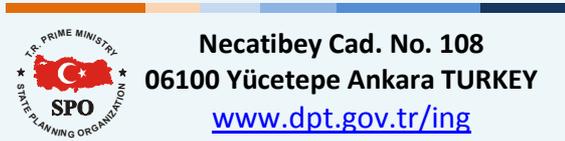


**STRATEGY AND ACTION PLAN
FOR
ISTANBUL INTERNATIONAL
FINANCIAL CENTER
(IFC-ISTANBUL)**

OCTOBER 2009

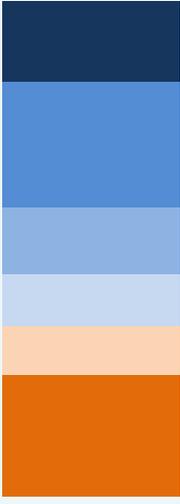


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FOREWORD

Istanbul, being one of the oldest and magnificent cities of the world, is now excited to add one more gem to its unique richness. Istanbul assumes the title of a center of economy and commerce, in addition to its numerous titles as a precious center of arts, science, culture, history and tolerance in the world.

Our project “Istanbul International Financial Center (IFC-Istanbul)” is included in the Ninth Development Plan covering 2007-2013, and accorded top priority and importance by our Government. In the framework of the Medium Term Programme of 2009-2011 and the 2009 Annual Programme, works were initiated to formulate a strategy for the IFC-Istanbul project, and the Strategy and Action Plan was prepared in a participative manner. Pursuant to the Medium Term Programme of 2010-2012, the IFC-Istanbul Project will be implemented in accordance with the Strategy and Action Plan.

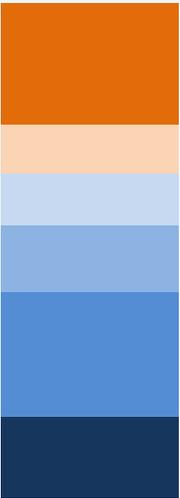
The recent global financial crisis has not affected our goal of making Istanbul a financial center. On the contrary, we have intensified our works to stand Istanbul out as a financial center in the post-crisis era. When the period of crisis, during which international investments dip, is over, I believe Istanbul will be taken as a significant option and make rapid progress towards becoming a regional and global financial center.

Besides the support we have given as the government, the success of the project hinges on the support and follow-up from all stakeholders. Thus, representatives from more than 80 public and private sector agencies, civil society organizations and universities offered contribution and support for the Strategy and Action Plan studies.

The project to make Istanbul a regional and global financial center is surely a long-term project. The successful outcome of this project will offer significant benefits to Istanbul and Turkey; however, such outcome is possible by continuous support and follow-up from private sector agencies and civil society organizations.

As I reiterate my wish that this project, which will boost importance and richness of Istanbul, would have solid outcomes soon, I extend my sincere thanks to all that gave contribution and support to the formulation of the Strategy and Action Plan.

Recep Tayyip Erdoğan
Prime Minister



VISION:

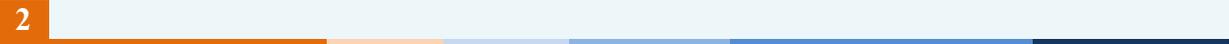
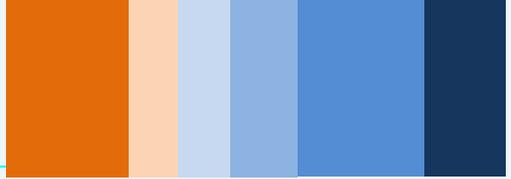
**Istanbul shall first become
a regional financial center,
and ultimately a global financial center.**

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ABBREVIATIONS

BAT	: The Banks Association of Turkey
BITT	: Banking and Insurance Transactions Tax
BRSA	: Banking Regulation and Supervision Agency
CA	: Competition Authority
CBRT	: Central Bank of the Republic of Turkey
CMB	: Capital Markets Board of Turkey
CRA	: Central Registry Agency
EMRA	: Energy Market Regulatory Authority
EU	: European Union
EUSG	: Secretariat General for EU Affairs
GDDI	: Government Domestic Debt Instruments
GDP	: Gross Domestic Product
HCJP	: Higher Council of Judges and Prosecutors
IFC-Istanbul	: Istanbul International Financial Center
IGE	: Istanbul Gold Exchange
ISE	: Istanbul Stock Exchange
ISKUR	: Turkish Employment Agency
ISPAT	: Investment Support and Promotion Agency of Turkey
MASAK	: The Financial Crimes Investigation Board
MYK	: Vocational Qualification Agency
PBAT	: The Participation Banks Association of Turkey
RA	: Revenue Administration
SDIF	: Savings Deposits Insurance Fund
SGK	: Social Security Institution
SPO	: State Planning Organization
Takasbank	: ISE Settlement and Custody Bank
TGNA	: Turkish Grand National Assembly
TIB	: Telecommunication Communication Presidency
TKYD	: Turkish Institutional Investment Managers' Association
TMSK	: Turkish Accounting Standards Board
TOBB	: Turkish Union of Chambers and Commodity Exchanges of Turkey
TRLIBOR	: Turkish Lira Reference Interest Rate
TSPAKB	: The Association of Capital Market Intermediary Institutions of Turkey
TSRSB	: The Association of Insurance and Reinsurance Companies of Turkey
TUBITAK	: The Scientific and Technological Research Council of Turkey
TURKDEX	: Turkish Derivatives Exchange
UFT	: Undersecretariat of Foreign Trade
UNIDROIT	: International Institute for the Unification of Private Law
VAT	: Value Added Tax
YKF	: Investors' Protection Fund
YOK	: Higher Education Council



INTRODUCTION

1. Turkey will soon be one of the significant and prominent financial centers, with her young and dynamic population, qualified labor force, geopolitical advantages, rapidly growing and developing economy, cultural and historical assets, developed markets, diversity of financial products, services and practices, and a strong regulatory framework in the financial sector.

2. Istanbul is the natural financial center of Turkey. Progressing towards EU membership, by its regional location, Turkey is also a country of significant economic size for the Middle East, Central Asia, North Africa and Eastern Europe. Istanbul has the potential to become an important center for gathering the financial resources of the region and redirecting them to the said regions.

3. Turkey is the 17th largest economy in the world. Her GDP at the end of 2008 reached \$741.8 billion. Various international research reports argue that Turkey will be among the ten largest economies in the world in the 40 years to come.

4. The financial sector, which ensures accumulation and effective distribution of resources, incorporates various subsectors integrated with global markets and is capable of producing products/services of high added value, will be the driving force of economy in the coming years.

5. The ratio of financial assets consisting of bank assets, stock shares, public and private debt instruments to the GDP in 2007 is estimated as 150 percent for Turkey, 246 percent for developing countries and 421 percent across the world.

6. The Turkish financial services sector includes, in addition to banks and insurance companies, such non-banking financial organizations as factoring companies, financial leasing companies, consumer financing companies, private pension companies, securities brokers, precious metal brokers, mutual funds, investment trusts and real estate investment trusts.

7. Turkey has significant growth potential in all areas of the financial services sector. The share of total assets to the GDP as at the end of 2008 is 88.5 percent for the banking sector, 3.2 percent for the insurance sector, and 2.9 percent for mutual funds. The share of bank assets in the GDP is lower in Turkey than in developed countries. The insurance sector in particular is open to development by its opportunities. The overall capitalization worth of capital markets is lower than the markets in developed countries, however, approximately at the same level with developing countries. The market for debt instruments is relatively developed; the market for private sector debt instruments is negligibly small; however, it has become open to development through recent efforts.

8. IFC-Istanbul will be integrated to Turkey in terms of laws, taxes and regulation. Products and services offered in the financial sector will further develop through the utilization of existing opportunities and local potential.

9. Istanbul's becoming a regional and global financial center will make considerable contribution to increased employment and increased inflow of international funds into Turkey, and to economic growth.

