

THEY WRITE FOR HÜRRIYET

Istanbul to be in top 25 by end of 2018

Deputy Prime Minister Ali Babacan:

By the end of 2018, we aim for Istanbul to be among the top 25 global financial centers of the world and for Turkey to be among the top 30 countries in regard to financial development. **p.02**

Achieving world-class technology

Borsa İstanbul President İbrahim Turhan:

2013 and 2014 have been years of transformation for Borsa İstanbul. Through partnerships with the global giants of stock exchanges, we have updated our technological infrastructure to a world-class level. **p.09**

Competition in capital markets

Koç Holding Chairman Mustafa Koç:

Starting from the fact that competition is achieved through investment and investment occurs with equity capital and debt, we see the importance of capital markets and the stock exchange more clearly. **p.10**

IPOs bring inner discipline

Sabancı Holding Chairwoman Güler Sabancı:

IPOs are bringing inner discipline to companies because they require transparent and proper financial reporting and give confidence to business partners due to the level of transparency and corporate governance. **p.04**

Sustainable economy and capital markets

Doğan Holding Chairwoman Begümhan Doğan Faralyalı:

Capital markets provide a mechanism for confidence in regard to both creating resources and controlling whether they are appropriately used. **p.05**

THE BOURSE Hürriyet

10 OF THE WORLD

THURSDAY, December 25, 2014

BORSA İSTANBUL

THE GOAL: CHAMPIONS LEAGUE

Borsa İstanbul, a cornerstone for “the international finance center” vision in Turkey’s “2023 Targets,” has made waves in global markets with its international partnerships, including with Nasdaq, as well as its transformation in the past two years

Hülya GÜLER

Borsa İstanbul, a cornerstone for “the international finance center” vision in Turkey’s “2023 Targets,” is making waves among global competitors with its transformation over the past two years. Borsa İstanbul has resonated in the global finance community with its partnership with Nasdaq, as well as cooperation and partnerships with other bourses, strengthening its position as a regional power. As one of the most important bourses in the region and the world both through its liquidity and its financial infrastructure, Borsa İstanbul was sixth among emerging markets with a \$431 billion transaction volume at the end of 2013. The organization reached a 195% transaction turnover speed in November. With its \$3.6 trillion debt instruments market as of the end of 2013, Borsa İstanbul also ranks in fourth among bond markets in the world. The coming days are expected to bring new strategic partnerships that will increase the depth of Turkish capital markets, increasing the brand value of Borsa İstanbul and taking it into the Champions League. **p.06-07**

A drive for R&D and innovation

Borsa İstanbul is building a technopark with Boğaziçi University and Istanbul Technical University to contribute to the long-term development of capital markets. **p.05**

Over 60 projects

There are over 60 projects in the international strategy prepared by Borsa İstanbul. **p.07**

Giant leap in BAP

Turkey’s Debt Instruments Market (BAP) is a model for the world with its \$14 billion daily transaction volume. **p.11**

Borsanedir.tv

Financial alphabetization has become one of the most important issues on the agenda in a country like Turkey. **p.10**

VIOP breaks record after record

VIOP, which has started operations at Borsa İstanbul with its latest restructuring, is breaking one record after another. **p.04**

Push for Islamic finance

The World Bank Global Islamic Finance Development Center has been established with a joint effort with the World Bank. **p.07**

Crisis-proof stock exchange

The BIST 100 Index has recorded great gains in value after falls due to regional, local and global crises. **Barış BALCI p.02**

Best revenues in shares market

As real revenue, 100 TL brought 23 TL in dollars, 79 TL in gold and 459 TL to the bourse since 1988. **p.02**

Most efficient way to globalize

Through visits, the BİST management invited companies to initiate IPOs, one of the most efficient ways to globalize. **p.10**

Dec 2011 – June 2013 **%89**

Dec 2008 – Dec 2010 **%239**

Apr 2005 – Feb 2006 **%104**

Feb 2014 – Dec 2014 **%27**

Oct 1998 – Jan 2000 **%990**

Istanbul’s 141-year stock exchange history

With an important place in the world’s stock exchange history, Turkey’s bourse history traces back centuries ago in the province of Kütahya. The first contemporary stock exchange activities trace back to the Ottoman era. After the establishment of the Turkish Republic, the law of Stock Exchange and Exchange Rates Bourses was issued in 1929. After the stock exchange was moved to Ankara in 1938, trading activities were almost halted. Subsequently, the bourse was moved back to İstanbul in 1941. The exchange rate activities of the bourse were transferred to the Central Bank in 1958. Investors began to seek modern stock exchange activities at the beginning of the bankers’ crisis in the 1980s. The money markets watchdog (SPK) was then established and the İstanbul Stock Exchange (İMKB) was formed on Dec. 16, 1985, ushering in a new period in the history of the country. **p.08**

THE SHINING STAR IN TURKEY’S GREAT CONVERSION: BORSA İSTANBUL

Borsa İstanbul continues to be one of the most efficient actors in Turkey’s financial rise.

Borsa İstanbul, offering a single buying-selling platform for trading various asset classes on different markets, marches toward converting into a global supermarket capable of responding to all needs of financial markets.

Borsa İstanbul makes infrastructure investments in order to reach a technology that can compete with the leading exchanges of the world. Borsa İstanbul continues to take faster and more determined steps in its exciting development journey.

BORSA İSTANBUL

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CRISIS PROOF STOCK EXCHANGE

The stock markets have made their long-term thinking investors happy despite the economic crises that have erupted in Turkey and the globe over the past 30 years. The stock market's real return since 1988 has multiplied the US dollar by 19 and gold by five. Historically, the return yielded from the stocks is particularly large after crises

Barış BALCI

As gold prices broke record after record in the 2000s and the U.S. dollar currency rose to historically high levels against the Turkish Lira over the past few years, all eyes have turned to these investment tools. Despite its recent plunge, gold, which reached its peak in 2012, is indeed seen as a strong investment tool. The dollar also has become an investment tool favored by the masses after the records it recorded over the past two years. The increase in foreign exchange savings that have been recorded despite the high dollar/lira ratios also proves this tendency. However, when the inflation ratio is taken into consideration, it is seen that the dollar and gold are not that attractive when compared to the stocks.

4.5-TIMES REAL RETURN FOR 100 LIRAS

Excluding recent times, Turkey has been witnessing high inflation levels, so the most efficient investment tool for people can be measured with real return data. And in terms of real return, the stock exchange market has yielded the highest return among main investment tools. An investor that invested their 100 liras in the stocks in December 1988 has earned 4.5 times higher of their money, around 459 liras real return by November 2014. However, when inflation is taken into consideration, the dollar and gold crush their investors through inflation over the same period. While an investor that put their 100 liras in the dollar in 1988 received



Market values multiplied despite dollar currency

The steady rise in the stock market reflects into the market values of the companies. The market values of the companies traded at Borsa Istanbul have recorded a massive increase in terms of the dollar over the past 10 years. The companies' total market value, which was over \$69.3 billion in 2003, soared to \$253 billion as of Dec. 17, 2014. Therefore, the value of BIST companies has surged incrementally over the past 10 years instead of dropping, despite the increase in the dollar currency rate.



26 liras as real return, the gain of investors that invested their 100 liras in gold only received 79 liras.

RESISTANCE TO CRISES

The decline in inflation and incremental rise of the stock exchange in recent years have played a great role in stocks' bringing more real return compared to other investment tools. The post-crisis periods also show this immense increase. The stock market, which reached its peak at 58,231 points in pre-crisis 2007, has plunged down to 21,228 points after the global financial crisis in 2008. But, since then, the stock market has found a way to make gains for new share buyers, as well as investors that have held shares since the 2007 peak. The stock market, which reached 71,514 points in 2010, marking a 210 percent rise from its bottom level in 2008, have managed to record a 20 percent return even from its peak in 2007.

Borsa Istanbul has proven itself during the most recent fluctuation period as well. Borsa Istanbul had plummeted to 61,189 points from its record

level of 93,000 after former Federal Reserve (FED) Chairman Ben Bernanke announced on May 22, 2013 that the United States Central Bank will end its monetary expansion, triggering an emerging market rout. However, the BIST 100 index managed to rise above 80,000 points in December and approached record levels despite the continuing fluctuations in emerging countries.

