



Social/Copy Trading, Risks Regulations & Supervision

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Social/Copy Trading

- ❑ Social trading is a new form of online community in which investors can automatically, simultaneously, and unconditionally copy the investments of other traders whom they trust.
- ❑ Copy trading allows traders in social networks to receive information on the success of other agents in financial markets and to directly copy their trades.



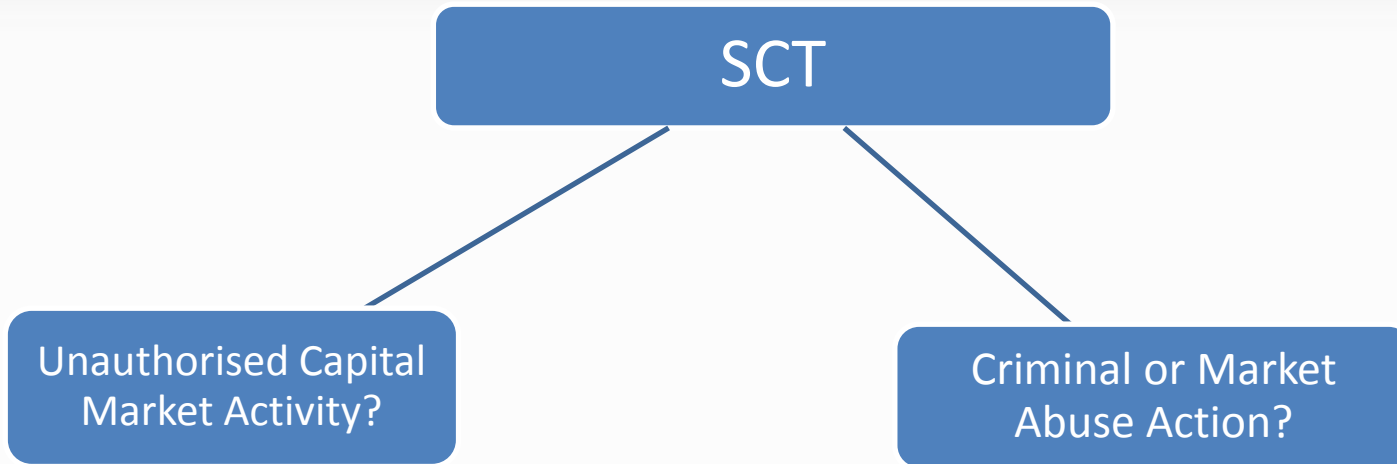
SCT Becomes Popular

- Technological Developments
- Social Changes (Corona Virus)

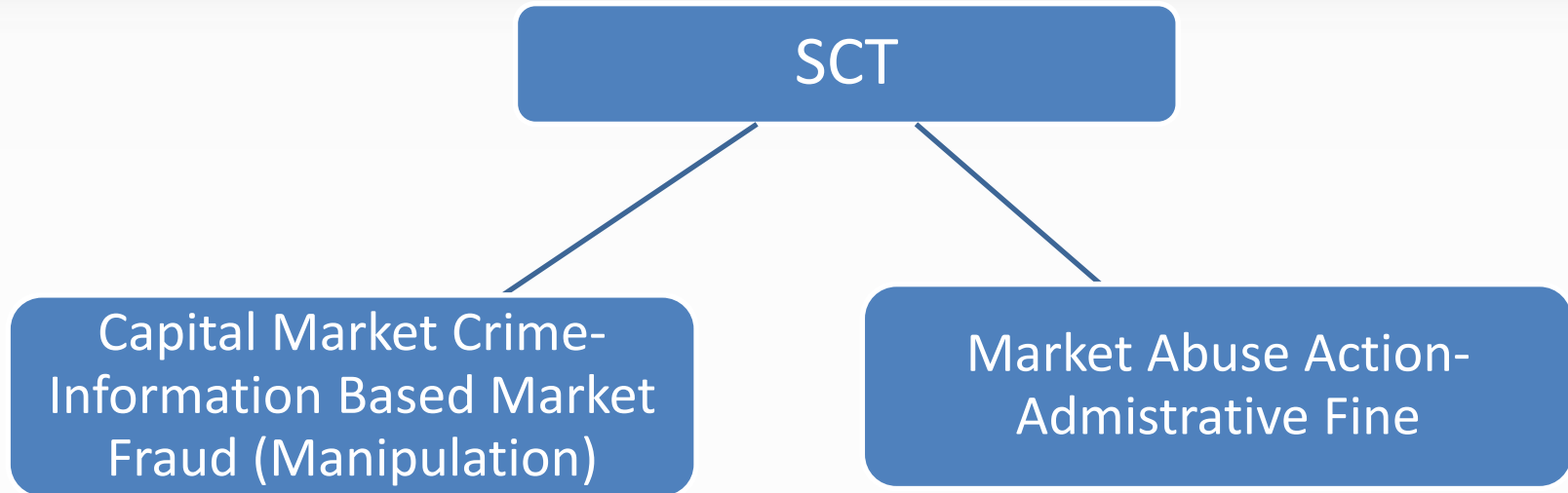
Central Securities Depository System Statistic

