

Jurisdiction:

Turkey

2018 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Contact information

- I. Hedge funds
- II. Securitisation
- III. Enhancing supervision
- IV. Building and implementing macroprudential frameworks and tools
- V. Improving oversight of credit rating agencies (CRAs)
- VI. Enhancing and aligning accounting standards
- VII. Enhancing risk management
- VIII. Strengthening deposit insurance
- IX. Safeguarding the integrity and efficiency of financial markets
- X. Enhancing financial consumer protection

List of abbreviations used

Sources of recommendations

List of contact persons from the FSB and standard-setting bodies

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat (imn@fsb.org) by **Friday, 8 June 2018** (*representing the most recent status at that time*). The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are only required to include information about main developments since last year's survey and future plans (if applicable) ("Update and next steps" table). New reforms to enhance the existing framework in that area should be described, but should not lead to a downgrade from implementation completed to ongoing. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the FSB's website at around the time of the 2018 G20 Summit in Buenos Aires. The FSB Secretariat will contact member jurisdictions ahead of the Summit to check for any updates or amendments to submitted responses before they are published.

I. Hedge funds

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1. Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds.
(Seoul)

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management.
(London)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I. Hedge funds

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2. Establishment of international information sharing framework

G20/FSB Recommendations

We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of	<div style="border: 1px solid gray; background-color: #e0e0e0; padding: 2px; display: inline-block;">29.08.2013</div>
<p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div>	
<p>If “Implementation ongoing” has been selected, please specify</p> <input type="radio"/> Draft in preparation, expected publication by <div style="background-color: #e0e0e0; width: 100px; height: 15px;"></div> <input type="radio"/> Draft published as of <div style="background-color: #e0e0e0; width: 100px; height: 15px;"></div> <input type="radio"/> Final rule or legislation approved and will come into force on <div style="background-color: #e0e0e0; width: 100px; height: 15px;"></div> <input type="radio"/> Final rule (for part of the reform) in force since <div style="background-color: #e0e0e0; width: 100px; height: 15px;"></div>	

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2. Establishment of international information sharing framework

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>In Turkey, the fund itself and the manager have to be located in the same Jurisdiction. CMB is fully cooperating with other jurisdictions in case of any information requested by other authorities or vice versa. Additionally, the fund managers have to provide relevant information about their activities, if any, in other jurisdictions.</p> <p>The IOSCO MMoU concerning the cooperation and exchange of information among the member countries was approved by all IOSCO members at the 2002 Annual Conference held in Istanbul. CMB is among the first institutions signing the IOSCO MMoU.</p> <p>CMB is fully cooperating with other jurisdictions in case of any information requested by other authorities or vice versa. CMB has signed MOUs with authorities of 15 European Union countries (Bulgaria, Czech Republic, Denmark, Greece, Hungary, Italy, Lithuania, Latvia, Luxembourg, Malta, Romania, Slovakia, Sweden, Netherlands, United Kingdom) as well as Iceland, Norway and Liechtenstein with respect to cooperation and exchange of information for the supervision of Alternative Investment Fund Managers. In addition, The CMB has collaborative arrangements with foreign regulatory and supervisory authorities and still continues its efforts to sign MoUs concerning the cooperation and sharing of information with foreign counterparts. CMB signed MoUs with authorities from 35 countries in this regard.</p> <p>Other actions: MOUs.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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2. Establishment of international information sharing framework

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Developments mentioned above are still in effect.</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://cmb.gov.tr/indexpage.aspx?pageid=71&submenuheader=4</p>

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3. Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Remarks

Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.

In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO [Report on Hedge Fund Oversight \(Jun 2009\)](#).

In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III capital requirements for counterparty risk, since it is [monitored separately](#) by the BCBS.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO [Objectives and Principles of Securities Regulation](#), and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of 01.07.2014 </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #cccccc; height: 200px; width: 100%; margin-top: 10px;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="radio"/> Draft published as of <input type="radio"/> Final rule or legislation approved and will come into force on <input type="radio"/> Final rule (for part of the reform) in force since </p>

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3. Enhancing counterparty risk management

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Guideline for investment funds which includes hedge funds goes in detail regarding how to calculate counterparty risk, market risk methods such as VAR and risk systems and required and suggested risk calculation methods vary across different investment fund types based on how much leverage a fund is exposed. Furthermore, there are one limits put on place regarding total counterparty risk.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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3. Enhancing counterparty risk management

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #d3d3d3; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.spk.gov.tr/sayfa/dosya/1087</p> <div style="background-color: #d3d3d3; height: 100px; width: 100%;"></div>

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4. Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

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5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer-Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01.07.2014

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

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5. Strengthening of supervisory requirements or best practices for investment in structured products

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>According to "Communiqué on Principles of Investment Funds" and "Guideline on Investment Funds" that came into force on 01.07.2014, all the issuers of structured products that funds invest in have to be investment-grade rated. Also funds investing in structured products have to make daily VAR calculations, which are reported daily to supervisors of risk management unit and weekly to Board of Directors of the management firm.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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5. Strengthening of supervisory requirements or best practices for investment in structured products

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #d3d3d3; height: 400px;"></div>
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Relevant web-links

<p>Web-links to relevant documents</p>	<p>http://www.spk.gov.tr/sayfa/dosya/1087 http://mevzuat.spk.gov.tr/PrinterFriendly.aspx?nid=134521</p>
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6. Enhanced disclosure of securitised products									

G20/FSB Recommendations

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO’s [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date
<p> <input checked="" type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input type="radio"/> Implementation completed as of </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; padding: 10px; min-height: 200px; margin-top: 5px;"> <p>There is no public issuance of ABS in Turkey. On the other hand there is regulation regarding ABS in Turkey which is "Communique on Asset-Backed and Mortgage-Backed Securities (III-58.1)" and there is also private issuance of ABS.</p> </div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="radio"/> Draft published as of <input type="radio"/> Final rule or legislation approved and will come into force on <input type="radio"/> Final rule (for part of the reform) in force since </p>

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6. Enhanced disclosure of securitised products

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div>

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6. Enhanced disclosure of securitised products

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>
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Relevant web-links

<p>Web-links to relevant documents</p>	<p>http://www.cmb.gov.tr/SiteApps/Teblig/File/494</p>
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7. Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIFIs, since these are monitored separately by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIFIs \(Jul 2013\)](#)
- [Framework for D-SIFIs \(Oct 2012\)](#)

IAIS

- [Global Systemically Important Insurers: Policy Measures \(Jul 2013\) and revised assessment methodology \(updated in June 2016\)](#)
- [IAIS SRMP guidance - FINAL \(Dec 2013\)](#)
- [Guidance on Liquidity management and planning \(Oct 2014\)](#)

