressed within this scope were how to build the Points of Single Contact and National Assistance Center structures in Turkey, which are required to be set up pursuant to EU acquis in relation to right of establishment and freedom to provide services. Also tackled were mutual recognition of professional qualifications headings, and model creation for determining the roles of project stakeholder institutions within the structure planned to be set up.

TCMA Training Director Gökhan Büyükşengür, Ph.D., took part in the workshop held on 4-5 April 2016 for deliberating on the Draft Action Plan for introducing the Points of Single Contact and National Assistance Center structures in our country.

Within the scope of the technical assistance project (Services Project) carried out by the Ministry for EU Affairs for the purpose of drafting the National Strategy, which is the technical benchmark of Chapter 3, i.e. Right of Establishment and Freedom to Provide Services, work continued to analyze the current situation in Turkey with respect to services sectors in the country, mutual recognition of professional qualifications and administrative capability, and to determine the necessary steps to be taken for harmonization with the acquis.

As a result of this work, a separate "Investment Need Analysis Report" was prepared for each of the services and professional qualifications components. Professional qualifications workshops were organized to exchange opinions about the findings in these reports and suggested projects for improving administrative capability.

The final workshop of the project was held on 4-5 August 2016 in İstanbul to exchange information and opinions with "Stakeholders from the Business Community and Non-Governmental Organizations" about the initiatives carried out since 17 September 2014 to date and the work planned to be carried out in the period ahead within the scope of the Services Project conducted by the Ministry for EU Affairs.

In the workshops, our Association was represented by Gökhan Büyükşengür, Ph.D., Director of Training Department.

The Services Project that lasted two years ended with the official closing ceremony organized in Ankara on 1 September 2016. In the closing ceremony attended by Gökhan Büyükşengür, Ph.D., Training Director, and Tuğba Oğan, Corporate Communications Director, a plaque was presented to our Association for its contributions and support to the project.

Information Technology

Based on the awareness that technological transformation is the key to the future, we closely monitored the global innovations and strengthened our infrastructure.

Document Management System

Improvements were achieved in the performance and reports through hardware and software upgrades made to the Document Management System that is used for the Association's information, document and process management needs. A total of 5,056 new documents were added to the Document Management System during 2016, which brought the total number of documents kept on the system to 76,053 as at 31 December 2016.

Corporate Website

The infrastructure and content of the website were constantly updated. During 2016, our website was visited 372,336 times by users from ten different countries, namely Turkey, England, United States of America, Russia, Italy, Austria, Iraq, Germany, France and China.

Member Management System

Active since November 2012, the Member Management System collected various data about intermediary institutions, and produced periodic and annual reports. Major web browsers no longer support plug-ins between NPAPI platforms. Therefore, E-signature Java Applet application that was being used on the client side of the E-signature Notification Module designed for official notifications our members need to make to our Association was transformed into a desktop application, thus immunizing electronic signing against changes in web browsers.

Software for Collecting and Reporting of Leveraged Trading Transactions

Under the CMB's Investment Services Communiqué, a software was developed to collect the prices and spread announced by intermediary institutions for leveraged trading transactions, which are then processed using statistical methods and made public. The software has been introduced for use by intermediary institutions.

Security Scanning

The software and hardware vulnerabilities of the data center were identified in line with the report that resulted from the penetration/attack tests. Necessary steps were taken in line with the suggested solutions devised.

Infrastructure Updates and Security

Within the frame of Data Center infrastructure updates, servers, virtualization, replication and security software were upgraded while firewall and other hardware equipment were updated.

Media Relations

In an effort to increase recognition of our sector, we released press bulletins about our activities and publications, and reached large audiences.

In 2016, our Association issued 43 press releases.

During 2016, 668 news articles related to the Association appeared in the press. 151 news appeared on TV while 3,568 articles were published on the internet. Press releases, issued by the Association and major news articles covered by the media are posted under the "Press Room" menu on our website.

Memberships

DEİK

The Foreign Economic Relations Board (DEİK) was founded in 1988, in order to handle the foreign economic relations of the private sector. Our Association became a member of DEİK in 2008 in "founding member" status to represent our industry more effectively on international platforms.

ASF

The Asia Securities Forum (ASF) was founded in 1995 with the aims of improving the securities market, contributing to economic development and promoting exchange of information between members in the Asia-Pacific region. Our Association became a member of this forum, whose members are associations, exchanges and various institutions in the region, in September 2009.