Market analysts attribute the stock market's success in overcoming serious crises and yielding much more return to its investors than its rivals to Turkey's growth momentum, as well as credit rating agencies' raising Turkey's note to investment grade.

A huge amount of foreign investors have been drawn to Turkey, which offers growth opportunities to publicly-traded companies with its high population potential, was elevated to the investable grade level by Moody's and Fitch in 2012 and 2013.

Analysts link the stock market's remaining strong despite the rise in dollar/lira ratio to these two factors.



Informatics, technology and transportation led gains

THE real sector has come to the forefront this year, when considering the fluctuant markets. Informatics companies did not cease leading in gains, while real sector companies like metal, technology and non-metal products firms have struck attention with their high yields. The transportation sector also managed to rank among the top five, thanks to oil prices falling in the second half of the year.

COMPANIES THAT GAINED HIGHEST VALUE IN 2014*

COMPANY	SHARE (%)
Logo Yazılım	459
Vestel	315
Ege Endüstri	286
Şeker Piliç	195
Ditaş Doğan	171
Bossa	152
Afyon Çimento	121
GSD Denizcilik	118
Çelebi	116
Egeli & Co Tarım Girişim	113

SECTORS THAT GAINED HIGHEST VALUE IN 2014*

COMPANY	SHARE (%)
BIST BASIC METAL	58
BIST TECHNOLOGY	40
BIST TRANSPORTATION	34
BIST NON-METAL PRODUCTS	30
BIST METAL EŞYA, MAKİNA	29
BIST CHEMICALS, PETROLEUM, PLASTIC	25
BIST TOURISM	24
BIST BANKING	22
BIST ELECTRICITY	22

* As of the market's closure on Dec. 17

MOST VALUABLE TURKISH COMPANIES AS OF DEC 19 CLOSURE

COMPANY	VALUE (liras)
GARANTİ BANKASI	38,850,000,000
AKBANK	33,960,000,000
TÜRKCELL	30,580,000,000
KOÇ HOLDİNG	30,430,776,000
İŞ BANKASI (C)	27,989,813,400
TÜRK TELEKOM	24,885,000,000
YAPI KREDİ	20,952,790,640
SABANCI HOLDİNG	20,036,767,280
ENKA İNŞAAT	18,900,000,000
HALK BANKASI	17,312,500,000
EREĞLİ DEMİR ÇELİK	15,400,000,000
BİM MAĞAZALAR	14,800,500,000
TÜPRAŞ	13,510,115,840
TÜRK HAVA YOLLARI	13,054,800,000
ANADOLU EFES	13,026,315,786
COCA COLA İÇECEK	12,451,449,778
VAKIFBANK	12,125,000,000
FORD OTOSAN	10,527,300,000
EMLAK KONUT GMYO	10,222,000,000
ARÇELİK	10,102,136,664



Istanbul on the way to becoming a global financial center

ALİ BABACAN writes

Since the second half of the 1990s, the gravity of economic activity in the world has been shifting from developed countries to developing countries. Nonetheless, considering capital markets, it is seen that developing countries have notably lagged behind developed countries.

Currently, 83 percent of global capital markets (stocks, corporate bonds and government bonds that are being traded in the stock market), with a value of \$153 trillion, belong to developed countries.

When figures are analyzed, the conclusion, showing that the driving force behind the growth of developing countries is the banking system rather than the capital markets, is revealed.

On the other hand, China, being in first place, is drawing attention with an increasing role in capital markets in Southeastern Asian countries.

In time, it is expected that financial centers that have been intensified in developed countries will shift to developing countries and new financial centers will be formed in these countries.

TOP 10 IN 2023

As we have included in the 62nd government program, by following this global trend closely, we aim to turn Istanbul firstly into a regional financial center and then one of the top 10 financial centers in the world by 2023. By now, the central role of Istanbul, which is one of the biggest and favorite cities of Europe, is proven - a role not only for Turkey but also for a much wider geography. Today, Istanbul is an important center both in a logistical sense and in a commercial sense. Highlighting this "central" characteristic of Istanbul in regards to finance and having the city play a feature role in international financial issues is extremely important for our country. Following the 2011 elections, we have implemented many legal arrangements which regulate commercial life in order to be able to realize this goal. We got to work immediately after the elections, adopting the Turkish Commercial Code, the Code of Civil Procedure and the Code of Obligations. Afterwards, we renewed the Capital Markets Law thoroughly and founded Borsa Istanbul under the law. By making an arrangement regarding non-banking financial institutions, we set a brand-new legal framework for factoring, leasing and consumer finance companies. We adopted the Law on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions, which is very important for market infrastructure and constituted a legal framework for best implementations.

BUSINESS ANGELS IN CHARGE

As for the Individual Retirement System, which is very important for domestic savings, we switched to a brand new support model. Through implementations such as "Business

Angels" and "Fund of Funds," we brought international models in the field of encouraging entrepreneurship into our country.

Borsa Istanbul, which is the most important institution for our capital markets, will intensify its activities within the framework of this vision in the upcoming period and will be one of the most important tools for having capital markets carrying out their role in our country's development.

We believe that all of these endeavors have built the legal infrastructure required to facilitate Istanbul becoming an international financial center. We have fulfilled almost all actions that we announced in our five-year action plan for the Istanbul financial center project that we made public in 2009.

Notwithstanding that these endeavors are important, we are aware that we need to put forth more in a competitive global environment. With this awareness, we have started the second phase of the financial center project. The topics of the Istanbul Financial Center and increasing domestic savings appeared in the 2nd Group Prioritized Transformation Program that was announced by Mr. Prime Minister on Dec. 18, 2014.

SIX PCT SHARE IN NATIONAL INCOME

We aim to build a transparent market structure - which meets the real sector's needs, where all kinds of financial tools can be exported, which has a strong physical, human and technological infrastructure and which is inspected effectively - in order to enable Istanbul to turn into a financial center which is competitive and has power internationally within the content of the Istanbul Financial Center program.

Currently, Istanbul is ranked 42th among global financial centers of the world. By the end of 2018, we aim for Istanbul to be among the top 25 global financial centers of the world and for Turkey to be among the top 30 countries in regards to financial development. Additionally, we aim to raise the share of financial services in the gross national product (GDP) to 6 percent by the end of the program period.

We have many opportunities to explore and a lot of homework to do in order to both get our country to attain stable growth and turn Istanbul into a global financial center. Our prioritized goal is revealing the potential in our domestic market, inviting regional and national companies to be traded at Borsa Istanbul, being a pioneer in the field of non-interest based financial tools, being able to include Istanbul among the top global financial centers by 2023 and making contributions to savings by raising financial awareness.

Realization of this goal will make a significant contribution to our country fulfilling its 2023 targets and will facilitate Turkish companies to access fund sources by increasing their competitive power.

Protecting your vision begins with
having an eye exam on a regular basis.

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A world first: BIST Special Market

One of the most innovative projects of Borsa Istanbul is the Special Market platform. The stock exchange, which is in a process of restructuring with the aim of becoming a global actor, has launched a new project bringing a different perspective to the typical transactional activity of stock exchanges by bringing companies looking for capital to grow and investors together. According to the project that began in November as a first-in-kind in the world, companies seeking funding will be able to encounter investors willing to use their investments in companies with a promising future. The platform is expected to make important contributions to the companies' growth in a company where the savings rates are low.

The Special Market platform will offer online services based on membership. It will allow companies to find funding without having to go public, procure liquidity for company starters willing to sell their shares and find investors for different size companies in different market sectors to invest in or buyers who could turn their investments into liquidity.

WIN-WIN FOR EVERYONE

The project, designed after the study of different examples, particularly in the United States, is considered as a huge change and important development for the Turkish capital markets, while giving companies willing to grow important funding opportunities. Special Market, on the one hand, allows non-public companies to be exempted of obligations of public companies, such as registration statements or public disclosure. On the other hand, it offers opportunities to benefit from incentives given to angel investors as well as other means provided to a select non-public investor group. As such, Special Market presents a win-win situation for each party. It is expected that more funding will be transferred to the economy after the intensification of the platform's activities.