FSB

- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 23.02.2016

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

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7. Consistent, consolidated supervision and regulation of SIFIs									

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>BRSA: A secondary regulation has been issued on 23.02.2016 regarding the identification and additional capital requirements for D-SIBs in line with BCBS Framework. The D-SIBs are identified for 2018, but the D-SIB list is not disclosed to the public. On the other hand, according to Regulation on Audits that will be conducted by the BRSA, D-SIBs are already subject to enhanced/intensified consolidated supervision. Also, while the frequency of on-site supervision for other banks depends on their size, complexity and supervision rating score, specifically D-SIBS are subject to comprehensive consolidated supervision process every year. BRSA on-site supervision guidelines have been revised and according to these guidelines, D-SIBS are subject to comprehensive consolidated supervision process every year. Besides, different from other banks, D-SIBs are unconditionally obliged to fully comply with the best practices guidelines published by BRSA on various subjects while other banks are to comply with the guidelines on the basis of proportionality principle.</p> <p>TREASURY: There is no GSII in Turkey. However, consolidated supervisions are conducted for some insurers in coordination with BRSA.</p> <p>CMB: According to the Assessment Methodologies for Identifying NBNI GSIFIs, Turkish investment funds, asset management companies and investment firms are not considered as SIFIs. Regarding these, CMB has no action on regulation and supervision of NBNI GSIFIs.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #D3D3D3; height: 150px; width: 100%;"></div>

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7. Consistent, consolidated supervision and regulation of SIFIs

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date
<p>Regulation on Systemically Important Banks, which details the provisions regarding the identification and capital requirements of D-SIBs was issued on 23.02.2016. BRSA's on-site supervision guidelines have been revised in line with the Regulation on Systemically Important Banks. While D-SIBs are obliged to fully comply with the best practices guidelines published by BRSA, non D-SIBs should also comply with these guidelines based on proportionality principle.</p>	

Relevant web-links

Web-links to relevant documents	
	<p>http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/14988sistemik_onemli_bankalar_hakkinda_yonetmelik.pdf</p>

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8. Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

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9. Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 25.02.2011 (BRSA);

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

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9. Supervisory exchange of information and coordination									

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>BRSA: An amendment in the Banking Law Nr. 5411 concerning the professional secrecy issue is enacted as of 25.02.2011. In this context, the conflict between Turkish legislation and EU Directives has been eliminated through this amendment. This change in the Law enabled BRSA to enter into Memorandum of Understanding with EU Supervisory Authorities which enhanced the cooperation. BRSA has signed bilateral MoUs with the 37 regulatory and supervisory authorities of other jurisdictions.(as of December 2017) Furthermore, the BRSA is legally authorized to cooperate with a foreign supervisory authority even in the absence of a specific agreement. Pursuant to Article 98/3 of the Banking Law, if a MoU is not effective, the information requests of authorities of foreign countries within the context of Article can be fulfilled within the framework of the principle of reciprocity.</p> <p>CMB: Capital Market Law promulgated in 2012, Article No: 128/d: "Cooperating in any manner in relation to capital markets and signing bilateral or multilateral memorandum of understanding in accordance with the principles of reciprocity and the protection of professional confidentiality, with corresponding foreign institutions that are authorized to regulate and supervise capital markets, in order to exchange information, meet requests for document, inspecting the headquarters, branch offices or subsidiaries or affiliates located in Turkey of institutions performing activities in the capital markets of foreign countries as well as in the bodies from which they outsource within the framework of a written contract and to take the necessary administrative measures, share the expenditures related to the activities to be carried out in this context" is defined within the duties of the CMB.</p> <p>TREASURY: Regulation about supervisory exchange of information and coordination akin to ICP 5 and ICP 17. Insurance Law Article No. 29 is pertinent to information sharing and cooperation among international institutions. Article 32 of Regulation on Monitoring and Supervision Insurance and Pension Sector (amendment date: R.G. 27.07.2013 - 28720) deals with information sharing and collaboration. It enables the Treasury to cooperate with national and international monitoring and supervising authorities, to be a party to agreements on information sharing and joint supervision, and to exchange information within the legal framework of the Insurance Regulations.The Treasury is a signatory of IAIS Multilateral Memorandum of Understanding (IAIS MMoU) as of 28.03.2013.</p> <p>Other actions: MMoUs: In order to enhance supervisory exchange of information and coordination, the CMB has been signing MoUs with both international financial organizations and national authorities for the purposes of developing bilateral cooperation opportunities, carrying out cross border supervision and enforcement activities effectively. The CMB is one of the first countries signing the IOSCO Multilateral MoU. Additionally, starting from the 1990s, CMB has signed bilateral MoUs with various regulatory and supervisory authorities from 35 jurisdictions.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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9. Supervisory exchange of information and coordination

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>
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Relevant web-links

<p>Web-links to relevant documents</p>	<p>For the CMB Law: http://mevzuat.spk.gov.tr/PrinterFriendly.aspx?nid=11 For The MOUs Signed by the CMB: http://cmb.gov.tr/indexpage.aspx?pageid=71&submenuheader=4 http://www.mevzuat.gov.tr/MevzuatMetin/1.5.5684.pdf http://mevzuat.basbakanlik.gov.tr/Metin.Aspx?MevzuatKod=7.5.15295&MevzuatIliski=0&sourceXmlSearch=g%C3%B6zetim For the MOUs signed by the BRSA: https://www.bddk.org.tr/WebSitesi/english/About_Us/Foreign_Relations/10550internetforeignrelationsguncellenmis.pdf</p>
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10. Strengthening resources and effective supervision

G20/FSB Recommendations

We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)


Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)

Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)

Remarks

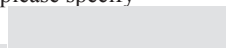


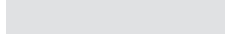
Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 23.02.2016 (BRSA); 

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by 
 Draft published as of 
 Final rule or legislation approved and will come into force on 
 Final rule (for part of the reform) in force since 

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
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10. Strengthening resources and effective supervision

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>BRSA: A secondary regulation has been issued on 23/02/2016 regarding the identification and additional capital requirements for D-SIBs in line with BCBS Framework. The D-SIBs are identified for 2018. Implementation of this recommendation does not require any change in regulations/guidelines. On the other hand, according to Regulation on Audits that will be conducted by the BRSA, DSIBs are already subject to enhanced/intensified consolidated supervision according to their size, complexity and risk profile.</p> <p>TREASURY: Insurance Early Warning System (SEUS) has been established by the Treasury. In the context of SEUS, early warning indicators of potential financial distress have been defined out of number of indicators by taking into account of correlations and weights. In addition, insurance sector specific stress testing mechanism has been developing. In the context of stress testing, while a top down approach for the assessment of an earthquake scenario and contagion risk shocks has been used, a bottom up approach is partly considered in the solvency regime for the market risk (only interest rate shock is used). There is also a catastrophic risk monitoring mechanism in place.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

