

Clearstream Spotlight

Rapid growth as Clearstream celebrates 15 years' service in Turkey

Clearstream's assets under custody in Turkey have enjoyed growth of more than 40% during the last 12 months. As we mark our 15th year providing settlement and custody services for a wide range of Turkish financial securities, we can confirm this mirrors the growing demand we have observed for access to the Turkish market.

Clearstream is the only international central securities depository (ICSD) offering a domestic link to Turkey. Our mature offering, developed over the past 15 years, enables access for international investors and issuers to the Turkish domestic capital market. In addition we are supporting the domestic capital markets and local banking community to meet their financial needs, for instance, helping local issuers in Turkey access the international debt market.

We are also supporting a number of facilities of the European Investment Bank for the Turkish market, secured by Eurobonds.

Our commitment to help expedite growth in the Turkish market was evident towards the end of last year when we announced our partnership with Türk Ekonomi Bankasi A.S. (TEB) to locally operate our link with Turkey. This opened up the possibility to improve our securities deadlines by up to three hours and enhance

services to our customers across a wide range of domestic instruments, including corporate bonds and warrants.

A year of positive news

Recently, the press has been alive with positive stories of Turkey's economic progress. The industry rating agencies have also shown their approval with positive investment ratings from all the major agencies during the past year. Following this upgrade, we observed an increase of interest to leverage Turkish government bonds as collateral in the context of Triparty collateral management, which we have the ability to manage throughout the end to end process in an automated manner.

This validation has certainly underpinned the rapid increase of issuance. Indeed, the number of issuers has risen by more than 15% since January 2011 and the market capitalisation of the equity market has grown by around 20%.

Clearstream remains excited and committed to supporting the market to reach its potential.

A view on current market developments

With benchmark interest rates in Turkey touching "historic" lows, issuers in Turkey are searching to develop a more diverse range of products and instruments. In the capital markets these include new debt securities (such as municipal, convertible, ABS/MBS), Sukuk and sharia compliant instruments, single stock options/futures and warrants, the energy market and ETFs. We also see a gradual correction in the concentration of government debt instruments with local banks.

In the collateral arena, the Capital Markets Law has introduced a set of rules regarding dematerialised capital market instruments that are provided as collateral. Included is the provision for transfer of title to the securities for collateral purposes, the ability to acquire title to securities in the event of default and to sell securities provided as collateral as a private sale rather than via a court action. These are important developments that will help domestic financial institutions benefit from their significant pools of government debt holdings.



More information

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