

REGULATORY UPDATES IN TURKISH CAPITAL MARKETS

This legal alert provides a brief overview of the changes which were adapted by İstanbul Takas ve Saklama Bankası A.Ş. (“*Takasbank*”) and Turkish Capital Markets Association (“*TCMA*”) recently, on November 1 and 2, 2017.

Firstly, TCMA published its Circular No: 39 through its letter dated November 1, 2017 and numbered 2017/1763, amending the *Circular on the Principles Regarding the Experts Carrying Out Activities for Grading and Ranking of Collective Investment Schemes*. This Circular brings forth new rules for the following matters:

- Experts carrying out the grading and ranking of collective investment schemes, are required to obtain either the Credit Rating License or Capital Markets Activities Level 3 License until December 31, 2019.
- The pre-listing fee and annual listing fee to be paid by such experts will be determined and be effective two years later, as of December 31, 2019.

In addition to above, Takasbank published the following general letters covering various matters on November 2, 2017:

- 1) The General Letter numbered 1380 revokes the requirement of Takasbank to have a minimum equity of TRY 25.000.000-, from those brokerage companies of willing to provide from Takasbank credit with no collateral, so that to facilitate the loan for

compensation of their settlement risks arising from their security positions in the Equity Market wherein Takasbank acts as CCP.

- 2) The General Letter numbered 1381 announces that the order execution and settlement of the trades exercised in the Precious Metals and Diamond Market of Borsa Istanbul will be transferred to BISTECH Platform, an order execution and settlement system, in the scope of the strategic partnership of Borsa Istanbul and NASDAQ. During the transition period, Takasbank requires its members trading in the Precious Metals and Diamond Market of Borsa Istanbul, to complete and submit to Takasbank the “*BISTECH Clearing Terminal Member User Statement and Information Form*” until November 9, 2017, wherein the information regarding the authorized users of each such member entity will be notified to Takasbank.

- 3) The General Letter numbered 1382 amends Article 12 of the “Takasbank Securities Lending Market Directive” and Article 14 of the “Procedure on the Application Principles of Takasbank Securities Lending Market”, both titled “Thresholds and Trading Limits”, by including a paragraph stating that *the stocks and exchange traded fund participation certificates which were removed from among the securities which may be subject to margin trading transactions and short-selling, are removed from among the securities subject to lending, as from the clearance period of the last date they were subject to margin trading security transaction and short-selling.* With this new paragraph, Takasbank intends to avoid the defaults regarding the clearance and settlement of the securities removed from margin trading and short-selling transactions that are simultaneously removed from lending transactions by making available the clearance and settlement of such securities to be conducted in the lending market. Based on this ground, Takasbank brings forth the new rule that such securities removed from short-selling transactions can be removed from the lending transaction only from the last date of the clearance period of such margin trading transaction and short-selling.

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