

## New Disclosure and Operation Requirements for Investment Enterprises and Intermediary Institutions in Turkey

*7 May 2016*

Turkey's Capital Market Board ("**Board**") has amended regulations for investment enterprises and intermediary institutions. Additional website information disclosures now apply for investment enterprises. Further changes apply to disclosures about customer profit/loss distribution for leveraged transactions by intermediary institutions, as well as procedures and principles for ancillary services and outsourcing.

The Communiqué Amending the Communiqué on Principles Regarding Establishment and Activities of Investment Enterprises ("**Amendment Communiqué**") was published in Official Gazette number 29593 on 14 January 2016, entering into effect on the same date.

Significant changes introduced by the Amendment Communiqué include:

- Investment enterprises' websites must now also include:
  - Statements about extraordinary market conditions.
  - Price provider enterprises and their residential address, as well as statements about any direct or indirect shareholding relationship with price provider enterprises.
  - The ratio of rejected orders, compared to all orders.
  - Deviations in price and difference variation for each asset for investment services and activities.
  - The number of customer complaints and ratio of complaints compared to total customer numbers.
- Intermediary institutions must:
  - Store information on the proportional profit/loss distribution of customer accounts for leveraged transactions until they announce the following year's distribution.
  - Announce proportional profit/loss distribution for leveraged transactions on the main webpage where customer transactions occur, under the heading "Your Probability of Loss".
- The Board clarifies customer classification procedures for intermediary institutions. Accordingly, institutions must allocate transaction and/or position limits to customers based on transaction types and capital markets instruments, taking into account a customer's financial situation, risk level and assurance situation.
- Intermediary institutions must indicate the proportional profit/loss distribution for leveraged transactions for the respective period in all publications, announcements and advertisements.
- Publications, announcements and advertisements for leveraged transactions by intermediary institutions cannot contain:
  - Statements indicating that:

- Customers will gain income or will not make a loss.
  - Customers (or certain groups of customers) will gain additional income or increase their current income
  - Transactions are guaranteed or secured, or that transactions are carried out under a guarantee by the Board (or other capital market institution).
  - Transactions carry no risk, require no knowledge, or that it is possible to have knowledge and make investments with short term trainings.
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- Statements causing unfair trade by promoting the intermediary institution without relying on any statistical or concrete data.
  - Statements aimed at customers' religious, cultural or social sensibilities.
  - Certain exchange or parity objectives.
  - Any incorrect or misleading impressions.
  - Ancillary services (as defined under the Law on Capital Markets) and their marketing activities are specified as services which intermediary institutions cannot outsource. Procurement, maintenance, repair and update services for the following are now excluded:
    - Technical equipment, inventory, software and hardware required for daily operations.
    - Archive (and similar) services for protecting customer confidentiality.
  - Board notifications required by intermediary institutions for outsource services must now be made within ten days of initiating the services (previously required before initiation).
  - The following are now noted as prohibited transactions for intermediary institutions:
    - Recovery of customers' loss arising out of transactions.
    - Providing funds to customers for them to perform transactions, or to be included in a certain group.

Please see this [link](#) for the full text of the Amendment Communiqué (only available in Turkish).

## Related Practices

- [Securities and Capital Markets](#)
- [Financial Markets and Services](#)

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