

Turkey Introduces Legislative Regime for Institutions Which Appraise Banks

16 Mar 2017

Turkey has introduced procedures and principles for authorization, activities and abolishment of the institutions which appraise banks within the scope of the Banking Law. Detailed obligations are introduced for banks receiving appraisal services, as well as new obligations for banks' boards of directors.

The Regulation on Appraisal Services for Banks and the Authorization and Operations of Appraisal Institutions ("**Regulation**") was published in Official Gazette number 29946 on 12 January 2017, entering into effect on the same date.

An appraisal institution will be deemed dependent on the bank if its operations were established by the bank receiving the appraisal service. Such a circumstance mean the services will be deemed to contradict the Banking Law.

Detailed obligations are introduced for banks receiving appraisal services. The bank's board of directors are now responsible and liable for:

- Developing written domestic policies and procedures in accordance with the bank's scale and needs regarding procedures and principles for working with appraisal institutions.
- Considering appraisal operations as an activity that is independent of credit marketing and allocation activities.
- Preventing any operation and behaviour which could influence and create pressure on appraisal institutions, as well as harm the bank's reputation.
- Ensuring the appraisal institutions is given at least two workdays (excluding the day the appraisal institution is appointed) to prepare and delivery each appraisal report and to set internal bank regulations in order to ensure the time period is met.
- Ensuring the bank and authorized appraisal institutions act in accordance with the tariff and implementation principles determined by the Capital Markets Board during the appraisal services.
- Introducing the appraisal process into the bank's internal control and risk management system. The procedures and principles which apply to the banking system and compliance with the legislation should be included in the bank's internal control and audit activities. Possible risks should be defined, measured, monitored and controlled.
- Establishing an objective system to ensure contracts are made with a sufficient number of appraisal institutions required by the bank. Consideration should be given to the business size, fair distribution of work to institutions in order to maintain the quality of appraisal services, as well as ensuring the system operates effectively.

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

Related Practices

- Financial Markets and Services

Moroglu Arseven | www.morogluarseven.com