EASY, QUICK AND LOW COST

Companies needing more financing for their investments or whose debt burden increases everyday will be able to respond easily, quickly and with low cost to their funding and liquidity needs in a way that allows them to keep their capital in their control by choosing their partners themselves. Companies looking to grow by buying other companies or taking the supply chain under their control may have opportunities to find the companies they are interested in to buy in this market. For their part, investors can meet a large number of different size companies in many different markets, assess large investment alternatives and eventually invest in fast-growing companies. By offering a platform with the maximum number of investment alternatives to companies or their partners, Special Market also creates a secure and confidential environment where parties can negotiate. Parties can as well procure the consultancy service they need at all stages. Interested companies or investors can reach more detailed information at the website www.bistozelpazar.com and register to become a member.

A PLATFORM OPEN FOR FOREIGN INVESTORS

The launch of Special Market is part of the endeavor to create and encourage the development an international enterprise capital fund based in Istanbul, in conjunction of the Turkish metropolis' goal to become a financial center, while also aiming to provide foreign funding for innovative local entrepreneurs and small-sized companies thanks to such an environment. In this context, it is aimed to facilitate for investors to access foreign resources through cooperation agreements with the relevant international organizations. As such, a protocol has been signed between Borsa Istanbul and one of the most important financial institutions, the European Trade Association for Business Angels (EBAN).

PARTNERSHIP WITH UNIVERSITY OF CALIFORNIA

Within the scope of Special Market's activities, the University of California and Berkeley University have organized an international conference entitled "Regional growth, creation of employment through innovative entrepreneurship and the Istanbul Regional Entrepreneurship Center." Many important Turkish and foreign guests attended the conference, including Deputy Prime Minister Ali Babacan. The event is planned to be repeated each year with the partnership of the University of California, one of the leading universities in entrepreneurship.

During the conference, participants had the opportunity to assess the cooperation possibilities between American, Turkish and Middle Eastern entrepreneurs and ways to build bridges between them. A partnership agreement was also signed between Borsa Istanbul and Berkeley University to create a regional center on entrepreneurship in order to encourage and support it.

Borsa Istanbul

Success through inner discipline

Thanks to the efforts of Borsa Istanbul, the work of corporate companies regarding initial public offerings (IPO) has increased. Today, the number of companies being traded on the national market has risen to 217. IPOs are bringing inner discipline to companies because they require transparent and proper financial reporting and give confidence to business partners due to the level of transparency and corporate

governance. Companies that have become more visible in society and the public through IPOs have the opportunity to promote their products and services better, and earn their partners' confidence. Investors' opinions present different perspectives to the management at publicly traded companies. Ideas from investors also make an important contribution to the administrative understanding of these companies.

Companies have a chance to evaluate their inner processes, organizational structures and productivity of their main activities during the public offering operation. The implementation of IPOs by non-public companies is our one of the primary topics.

GÜLER SABANCI

writes

Güler Sabancı
Sabancı Holding
CEO



BREAKING RECORDS UNDER SINGLE ROOF

Futures and Options Market (VIOP) has been breaking records on trading volume since August 2013 when all future and optional operations were gathered under one roof and included Borsa İstanbul (BIST). VIOP's trading volume broke a new record in August, exceeding 4.2 billion Turkish Liras.

VIOP, which gives investors the opportunity to be protected from price changes by buying and selling future and optional contracts, has reached record volume since its operations began Aug. 5, 2013.

VIOP has continued breaking new records since December, 2013 after the transformation to

gather VIOP under one single roof was completed. VIOP's trading volume exceeded 4.2 billion liras in the latest record on Aug. 27. The previous record was broken on April 30 with a 3.8 billion trading volume. The open position record in its Index Option Contracts was also broken March 17 with 354,724 open positions. The record on the number of orders was registered on Jan. 29 at 176,119.

HEDGING

VIOP, where investors can buy and sell their future and optional contracts written on their particularly forwarded assets such as index,

share, currency and gold in transparent market conditions, is seen as an important hedging instrument. Investors can buy or sell due to their expectations in a market and can receive profit if their expectations come to fruition. The products in question protect the investors against price changes and manage risks effectively in this market in which profit can be made even during a downfall.

DIVERSITY

Diversity is essential for well-functioning money markets. VIOP comes to the forefront with its contribution to create high liquidity and effective prices in addition to

hedging opportunities. Future markets to allow for investing on the same amount of underlying assets with smaller price compared to the spot markets. In this way, it makes both markets more liquid by allowing large masses to invest. Future markets provide opportunity to buy a larger position with a small investment and earn higher incomes with the help of leverage effects. However, the leverage effect also means the risk of a faster and larger loss compared to spot markets. Future markets provide different options to portfolio managers for portfolio diversification as well as an expansion of the risk.

Profit during downfall

Investors can buy and sell their future and option contracts written on their particularly forwarded assets such as index, shares, currency and gold in transparent market conditions at VIOP. They can buy or sell due to their expectations in a market and can receive profit if their expectations come to fruition. The products in question protect the investors against price changes and allow them to manage risks effectively in the market in which profit can be made even during a downfall.

With opening option contracts for operation for the first time in Turkey using VIOP, investors are given the chance to use these financial instruments in a safer way. They have begun to take advantage of many opportunities of option contract such as low operation cost, leverage effect, trading with different strategies, arbitrage and hedging.

VIOP's Records

	Trading Volume (billion liras)
Aug. 27, 2014	4.2
Apr. 30, 2014	3.8
Apr. 28, 2014	3.8
Jan. 29, 2014	3.3
Dec. 27, 2013	3.2

Advantages and risks of investment at VIOP

ADVANTAGES:

-Provides protection against price changes that can occur in spot markets.

-Standardized future contracts have high liquidity.

-Short/long positions can be easily terminated by entering the long/short term.

-High profits can be made with small investments due to the leverage effect.

RISKS:

-Leverage has a high risk in addition to a chance of high profit

-Provides partial protection

Step by step: VIOP

VIOP began operating Dec. 21, 2012 with Single Stock Future and Single Stock Options contracts.

Borsa İstanbul became the 100 percent shareholder of the Turkish Derivatives Exchange (VOB) on May 3, 2013.

The merger of VOB and VIOP was completed on Aug. 5, 2013. All Stock Future and Single Stock Options contracts began to be traded on a single platform.

A total of 32 different contracts are being traded as of November.



Borsa Istanbul will provide high frequency transaction opportunity to its clients via the Co-location Program.

Investors who trade with "light speed" have become popular again with the bestseller book of the famous Michael Lewis, "Flash Boys." Lewis defines a small but privileged group of investors who can trade very rapidly. His book's emphasis is on the unfair competition that is created by this minority group which makes lightning-quick transactions on Wall Street. Lewis claims that the global investment environment can be healthy as long as the chance to make high-speed transactions can be made by all investors across the world. Borsa İstanbul recently decided to make high-

frequency transactions possible so as not to create unfair competition. In line with Borsa İstanbul's Co-location Program, a space has been allocated for market participants to bring their own equipment to the Primary Data Center, which was established in April 2014.

PAVING THE WAY FOR HIGH-FREQUENCY TRADING

With the Borsa İstanbul Co-location Program, different market participants, such as members of the bourse, HFT/Algo companies, service provider institutions and data publishing institutions, will have the chance to have access to the bourse with the highest speed and security by putting their

equipment near the systems of the bourse. These clients will enjoy high efficiency in their data center operations thanks to the technical infrastructure which is fully provided in the Primary Data Center with their backups. Here, the aim is to pave the way for high-frequency trading with this technological infrastructure. The more clients join the Co-location Program, the more investors have the opportunity to have access to high-frequency transactions. Any market participants can acquire more information about the program details, including technical details, the business model, service agreement and fees, by contacting Borsa İstanbul's Marketing and Sales Department.



ALİ FUAT TAŞKESENLIOĞLU

General Manager of Halkbank

Borsa to be more important

Capital markets are essential for providing products that allow parties with fund surpluses to turn these funds into a long-term investment. Borsa İstanbul (BİST), which has gathered different markets under the same roof in its body and taken steps to improve integration with international stock exchanges, is one of the important institutions in our capital markets. We are expecting that the importance and value of BİST will increase due to the Istanbul Finance Center project.

HUGE DEMAND

As Halkbank, we consider capital markets important and think that BİST will have a big role in positioning Istanbul as finance center. We are also part of BİST after our primary and secondary public offerings. Today, 48.9 percent of our bank's shares are being traded at BİST. Some 24.98 percent of the bank's shares were offered to the public in May 2007 and the total demand reached a size eight times more than the offering. This public offering became one of the biggest and most successful offerings in Turkish capital markets and Halkbank received "The Best Public Offering Award 2007" from East Capital, an investment company based in Sweden.