10. By a survey study administered to foreign investors in the context of preparatory works of the Strategy and Action Plan, priority areas were identified as changing the regulatory approach and improving the tax system. As regards to developing financial products and services; political instability, macroeconomic conditions and transaction costs are spotted as the main obstacles.

11. In this Strategy and Action Plan, in order to have Istanbul to be an international financial center, priorities and measures have been determined for building a legal infrastructure that operates in international standards, increasing the diversity of financial products and services, developing a simple and effective tax system, improving regulatory and supervisory framework, strengthening the physical and technological infrastructure, ensuring an education system that provides qualified human resources in required fields and establishing an organizational structure that will promote and monitor at global scale.

GLOBAL FINANCIAL CRISIS AND IFC-ISTANBUL

12. The global financial crisis which made itself felt from the beginning of 2008 and started to impact the entire world from the last quarter of 2008 led countries to seek new financial architectures, and brought new highlight on updating regulatory and supervisory approaches as well as engaging in new international cooperation.

13. It is generally recognized that the ongoing uncertainty will be around for some time. In such climate, investors of the international financial sector spare more time to restructuring their existing investments, and postpone new investments.

14. Upon the end of this period when the international investments are at minimal levels, and new financial architectures are sought, it is important to make necessary changes to build a competitive structure so that Istanbul should assume a significant role in directing the regional and global capital. In this sense, it is aimed that Istanbul should become an internationally recognized option for consideration.

15. It is not possible at this moment to foresee the direction of financial markets that are now being restructured due to the global crisis. Therefore, the Strategy and Action Plan will be renewed and reinforced to expand and elaborate its content three years later.

BASIC DETERMINANTS OF THE PROJECT'S SUCCESS

16. The success of the project depends on the permanence of the political will and the support and follow-up from all stakeholders. The political will is complete for making Istanbul an international financial center. As a matter of fact, the measures in this direction have been

incorporated in the Ninth Development Plan covering 2007-2013, Medium Term Programmes of 2009-2011 and 2010-2012, and the 2009 Annual Programme. The endorsement of the Strategy and Action Plan by the High Planning Council was a reaffirmation of the political will in this regard.

17. In order to ensure support from stakeholders, nine working groups were formed in the context of IFC-Istanbul Strategy and Action Plan works. About 300 representatives from more than 80 public and private sector organizations, civil society organizations and universities participated in these working groups.

18. The IFC-Istanbul Project is a long term, and lasting project. This project must be supported continuously by all stakeholders and should not be regarded as the mandate of only a certain institution.

ENHANCING LEGAL INFRASTRUCTURE

19. In the bid to make Istanbul an international financial center, it is necessary to make improvements in the legal area which would bring expeditious and effective resolution of disputes in the area of finance, establish an institutional arbitration center, and accelerate legislation of draft laws that would contribute to the IFC-Istanbul Project.

Priority 1

In the bid to make Istanbul an international financial center, improvements shall be made in the judicial system to ensure expeditious and effective resolution of disputes.

20. In the bid to make Istanbul an international financial center, improvements shall be made in the judicial system to ensure expeditious and effective resolution of disputes. In this context, one of the existing courts shall be mandated to become the specialized court because such action would be easier and more economic than establishing a new, separate specialized court. Training topics for judges to serve in the said courts shall be expanded as needed, including particularly comparative law in the field of finance, and in-service training shall be made continuous. The organization of prosecution and law enforcement shall be specialized to perform effective action against crimes particularly in finance and informatics. Specialized paralegal staff shall be employed to alleviate the workload of courts, and allow judges to work on and investigate the substance of cases.

21. For resolving disputes in the court, a specific study shall be conducted to incorporate rules that are different from general procedures and facilitate resolution. In this context, initiatives shall be launched that matters regarding the qualifications, selection, responsibilities and listing of experts, scope and deadline of expertise reports shall be dealt with in the Draft Bill of Code of Civil Procedure currently on the agenda of TGNA General Assembly.

22. Problems that arise from the local courts getting into the substance of cases for the recognition and enforcing the judgments of foreign courts and thus lead to delays in enforcement process shall be remedied.

Priority.2

In Istanbul, an independent and autonomous institutional arbitration center capable of international competition shall be established, and effective operation of a mediation system shall be ensured.

23. An independent and autonomous institutional arbitration center shall be established in Istanbul. Such arbitration center shall be capable of competing internationally in respect of such features as cost, speed, and award finalization process, and publicity efforts shall be made for such center. Parties will be allowed to select arbitrators outside the list of arbitrators recognized by the arbitration center. One unified set of arbitration regulations will be established by integrating the provisions regarding arbitration in the Code of Civil Procedure and the International Arbitration Law. A mediation system shall be developed to resolve disputes in short time without taking the matter to court. Further, the prospective arbitration center shall offer institutional mediation. Problems that arise from the courts getting into the substance of cases for the recognition and enforcing the arbitral awards and thus lead to delays in enforcement process shall be remedied.

Priority.3

Efforts shall be made to accelerate the legislation of draft laws that would contribute to the IFC-Istanbul project.

24. Regarding the improvement of the relevant legislation, efforts shall be made to accelerate the legislation of the Draft Bill of Turkish Commercial Code, the Draft Bill of Turkish Code of Obligations, the Draft Bill of Code of Civil Procedure now on the agenda of the TGNA General Assembly; and the Draft Bill of Law on Mediation in Civil Disputes, the Draft Bill of Law on Protection of Personal Data, the Draft Bill of Law on Trade Secrets, Banking Secrets and Customer Secrets, the Draft Bill of Law on State Secrets, the Draft Bill of Law on Financial Leasing, Factoring and Finance Companies, the Draft Bill of Law Amending Law of Notifications and Law of Criminal Records, and the Draft Bill of Law of Cheque now on the agenda of TGNA committees. Further, it shall be ensured that the legislative efforts for the following works shall be accelerated: the Draft Bill of Administrative Procedure now pending at the Prime Ministry, the work on the Appeals in Administrative Judicial Procedure pending at the Ministry of Justice, the work on the Capital Markets Law at the Capital Markets Board, and other works of various agencies.

INCREASING THE DIVERSITY OF FINANCIAL PRODUCTS AND SERVICES

25. One of the most important reasons for preferring a financial center is that it should have diversity of products and services offered, and that the conditions of such offering are attractive. Therefore, it is important that the problems regarding the existing products and services are resolved, and also an environment, which is conducive to development and offering of new products and services in response to investor demands, must be created. In this context, the basic goal is that Istanbul should become a center of attraction for regional and global capital by its diversity of financial products and quality of financial services.

Priority.4

A principle-based approach shall be adopted in regulations of the financial sector, and the legal infrastructure shall be harmonized with international regulations and practices including mainly the EU acquis.

26. It is a priority matter that regulatory infrastructure should be established in alignment with international regulations and best practices for the development of financial instruments and markets. For the said regulations and practices, new approaches arising in the aftermath of the global crisis should be taken into consideration. It is necessary that no regulatory obstacles should be erected against the diversification of financial products; however, the risks arising from instruments and markets and to which financial institutions are exposed should be stringently monitored through prudential regulations.

27. The present rule-based approach of the current regulations shall be abandoned, and a shift shall be made to a principle-based approach in which market entry and exit is facilitated, all activities may be offered unless otherwise is stated, new products can be designed, basic qualities of activities and products are defined and thereby needs could be met rapidly. On the other hand, care will be taken that activities offered in financial markets should not be outside the supervision of regulatory and supervisory authorities.

Priority.5

Transparency shall be enhanced in financial markets and investor information mechanisms shall be developed.

28. Recent developments in financial markets once more highlighted the importance of public disclosure and detailed information on risks of instruments and markets. While Turkey has regulations for investor information and protection, works shall be conducted to pass more stringent regulations that protect investor rights, identify accurate rules for markets and monitor enforcement, develop mechanisms to protect investors, promote financial instruments and markets and inform investors.

Priority.6

Financial products and services that, though present in Turkey, have shifted to foreign markets in respect of competitive advantage for various reasons shall be identified and measures shall be taken to reverse this trend.

