

## With the Amendment to the Communiqué on the Principles Regarding Portfolio Management Companies and Their Activities, Initial Capitals and Equity Amounts of Portfolio Management Companies Were Revised and Additional Regulations Were Introduced Regarding Their Organizational Structures.

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The Capital Markets Board ("**CMB**") states that these amendments aim to strengthen the organizational structure and capital of portfolio management companies, which are the managers of mutual funds and pension mutual funds, and to eliminate certain problems encountered in practice. In order to strengthen the organizational capacities of portfolio management companies with broad authority, it is envisaged that research, risk management, inspection and internal control service units will be established within the company regardless of the size of the portfolio under management. In order to ensure that portfolio management companies have strong initial capital and shareholders' equity and compete in the sector, the changes in the organizational structure are aimed to further increase the cost of the companies, the CMB states.

Therefore, the Communiqué numbered III-55.1.d ("**Amendment Communiqué**") on the Amendment of the Communiqué numbered III-55.1 on the Principles Regarding Portfolio Management Companies and Activities of Such Companies ("**Communiqué**") entered into force after being published in the Official Gazette on February 18, 2023.

With the Amendment Communiqué, subparagraph (t) defining sub-portfolio management has been amended in Article 3 of the Communiqué. Sub-portfolio management is defined as the management of a certain portion or all of the portfolio managed by the Company or an authorized institution abroad by institutions authorized abroad to perform portfolio management activities or companies authorized by the CMB, without signing a direct contract with the clients of the institution or the Company, within the framework of an agreement to be made.

The initial capital, which is one of the conditions for the establishment of a portfolio management company set forth in Article 5 of the Communiqué, has been increased from TRY 7,500,000 to TRY 30,000,000 with the Amending Communiqué. The initial capital of portfolio management companies with limited activities was increased from TRY 3,750,000 to TRY 15,000,000.

Equity as regulated in Article 28/1 of the Communiqué, according to the size of the portfolio managed after the Amendment Communiqué:

- Up to TRY 1.000.000.000, the shareholders' equity of the Company shall be at least TRY 30.000.000,
- From TRY 1,000,000,001 to TRY 4,000,000,000,000, the Company's shareholders' equity must be at least TRY 40,000,000,
- From TRY 4,000,000,000,001 to TRY 36,000,000,000,000, the Company's shareholders' equity must be at least TRY 50,000,000,
- Exceeding TRY 36,000,000,000, the Company's shareholders' equity must be at least 100.000.000 TRY.

Parallel to the amendments made in Article 28/1, additions have been made to Article 20 of the Communiqué regarding portfolio managers. Accordingly, the number of portfolio managers to be employed within the company shall not be less than three, four, five and six, respectively, according to the ranges of portfolio size under management specified in Article 28/1. Portfolio managers and, if the fund service unit is established within the Company, the fund manager will be employed by the Company full-time and exclusively to fulfill these duties. In addition, the employed personnel may also be assigned for the transactions realized on the Turkish Electronic Fund Trading Platform.

The Amendment Communiqué stipulates that existing portfolio management companies must comply with the organization, capital, and equity requirements by June 30, 2023. However, in the presence of reasonable grounds deemed appropriate by the CMB, the deadline may be extended up to six months.

You can access the Amendment Communiqué in Turkish through [this link](#).

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