GREAT INTEREST FROM FOREIGNERS

We upgraded our free float rate to 48.9 percent by offering 23.9 percent of the shares to the public in a second move in 2012. The second offering was also considered one of the most successful offerings in the country.

Our bank's foreign investors' rate is around 85 percent, while BİST's current rate is around 64 percent. Taking the top spot according to the foreign investors' rate as Halkbank is the sign that our bank is being followed closely in international markets and the trust in the bank is growing.



MURAT DOĞAN ERDEN

Vice General Manager of Group Finance at Turkcell

Rapid adaptation to legal arrangements

On July 11, 2000, a company from Turkey began being traded on the New York Stock Market (NYSE) for the first time. With this historical public offering, a sublime and hopeful promotion was maintained for our country. Representing our country as the sole company from Turkey listed on the NYSE is a very big responsibility for Turkcell. According to BIST data as of Dec. 10, 2014, we are among Borsa Istanbul's top three companies, with a market value of over 32 billion Turkish Liras. In regards to trading volume, we are among the top 15 companies. I believe that companies that have a high rate of publicity, like Turkcell, and are being traded at different indexes at Borsa Istanbul set an example for companies that plan to be listed on the stock market.



GÜNHAN ULUSOY

Ulusoy Un CEO

Gates to new world opened

The sustainability of economic growth requires the development of financial markets that provide a source for the economy. Fragility and risks stemming from a financial system operating on the weight of banks can be decreased only through the development of the capital market.

FIRST COMPANY FROM SAMSUN

"Public Offering Mobilization", which was launched in August 2008 via the signing of a protocol between Borsa Istanbul AS (BİST), the Capital Markets Board (SPK), the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and the Association of Capital Market Intermediary Institutions of Turkey (TSPAKB), has also opened the gates to a new world for Ulusoy Un.

Sustainable economy and capital markets

Today's environment has grown more competitive and freed itself from geographical boundaries, creating the need for companies to constantly renew themselves, while also turning investing in both today and the future into an obligation.

In such an environment, as much as creating resources and the appropriate and rational use of these sources, their capacity and performance in creating sustainable values has an extremely critical importance for the country's economy.

At this point, capital markets have provided a mechanism for confidence in regard to both creating resources and controlling whether they are

appropriately used. Transparency, accountability, the principles of institutional administration and sustainability criteria; all of these, when they merge with the performances of investments, form the basic elements of a healthy development for the country's economy. This is because we, as the Doğan Group, find the progress of capital markets very important and we believe participating in this process is strategic.

On the other hand, in our rapidly developing world, one of the most important realities that we need to perceive is transiting beyond traditional business models and paving the way for innovative

solutions. New initiatives toward this direction – start-ups, business incubation – are formations which need to be supported without losing time. This is the precondition for both being able to meet the next generations' expectations and needs and for developing our country's competitive power. For our sustainable economic progress, it is very important to have capital markets' rules and mechanisms that create encouraging opportunities for these kinds of innovative formations.

Begümhan Doğan Faralyalı
(Chairperson of the Board of Doğan Sirketler Grubu Holding AS)

BEGÜMHAN DOĞAN FARALYALI

writes

Borsa Istanbul pushing for innovation with Boğaziçi and İTÜ

FINANCE-BASED INNOVATIVENESS

While continuing to work on the establishment of a technopark with Boğaziçi University, Borsa Istanbul is beginning a joint research and development company with Istanbul Technical University (İTÜ) with the aim of contributing to the long-term development of the Turkish financial sector. Both initiatives are aimed at developing more products and services thanks to the push for innovation

Burak COŞAN



As the keystone of the Istanbul Financial Center, Borsa İstanbul is embarking on initiatives that will provide benefits for the development of innovative financial products and services in Turkey, in addition to steps it is taking in the short and middle term on the way to becoming a global player. Borsa İstanbul's cooperation with two of Turkey's foremost universities, Boğaziçi and Istanbul Technical University, are part of these initiatives that will enable the country to have a greater say in the global financial world.

Two projects, Finance Technopark and Finance Application and Research Center, with Boğaziçi University have been launched at the Borsa İstanbul campus within this respect. The other significant step is the foundation of a joint İTÜ-BİST joint company at the İTÜ ARI Teknokent complex. The core duty of the company will be to enable intermediary institutions' integration into new BİST technologies.

Borsa İstanbul and Boğaziçi University are currently continuing their works for the establishment of a technopark that will house companies developing software, system and product in financial sectors, as part of the Istanbul International Financial Center project.

In the first step, the necessary permits were received and an application was filed with the Science, Industry and Technology Ministry. The establishment of a technology development zone was permitted with a Cabinet decision published in the Official Gazette on Aug. 18. As a result of studies conducted following this decision, the final stages have been reached for the official foundation of the technopark.

With its finance-oriented thematic structure, the project is a first in Turkey, and will also set a new model in the international field. The project will help the Turkish finance sector transform into a more competitive structure and help its share in global markets rise.

First finance-themed technopark

Q: How did the idea of developing a finance-themed technopark came up?

A: Raising Turkey's technology production level and financial competitiveness is one the biggest priorities of our country. Within this respect, Boğaziçi University and Borsa İstanbul agreed that a technopark that will host companies developing software, systems and products in the finance sector would be useful and kicked off the process of establishing a "technology development zone" under the name of Finance Technopark.

We view this cooperation

opportunity particularly significant as we have a chance to consolidate our engineering knowledge and experiences especially in financial mathematics, mathematics, information technologies and software engineering fields, while contributing to our financial markets and institutions' competitive and pioneering position in global markets.

Q: What stage is the finance-themed technopark project at right now and when will it become operational?

A: Boğaziçi University, one of the most established education institutions in



our country with its 150-year past, kicked off the cooperation process with Borsa İstanbul, one of the most established institutions in the Turkish finance sector in order to extend its academic competence into

the finance field. We aim to put the technopark project into operation by the end of 2015. Finance Technopark is projected to be built on a 17,000 square-meter land on the Borsa İstanbul campus.

Q: Can you explain the targets of the project?

A: This thematic technopark ... is expected to house both financial agency and institutes and software, informatics and technology agencies. The companies operating within the technopark will have the chance to create an efficient ecosystem by interacting and cooperating with each other.

To a higher league through technology

Q: Could you tell the details of the İTÜ and Borsa İstanbul partnership?

A: The İTÜ-BİST partnership is establishing a joint company in the finance sector within İTÜ's ARI Technopark. The main duty of this company will be enabling intermediary institutions' integration into new BİST technologies. Moreover, a study will be conducted for the coordination of İTÜ's related units in a way to enable Borsa İstanbul's reception of academic support from İTÜ within time. Several studies will be carried out, like finance technologies, business and data analysis, as well as financial and economic analyses, with the aim of structuring and cultivating İTÜ-BİST cooperation and the company to be founded in a multidisciplinary structure.



Q: How did the idea of starting up a joint company emerge?

A: The need for adopting and monitoring new financial technologies in the sector was raised by Borsa İstanbul Chairman and CEO İbrahim Turhan during one of his visits, and this idea was concretized with the creation of an academic study group that will guide a company that will work to this end. As a university that raises engineer generations that

are working for Turkey's economic development, İTÜ has begun to throw its weight in the arts and the social, economic and administrative sciences in order to meet developing Turkey's demands. In this process, İTÜ has displayed a will to cooperate with a distinguished institution like Borsa İstanbul, which has a leading role in Turkey's economic development and growth as well as cooperation with regional financial markets.

Q: Can you share the objectives of the project and contribution to Istanbul's target of becoming a financial hub?

The objective of the project is both Borsa İstanbul's implementing the highest technology available and helping intermediary institutions adapt to these technologies in the fastest way possible.

Exemplary cooperation

Q: Can you outline the short-, medium- and long-term benefits of the project and the added value you expect from it?

A: In the short-run, intermediary institutions' certification with the newest technology and their adaption and integration to Borsa İstanbul is an important added value. Meanwhile, in the medium run, these technologies' frequent update and boosting Borsa İstanbul-İTÜ cooperation with multi-dimensions will be possible. For example, management and decision-making process can be elevated to perfection thanks to data analyses.

