

## Client Alert

Turkey | December 2025

### **Constitutional Court decision will render Decree No. 32 and the Capital Movements Circular devoid of legal basis.**

The Constitutional Court's decision<sup>1</sup> ("**Decision**") published in the Official Gazette on 15 October 2025, annulled Articles 1 and 2, as well as Additional Article 5, of Law No. 1567 on the Protection of the Value of the Turkish Currency ("**Law No. 1567**").

Under Article 1 of Law No. 1567, the authority to adopt decisions aimed at protecting the value of Turkish currency—covering a broad area including foreign exchange transactions, cash, securities, precious metals and stones, goods made from these, and payment instruments with commercial papers—was directly granted to the President. Before the 2018 amendment (which followed the change in the system of government), this authority belonged to the Cabinet, and regulations based on Law No. 1567 were enacted by the Cabinet until that date. However, following the 2018 amendment, no adequate framework was established to outline the principles governing the President's exercise of this authority. In its decision, the Constitutional Court emphasized that the relevant regulation was incompatible with the principle of "non-delegability of legislative power" set forth in Article 7 of the Turkish Constitution.

The annulment will take effect nine months after its publication date, on **15 July 2026**.

As a result of this decision, the following consequences will arise:

- (i) Decree No. 32 on the Protection of the Value of the Turkish Currency (issued by the Cabinet in 1989 based on Article 1), Communiqué No. 2008-32/34 (issued pursuant to Decree No. 32), and the Capital Movements Circular of the Central Bank of the Republic of Turkey (based on Decree No. 32) will become devoid of legal basis.

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<sup>1</sup> Decision of the Constitutional Court dated 17 June 2025, numbered E.2024/193 and K.2025/136.

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- (ii)** Regulations related to the foreign exchange regime—especially Communiqué No. 2008-32/34—as well as import-export circulars, regulations on precious metals and stones, and commercial transactions based on these will lose their legal foundation.
- (iii)** In the absence of a legal basis for the relevant regulations, restrictions on entering into contracts denominated in or indexed to foreign currency, and on the use of foreign currency loans from domestic or foreign sources, will no longer be enforceable.
- (iv)** Until the effective date, actions must be taken with the framework of the currently applicable legislation. During this period, it is anticipated that a new statutory framework will be established to outline the fundamental rules governing the foreign exchange regime and capital movements, taking into account the principles emphasized by the Constitutional Court in its annulment decision.

Please do not hesitate to contact us if you have any questions regarding this matter.