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DEVELOPMENT OF SUKUK MARKET IN İMKB

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September 26, 2012

RECENT DEVELOPMENTS

Legal Basis

- April 1, 2010 → Capital Markets Board Communiqué (Series: III, No: 43)
 - Communiqué regulates the principles 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

RECENT DEVELOPMENTS

Legal Basis

- 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 → İMKB Circular No: 401
 - The Circular defines rules on quoting and trading lease certificates in İMKB
- September 11, 2012 → İMKB Circular No: 403
 - The Circular includes lease certificates among eligible instruments that can be traded in İMKB Debt Securities Market

RECENT DEVELOPMENTS

Trading in İMKB

- September 18, 2012 → First Issue by Treasury
 - Treasury auctioned first lease certificate in international markets worth of 1.5 billion USD with a maturity of 5,5 years (26.03.2018) and 2.803% lease rate
- September 26, 2012 → First Trade in İMKB
 - Lease certificate will be traded in İMKB Debt Securities Outright Purchases and Sales Market on September 21, 2012 with value date September 26, 2012.

İMKB Model : Purchase and Resale Agreement of Sukuk Certificates

- ☞ In order to execute a purchase and resale agreement, the buyer enters an order specifying the spot price of the security, the nominal amount, the resale price, the resale date and the party to which the resale is to be realized (İMKB Takasbank A.Ş.)
- ☞ In order to execute a sale and repurchase agreement, the seller enters an order specifying the spot price of the security, the nominal amount, the repurchase price, the repurchase date and the party from which the repurchase is to be realized (İMKB Takasbank A.Ş.)
- ☞ When the purchase and sale orders match in terms of spot price, nominal amount, repurchase/resale price, repurchase/resale date and repurchase/resale parties three simultaneous transactions are realized

İMKB Model : Purchase and Resale Agreement of Sukuk Certificates

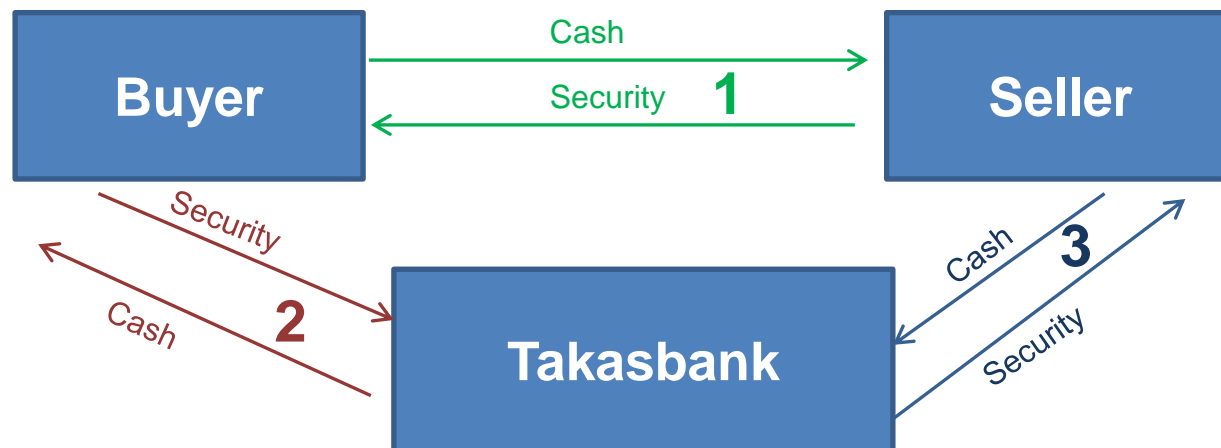
👉 **Transaction 1:** The first transaction is a purchase - sale transaction carried out at the spot market between the buyer and the seller. Takasbank acts only as an intermediary for clearance and settlement for the first transaction.

👉 **Transaction 2:** The second transaction is between the buyer of the first transaction and Takasbank, where the buyer will resell the security to Takasbank at the stated future date and price determined at the first transaction and receive the transaction value from Takasbank. Takasbank is a party of this transaction.

👉 **Transaction 3:** The third transaction is between the seller of the first transaction and Takasbank, where the seller will repurchase the security from Takasbank at the stated future date and price determined at the first transaction and pay the transaction value to Takasbank. Takasbank is a party of this transaction.

ALTERNATIVE TRADING METHOD OF SUKUKS

- ☞ The buyer of the first transaction pays the transaction value to the seller via Takasbank at the value date of the transaction. The seller delivers the subject sukuk certificate to the buyer via Takasbank.
- ☞ In the second transaction, the buyer of the first transaction (seller of the second transaction) delivers the subject security to Takasbank and receives the transaction value from Takasbank at the stated value date of the transaction.
- ☞ In the third transaction, the seller of the first transaction (buyer of the second transaction) pays the transaction value to Takasbank and receives the subject security from Takasbank at the stated value date of the transaction.
- ☞ Takasbank has the right of withdrawal from the second and third transactions.





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THANK YOU

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