

DEMUTUALIZATION OF BORSA ISTANBUL

Lessons from the American Experience

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FİLİZ KİTABEVİ
İSTANBUL
2022

HAZİRAN 2022

ISBN: 978-975-368-754-6

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15 Temmuz Binası Ayvalı Mah. Halil Sezai Erkut Cad. 150. Sok.
Etlik ANKARA/TÜRKİYE

BASKI/CILT

Kiraz Medya Sanayi ve Ticaret A.Ş
Matbaacı Sertifika Numarası: 40162

YAYINLAYAN



Filiz Kitabevi Basım Yayın Dağıtım
Petrol Ürünleri Sanayi ve Tic. Ltd. Şti.
Cemal Yener Tosyalı Cad. No: 57/A (113)
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Yayıncı Sertifika Numarası: 48596

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PREFACE

Stock exchanges have been the most powerful self-regulatory organizations in securities markets. Demutualization is a legal term in which a stock exchange changes its operational structure from a nonprofit organization to a public company. Each country has its regulations and procedures in handling the legal issues relating to demutualization. This book examines current legal issues arising from the demutualization and privatization of the Borsa Istanbul while comparing the Turkish and U.S. approaches to demutualization.

Since the enactment of the 2012 Capital Market Act in Turkey, the Borsa Istanbul has yet to enact potential benefits of demutualization by becoming a self-listed company. This book proposes several mechanisms to alleviate conflicts of interest between the regulatory functions and commercial interests of the demutualized exchange. The experience of the U.S. stock exchanges inspires the safeguards in this book. The proposed safeguards are ownership limitation, appointing independent directors, establishing an independent regulatory arm of the exchange, and adopting a public disclosure regime for a self-listing approach. Most parts of the book were submitted in partial fulfillment of the requirements for the degree of Doctor of Juridical Science, Case Western Reserve University School of Law. The Ph.D. dissertation was supervised by both Professor Erik M. Jensen (Coleman P. Burke Professor Emeritus of Law) and Professor Robert N. Rapp (Visiting Assistant Professor).

DEDICATION

My book is dedicated to two of my favorite people I miss a lot.

First, I promised my grandmother Nezaket Tatar that I was going to graduate from the law school I attended in the U.S. as soon as possible. However, I did not finish my Ph.D. before she had passed away on Mar 15, 2019. My beloved Nezaket was not only a lovely and caring grandmother but also my best friend. Once upon a time, she told me she

disliked America. I was surprised by her statement since she had never been to the U.S. When I asked her the reason she did not like the whole of America, she told me that my U.S. journey was the reason we could not see each other for a long time. She was undoubtedly right.

Second, I lost my cousin Canbert Tatar who was an infantry lieutenant in the Turkish Land Force on May 27, 2018. Canbert sacrificed his life to protect the Turkish nation. I will always remember his kindness, personality, and smiling face. I wish I could have spent more time with him.

ACKNOWLEDGEMENTS

I would not finish my book without many people who supported me during my four-year Ph.D. journey.

First, I would like to express my deepest appreciation to Professor Jensen. I admire his professionalism and kindness. On my first day of law school, one of my favorite law librarians at CWRU School of Law told me that I was very lucky to be supervised by Professor Jensen. I discovered later that she was more than right. Professor Jensen taught me a lot. Besides my academic work, we talked about American cities, life, culture, museums, and politics. I enjoyed every moment with him. I would also like to extend my deepest gratitude to Professor Rapp. He was very patient, and helpful, and I appreciate the enormous amount of time he spent with me when I asked him a lot of questions. I would like to extend my sincere thanks to Professor Gordon because his office was always a safe place for me.

Second, my special thanks go to my dear family. Peruze Tatar, my mother, believed in me regardless of whatever I wanted to do. Selami Tatar, my father, was also supportive and is more than a dad to me. Dr. Sertac Tatar, my brother, is not only my little brother but also my mentor who encouraged me to do my S.J.D. in the U.S. I am thrilled to be able to reconnect with my mom, dad, and Sertac in person.

Third, I am deeply indebted to the dean of Ankara Yildirim Beyazıt University School of Law, Professor Hayri Bozgeyik since he encouraged me to publish this book by updating my Ph.D. dissertation while mentoring me to specialize in interdisciplinary legal topics without fear and

anxiety. I feel privileged for having had the opportunity to work with him while learning a lot from him.

Finally, I'd like to give special thanks to Oguzhan Oruc who is the owner of Filiz Kitapevi. Although we have met for a short time, I feel like I have known for years. He is kind, smart, and supportive indeed. In addition, Filiz Kitapevi is my favorite bookstore where I used to go as a law school student while collecting tremendous memories in Istanbul. I am honored to publish my first book from Filiz Kitabevi, which is being part of where I deeply belong to.

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