29. Due to obstacles and uncertainties arising from general provisions of law, foreign exchange or tax legislation, foreign markets are preferred for some financial transactions such as securities lending and borrowing and derivatives. Legislative provisions on the matter shall be revised to liberally support the creation of the financial center.

Priority.7

Necessary infrastructure shall be established for financial products and services, which are yet not offered or have not attained adequate trading volumes in Turkish markets, have high growth potential and could make Istanbul an attractive financial center.

30. It shall be ensured that private sector and local government debt instruments markets shall be functioning by reducing the cost of issuing and shortening issue duration; necessary infrastructure shall be established for the over-the-counter derivatives market; securitization transactions shall be facilitated; specialized commodity exchanges, energy and carbon emission exchanges and diamond and precious stones markets shall be created; and service diversity that could be offered by insurance, financial leasing, factoring and consumer finance companies shall be enhanced.

31. In this regard, the establishment of necessary mechanisms for developing interest-free financial instruments stands out. Despite its geopolitical position, interest-free financial instruments and services have not sufficiently developed in Turkey. For the development of this market, in cooperation with the regulatory authorities, exchanges, clearing and custody

institutions and other capital market actors of the regional countries, works shall be done on identifying investor demands in the regional countries, and on technological and operational infrastructure and legislation regarding quotation, trading, clearing and custody operations.

BUILDING A SIMPLE AND EFFECTIVE TAX SYSTEM

32. The rate of corporate income tax in Turkey is 20 percent; and compared to the practices in other countries, such tax rate is considered reasonable.

33. The Expense Taxes Law is inadequate to cover the complex structure and new products under financial transactions; further, it may lead to results that run contrary to the lawfulness of taxing. A review of practices in selected countries reveals that no tax similar to BITT is in effect, and further, financial transactions are in general excepted from VAT too.

34. In order to establish a simplified and effective tax system, the following principles shall be adhered:

- ✓ Increasing tax predictability,
- ✓ Reducing tax rates,
- ✓ Boosting competitiveness,
- ✓ Creating a wide based tax system,
- ✓ Progressively removing taxes on transactions,
- ✓ Progressively reducing taxes on intermediation costs,
- ✓ Equalizing different taxing burdens imposed on similar transactions of financial institutions,
- ✓ Formulating long term tax policies,

These principles shall be followed to achieve basic goals. These goals are listed as follows:

- ✓ Encouraging that financial transactions be made in Turkey,
- ✓ Building a sustainable and stable tax regime aligned with macroeconomic conditions,
- ✓ Not giving the administration wide latitude of interpretation of legislation in order to provide legal security,
- ✓ Reducing the share of indirect taxes in the overall tax revenues,
- ✓ Preventing exposure of the financial sector to unfair competition arising from informality,
- ✓ Making ruling system effective.

35. Moreover, relevant institutions, especially the tax administration, shall give importance to the operation of financial markets and the promotion of tax system related to these areas, and the results of the tax practices shall be monitored and analyzed.

Priority.8

Tax laws and secondary legislation shall be made simple, clear, predictable and sustainable.

36. Income Tax Law shall be rewritten considering above mentioned basic goals and principles.

37. Tax Procedure Law shall be completely reviewed and the provisions regarding taxpayer rights, resolution of disputes and valuation, and especially the deterrence of tax punishments shall be made parallel to modern tax systems.

Priority.9

Through upcoming regulations in taxation, it shall be ensured that financial transactions are made in Turkey by increasing the competitiveness of the country.

38. Public financial burdens on intermediation activities of financial institutions, including mainly BITT, lead to increase in fund costs for both financial institutions and their clients. Because the prices of financial instruments are expressed in interest rate, such taxes reflect onto the interest. This makes the use of loans more expensive and adversely affects economic growth in the long run. Further, such financial obligations adversely affect the effective performance of intermediation function, thus reduce the effectiveness of resource allocations, encourage run-away from the system, and create unfair competition in the favor of financial organizations under foreign jurisdictions. Therefore, public financial burdens shall be progressively reduced at the proper time considering the public balances and economic developments.

39. In addition, the taxing practices that deter taxpayers with limited liability to do transactions in Turkey shall be avoided.

40. The uncertainties in the taxing practices regarding international funds to do Turkey centered transactions shall be removed.

41. The taxing practices of new financial products for effectively attracting capital from Middle East countries shall be regulated in parallel with similar financial products and instruments.

Priority.10

Measures that eliminate uncertainty for financial institutions and investors and ensure specialization in practice shall be taken.

42. It is necessary that mechanisms that remove taxing as a variable factor creating uncertainty in investment decisions must be included in the tax system. To this end, new taxing system should not direct investor decisions in favor of any investment instruments. An investor should be able to make his choice between alternative investment instruments based on their features, not based on their taxing advantage or disadvantage.

43. Considering that the financial markets in Turkey are emerging markets, a simple taxation system shall be established and similar taxing treatment shall be ensured for money and capital markets of similar nature. Complex and disintegrated provisions in the current tax system shall be made integrated and simplified into a collection of intelligible, simple and stable legislative provisions.

44. In order to solve ambiguities arising in the context of tax regulations for financial institutions and investors and to provide permanent solutions, ruling system shall be made trustworthy by considering the other countries' applications.

45. It shall be ensured that a unit specialized in financial sector shall be formed under the Administration and taxing practices in this area shall be coordinated by this unit.

Priority.11

Going public of non-public companies and spreading capital funding to the public base shall be encouraged.

46. As a result of the study conducted to identify whether any tax loss has been experienced from tax advantages accorded to public companies, it has been found out that, the encouragement of public offering through tax incentives has not led to a reduction in tax revenues, on the contrary, to considerable increase. All measures without excepting taxes shall be taken in order to strongly encourage going public and increasing public shareholding ratios of the companies.

IMPROVING REGULATORY AND SUPERVISORY FRAMEWORK

47. Today, when financial markets and financial institutions change rapidly, approaches and rules in the international arena for the regulation and supervision of the financial system are revised and improved in similar pace. It is important that the financial regulatory framework in Turkey, in her bid to become a financial center, must be flexible to respond to the said rapid changes. In the context of recent developments, it is observed that the regulatory and supervisory framework in Turkey has functioned effectively, the harmonization with international standards has been achieved to a significant extent, and such harmonization process is sustained.

48. The current global crisis once more demonstrates the importance of coordination among regulatory authorities of many countries including mainly the United States and EU, and of effective management of systemic risk. In the context of becoming a financial center, it is a priority matter that the existing structure in Turkey must be reinforced to ensure effective and sustained cooperation and coordination between regulatory and supervisory authorities and manage systemic risk.

Priority.12

The duties and functions of the current Systemic Risk Committee shall be reinforced in order to identify and prevent systemic risk and enhance horizontal coordination between regulatory and supervisory authorities of the financial sector.

49. Presently, there is a Systemic Risk Committee under the coordination of BRSA, participated by SDIF, the Undersecretariat of Treasury and CBRT in the framework of the Banking Law to identify the systemic risk and measures to be taken in Turkey. The Systemic Risk Committee operates in a restricted area primarily relating to systemic risk within the protocols signed among agencies and current legislation.

50. While there is harmony among authorities in charge of supervising the financial sector in Turkey, there needs to be sustained and effective coordination in certain areas. Such coordination is important particularly in respect of consolidated supervision, prevention of regulatory arbitrage, enforcement of regulatory policies, activities of research and strategy development for the entire financial system, and large scale projects covering many areas in the financial sector.

51. The current Systemic Risk Committee shall be amended to include also the CMB and its legal and organizational structure shall be strengthened to increase scope and effectiveness in managing systemic risk and meeting the needs of horizontal coordination among agencies.

Priority.13

Necessary measures shall be taken for institutional structuring of regulatory and supervisory authorities in the medium and long term as a result of assessments considering international developments including mainly the EU acquis.

