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TSPAKB

THE ASSOCIATION OF CAPITAL MARKET INTERMEDIARY INSTITUTIONS OF TURKEY WAS ESTABLISHED AS A SELF-REGULATORY ORGANIZATION BY THE CAPITAL MARKET LAW AND STARTED TO OPERATE IN APRIL 2001 .

ALL BANKS AND INTERMEDIARY INSTITUTIONS LICENSED TO OFFER CAPITAL MARKET SERVICES ARE MEMBERS OF OUR ASSOCIATION. THE ASSOCIATION HAS 144 MEMBERS, INCLUDING 103 BROKERAGE FIRMS, 1 DERIVATIVES BROKERAGE FIRM AND 40 BANKS.

WE AIM TO:

CONTRIBUTE TO THE DEVELOPMENT OF THE CAPITAL MARKETS AND INTERMEDIATION ACTIVITIES,

- FACILITATE SOLIDARITY AMONG ITS MEMBERS,
- SAFEGUARD THE PRUDENT AND DISCIPLINED CONDUCT OF BUSINESS BY ITS MEMBERS,
- PREVENT UNFAIR COMPETITION AMONG ITS MEMBERS,
- ENHANCE PROFESSIONAL KNOW-HOW IN THE SECTOR.

OUR MISSION

TO CONTRIBUTE TO THE DEVELOPMENT OF A COMMUNITY OF PROFESSIONALS EQUIPPED WITH HIGH LEVEL OF EXPERTISE WHO ARE SINCERELY COMMITTED TO ETHICAL VALUES AND PERCEIVE COMPETITION AS OFFERING BETTER PRODUCTS AND SERVICES TO INVESTORS WITH THE ULTIMATE AIM OF CONTRIBUTING TO THE DEVELOPMENT OF THE NATIONAL ECONOMY AND THE CAPITAL MARKETS.

BOARD OF DIRECTORS



E. Nevzat ÖZTANGUT
Chairman / 10 May 2007
Garanti Yatırım Menkul Kıymetler A.Ş.
Member of the Executive Board and Member of the Board of Directors



Pamir SEZENER
Vice Chairman / 10 May 2007
Evgin Yatırım Menkul Değerler Ticaret A.Ş.
Chairman



İlhami KOÇ
Board Member / 10 May 2007
İş Yatırım Menkul Değerler A.Ş.
General Manager



Cafer BAKIRHAN
Board Member / 10 May 2007
Deniztöre Menkul Değerler A.Ş.
Vice Chairman



Bedii ENSARİ
Board Member / 10 May 2007
Marbaş Menkul Değerler A.Ş.
Member of the Board of Directors



Celal REYHAN
Board Member / 6 December 2010
T.C. Ziraat Bankası A.Ş.
Assistant General Manager



Ceyhan BEKTAŞ
Board Member / 10 May 2007
Deha Menkul Kıymetler A.Ş.
Chairman

ORGANIZATION STRUCTURE

BOARD OF AUDITORS



Bülent ALTINEL
Audit Board Member / 10 May 2007
Ata Yatırım Menkul Kıymetler A.Ş.
General Manager



Zafer ONAT
Audit Board Member / 5 May 2009
Finans Yatırım Menkul Değerler A.Ş.
General Manager



Selim ÜNVER
Audit Board Member / 10 May 2007
Censa Menkul Değerler A.Ş.
Chairman

DISCIPLINE COMMITTEE



Adnan BAHAR
Discipline Committee Member / 10 May 2007
Bahar Menkul Değerler Ticaret A.Ş.
Chairman



Ufuk Ümit ONBAŞI
Discipline Committee Member / 10 May 2007
İş Yatırım Menkul Değerler A.Ş.
Assistant General Manager



Haluk TÜRKÖLMEZ
Discipline Committee Member / 6 December 2010
AK Yatırım Menkul Değerler A.Ş.
Assistant General Manager

BOARD OF
DIRECTORS

CHAIRMAN

SECRETARY
GENERAL

ASSISTANT SECRETARY
GENERAL

ASSISTANT SECRETARY
GENERAL

ASSISTANT SECRETARY
GENERAL

Compliance and
Legal Affairs

Administrative and
Financial Affairs

Research and
Statistics

Information
Technology

Licensing and
Record Keeping

Training and
Public Relations

The average age of our staff is 34, with our 28 employees having an average of 10 years of work experience. One of our employees holds a Ph.D., four have a Master's degree, 18 are university graduates and two of them hold associate degrees.

OVERVIEW OF 2010

Distinguished members,

Our Association that became operational in April 2001, is celebrating its 10th anniversary. During this period TSPAKB has always been pursuing its vision to hold an important role in the Turkish economy, with the support of its valuable members and capital market institutions. Our activities, shaped by our industry's needs and international developments, are carried to a better position in line with our expertise.

2010 was a very successful year for capital markets. The ISE-100 index reached new record highs during 2010, while trading volumes in the equity market as well as in the Turkish Derivatives Exchange (TurkDEX) exceeded their pre-crisis level. Positive steps were taken with regards to initial public offerings, diversification of investment instruments and regulations.

Apart from being a successful period in terms of market performance, 2010 is a very special year for me and my colleagues at the board of directors, as we will hand on our responsibility to a new board in five months. 2010 was our last term as a whole year. On this occasion, I would like to share with you my thoughts on our four years of office, in addition to a review of the activities of our Association in 2010.

2010 has been a year where the Turkish capital markets have been visible in every arena, as many events were organized in Turkey and abroad with the cooperation of all capital markets institutions, where new capital market instruments were introduced and where market infrastructure was strengthened. All these efforts and productive cooperation bore fruits sooner than expected.

We are very happy that our Association was part of these positive developments.

2010 and Recent Activities

Our primary objective when we first came into office was to develop the Turkish capital markets and our Association further. We first focused on how to widen and deepen our markets. I am pleased to announce that the Istanbul International Financial Center project was the most comprehensive and visionary work.

- We put intensive effort on the Istanbul Financial Center (IFC) Project since we were in office. We shared our views regarding this Project both with the government and with market participants. Our contribution to the Istanbul Financial Center (IFC) Project continued in 2010.
- We were active during the preparation of the Strategy Document and we contributed to each of the 8 working groups.
- In addition, I represent the Association at the IFC National Advisory Committee, which guides the working groups and makes recommendations to the IFC High Council.
- In line with the relevant communiqué of the Prime Ministry, we have at least one representative in every working committee.

We have also undertaken steps to ensure that our market and our Association become global actors. By following up closely the international developments that could affect Turkey and our capital markets, we developed our international relations further and took place in many organizations worldwide.

- We were among the founding members of the Asia Forum for Investor Education (AFIE). AFIE was formed in 2010 as a regional committee of the International Forum for Investor Education (IFIE).
- We were in the Advisory Committee of the International Council of Securities Association (ICSA) during 2009-2010, and we organized the 2010 Annual General Meeting in Istanbul.
- We were assigned to chair the newly formed Emerging Market Committee of ICSA.

Another important event was the organization of the first Turkish Capital Markets Days held on October 21-22 in Seoul, hosted by the Korea Financial Investment Association (KOFIA).

- The event led by the Capital Markets Board (CMB) and organized by our Association, hosted around 200 representatives from the Korean regulatory authorities, asset management companies and brokerage firms.
- In this framework, we organized a conference in order to introduce the Turkish capital market in detail.
- We met with exchanges and clearing institutions, and organized meetings with the Korean brokerage firms and asset management companies.
- We signed a memorandum of understanding with KOFIA in order to strengthen our relations. Similarly, the Istanbul Stock Exchange, the Central Registry Agency and the ISE Settlement and Custody Bank also signed similar memoranda with their Korean counterparts.

An important event marking the year 2010 was the Initial Public Offerings Campaign undertaken by the Capital Markets Board (CMB), the Istanbul Stock Exchange (ISE) and the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

- In 2010, within the context of this campaign, meetings were organized in 4 cities, namely Konya, Düzce, Samsun and Kocaeli; and summits were organized in Istanbul and Bursa.
- With the help of this campaign, to which our Association contributed devotedly, 22 companies and 3 ETFs went public in 2010, the highest number of IPOs in the last decade.
- A similar protocol was signed in February 2011 between CMB, ISE and KOSGEB (Small & Medium Enterprises Development Organization) in order to encourage SMEs to initial public offerings. This protocol started to bear fruit as well.



In addition, we contributed to various conferences organized in Turkey by attending as speakers or by sponsoring those events. I would like to express my pleasure for hosting or contributing to them.

A salient aspect of our Association is the importance we attach to transparency and information sharing. We devote special emphasis to inform our members regarding our activities and the results of the initiatives undertaken, via membership meetings, seminars, panels and various other meetings.

We have undertaken many initiatives in a wide range of topics from taxation to anti-money laundering measures, as we shuttled back and forth between Istanbul and Ankara. We shared our views regarding our industry and explained the problems we are encountering. In line with your expectations, we worked in view of developing Turkish capital markets, and undertook several initiatives. I would like to share some of our activities aiming to increase market efficiency.

- With the regulation enabling the transfer of the brokerage licenses of an existent firm to a newly established brokerage firm, it became easier to enter the market.
- The financial contributions to the Investor Protection Fund were reduced.
- With regard to the liquidation of credits in case of trading bans, banks were allowed to undertake the collection.
- We contributed to works regarding anti-money laundering regulations, and secured that brokerage firms were subject to simplified measures.
- The inequality between investor groups regarding the taxation of equity investors was lifted and the withholding tax was reduced to 0% for domestic investors as well.
- The obligation to present proof of domicile for non-residents was lifted.
- Proprietary gains of investment trusts and investment funds were exempt from the banking and insurance transaction tax.
- With our initiatives for lifting tax inequalities between public and private sector bonds, all capital market instruments were kept exempt from stamp tax and the financial activity fees on trading and registration was lifted.
- The order flow rules and trading system in the Bonds and Bills market was revised, in order to hinder unfair gains stemming from the difference between dirty prices (including accrued interest) and clean prices.
- The regulation regarding cross transactions was revised.
- Trading hours in the ISE were extended in order to ensure that they overlap with the US and European markets.

