

Turkey Issues Regulation on Manipulation and Misleading Transactions in Financial Markets

1 Jun 2020

Turkey's Banking Regulatory and Supervisory Authority ("**BRSA**") published the Regulation on Manipulation and Misleading Transactions in Financial Markets ("**Regulation**") on 7 May 2020, entering into force on the same date. The Regulation sheds light on the recently introduced article 76/A of the Banking Law Number 5411 ("**Law**"), which included a brief definition of manipulation and misleading transactions.

As per the Regulation, engagement in the following practices by Turkish banks and the branches of international banks in Turkey will be considered *market manipulation and misleading transaction* under the scope of article 76/A of the Law:

- Being involved in or meditating transactions that provide or may provide a false or misleading impression of the supply, demand, or price of a financial instrument, or that cause or may cause that the price of a financial instrument (including exchange rates and interests) be kept at an abnormal or artificial level, or giving orders for such transactions or engaging in similar activities.
- During the periods when the supply-demand balance is not realized under normal conditions, being involved in or mediating transactions that will affect the price of a financial instrument or affect the reference values such as interest, exchange rate, CDS, etc., by way of benefiting from the fluctuations or shallowness of financial markets, which will increase the irregularity of the financial markets or negatively affect its stability, or giving orders for such transactions or engaging in similar activities.
- Carrying out transactions and practices or meditating such transactions and practices in order to break the rules, find a way circumvent the decisions and limitations imposed/taken by the BRSA regarding currency swap, forward, option and other derivative transactions (with one leg in foreign currency and the other leg in TRY) or transactions made by banks to provide TRY liquidity abroad, by way of using indirect methods, including the early redemption of transactions, deferring the transactions which are due and/or defaulting on their obligations.
- Being involved in or meditating transactions that affect or may affect the price of a financial instrument including exchange rate and interest, via a deceptive mechanism or by way of fiction, placing orders for such transactions or performing similar activities.
- Spreading false or misleading information or rumors which give or may give false or misleading impressions regarding supply, demand, or exchange rate and (interest included) price of a financial instrument, or that keep or may keep the relevant price at abnormal or artificial levels, by way of a mass media instrument including internet or any means.
- By way of hiding a conflict of interest from the public regarding a given position, expressing opinions via internet or other mass media about a financial instrument regarding which a financial position has previously been taken, in order to make an impact on the price of a financial instrument (including its interest rate and its exchange rate).
- Spreading false or misleading information about a reference value, providing false or misleading input, or acting to manipulate the calculation of a reference value (even though the bank knows or should know that it is false or misleading).
- Taking actions to fix the trading prices of the financial instrument or to make another unfair gain by using the dominant position on the supply or demand of a financial instrument.
- Misguiding the investors who take their positions according to the opening or closing prices, by carrying out purchase or sale transactions that affect or may affect the opening or closing prices of a financial instrument, including interest and exchange rates, at the opening and closing of financial markets.
- Guiding savings account holders in a false or misleading way;

- Spreading information and rumors having the potential to create systemic risk by undermining trust in the financial system.

Please see this [link](#) for the full text of the Regulation which was published in the Official Gazette dated 7 May 2020 numbered 31120 (only available in Turkish).

Related Practices

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