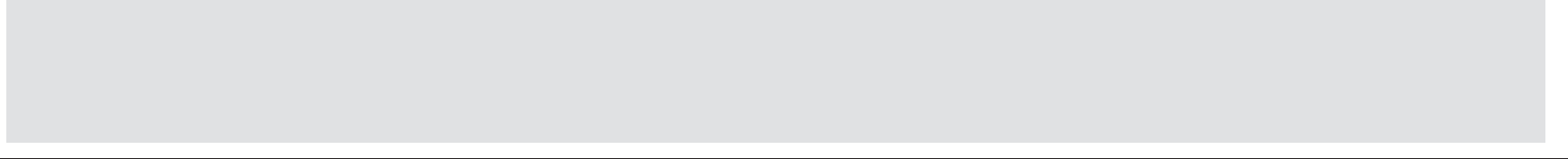
I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
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10. Strengthening resources and effective supervision

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date
	

Relevant web-links

Web-links to relevant documents	
	<p>http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/14988sistemik_onemli_bankalar_hakkinda_yonetmelik.pdf</p> 

11. Establishing regulatory framework for macro-prudential oversight

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 08.06.2011

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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11. Establishing regulatory framework for macro-prudential oversight

Progress to date	
<p>Issue is being addressed through</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The Financial Stability Committee (FSC) was established in June 8, 2011. Financial Stability Committee is composed of the Undersecretary of Treasury and the heads of the Central Bank of Turkey, Banking Regulation and Supervision Agency, Capital Markets Board and Saving Deposit Insurance Fund under the chairmanship of Minister in charge of the Treasury (currently Deputy Prime Minister). The FSC monitors and identifies the systemic risks and determines possible necessary macroprudential measures to mitigate them. Building on the individual institutions' powers pertaining to their specific areas, the Law (Law on the Structures and Duties of the Undersecretariat of Treasury, No: 4059, Additional Article: 4) empowers the Financial Stability Committee with the mandate to gather the information from all relevant parties, and to coordinate and monitor the policy implementations of them. Also, members of the FSC have the power to reach all available data from their respective bodies. There are also MoUs and bilateral subprotocols between several authorities on information sharing. Current and emerging data needs are shared within the principles of these protocols.</p> <p>The FSB peer review report of Turkey was published at 19.11.2015. One of the topics that had been examined is macroprudential policy framework and tools. The peer review team did not identified any gaps in the powers to collect information for the assessment of the systemic risk.</p> <p>The Systemic Risk Assessment Group (SRAG), established by the FSC members in 2012, aims to provide support to the FSC by identifying potential systemic risk in the financial system, informing the FSC about potential systemic risks, and developing policies to mitigate the system-wide risks.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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11. Establishing regulatory framework for macro-prudential oversight

Update and next steps

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>In order to enhance the effectiveness of SRAG work, three subgroups – namely Systemic Risk Monitoring and Assessment Subgroup, Crisis Management and Resolution Subgroup and Financial Technologies (FinTech) Subgroup – were established under SRAG. Systemic Risk Monitoring and Assessment Subgroup focuses on monitoring systemic risk and developing methods to measure systemic risk. Crisis Management and Resolution Subgroup focuses on developing crisis management and resolution strategies based on various risk scenarios. FinTech Subgroup is planned to focus on recent developments in financial technologies and the potential impact of these new financial technologies to the accumulation of systemic risk. We expect that those new working groups will contribute the macroprudential policy framework and system wide monitoring.</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links

Web-links to relevant documents	<p>http://www.treasury.gov.tr/en-US/Pages/Legislation-Duties-of-Financial-Stability-Committee</p>
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I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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12. Enhancing system-wide monitoring and the use of macro-prudential instruments

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of <input type="text" value="Implementation of m..."/> </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="text" value=""/> <input type="radio"/> Draft published as of <input type="text" value=""/> <input type="radio"/> Final rule or legislation approved and will come into force on <input type="text" value=""/> <input type="radio"/> Final rule (for part of the reform) in force since <input type="text" value=""/> </p>

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>There is not one designated institution for macro prudential policies however in order to orchestrate and enhance cooperation among related parties, the FSC was established in June 8, 2011. Since the end of 2010, a variety of macro prudential tools have been used by related authorities. Systemic risk is monitored and analysed by the authorities regularly in both aggregate and granular level within the scope of the duties and powers. The FSC's role is to coordinate policy actions and to better integrate micro and macroprudential perspectives among institutions. The CBRT regularly monitors the developments in the global and Turkish economy. The CBRT follows a "guided discretionary approach" considering the systemic threats to financial stability in a proactive manner. CBRT's Financial Stability Report and the BRSA's Annual Report communicate macro prudential instruments. Related authorities have been using various macro prudential tools in line with best market practices. Some of the macro prudential instruments are listed below.</p> <ul style="list-style-type: none"> - Loan-to-value (LTV) ceilings on residential mortgage loans, vehicle loans; - Use of risk weights for by loan type; - Debt to Income: i.e., credit card limit must be proportional to the income of the card holder - Use of provisions by loan type; - Minimum payment to limit ratio for credit card payments and limit to number of installments for credit card transactions; - Maturity cap for general purpose and vehicle loans; - Liquidity requirements; - Measures on Extension of the Maturity of Deposits (Withdrawal before maturity, differentiation of withholding according to maturity of deposits, differentiation of Resource Utilization Support Fund (RUSF) based on Maturity); - Differentiation on Deposit Insurance System Premiums (risk based premium system); <p>Regarding insurance sector, the Treasury established an Insurance Early Warning System Model (SEUS) measuring the financial strength of companies and the sector, although insurance companies in Turkey neither is described as systemically important nor pose systemic risk in the financial sector, In addition, insurance sector specific stress testing mechanism has been developing. There is also a catastrophic risk monitoring mechanism in place.</p> <p>Other actions: Heat map developed by the SRAG of FSC is a system-wide monitoring tool.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV. Building and implementing macroprudential frameworks and tools V VI VII VIII IX X