FEAS

The Federation of Euro-Asian Stock Exchanges (FEAS), which was founded in 1995 under the leadership of the Istanbul Stock Exchange, is an institution with which exchanges, settlement and custody institutions affiliate. The aim of FEAS is to promote cooperation between members so as to build a more fair, effective and transparent market environment. Our Association became an affiliate member of the Federation in September 2009. The Association holds a seat on the Board of Directors of FEAS since November 2014.

ICSA

The International Council of Securities Associations (ICSA) is a global organization representing industry associations. The aim of the Council, which was founded in 1988, is to contribute to the development of the capital market by ensuring cooperation between member associations. The Association has been a member of ICSA since 2006.

IFIE

The aim of the International Forum for Investor Education (IFIE), which was set up in 2005 as an independent organization, is to enhance investor education on a global level and to support investors in taking well-informed decisions. Our Association joined the Forum in September 2009, where self-regulatory, regulatory and various non-profit organizations are represented. The Association is a member of the Board of Directors of IFIE since 2011. TCMA is also a founding member of the IFIE/Asia Chapter that was established in 2010 as a regional committee.

IFSB

The Islamic Financial Services Board (IFSB) was established in 2002 to define international standards for the Islamic financial services sector. The Association joined the Board in the observer member category at year-end 2016, whose members consist of representatives of regulatory and supervisory authorities, international organizations and the sector.

INFE

The Organization for Economic Cooperation and Development (OECD) set up the International Network on Financial Education (INFE) in 2008 to promote financial literacy across member countries. The Association joined the platform in 2015 as an affiliate member.

IOSCO

The International Organization of Securities Commissions (IOSCO) was founded in 1983 to set global standards in the capital markets. Our Association joined the organization as an affiliate member in 2003, whose members include capital market regulatory agencies.

Investments

In keeping with the target of making İstanbul a financial center, we have taken place in the management of various capital market institutions and contributed to the development of our sector.

Borsa İstanbul Inc.

The Association holds 1.03% equity stake in Borsa İstanbul Inc. The Association has an interest of TL 5,502,042 in the company's capital of TL 423,234,000. The Association was represented with one member on the Board of Directors of Borsa İstanbul Inc. in 2016.

CSD of Turkey

TCMA has a 5% share in the CSD of Turkey. Our Association holds TL 1,800,000 of the company's total capital of TL 36,000,000. The Association continued to be represented by one member on the CSD of Turkey Board of Directors in 2016.

Capital Markets Licensing Registration and Training Agency

Capital Markets Licensing Registration and Training Agency Inc. (CMLTA) was founded on 16 June 2011 to organize training programs, issue licenses and keep records of the market professionals.

The Association holds TL 980,000 in the company's total capital of TL 2,000,000 and was represented by two members on the CMLTA Board of Directors in 2016.

Oversight and Dispute Resolution

Oversight

The Association is authorized to regulate, supervise and enforce issues delegated to it by legislation or by the CMB. In this context, various audits are conducted when necessary, and the provisions of the legislation are applied in case of non-compliance.

TCMA Client Dispute Arbitration Committee

The Statute of the Turkish Capital Markets Association charges our Association with the duty to "assist in the resolution of conflicts which may arise among the members or between the members and their customers from transactions other than exchange transactions; set up the arbitration committee and the necessary infrastructure subject to the procedures and principles that will be drawn up for this purpose and approved by the CMB".

