

# **CHANGES IN THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE IN STOCK MARKETS: DEMUTUALIZATION OF ISTANBUL STOCK EXCHANGE**

*Serra Eren Sarioğlu, Istanbul University, Turkey*

*ABSTRACT: Stock exchanges around the world have experienced major changes with respect to corporate governance beginning with the early 1990s. Until that time, almost all exchanges were member-owned, organized as “non-profit” mutual organizations. Although there were no publicly traded exchanges 15 years ago, today most of the stock exchanges are demutualized and many of them are public listed companies. In this paper, the concept of demutualization is presented with some historical evolution of this process. The forces that might affect the stock exchanges are pointed out and the problems in the process of demutualization are emphasized. Besides, the key issues for consideration of the demutualization of Istanbul Stock Exchange (ISE) are discussed in detail, and the impacts of demutualization to the capital markets of Turkey are extensively revealed in this paper. In the light of the evidence provided by the prior studies examining the effects of demutualization to the stock exchanges and the advantages of a successful process, demutualization of ISE is recommended in this study. The successful act of demutualization of ISE will result in many benefits to the Turkish Economy.*

*Keywords: Demutualization of stock exchanges, Istanbul Stock Exchange, emerging stock markets*

*JEL codes: G01, G2, G30*