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

<p>Highlight main developments since last year's survey</p> <p>Most of these policies came into force in the late 2013 and had been strictly applied for 20 quarters.</p> <p>The heat map, developed by the SRAG last year, continues to be a collaborative presentation of systemic risk in Turkey. The heat map is designed to show risk accumulation in the financial sector by three major segments, namely, financial institutions, financial markets and real economy. In 2017, the Systemic Risk Monitoring and Assessment Subgroup has re-studied already used heat map methodology and made some extensions on it. Now, both heat map versions have been presented in SRAG meetings. An early warning exercise beyond the available heat map is started to be developed by this Subgroup.</p> <p>The CBRT has developed the technical framework of stress test exercise. New satellite models have been formed to provide better insight for the stress testing module. The BRSA and the CBRT have organized a joint workshop in November 2016 in order to share their stress-testing experiences. At the CBRT, the studies to improve stress testing framework continue, for this purpose joint working groups have been established both to improve satellite models and scenario generation process.</p> <p>The new regulation on FX borrowing of non-financial corporations (NFC) came into force on May 2, 2018. If a non-financial corporation has a loan less than 15 million dollar, it can borrow FX loans up to its last three-year FX income. On the other hand, corporations without FX income cannot borrow FX loans (albeit some exceptions). In addition, banks and other financial institutions are not allowed to extend new FX-indexed loans.</p> <p>The Systemic Risk Monitoring System has been established by the Central Bank of the Republic of Turkey. The CBRT will collect detailed data about FX positions of non-financial firms having FX loans over USD 15 million via this system. For this </p>	<p>Planned actions (if any) and expected commencement date</p> <p>BRSA and CBRT stress testing teams continue to work together through meetings and workshops. Following the FSAP 2016 BRSA and CBRT teams participated in the technical assistance on liquidity stress testing organised by IMF in 2018.</p> <p>Systemic Risk Monitoring and Assessment Subgroup works on developing systemic risk index and early warning indicators. We expect that those studies will be completed next year. Having systemic risk index and early warning indicators, we will have a better framework for system wide monitoring.</p> <p>The CBRT intends to develop and publish Commercial Property Price Index for Turkey at least for some commercial property types in 2019.</p> <p>Systemic Risk Monitoring System that established by CBRT will provide a company specific dataset where risks can be monitored in detail and a new regulatory framework of FX risk management. </p>
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Relevant web-links

<p>Web-links to relevant documents</p>	<p>http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/Bankacilik_Kanununa_Iliskin_Duzenlemeler.aspx</p> <p>http://www.tcmb.gov.tr/wps/wcm/connect/d58bd2eb-b966-4765-a0cc-626c507449d8/Sermaye+Hareketleri+Genelgesi+-+1.+de%C4%9Fi%C5%9Fiklik+%2821.+%26+40.+maddeler%29.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-d58bd2eb-b966-4765-a0cc-626c507449d8-mdJ5LRc</p> <p>http://www.resmigazete.gov.tr/main.aspx?home=http://www.resmigazete.gov.tr/eskiler/2018/01/20180125.htm&main=http://www.resmigazete.gov.tr/eskiler/2018/01/20180125.htm</p>
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13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Remarks

Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:

- [Code of Conduct Fundamentals for Credit Rating Agencies \(Mar 2015\)](#) (including on governance, training and risk management)

Jurisdictions may also refer to the following IOSCO documents:

- Principle 22 of [Principles and Objectives of Securities Regulation \(Jun 2010\)](#) which calls for registration and oversight programs for CRAs
- [Statement of Principles Regarding the Activities of Credit Rating Agencies \(Sep 2003\)](#)
- [Final Report on Supervisory Colleges for Credit Rating Agencies \(Jul 2013\)](#)

Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 12.07.2007

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

13. Enhancing regulation and supervision of CRAs

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>CMB: Pursuant to paragraph (n) of Article 22 and Article 39 of the former Capital Markets Law, the first regulation on credit rating activities in capital markets, which required authorization and supervision of rating agencies, was promulgated in 1997. CMB is one of the first authorities that introduced regulatory oversight regime with registration. Since that first Communiqué, the provisions of the Communiqué have been updated several times (2004, 2007, 2010 and 2013) in order to make it in compliance with 2003 IOSCO principles and 2004 IOSCO Code of Conduct as well as to reflect the changes in the financial markets. Only rating agencies established in Turkey that are qualified by CMB and international rating agencies recognized by CMB are permitted to provide rating service in Turkey. There are 5 domestic CRAs, which are under oversight of Capital Markets Board of Turkey, and 3 international CRAs authorized to rate Turkish listed companies and capital market institutions. Rating activities within the context of the Communiqué are subject to the surveillance and inspection of CMB; CMB may request any kind of information and document from rating agencies. In addition to several administrative actions that may be taken by CMB, CMB has the authority to delist the rating agency should there be a substantial change in the degree that the agency satisfies the listing criteria or should CMB detect a violation of relevant provisions of rating regulations. The last amendment in CMB's CRA communique was published in 2013 and aimed to adapt the EU-rules regarding sovereign ratings. Currently, the CMB is carrying out a project to have the CRA communique in line with EU 2009/1060 Regulation and IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (March 2015). Draft is not disclosed to public as of yet.</p> <p>BRSA: "Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies" which mainly incorporates international best practices entered into force on 17.04.2012.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
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13. Enhancing regulation and supervision of CRAs

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 300px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <p>Existing regulation will be updated in order to align Turkish regulations with EU 2009/1060 Regulation and several Commission Delegated Regulations as well as IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (March 2015).</p> <div style="background-color: #cccccc; height: 300px;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>https://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/10821derecelendirme_yonetmeligi.pdf http://mevzuat.spk.gov.tr/Onceki/PrinterFriendly.aspx?nid=14811</p> <div style="background-color: #cccccc; height: 100px;"></div>

14. Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of [redacted]

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since 06.09.2014 (BRSA);

