

LICENSING OF MARKET PROFESSIONALS IN TURKEY

GENERAL FRAMEWORK

Licensing requirements were introduced by the Capital Markets Board (CMB), the main regulatory authority in the capital markets, in August 2001. The licensing system aims to assess the professional qualifications and the knowledge of persons working at capital market related jobs. The first licensing examinations were held in September 2002.

CMB is in charge of the whole licensing process, while some operations are outsourced. Exams were done by a university until the end of the 2009. In March 2010, the licensing examinations were organized with the cooperation of CMB and TSPAKB.

Licenses are issued by the Association of Capital Market Intermediary Institutions of Turkey (TSPAKB or the Association) upon application of successful candidates at the exams. Detailed records of the licensed professionals are kept at the Association's registry, and information on registered professionals is partially available to the public.

TYPES OF LICENSES

The CMB introduced several types of licenses for market professionals. The first seven of the below-listed licenses are required for employment at intermediaries and others for employment at other institutions such as rating agencies. Intermediaries refer to banks and brokerage firms.

- 1. Basic Level:** Required for branch managers, representative office managers.
- 2. Basic Level Customer Representative:** Required for client advisors.
- 3. Advanced Level:** Required for managers, research and corporate finance analysts.
- 4. Settlement & Operations:** Required for back office employees.
- 5. Derivatives:** Required for derivatives traders, managers and back office employees.
- 6. Derivatives Customer Representative:** Required for derivatives client advisors.
- 7. Derivatives Accounting & Operation:** Required for back office employees.
- 8. Real Estate Appraisal:** Required for mortgage and real estate appraisers.
- 9. Residential Real Estate Appraisal:** Required for mortgage and real estate appraisers.
- 10. Credit Rating:** Required for employees of credit rating agencies.
- 11. Corporate Governance Rating:** Required for employees at corporate governance rating agencies and employees at investor relations departments of listed companies.
- 12. Independent Auditing:** Required for independent auditors of listed companies and intermediaries.

EXAMINATIONS

The latest licensing exam (March 2010) was organized by CMB and TSPAKB for the first time. Applicants filled in the online application forms on the Ministry of National Education's web site. They were able to choose test centers located in 10 cities out of 81 in Turkey. The written multiple-choice exams were prepared by the help of a committee from the CMB. Exam's language is Turkish and there are plans to hold exams in English in the medium-term. Exams were held three times a year until 2010. In 2010, exams are organized in March and November.

EXEMPTIONS

General managers of brokerage firms and CMB experts are qualified to have licenses without having to take the examinations.

ISSUANCE OF LICENSES

The persons who pass the exams should enter detailed information (personal information, contact details, education background, professional background, criminal records etc) about themselves to the on-line licensing and record-keeping database of the Association. Later, they should apply to the Association with the required documentation.

Applicants should not have been sentenced for the violation of certain laws, including capital markets and anti-money laundering regulations. Holders of high-school or pre-bachelor diplomas are entitled to obtain only the settlement & operations, basic level and basic level customer representative licenses. For other types of licenses, a graduate degree is required. Upon verification of the documents, the Association issues the license.

LICENSE RENEWAL

Licensed persons should attend a one-day license renewal training program. Attendance is the only condition for renewal. There are no follow-up exams at the training programs.

Renewal training should be taken every four-years, for persons who work in areas subject to licensing. If the person is unemployed or working at positions not requiring a license, they should attend the training every two-years. The renewal training programs are held by the Association.

LICENSE REVOCATION

If a licensed person breaks the relevant laws and regulations, his/her licenses are revoked by the CMB, permanently or temporarily.

PUBLIC DISCLOSURE

If the person allows the Association to disclose his/her personal information to public, his/her name, licenses

held, education, current position, previous work experience and criminal background are made public on the Association’s web site.

If the license holder does not allow the Association to disclose his/her personal information to public, only his/her name is displayed on the Association’s website. This indicates that s/he is registered at the Association’s database and his/her license information could be obtained by an application to the Association.