52. A review of regulatory authorities in the financial centers that have become centers of attraction at international level reveals that all examples conform to certain common principles; however, it is not mandatory to have one single institutional structure to be an international financial center. It is known that there was a tendency to have single authority in the period before the global financial crisis; however, the twin peak approach is now coming to the fore particularly in the United States and EU in the reform works after the crisis. However, the processes on this matter have yet to become clear, and discussions on the advantages and disadvantages of alternative institutional structuring are ongoing in many countries and various international platforms. In this respect, international developments, particularly those in the EU shall be followed, and the issue of institutional structuring of regulatory and supervisory authorities shall be considered later in the framework of harmonization with the EU acquis.

Priority.14

The process of formation of international standards shall be closely monitored, and the level of harmonization with such standards shall be periodically reviewed.

53. On the issue of harmonization with international standards, there is already a high level of harmonization with both EU and other international norms; and for areas of non-harmonization, it is observed that the regulatory and supervisory authorities of Turkey aim to achieve full harmonization within a timeframe in their programmes, strategic plans or works. Nevertheless, periodic monitoring, reporting and directing of harmonization with international standards will be helpful in achieving this priority.

Priority.15

It shall be ensured that exchanges will be given legal status that would enable them to operate in such flexibility to respond to market dynamics and exclude them from the legislation relevant to the general public administration.

54. Preconditions for being a financial center involve having liquidity, depth and instrument diversity, and technological adequacy to ensure continuity of liquidity in the organized markets. In this context, both ISE and IGE will be among the institutions that would make the most significant contributions to Istanbul becoming an international financial center.

55. It is important that exchanges have flexibility as required by international dynamic processes, expeditiously make modernization investments in order to keep up with the advancing technologies, accumulate adequate resources, and employ qualified staff as required for its operations. In this context, legislative arrangement must be made to ensure realization of modern institutional exchange initiatives as required for international competition so that exchanges can operate without being subject to the legislative provisions regarding public administration such as the Public Procurement Law, Article 78 of the Law no.5018, and ISKUR legislation. In this context, the legal status of ISE and IGE shall be clarified; such exchanges shall be taken out of the legislation relevant to the public administration, and problems arising from legislation and/or practices shall be identified and remedied.

ENHANCING PHYSICAL INFRASTRUCTURE

56. IFC-Istanbul project will not concentrate on a specific site. In fact, all works across Istanbul for upgrading living areas, security and transport means, and qualities and standards of technology shall support the IFC-Istanbul project as well.

Priority.16

Living standards, security and transport means shall be upgraded in Istanbul, and physical conditions shall be provided to meet the infrastructure needs of financial organizations.

57. Building technologies that would minimize earthquake and safety risks shall be employed in areas where financial organizations will concentrate and employees will reside for the creation of necessary office spaces and housings; real estates investments incorporating new technologies shall be made to improve quality of living in the city.

58. Within a transport master plan of at least five years, domestic and international connections to Istanbul shall be structured to provide effective and speedy transportation, urban transport projects (air, sea, land, rail systems) shall be completed; and particularly the airports and urban centers shall be integrated through various transport systems.

59. Works shall be carried out in Istanbul to improve and develop health, education, recreation, accommodation and hospitality facilities to serve foreigners.

STRENGTHENING TECHNOLOGICAL INFRASTRUCTURE

60. It is deemed as preconditions for becoming a financial center to strengthen the technological and communications infrastructure, provide electronic communications in a fast, reliable, uninterrupted and low cost manner. In this context, the communications sector shall be made more competitive, and the direct and indirect public burdens on this sector shall be revised.

Priority.17

Technology and communications infrastructure of Turkey shall be strengthened, electronic communications shall be provided in a fast, reliable, uninterrupted and low cost manner.

61. Information technology standards of financial markets in general, and of capital markets in particular shall be developed to create a strong technological platform that would integratively operate with institutions and organizations of the financial sector.

62. Such platform shall, in priority, serve exchanges, clearing and custody institutions and their members, establish technological solutions that can be jointly used by financial institutions, focus on reducing operational costs, work on matters to ensure jointly applicable security solutions and work continuity.

63. Technoparks, which would produce new software and hardware for financial markets, support work force, infrastructure, security and functionality in informatics, shall be developed and supported.

64. It is aimed that applications and solutions developed in Turkey for information technologies used in financial markets should be transported to other countries including mainly the regional countries through technical know-how transfer and service exports. Thus, it is considered that the competitive power of Turkey will be enhanced and progress will be made towards becoming a regional financial center targeted in the short term.

ESTABLISHING IFC-ISTANBUL ORGANIZATIONAL STRUCTURE

65. It is observed that global financial centers are now getting into organizational / institutional structuring within the specific conditions of their host countries. On the other hand, there is no organizational model commonly adopted for financial centers. A review of their organizational structuring has revealed that they are mostly operated by the cooperation of the private sector and the public sector and through common work groups.

Priority.18

The IFC-Istanbul Project shall be implemented soundly by realizing, monitoring and evaluating the goals, objectives and activities specified in the IFC-Istanbul Strategy and Action Plan.

66. It has been decided to create an organizational structure to realize, monitor and evaluate the goals, objectives and activities to be specified in the IFC-Istanbul Strategy and Action Plan and the works carried out under the IFC-Istanbul project within the conditions and practices of Turkey. This structure includes an IFC-Istanbul Coordination Office, IFC-Istanbul Higher Council, Advisory Council and eight working committees. In this context, the legal framework of the IFC-Istanbul organization shall be created.

67. The IFC-Istanbul Higher Council is the highest decision making body comprising relevant ministers chaired by the Deputy Prime Minister and Minister of State in charge of Economy. The Advisory Council is an advisory platform comprising senior bureaucrats, representatives from the private sector and managers of professional organizations. Working committees comprise the following themes: law, markets and instruments, tax, regulatory and supervisory framework, physical infrastructure, technology, promotion and image, and human resources. The IFC-Istanbul Coordination Office shall ensure coordination and flow of information and documents between the IFC-Istanbul Higher Council, the Advisory Council and working committees.

DEVELOPING HUMAN RESOURCES

68. It is contemplated that no shortages will be experienced in recruiting human resources who are equipped to work in the finance area in Turkey. It is thought that in Turkey, which has a considerable size of young and dynamic human resources, the primary need is to enhance the qualifications of such resources, ensure continuous development, create human resources particularly trained to work in specific finance areas, and improve foreign language capability.

69. While many institutions operating in the financial sector in Turkey or engaged in training relevant to this sector have intensive efforts in their own field, there is no common policy for human resources. It is observed that the relation between the sector and universities is weak, Turkey's universities who educate the prospective employees of this sector are not adequately knowledgeable on the expectations of the sector, the sector is

distant to the relevant programs and applications in the universities, it does not make use of efficient knowledge and innovations in the universities, lessons on general finance at primary and secondary schooling are considerably limited, and the continuous professional training for the financial sector employees is a field open to further development. In this context, it is necessary to strengthen the cooperation between the financial sector and universities, renew the educational content in the finance area, create human resources policies aligned with the finance area, and enhance the coordination between relevant organizations.

Priority.19

Human resources and education policies in the field of finance shall be identified and revised.

70. In the context of education policies in the field of finance, it shall be ensured that curricula shall be developed to enhance foreign language education and financial literacy at primary and secondary schooling, the current university programmes shall be updated in cooperation with the sector, the cooperation between the sector and universities shall be encouraged, trainers and academicians shall be educated in the field of finance with respect to the sector's needs.

Priority.20

Human resource efficiency and professional qualifications shall be enhanced in the field of finance.

71. Practical training, course and apprenticeship opportunities shall be developed, by providing funds for education and research works inside and outside the country for existing employees both in the private sector and the public sector related to the financial sector.

72. Those who have basic education in finance and look for jobs in the financial sector shall be provided vocational courses by ISKUR.

Priority.21

Qualified work force shall be attracted to Istanbul.

73. The quality of social life shall be enhanced in response to the expectations of those working or to work in the financial sector, work permit processes for foreigners shall be accelerated, incentives shall be considered in insurance premiums complementary to the social security or reducing budget deficits for the employees of the local and foreign organizations operating in the finance area, and Istanbul shall be made an educational center of master's and doctoral level in finance. Thereby, those who have been educated in Turkey but now are working in foreign financial markets and qualified foreign human resources shall be attracted to Turkey.