Borsa Istanbul continues to transform in an effort to become a global actor

TOWARD THE CHAMPIONS LEAGUE

Borsa Istanbul, Turkey's main stock exchange, is preparing to enter the 'Champions League' of the global markets and help attract new resources to the Turkish economy, which aims to become one of the 10 largest economies in the world by 2023, thanks to the latest technological moves it has made and the international partnerships it has built

Hülya GÜLER

The World Economic Forum has determined each country's competition level in its World Competitiveness Report according to 12 factors since 2005. Among these 12 factors, which cover the efficiency levels of many fields from infrastructure and the macro economy to education systems and labor markets, the development level of financial and capital markets are of great importance, as the volume and depth of money markets are critical for all world economies. The Turkish economy is the 17th biggest economy in the world, and the country ranks high in the list of countries with the largest money markets. Turkey needs to increase the size of its money markets, as well as its real sector, if it wishes to become one of the world's 10 biggest economies in the future. In this vein, sector representatives are working hard to make capital markets bigger and deeper under the leadership, and in cooperation with, Turkey's Capital Markets Board (SPK) and Borsa Istanbul as well as the country's economy administration.

ISTANBUL FINANCE CENTER

Turkey aims to foster an economy with a volume of \$2 trillion and increase the size of its money markets to up to 70 percent of its GDP by 2023 in line with the economic targets it has set for the centenary of the establishment of the Turkish Republic. The International Finance Center Strategy and Action Plan for Istanbul report was announced in October 2009 during the yearly meeting of the World Bank and the International Monetary Fund (IMF)



in Istanbul. Being critical to efforts to make Istanbul into a financial center, Borsa Istanbul took many transformative steps in 2013 and 2014. Borsa Istanbul, which traces its origins to 140 years ago, was reorganized as a joint stock company. All bourses, including the gold bourse and the derivatives exchange market, have become part of Borsa Istanbul.

MORE INTERNATIONAL PARTNERS

Having gained a more dynamic nature, Borsa Istanbul has started to accelerate the IPO processes of newcomers so as to lure more investors and take more steps to enable Turkey to ascend to the next level. Borsa Istanbul made a strategic partnership agreement with the U.S.-based NASDAQ OMX Group, one of the world's biggest stock exchanges, to make a significant contribution to making Istanbul a leading financial center in the region. Following this partnership deal, Borsa Istanbul is now also negotiating with other potential partners to become a global player. Borsa Istanbul continues to conduct big projects to strengthen its

technological infrastructure and take more steps to attract more investors to Turkey.

OVER 60 PROJECTS ON THE AGENDA

Borsa Istanbul is undertaking more than 60 projects in line with its new vision and strategies. At the same time, Borsa Istanbul has been engaged in strategic partnership talks with a series of leading global financial institutions, which will raise the market value and prestige of Borsa Istanbul and provide high liquidity and know-how to the bourse. By building good relationships with money markets in a broad geographical area, mainly in the Balkans, Eurasia and North Africa, Borsa Istanbul plans to extend its operations to a wider scope, from selling technologies and running market transactions across different industries to developing new financial instruments and building new partnerships. In this vein, Borsa Istanbul hopes to become a financial hub for the region, an opening gate for the region to global markets and a financial technology hub.

BIST heads for the top

Bourse	*Company values (million \$)
1 NYSE.....	19,445,199
2 NASDAQ OMX.....	7,096,434
3 Tokyo.....	4,419,111
4 Euronext.....	3,464,413
5 Hong Kong.....	3,287,851
6 Shanghai SE.....	3,275,055
7 TMX Group.....	2,130,599
8 BM&FBOVESPA.....	2,077,851
9 Shenzhen SE.....	2,059,801
10 Deutsche Börse.....	1,798,367
28 Borsa Istanbul.....	231,223

Source: World Federation of Exchanges
* As of Nov 13



Partner with NASDAQ

BORSA Istanbul's latest, greatest step was to sign a strategic partnership deal with the NASDAQ OMX. This agreement will facilitate the transfer of technologies of great importance, as well as the exchange of knowledge, experiences and perspectives on global and highly competitive stock exchange dealings. Under the agreement conditions, Borsa Istanbul now possesses technological transfer products with their source codes.

Borsa Istanbul becomes a regional player

Istanbul has been one of the leading financial centers in the region's history. Borsa Istanbul is a key component of the Istanbul Finance Center project, which aims to make Istanbul a financial hub in the region located between the financial centers in Frankfurt and Hong Kong. Borsa Istanbul has taken big steps on the road to achieving this huge goal by making deals with leading stock exchanges and financial institutions in the Middle East, the Balkans and Central Asia. Borsa Istanbul currently controls 24.51% of the Kyrgyz Stock Exchanges, 24.38% of the Montenegro Stock Exchanges, 4.76% of the Rakau Stock Exchanges and 11.66% of the Sarajevo Stock Exchanges.



Istanbul rising in financial center index

Borsa Istanbul has accelerated its local and global projects and partnerships to play a crucial role in making Istanbul a regional and global financial actor in line with the Istanbul Financial Center initiative. Istanbul increased up to 42nd in the Global Financial Centers Index (GFCI) in 2013 from 74th in just three years thanks to the hard work of Borsa Istanbul.

Horizontal, vertical integration

Strong money markets and a robust stock exchange will play a crucial role in helping Turkey reach a high volume of financing sources on the road to achieving its ambitious economic goals for 2023, the 100th anniversary of the establishment of the Republic. In this manner, Borsa Istanbul took a series of significant steps in strengthening its legal and corporate infrastructure, achieving both horizontal and vertical integration, building more international ties and renewing its technological base to become highly competitive in global markets in 2012. After new money markets law and secondary regulations, which were more market-oriented, came online, Turkey's money markets began to attain global standards. The sector completed its corporatization process and horizontal integration after the merger of exchanges.



Steps taken for Islamic finance

The World Bank Global Islamic Finance Development Center was established in the Bursa Istanbul complex under the leadership of the World Bank and with the cooperation of the Treasuries, the Central Bank, Borsa Istanbul and the SPK to develop Islamic finance, which has been rapidly growing across the world. In addition, Borsa Istanbul made a deal with the International Islamic Financial Market (IIFM); with this agreement, new Islamic finance instruments are slated to be added to the products portfolio of Borsa Istanbul by using the know-how of the IIFM in the field of Islamic finance. Besides, the OIC-COMCEC 50 Islamic Index, covering 50 companies from 19 member countries of the Organization of the Islamic Conference, has also been launched.

A financial supermarket

Borsa Istanbul has recently added new instruments to its financial portfolio to meet all the needs of investors of their yield and risk preferences to reach its aim of becoming more global. In this vein, sukuk were added to Borsa Istanbul's exchange list for the first time and private sector sukuk became available for trading in the Securities Preferential Repo Market. In the Corporate Products Market, turbo certificates have begun to be traded and indexed option transactions have commenced on the Derivatives and Options Market. Exchange rate (US dollar-TL) options are also included into derivatives instruments.

Investment in energy

Many steps were taken to develop a bourse for the energy sector, which has the potential to lure the most investment in the future. Borsa Istanbul became a partner of the Energy Bourse (EPAS), which was established as the spot electricity market of Istanbul. Preparations were already made to facilitate energy-based derivatives.



Over 60 projects in line with future vision and strategy

A roadmap was prepared for Borsa Istanbul with the aim of turning it into a leading institution enabling Turkey to achieve its economic goals in the forthcoming decade. In line with the strategic plan for Borsa Istanbul, officials are aiming to develop its transaction volume and liquidity, increase its product portfolio, lure more sophisticated investors, boost the number of publicly traded companies and the volume of market capitalization and make its corporate and organizational structure more effective. More than 60 projects were defined in the framework of the strategic plan to realize the high growth potential of becoming more global. In this vein, sukuk were added to Borsa Istanbul's exchange list for the first time and private sector sukuk became available for trading in the Securities Preferential Repo Market. In the Corporate Products Market, turbo certificates have begun to be traded and indexed option transactions have commenced on the Derivatives and Options Market. Exchange rate (US dollar-TL) options are also included into derivatives instruments.

