

Politically Exposed Person has Been Defined by MASAK For the First Time

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Turkey had been added to "grey list" by Financial Action Task Force ("**FATF**") on 21 October 2021 and notified that regulations should be made regarding politically exposed persons. Accordingly, the Financial Crimes Investigation Board ("**MASAK**") published General Communiqué ("Communiqué") numbered 21 to regulate politically exposed persons ("**PEP**"). The Communiqué was published in Official Gazette dated 17 November 2022 and numbered 32016, entering into force on the same date.

The Communiqué regulated the procedures and principles regarding the tightened measures to be taken and implemented by the obliged parties regarding PEPs. Accordingly, the first step was taken by MASAK to make its applications compatible with the FATF recommendations.

In article 3(d) of the Communiqué, PEP has been defined as *high level real persons that assigned with important public duty via selection or appointment in the country or abroad and board members, senior executives of international organizations and other individuals having equivalent duties.*

According to the Communiqué,

- Financial institutions, certain non-financial businesses and professions and service providers for crypto assets are under the duty of taking reasonable precautions for determining whether the customer or real beneficiary is PEP. In case of non-compliance with obligations introduced with the Communiqué, the sanctions regulated in Law on Prevention of Laundering Proceeds of Crime number 5549 shall be applied; and in case of breach of "know your customer" obligation, administrative fine between 40,860 TRY and 5,448.00 TRY (for 2022) could be imposed by MASAK.
- Furthermore, in case of non-compliance with duty to report suspicious transactions concerning PEP's, administrative fine between 68,100 TRY and 5,448.000 TRY could be imposed.
- Moreover, the minimum additional measures that shall be applied in business relations that will be established and in completed transactions with PEP's that selected or appointed by a foreign country or their spouses, first degree relatives or inner circle, have been regulated. These measures shall also be applied in cases where the relevant individuals are appointed or selected by Turkey or where the individuals work in international organizations.
- Close associate of a PEP is defined as *"people who have all kinds of social, cultural or economic closeness which can be considered as a combination of interests or purposes, such as being engaged, company partnership, being a company employee or kinship other than the first degree."*
- In cases where PEP resigns or their title expires, the mentioned measures shall continue to be applied at least for one year following the resignation or the expiry. This period could be extended if the business relations and transactions realized with relevant person constitute a risk.

The full text of the Communiqué can be reached via this [link](#). (Only available in Turkish)

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