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# **Recent Developments in Turkish Sukuk Market**

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# Legal Milestones I

- April 1, 2010 → Capital Markets Board Communiqué (Series: III, No: 43)
  - ❑ Communiqué regulates the principles and rules regarding the Board registration, issuance and sale of ijara certificates (Sukuk), and the establishment and activities of asset lease companies
  
- February 25, 2011 → Turkish Law No: 6111
  - ❑ The Law defines income on lease certificates as income from movable property
  - ❑ It also regulates stamp duty, corporate tax and value-added tax issues related to lease certificates and their transfer to asset leasing companies



# Legal Milestones II

- **June 29, 2012 → Turkish Law No: 6327**
  - ❑ The Law grants the right to issue lease certificates by Turkish Treasury for borrowing purposes and defines issue rules
  - ❑ It states that government lease certificates can be used as collateral for Public Procurement Law applications
- **September 9, 2012 → BİAŞ Circular No: 401**
  - ❑ The Circular defines rules on quoting and trading lease certificates in Borsa İstanbul A.Ş. (BİAŞ)
- **September 11, 2012 → BİAŞ Circular No: 403**
  - ❑ The Circular includes lease certificates (public and private) among eligible instruments that can be traded on Debt Securities Market (DSM) in **Outright Purchases and Sales Market**
  - ❑ It also states that TRY denominated lease certificates issued by Treasury (**public**) can be used as trading limit collateral for Debt Securities Market



# Legal Milestones III

## ➤ April 2, 2013 → BİAŞ Circular No: 422

- ❑ The Circular includes lease certificates (public and private) among eligible instruments that can be traded in DSM Repo Market For Specified Securities
- ❑ It also states that private lease certificates that are quoted on BİAŞ can be used as trading limit collateral for Debt Securities Market

## ➤ May 25, 2013 → BİAŞ Circular No: 427

- ❑ The Circular states that private lease certificates are eligible to be issued in DSM Offerings Market for Qualified Investors (primary market) without being subject to be quoted on BİAŞ
- ❑ Following the issue, private lease certificates are automatically included in the tradable asset list of DSM Outright Purchases and Sales Market (only between qualified investors)



# Legal Milestones IV

- June 7, 2013 → Capital Markets Board Communiqué (Series: III, No: 61.1)
  - ❑ Cancels Series: III, No: 43 Communiqué dated April 1, 2012 and in line with new Capital Market Law (enacted on December 30,2012) the Communiqué regulates;
    - ❖ types, nature and issue principles of lease certificates
    - ❖ establishment rules, activities, management and documentation of asset lease companies
    - ❖ assets types and rights that can be transferred to asset lease companies
  - ❑ Communiqué states the types of lease certificate:
    - ❖ ownership
    - ❖ management contract
    - ❖ trade
    - ❖ partnership
    - ❖ work of art contract



# Legal Milestones V

- June 7, 2013 → Capital Markets Board Communiqué (Series: III, No: 61.1)
  - ❑ Issue of lease certificates can be done through
    - ❖ public offering
    - ❖ private placement or to qualified investors
  - ❑ Lease certificates can be issued domestically or internationally
  - ❑ Asset lease companies can be founded by
    - ❖ banks
    - ❖ brokerage houses (that can conduct portfolio intermediation, custody services or underwriting of primary issues)
    - ❖ mortgage financing companies
    - ❖ real estate investment trusts
    - ❖ companies that 51% of ownership belong to Treasury
    - ❖ other companies that are approved by CMB
  - ❑ Value of assets and rights that are to be transferred to asset lease companies needs to be evaluated by independent firms



# Trading Milestones

- **September 18, 2012 → International Issue by Treasury**
  - Treasury auctioned first lease certificate in international markets worth of 1.5 billion USD with a maturity of 5,5 years and 2.803% semi-annual lease rate (5 folds demand)
- **September 21, 2012 → Trading starts in BİAŞ**
  - Lease certificate started to trade in BİAŞ Debt Securities Outright Purchases and Sales Market on September 21, 2012 with value date September 26, 2012
- **October 3, 2012 → Domestic Issue by Treasury**
  - Treasury auctioned first lease certificate in domestic markets worth of 800 million USD with a maturity of 2 years and 7.40% annual lease rate (2 folds demand)
- **March 5, 2013 → Domestic Issue by Private Sector**
  - Asya Varlık Kiralama A.Ş. auctioned first private lease certificate in domestic markets worth of 60 million USD with a maturity of 1 year and 7.10% annual lease rate





# Lease Certificate Issues

Issuer	ISIN Code	Issue Date	Expiry Date	Issue Volume (Million USD)
Treasury	US421790AA42	26/09/2012	26/03/2018	1,500
Treasury	TRD011014T17	03/10/2012	01/10/2014	787
Treasury	TRD180215T17	20/02/2013	18/02/2015	735
Treasury	TRD190815T10	21/08/2013	19/08/2015	881
Asya Asset Lease Company	TRDASVK31417	05/03/2013	04/03/2014	61
Aktifbank Asset Lease Company	TRDABVK51411	31/05/2013	30/05/2014	48
			<b>Total</b>	<b>4,012</b>