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

14. Reducing the reliance on ratings

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>BRSA: As stated in the Agreed Action Plan for Reducing Reliance on CRAs, due to the nature of the local market and the BRSA regulations, practically CRA ratings have no effect with regards to banking activities. Basel Committee has finalized its standard regarding credit risk capital requirements under standardised approach in December 2017. This standard allows jurisdictions to significantly reduce their reliance on external credit assessments of the calculation of capital adequacy. BRSA will implement this standard in line with the BCBS timeline. All Turkish banks are obliged to make their own credit assessments before extending credits and not to solely rely on any CRA rating. CRA ratings are not a replacement of internal risk assessment according to BRSA regulations. In order to incentivise market participants to develop internal risk management capabilities, BRSA published regulations on IRB on 06.09.2014. (Currently all banks are using Basel's standard approaches) BRSA has also published a detailed credit risk management guideline on 17.07.2014 in order to improve banks' internal risk assessment capabilities.</p> <p>CMB: There are references to CRA ratings in regulations regarding debt securities and pension fund-mutual funds.</p> <p>TREASURY: Reinsurance risk is one of the risk categories that is used to calculate the required capital of insurance, reinsurance and pension companies. Before the amendment of the "Regulation on Measurement and Assessment of Capital Requirements of Insurance, Reinsurance and Pension Companies" on 23.08.2015, for the calculation of the reinsurance risk, the premiums ceded to the "reinsurers rated with the minimum rating by the rating agencies to be determined by the Undersecretariat" were multiplied with the risk factor of 0.03. In order to reduce the reliance on ratings, this provision was amended as follows: the premiums ceded to the "reinsurers included in the list to be published by the Undersecretariat based on the financial and technical competence criteria" shall be multiplied with the risk factor of 0.06.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <p>Although part of the reference (with regard to the total amount of debt securities to be issued) to CRA ratings in debt securities regulation is removed, the reference to rating for debt issuance of banks continues.</p> <p>Regarding the banking regulations of BRSA the main and most important reference to ratings are related to capital requirements and liquidity regulations. These regulations are prepared based on the compliance requirement with Basel Standards. In this respect, the mechanistic reliance on rating agencies will be removed with the implementation of final Basel</p>

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)					VI	VII	VIII	IX	X
14. Reducing the reliance on ratings													

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>CMB: In the last year's survey it was stated that;</p> <ul style="list-style-type: none"> - The rating reference used in the existing debt securities regulation regarding the issuance limit of debt securities enabling banks and financial institutions to double their limit (if they have been granted one of the top-three ratings in the investment grade) was planned to be removed completely, - Investment grade note was also planned to be required for public offerings with the amendment that will be made on debt securities regulation. <p>By February/2017, the amendment of communique on debt securities was promulgated. Taking into consideration the dynamics of firms in the country and discussions about rating agencies and debt securities markets;</p> <ul style="list-style-type: none"> - The rating reference used in the existing debt securities regulation regarding the issuance limit of debt securities enabling banks and financial institutions to double their limit is removed just for financial institutions(not for banks). <p>Although considered beforehand, investment grade note is not required for issuing debt securities in the final rule of debt securities regulation.</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links	
Web-links to relevant documents	<p>IRB Regulation: http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/13491idd_tebliğ.pdf</p> <p>Risk Management Guideline: http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/14604bankalarin_kredi_yonetimine_iliskin_rehber.pdf http://mevzuat.basbakanlik.gov.tr/Metin.Aspx?MevzuatKod=7.5.21069&MevzuatIliski=0&sourceXmlSearch=sermaye%20yeter http://mevzuat.spk.gov.tr/PrinterFriendly.aspx?nid=129971288</p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01.11.2006 (BRSA)

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>BRSA: Institutions under the supervision of the BRSA have to comply with TFRSs which are in line with IFRSs since 01.11.2006. BRSA has the authority to supervise and regularly supervises the full implementation of TFRSs by the related companies. BRSA regulations regarding fair value considerations in the calculation of capital requirements are in line with Basel III and in force since July 2012. BRSA published a separate best practice guideline on fair value calculations at December 2015.</p> <p>TREASURY: All norms regarding accounting, financial reporting and valuation of assets are compliant with IFRS since 2007. Insurance, reinsurance and pension companies under the supervision of Treasury have to comply with TFRSs which are in line with IFRSs. Treasury has the authority to supervise regularly the full implementation of TFRSs by the related companies.</p> <p>CMB: Following Articles 14 and 36 and subparagraph of first paragraph of Article 128 of the Capital Markets Law no. 6362 dated 6.12.2012, Communiqué on Principles of Financial Reporting In Capital Markets was promulgated on 13.06.2013 and Communiqué on Principles Regarding Financial Reporting of Investment Funds was promulgated on 30.12.2013. The purpose of these Communiqué is to set the principles and procedures regarding financial reports to be publicly announced by issuers and capital market institutions. These entities prepare their financial statements on the basis of TAS/TFRS issued and published by POA. Moreover, to ensure that the financial reporting principles and procedures are clear and understandable, or for the sake of unity in implementation thereof, if and when deemed necessary, the Capital Market Board reaches decisions pursuant to article 14 of the Law. Entities are under obligation to comply with these decisions POA Turkey has already adopted IFRS Standards for the financial statements of all public interest entities. Listed companies, intermediary institutions and portfolio management companies were permitted to use IFRSs as of 2003 (voluntarily), and have been required to use IFRSs since 2005 (mandatory). All banks and financial institutions have been required to use IFRSs since 2006. IFRSs are incorporated into laws and regulations as Turkish Accounting Standards (TASs) and Turkish Financial Reporting Standards (TFRSs). TASs and TFRSs are fully compliant with the IFRSs issued by the IASB, and they are published in the Official Gazette as communiques. Turkey has a formal process for the endorsement/adoption of new and amended IFRS. New and amended standards are continuously updated by the the POA and published in the Official Gazette.</p> <p>Other actions: CMB: Listed companies and capital market institutions as defined in Capital market Law apply Turkish Accounting Standards and Turkish Financial Reporting Standards (TAS/TFRS) (which is compatible with IFRSs) as set and disclosed by the Public Oversight, Accounting and Auditing Standards Authority (POA). Application of those standards is required to be audited by independent audit firms according to the related CMB regulations. In addition, a team of experts</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

Update and next steps

Highlight main developments since last year's survey

BRSA: published a new regulation on classification of assets and provisions set aside for financial assets in June 2016. The regulation requires banks to measure their expected credit losses based on the impairment rules of IFRS 9. New regulation has been effective since the beginning of 2018 and 36 banks, which constitute 95.5% of banking sector total assets, have been implementing IFRS 9.

TFRS 9 Financial Instruments was issued by the POA and published in the Official Gazette. TFRS 9 has been mandatory effective since January 1st, 2018 with early adoption permitted. With the publication of TFRS 9, which is fully compliant with IFRS 9, transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets has been ensured.

Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents

BRSA Accounting Rules
http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/1688bankalarin_muhasebe_uygulamalarina_ve_belgelerin_saklanmasina_iliskin_usul_ve_esaslarhakkinda_yonetmelik.pdf
http://www.tsb.org.tr/Document/Yonetmelikler/Finansal_Raporlama-SON.pdf
 Turkey's jurisdictional profile prepared by the IFRS Foundation can be accessed at:
<http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/Turkey-IFRS-Profile.pdf>

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;¹ and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of 31.03.2016

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The BRSA published an updated regulation on internal systems and ICAAP for banks on 11.07.2014. Additionally, to address the main G20/FSB recommendations; detailed risk management guidelines on credit risk, market risk, operational risk, counterparty credit risk, liquidity risk (funding and market), interest rate risk in the banking book (yield curve risk, basis risk, optionality risk), concentration risk, country and transfer risk (indirect country risk, sovereign risk, macroeconomic risk and contagion risk) were issued. Moreover, the stress testing framework is regulated more explicitly and the BRSA has also issued the supporting guidelines on stress testing and ICAAP Report preparation.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/Bankacilik_Kanununa_Iliskin_Duzenlemeler.aspx https://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/13294isedes_yonetmelik.pdf https://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/14602bankalarin_sermaye_ve_likidite_planlamasinda_kullanacaklari_stres_testlerine_iliskin_rehber.pdf</p>

17. Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)


Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on [Enhancing the Risk Disclosures of Banks](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).



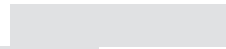
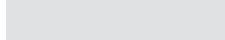
In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of 31.03.2016 (BRSA), 

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- Draft in preparation, expected publication by 
- Draft published as of 
- Final rule or legislation approved and will come into force on 
- Final rule (for part of the reform) in force since 

17. Enhanced risk disclosures by financial institutions

Progress to date	
<p>Issue is being addressed through</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>BRSA: Institutions under the supervision of the BRSA have to comply with TFRSs on disclosure requirements which are in line with IFRSs. BRSA has the authority to supervise and regularly supervises the full implementation of these disclosures.</p> <p>TREASURY: The Undersecretariat of Treasury monitors the information disclosed by insurers in a timely manner. Article 18 Paragraph 3 of Insurance Law No. 5684 stipulates that the Undersecretariat shall cause to be re-announced such financial statements corrected if any untrue information is discovered in the announced financial statements announced by insurance and reinsurance companies, taking into account generally accepted accounting rules and principles.</p> <p>PAO: As Turkey had already adopted all IFRS Standards, including IFRS 7 and IFRS 13, the disclosure requirements of all IFRSs have been implemented. Banks are required to prepare and issue their financial statements according to TFRSs and TASs, which are fully compliant with the IFRSs and IASs. Hence, they disclose their exposure to credit risk, including their expected credit loss estimates, and relevant information on their underwriting practices on their financial statements.</p> <p>CMB: Investment funds have to disclose their "monthly portfolio reports" and also their financial reports in the Public Disclosure Platform, which is easily accessible by all investors.</p> <p>Regarding risk management disclosures, as Guideline On Investment Funds came into force as of 01.07.2014, investment funds which are going to invest in derivatives and engage in other leveraged transactions, became obligated to disclose; A) Risk calculation methodology, under which circumstances the fund will create leverage, through which channels that leverage will be created (derivatives, etc.) and risks related to those transactions. B) Information about VAR method that is going to be used. C) Leverage limit of the fund and calculation method of leverage, D) Information about reference portfolio (if relative-VAR is chosen for risk calculations) in their prospectus. Also, risks related to the fund's investment strategy and risk rating of the fund on a 1 to 7 scale have to be disclosed in the Key Investor Information Document.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

17. Enhanced risk disclosures by financial institutions

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_Duzenlemeler/15027risk_yonetimi_aciklamalari_tebliğ_degisiklik_islenmis.pdf http://www.spk.gov.tr/Sayfa/Dosya/1087 http://mevzuat.spk.gov.tr/PrinterFriendly.aspx?nid=134521</p>

18. Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI’s 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input checked="" type="radio"/> Implementation ongoing <input type="radio"/> Implementation completed as of [redacted] </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #cccccc; height: 200px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input checked="" type="radio"/> Draft in preparation, expected publication by No definite timeframe <input type="radio"/> Draft published as of [redacted] <input type="radio"/> Final rule or legislation approved and will come into force on [redacted] <input type="radio"/> Final rule (for part of the reform) in force since [redacted] </p>

18. Strengthening of national deposit insurance arrangements

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The SDIF was established in 1983 under the Central Bank of the Republic of Turkey (CBRT) and became an autonomous legal entity in 2003. The SDIF is governed by a Board of Directors ("Fund Board") which is the decision making body of SDIF and is made up of seven members including the Chairman. The Chairman of the Fund Board also serves as President of the SDIF. All members are appointed by the Council of Ministers, which also designates the Chairman. SDIF operates independently in fulfillment of its mandate and resolutions of SDIF may not be supervised for appropriateness. The main policy objectives of the SDIF are to protect the rights of depositors and participation fund owners and to ensure confidence and stability in financial markets. In addition, the SDIF has a role in resolution of failed banks. The mandate and power of the SDIF are clearly defined and formally specified in the Banking Law (BL). In this context, the SDIF is authorized to insure deposits and participation funds; manage the banks whose management and control have been transferred to the SDIF; strengthen and restructure their financial standing; transfer, merge, sell or liquidate these banks; execute and conclude the follow-up and collection transactions of the receivables of the SDIF and manage the SDIF's assets and resources. The SDIF insures the savings deposit accounts and participation funds opened by only real persons, in Turkish Lira, foreign currency, or precious metals. These accounts must be held at domestic branches of credit institutions operating in Turkey. Savings deposits deposited in foreign branches of credit institutions and credit institutions engaged in off-shore banking, among others, are specifically excluded from coverage under Turkish Banking Law and related regulations. The SDIF Board sets the coverage and amount of insured deposit. The SDIF board sets also the tariff, collection time, method and other conditions of the risk-based insurance premium. The rules and procedures with regard to the insurance of savings deposits-participation funds and the premiums collected by the SDIF are laid out in "Regulation on Deposits and Participation Funds Subject to Insurance and Premiums Collected by Savings Deposit Insurance Fund". The SDIF has a differential risk based premium system and collects risk-based premiums from the banks on an ex-ante basis. As of December 2017, there are 38 deposit taking banks (including participation banks namely Islamic banks) in the deposit insurance scheme and the membership is compulsory for all deposit taking banks in Turkey. The current deposit insurance limit is 100.000 Turkish Liras (approximately USD 26.500) per depositor per bank. As of December 2017, the total amount of covered deposits is USD 113.2 billion and 98 per cent of total bank depositors and 25 per cent of total deposits are insured. The SDIF has a reserve fund but no target ratio. The deposit insurance reserve (DIF) of the SDIF is about USD 7.55 Billion as of December 2017 and the current reserve/insured deposit ratio is 6.6 per cent which is somewhat higher than in peer countries.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <p>Our work on policy proposal for amendments to the Banking Law is quite extensive and brings radical changes to both deposit insurance and bank resolution areas. Therefore, discussions about the details of the amendments took a while. However, recently the mentioned work has reached final stage and SDIF and BRSA are about to reach a mutual understanding on the necessary amendments. Subsequently, the parliamentary process will begin.</p>

18. Strengthening of national deposit insurance arrangements

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #e0e0e0; height: 300px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <p>There is an ongoing work to address various shortcomings in both our deposit insurance(*) and bank resolution frameworks to comply with the international standards. Savings Deposit Insurance Fund (SDIF) finalized the draft document for the proposed amendments in current legislation and presented to the Turkish Financial Stability Committee but not submitted to the Parliament yet. (*)</p> <p>(*) Required amendments related with DIS activities:</p> <ul style="list-style-type: none"> - Expanding coverage to include commercial deposits, - Empowering the SDIF Board with the power for determining target reserve ratio, - Citing the Single Customer View System in the text of the legislation, - Empowering the SDIF with onsite examination power for issues related to deposit insurance mandate.

