

## Turkey Introduces New Requirements for Derivative and Leveraged Transactions by Investment Enterprises

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Turkey's Capital Markets Board has updated a range of operational, disclosure and notification requirements for intermediary institutions and portfolio intermediary institutions. Related requirements for position limits, guarantees, reporting and service agreements are also updated with respect to derivative and leveraged transactions by investment enterprises.

The Communiqué Amending the Communiqué on Principles Regarding Operating Permit to be Obtained by Investment Enterprises and Principles Regarding Investment Services, Activities and Ancillary Services with no III-37.1 ("**Amendment Communiqué**") was published in Official Gazette number 29593 on 14 January 2016, entering into effect on the same date.

Significant amendments by the Amendment Communiqué include:

- Derivative transactions by investment and development banks are included in the definition of operation intermediary activities and portfolio intermediary activities, in certain conditions.
- Professional clients can now make written requests that the prohibition on client damages not exceeding the investor guarantee should not apply to them for leveraged transactions.
- Intermediary institutions become subject to new provisions regarding position limits and guarantees for derivative transactions.
- The Capital Markets Board becomes authorized to change the leverage ratio in leveraged transactions.
- Client guarantees in leveraged transactions should now be reported to and audited by central exchange institutions.
- Intermediary institutions cannot provide individual portfolio management or investment consultancy services to their leveraged transaction clients.
- Intermediary institutions must now:
  - Obtain a statement from general clients about leveraged transactions.
  - Report special circumstances to the Capital Market Board Association.
  - Notify the Capital Market Board Association about platforms, programs, modules and attachments that they use in over-the-counter derivative transactions.
  - Obtain the client's approval to change the price, quantity and other aspects of a client's leveraged sale and purchase transactions.
- Investment enterprises must now determine the differences between the sale and purchase prices in portfolio intermediary activities, in accordance with market conditions.
- Investment enterprises must now publically disclose sale and purchase price proposals through broadcasting corporations determined by the Capital Market Board Association. The Association should also be notified about differences between the purchase and sale prices in leveraged transactions.
- Several changes are made regarding transmission of electronic orders.
- New mandatory elements are introduced for investment consultancy framework agreements.

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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