74. Further, a talent pool, which includes an electronic database to recruit the work force needed for the financial center in a timely, fast and reliable manner, shall be created.

PROMOTING IFC-ISTANBUL AND BUILDING ITS IMAGE

75. It is necessary to correctly and effectively promote the IFC-Istanbul Project, monitor and manage the image of the Project and Istanbul continuously.

Priority.22

A promotion and advertisement strategy shall be formulated for the IFC-Istanbul project, and the public perception for the Project shall be managed inside and outside the country.

76. First, the target audience for the financial center shall be identified to formulate a correct promotion strategy, and the perception of Istanbul by this target audience shall be explored through a professional study. After identifying the target audience and determining

the present perception, the most effective and correct promotion strategy shall be determined.

77. A portal shall be created to provide information services in various languages introducing the financial products, services, markets and practices and tax regulations in Turkey and in Istanbul; and access shall be provided to the web pages of all regulatory agencies and professional organizations related to the financial sector through such portal. Promotion strategies shall be implemented through advertisements in foreign TV channels and reputed finance periodicals, and websites.

78. In addition to creating awareness in foreign countries, managing the domestic public perception shall be one of the most important components of the promotion strategy.

MONITORING AND EVALUATION OF THE STRATEGY AND ACTION PLAN

79. There are many things to do in many fields to become an international financial center. However, it is necessary to collectively assess the impact of implemented actions on the final aim of becoming a financial center.

Priority.23

The IFC-Istanbul Coordination Office shall share with public the assessments regarding the progress achieved towards becoming an international financial center.

80. Minimum indicators that must be monitored may be listed as: the share of financial services sector in the national income, size of sectoral work force, the ratio of total financial assets to the national income, number of international market participants (financial institutions, issuers and investors), the share of market captured by Turkey in targeted geographies (intermediary services, asset based securities, money market instruments, interbank, repo, foreign exchange, investment banking, asset management, insurance types, Islamic banking etc.).

81. The IFC-Istanbul Coordination Office shall prepare semiannual progress reports to develop and assess the above-mentioned minimum indicators to indicate progress achieved towards becoming a financial center. Further, such reports shall include the realization status of the actions in the Action Plan and developments affecting the financial sector.



ACTION PLAN





Priority.1: In the bid to make Istanbul an international financial center, improvements shall be made in our judicial system to ensure expeditious and effective resolution of disputes.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
1	Specialization of courts	Ministry of Justice (R) HCJP (C) Other relevant organizations (C)	2010-2014	One of the existing courts shall be mandated to become the specialized court to ensure fast and effective resolution of disputes.
2	Specialization of staff employed in specialized courts	Ministry of Justice (R) Ministry of Finance (C) Ministry of Industry and Trade (C) Undersecretariat of Treasury (C) Turkish Justice Academy (C) CBRT (C) CMB (C) BRSA (C) TIB (C) EUSG (C) Other relevant organizations (C)	2010-Continuous	Judges to serve at courts specialized in finance and prosecutors and law enforcement staff to work on such matters shall be specialized in finance and informatics.
3	Establishing paralegal positions at courts	Ministry of Justice (R) Universities (C) Turkish Justice Academy (C) Other relevant organizations (C)	2010-Continuous	Specialized paralegal staff shall be employed to alleviate the workload of courts, and allow judges to work on and investigate the substance of cases.
4	Re-regulation of rules of judicial procedures	Ministry of Justice (R) Relevant public agencies and organizations (C)	2010-2015	Rules that are different from general procedures and facilitate resolution shall be established for disputes arising in the field of finance. A preliminary study shall be conducted to identify such fields.
5	Facilitation of recognition and enforcement of judgments of foreign courts	Ministry of Justice (R) HCJP (C)	2010-2012	Problems that arise from the local courts getting into the substance of cases for the recognition and enforcement of the judgments of foreign courts and thus lead to delays in enforcement process shall be remedied.

Priority.2: In Istanbul, an independent and autonomous institutional arbitration center capable of international competition shall be established, and effective operation of a mediation system shall be ensured.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
6	Establishment of an institutional arbitration center in Istanbul	Ministry of Justice (R) CMB (C) TOBB (C) BAT (C) TSPAKB (C) Universities (C) Non-governmental organizations and private sector representatives working in this field (C) Other relevant organizations (C)	2010-2012	Works shall be done for the establishment of an institutional arbitration center in Istanbul.
7	Legislating a unified arbitration law	Ministry of Justice (R) Universities (C) Non-governmental organizations (C) Other relevant organizations (C)	2010-2012	Works shall be done for establishing one unified set of arbitration regulations by integrating the provisions regarding arbitration in the Code of Civil Procedure and the International Arbitration Law.
8	Facilitation of recognition and enforcement of arbitral awards.	Ministry of Justice (R) HCJP (C)	2010-2012	Problems that arise from the courts getting into the substance of cases for the recognition and enforcement of the arbitral awards and thus lead to delays in enforcement process shall be remedied.
9	Developing mediation system	Ministry of Justice (R) BAT (C) Universities (C) Other relevant organizations (C)	2010-2012	A mediation system shall be developed to resolve disputes in short time without taking the matter to court, necessary publicity shall be made, and the prospective arbitration center shall offer institutional mediation.

Priority.3: Efforts shall be made to accelerate the legislation of draft laws that would contribute to the IFC-Istanbul project.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
10	Legislation of draft laws pending at TGNA General Assembly	Ministry of Justice (R)	2009-2010	Works shall be done for passing the Draft Bill of Turkish Commercial Code, the Draft Bill of Turkish Code of Obligations, the Draft Bill of Code of Civil Procedure
11	Legislation of draft laws pending at TGNA committees	Ministry of Justice (R) CBRT (R) BRSA (R)	2009-2010	Works shall be done for passing the Draft Bill of Law on Mediation in Civil Disputes, the Draft Bill of Law on Protection of Personal Data, the Draft Bill of Law on Trade Secrets, Banking Secrets and Customer Secrets, the Draft Bill of Law on State Secrets, the Draft Bill of Law on Financial Leasing, Factoring and Finance Companies, the Draft Bill of Law Amending Law of Notifications and Law of Criminal Records, and the Draft Bill of Law of Cheque.
12	Legislation of the Draft Bill of Administrative Procedure pending at the Prime Ministry	Ministry of Justice (R)	2009-2011	Works shall be done for passing the Draft Bill of Administrative Procedure.
13	Completion of the works on drafts pending at Ministry of Justice and other relevant organizations in support of the IFC-Istanbul Project.	Ministry of Justice (R) CMB (R) Other relevant organizations (R)	2010-2012	Works shall be done for passing the Draft Bill of the Appeals in Administrative Judicial Procedure, Draft Bill of the Capital Markets Law, and other drafts of relevant organizations.