RECOGNITION OF FOREIGN ACCREDITATION

Foreign accreditations of market professionals are unilaterally recognized by the CMB, upon the suggestions of an independent committee. 1 representative from the CMB, 1 representative from the Association, 1 representative from the Istanbul Stock Exchange and 2 professors from the academia compose the committee.

The process starts with the application of a foreign license holder. S/he may apply to the Association or the Capital Markets Board. If the application is made to the Association, it is forwarded to the CMB. Then, CMB calls for the meeting of the committee. The committee meets when there is an application for the recognition of a foreign license and evaluates whether the foreign certificate held by the applicant is equivalent to any of the licenses in Turkey.

The applicant is expected to present detailed information on the license, issuing institution, issue time, issue process, courses attended, exams taken, relevant websites and other information.

The application documents are distributed to the committee members before the meeting for independent evaluation. Committee members make their own research about the eligibility of the applied license and form their own judgment. During the meeting, the committee decides whether the license is equivalent to any of the licenses granted in Turkey. If the committee accepts equivalence, the foreign license is approved by the CMB and announced on the Association’s and CMB’s websites.

Following the approval of the CMB, the applicant has to take the exam modules on the “Regulations in the Turkish Capital Markets” and “Tax Regulations”. Other holders of the same license need not go through the committee again. They just take the mentioned exams.

As of August 2010, the following certificates are accepted by the Capital Markets Board of Turkey as equivalent to certain licenses issued in Turkey. Some certificates which have not been recognized as equivalent to a license in Turkey are also presented in the below table.

RELEVANT REGULATIONS

Communiqué Serial: VIII, No: 34 on Principles Regarding Licensing and Registration for the Professionals Engaged in Capital Market Activities

Communiqué Serial: V, No: 46 on Principles Regarding Intermediary Activities and Intermediary Institutions

Communiqué Serial: VIII, No: 51 on Principles Regarding Ratings and Rating Agencies in Capital Markets

Communiqué Serial: V, No: 68 on Principles Regarding Internal Auditing Systems of Brokerage Houses

Communiqué Serial: X, No: 22 on Principles Regarding Independent Auditing In Capital Markets

Foreign Accreditations Recognized in Turkey			
License	Issued by	Country	Equivalent Licenses
Chartered Financial Analyst (CFA) Level 1	CFA Institute	Global	Basic Level
CFA Level 2 or 3	CFA Institute	Global	Advanced Level and Derivatives
General Securities Representative (Series 7)	FINRA	USA	Basic Level
Commodity Trading Advisor	National Futures Association (NFA)	USA	Derivatives
Securities and Financial Derivatives	Securities and Futures Authority (SFA)*	UK	Advanced Level and Derivatives
Securities Representative	Securities and Futures Authority (SFA)*	UK	Advanced Level
Derivatives Market Specialist	Canadian Securities Institute (CSI)**	Canada	Derivatives
Foreign Accreditations Not Recognized in Turkey			
License	Issued by	Country	
Investment Management Certificate	Institute of Investment Management and Research (IIMR)***	UK	
ISMA General Certificate	International Securities Market Association (ISMA)****	Global	
Canadian Securities Course	Canadian Securities Institute (CSI)**	Canada	

*SFA no longer exists. All regulatory functions of the SFA have been taken over by the Financial Services Authority as of December 2001. But previously issued certificates have been accepted in Turkey.

**CSI was the educational body of the Investment Dealers Association of Canada (IDA). In 2002, it was incorporated as a for-profit entity and renamed CSI Global Education Inc.. Previously issued certificates have been accepted in Turkey.

***IIMR no longer exists. It merged with the London Society of Investment Professionals (LSIP) in 2000 and named the UK Society of Investment Professionals. In 2007, it was renamed CFA Society of the UK.

****ISMA no longer exists. In 2005, ISMA merged with IPMA (the International Primary Market Association), and the name of the organisation was changed to ICMA (International Capital Market Association).

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