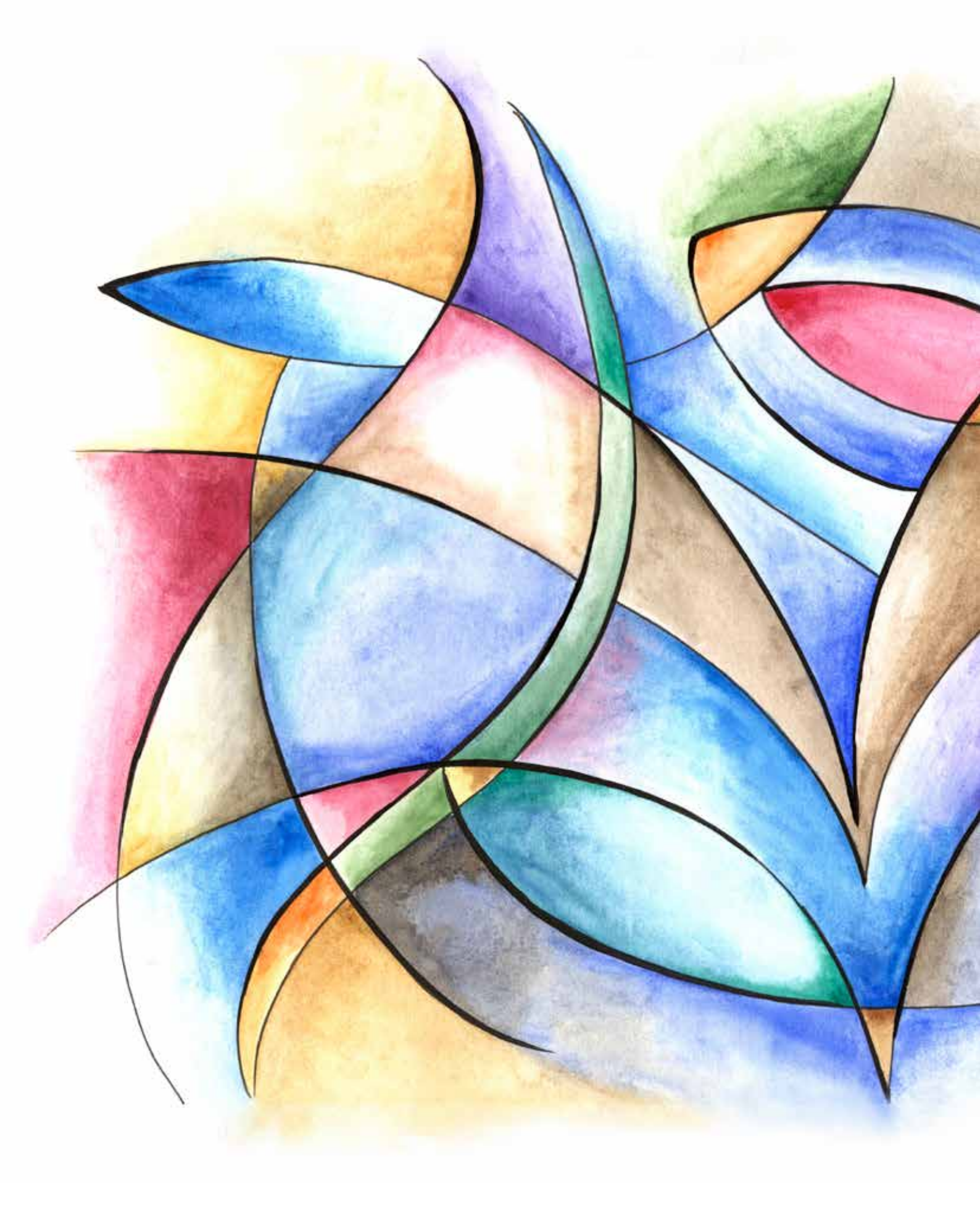
Within the frame of our Association's duty and authority mentioned above, the Association collaborated with the CMB and drew up the "Turkish Capital Markets Board Association Guidelines for Client Dispute Arbitration Committee". The document sets out the principles and procedures regarding the formation, authority, duties and responsibilities of the Arbitration Committee, as well as applying to the Arbitration Committee and finalization of the matters referred. The Guidelines were approved and put into force in the Association's Board of Directors meeting held on 27 July 2016.

