ERYÜREKLİ

Legal Alert
Capital Markets
2 September 2026

Major Amendments to the Guide on Investment Funds

*Capital Markets Board ("**CMB**") has adopted major resolutions on 28 August 2026, amending (i) capital adequacy requirements of portfolio management companies and (ii) multiple sections in the Guide on Investment Funds (the "**Guide**") particularly concerning hedge funds and money market funds including management rules, concentration limits, ownership disclosures, new instrument-related rules.*

Legal Framework

CMB's resolution dated 28 August 2026 and numbered 52/1589 (the "**Resolution**") was published in the CMB Bulletin dated 28 August 2026 and numbered 2026/54. The Resolution has amended (i) the Guide and (ii) the capital adequacy requirements of portfolio management companies. Please find below our explanations on the major points of the amendments brought by the Resolution.

Key Changes

1. Capital Requirements

Under the Resolution, the initial capital and minimum paid-in capital requirements for portfolio management companies for the year 2027 have been set at:

(i) TRY 500,000,000 for broadly authorized portfolio management companies and

(ii) TRY 250,000,000 for limited-scope portfolio management companies[1].

In addition to the above, if hedge funds constitute more than 50% of the monthly average collective portfolio under management, the portfolio management company is required, subject to certain exceptions, to increase its issued capital in cash by 10%.

2. Management Rules

With the amendments made to the Guide, new employment and governance rules and restrictions have been introduced, particularly to enhance the institutional and operational capacity of hedge funds. Accordingly, the number of hedge funds (*including private funds*) to be issued under a hedge umbrella fund established by a portfolio management company cannot exceed the number of employed portfolio managers; a transition period until 30 June 2029, has been granted for existing structures to comply with this rule.

Furthermore, to enhance transparency and accountability in fund management, it is mandatory to appoint at least two portfolio managers per fund, one designated as the "*responsible portfolio manager*", by resolution of the founder's board of directors, while the maximum number of funds a single manager may manage has been capped at 7 (*except venture capital funds and real estate investment funds*) through a phased transition timeline extending to 1 January 2031.

3. Concentration Rules Applicable to Hedge Funds

To curb excessive concentration in a single stock, a rule has been established stipulating that the total value of capital market instruments constituting more than 5% of a hedge fund's portfolio value cannot exceed 20% of the total fund portfolio value.

In addition, the total amount invested by a hedge fund in capital market instruments issued by issuers controlled by natural or legal persons holding managerial control over the fund manager, and/or issuers controlled by the

[1] Portfolio management companies that are exclusively authorized to (a) found and manage foreign collective investment schemes the units of which will be marketed to foreign residents and to provide portfolio management services to persons residing abroad, (b) found and manage real estate and/or venture capital investment funds.

manager's senior management and partners, may not exceed 20% of the fund's portfolio value.

More than 20% of a hedge fund's portfolio value cannot be invested in capital market instruments of the same group under the CMB's regulations on financial reporting standards.

Hedge funds have also been included in the control rule stipulating that funds belonging to a single founder under the management of the same manager may not collectively hold more than 20% of the capital or total voting rights of any single issuer.

Investments that hedge funds can make in a single issuer have been tiered gradually based on the share's free float ratio. A ceiling of 8% applies to issuers with a free float ratio below 25%, 6% for those between 25% and 50%, 4% for those between 50% and 75%, and 2% for those above 75%. Furthermore, all investment funds (including hedge funds) belonging to a single founder under the management of the same manager may not collectively hold more than 16%, 12%, 8%, and 4% of an issuer's free float ratio, respectively.

Regarding debt instruments and lease certificates (*sukuk*), a maximum of 10% of a single issuer's outstanding debt instruments and management-contract-based lease certificates, and a maximum of 25% of other lease certificates, may be included in a hedge fund's portfolio.

4. Amendments Regarding Money Market Funds

Previously, money market funds were allowed to deposit 50% of the fund's total value to term deposit and participation accounts and obliged to invest at least 10% of the fund's total value in public debt instruments. With the Resolution, money market funds became obliged to invest at least 10% of the fund's total value in either public debt instruments or public lease certificates.

In addition to the above, money market hedge funds or hedge funds focusing on short-term instruments are now liable to comply with investment limits and restrictions applicable to money market funds gradually before 31 March 2027.

5. Ownership and Disclosure

New mechanisms have been established within the framework of tracking the investor base and ensuring transparency. For hedge funds that do not include the term "*private*" in their title and are not traded on TEFAS, converting the fund into a private fund has been made mandatory if the number of investors remains at 50 or below for 15 consecutive days or more.

In line with public disclosure standards, if the participation units held by a natural or legal person in a TEFAS-traded fund reach or fall below the thresholds of 30%, 40%, 50%, 60%, 70%, 80%, or 90% of the fund's total outstanding units, these persons and their ownership ratios will be announced on the Public Disclosure Platform by the Central Securities Depository on the date those thresholds are reached or breached.

6. Instrument-Related Rules

Finally, regulations have been introduced regarding over-the-counter ("**OTC**") transactions and interest-free financial instruments.

For funds to be counterparties to OTC repo and reverse repo transactions, it has been made mandatory to execute a written framework agreement whose minimum terms are determined by Takasbank, and to deliver the agreement annex containing the transaction terms to the portfolio custodian prior to execution; OTC forward/promise (*wa'ad*) contracts may also be included in the portfolio, provided they do not exceed 10% of total fund value.

In these transactions, trading with the founder's natural person related parties is strictly prohibited, and if the counterparty is a legal person related party of the founder, the transaction size cannot exceed 10% of the fund's portfolio value.

Murabaha transactions, explicitly included in the Guide for the first time, may be incorporated into fund portfolios (*including hedge funds*) within the limits for participation accounts and term deposits, while reverse murabaha transactions may be included subject to the maximum 10% borrowing limit.

Comments

Overall, the Resolution raises institutional standards across the asset management sector and restricting the overextending flexibility of hedge funds. By tightening capital requirements, and limiting manager workloads, the Board significantly strengthens market stability and investor protection, at the cost of market entry barrier. Moving forward, portfolio management companies will need to review their staffing, capital planning, and existing fund allocations to adapt smoothly within the granted transition periods.

*****

Should you have any queries on the matters above, please do not hesitate to contact us.

Yours faithfully,

Eryürekli Law Office
www.eryurekli.com
info@eryurekli.com
+90 212 365 9600