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>(Article 111, Article 63, Article 64 of the Banking Law) http://www.bddk.org.tr/WebSitesi/english/Legislation/14905banking_law_december_2013.pdf http://www.tmsf.org.tr/Aspx/kk/ashx/file.ashx?type=1&uploadId=395</p>

19. Enhancing market integrity and efficiency

G20/FSB Recommendations

We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of 30.12.2016 Dark order

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

19. Enhancing market integrity and efficiency

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Borsa Istanbul does not operate a dark pool, but on the equity market there are some dark orders which work similar with dark pool principles. These order types are Mid-Point orders and Trade At Reference orders and they are newly introduced by BIST and regulated by Equity Markets Implementing Procedures and Principles amended in 30.12.2016. Algorithmic and high frequency (algo & HFT) trading are also defined in Borsa Istanbul’s General Letter about Pre Trade Risk Management (PTRM) Application Procedures and Principles dated 05.05.2016. With this regulation: - Members have to transmit their HFT clients’ orders via a dedicated FIX or OUCH users provided by Borsa Istanbul. (Members of Borsa Istanbul are authorized investment firms. HFT firms are not able to access the market directly, they can only access via Borsa Istanbul members) - Members have to confirm that they have executed tests in their customers’ algo & HFT software, results of these software are foreseeable and will not execute trades that will abuse the market. - After putting these software into use, members have to take measures to monitor risks in real time, to limit these risks and to stop order transmission immediately when it is necessary. - Members that own or have customers who use HFT algo softwares, have to use BISTECH PTRM tool (pre trade risk management tool developed by Borsa Istanbul and NASDAQ) which enables them put limits or measures on orders and trades on account basis. - Members have to document how they calculated their or their customers’ risks and set limits for them. They have to provide these documents on the same day when Borsa Istanbul asks for. - Members are directly responsible for all the algo software operated under their name in the market even they are owned & operated by their customers. - Users defined by Borsa Istanbul as HFT users are exempt from conventional order cancellation/modification fees, instead they are subject to pricing scheme that is based on order to trade ratio which aims to charge excessive usage mainly. Borsa Istanbul applies base price and price limits in Equity Market. “Base price” is the price which constitutes a base for determining the upper and lower price limits of an equity between which it can be traded during a day. “Base price” is the “closing price” of the previous day. The margin, which is a rate to be applied on the base price in order to determine the price limits are defined as (free margin may be applied at the certain equities and ETFs where necessary): 20% for the equities and exchange traded funds (ETF); 50% for the pre-emptive rights and ISKUR.E; Free margin for warrants and certificates. Besides, a Circuit Breaker System is introduced to the Market at 30.11.2015. In case price change calculated by a certain reference value reaches or exceeds threshold values (rates) determined by the Exchange while transactions in a stock are carried out with continuous trading method in the session, transactions of the related stock will be temporarily halted and carried on to the order collection stage of a call auction. At this stage price is determined in a call auction using single price method in the related stock. Then the related stock is again taken to continuous trading and transactions are continued after processes in single price method are completed. Based on the frequency of circuit breakers triggered within a certain time frame some measures are applied gradually to the trading of that equity like gross settlement and short sell ban each for a certain period of time. Besides; Equity Market transactions are monitored on real time online basis using an electronic surveillance tool called SMARTS, co-developed with Nasdaq and BIST, alongside BISTECH Trading Platform.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

19. Enhancing market integrity and efficiency

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <p>It is planned to follow market implications to determine needed actions if any.</p> <div style="background-color: #cccccc; height: 400px;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.borsaistanbul.com/docs/default-source/uue/pay-piyasasi-isleyisine-iliskin-uygulama-usulu-ve-esaslari.pdf?sfvrsn=18 http://www.borsaistanbul.com/docs/default-source/nasdaqgenelmektup/news-release-2016-77.pdf?sfvrsn=4 http://www.borsaistanbul.com/docs/default-source/nasdaqgenelmektup/new-release-2016-46.pdf?sfvrsn=4</p>

20. Regulation and supervision of commodity markets

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of [redacted]

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

20. Regulation and supervision of commodity markets

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Although cash commodity markets was regulated by the Law of the Union of Chambers and Commodity Exchanges of Turkey and the Chambers and Commodity Exchanges (Law numbered 5174) the spot market was not efficiently working. With the Article 143 of the new Capital Markets Law which was enacted on 30.12.2012, amendments were made in the Article 53 of the Law numbered 5174. This gave the opportunity to establish product specific commodity exchanges. They shall execute both commerce of psychical products and of product deeds issued by the licensed storage operators as representing the product.</p> <p>Currently, few financial commodity derivative contracts (wheat, cotton and electricity) are traded in Derivatives Market of the Borsa Istanbul. Enhanced market transparency and marked abuse rules are applied to this market.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <p>Although there are commodity derivatives traded on the derivatives market of Borsa İstanbul, a new organized cash commodity market is being organized both in terms of regulatory framework and also institutional framework.</p>

20. Regulation and supervision of commodity markets

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Council of Ministers decided to establish the Turkey Commodity Exchange Inc. on 27.02.2017. The Ministerial decision was published in the Official Gazette on 06.04.2017. Also By-laws on the Method and Principles of the Foundation, Activities, Operations and Audit of Commodity Exchange has entered into force on 10.08.2017. Electronic commodity contracts representing commodities will be traded on the exchange.</p>	<p>Planned actions (if any) and expected commencement date</p> <p>Further regulatory framework and organizational establishment initiatives regarding the Commodity Exchange will be completed. After this process the Commodity Exchange will start its operations.</p>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.resmigazete.gov.tr/eskiler/2017/08/20170810-2.htm</p>

21. Reform of financial benchmarks

G20/FSB Recommendations

We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)

Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

22. Enhancing financial consumer protection

G20/FSB Recommendations

We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)

Remarks

Jurisdictions should describe progress toward implementation of the OECD’s [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may also refer to OECD’s [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation.