REGIONAL POWER

Turkey has many advantages in its quest to become the biggest finance center in the region thanks to its economic growth, unique geographical location and cultural ties with neighboring countries. Borsa Istanbul has taken big steps to use these advantages by building strategic partnerships across the world and acquiring stakes in other stock exchanges abroad. Strategic Partnerships: Borsa Istanbul plans to build new strategic partnerships with global funds and financial institutions which will increase the market value and prestige of Borsa Istanbul, increase its liquidity and provide know-how to both Borsa Istanbul and money markets, as is the case in the agreement with NASDAQ OMX. Foreign stakes: Borsa Istanbul plans to expand into new countries and extend its product portfolio



BORSA
İSTANBUL

Benchmark for Investment

WITH ITS GROWING POWER, BORSA İSTANBUL MARCHES TO THE FUTURE

The great conversion initiated as IMKB, Istanbul Gold Exchange and Turkish Derivatives Exchange merged under a single roof; that of Borsa Istanbul.

With its new structure, Borsa Istanbul converted into a global supermarket capable of responding to all needs of financial markets... Now, the target is to become the region's, then the world's new center of power.

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f /borsaistanbul



• Borsa Istanbul Private Market, the first membership-based private market platform of the world, developed by an exchange, started its operations.



• Borsa Istanbul and NASDAQ formed a strategic partnership.



• BIST Sustainability Index started being calculated.



• Islamic Development Bank's sukuk worth of US\$ 6.05 billion traded abroad were introduced for trading on Borsa Istanbul.



• At the Derivatives Market (VIOP), new trade volume records were broken, and options contracts on single stocks, indices and currencies were launched. Moreover, Sarajevo Stock Exchange SASX-10 Index futures contracts were launched.



• World Bank Global Islamic Finance Development Center was established in Borsa Istanbul campus.



• Investments were made, carrying Borsa Istanbul to the same league with the world's greatest in terms of exchange technology.



• Within the framework of Istanbul International Financial Center project, globally effective conferences and other events were held.



• With a vision of becoming a financial supermarket, new markets and new financial products were developed.



Bourse's motor force

It is no coincidence that Turkey's biggest companies were some of the first to enter the main stock exchange. Koc Holding and its subsidiaries, Ford Otomotiv and Arçelik; Sabancı Holding's Brisa and Cimsa; Pinar; Enka Holding; Sarkuysan; Eczacıbaşı; Ereğli Demir Çelik and other giants were the motor force of the bourse.



1985
Mr. Muharrem Karslı appointed as chairman and CEO of the IMKB

1986
Commencement of stock trading at the Cağaloğlu building



1987
Then-PM Turgut Özal visits the IMKB

1989
Establishment of the Settlement and Custody Center which allowed foreign investors to purchase and sell all types of securities



1993
Initiation of computerized stock trading with 50 stocks

1994
Appointment of Mr. Tuncay Artun as chairman and CEO of the IMKB



1995
Moving to a new building in İstinye

MILESTONES IN BORSA ISTANBUL'S HISTORY



Developments in the last 2 years

January: A MoU is signed with the Japan Exchange Group.

February: The BIST Institutional Index, BIST Construction Index and BIST Mining Index begin operations.

April: Borsa Istanbul officially opened with a special ceremony to ring the bell.

May: BIST-100 Index hits a peak of 93,178.87 points.

July: A MoU is signed between Borsa İstanbul and NASDAQ OMX.

August: The KAP website (www.kap.gov.tr) acquires a new design.

September: A MoU is signed with the İstanbul International Islamic Financial Market (IIFM).

October: Operations regarding the Share Market Buy/Sell Market begin.

December: BIST SME Industry Index begins operations.



January: Borsa İstanbul and NASDAQ OMX celebrate with a bell-ringing ceremony after the signing of a strategic cooperation deal.

March: Borsa İstanbul conducts its first General Assembly.

April: The gong at New York's NASDAQ MarketSite tolls in honor of Borsa İstanbul.

May: IFCTurkey.com begins publication.

July: Borsa İstanbul welcomes its 500 company visit as part of works on public offerings.

August: Membership registration begins at the Special Market.

September: Foundation laid for Finance and Technology Campus. Borsa İstanbul signs a joint strategic agreement with the Kazakhstan Stock Exchange.

October: Borsa İstanbul conducts an International Entrepreneurial Conference together with California University and Berkeley University.

November: Borsa İstanbul attends the FIA Expo in the US to promote its VIOP.

December: Borsa İstanbul wins the "Most Innovative Enterprise of the Year" award as part of the Turkish Innovation Week at the Special Market.

Turkey has recently become more influential in global money markets with Borsa İstanbul, which has a 140-year history. İstanbul's main stock exchange, which was launched officially in 1986 with 53 publicly traded companies, now has a massive daily trading volume with a large number of publicly traded companies.

Ceyhan KUBURLU

With an important place in the world's stock exchange history, Turkey's bourse history traces back centuries ago in the province of Kütahya. The first contemporary stock exchange activities trace back to the Ottoman era. A primitive type of stock exchange was established in İstanbul in 1866 with the support of creditor countries, while the first bourse regulations were accepted in 1871. It was decided that half of the state debts would be paid in cash and that the remaining would be paid with government bonds. After the establishment of the Turkish Republic, the law of Stock Exchange and Exchange Rates Bourses was issued in 1929.

TRADING HALTED

After the stock exchange was moved to Ankara in 1938, trading activities were almost halted. Subsequently, the bourse was moved back to İstanbul in 1941. The exchange rate activities of the bourse were transferred to the Central Bank in 1958. Investors began to seek modern stock exchange activities at the beginning of the bankers' crisis in the 1980s. The money markets watchdog (SPK) was then established and the İstanbul Stock Exchange (İMKB) was established on Dec. 16, 1985, ushering in a new period in the history of the country.

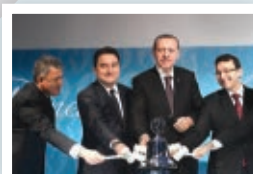
53 COMPANIES AT ONSET

The first publicly traded companies on the stock exchange remain the locomotive force of the Turkish economy today. At the very beginning, some 53 companies' stocks were publicly traded. İş Bank was the founding company of the bourse. A majority of today's biggest 500 companies at the İstanbul Chamber of Industry were on the stock exchange then.

BOURSE GROWS WITH GIANTS

The first publicly traded companies on the bourse have expanded into global markets in the meantime, gradually making the country's main stock exchange more valuable.

Export-based growth became the motor force of the economy at the beginning of the 1980s with the transition to a free-market economy. Big companies have used the financing from their bourse activities to open up to global markets to a greater degree.



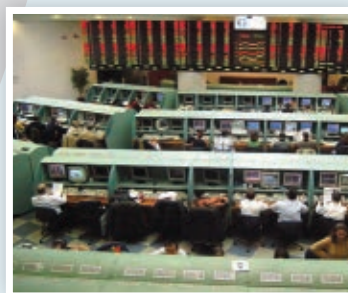
2013
The official opening of Borsa İstanbul is realized with a bell ceremony organized at the Borsa İstanbul site. The abbreviation "İMKB" used in the titles of the indices is changed to "BIST."



1997
Introduction of new stock market indices as integers. Appointment of Mr. Osman Birsan as chairman and CEO of the IMKB



2000
The IMKB fronts 27.4% of the capital of the Kyrgyz Stock Exchange upon its demutualization and 5.26% of the capital of the Baku Stock Exchange.



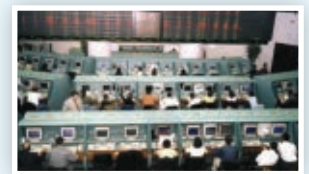
2004
An "ETFs Market" is established with the aim of providing an organized and transparent market for trading participation certificates of ETFs.



2009
City Indices launched for nine cities. The Public Disclosure Platform is launched.



2010
25th anniversary of the IMKB



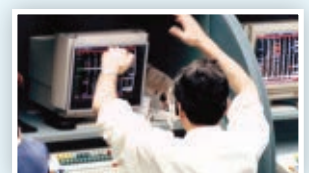
1996
Launch of the International Bonds and Bills Market within the IMKB International Market



1999
The IMKB starts to calculate IMKB 100 Index on a euro basis.



2003
All orders submitted to the Stock Market for all stocks and during all sessions are required to include customer account numbers.



2005
The IMKB Executive Council decides to launch a new index, the IMKB Corporate Governance Index.

2011
The IMKB launches the Automatic Circuit Breaker System. Establishment of the Interbank Repo-Reverse Repo Market. New regulation on sale methods in the primary market to be initially listed on the exchange

2012
İbrahim M. Turhan, Ph.D., is appointed as the chairman and CEO of the İstanbul Stock Exchange.