	2020- January	2020- February	2020- March	2020- April	2020- May	2020- June	2020- July	2020- August	2020- September
1- Number of Accounts Opened Monthly	218.027	216.493	285.001	346.155	332.815	357.947	376.350	507.052	451.650
2 - Number of Investors	26.659.441	26.699.757	26.748.937	26.808.208	26.890.539	26.956.640	27.025.766	27.110.763	27.198.571
3 - Number of Investors with Securities Holdings	4.042.572	4.087.825	4.132.151	4.243.932	4.324.158	4.376.333	4.449.484	4.469.621	4.519.832
4 - Number of Accounts with Securities Holdings	47.386.661	47.554.282	47.356.857	47.670.845	47.967.557	48.283.898	48.598.316	49.059.156	49.438.266
5 - Number of Accounts with Securities Holdings	4.769.004	4.827.854	4.886.957	5.044.044	5.159.047	5.235.200	5.339.003	5.384.528	5.467.353
6.1 - Number of Securities Transfers	2.164.620	2.000.329	1.725.944	2.479.371	2.231.159	3.106.871	3.177.018	2.530.694	3.242.594
6.2 - Securities Transfers Nominal Value	100.560.685.868	201.857.927.369	97.835.315.167	108.638.498.487	142.386.882.898	110.547.002.879	105.076.412.455	95.413.653.411	106.724.245.280
6.3 - Securities Transfers Market Value (Million TRY)	251.711	293.828	211.505	214.492	211.698	261.571	267.183	307.150	237.119
7.1 - Total Number of Transactions	22.928.540	21.135.702	21.052.143	26.784.119	25.047.997	33.984.562	33.912.360	30.306.281	36.297.014
7.2 -Total Transactions Nominal Value	2.648.290.583.391	3.531.547.222.276	2.243.527.543.044	2.363.258.748.716	5.903.870.216.694	5.173.961.637.968	2.350.327.615.067	1.949.609.306.235	1.791.763.333.383
7.3 - Total Transactions Market Value (Million TRY)	1.921.385	1.730.693	1.333.797	2.028.572	2.209.040	2.818.330	3.823.067	2.256.799	1.682.953

Is SCT Legal?



Is SCT Legal?





Information Based Market Fraud

CML 107/2

- Law Nr.6362, Capital Market Law in article 107 sub-article 2.
- “Those who give false, wrong or deceptive information, tell rumors, give notices, make comments or prepare reports or distribute them in order to affect the prices of capital market instruments or the decisions of investors, and to gain benefit from these actions shall be sentenced to imprisonment from three years up to five years and be punished with a judicial fine up to five thousand days.”

Information Based Market Fraud

CML 107/2

- If there are false, wrong or deceptive information, rumors, notices, comments or reports,



- These Actions have been done for affecting the prices of capital market instruments or the decisions of investors,



- If the offender (investor) has gain benefit from these actions,



- Shall be sentenced to imprisonment from three years up to five years and
- Punished with a judicial fine, up to five thousand days.”





Market Abuse Communiqué Nr. VI-1.104.1

- According to Article 6, to give false, wrong or misleading information, rumor, inform, make material public disclosures, comments or prepare reports in such manner to affect the prices, values of capital market instruments or the decisions of investors is considered and treated as market abuse action.
- Sub-title 4 of Article 6 regulates that, to sell a capital market instrument in spite of giving an advice of buy or hold or to buy a capital market instrument in spite of giving an advice of sell, after making comments or giving advices about capital market instrument by using newspapers, television, internet or similar other mass media, until the date of revising such comment or advice or in any case within 5 business days there after, is considered and treated as a market abuse action.

Market Abuse Communiqué Nr. VI-1.104.1

- If there are comments or advices about capital market instrument by using newspapers, television, internet or similar other mass media,



- And commertors or advisers sell a capital market instrument in spite of giving an advice of buy or hold or buy a capital market instrument in spite of giving an advice of sell within 5 business days (**Reverse Trading**)



- is considered and treated as a market abuse action.

Market Abuse Communiqué Nr. VI-1.104.1

- Market abuse actions is punished by CMB with an administrative fine from 20.000 TRY up to 500.000 TRY



- However, in case If a benefit has been procured by these abuse actions, the amount of the administrative fine cannot be less than twice of the benefits.



How To Reduce The Risks of SCT

- Awareness of Risks
- Financial Literacy
- Public Announcements
- Effective Oversight & Enforcement
- Deterrent Punishment



THANK YOU