

OCTOBER 2021

Changes on the Operation of Exchange Offices in Turkey

Amendment to the Communiqué on Decree No. 32 on the Protection of the Value of Turkish Currency (Communiqué No. 2021-32/62, "The Communiqué") has been published in the Official Gazette (No. 31626) on October 12, 2021 which introduces remarkable changes on the operation of exchange offices. The main purpose of the Communiqué as well as the amendment is to bring an institutional framework to the authorized establishments (i.e. exchange offices) and eliminate the problems in the practice.

Under the new rules, paid-up capital of the Group A Type Exchange Offices ("Group A") has been increased to 10 million Turkish Lira and paid-up capital of the Group B Type Exchange Offices ("Group B") has been increased to 5 million Turkish Lira. Furthermore, for each branch, an additional 3 million Turkish Lira must be added to the capital. The authorized establishments must fulfill the new requirements regarding to the paid-up capital until December 31, 2021. An additional period of 90 days will be provided to those that did not fulfill the requirements, otherwise their licenses will be cancelled by the Ministry of Treasury and Finance without any notice ("The Ministry").

According to the amendments, Turkey is geographically divided into four different business districts which is shown in the Annex 1 of the Communiqué. Headquarters and branches of the authorized establishments are not entitled to operate in a business district other than the one that is notified to the Ministry and address changes to be made outside their business district are subject to the approval of the Ministry.

The amendments also impose an obligation on the authorized establishments to record every exchange transaction including their amount by stating the ID, passport or tax number of clients. Moreover, they will be under strict obligation to apply KYC principles found in the relevant legislation.

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