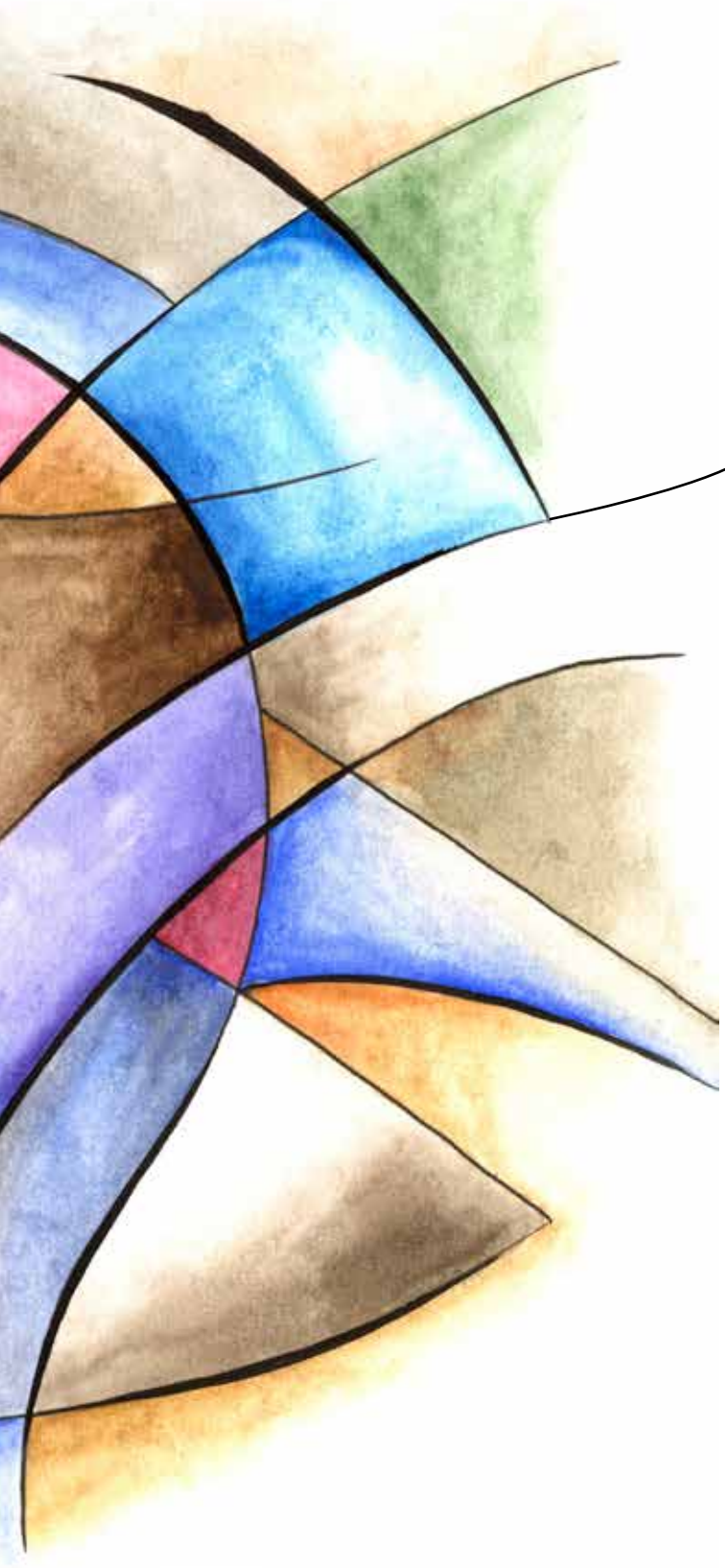
Hence, "Turkish Capital Markets Association Client Dispute Arbitration Committee" was set up under the Association's organization for reviewing and resolving the disputes which may arise among the Association members engaged in capital market activities or between such Association members and their clients and which may entail clients' claims for damages, losses and compensation.

Detailed information about the Arbitration Committee formed before the Association and about applications can be reached at the Association's website at (www.tspb.org.tr).

Inquiries

Within the frame of the Law on the Right to Information, the Association received a total of 20 inquiries during 2016. Out of these 20 inquiries, positive responses were given to 5, which were provided with access to information and documents. Access to documents and information was granted to 1, which was partly responded positively and partly rejected, while 6 applications were rejected. 8 applications were referred to other institutions and organizations due to their relevance.





we are influential

We are an influential and efficient organization thanks to the dynamism lent to us by our members.

Auditors Report

TO THE GENERAL ASSEMBLY OF THE TURKISH CAPITAL MARKETS ASSOCIATION

AUDITORS' REPORT

22 March 2017

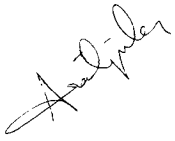
The Association's accounts and transactions have been audited on a monthly basis in accordance with Article 20 of the Statue of the Turkish Capital Markets Association.

It has been established that the records of the Turkish Capital Markets Association have been kept in accordance with the relevant regulations and accounting principles, at that date present at true and fair view of the financial position of the Association.

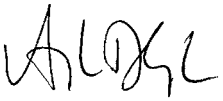
We hereby present the balance sheet, income statement and final chart of accounts as well as the Auditors' Report for the year ended 31.12.2016 for your approval, and hereby recommend that the Board of Directors be acquitted from its liabilities.

BOARD OF AUDITORS

C. Özgür GÜNERİ
AUDITOR



Murat GÜLER
AUDITOR



M. Aşkın DOLAŞTIR
AUDITOR

Dr. Ş. Alp KELER
AUDITOR

Mehmet AHKEMOĞLU
AUDITOR

Independent Auditor's Report

Building a better working world

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(Convenience translation of a report originally issued in Turkish)

To the Board of Directors of Association of Turkish Capital Markets:

Report on the consolidated financial statements

We have audited the accompanying consolidated balance sheet of Association of Turkish Capital Markets and Its Operating Entity (will be referred to as "the Association") as at December 31, 2016 and the related consolidated statement of profit and loss for the year then ended and a summary of significant accounting policies as disclosed in the Note II of financial statements ("Note II") and some explanatory notes.