Priority.4: A principle-based approach shall be adopted in regulations of the financial sector, and the legal infrastructure shall be harmonized with international regulations and practices including mainly the EU acquis.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
14	Developing collective investment instruments	CMB (R) Undersecretariat of Treasury (C) CBRT (C) BAT (C) TSPAKB (C) Takasbank (C) TKYD (C)	2010-2012	i) Amendments shall be made to the Capital Markets Law to build a structure conforming to EU directives. ii) Obstacles and restrictions in the capital market and foreign exchange legislation regarding collective investment organizations shall be revised. iii) Regulation shall be made regarding such products as real estate mutual funds and venture capital mutual fund.
15	Revising the legislation for collateralization of securities, establishing Central Collateralization and Central Counter-Party System	CMB (R) Takasbank (R) Ministry of Justice (C) CBRT (C) BAT (C) TSPAKB (C) ISE (C) IGE (C) CRA (C) TURKDEX (C)	2010-2012	i) The legal basis for collateralization of securities shall be made in conformity with UNIDROIT and EU regulations. ii) A new collateral computation method shall be identified for ISE markets, collateral types and valuation methods shall be determined; collaterals shall be gathered at the clearing center, Takasbank shall assume the role of Central Counter-Party for appropriate markets.
16	Classifying the financial services according to the EU acquis and giving financial intermediaries flexibility to create service packs meeting the needs of customers	CMB (R) Undersecretariat of Treasury (C) CBRT (C) BRSA (C) BAT (C) TSPAKB (C) Takasbank (C)	2010-2012	i) Custody operations and organizations that can engage in such operations shall be clearly defined. ii) Brokerage houses shall be allowed to provide foreign exchange operations as a service class to customers, engage in operations such as project financing, management of the overdue receivables.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
17	Enhancing integration with international settlement and clearing systems	CBRT (R) Takasbank (R) CMB (C) BAT(C) TSPAKB (C) ISE (C) IGE (C) CRA (C)	2010-2012	i) Works shall be done for integrating the settlement and transfer systems with international systems more easily and using standards in this area. ii) The Settlement Systems Law shall be promulgated to provide legal infrastructure harmonized with international practices, create mechanisms and organization to ensure effective functioning and supervision of settlement systems, make the regulations regarding settlement systems effective and transparent.
18	Facilitating deregistering and delisting	CMB (R) ISE (R) CRA (C) Takasbank (C) Association of Listed Companies (C)	2010-2012	Conditions of deregistering and delisting from ISE shall be revised and necessary legislative amendments shall be made.
19	Trading foreign securities at domestic markets	ISE (R) Ministry of Finance (C) CMB (C) TSPAKB (C) CRA (C) Takasbank (C)	2010-2012	The permission requirement of Ministry of Finance for listing foreign companies shall be lifted, necessary regulations shall be revised and necessary infrastructure shall be created.

Priority.5: Transparency shall be enhanced in financial markets and investor information mechanisms shall be developed.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
20	Developing GDDI market	Undersecretariat of Treasury (R) CMB (R) CBRT (C) ISE (C) BAT (C) TSPAKB (C) Takasbank (C) CRA (C) YKF (C)	2010-2012	i) Including GDDI in YKF shall be considered. ii) The infrastructure created by ISE regarding the public disclosure of prices at over-the-counter GDDI trading shall be enhanced and the relevant times shall be shortened. iii) TRLIBOR rates shall be actively determined.
21	Promoting the use of English to inform foreign investors	CMB (R) Undersecretariat of Treasury (C) CBRT (C) RA (C) BAT(C) TSPAKB (C) ISE (C) Takasbank (C) CRA (C) TURKDEX (C) IGE (C) Association of Listed Companies (C)	2010-2012	Websites of regulatory agencies, exchange, clearing and custody institutions, issuers and financial institutions shall have information and explanations in English; such websites shall be revised in this regard.
22	Informing the investors on capital markets, capital market entities, capital market instruments, investor protection systems, risks and similar matters	CMB (R) TSPAKB (C) TKYD (C) ISE (C) IGE (C) TURKDEX (C) Takasbank (C) CRA (C)	2010-2012	Training, meeting, seminar, documentation production and distribution, and similar activities shall be conducted to inform the investors on capital markets, capital market entities, capital market instruments, investor protection systems, risks and similar matters.

Priority.6: Financial products and services that, though present in Turkey, have shifted to foreign markets in respect of competitive advantage for various reasons shall be identified and measures shall be taken to reverse this trend.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
23	Enhancing financial leasing and factoring services	BRSA(R) Undersecretariat of Treasury (C) CBRT (C) Turkish Leasing Association (C) Turkish Factoring Association (C)	2009-2012	i) The draft bill of “Law on Financial Leasing, Factoring and Finance Companies” which would strengthen the legal infrastructure for financial leasing and factoring operations and allow various activities shall be speedily legislated within the framework of the views provided by the sector representatives. ii) The legal and actual infrastructure to carry out factoring as in the developed financial markets shall be created.
24	Enhancing securities lending and borrowing mechanisms	Takasbank (R) Ministry of Justice (C) CMB (C) RA (C) TSPAKB (C) ISE (C) CRA (C)	2010-2012	The securities lending and borrowing market within Takasbank shall be developed, diversity of borrowed securities shall be increased, and legal problems shall be solved.

Priority.7: Necessary infrastructure shall be established for financial products and services, which are yet not offered or have not attained adequate trading volumes in Turkish markets, have high growth potential and could make Istanbul an attractive financial center.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
25	Giving functionality to private sector debt instruments	CMB (R) Ministry of Justice (C) Ministry of Finance (C) Undersecretariat of Treasury (C) CBRT (C) BRSA (C) RA (C) ISE (C) TSPAKB (C) Takasbank (C) CRA (C) YKF (C)	2010-2012	i) Issue related costs shall be revised. ii) Foreign exchange and tax provisions relating to private sector debt instruments shall be revised. iii) Private sector debt instruments shall be included under YKF. iv) Such instruments shall be given priority under the legislation for Execution and Bankruptcy. v) Market making and infrastructure works shall be completed.
26	Developing local government debt instruments	CMB (R) Ministry of Finance (C) Ministry of Interior (C) Undersecretariat of Treasury (C) TSRSB (C) ISE (C) TSPAKB (C) Bank of Provinces (C) Takasbank (C) CRA (C) Local governments (C)	2010-2012	i) Systems for insured issuance shall be established. ii) Necessary regulations shall be made for municipal projects to obtain financing through securitization after taking the opinion of the relevant public agencies without disrupting the fiscal discipline.
27	Developing commercial papers	CMB (R) Ministry of Finance (C) Undersecretariat of Treasury (C) ISE (C) TSPAKB (C) Takasbank (C) CRA (C) Insurance companies (C)	2010-2012	Systems for insured issuance shall be established.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
28	Developing derivative products	CMB (R) Undersecretariat of Treasury (C) CBRT (C) BRSA (C) ISE (C) IGE (C) BAT (C) TSPAKB (C) CRA (C) Takasbank (C) TURKDEX (C)	2010-2012	i) The infrastructure for legislation, clearing and trading of products offered at over the counter markets shall be established. ii) Regulations shall be made for financial warrants and the secondary market infrastructure shall be established. iii) Options and futures contracts based on single stock shall be allowed to trade.
29	Developing infrastructure for interest-free financing instruments	Undersecretariat of Treasury (R) CMB (R) BRSA (R) Ministry of Finance (C) CBRT (C) TMSF (C) ISE (C) IGE (C) BAT (C) PBAT (C) TSPAKB (C) CRA (C) Takasbank (C) TURKDEX (C)	2010-2012	i) A joint road map shall be made by the international entities of the sector, private and public organizations that have the potential to be issuers, regulatory authorities, entities that may assume tasks in product design and intermediation. ii) Works shall be completed for regulating and creating infrastructure to attract the capital that prefers interest-free financing which reached to a certain size both in the Gulf region and in our country, and the project related to the capital market instruments and clearing connection for the Gulf capital shall be implemented.
30	Giving functionality to securitization and housing finance	CMB (R) BRSA (R) Ministry of Finance (C) Undersecretariat of Treasury (C) CBRT (C) TSPAKB (C) The Association of Appraisal Specialists of Turkey (C) CRA (C)	2010-2012	i) Efforts shall be made to legislate the draft regulation on mortgage finance corporations. ii) An insurance system, which will be effective in case the debtor fails to pay installments due to force majeure and reasonable causes, shall be created. iii) It shall be ensured that the Turkish Commercial Code defines special purpose vehicles and makes some exceptions to their activities. iv) Real estate appraisal profession shall be developed.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
31	Developing insurance products	Undersecretariat of Treasury (R) TSRSB (R) CMB (C)	2010-2012	i) Practice and legislation which might hinder the development of existing products or the creation of new products in the Turkish insurance sector shall be revised. ii) Works for product liability insurance shall be accelerated. iii) Works shall be done for developing financial loss insurance.
32	Establishing the foreign exchange and banknotes market	IGE (R) Undersecretariat of Treasury (C) CBRT (C) CMB (C) Takasbank (C)	2009-2012	A foreign exchange and banknotes market shall be established within IGE, and Takasbank shall provide clearing services.
33	Establishing the carbon market	IGE (R) Ministry of Environment (C) CMB (C) ISE (C) Takasbank (C) TURKDEX (C)	2012-2015	The trading of carbon and greenhouse gas emission shall be commenced, and derivatives based on such instruments shall be developed.
34	Establishing specialized commodity exchange, ensuring integration of the financial markets with commodity markets	TOBB (R) ISE (R) IGE (R) TURKDEX (R) Takasbank (R) Ministry of Industry and Trade (C) Ministry of Agriculture and Rural Affairs (C) CMB (C) EMRA (C) PBAT (C) CRA (C)	2010-2015	i) An electronic trading platform, clearing and custody system shall be established for agricultural products under the licensed storage system. ii) Spot and futures markets shall be developed based on energy products and commodities.
35	Establishing the diamond and precious stones market	IGE (R) Undersecretariat of Treasury (C) CMB (C)	2009-2010	The diamond and precious stones market shall be established within IGE, and thus trading shall be secured in the organized market.