I already mentioned that our vision was to develop the Turkish capital markets and our Association further. Needless to say, improving the Association's infrastructure is crucial within this vision. We have come a long way in our works aiming to make the Association an information hub for the industry since 2007.

- We have improved our IT infrastructure and safety measures, and established a disaster recovery centre.
- In line with the regulation requiring some of the disclosures by our members, which were previously made to CMB to be made to our Association, we designed electronic forms and developed a system for the submission of brokerage firms and banks' disclosure forms.
- A content management system was adopted in order to establish an electronic document database, archive and work flow system.
- Works have started to enable the Association to become the information centre of the capital market. When finalized, all information that the intermediary institutions have to publish will be done on a single platform.

Distinguished members,

We deem the licensing exams are very important to the industry's professional development. In many countries, these examinations are generally held by professional associations. In line with international practices, we have repeatedly conveyed our proposal to CMB asking for the authority to organize the examinations.

- This proposal was accepted by CMB, which assigned the Association the task of organizing two licensing examinations in 2010, which was certainly a very important step for our Association.
- We successfully organized licensing examinations on March 27-28 and November 6-7, in cooperation with the Ministry of Education.
- In March 2010, 24,341 persons took the examination, organized in 57 centers in 10 cities.
- Those numbers rose further in November 2010, when 32,446 persons took the examination, organized in 79 centers in 12 cities.

In line with our mission, we support many projects aiming at the development of Turkish capital markets and economy. In this context, we have finalized the "Investor Perception Survey in the Turkish Capital Markets" in 2010, which was a first step towards our planned investor education programs.

- The survey was conducted in 18 cities with 2,010 respondents. The results were made public via a press conference on April 13, 2011.
- The survey, which aims to measure the capital markets' visibility and its perception by the public will shape our future investor education programs to be undertaken by our Association, as well as other institutions in the capital markets.

Our publications are increasingly being used as a reference by various parties in Turkey and abroad. Moreover, our training programs are praised by market professionals.

- During our term, we have diversified our publications and started to publish new reports in English, in line with our intensifying international activities.
- Our monthly publication, Agenda in Capital Markets, celebrated its 100th issue in December 2010.
- We have introduced an automation program for our training programs and enabled payment with credit cards. The new system became live in July 2010.
- 6,849 persons attended our training programs in 2010.
- We started to organize license renewal educations in Ankara, İzmir, Adana and Antalya, in addition to İstanbul.

- The number of persons registered on our licensing and record-keeping system reached 40,331 as of December 2010.
- We issued licenses to 22,486 persons, out of 24,335 applications.

Distinguished members,

As stated before, we are in our last term as the board of directors. During our term, we believe that we have carried the flag, which we took from our predecessors, to further points. We are leaving an Association possessing an extended array of responsibilities and authority both in Turkey and abroad. In the last four years, we are pleased to take part in the following projects that have contributed to our market and our Association:

- Taking a pioneer role in the Istanbul Financial Center project and contributing in each step of the project,
- Being founding member of the Asia Forum for Investor Education, and being member of the International Forum for Investor Education,
- Chairing the Emerging Markets Committee of the International Council of Securities Associations (ICSA) and organizing the 2010 Annual General Meeting of ICSA in Istanbul,
- Being a member of the Founders' Committee of the Foreign Economic Relations Board,
- Initiating the financial literacy project in collaboration with the Junior Achievement Education Foundation,
- Contributing to the development of new regulations or reforming existing ones to increase the efficiency of the capital markets,
- Digitalizing the document and workflows in order to increase the Association's efficiency,
- Improving the diversity and content of our publications in Turkish and English,
- Organizing the licensing examinations for the first time and organizing license renewal courses outside Istanbul.

On behalf of our Association, I would like to extend my gratitude to all the directors and employees of the Capital Markets Board, who support us in our activities and provide a productive business environment. Moreover, I would like to thank the directors and employees of the Financial Crimes Investigation Board, the Istanbul Stock Exchange, TurkDEX, the Istanbul Gold Exchange, ISE Settlement and Custody Bank, and the Central Registry Agency, for their cooperation.

Our Association derives its strength from our distinguished members. We believe that the development of this industry is our collective responsibility, and our achievements are a shared success. I would like to thank all of you, one more time, for your support and suggestions.

In the next term, we will continue to stand by the Association who will be directed by a new board. Before leaving you with the details of our activities in the following pages, I would like to thank my colleagues from the board of the directors and the board of auditors for their works in the last four years. I would also like to express my gratitude to the dedicated employees of the Association, and to all of our members for their valuable contributions.

Kind regards,



E. Nevzat Öztangut
Chairman

EMPLOYEES



İlkyay Arıkan
Secretary General



Alparslan Budak
Assistant Secretary General

RESEARCH AND STATISTICS



Ekin Fıkrıkoca
Director



Gökben Altaş
Specialist



Efsun Ayça Değertekin
Specialist



Özcan Çikot
Specialist

INFORMATION TECHNOLOGY



Sezgin Lafç
Director



Nazım Sevim
Assistant Specialist



B. Yener Yıldırım
Assistant Secretary General

LICENSING AND RECORD KEEPING



Dr. Gökhan Büyüksengür
Director



Doruk Karşı
Assistant Director



Halil Görgülü
Specialist



Hanife İpek
Assistant Officer



Turku Akçay
Assistant Officer

TRAINING AND PUBLIC RELATION



Tuğba Oğan
Assistant Director



Cennet Türker
Specialist



Aslı Hondu İmamoglu
Specialist



Çağla Savuran
Assistant Officer

COMPLIANCE AND LEGAL AFFAIRS



O. İlker Savuran
Assistant Secretary General



Aslı Özkan
Director



Esra Esin Savaşan
Director



Süleyman Morbel
Director

ADMINISTRATIVE AND FINANCIAL AFFAIRS



Engin Turan
Director



Kerim Karakaya
Assistant Director



Hülya Yılmaz
Chief



Alev Kılıçoğlu
Officer



N. Okan Sarier
Officer



Zuhâl Özer
Assistant Officer



Sercan Akgül
Driver



Şadiye Selek
Office Services



**OUR ACTIVITIES, SHAPED BY
OUR INDUSTRY'S NEEDS AND
INTERNATIONAL DEVELOPMENTS,
ARE CARRIED TO A BETTER POSITION
IN LINE WITH OUR EXPERTISE.**

MEETINGS AND EVENTS

GENERAL MEETINGS AND MEMBERSHIP MEETINGS

10th Ordinary General Meeting

10th General Meeting was held on 5 May 2010. At the meeting, where officials from Capital Markets Board (CMB), Istanbul Stock Exchange (ISE), ISE Settlement and Custody Bank Inc. (Takasbank) and Central Registry Agency (CRA) had attended, Chairman of our Association Nevzat Öztangut, CMB Chairman Prof. Vedat Akgiray and ISE Chairman Hüseyin Erkan each gave a speech.

Members' Meeting on New Regulations in ISE Stock Market

A members' meeting, with the participation of the ISE representatives, was held on 3 August 2010 at the Association to discuss the planned changes in the ISE Stock Market.

At the meeting, topics such as disclosing only the best bid-ask instead of the currently disclosed five price levels, concealing trading parties until the end of the trading day, order cancellation and reducing price ticks were discussed.

Turkey Electronic Fund Distribution Platform Meeting

The meeting on Turkey Electronic Fund Distribution Platform Project, which is being carried jointly by Takasbank and CRA, was held at our Association on 11 November 2010. At the meeting, where Mr. Emin Çatana, General Manager of Takasbank, Mr. Yakup Erginçan, General Manager of CRA, Mr. Gür Çağdaş, Chairman of Turkish Institutional Investment Managers Association (TKYD) and Mr. Nevzat Öztangut, Chairman of our Association participated, activities and preparations of the intermediary institutions were reviewed.

At this meeting, an extensive presentation on the Turkey Electronic Fund Distribution Platform Project, which aims to contribute to the development of the fund industry, was made and questions from the participants were answered.

11th Extraordinary General Meeting

11th Extraordinary General Meeting was held on 6 December 2010 at the Association. Preceding the opening of the meeting, where officials of CMB, ISE, Takasbank and CRA attended, Hüseyin Erkan, President of the ISE, gave an address. The meeting started with the presentation of Chairman Nevzat Öztangut about the activities of the Association. Following the presentation, 2011 budget of the Association was discussed and agreed upon; annual fees and financial contributions by our members were determined.

New Year's Cocktail Reception

Our Association organized a new year's cocktail reception at Ceylan Intercontinental Hotel. Besides the representatives of member institutions and all institutions operating in the capital markets, officials of the CMB, ISE, IGE, CRA and Takasbank attended the reception. During the cocktail reception, which started with the speech of Chairman Nevzat Öztangut, participants had the opportunity to exchange their expectations for the coming year.

CONFERENCES

Global Financial Regulations in the Aftermath of the Crisis

Our Association hosted the 23rd Annual General Meeting of International Council of Securities Associations (ICSA) in Istanbul in May 2010.

As well as the AGM of ICSA, a conference was organized where prominent speakers from domestic and international capital market institutions attended. At the Global Financial Regulations in the Aftermath of the Crisis conference, international financial regulations, the future of stock exchanges and financial services were discussed. The Minister of State and Deputy Prime Minister, H.E. Ali Babacan, gave an address at the conference.