The Association's responsibility for the financial statements

The Association management is responsible for the preparation and fair presentation of financial statements in accordance with the accounting policies disclosed in Note II of the accompanying financial statements and for such internal controls as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to error and/or fraud.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with Auditing Standards which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the consolidated financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error and/or fraud. In making those risk assessments, the Association's internal control system is taken into consideration. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the consolidated financial statements prepared by the Association and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Association's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

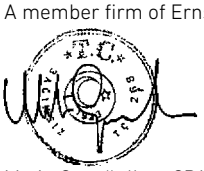
In the accompanying consolidated statement of income of 2015 presented for comparative purposes, there is an income item of TL 1,589,320 recorded as a prior year excess income. In our audit of 2015 accounts we were not able to form an opinion on such amount as this amount was resulting from 2014 which was not audited by us.

Qualified opinion

In our opinion, except for the possible effects of the matter mentioned in the "Basis For Qualified Opinion" section, on the consolidated statement of income of 2015 presented for comparative purposes, the accompanying consolidated financial statements present fairly, in all material respect, the financial position of the Association as of December 31, 2016 and it financial performance for the year then ended in accordance with accounting policies mentioned in Note II of the accompanying financial statements.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited



Metin Canoğulları, CPA
Engagement Partner
March 22, 2016
Istanbul, Turkey

Financial Statements

(Currency - Turkish Lira (TL))

	Current Period December 31, 2016 Audited	Prior Period December 31, 2015 Audited
ASSETS		
Current Assets		
Cash and Cash Equivalents	**2,850,347**	2,982,153
Receivables From Operations	**526,003**	437,406
Prepaid Expenses	**539,949**	855,711
Other Current Assets	**12,905**	29,642
Total Current Assets	**3,929,204**	4,304,912
Non - Current Assets		
Financial Investments	**8,282,042**	8,282,042
Property and Equipment	**3,581,680**	3,574,802
Intangible Assets	**263,302**	209,832
Accumulated Depreciation and Amortization	**(3,828,215)**	(3,742,351)
Other Non-Current Assets	**3,155**	4,572
Total Non-Current Assets	**8,293,971**	8,328,897
Total Assets	**12,223,174**	12,633,809

LIABILITIES AND EQUITY		
Current Liabilities		
Trade Payables	**31,911**	444,343
Other Payables	**20,401**	9,052
Advances Received	**25,466**	26,406
Taxes and Other Obligations	**192,674**	166,613
Deferred Income and Expense Accrual	**480,308**	347,706
Liabilities for Employees	**598,020**	624,105
Total Current Liabilities	**1,348,780**	1,618,225
Non-Current Liabilities		
Reserve for Employee Termination Benefits	**942,464**	774,124
Total Non-Current Liabilities	**942,464**	774,124
Total Liabilities	**2,291,244**	2,392,349
Equity		
Funds	**8,287,042**	8,287,042
Statutory Reserve	**1,032,035**	-
Income Surplus	**612,853**	1,954,418
Total Equity	**9,931,930**	10,241,460
Total Liabilities and Equity	**12,223,174**	12,633,809

Financial Statements

(Currency - Turkish Lira (TL))

	Current Period January 1 - December 31, 2016 Audited	Prior Period January 1 - December 31, 2015 Audited
Income		
Membership Fee and Expense Contribution from Members	**6,614,718**	6,108,872
Operating Income	**1,021,810**	1,278,320
Non-Operating Income	**942,983**	1,046,856
Previous Year's Income Surplus	**-**	1,589,320
Other Income	**1,250,000**	306,901
Total Income	**9,829,511**	10,330,269
Expenses		
Personnel Expenses	**(5,310,470)**	(4,655,280)
Board of Director's Fee	**(264,000)**	(240,000)
Outsourced Services	**(487,850)**	(458,354)
Advertisement and Meeting Expenses	**(1,108,978)**	(1,182,591)
Research and Publication Expenses	**(138,768)**	(117,685)
Information Technology Expenses	**(541,994)**	(472,806)
Training, Courses and Seminars Expenses	**(353,539)**	(388,015)
Travel and Accommodation Expenses	**(139,470)**	(175,464)
Fixed Asset Purchases Expenses	**(32,394)**	(52,332)
Membership Fees Expenses	**(168,276)**	(136,012)
Other Expenses	**(670,918)**	(497,312)
Total Expense	**(9,216,658)**	(8,375,851)
Income Surplus	**612,853**	1,954,418
Provision for Taxes and Other Legal Liabilities (-)	**-**	-
Net Income Surplus	**612,853**	1,954,418

www.tspb.org.tr

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