\* 09/09/2013 Central Bank exchange rate is used for the issue volume conversion

# Lease Certificate Trading

	Public Lease Certificates	Private Lease Certificates	Total Lease Certificates	DSM Total Trading Volume	% Share in DSM Trading Volume
October 2012	9.67	0.00	9.67	15,748	0.06
November 2012	4.55	0.00	4.55	16,705	0.03
December 2012	2.75	0.00	2.75	8,297	0.03
January 2013	4.31	0.00	4.31	22,722	0.02
February 2013	7.31	0.00	7.31	16,269	0.04
March 2013	8.49	4.72	13.21	16,319	0.08
April 2013	15.59	1.96	17.56	18,860	0.09
May 2013	28.27	2.04	30.32	20,223	0.15
June 2013	13.60	26.05	39.65	19,632	0.20
July 2013	15.32	26.08	41.40	16,990	0.24
August 2013	28.88	15.89	44.77	10,946	0.41



\* 09/09/2013 Central Bank exchange rate is used for the volume conversion

# Lease Certificate Trading

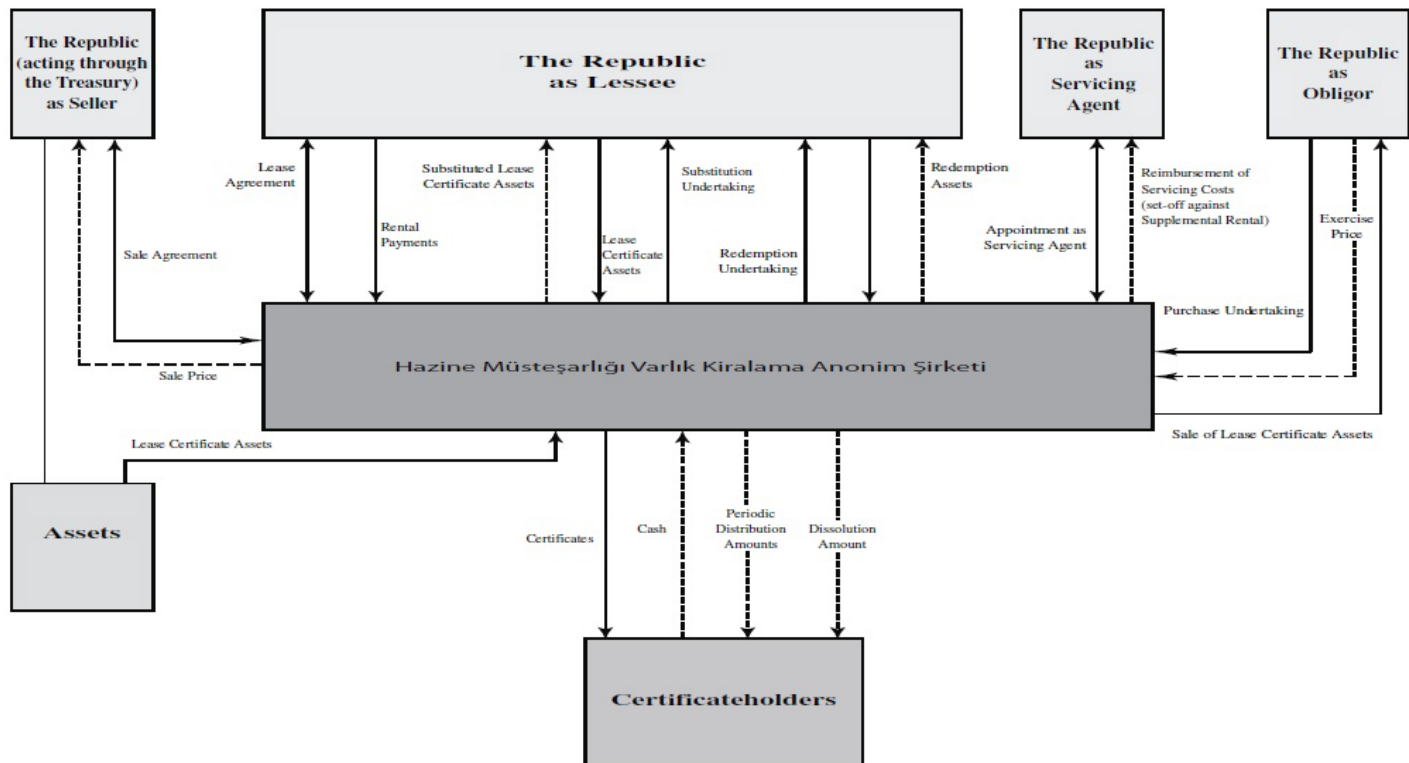


# Structure of the Treasury Lease Certificate

## Structure Diagram and Cash Flows

Set out below is a simplified structure diagram and description of the principal cash flows underlying the transaction. Potential investors are referred to the terms and conditions of the Certificates and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

## Structure Diagram





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**Thank you ...**

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