

Client Alert

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Capital Markets Board's New Decision on Certain Measures Regarding Equity Markets

The Capital Markets Board ("CMB") has introduced important decisions regarding ban on short selling, easing regulations on share buy-back processes and flexibility in equity ratio requirements for margin trading in capital market transactions, with the Decision numbered 18/574 ("Decision") published on 23 March 2025.

1. Ban on Short Selling in the Equity Markets of BIST

Pursuant to the Decision, the provision of the CMB's Decision No. 62/1863 dated 5 December 2024 regulating the lifting of the ban on short selling limited to the equity markets included in the BIST 50 index, will not be applied from 24 March 2025 until the end of the session on 25 April 2025. Accordingly, **(i)** short selling transactions will be completely prohibited in BIST equity markets, and **(ii)** positions made during the day without pressing the short sale button and closed on the same day will also be within the scope of the said prohibition.

2. Applicable Provisions to Share Buy-backs

In the share buy-backs to be carried out between 24 March 2025 until the end of the session on 25 April 2025 in accordance with the Decision, the provisions of the Communiqué on Buy-Backed Shares numbered II-22.1 will be applied as follows:

- The limit on the price order given for share buy-backs, namely **(i)** the current price quotations or the last realized sale price and **(ii)** the highest bid price pending in the order system according to the CMB's Decision No. i-SPK.22.8, will not be applied,
- The prohibition on executing orders and transactions under the buy-back program during the opening session, the last 15 minutes of the first session and the opening and closing sessions of the second session, and the provisions of the Decision no. i-SPK.22.2 on the same subject, prohibiting **(i)** orders under the buy-back program during the opening session, mid-day single price segment and the closing session, and **(ii)** special transaction notifications under the buy-back program on the same subject, will not be applied,
- The upper limit regarding the total price of the buy-backed shares (total amount of resources that can be subject to dividend distribution) will not be applied.

3. Flexibility in Equity Ratio Requirements

Within the framework of the Decision, the provision of the Communiqué Serial: V, No: 65 on Credit Purchasing, Short Selling, Lending and Borrowing of Capital Market Instruments, which stipulates that the minimum equity ratio shall be 35% during the continuation of capital market transactions on credit, shall be applied flexibly as 20% until the end of the session on 25 April 2025.

The Decision will apply until further notice.

Please contact us if you need further information on this matter.