

Twinning Project between Turkey and Germany



16.11.2007

Project Title	Assisting the Capital Markets Board of Turkey to comply fully with EU capital markets standards (TR04-IB-FI-01)
Partners	Germany and Turkey Bundesministerium der Finanzen (BMF) = Federal Ministry of Finance Supported by <ul style="list-style-type: none">- Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) = Federal Financial Supervisory Authority- Deutsche Bundesbank = German Central Bank Sermaye Piyasası Kurulu (SPK) = Capital Markets Board of Turkey
Project Leaders	Ender ÇOLAK - Vice Chairman, SPK Werner KERKLOH - Head of Division "Stock Exchange", BMF
RTA /	Norbert VENZLAFF - BMF, seconded to SPK
RTA Counterpart	Ayşegül EKŞİT - Head of European Union Group, SPK
Staff	62 German Short Term Experts 155 Turkish Experts
Duration	January 2006 to December 2007
Amount	1,9 million €
Objective	Completion of the alignment of capital markets legislation with the EU acquis and its proper implementation
Component 1	Adaptation of Capital Markets legislation in conformity with the EU acquis – Assistance in drafting legislation <ul style="list-style-type: none">• Report comparing Turkish law with EU legislation submitted to the Chairman of CMB• Market Abuse drafts submitted to the Chairman of CMB:

- Capital Market Law for adopting the EU Market Abuse Directive (2003/6/EC)
- Communiqué on Public Disclosure of Regulated Information for Listed Companies
- Communiqué on Principles Regarding Manipulative Behaviours and Accepted Market Practices
- Communiqué Regarding Exemptions For Buy-back Programmes and Stabilisation of Financial Instruments
- Communiqué on Production and Dissemination of Financial Recommendations
- Communiqué No. Serial V, No. 46 Regarding Principles Concerning Intermediary Activities and Intermediary Institutions for Adopting the Market Abuse Directive (2004/72/EC Directive)

These drafts aim to implement the following legislative EU acts:

- Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse)
- Commission Directive 2003/124/EC of 22 December 2003 as regards the definition of public disclosure of inside information and the definition of market manipulation
- Commission Regulation 2273/2003 of 22 December 2003 as regards exemptions for buy-back programmes and stabilisation of financial instruments
- Commission Directive 2003/125/EC of 22 December 2003 as regards the fair presentation of investment recommendations and the disclosure of conflicts of interest
- Commission Directive 2004/72/EC of 29 April 2004 as regards accepted market practices, the definition of inside information in relation to derivatives on commodities, the drawing up of lists of insiders, the notification of managers' transactions and the notification of suspicious transactions

- Prospectus Requirements drafts submitted to the Chairman of CMB:

- Capital Market Law for adopting the Prospectus Directive (2003/71/EC)
- Communiqué Regarding Information Contained in Prospectuses as well as the Format, Incorporation by Reference and Publication of such Prospectuses and Dissemination of Advertisements

These drafts aim to implement the following legislative EU acts:

- Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC
- Commission Regulation 809/2004 of 29 April 2004 as regards information contained in prospectuses as well as the format, incorporation by reference and publication of

such prospectuses and dissemination of advertisements

- Investor Compensation draft submitted to the Chairman of CMB:
 - Capital Market Law for adopting the Investor Compensation Directive (97/9/EC)

This draft aims to implement the following legislative EU act:

- Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor compensation schemes

- Auditing drafts submitted to the Chairman of CMB:
 - Communiqué amending the Communiqué Serial: X, No: 22 Regarding Auditing Principles in Capital Markets for Adopting the Auditing Directive
 - Draft Board Decision for the provisions of the Directive that are going to be implemented through Board Decisions on the subjects of “Test of theoretical knowledge for auditors”, “Quality assurance systems” and “Quality assurance”

These drafts aim to implement the following legislative EU act:

- Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC

- Clearing and Settlement drafts submitted to the Chairman of CMB:
 - Capital Market Law for Adopting the Settlement Finality Directive
 - Capital Market Law for Adopting the Financial Collateral Arrangements Directive

These drafts aim to implement the following legislative EU acts:

- Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems
- Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements

- Capital Adequacy drafts submitted to the Chairman of CMB
 - Draft Communiqué Serial: V No: x Regarding the Capital and Capital Adequacy of Investment Firms

These drafts aim to implement the following legislative EU acts:

- Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions
- Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions
- Takeover drafts submitted to the Chairman of CMB:
 - Capital Market Law for Adopting the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids
 - Communiqué on Principles Regarding Takeover Bids

These drafts aim to implement the following legislative EU act:

- Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids
- Corporate Law drafts submitted to the Chairman of CMB:
 - Proposals for Draft Turkish Commercial Code and Capital Market Law for Adopting First Council Directive 68/151/EEC Regarding Co-Ordination of Safeguards for Disclosure Requirements (68/151/EEC)
 - Proposals for Draft Turkish Commercial Code, Capital Market Law and CMB Communiqué for Adopting Second Council Directive 77/91/EEC Regarding Formation of Public Limited Liability Companies and the Maintenance and Alteration of Their Capital (77/91/EEC)
 - Proposals for Draft Turkish Commercial Code and CMB Communiqué Serial I, No.31 for Adopting Third Council Directive 78/855/EEC Regarding Mergers of Public Limited Liability Companies (78/855/EEC)
 - Proposals for Draft Turkish Commercial Code and Trade Registry Regulation for Adopting Sixth Council Directive 82/891/EEC Regarding the Division of Public Limited Liability Companies (82/891/EEC)

These drafts aim to implement the following legislative EU acts:

- First Council Directive 68/151/EEC of 9 March 1968 on co-ordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards

equivalent throughout the Community

- Second Council Directive 77/91/EEC of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent
- Third Council Directive 78/855/EEC of 9 October 1978 based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies
- Sixth Council Directive 82/891/EEC of 17 December 1982 based on Article 54 (3) (g) of the Treaty, concerning the division of public limited liability companies

• UCITS drafts submitted to the Chairman of CMB:

- New section in Capital Market Law for adopting the UCITS Directive (85/611/EC), amended by Directives 2001/107/EC and 2001/108/EC
- New Communiqué on clarification of risk management systems, eligible assets and other issues regarding UCITS (2007/16/EC).

These drafts aim to adopt the following legislative EU acts:

- Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)
- Council Directive 88/361/EEC of 24 June 1988 for the implementation of Article 67 of the Treaty
- Directive 2001/107/EC of 21 January 2002 amending Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) with a view to regulating management companies and simplified prospectuses
- Directive 2001/108/EC of 21 January 2002 amending Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), with regard to investments of UCITS
- Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to

undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions.

- MiFID drafts submitted to the Chairman of CMB:

- New sections in the Capital Market Law for investment firms, exchanges, intermediaries, and transaction reporting for adopting the Markets in Financial Instruments Directive (2004/39/EC)
- New Regulation on Exchanges
- New Regulation on Multilateral Trading Facilities
- New Regulation on the Admission of Securities to Official Stock Exchange Listing
- New Communiqué on Investment Services
- New Communiqué on Systematic Internalisers
- New Communiqué on Transaction Reporting

These drafts aim to adopt the following legislative EU acts:

- Directive 2004/39/EC of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and Council and repealing Council Directive 93/22/EEC
- Directive 2006/31/EC of 5 April 2006 amending Directive 2004/39/EC on markets in financial instruments, as regards certain deadlines
- Commission Regulation (EC) No 1287/2006 of 10 August 2006 as regards record keeping obligations for investment firms, transaction reporting, market transparency, admission of financial instruments to trading, and defined terms for the purposes of that Directive
- Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive
- Directive 2001/34/EC of 28 May 2001 on the admission of securities to official stock exchange listing and on information to be published on those securities

- Transparency drafts submitted to the Chairman of CMB:

- Amending Capital Market Law and Communiqué Serial: IX,

No: 25 on the Accounting Standards in the Capital Market for adopting the Transparency Directive (2004/109/EC)

- New Transparency Communiqué for Disclosure of Regulated Information

These drafts aim to adopt the following legislative EU acts:

- Directive 2004/109/EC of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC
- Commission Directive 2007/14/EC of 8 March 2007 prescribing more detailed rules in relation to major holdings, standards for dissemination of information, financial information and equivalence.

Component 2 Strengthening the administrative capacity of CMB

- Review of operational procedures of the CMB and comparison with “best practice”
- Preparation of operational manuals

Component 3 Design of a regulatory impact assessment system

- Regulatory Impact Assessment Guidelines approved by the Board
- Training sessions for the heads of departments, deputy heads and the CMB staff on the implementation of the regulatory impact assessment system held

Component 4 Training

- Report prepared by STEs and CMB Experts on the identification of relevant ideas for training beside the new legislation identified in Component 1 submitted to the Chairman
- Training of CMB staff and trainers including preparation of training material done in the following areas:
 - Market Abuse
 - Prospectus Requirements
 - Investor Compensation
 - Clearing and Settlement
 - Takeovers

- Study visits held in Germany in the following areas:
 - Prospectuses
 - Insider Trading and Market Surveillance
 - Investor Compensation
 - Investment Funds
 - Capital Adequacy
 - Transparency
 - Administrative Structure
- Traineeships (1 month) done in Germany in the following areas:
 - Market Surveillance
 - Regulatory Impact Assessment

Component 5 Public Awareness

- Kick-off meeting took place on February 1, 2006 at CMB in Ankara
- Public awareness raising programme on capital markets issues including EU legislation developed and submitted to the Chairman.
- Public awareness raising programme on capital markets issues including EU legislation launched:
 - I. Istanbul Conference on June 6, 2007
 - II. Istanbul Conference on November 7, 2007

<http://www.spk.gov.tr/filesys/twinning/eng/index.html>