Priority.8: Tax laws and secondary legislation shall be made simple, clear, predictable and sustainable.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
36	Rewriting of Income Tax Law	Ministry of Finance (R) Prime Ministry (C) RA (C)	2010-2012	Income Tax Law shall be rewritten considering the basic goals and principles.
37	Reviewing Tax Procedure Law completely	Ministry of Finance (R) Prime Ministry (C) RA (C)	2010-2012	Tax Procedure Law shall be completely reviewed and the provisions regarding taxpayer rights, resolution of disputes and valuation, and especially the deterrence of tax punishments shall be made parallel to modern tax systems.

Priority.9: Through upcoming regulations in taxation, it shall be ensured that financial transactions are made in Turkey by increasing the competitiveness of the country.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
38	Reducing transaction costs to competitive levels	Ministry of Finance (R) Prime Ministry (C) Undersecretariat of Treasury (C) CBRT (C) BRSA (C) CMB (C) ISE (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C) Takasbank (C) CRA (C) TURKDEX (C)	After 2010	Public financial burdens, including mainly BITT, which increase the intermediation costs, shall be progressively reduced at the proper time considering the public balances and economic developments in order to reduce transaction costs to competitive levels.
39	Giving functionality to instruments currently not demanded or developing new financial instruments and activities	Ministry of Finance (R) Prime Ministry (C) Undersecretariat of Treasury (C) CBRT (C) BRSA (C) CMB (C) ISE (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C) Takasbank (C) CRA (C) TURKDEX (C)	2010-Continuous	BITT shall be removed from products and activities that do not render BITT revenues presently due to lack of trading (private sector debt instruments, interest-free financing instruments etc).

Priority.10: Measures that eliminate uncertainty for financial institutions and investors and ensure specialization in practice shall be taken.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
40	Improving ruling system	RA (R) Prime Ministry (C) Ministry of Finance (C)	2010	In order to solve ambiguities for financial institutions and investors and to provide permanent solutions, it shall be ensured that ruling system is made trustworthy by considering the other countries' applications.
41	Forming a unit that specializes in financial sector under the Revenue Administration	RA (R) Prime Ministry (C) Ministry of Finance (C)	2010	A unit that specializes in financial sector shall be formed under the Administration and taxing practices in this area shall be coordinated by this unit.

Priority.11: Going public of non-public companies and spreading capital funding to the public base shall be encouraged.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
42	Ensuring that companies go public and increase the rate of public shareholding	Ministry of Finance (R) Prime Ministry (C) Undersecretariat of Treasury (C) BRSA (C) CMB (C) ISE (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C) Takasbank (C) TURKDEX (C)	2010-2015	All measures without excepting taxes shall be taken in order to strongly encourage going public and increasing public shareholding ratios of the companies.

Priority.12: The duties and functions of the current Systemic Risk Committee shall be reinforced in order to identify and prevent systemic risk and enhance horizontal coordination between regulatory and supervisory authorities of the financial sector.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
43	Reinforcing the duties and functions of the Systemic Risk Committee	BRSA (R) Undersecretariat of Treasury (C) CBRT (C) CMB (C) TMSF (C)	2010-2011	Legislation shall be passed which tangibly defines the duties and functions of the existing Systemic Risk Committee, which would also include the Capital Markets Board. Coordination shall be strengthened in respect of consolidated supervision, prevention of regulatory arbitrage, enforcement of regulatory policies, activities of research and strategy development.

Priority.13: Necessary measures shall be taken for institutional structuring of regulatory and supervisory authorities in the medium and long term as a result of assessments considering international developments including mainly the EU acquis.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
44	Detailed revision of institutional structuring of regulatory and supervisory authorities	Systemic Risk Committee (R)	2010 and after	Necessary measures shall be taken and detailed revisions shall be made for institutional structuring of regulatory and supervisory authorities in the medium and long term as a result of assessments made considering international developments including mainly the EU acquis.

Priority.14: The process of formation of international standards shall be closely monitored, and the level of harmonization with such standards shall be periodically reviewed.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
45	Periodic monitoring and reporting of compliance with international principles and standards	Financial Stability Council and Basel Committee participating institutions (R) CA (C)	2010 and after	Necessary tasking shall be made and work principles and procedures shall be laid down.

Priority.15: It shall be ensured that exchanges will be given legal status that would enable them to operate in such flexibility to respond to market dynamics and exclude them from the legislation relevant to the general public administration.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
46	Clarifying legal status of exchanges and taking them out of the legislation relevant to the public administration	Relevant Ministry of State (R) CMB (R) ISE (R) IGE (R) Ministry of Finance (C) Ministry of Labor and Social Security (C) TSPAKB (C)	2009-2010	Amendments shall be identified and necessary regulations shall be made in the relevant legislation and directives to clarify the legal status of exchanges and take them out of the legislation relevant to the public administration.

Priority.16: Living standards, security and transport means shall be upgraded in Istanbul, and physical conditions shall be provided to meet the infrastructure needs of financial organizations.

Priority.17: Technology and communications infrastructure of Turkey shall be strengthened, electronic communications shall be provided in a fast, reliable, uninterrupted and low cost manner.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
47	Creating a common technology platform	Takasbank (R) CMB (C) ISE (C) IGE (C) TSPAKB (C) CRA (C) TURKDEX (C)	2010-2012	An integrated structure shall be created to provide common software, hardware and communications services for markets, manage collaterals from one single center.
48	Creating the Turkish electronic funds trading platform	Takasbank (R) CRA (R) CBRT (C) CMB (C) ISE (C) TSPAKB (C) TKYD (C)	2009-2011	An electronic funds platform shall be created within Takasbank and CRA, transaction and membership conditions shall be identified, and clearing procedures shall be established.
49	Use of dematerialized shareholding rights in electronic medium	CRA (R) CMB (C) ISE (C) Takasbank (C)	2009-2011	Depending on the legislation of the relevant provision in the Draft Bill of Turkish Commercial Code, electronic general assembly services shall be provided under CRA.

Priority.18: The IFC-Istanbul Project shall be implemented soundly by realizing, monitoring and evaluating the goals, objectives and activities specified in the IFC-Istanbul Strategy and Action Plan.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
50	Creating the legal framework for IFC-Istanbul organizational structure	SPO (R) Prime Ministry (C) Undersecretariat of Treasury (C)	October 2009- December 2009	Depending on the nature of IFC-Istanbul organizational structure, in principle decision of the Council of Ministers, a Prime Ministry Directive or Law shall be promulgated
51	Appointment of IFC-Istanbul Coordinator	IFC-Istanbul Higher Council Chairman (R) Institutions forming the Advisory Council (C)	November 2009- December 2009	A senior bureaucrat reporting directly to the Deputy Prime Minister in Charge of Economy shall be appointed in the framework of IFC-Istanbul organization.
52	Establishing the IFC-Istanbul Coordination Office secretariat	SPO (R) IFC-Istanbul Coordinator (C)	January 2010- March 2010	A unit shall be established or employed to enable the IFC-Istanbul Coordination Office to perform its duties, provide office and specialists.
53	Creating IFC-Istanbul working committees	IFC-Istanbul Coordinator (R) Organizations represented in the Advisory Council (C)	March 2010- June 2010	Eight working committees shall be established.