Some of the Turkish speakers included H.E. Ali Babacan, Minister of State, Vedat Akgiray, President of the CMB, Hüseyin Erkan, President of the ISE and Ersin Özince, President of the TBB; while international speakers included Greg Tanzer, the Secretary General of the International Organization of Securities Commissions (IOSCO), Carlo Comporti, the Secretary General of Committee of European Securities Regulators (CESR), Thomas Krantz, the Secretary General of World Federation of Exchanges (WFE) and Michel Prada from the International Valuation Standards Council (IVSC). At the gala dinner organized after the conference, H.E. Mehmet Şimşek, the Finance Minister, addressed the audience.

SEMINARS

Seminar on the Legal Aspects of Emissions Trade and ERPA (Emissions Reduction Purchasing Agreements)

A seminar on "Emissions Trading and Legal Aspects of the ERPA Contracts" was organized on 1 March 2010 to focus on topics such as current practices of carbon trading in the world, the amendments to be introduced at the Copenhagen Summit at the end of 2010, the introduction of carbon trading methods to be applied in Turkey, the applications from different institutions and pricing of carbon trading contracts.

The seminar, which was organized with the suggestions of members, was hosted by Nursel Atar, the Executive Director of Turkish North American Consulting European and by G. Asli Sezer Özçelik (Ph.D.) of J.P. Morgan Climate Care of Turkey.

Seminar on Market Risk

A seminar was held on 11 March 2010, on The Market Risk and was presented by Mr. Ekrem Kılıç, Member of the Board of Directors of JCR Eurasia Rating and Manager of Finecus Financial Software & Consultancy. The seminar, which offered both theory and application, attracted wide interest from our members.

Panel on Warrants

On 7 April 2010, a panel was organized with the aim of introducing warrants and opportunities it offers to investors. The panel, which was moderated by İlkay Arıkan, the Secretary General of the Association, was attended by Hülya Doğan Türker from the CMB, Nuray İlker from the CMB, Murat Bulut from the ISE, Barış Kencebay from PricewaterhouseCoopers, Albert Krespin from Deutsche Securities Menkul Değerler A.Ş. and Yiğit Ankök from İş Yatırım Menkul Değerler A.Ş., each of which gave a speech.

Corporate Bond Markets

A seminar on "Corporate Bond Markets" was organized on 13 April 2010 with the cooperation of the International Capital Market Association (ICMA). Chairman Nevzat Öztangut provided the opening address of the seminar, Martin Sheck, the General Manager of ICMA, introduced ICMA and its services. The seminar, in which Chris O'Malley introduced the corporate debt market, was highly praised by the participants.

IIF Risk Management Seminar

The International Institute of Finance (IIF) organized a training program on "Risk Management" in collaboration with our Association and the Banks' Association of Turkey on 24-26 May 2010 at the ISE.

Financial Crimes and Investigation Board Seminar

A seminar entitled "Crimes of Money Laundering and Financing of Terrorism, Inspection and Penalties", with the participation of the Financial Crimes and Investigation Board representatives, was organized at the Association on 24 September 2010.

Foreign Exchange Markets and FX Trading

A seminar entitled "Foreign Exchange Markets and FX Trading" was organised by our Association on 28 September 2010. The seminar, which focused on foreign exchange markets, was given by Paul Tivnann from Bloomberg.

Commodities Trading and Investment Strategies

In collaboration with our Association and the ICMA, a seminar entitled "Commodities Trading and Investment Strategies" was organized on 9 November 2010. The seminar aimed to provide information on commodity investments, and attracted significant interest from our members.

MEETINGS

The Capital Markets Advisory Council of Turkey

The first meeting of the Capital Markets Advisory Council of Turkey, which was established by the initiative of the Capital Markets Board, was convened on 4 January 2010 with the participation of the İMKB, TurkDex, İGE, Takasbank, CRA and our Association.

Chairman Nevzat Öztangut represented our Association at the Council, which was established to enhance and promote efficiency of coordination and flow of information among capital market institutions. During the meeting, participants were informed about the "Investor Perception Survey in the Turkish Capital Markets", which was conducted by our Association.

A special meeting, on the survey measuring the recognition and perception of the public about the capital market institutions and instruments, was organized at our Association on 7 January 2010. At the meeting, the institutions which form the Council were informed of the study in detail and their comments and views were taken.

PUBLICITY MEETINGS

CMB Professional Staff Training

A group of 20 new employed CMB staff visited our Association in July 2010 as part of the orientation program given by the CMB. A presentation introducing the capital markets, the brokerage industry and our Association was made to the group.

IGE (Istanbul Gold Exchange) Professional Staff Training

A presentation introducing the capital markets and the brokerage industry was given to a group of professionals which also included the staff of the IGE (Istanbul Gold Exchange).

INTERNATIONAL ACTIVITIES

"Turkish Capital Markets Days" in Seoul

With the aim of introducing the Turkish capital markets to foreign investment community, Turkish Capital Markets Days event was organized in Seoul, under the leadership of the CMB and our Association's coordination, on 21-22 October 2010.

During the conference, hosted by the Korea Financial Investment Association (KOFIA), a group of 31 participants from the CBRT, CMB, İSE, TURKDEX, CRA, İSPAT and our Association, as well as figures from the private sector institutions and the national press, represented Turkey. The conference was also attended by a group of approximately 200 South Korean market participants, representing intermediary institutions, portfolio management companies and other capital market institutions.

The speakers informed the audience on the Turkish economy, the financial and capital markets, while also discussed the growth potential and investment prospects. Chairman Nevzat Öztangut provided a presentation on the brokerage industry and the investment services.

A memorandum of understanding between the two institutions was signed on 22 October 2010, during the KOFIA visit of the Turkish group. The memorandum, which was signed by Chairman Nevzat Öztangut and Kun Ho Hwang, the Chairman of KOFIA, aims to strengthen the ties between the two institutions through mutual training programs, sharing of information and experience, briefings on the markets and a range of other joint activities.

2010 WAS A VERY SUCCESSFUL YEAR FOR CAPITAL MARKETS. POSITIVE STEPS WERE TAKEN WITH REGARDS TO INITIAL PUBLIC OFFERINGS, DIVERSIFICATION OF INVESTMENT INSTRUMENTS AND REGULATIONS.



BY FOLLOWING UP CLOSELY THE INTERNATIONAL DEVELOPMENTS THAT COULD AFFECT TURKEY AND OUR CAPITAL MARKETS, WE DEVELOPED OUR INTERNATIONAL RELATIONS FURTHER.

INITIATIVES TO IMPROVE CAPITAL MARKETS

Istanbul International Financial Center Project

The project aiming to turn Istanbul into an international finance center was part of the Ninth Development Plan covering the period 2007-2013 and was promulgated by the Turkish Grand National Assembly in June 2008. In order to draw up a plan for the project, a Strategy Document for the Istanbul International Financial Center (IIFC) was prepared under the leadership of the State Planning Organization and with the cooperation of the representatives from various public and private institutions and universities during 2009. The strategy was published on 2 October 2009.

With the aim of implementing the action plan, eight working committees on the following topics were formed in 2010: legal environment, financial instruments, taxation, regulations and supervision, infrastructure, technology, marketing and human resources. Our Association, which was actively involved in preparing the Strategic Document, continued to work on all of the committees during 2010.

In addition, TSPAKB is represented by Chairman Nevzat Öztangut on the National Advisory Council of the Istanbul International Financial Center.

Financial Statements Guide for Brokerage Firms

With the participation of representatives from intermediary institutions, independent audit firms and our Association, the Brokerage Firms' Financial Statements Platform was formed in 2008 in an effort to remove the implementation differences among brokerage firms when preparing their financial statements, and to ensure unity in the sector.

The Financial Statements Guide for Brokerage Firms, which was prepared with these aims and received approval from the CMB, was published in April 2010.

The Financial Statements Guide for Brokerage Firms was sent to members and other related parties of the capital market, such as independent audit and consultancy firms.

Negotiable Commission Practice

Our Association has been regularly monitoring developments on negotiable commission practice, which has been effective since 1 January 2006. Information continued to be collected from members on their commission income during the year, in order to observe the overall effects on the revenue structure of intermediary institutions, as well as the sector as a whole. The data, along with our evaluations, was reported to the CMB on a quarterly basis.

Promotion Campaigns by the Intermediary Institutions

The CMB conferred on our Association the authority of monitoring the promotion campaigns to be organized by the intermediary institutions on 20 October 2006.

In line with this decision, intermediary institutions are required to inform our Association of the details in written form before starting a campaign. The details of the promotion campaign are reviewed by our Association within the framework of Professional Rules. Our members are granted the right to organize a campaign on the condition that the promotions do not abuse investor rights or benefits, do not violate the principle of good faith, do not carry a sense of exaggeration and do not wrongfully mislead customers or the general public.

In 2010, our Association reviewed 21 promotion campaign applications and submitted the results of the evaluation to the related parties.

Investor Protection Fund Fees

Based on our view that Investors Protection Fund (IPF) assets have sufficient for protection coverage, we proposed the CMB that the IPF fees should not be collected from the members.

Our Association's proposals were discussed in the CMB meeting held on 14 January 2010. During the meeting, the Board decided that the rates would be applied with a 75% reduction until the CMB's further decision. The decision led to a considerable reduction in the IPF payments of the intermediary institutions.

Bonds and Bills Market Trading and Registration Fees

With the new tariff on the ISE Bonds and Bills Market trading and registration fees, which became effective from the beginning of 2010, fees for overnight repo transactions were reduced. However, despite reductions, due to the change in the calculation method of fees, higher transaction costs were observed in:

- Overnight repo and reverse repo transactions whose value-date is Friday and,
- Repo transactions with maturities longer than 7 days.

Therefore, with the aim of reducing transaction costs, we submitted opinions and requests regarding a reconsideration of the fee structure to the ISE.