M. İBRAHİM TURHAN
writes

BORSA ISTANBUL TRANSFORMED OVER LAST TWO YEARS



Bourse looks to present diversified portfolio

Every stock exchange aiming for a better place in its region and the world has to present investors a diversified portfolio of products diversified with regards to their preferences of profit and risk and capable of responding to all their needs. As Borsa İstanbul, we have also speeded up the diversification of our products concomitant with technological transformation. In 2013, option contract transactions based on the index and, in 2014, the transactions of foreign-exchange options were launched. Similarly, we are aiming to create an organized derivative market where brokers of the metals market can make transactions in a way to protect themselves

from risks and, in this way, develop the trade of metals. This market that will be created within Borsa İstanbul will also give the opportunity for providing local participation banks with liquidity in the country and also increasing the volume of investments from Gulf countries. On the other hand, the Electric Market Law has bestowed Borsa İstanbul with important responsibilities to develop the energy markets in Turkey. With the new law, Borsa İstanbul will be a partner of the Energy Markets Business Corporation (EPIAŞ), which was created to operate the spot electric market, and all the derivative energy products will be transacted on Borsa İstanbul's platform.

Borsa İstanbul underwent massive transformation in 2013 and 2014. A new Capital Markets Law that went into effect at the end of 2012 was a milestone in restructuring the capital markets

THE fact that our stock exchange, previously a public institution, has gained the status of an anonymous company just as in many developed and developing countries, is a reflection of the change being experienced in stock markets around the world. Capital markets have entered a new era in the last 20 years, as globalization, new technologies and the increasing interest of investors have created the necessity of reconfiguring stock exchanges in order to provide them a more flexible and competitive structure. In this context, 2013 and 2014 have been years of transformation for Borsa İstanbul. The novelties brought by the new Capital Markets Law, which came into force in the last days of 2012, are among the cornerstones of the restructuring of the domestic capital market. The new law has brought together the İstanbul Stock Exchange, the İstanbul Gold Exchange and the İzmir Derivatives and Options Exchange under Borsa İstanbul's roof, providing an opportunity for all capital market tools to be traded on a common platform.

Meanwhile, within the framework of technological developments in stock markets, Borsa İstanbul has signed a strategic partnership agreement with NASDAQ OMX, which is one of the world's biggest financial services corporations of the world. By virtue of this agreement, Borsa İstanbul will have an operations platform using the same high-standard technology employed in the most advanced stock exchanges of the world; it will also be connected to an infrastructure allowing more than one asset class to be transacted simultaneously in different currencies amid a full integration of post-transaction processes. Borsa İstanbul will also be able to make modifications on technology regarding its own needs and further develop it.



Seeking out innovation with Boğaziçi University

Another project realized to support innovation is the "Financial Practice and Research Center," also founded by a common initiative with Bosphorus University. This center aims to give an academic/theoretical support to research and development activities, conduct studies on topics required by the sector and the regulation institutions and share information. Our stock exchange, whose legal and organizational structure underwent a complete transformation, has intensified its works to upgrade its technological and financial infrastructure to international standards and become a regional draw. The upcoming period will be one of the new projects increasing the brand value of Borsa İstanbul and the depth of our capital markets.

Besides the transfer of technology, the strategic partnership also includes the formation of human resources enabling the Turkish Capital Markets to develop its own technology, the transfer of knowledge, the increase of Borsa İstanbul's global recognition as it becomes part of the global stock exchanges network headed by NASDAQ OMX, and the development of working models.

The transformation process experienced by Borsa İstanbul constitutes, in fact, the backbone of a bigger vision: To turn İstanbul into an international financial center. The İstanbul International Financial Center Strategy and Action Plan

was signed in October 2009 with the vision that İstanbul would become a regional and global financial center. A stock exchange with a high liquidity and transaction volume, attracting the interests of foreign and domestic investors, possessing enough diversity of products capable of responding to different needs and choices, as well as a level of infrastructure allowing it to export technology, is a decisive factor for any city wishing to be recognized as a financial center and to sustain such a status. We believe that a stock exchange where all the capital markets tools are processed under the same roof such as Borsa İstanbul will help turn İstanbul into an international financial center.

BIST issues clarion call for investors

ONE of the conditions of becoming a regional financial center for Borsa İstanbul is attracting regional companies looking for resources, while also looking for investors. In this context, Borsa İstanbul launched a project entitled Listingİstanbul regarding foreign companies'

quotations. With 18 current partners, the Listingİstanbul project aims to attract more foreign companies to Borsa İstanbul through promotion and information activities in the countries of each partner. Meanwhile, at the Special Market launched within Borsa İstanbul

with a view to bringing investors and entrepreneurs together, we are providing financing options without going public, liquidity for company partners willing to sell their shares and opportunities for investors to find purchasers who will help them transform their assets into liquidity.

Interest-free financing tools an area for growth

Another field in which we want to grow is interest-free financing tools, which are increasing in our region and will help attract international capital, particularly from the Gulf, to our country. Borsa İstanbul has, for the first time, opened to transaction the rent certificates of an international finance institution among other qualified investors at the Outright Purchases and Sales Market on Nov. 28, 2014. Six different rent certificates from the Islamic Development Bank – an institution under the partnership of 56 countries, including Turkey – worth more than \$6.05 billion dollars and processed in London, Malaysia and the NASDAQ Dubai stock exchange, started operations at Borsa İstanbul on Nov. 26, 2014.

Creating a chance to attain high added value

Another factor that will bring us to our goals is the increase of ventures producing high levels of added value. In order to speed up those ventures, it is essential to build close ties with universities, technocities, research institutions and others. For this purpose, we will found a "Finance Technocity" on Borsa İstanbul's campus with the cooperation of Bosphorus University to increase the competitive nature of the companies by offering them an innovative technological infrastructure. Accordingly, while developing all the software programs, information technologies services and IT products needed in financial markets, we are also planning to benefit from the synergy brought by a working environment consisting of institutions and corporations developing their products. The project will play an important part in increasing technology production in Turkey and its global competitiveness.

Our firms now more competitive

Our companies' having the power to compete on the international level is essential in terms of sustainable growth in a globalizing world. Starting from the fact that competition is achieved through investment and investment occurs with equity capital and debt, we see the importance of capital markets and the stock exchange more clearly. Especially when we consider that savings ratios have not reached desired levels yet in our country, financial and exchange markets working effectively would be a mediator for the healthy growth of our companies and for macro-economic equilibrium. While companies are turning the funds coming from capital markets into investment, the economy is growing while the real sector and capital ow-

nership is expanding to a wide area. Going public provides liquidity, reveals fair market value, increases credibility and recognition, and speeds up the institutionalizing process, as well as supplying low cost financing to our companies. While making our companies more competitive, it also gives us a chance to use opportunities which occur in the sector in the best way during the periods when integration and purchasing processes gain speed.

KOÇ COMPANIES FORM 16 PERCENT OF BIST

Especially in economies like the one in our country, in which the number of family-owned companies is high, the benefit of public offerings is huge

for the adoption of professional and corporate management understanding by companies.

Even as the number of publicly traded companies, trade volume and the attention of foreign investors has increased rapidly, we see that the depth of the stock market in our country is still open to improvement when compared to developed countries in particular. As our stock market gains depth, the number of corporate investors in the country is increasing, which can help steady the stock market's performance. There is no doubt that our stock market benefits from globalization trends in the best way, and gradually becoming more prominent on world lists would provide added value for our companies, investors and economy.

MUSTAFA KOÇ *Writes*

Because of all these reasons, we always promote public offerings of our companies at the Koç Group, with our attention focused on institutionalization and growth. Almost 90 percent of our explicit value consists of publicly traded companies. This situation makes our business method transparent and carries our credibility to the highest levels in the eyes of investors and rating companies. Our publicly traded companies show our contribution to the market by constituting 16 percent of the total value of the companies at Borsa Istanbul.