Priority.19: Human resources and education policies in the field of finance shall be identified and revised.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
54	Adding basic finance courses to curricula at primary and secondary schooling	Ministry of National Education (R) CBRT (C) CMB (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C)	2010-2011 Academic Year - Continuous	In order to give basic finance and economics formation to students from primary schooling, some courses shall be added to the curricula and by the support of specialists from the sector, groundwork shall be established for finance and economics both theoretically and practically.
55	Enhancing foreign language education at primary and secondary schooling	Ministry of National Education (R) YOK (C)	2010-2011 Academic Year - Continuous	Practical knowledge of English to the extent needed at the financial center shall be provided intensively at primary and secondary schooling, and the existing content of foreign language courses shall be revised.
56	Enhancing foreign language education at higher education	YOK (R) Ministry of National Education (C)	2010-2011 Academic Year - Continuous	Professional knowledge of English to the extent needed at the financial center shall be provided at university level, and options shall be considered to make foreign language competence at a certain level mandatory for graduation.
57	Revising the course contents of finance programs at higher education	YOK (R) Ministry of National Education (C) CMB (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C)	2010-2011 Academic Year - Continuous	Course contents shall be enriched to respond to the specialty needs of the financial center, and concentrated on mostly to applications.
58	Encouraging the cooperation between universities and the sector	YOK (R) Undersecretariat of Treasury (C) CBRT (C) CMB (C) BRSA (C) ISE (C) IGE (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C) CRA (C) Takasbank (C) TURKDEX (C)	October 2009 – June 2010	“Career planning centers” and finance-focused centers shall be established for each university, sector employees not holding doctorate degrees shall be allowed to instruct in the universities, as well as academicians be allowed to work in the organizations in the sector.
59	Educating trainers and academicians in the field of finance based on the sector’s needs	Ministry of National Education (R) YOK (R) CBRT (C) CMB (C) ISE (C) IGE(C) BAT (C) PBAT (C) TSPAKB (C) TSRSB(C) TURKDEX (C)	2010-2011 Academic Year - Continuous	Programs shall be implemented to meet trainer needs for many fields of finance based on updated university programs and general finance courses at primary and secondary schooling.

Priority.20: Human resource efficiency and professional qualifications shall be enhanced in the field of finance.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
60	Developing practical training, courses and apprenticeship facilities in the financial sector	BAT (R) TSPAKB (R) TSRSB (R) Ministry of National Education (C) Undersecretariat of Treasury (C) CBRT (C) YOK (C) BRSA (C) CMB (C) TUBITAK (C) ISKUR (C) MYK (C) ISE (C) PBAT (C) TSPAKB (C) TSRSB (C) TURKDEX (C)	2010-2011 Academic Year - Continuous	In order to develop the cooperation between the universities and the sector, more university students shall be given apprenticeship opportunities. Continuous professional training shall be provided to current employees in needed areas and new areas of finance. Further, courses shall be organized to the employees of sector and to those who will take related examinations.
61	Organizing vocational courses by ISKUR to those who have basic education in finance	ISKUR (R) Ministry of National Education (C) YOK (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C)	2010-2011 Academic Year - Continuous	ISKUR shall organize and provide work force training and vocational courses in cooperation with the sector for areas needed by the sector or employers by increasing the capacity of ISKUR.

Priority.21: Qualified work force shall be attracted to Istanbul.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
62	Creating a talent pool for the financial sector	TSPAKB (R) Ministry of Labor and Social Security (C) Undersecretariat of Treasury (C) CMB (C) BRSA (C) BAT (C) TSRSB (C) MYK (C) ISKUR (C)	October 2009- March 2010	An electronic, non-profit talent pool shall be created to provide services such as closely monitoring the employment status of financial sector employees, and organizing and directing job seekers.
63	Improving the social life quality of human resources	Governorship of Istanbul (R) Ministry of Culture and Tourism (C) Istanbul Metropolitan Municipality (C) Istanbul Foundation for Culture and Arts (C)	October 2009- October 2012	One of the important elements that improve quality of life is the widespread existence and diversity of social living spaces. In this regard, new opportunities and areas to increase social life quality in Istanbul shall be created to attract potential work force and to increase the efficiency of the existing human resources.
64	Facilitating and accelerating work permit processes for foreigners in the field of finance	Ministry of Labor and Social Security (R) Ministry of Interior (C) SGK (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C)	October 2009- February 2010	Since many foreign specialists are expected to work in Turkey in the context of the goal of becoming a financial center, such processes as residence permit / work permit shall be facilitated.
65	Organizing possible incentives in the premiums of domestic and foreign companies operating in the financial sector	SGK (R) Ministry of Finance (C) Undersecretariat of Treasury (C)	October 2009- May 2010	Incentives shall be considered in insurance premiums complementary to the social security or reducing budget deficits for the employees of the local and foreign organizations operating in the financial sector, and they shall be put into practice within the limit of resources
66	Making Istanbul an educational center of master's and doctoral level in finance	YOK (R) Ministry of National Education (C) Undersecretariat of Treasury (C) CMB (C) BRSA (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C)	October 2009- October 2012	In the direction of the goal of becoming a financial center, works shall be done for making Istanbul an educational center of master's and doctoral level in finance.

Priority.22: A promotion and advertisement strategy shall be formulated for the IFC-Istanbul project, and the public perception for the Project shall be managed inside and outside the country.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
67	Identifying target audience and exploring their perception of Istanbul	IFC-Istanbul Coordination Office (R) SPO (C) Undersecretariat of Treasury (C) UFT (C) CBRT (C) CMB (C) BRSA (C) ISPAT (C) ISE (C) IGE (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C) TOBB (C) TURKDEX (C) Promotion Foundation of Turkey (C)	April 2010- July 2010	Service shall be outsourced from a specialized company to identify the target audience for IFC-Istanbul and explore and determine their perception and image of Istanbul.
68	Formulating and implementing a promotion and advertisement policy	IFC-Istanbul Coordination Office (R) SPO (C) Undersecretariat of Treasury (C) UFT (C) CBRT (C) CMB (C) BRSA (C) ISPAT (C) ISE (C) IGE (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C) TOBB (C) TURKDEX (C) Promotion Foundation of Turkey (C)	July 2010- October 2010	Necessary funds shall be created for the promotion and advertisement strategy at domestic and international level and media procurement relevant to the said strategy shall be realized (TV, journals, newspapers, Internet etc).
69	Informing the public on the works for IFC-Istanbul project so far and getting their support	IFC-Istanbul Coordination Office (R) SPO (C) ISPAT (C)	January 2010- Dec. 2010	There is no adequate information available to the public on the works made for the IFC-Istanbul project so far. A publicity strategy shall be formulated to share the works with the public effectively, publicize the works and get public support.
70	Creating an internet portal to provide information services on financial products, services, markets and practices and tax regulations	IFC-Istanbul Coordination Office (R) SPO (C) Undersecretariat of Treasury (C) UFT (C) RA (C) ISPAT (C) CBRT (C) BRSA (C) CMB (C) ISE (C) IGE (C) BAT (C) PBAT (C) TSPAKB (C) TSRSB (C) TOBB (C) CRA (C) Takasbank (C) TURKDEX (C)	April 2010- April 2011	A portal shall be created to provide information services in various languages introducing the financial products, services, markets and practices and tax regulations in Turkey and in Istanbul; and access shall be provided to the web pages of all regulatory agencies and professional organizations related to the financial sector through such portal.

Priority.23: The IFC-Istanbul Coordination Office shall share with public the assessments regarding the progress achieved towards becoming an international financial center.

Action No	Action Name	Responsible (R) and Cooperating (C) Organizations	Start – End Dates	Actions and Description
71	Publishing progress reports	IFC-Istanbul Coordination Office (R) Institutions forming the Advisory Council (C)	October 2010- Continuous	Progress reports shall be published semiannually in May and October starting from October 2010.