Primary Market Transactions

The ISE developed a new transaction and settlement method regarding initial public offerings carried out in the Primary Market and sent the proposed regulation to our Association for consultation. The joint views of the sector and suggestions of our members were sent to the ISE.

Reduction of Price Increments

The decision that existing price increments would be reduced by 50% was announced by the ISE on 12 March 2010. The views of our members, evaluating advantages and disadvantages, were forwarded to the ISE.

With the decision of the ISE, the narrowing of price increments in the Stock Market started gradually on 1 November 2010. In the first stage, price increments exceeding 1 kuru were reduced by 50%, starting from 1 November 2010. In the second stage, minimum price increments will be downsized by 50% to 0.5 kuru instead of 1 kuru. The starting date for the second stage will be announced by the ISE following the completion of technical work and tests.

Order Cancellation

A study was conducted by the ISE regarding the cancellation of orders which had been entered into the system and charging fee for order cancellation.

The views gathered from our members on the new rule were notified to the ISE.

In its decision dated 16 July 2010, the ISE agreed on allowing order cancellation and the decision was submitted to the approval of the CMB. In accordance with the approval granted by the CMB, the implementation started from 8 October 2010.

Concealing Trading Parties

The CMB requested our Association's views on the subject of concealing trading parties after transactions. In response to the request, our members' opinions on the planned arrangement were gathered through a questionnaire. The opinions of 54 members, which accounted for 76% of the trading volume in 2009, were evaluated and conveyed to the CMB and ISE, along with our assessments.

With the decision of the ISE Board of Directors, the practice of concealing trading parties after transactions started on 8 October 2010.

Rights Coupons in Margin Trading

Our Association submitted a proposal to the CMB for a regulation to enable the purchase of pre-emptive right coupons on margin and considering pre-emptive right coupons as investors' own funds.

The submission was assessed by the CMB and our Association was informed that the issue would be considered during the amendment of the relevant Communiqué.

Concerns Regarding Warrant Transactions

Our members' applications to the Association showed that there were a number of concerns regarding warrant transactions. In order to ease such concerns of our members, the CMB's views were requested regarding:

- Whether documentation and record keeping system shall be subject to the "Communiqué on Principles Regarding Record Keeping and Documentation in Intermediary Activities," Serial V, Nr. 6 or "Communiqué on the Documents to be Prepared by Intermediary Institutions and Recording Requirements for the Intermediation of Derivative Instruments Trading," Serial V, Nr. 51,
- Whether the provisions set forth in article 9 of "Communiqué on Margin Trading, Short Sales and Lending and Borrowing of Securities," Serial V, Nr. 65 regarding collateralization shall be applied to warrants, and whether warrants shall be added to the client's net assets when calculating collateral,
- The licenses, which the personnel of intermediary institutions trading warrants are required to hold,
- Whether or not those investors intending to trade warrants are required to sign an instrument-specific agreement.

Accounting of Warrants

Due to the lack of a particular regulation on the accounting of warrants, our request for a regulation to ensure unity among members was sent to the CMB. In its Communiqué on 16 January 2010, the CMB added new accounts for warrants to the chart of accounts for intermediary institutions.

Accounting of Investment Funds

In order to ensure unity among intermediary institutions, our views regarding the accounting of investment funds was sent to the CMB. The CMB declared the account numbers that would be used for the accounting of transactions regarding investment funds.

Refusal of Customer Orders

The amendment to the ISE Regulation introduced the obligation for members of the stock exchange to notify the reasons of refusal immediately to the customer in the event of partial or full refusal of customer orders. However, the "Regulation Pertaining to the Foundation of Stock Exchanges and Their Principles of Operation", which can be considered a more comprehensive regulation than the ISE Regulation, does not stipulate any obligation to state reasons in refusal of customer orders. In order to prevent any confusion that may arise due to the existence of two different regulations, the status was notified to the CMB.

Margin Trading in Initial Public Offerings

Capital market instruments to be subject to margin trading and short sales are announced by the ISE, taking into account market capitalization, liquidity, the number of shares in circulation, transaction frequency and similar criteria.

According to the ISE's list, all equities and ETFs traded in ISE markets (except the Watch List Market) are subject to margin trading and short sales.

However, given that initial public offerings are not included in the ISE list, such securities cannot be subject to these transactions. As an incentive for public offerings, our proposal to change the aforementioned list so as to let investors use credit in initial public offerings was notified to the ISE.

Liquidation of Bank Loans in case of Trading Bans

The CMB resolution, which establishes the principles regarding the trading bans, was revised on 25 June 2010. In the revision, the method regarding the liquidation of margin loans of persons banned from trading was defined in detail.

The views of the CMB was sought in order to alleviate the concerns of our members regarding the forced liquidation of margin loans of persons banned from trading, who borrowed from the banks.

At the CMB meeting on 17 February 2011, it was decided that banks would be subject to the same provisions as brokerage firms.

Administrative Fines

The fact that capital market regulations and the regulations established by the Association overlap in certain cases, raises the problem of regulatory intertwining and creates concerns on the authority to investigate breach of the rules and regulations. In order to solve the problem, the report prepared by our Association was sent to the CMB, and establishment of a working group has been proposed for the purpose of clarification of jurisdiction.

State Supervisory Council's Report on Professional Organizations

The CMB requested detailed proposals from our Association for drafting the report on "Organizational and Fiscal Structure of Public Professional Organizations, Inspections, Evaluation of Principles Regarding Election of Organs, and Necessary Measures for Efficient and Productive Functioning and Improving of the Organs" prepared by the State Supervisory Council.

In the proposal our Association submitted to the CMB, we expressed that our Association, as a Public Professional Organization, was subject to the supervision of the CMB in line with the Constitution, but added that the provisions set forth in the Capital Market Law did not meet the mandate of the Constitution.

Furthermore, it was stated that most of the provisions in the Statute of the Association were in conformity with our legal system, which adopted the principal of the integral unity of the administration, but that some provisions should be rearranged. It was also underlined that our submissions were related to basic principles, and that the current situation did not cause any difficulties in practice.

A meeting with CMB officers was held with the intent of comprehensively assessing the issues explained in our submission, and it was agreed that amending the regulation in line with the Association's submission would get underway.

Restitution of Divested Rights

Persons who will work in areas subject to licensing should not have been convicted of certain offenses. The CMB's view was sought regarding the status of persons who have received the decision of restitution of divested rights from judicial authorities, despite having been convicted of offenses. The CMB stated that with the decision of restitution of divested rights, persons are entitled to reclaim their licensing rights, provided that all other requirements are met.

Address Registration System by Intermediary Institutions

The submission which recommended that intermediary institutions should be permitted to use the National Address Registration System to confirm customers' addresses was sent to the Ministry of the Interior.

Reporting Periods of Capital Adequacy Statements

In line with decision of the CMB on 15 October 2008, capital adequacy statements of brokerage firms are required to be reported to the Board within two working days following the 7th, 15th, 23rd and 30th days of each month.

Considering the asset structure and strong capital base of brokerage firms, as well as the moderation of the impacts of the global financial crisis, we submitted our views on the reporting periods of capital adequacy statements to the CMB.

Documentation and Recording of Transactions

Within the scope of updating the study conducted by the CMB regarding "The Communiqué on Documentation and Record Keeping at Intermediaries", our sector's opinions and suggestions regarding the problems associated with the application of the Communiqué were submitted to the CMB.

Our views and suggestions in relation to the process of receiving orders, the realization of trade, ending transactions and the accounting of the transactions during intermediation activities were formed so as to reduce the number of documents to be filed and delivered to the customer. In this context, it was stated that it would be more beneficial to adopt an approach in regulations so that intermediary institutions would be requested to keep some of the records in electronic media, such that they would become available upon request by the related parties and/or customers themselves.

Taxation of Capital Market Instruments

In relation to the decision taken by the Constitutional Court on 8 January 2010, our views and suggestions regarding the Income Tax Law were communicated to the Ministry of Finance.

- Our recommendations, which we submitted to the Ministry of Finance, were as follows:
- Providing uniformity in the taxation of individual and corporate taxpayers,
- Preserving the withholding rate of 0% on earnings from the purchase and sale of stocks,
- The application of a 0% withholding tax rate on earnings from the mutual funds and the investment funds, whose portfolios are composed of at least 51% equities,
- The convergence of taxation practices in spot markets with derivatives and options markets.

Following our suggestions, the Income Tax Law was amended. With the amendment, the non-uniform withholding taxes based on the classification of domestic and foreign investors were terminated.

Within this framework, the following institutions became subject to 0% withholding tax rate on earnings:

- Joint stock companies, limited liability companies and other partnerships whose capital is divided into shares and foreign companies of a similar character,
- Funds regulated and supervised by the CMB,
- The taxpayers, who act similar to the mutual funds and investment trusts established according the Capital Markets Law, and approved as such by the Ministry of Finance.

In addition, a Cabinet Decision was reached on 30 September 2010, decreeing that persons other than those mentioned above are subject to the same withholding tax rate regarding the same revenue types.

Taxation of Income from Warrants

Our view on the need for an announcement by the Revenue Administration Commission was communicated to the Commission with the aim of clarification and elimination of uncertainties set out below, regarding the taxation of income generated from warrants.

Taxation of warrants as securities or as "other capital market instruments",

Withholding tax rates according to taxpayer groups,

Classification in terms of the tax base and loss deduction category.

Warrants started to be traded on the ISE at the beginning of August 2010. With the Cabinet Decision dated 30 September 2010, the withholding tax rate on warrants traded on the ISE, based on stocks and stock indices, were determined as 0%.

In addition, according to the Communiqué dated 25 December 2010, which was reviewed by the Revenue Administration Commission, it was clarified that warrants on stocks and stock indices, would be classified as Variable Return Securities.