Koç Holding
Chairman of the
Board Mustafa
Koç

A brand-new era in financial alphabetization: Borsanedir.tv



Financial alphabetization has become one of the most important issues on the agenda in a country such as Turkey that is looking for increasing the volume of savings. If the capital markets in Turkey are to reach the targeted levels, not only the number of listed public companies should increase, but also more investors have to tend toward capital markets. Therefore, the need of investors showing interest in capital markets with a high level of awareness increases day by day. Boosted by this need, Borsa Istanbul is conducting a number of activities informing investors about capital markets, institutions and tools as well as systems that can protect their investments to increase their awareness of these issues.

ACCESS TO LARGE AUDIENCES

Through training activities, Borsa Istanbul aims to both increase financial awareness and contribute to the specialization of those whose work is related with the stock exchange. Borsa Istanbul has provided training in many different fields for years, and continues training programs for brokers, students and journalists. Along with one-to-one education activities, Borsa Istanbul has recently launched the "borsanedir.tv" project to support the increase of investor awareness. The project will allow the informing of a larger audience about the Capital Market and Borsa Istanbul in a language that is easily understood and yet offers a detailed perspective. The video recordings featuring specialists of all the treated subjects will be made available on the Internet.

CONTENT OF TRAINING

The title of some of the subjects included in Borsanedir.tv is as follows:

- Information regarding assets, shares, investment funds, intermediary institution warrants, option agreements, derivative transaction agreements, certificates, loans, rent certificates as well as the different operations and stages of purchase and sale.
- Borsa Istanbul's share market and its division into five groups, as well as the developing companies market, loans market, derivatives and options market, precious metals and stones market are presented by experts in finance.
- Companies and investors will be informed about public offerings, criteria of admission to market as well as transactional activities with a view to create awareness in the market.
- Companies and investors will also be able to find answers on borsanedir.tv for questions related to the rights of shareholders, obligations of listed joint-stock partnerships, dispute procedures,

Borsa Istanbul's administrative discipline penalties, capital market crimes and compensation to investors.

Borsa Istanbul has provided educations and training on many subjects, including:

- Training of members' representatives; Certificate training to professionals at intermediary institutions looking for make transactions at the markets.
- Training of stock exchange companies' personnel; Training on "Capital Markets and Stock Exchanges" targeting the personnel of listed companies aiming to improve communication twice a year in June and December since 1997.
- Support for education abroad – Training aimed at international institutions and universities; Training of capital market professionals working in member countries of the Federation of Euro-Asian Stock Exchanges (FEAS) as part of the latter's project to improve communications between stock exchange members of the body and share information about the financial developments in each country.
- University seminars: Borsa Istanbul provides support in educators, experts on capital markets and stock exchanges for the training programs of a number of universities and other institutions.
- Students Training Program: Borsa Istanbul organizes yearlong trainings of a two-week duration for university students about the stock exchange markets, capital markets legislation and career possibilities in finance.
- Internal Training Program: Borsa Istanbul provides training programs aimed at the needs of its employees.
- Stock Exchange Reporters Training: Borsa Istanbul organized training for journalists to provide better comprehension of its working guidelines so as to ensure the public is informed accurately.
- Training on derivatives and options market: Training is organized for market experts and professional educators to increase awareness about the derivatives and options agreements.
- Conference on Management of Risks related to the Derivatives and Options Market: Finance market experts and sectorial professionals have shared experience for a more effective management of financial risks.
- Seminars on options: The derivatives and options market organizes seminars on options in order to increase awareness and knowledge among market players on the field.
- Derivatives and options market at universities: Seven certificate training sessions were organized in seven universities around Turkey.

Initial public offerings are one of the most important methods for helping a country grow.



Initial public offerings:

Benefit for the country, investor and company

A well-functioning capital market benefits the national economy, the company and the investor. More publicly-traded companies will not only help Turkey's economy approach its growth targets, but also contribute to more Turkish brands having a global voice. Companies will be able to realize their growth goals through public offerings, while capital will be broadly distributed

Hülya GÜLER



Turkey's aim to be one of the world's ten most important economies by attaining at least 5 percent annual growth has been being brought up on almost all platforms by every section of society, especially in political and business circles. But the other factor, which is as important as growth, is creating a global brand that will drive Turkey forward in the international arena. With savings still below 15 percent, Turkey needs to provide a serious amount of funds every year in order to reach the desired 5 percent growth and continue its efforts to become a global brand. As we evaluate the need for foreign investment to increase the fragility of the economy, the importance of funding provided by capital markets has appeared once again. The growth and depth of capital markets make a major contribution to companies' growth, institutionalization and increase their brand value along with strengthening the country's macro-level economy.

BROAD DISTRIBUTION OF CAPITAL

Companies take individual and corporate investors on as partners by offering their shares to the public, while also making investments in non-refundable sources gained from public offerings, providing employment opportunities and taking an active role in the development of the country's economy. The individual investors, in other words the public, also get a portion of future economic development by buying shares, which helps firms grow and make a profit.

Moreover, it should not be forgotten that income distribution becomes more homogeneous when the capital is distributed broadly.

It is possible to put companies

quoted on the exchange into three categories from the perspective of the country's economy, investors and themselves. We can see their macro-economic benefits as one of the solutions to the country's need for funds. The advantages of trading these funds at Borsa Istanbul can be examined from the point of macro-economy, investors and companies. The funds derived from public offerings have emerged as a solution to the country's source problem. In addition, the increase of funds and investment production affect employment positively. The broad distribution of capital again ends up with an increase of the macro-economy index.

NON-REFUNDABLE FINANCING

The benefits of public offerings to investors can be summarized as: a price advantage, investment variety, the variability of risks and earnings, the reception of information constantly and promptly, liquidity opportunities in monitoring and inspection. The advantages gained by companies with public offerings have been reflected for a long time. The most important advantage is of course cheap financing. Beside this, companies' steps toward institutionalization, transparency and accountability processes during the preparations of public offerings have an important role in their efforts to brand and meet international standards in the short and long term.

It is much easier and possible for companies to benefit from the opportunities presented by capital markets and to globalize with more prominence in the international arena. That's why the SPK, Borsa Istanbul, and of course the companies themselves have all been supporting efforts toward the enlargement and canalizing of capital markets.

Clear concerns

What follows is a summary of the concerns expressed by bosses regarding public offerings that were eliminated during the one-on-one visits by Borsa Istanbul.

The concern that a public offering would slow down the action process: The companies have been told that SPK and Borsa Istanbul do not get involved in the company's business processes or procedures, and that there is no approval mechanism that can cause a slow-down after it has begun to be traded on the exchange.

The concern over the company's management being debilitated: It has been underlined that associated companies that will get a share from the public offering have no possibility or intention to get involved in management, but they will have an expectation for the company to keep growing along with the source obtained from the public sharing.

The concern that there is a risk when handing down a family company to future generations: The role institutionalization and

public offerings play to minimize the risk in handing over family companies to future generations was explained in an effort to raise awareness.

The concern that the company has an insufficient level of growth to be traded at Borsa Istanbul: The companies have been told that markets have been launched within the body of Borsa Istanbul where companies with different scales can be traded.

The concern that the responsibility of public disclosure can negatively affect competitiveness: There will be no negative effect on competitiveness because SPK regulations allow companies to protect their commercial borders and postpone the announcement of some important statements.

The concern that artificial price movements will occur in company shares following the public offering: The concerns were cleared as the companies were informed about the effective monitoring and inspection mechanisms formed within the body of Borsa Istanbul.

11 firms on the way

Aside from the 11 companies that have applied to be part of trading in Borsa Istanbul's related markets, the shares of several companies which have not officially applied yet but have been continuing their preparations for public offerings are expected to be traded in 2015 and 2016, meaning an increase in the number of companies that will be traded at Borsa Istanbul.

C M Y B



BORSA İSTANBUL PRIVATE MARKET AWARDED THE MOST INNOVATIVE INITIATIVE OF THE YEAR

Borsa İstanbul Private Market, world's first private market directly developed by an exchange, was awarded the "Most Innovative Initiative of the Year" prize within the framework of Turkey Innovation Week.

Private Market, a web-based and membership-based platform which brings together companies and investors, offers companies the opportunity to tap into funds without going public; and investors, both new investment opportunities and to liquidate their investments.

Full of opportunities for all entrepreneurs, Borsa İstanbul Private Market is planned to extend its coverage internationally through agreements with similar platforms, and to become a regional entrepreneurial market, addressing all investors in the world, and entrepreneurs particularly in the Euro-Asian region.



**BORSA İSTANBUL
PRIVATE MARKET**

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