

RECENT AMENDMENT ENABLING FOREIGN CUSTODIANS RECEIVE STATEMENT OF HOLDINGS OF THEIR CLIENTS REGISTERED AT CENTRAL REGISTRY AGENCY IN TURKEY

This legal alert aims to set forth the amendment of Capital Markets Board of Turkey on the Communiqué on Principles Regarding Record Keeping of Dematerialized Capital Markets Instruments numbered II-13.1.

Capital Markets Board of Turkey (“**CMB**”) has adopted a new Communiqué Amending Communiqué No. II-13.1 published in the Official Gazette numbered 30255 and dated November 29, 2017 (“**Amendment Communiqué**”).

With this Amendment Communiqué;

- I.** CMB enabled the foreign custody institutions to obtain the statement of holdings of their clients, as beneficial owners, who are resident abroad and to whom such foreign custody institution provides custody service abroad (“**Client**”), from Central Registry Agency in Turkey (“**Merkezi Kayıt Kuruluşu**” or “**MKK**”).

In order to carry out the foregoing, a local custody institution, as a member of MKK, shall apply to MKK to convey the request of the foreign custody institution with regard to such statement of holdings accompanied with the documents below:

- The title of the foreign custody institution to which the information of Clients to be sent,

- The statement of the foreign custody institution confirming that the agreement executed between the foreign custody institution and its Clients include the consent of such Clients given to such foreign custody institution to access their information at MKK, and
- the list of relevant Clients.

Further, CMB requires the foreign custody institution to satisfy the below conditions prior to conveying its request to MKK.

- Agreement executed by and between the Client and the foreign custody institution to contain the provision that permits the foreign custody institution to access its Client's information associated with its beneficial ownership at MKK; and
- Agreement, which is specific to the mentioned subject, to be executed by and between the foreign custody institution and the local custody institution in which local custody institution to be instructed to provide such information and statement of holdings with respect to the Clients from MKK and such other terms in relation to the legal relation to be set forth.

- II.** The reference to “share ownership” is changed into “beneficial ownership” under Article 35 of the Communiqué No. II-13.1 such that MKK may share the information regarding the beneficial owners with the issuers in the framework of rules and procedures adapted by MKK for submission to administrative authorities and complying with the requirements under applicable legislation.

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