Taxation Problems in Our Sector

Nevzat Öztangut, the Chairman of our Association, and İlkey Arıkan, the Secretary General of our Association visited Mr. Mehmet Şimşek, the Minister of Finance on 15 June 2010 at his office.

In our meeting with Mr. Mehmet Şimşek, we expressed our suggestions and solutions regarding taxation problems. We believe that ironing out such problems could enhance the competitive strength of the Turkish capital markets and intermediary sector in the international area.

- Despite the stamp duty exemption on margin contracts signed by banks, brokerage firms are subject to such taxation at a rate of 0.825%,
- The Banking and Insurance Transactions Tax (BITT) imposed on arbitrage trades. We suggested to extend the concept of arbitrage to cover all money and capital market instruments,
- The Banking and Insurance Transactions Tax (BITT) imposed on derivative transactions. We suggested the extension of the exemption to cover all derivative transactions,
- The withholding tax rate of 10% imposed on earnings of Investment Trusts, Exchange Traded Funds (ETFs) and Mutual Funds where a majority of the portfolio is composed of stocks. Our suggestion was that the withholding tax rate should be 0% on securities classified in the same risk group,
- The delays in returning bank guarantees of brokerage firms deposited at the Securities Settlement Fund,
- The payment of separate annual fees by brokerage firms for each operating license they hold.

Views on Capital Markets Legislation

Our Association's opinions and suggestions on the capital markets and relevant legislation, taking into account the comments received from our members, are continuously being determined and efforts are being undertaken to shape the regulations before they become effective.

Highlights of such activities in 2010 are as follows:

- The draft Communiqué on the Principles of Selling Methods regarding the Public Offerings of Capital Market Instruments,
- The draft Communiqué on the Principles of Shares' Registration with the Board and their Sale,
- Drafts of "Format Prospectuses for Share Issues", "Guide for Preparing Prospectuses for Shares Issuance", "Public Offerings Circulars" and "Circulars on Buying New Shares,"
- The draft Communiqué on the Principles of Pricing by Intermediary Institutions,
- The draft Communiqué on the Amendment of Communiqué on Principles of Transmission of Information, Document and Explanations to the Platform for Public Disclosure,
- Draft Communiqué on Communiqué Amending the Guideline on Investment Funds,
- Draft Communiqué on Communiqué Amending the Principles of Portfolio Management Activities and Institutions.

**WE HAVE DIVERSIFIED OUR PUBLICATIONS
AND STARTED TO PUBLISH NEW REPORTS IN
ENGLISH, IN LINE WITH OUR INTENSIFYING
INTERNATIONAL ACTIVITIES.**

RESEARCH AND PUBLICATIONS

Our research and publications continued during 2010 with publications both in English and in Turkish. All of our publications can be accessed in the "Publication and Reports" section of our website. The data compiled and published by our Association is under the Data Bank menu.

The Turkish Capital Markets in 2009

The 2009 issue of our extensive report, entitled the Turkish Capital Markets, was released in May 2010. The report has been published regularly since 2002 and attracted considerable interest throughout the sector.

As well as a wrap up of macroeconomic developments, the report also reviewed the share of capital markets in the financial system, the size and activities of the intermediary institutions, organizational and human resources and financial statements, along with investor profile in the Turkish capital markets. Additionally, the report dealt with the developments in the investor sentiment in capital markets.

The Turkish Capital Market report series has been keenly followed up with interest and used as a reference by various parties such as capital market institutions, market professionals, academics, publicly listed companies and consultancy firms.

Monthly Agenda in Capital Markets

Our monthly publication, Agenda in Capital Markets, reviews the activities of our Association and developments in the sector as well as relevant topics. The 100th issue of the periodical, which has been published continuously since September 2002, was published in December 2010.

Our review topics in 2010 focused mainly on developments in foreign capital markets. In addition to our reports which introduced the capital markets of various countries and products, our studies included those institutions operating in various fields of the capital markets. Our articles included private pension schemes, index companies, commodity and foreign currency markets, and also the steps taken by the international institutions after the crisis.

In addition, quarterly analyses of the financial and operational data of intermediary institutions were shared with the general public in our monthly bulletins. These studies aim to provide comprehensive data on brokerage industry and fulfil the needs of those seeking information on the sector.

The Structure of the Turkish Capital Markets 2010

Our report entitled "The Structure of the Turkish Capital Markets 2010", which focused on the structure of our capital markets and current regulations, was published in English in April 2010. Our report was delivered to our members, capital market institutions as well as relevant foreign institutions.

Brokerage Industry Review

Our report entitled "The Brokerage Industry in 2009 – An Annual Review", which aimed to analyse the performance of the capital markets and the brokerage industry, was published in English in May 2010.

Likewise, our report entitled "The Brokerage Industry in 2010 – A Semi-Annual Review", which elaborated developments in the sector during the first half of 2010, was published in September 2010.

The report was first published in 2008 and delivered to the related institutions abroad as well as institutions in the domestic market. The reports provide a detailed review of activities and financial structure of intermediary institutions.

The Turkish Economy and Capital Markets

Our report entitled "Turkish Economy and Capital Markets" was published in English in September 2010. The report provided an analysis of the recent developments in the Turkish Economy and in the capital markets.

The report focused on the developments of the last five years while the fundamental indicators were provided for the last decade.

The report was sent to our members, universities, capital market institutions, related institutions abroad and was referenced in several international publications.

Other Publications in English

Our brief reports, which were originally published in English in 2009 to introduce the Turkish capital markets in international platforms, were revised in 2010 to become more presentable and concise. Our brief notes were renewed in August 2010 and a new subject was added to the list.

- The note on "Licensing of Market Professionals in Turkey" provides information on the licensing of market professionals in Turkey and on foreign certificates accepted in the Turkish system.
- The note on "Short Selling of Securities in Turkey" summarises the guidelines of short selling and securities lending in Turkey.
- The note on "Handling Investment Complaints in Turkey" explains dispute resolution methods for investors in Turkey.
- The note on "Licensing Brokerage Firms in Turkey", first published in 2010, outlines the scope of activities of intermediary institutions, their operational licenses and their capital requirements.

Industry Data Bank

In 2010, compiling quarterly operational data and financial statements from brokerage firms continued. Data was published in periodic reports and on the Data Bank section of our website.

The Data Bank section of our website, which is an important source of information for the sector, includes capital market summary information, consolidated financial statements and operational data of brokerage firms, comparative data on brokerage firms and investor profile as well as summary information on each brokerage firm.

Data published by our Association serves as a valuable source of information for people conducting research on the Turkish capital markets as well as for media and is used as reference in various publications.

In addition, detailed data are collected on behalf of the Central Bank of the Republic of Turkey. Our Association transfers the data to the Central Bank on a quarterly basis about the brokerage firms.

Similarly, our Association periodically sends a set of data on brokerage firms to the Turkish Statistical Institute.

INTERNATIONAL RELATIONS

Our Association closely followed international developments and maintained close relations with foreign institutions during 2010. Our Association became a member of a new international platform during the year.

In May 2010, our Association hosted the 23rd Annual General Meeting of the International Council of Securities Associations, of which our Association is a member. We are proud to host such distinguished events in our country.

Asia Forum for Investor Education (AFIE)

Our Association participated in the Asia Forum for Investor Education (AFIE), which was established as a regional subcommittee of the International Forum for Investor Education (IFIE), in 2010 as a founding member.

The AFIE held its first Annual General Meeting on 3-4 February 2010 in South Korea jointly hosted by the Korea Financial Investment Association (KOFIA) and the Korea Council of Investor Education (KCIE). Nevzat Öztangut, the Chairman of the Association, was elected to the Forum's Board of Directors. During the Meeting, Alparslan Budak, the Assistant Secretary General of our Association, made a presentation outlining the investor profile in Turkey and informed the attendants on the Turkish Capital Markets.

While attending the meeting held in South Korea, representatives of our Association had the opportunity to visit Korean intermediary institutions and exchange views on methods of cooperation. Those institutions with offices in central financial hubs, such as London and New York, as well as Hong Kong, China and Taiwan, expressed close interest in the Turkish capital markets. The interviews provided a valuable opportunity for the institutions to learn the Korean capital markets, while also offering the Korean partners a chance to gain insight into the Turkish capital markets.

Asia Securities Forum (ASF)

The 15th Annual General Meeting of the Asia Securities Forum (ASF), which provided its members with a platform for discussion on the developments in Asian financial markets, convened through 27-30 September 2010 in Beijing, where our Association was represented by Chairman Nevzat Öztangut and Alparslan Budak, the Assistant Secretary General.

Within the scope of the General Assembly, a detailed report introducing our country's capital markets was prepared and presented to ASF members. At the Forum, Chairman Nevzat Öztangut gave a speech describing the developments in Turkish capital markets. Later, Alparslan Budak, the Assistant Secretary General, made a presentation on the regulatory changes in Europe.

Federation of Euro-Asian Stock Exchanges (FEAS)

The 16th Annual General Meeting of the Federation of Euro-Asian Stock Exchanges (FEAS) was held in Istanbul on 6-8 December 2010. During the Meeting, discussions took place on the activities of the 8 working committees formed to conduct studies on topics such as regulations in international capital markets, corporate governance and technology infrastructure.

In addition, our Association was elected to chair the Dealers' Associations Task Force.

International Council of Securities Associations (ICSA)

Our Association was represented in the 2010 mid-year meeting of the International Council of Securities Associations (ICSA), held on 15 January in London.

The 23rd Annual General Meeting of ICSA convened on 9-13 May 2010 in Istanbul, hosted by our Association. 60 participants from 26 different countries attended the meeting.

During the meetings, detailed discussions took place on the post-crisis reform attempts in the global financial sector with the participation of Turkish and foreign speakers. As part of the same event, an international conference was organized on 11 May 2010.

