

Turkey Tightens Cheque Issuance Regime

31 Oct 2016

Turkey has tightened the legal regime for open chequing accounts, along with criminal sanctions for issuing dud cheques. Dud cheques were regularly issued in bad faith under the prior legislative regime. However, legislative amendments go a significant way towards preventing dud cheques and increasing reliability.

The Law Regarding Amendment of Certain Laws for Improvement of Investment Environment numbered 6728 ("**Amendment Law**") was published in Official Gazette number 29796 on 9 August 2016.

Changes introduced by the Amendment Law include:

- Legislation now requires persons wishing to open a chequing account to also submit criminal a record certificate to the bank.
- Banks must now check whether or not the chequing account holder (either a real person or legal person) or company signatories are prohibited from opening chequing accounts.
- Banks must submit information about chequing account holders to the Banks Association of Turkey Risk Center.
- Cheques should include either:
 - A real person's Turkish ID number
 - A legal person's MERSIS number
- If the chequing account holder and the cheque issuer are different, the issuer's ID number must also be added to the cheque.
- Issuing dud cheques becomes a crime punishable by punitive fine of up to 1500 days per dud cheque. The punitive fine imposed cannot be lower than the dud cheque amount.
- Persons determined to be issuing dud cheques will be prohibited from issuing cheques and opening chequing accounts. The Banks Association of Turkey Risk Center will circulate information about prohibited parties to banks. Prohibited parties will also be prohibited from taking duties in the executive body of companies. However, if they are already acting as a member of the executive body of a company, they will continue their duty until the end of their term of duty.
- From 31 December 2017, beneficiaries of coded cheques must register the cheque on the information sharing system maintained by the Banks Association of Turkey Risk Center. Changes to a legal person's representatives who issued the cheque after this registration date will not release the related legal person from liability.

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

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