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of 03.10.2014 (BRSA)

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since 28.11.2015 (GTB)

22. Enhancing financial consumer protection

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>BRSA: has issued a regulation (Regulation On Principles And Procedures Related To Fees To Be Taken From Financial Consumers) on fees that can be charged on financial consumers and principles and procedures regarding contracts and reimbursement of the fee. Board of BRSA made a decision in 2017 and mandated banks to get credit card holders' request in order to make credit cards available for online use (e-commerce) to protect card holders from fraud. BRSA prepared a format to be used by banks to publish fees on their web-site to ensure transparency and comparability of fees for financial consumers.</p> <p>TREASURY: According to the Article 32 of the Insurance Law: (1) Insurance companies and intermediaries shall not design their brochures, explanatory notices, other documents and their advertisements and commercials in a way that results in an understanding outside the limits and scope of the rights and benefits which they shall provide to the insured, and shall not make statements that are unreal, misleading, deceiving or that give rise to unfair competition. Where violation of this provision is ascertained the matter shall be referred to the Advertising Board that acts upon the Law on Protection of Consumers. (2) Insurance companies, reinsurance companies, intermediaries and loss adjusters are obliged to refrain from acts which may endanger the rights and benefits of the insured, to act in accordance with the legislation and principles of the business plan, and to behave in compliance with the requirements of insurance and the rules of goodwill. (3) Insurance companies shall not delay the payment of insurance claims in violation of the rules of goodwill. (4) The Undersecretariat is authorized to take all the measures in order to ensure that insurance companies, reinsurance companies, intermediaries and loss adjusters comply with the above mentioned rules. (5) Rights of persons to choose an insurance company shall not be restricted. In contracts, where one of the parties are obliged to buy insurance, provisions requiring the conclusion of the insurance contract with a certain company shall be void." According to the Article 30 of the Insurance Law; to settle the disputes arising from the insurance contract between the policy holder or people benefiting from the insurance contract on the one side and the party undertaking the risk on the other side, the Insurance Arbitration Commission has been established. Guarantees can also be deemed as an important financial consumer protection, since in the "Regulation on Financial Structures of the Insurance, Reinsurance and Pension Companies" it is stated that the guarantee shall be a reserve against the receivables of the insured, and in case the licenses of a company with respect to all branches are revoked, or in case the company is liquidated or has declared bankruptcy, the guarantee shall be used for the payment of the receivables of the insured in the relevant branch first, while the remainder shall be added to the guarantees of other branches. Regulation on Furnishing Information in Insurance Contracts regulates the principles and obligations of insurers to ensure that persons who intend to enter into a specific insurance relationship do not confront any insufficient information. "Assurance account" which covers losses that arise as a result of the occurrence of the specific conditions also aims the protection of insured rights. To solve insureds' complaints effectively and on time, Insurance E-Application System has been established within The Undersecretariat of Treasury General Directorate of Insurance.</p> <p>Republic Of Turkey Ministry Of Customs And Trade (GTB) The Law 6502 aims to protect consumers by involving bank and insurance contracts under the</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

22. Enhancing financial consumer protection

Update and next steps

Highlight main developments since last year’s survey

Board of BRSA made a decision in 2017 and required banks to get credit card holders’ request in order to make credit cards available for online use (e-commerce). The aim of this decision is to protect credit card holders from fraud and raise awareness about online credit card use. The Board Decision came into force in January 30, 2018 and it is also applied for credit cards issued before that date.

Fees chargeable to financial consumers have been set and listed within the “Regulation On Principles And Procedures Related To Fees To Be Taken From Financial Consumers” and according to this regulation, each bank should announce the fees chargeable – (applicable) to financial consumers on its web-site. Right now, banks are sharing fees chargeable to financial consumers on their web-site in their own format. In 2017, BRSA set a standard format for banks following the wording mentioned in the regulation and shared it with Bank Association. This standard format will make it easier for financial consumers to compare the fees and commission demanded by banks and ensure the transparency. Software of the format has been prepared in cooperation with Bank Association and Credit Register Bureau since 2017. When the technical infrastructure is completed, each bank will use this format to announce fees on its web-site and also each bank will report its formatted list to Bank Association. Bank Association will announce each banks fees on its own web site in a comparable form.

Planned actions (if any) and expected commencement date

GTB Directorate General for Consumer Protection and Market Surveillance’s previous Erasmus KA2 Strategic Partnership Project called “Improving Financial Literacy in the Scope of Consumer Academy” has been re-drafted and re-submitted by its new name “Improving Financial Literacy for Vulnerable Consumers”. The Project aims at improving general knowledge and awareness level for vulnerable consumers, such as disabled people, elderly, refugees and other newly arrived consumers. Project will be implemented if only it is granted by EU in case of positive evaluation of the application by Turkish National Agency.

Relevant web-links

Web-links to relevant documents

- http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Finansal_Tuketicinin_Korunmasina_Iliskin_Duzenlemeler/13586yonetmelik_yd_karari_islenmis.pdf
- <http://tuketici.gtb.gov.tr/www.tuketiciakademisi.gov.tr>
- Communique on Principles of Establishment and Activities of Investment Firms (III-39.1) <http://mevzuat.spk.gov.tr/PrinterFriendly.aspx?nid=133391>
- Communique on Principles Regarding The Internal Auditing Systems of Brokerage Houses (Serial: V, No: 68) <http://mevzuat.spk.gov.tr/Onceki/PrinterFriendly.aspx?nid=14139>
- <http://www.mevzuat.gov.tr/MevzuatMetin/1.5.5684.pdf>

I	II	III	IV	V	VI	VII	VIII	IX	X	List of abbreviations used
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Treasury: Republic of Turkey Prime Ministry Undersecretariat of Treasury
 BRSA: Banking Regulation and Supervision Agency
 CBRT: Central Bank of the Republic of Turkey
 CMB: Capital Markets Board of Turkey
 SDIF: Savings Deposit Insurance Fund
 POA: Public Oversight, Accounting and Auditing Standards Authority
 GTB: Republic of Turkey Ministry of Custom and Trade

Sources of recommendations

- [Hamburg: G20 Leaders' Communique \(7-8 July 2017\)](#)
- [Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)
- [Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)
- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)
- [Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)
- [Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)
- [Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)
- [Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)
- [Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)
- [London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)
- [Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)
- [FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)
- [FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)
- [FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)
- [FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)