

Turkey Introduces Reporting Obligation for Suspicious Transactions to Prevent Money Laundering and Terror Financing

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Turkey's Ministry of Finance ("**Ministry**") has introduced new principles and procedures for suspending and prohibiting suspicious transactions. These aim to prevent laundering of criminal proceeds and terrorism financing. The rules apply to a wide range of entities, involved in both completed and attempted transactions. Such entities must report suspicious transactions and suspend their execution pending a decision from the Ministry.

The Regulation on Suspension of Transaction Within the Scope of Laundering Proceeds of Crime and Financing of Terrorism ("**Regulation**") was published in Official Gazette number 29785 on 29 July 2016, entering into force on the same day.

The following are included in the Regulation as "obliged parties", along with branches, agencies, representatives, commercial agents and similarly dependent units:

- Banks.
- Non-bank institutions which are authorized to issue bank cards or credit cards.
- Authorized exchange offices, specified in foreign exchange legislation.
- Financing and factoring companies.
- Capital Markets Brokerage Houses and portfolio management companies.
- Payment service providers and electronic money institutions.
- Investment partnerships. Insurance, reinsurance and pension companies.
- Insurance and reinsurance brokers.
- Financial leasing companies.
- Institutions providing settlement and custody services within capital markets legislation.
- Borsa Istanbul A.?. (Incorporation), limited only to its custody service for the Precious Metals and Precious Stones Market.
- PTT Corporate (Company of Post and Telegraph Organisation) and cargo companies.
- Assets management companies. Dealers of precious metals, stones and jewellery.
- Directorate General of the Turkish Mint, limited only to its gold coin minting activities.
- Precious metal intermediaries.
- Those who buy and sell immovable objects for trading purposes, and intermediaries for these transactions.
- Dealers of any kind of sea, air and land transportation vehicles, including construction machines.
- Dealers and auctioneers of historical artefacts, antiques and art works.
- Those who operate in the field of lotteries and betting, including the Turkish National Lottery Administration, Turkish Jockey Club and Football Pools Organization Directorate.
- Sports Clubs.
- Public notaries.
- Freelance lawyers, limited only to functions within the scope of Article 35(2) of Law No. 1136 on Lawyers. This includes trading of immovable objects, as well as establishing, managing and transferring companies, foundations and associations.
- Certified general accountants, certified public accountants and sworn-in certified public accountants operating without being attached to an employer.

Obligated parties must notify the Turkish Financial Crimes Investigation Board ("**Board**") if a supportive document or a serious indication exists showing that a suspicious transaction has been performed or attempted.

The Board must provide a decision to the obliged party within seven working days of receiving the notification. The obliged party must refrain from performing the relevant transaction until receiving the Board's decision.

Under the Regulation, the following are indications of suspicious transactions:

- Extraordinary nature.
- Checks in various database or other sources indicate the person(s) carrying out the transaction is or might be connected with crimes.
- Risky situations, giving the impression that it would be difficult or impossible for Turkish authorities to seize proceeds of crime, or funds related to terrorism.

The Board will also advise obliged parties (on the Ministry's behalf) about suspicious transactions which have been detected ex officio, or due to notification received from foreign institutions. In these circumstances, the obliged party must not perform the respective transaction for seven working days from the date of service.

Decisions will be served electronically to obliged parties which have an electronic notification account. However, for parties who do not have such an account, notification will be made through technical communication devices like fax, e-mail or web service.

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

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