Additionally, our Association once again took part in two of the four standing committees, entitled "Protection of Investors and Market Intermediaries" and "Regulatory Affairs", within ICSA. Meanwhile, the Association continued to contribute to international platforms by taking part in the "Market Professionals Working Group", one of the two working groups of ICSA.

International Organization of Securities Commissions (IOSCO)

The 2010 mid-year meeting of the Self-Regulatory Organizations Consultative Committee (SROCC) of the International Organization of Securities Commissions (IOSCO) was organized on 14 January 2010 in London. During the meeting, our Association was represented by İlkay Arıkan, Secretary General and Alparslan Budak, Assistant Secretary General.

Second mid-year meeting of the SROCC convened on 30 November - 2 December in Rio de Janeiro. At the meeting where more than 90 participants from 35 countries attended, Alparslan Budak, Assistant Secretary General, made two presentations on disclosure requirements in Turkey and activities of the Association in regulation, supervision and enforcement.

International Forum for Investor Education (IFIE)

The Association attended the meeting entitled "IOSCO/IFIE Investor Education Conference and Meetings" organized on 8-9 November 2010 in Egypt by the IOSCO (International Organization of Securities Commissions) and the IFIE (International Forum for Investors Education). The Association was represented in the meetings by Nevzat Öztangut, the Chairman of the Association, Yener Yıldırım, the Assistant Secretary General and Dr. Gökhan Büyüksengür, Director of Licensing and Record Keeping Department.

Other International Activities

On 8 December 2010, the Securities and Exchange Brokers Association of Iran (SEBA) visited our Association. During the meeting held with the Chairman, Vice Chairman and Secretary General of SEBA, recent developments in the Turkish brokerage industry and capital markets were discussed.

Likewise, a presentation on Turkish capital markets and the intermediation sector was made to a group of 9 representatives from the stock exchanges of Muscat and Oman who visited our Association on 14 December 2010 as part of the training course offered by FEAS.

MEMBERSHIPS

DOMESTIC MEMBERSHIPS

Foreign Economic Relations Board (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, with "founding member" status to represent our sector more effectively on international platforms.

Economic Development Foundation (IKV)

Economic Development Foundation (IKV) had been founded in 1965 to inform the business world and the general public on the European Union (EU) and Turkey-EU relations. Our Association joined the Foundation, which contributes to our country's economic and social development, in 2003 as an affiliate member.

INTERNATIONAL MEMBERSHIPS

AFIE

The Asia Forum for Investor Education (AFIE) was established as a regional subcommittee of the International Forum for Investor Education (IFIE) in 2010. Intending to develop investor education in the securities markets and to form a platform for sharing information and experience among its members in the Asia-Pacific region, our Association participated in the Forum as a founding member.

ASF

The Asia Securities Forum (ASF) was founded in 1995 with the aim of improving the securities market, to contribute to economic development and to promote the 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 ISE, is an institution with which exchanges, settlement and custody institutions affiliate. The aim of FEAS is to promote cooperation between members, provide a more effective and transparent market environment and represent FEAS members in the related organizations. Our Association became member of the Federation in September 2009, with the status of "affiliate member."

ICSA

The International Council of Securities Associations (ICSA) is an organisation representing intermediary institution associations. The aim of the Council, which was founded in 1988, is to contribute to the development of the markets by maintaining cooperation between associations. Our Association has been a member of the Council since 2006.

IFIE

The aim of International Forum for Investor Education (IFIE), which was set up as an independent organization in 2005, is to enhance investor education on a global level and to support investors in taking well-informed decisions. Our Association joined the Forum, where self-regulatory, regulatory and various non-profit organizations are represented, in September 2009.

IOSCO

The International Organization of Securities Commissions (IOSCO) was founded in 1983 by regulatory authorities in the capital markets to set global standards. Our Association joined the organization in 2003 as affiliate member.

SUPPORTED ACTIVITIES

A protocol of coordination was signed between our Association, ISE, CMB and the Union of Turkish Chambers and Exchanges (TOBB) on 7 August 2008 to assist companies realise the advantages offered by the capital markets.

Istanbul Public Offering Campaign

In cooperation with the CMB, the ISE and TOBB, our Association attended the "Istanbul Public Offering Campaign Summit" at the Haliç Congress Centre on 6-7 May 2010.

Nevzat Öztangut, Chairman of TSPAKB, Vedat Akgiray, Chairman of the CMB, Hüseyin Erkan, Chairman of the ISE and Rifat Hisarcıklıoğlu, Chairman of TOBB gave the opening speeches of the summit, which aimed to attract publicity on public offerings, through panels, workshops and bilateral meetings. Our booth, which exhibited the reports of our Association, was visited by the participants of the summit.

Bursa Public Offering Summit

The second summit of the Public Offering Campaign was organized in Bursa on 22-24 November 2010 in cooperation with the CMB, ISE, TOBB and our Association. The opening speeches were given by the Minister for Trade and Industry, Nihat Ergün, along with Vedat Akgiray, the Chairman of the CMB, Hüseyin Erkan, the Chairman of ISE, Nevzat Öztangut, the Chairman of TSPAKB, İlhan Parseker, Board Member of TOBB and Chairman of BTSO Assembly, Celal Sönmez, Chairman of BTSO and Selman Yenigün, Deputy Governor of Bursa. Our booth, which exhibited our Association's reports and publications, offered information to participants throughout the summit.

Family Corporations Congress

The Family Corporations Congress was organized in cooperation with Bosphorus Conferences and MD Management & Strategy Consultancy, with the sponsorship of our Association, at the Istanbul Swissôtel on 16-17 June 2010.

Panel on Efficiency of Intermediation in Public Offerings

The Faculty of Economics and Administrative Sciences at Yıldız Technical University organized a panel entitled "The Efficiency of Intermediation in Public Offerings" on 19 October 2010 aimed to bring together different stakeholders who play a role in the public offering process. The panel, moderated by Nevzat Öztangut, Chairman of our Association, was attended by the following speakers: Zafer Onat, Member of our Board of Auditors, Atilla Köksal, former Member of our Board of Directors and Dr. Berra Kılıç, Member of our Discipline Committee.

Panel on the Role of Authorities in Public Offerings

The Faculty of Economics and Administrative Sciences at Yıldız Technical University organized a panel entitled "The Role of Authorities in Public Offerings" on 17 December 2010. Vedat Akgiray, Chairman of the CMB, Hüseyin Erkan, Chairman of the ISE, Emin Çatana, General Manager of Takasbank, Yakup Ergincan, General Manager of the CRA and Nevzat Öztangut, the Chairman of our Association all gave speeches on the panel.

RELATIONS WITH UNIVERSITIES

As in previous years, our Association attended seminars and meetings on various topics upon invitations from universities in 2010. In addition, students on the Executive MBA program of EDHEC Business School in France, visited our Association. During the presentations to students, detailed information was provided about the Turkish capital markets, our Association's activities and licensing of market professionals.

University Career Days

Upon invitations from universities, our Association attended career days in March, April and May. On behalf of our Association, Dr. Gökhan Büyüksengür, Director of Licensing and Record Keeping, Doruk Karşı, Assistant Manager and Tuğba Oğan, Assistant Manager, attended the career days of Doğuş University, Istanbul Kültür University, Selçuk University, Kandıra Vocational School, Marmara University, Kadir Has University, Kocaeli University and Balıkesir University. During the presentations to the students, information was provided on licensing examinations and career opportunities in the capital markets.

Visit of the EDHEC Business School

The students of the Executive MBA program at the EDHEC Business School in France visited our Association in June. Alparslan Budak, the Assistant Secretary General, made a presentation to a group of 73 professionals working in different sectors such as finance, telecommunications and energy, introducing the capital markets and the brokerage industry.

Gazi University

Upon an invitation from the Faculty of Economics and Administrative Sciences at Gazi University, Dr. Gökhan Büyüksengür, the Director of Licensing and Record Keeping Department, gave a speech on "Licensing Examinations in the Turkish Capital Market and Employment Opportunities" on 19 October 2010.

The seminar was attended by the students from the departments of Labour Economics, Economics, Management and Econometrics, and the seminar provided information on the Turkish capital market, requirements in licensing examinations, capital market institutions and career opportunities.

MEDIA RELATIONS

Our Association publicises its views on the problems and developments of the capital markets through press releases and interviews. Press releases are also issued about our periodical and non-periodical publications, activities, reports, seminars and meetings.

A press archive is kept physically and electronically. In 2010, 26 press releases and 5 press notes were issued about publications, activities and developments in the capital markets. In addition, various interviews were given by our Chairman to news agencies, television channels and newspapers.

Press releases of our Association can be accessed through our website under the Press Room menu.

TRAINING

Licensing Exam Training Programs

Our Association organises training programs for the licensing examinations. The programs improve professional competence, knowledge and experience of professionals working as capital market experts, managers, derivatives personnel, real estate appraisers, credit rating specialists and corporate governance rating specialists.

Our Association organised the Real Estate Appraiser Licensing Examination training programs in coordination with the Turkish Appraisers Union (TDUB) before the November examinations.

The content of our module-based courses and course materials are updated by specialists in coordination with relevant capital market institutions, and reflect the most recent laws, regulations and developments. The materials are published on our website free of charge.

A total of 809 people attended the training programs for the exams held in 2010.

