

Corporate Bond Market Development in Turkey: Priorities & Challenges

**Capital markets Board of Turkey & The World Bank
Group
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Regulatory framework must be able to respond to dynamic market developments ...



Rapid institutional and product innovations



Diffused delivery systems for products and services brought about by technology



Globalization resulting in stiff competition for capital flows and investments

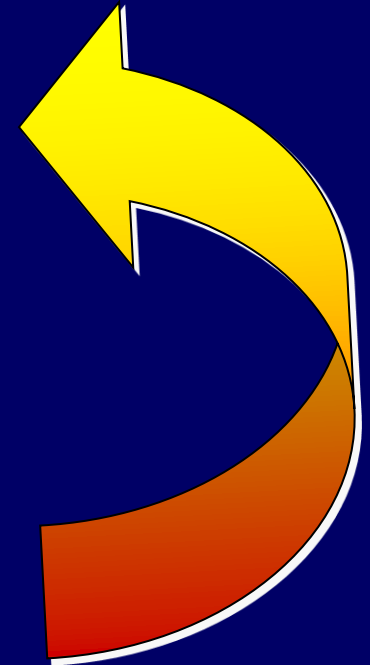
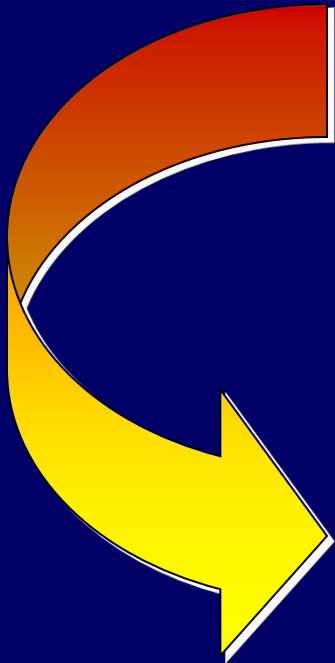
... as well as providing a sound basis for securities regulation

IOSCO's principles of Securities Regulation

- ❖ Protection of Investors
- ❖ Ensuring markets are fair, efficient and transparent
- ❖ Reduction of systemic risk

Responsive regulatory framework that can -

- ❖ Facilitate capital formation and economic growth
- ❖ Benefits of competition must be recognized



Elements of an effective legal & regulatory framework



... and must facilitate market monitoring mechanisms so as to promote discipline

Require disclosure of reliable, comprehensive and timely information

Implement pro-private monitoring regulations

Strengthen rights of private investors

Enhance corporate governance

Turkey's legal & regulatory framework for bond market withstood recent financial crisis well...

Capital Markets Law

Various Communiqué dealing with various aspects of regulatory requirements in relation to different products

Rulings, decisions & principles issued by CMB from time to time on market participants

Regulations and circulars issued by ISE on relevant markets

Nonetheless, more can be done to strengthen legal & regulatory framework ...

Develop comprehensive capital markets law rather than piecemeal reforms

Effective feedback mechanism for reforms that affect bond markets e.g. Commercial Code & Bankruptcy law

Efficient issuance process that provides greater issuance flexibility & time to market

Effective framework for protection & enforcement of creditors' rights

Facilitate greater efficiency in credit rating process

Review regulations that impedes institutional investors' participation

Thank you

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