

Client Alert

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Recent Amendments to the Legislation regarding the Protection of the Value of Turkish Currency

The Decree Amending the Decree No. 32 on the Protection of the Value of the Turkish Currency (the "**Amending Decree**") was published in the Official Gazette dated 15 March 2025. In this context, the following has entered into force effectively from 15 March 2025. Several significant amendments introduced within the scope of the Amending Decree are as follows:

- (i) The limit for taking Turkish currency out of the country has been increased from TRY 25,000 to TRY 185,000 and the removal of amounts exceeding this amount will be carried out within the framework of the principles to be determined by the Ministry of Treasury and Finance.
- (ii) Prior to the Amending Decree, Turkish residents (including all Turkish counterparties) can freely enter into all kinds of derivative transactions with counterparties outside Türkiye with the intermediation of a bank or a brokerage firm in Türkiye possessing a license granted by the Capital Markets Board ("**Board**") ("**Turkish Intermediary**"). The amended article provides that as long as the fund transfers are made through banks, the trading of all kinds of derivative instruments, including futures and options contracts from abroad, shall be conducted through banks and brokerage firms authorized by the Board. However, provided that no promotional, advertising, or marketing activities are conducted targeting Turkish residents, transactions conducted by Turkish residents with foreign financial institutions at their own discretion are not required to be executed through banks and brokerage firms. In other words, the requirement to use the Turkish Intermediary is no longer applicable to derivatives transactions between Turkish residents and foreign financial institutions on an unsolicited basis. Nevertheless, the transfer of funds related to such transactions must be carried out through banks.
- (iii) With the Amending Decree, the scope of the regulation on the purchase and sale of all kinds of derivative instruments, including futures and options contracts, from abroad was expanded. Prior to the Amending Decree, these transactions could only be carried

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out through domestic or foreign intermediary institutions authorized by the Board and provided that the foreign currency transfer was made through banks. With the Amending Decree, the condition that the Foreign Exchange ("FX") transfer is made through banks is preserved and these transactions can now be carried out through banks and intermediary institutions authorized by the Board.

- (iv)** The derivative transactions carried out by Turkish residents with financial institutions located abroad on their own initiative will not have to be conducted through banks and intermediary institutions, provided that no promotional, advertising and marketing activities are carried out for Turkish residents. However, the price transfers related to these transactions must be carried out through banks.
- (v)** Prior to the Amending Decree, it was stated that Turkish residents could only conduct these transactions through institutions authorized by the Board. The Amending Decree preserves this restriction but explicitly stipulates that unauthorized persons may not intermediate these transactions and may not make transfers abroad in relation to these transactions.
- (vi)** In order to prevent unauthorized intermediary services, banks operating under the Banking Law and payment and electronic money institutions operating under the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions are obliged to take necessary measures. Within this framework, the Board, the Banking Regulation and Supervision Agency and the Central Bank of the Republic of Türkiye will be able to share all kinds of information they have directly or through the systems to be established within the framework of the matters falling within their jurisdiction.
- (vii)** As collateral for FX or precious metal denominated loans obtained domestically by Turkish residents, it is permitted that the Turkish resident group companies of the borrowers or their real or legal entity shareholders directly owning their shares can provide guarantees and sureties in foreign currency or precious metals addressed to banks and financial institutions resident in Türkiye.

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