License Renewal Programs

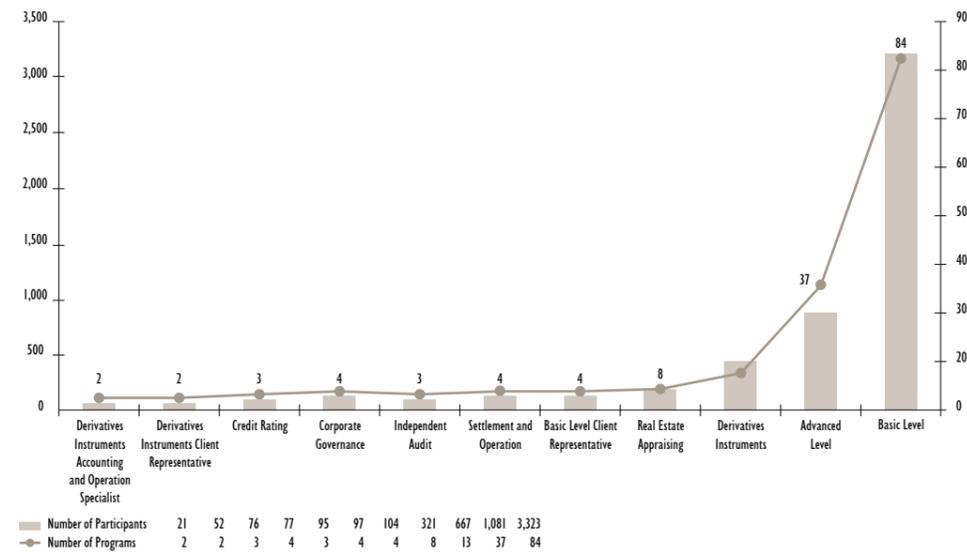
License Renewal programs, which have been organized since January 2006, continued throughout 2010.

License renewal courses have been offered in Ankara, Izmir, Adana, Antalya and Istanbul.

Upon requests from members, firm-specific license renewal programs were also organized, for groups of no less than 30 people.

License renewal courses were offered to a total of 5,914 participants in 2010.

2010 License Renewal Programs



Turkish Derivatives Exchange Courses

In response to requests from our members, the Turkish Derivatives Exchange (TurkDex) Client Representative and TurkDex Application programs were organized in May and September 2010. The TurkDex Client Representative courses last for 6 days, with 5 days allocated to theory and 1 day to simulation programs, while the TurkDex Application course is completed in 1 day.

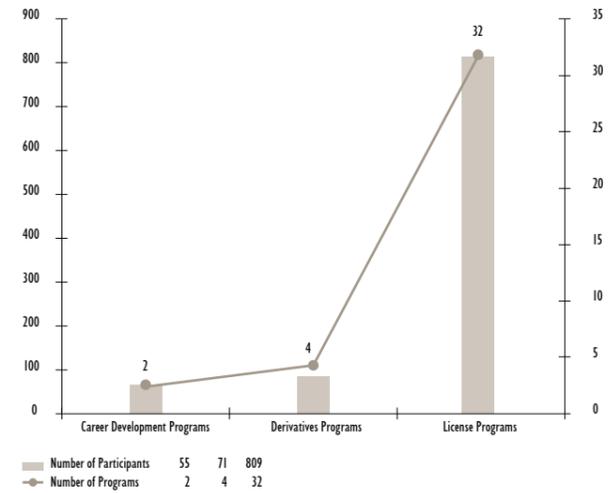
In 2010, 71 participants, working at derivatives related departments, attended the courses.

Professional Development Courses

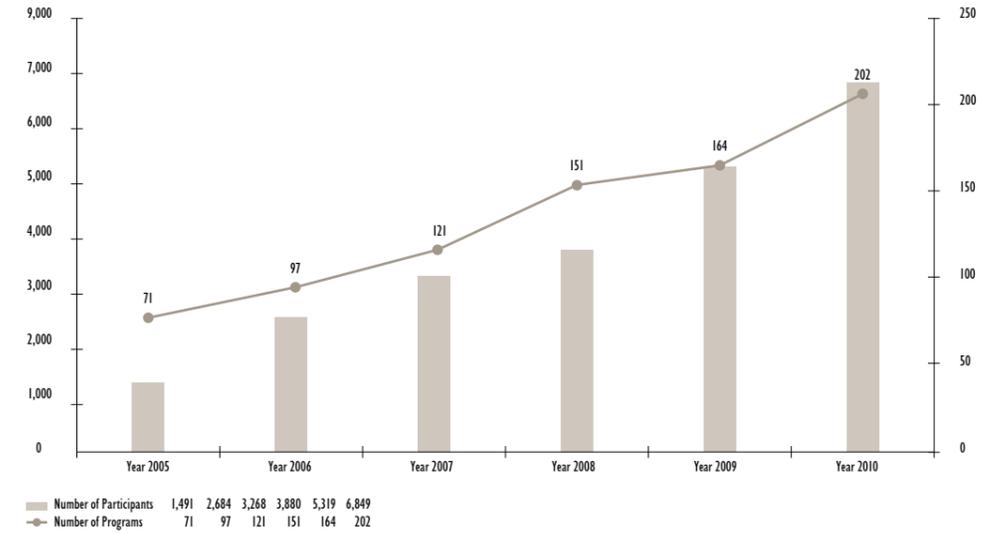
As part of the Professional Development training programs, the course on "Prevention of Money Laundering and Terrorism Financing" was reorganized during 2010.

In 2010, 55 people attended the courses from our members.

2010 Other Training Programs



Training Programs



CV BANK

The CV Bank allows licensed professionals to construct a CV and apply for positions. The system currently contains 803 curricula vitae.

A total of 71 employment announcements regarding 20 different positions from 31 different institutions have been made on the CV Bank system, with around 1,650 applications made to these posts so far.

The largest number of positions advertised were for client representatives for equities (28%), followed by derivatives personnel (9%), inspectors and portfolio managers (8% each).

DISPUTE RESOLUTION

Our Association is authorized to regulate, supervise and enforce the issues designated by legislation or the CMB. In this context, inspections are conducted by our Compliance and Legal Affairs Department upon complaints.

Investor Complaints

Investor complaints related to intermediary institutions are handled within the context of our duty and authority of "assisting in resolution of conflicts between members or between members and customers arising in non-market transactions" and efforts were made to resolve conflicts between our members and investors without resorting to legal action.

INFORMATION INQUIRIES

In 2010 our Association received a total of 122 inquiries for information. The Association provided the requested access to information and documents for 112 inquiries. Partial access to information was granted for three applications. One application was rejected, while six applications were directed to other institutions due to their relevance.

LICENSING AND RECORD KEEPING

Licensing Examinations

Licensing examinations were held on 27-28 March 2010 and 6-7 November 2010. The duty of arranging these two examinations was conferred to our Association by the CMB.

Our Association held the licensing exams in cooperation with the Ministry of National Education. The number of examination cities increased from 6 to 10 during March 2010 exams and to 12 during November 2010 exams. In November 2010, the exams were held in Ankara, Adana, Antalya, Bursa, Diyarbakir, Erzurum, Gaziantep, Istanbul, Kayseri, Konya and Samsun.

Compared to the previous licensing exams in 2010, the number of questions in each module was reduced from 40 to 25 along with the number of answer choices from 5 to 4. For the modules on Settlement and Operations and Derivatives Accounting and Operations, the number of questions was fixed at 20.

Our Association built the electronic infrastructure to receive the applications for the exams on the internet. Hence, the applicants made their applications online and reached the information on exams electronically.

A Call Center was established to help the candidates in all stages of the exams, which was another new service introduced by our Association in 2010. In addition to the Call Center, our Association provided help to candidates via the e-mail.

| Performance of the Applicants on Licensing Exams | | | | | | |
|--|--------------------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
| License Type | SEPTEMBER 2002- SEPTEMBER 2009 | | MARCH 2010 | | NOVEMBER 2010 | |
| | Number of Attendees | Number of Successful Candidates | Number of Attendees | Number of Successful Candidates | Number of Attendees | Number of Successful Candidates |
| Basic Level | 208,638 | 16,987 | 12,377 | 422 | 15,951 | 399 |
| Settlement and Operations | 2,040 | 859 | 41 | 20 | 42 | 13 |
| Advanced Level | 50,335 | 5,712 | 3,093 | 270 | 3,856 | 280 |
| Derivatives | 14,261 | 2,034 | 1,671 | 294 | 1,797 | 251 |
| Derivatives Accounting and Operations | - | - | 79 | 58 | 56 | 28 |
| Real Estate Appraisers | 25,964 | 1,430 | 1,984 | 202 | 2,504 | 264 |
| Credit Rating Specialist | 5,390 | 314 | 367 | 52 | 924 | 103 |
| Corporate Governance Rating Specialist | 1,660 | 456 | 226 | 117 | 233 | 61 |
| Independent Audit | 6,879 | 430 | 2,355 | 276 | 4,028 | 271 |
| Residential Real Estate Specialist | 2,504 | 104 | 233 | 25 | 270 | 27 |
| Total | 317,671 | 28,326 | 22,426 | 1,736 | 29,661 | 1,697 |

License Applications

During 2010, our Association received 4,783 license applications; of those applicants, 3,295 were awarded licenses.

| 2010 License Applications | | | |
|--|--------------------------------|-----------------------------|-------------------------|
| License Type | Number of License Applications | Number of Approved Licenses | Completed Application % |
| Basic Level | 2,083 | 1,329 | 64 |
| Advanced Level | 793 | 544 | 69 |
| Derivatives | 526 | 332 | 42 |
| Real Estate Appraisers | 258 | 205 | 79 |
| Settlement and Operations | 93 | 49 | 53 |
| Credit Rating Specialist | 82 | 61 | 74 |
| Corporate Governance Rating Specialist | 154 | 118 | 77 |
| Independent Audit | 351 | 299 | 85 |
| Residential Real Estate Specialist | 39 | 38 | 97 |
| Basic Level Client Representative | 257 | 208 | 81 |
| Derivatives Accounting and Operations | 40 | 33 | 83 |
| Derivatives Client Representative | 107 | 79 | 74 |
| Total | 4,783 | 3,295 | 69 |

Record Keeping

A total of 3,668 record changes were made by the institutions on the Licensing and Record Keeping System, of which 1,551 were on Employment and 2,117 were on Employment Termination.

License Cancellation

With the CMB decision on 23 September 2010, the suspended licenses of professionals due to violation of regulations, would be reissued from 1 October 2010.

In compliance with this decision, our Association cleared the records of license suspensions from the Licensing and Record Keeping System. Professionals whose licenses were suspended are now able to apply for a license upon attending the license renewal courses organized by our Association.

INFORMATION TECHNOLOGY

A review of the projects of the Information Technology Department in 2010 is given below.

Upgrading of the Document Management System

The Document Management System, which is used to manage the Association's work and document flows, was upgraded to the new version as part of a general renewal of the Association's technology infrastructure.

The new version offers a new technology infrastructure, better performance, a more user-friendly interface, improved management panel and user experience.

Initially, an action plan was drawn to upgrade the infrastructure and a test environment was provided for the new version. The current infrastructure, data and business processes were transferred to the test environment and the application was tested in terms of performance and user operations.

Once the test was completed, users were trained and the new version of the Document Management System became live in October 2010.

Licensing and Record Keeping System

The Licensing and Record Keeping System is the database where the personal information of market professionals is stored.

Studies for the development and improvement of the Licensing and Record Keeping System, its integration with other applications and improvements in its performance started in 2007. System improvement efforts continued in 2010.

The Licensing and Record Keeping System was used 130,444 times in 2010 by 13,285 users, on average 357 times each day. These figures represent an increase of 11% in Licensing and Record Keeping System utilization as compared to 2009.

Training Management System

Automation of the training processes was completed and integrated with the Licensing and Record Keeping System (LRKS) in 2010. According to this scheme, renewal training programs are defined on the LRKS, while applications of those who need training were received through the system, which also monitors payments and participation.

In 2009, a new software development project was initiated to restructure the training automation such that it would include all programs offered by the Association. Sub-processes such as payment, organization and evaluation become independent but integrated applications.

In line with the project plan, the software development and trial period were completed in the first half of 2010, with the system becoming live in July 2010.

After the system became live, a total of 101 training sessions were offered receiving a total of 3,259 applications.

The Association's Portal and Website

Our website includes various sources of information and data such as our activities, training programs and materials, information and guidelines on licensing, publications and reports, industry news, announcements, working group reports, regulations, panels and seminars, Public Disclosure Forms as well as applications developed by our Association such as Member Data Bank and Member Disclosure systems.

During 2010, our website received an average of 2,272 visitors each day, with an average of 17,811 pages viewed. Each visitor viewed an average of 8 pages.

Other Activities

A security audit was done by the Capital Markets Board, on our Association's information systems between 15-17 March 2010, as a follow-up of the audit performed previously in 2007. Following the CMB inspection, a security audit was run on our internet and intranet systems by a professional security audit company. The work started in December 2010 and completed in February 2011.

INVESTMENTS

Our Association participates in capital market institutions and takes place in their management.

Turkish Derivatives Exchange

Our Association holds a 6% share in the Turkish Derivatives Exchange Inc. (TurkDex), where futures, options and all types of derivative instruments are traded.

The company holds TL 9,000,000 capital, of which TL 540,000 belongs to our Association. The Association continued to be represented by two members in the Board of Directors in 2010.

Central Registry Agency

Our Association holds a 5% stake in the Central Registry Agency Inc., which is authorized to keep the records of capital market instruments and all rights related to such instruments, as well as being responsible for managing and representing the Investors Protection Fund.

The company holds TL 6,000,000 capital, of which TL 300,000 belongs to our Association. The Association continued to be represented by one member in the Board of Directors in 2010.

Emerging Information Technologies

Emerging Enterprises Market Inc. was founded in 2005 with the aim of providing, operating, and developing a platform to trade capital market instruments of the small and medium sized enterprises.

In relation to a decision taken in 2010, the Company's title, scope of activities and capital were changed. The title of the Company was changed to Emerging Information Technologies Inc. (GEBIT), the scope of its activities was also changed to "drafting strategies related to the use of information technology, as well as planning and implementing them". The capital of the Company, which was originally TL 10,000,000 was reduced to TL 50,000.

Our Association holds a 5.05% share in Emerging Information Technologies Inc. The Association continued to be represented by one member in the Company's Board of Directors in 2010.

AUDITORS' REPORT

TO THE GENERAL ASSEMBLY OF THE ASSOCIATION OF CAPITAL MARKET
INTERMEDIARY INSTITUTIONS OF TURKEY

AUDITORS' REPORT

10 MARCH 2011

The Association's accounts and transactions have been audited on a monthly basis in accordance with article 20 of the Statute of the Association of Capital Market Intermediary Institutions of Turkey.

The records of the Association of Capital Market Intermediary Institutions of Turkey were observed to have been kept in accordance with the relevant regulations and accounting principles, and accurately reflects the financial position of the Association.

We hereby place the balance sheet, income statement and final account position as well as the Auditors' Report for the year ended 31 December 2010 for your consideration to be approved, and hereby recommend the Board of Directors be released from its liabilities.

BOARD OF AUDITORS

Zafer ONAT
AUDITOR



Bülent ALTINEL
AUDITOR



Selim ÜNVER
AUDITOR



OUR ASSOCIATION, THAT BECAME OPERATIONAL IN APRIL 2001, IS CELEBRATING ITS 10TH ANNIVERSARY. DURING THIS PERIOD TSPAKB HAS ALWAYS BEEN PURSUING ITS VISION TO HOLD AN IMPORTANT ROLE IN THE TURKISH ECONOMY, WITH THE SUPPORT OF ITS VALUABLE MEMBERS AND CAPITAL MARKET INSTITUTIONS.



**OUR ASSOCIATION DERIVES ITS
STRENGTH FROM OUR DISTINGUISHED
MEMBERS. WE BELIEVE THAT THE
DEVELOPMENT OF THIS INDUSTRY IS
OUR COLLECTIVE RESPONSIBILITY, AND
OUR ACHIEVEMENTS ARE A SHARED
SUCCESS.**

FINANCIAL STATEMENTS

BALANCE SHEET (TL)

| | 31.12.2010 | 31.12.2009 |
|---|------------|------------|
| Assets | | |
| Current Assets | 3,827,502 | 2,760,290 |
| Cash and Cash Equivalents | 3,248,371 | 2,230,473 |
| Securities | 0 | 0 |
| Trade Receivables | 264,657 | 233,994 |
| Other Receivables | 0 | 9,550 |
| Prepaid Expenses and Income Accruals | 313,398 | 254,100 |
| Other Current Assets | 1,077 | 32,174 |
| Long Term Assets | 854,983 | 1,098,318 |
| Financial Assets | 842,525 | 1,090,000 |
| Tangible Assets | 3,446,766 | 3,418,570 |
| Intangible Assets | 205,757 | 189,071 |
| Accumulated Depreciation (-) | 3,644,786 | 3,604,153 |
| Other Long Term Assets | 4,722 | 4,830 |
| Total Assets | 4,682,486 | 3,858,608 |
| Liabilities | | |
| Current Liabilities | 1,097,643 | 610,824 |
| Trade Payables | 33,871 | 25,335 |
| Other Payables | 103,633 | 3,737 |
| Advances Received | 199,401 | 157,131 |
| Taxes Payable and Other Obligations | 290,656 | 87,027 |
| Revenue and Expense Accruals | 470,082 | 337,594 |
| Long Term Liabilities | 405,383 | 323,704 |
| Provisions For Liabilities and Expenses | 405,383 | 323,704 |
| Shareholders' Equity | 3,179,460 | 2,924,080 |
| Funds | 847,525 | 1,095,000 |
| Current Year Profit/Loss | 2,331,934 | 1,829,080 |
| Total Liabilities | 4,682,486 | 3,858,608 |

INCOME STATEMENT (TL)

| | 31.12.2010 | 31.12.2009 | % CHANGE |
|---|------------|------------|----------|
| Revenues | | | |
| Admission Fees | 30,000 | 0 | 0% |
| Expense Contributions | 1,597,846 | 1,558,653 | 3% |
| Annual Fees | 513,639 | 497,147 | 3% |
| Overdue Interest | 1,876 | 14,060 | -87% |
| Income Surplus Transferred | 1,829,080 | 1,641,356 | 11% |
| Donations | 0 | 0 | 0% |
| Revenues From Publications | 0 | 0 | 0% |
| Revenues From Training Courses and Seminars | 915,725 | 700,573 | 31% |
| Miscellaneous Revenues | 7,624,322 | 1,329,450 | 473% |
| Total Revenues | 12,512,488 | 5,741,240 | 118% |
| Expenses | | | |
| Personnel | 2,995,880 | 2,601,782 | 15% |
| Consultancy | 67,561 | 55,071 | 23% |
| Rent and Office | 270,227 | 298,937 | -10% |
| Public Relations and Meetings | 863,616 | 169,635 | 409% |
| Research and Publication | 127,047 | 102,052 | 24% |
| Information Technology | 378,482 | 200,189 | 89% |
| Training Courses and Seminars | 298,230 | 255,614 | 17% |
| Travel and Accommodation | 117,516 | 93,366 | 26% |
| Fixed Assets and Fixture Purchases | 7,226 | 7,179 | 1% |
| Subsidiaries | 0 | 0 | 0% |
| Miscellaneous Expenses | 4,752,285 | 128,335 | 3,603% |
| Total Expenses | 9,878,070 | 3,912,160 | 152% |
| Pre Tax Income | 2,634,418 | 1,829,080 | 44% |
| Taxes and Other Legal Allowances | -302,484 | 0 | - |
| Net Income | 2,331,934 | 1,829,080 | 28% |

