

From the Banking Regulation and Supervision Agency:

**REGULATION ON MANIPULATIONS AND MISLEADING TRANSACTIONS
IN FINANCIAL MARKETS**

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SECTION ONE

Objective, Scope, Basis and Definitions

ARTICLE 1

Objective and Scope

(1) The objective of this Regulation is to identify and set down all and any manipulations and misleading transactions and practices in financial markets, covered by Article 76/A of the Banking Law no. 5411 dated 19/10/2005.

ARTICLE 2

Basis

(1) This Regulation has been prepared and issued in reliance upon Articles 76/A and 93 of the Banking Law no. 5411 dated 19/10/2005.

ARTICLE 3

Definitions

(1) The following terms used in this Regulation shall have the meaning expressly designated to them below;

- a) Bank: Banks defined in Article 3 of the Law;
- b) Financial instrument: Financial instrument defined in the Turkish Accounting Standard no. 32 (TAS 32) as published by the Public Supervision Accounting and Audit Standards Agency;
- c) Law: Banking Law no. 5411 dated 19/10/2005;
- ç) Board: Banking Regulation and Supervision Board;
- d) Agency: Banking Regulation and Supervision Agency;
- e) Reference value: A rate, index or figure which is taken as reference in determination of value of a financial instrument or amount due and payable against a financial instrument, and

is determined periodically or regularly with the help of a formula in reliance upon values of one or more reference assets or upon prices or questionnaires like actual or estimated interest rates or other values, and is made public by publishing or otherwise;

f) Systemic risk: Risk of interruption of financial services by problems emerging in the whole or a great part of the financial system in such manner and to such extent to lead to material negative effects on markets and/or real economy.

SECTION TWO

Manipulations and Misleading Transactions in Financial Markets

ARTICLE 4

Manipulations and Misleading Transactions and Practices in Financial Markets

(1) The following acts of banks are considered and treated as manipulations and misleading transactions and practices in financial markets covered by Article 76/A of the Law.

a) To get intentionally involved in, mediate or intercede in, or give orders for, transactions which evoke or may evoke false or misleading impressions as to supply, demand or price of a financial instrument, or ensure or may ensure the maintaining of price of a financial instrument, also including foreign exchange rates or interest rates, at an abnormal or artificial level, or to engage in such and similar other transactions; and

b) To get involved in, mediate or intercede in, or give orders for, transactions which impact the price of a financial instrument or on such reference values as interest rates, foreign exchange rates or CDS, in such manner to increase instability or make negative effects on stability of financial markets, by making use of fluctuations in or shallowness of financial markets, during periods when supply and demand balance does not occur under normal circumstances and conditions, or to engage in such and similar other transactions; and

c) To perform, or mediate or intercede in, transactions and practices aimed at circumventing the decisions taken and the limitations imposed by the Board in respect of monetary swap, forward, option and other derivative transactions, with one leg in foreign currency and the other leg in TL, executed by banks with foreign residents, or in respect of supply of TL liquidity by banks to abroad, by using indirect methods such as early redemption of transactions, or postponement of due transactions, and/or non-performance of obligations, or aimed at deactivating or neutralizing said decisions of the Board.

ç) To get involved in, mediate or intercede in, or give orders for, transactions which affect or may affect price of a financial instrument, also including foreign exchange rates and interest rates, through a deceptive mechanism or by way of fiction, or to engage in such and similar other transactions; and

- d) To spread or disseminate via any mass media including the internet or otherwise any false or misleading information or rumours that create or may create a false or misleading impression as to supply, demand or price of a financial instrument, or ensure or may ensure the maintaining of price of a financial instrument at an abnormal or artificial level; and
- e) To impact or attempt to impact the price of a financial instrument, also including foreign exchange rates or interest rates, by expressing an opinion via the internet or other mass media on that financial instrument, with regard to which a position has already been taken, by hiding an available conflict of interest relating thereto from the public; and
- f) To pass on false or misleading information on a reference value, or to enter false or misleading inputs, or to engage in any practice manipulating the calculation of a reference value, where the false or misleading nature thereof are known or ought to be known; and
- g) To engage in practices with the aim of fixing the buying or selling prices of a financial instrument or deriving other unlawful gains by using influence or dominant role over the supply or demand of a financial instrument; and
- ğ) To carry out buying or selling transactions which impact or may impact the opening or closing prices of a financial instrument, also including foreign exchange rates or interest rates, at the opening or closing of financial instruments, thereby misleading or causing to mislead investors who take positions in consideration of such opening or closing prices; and
- h) To influence or guide the depositors in a false and misleading manner; and
- i) To spread information and rumours which may cause a systemic risk by damaging the trust for the financial system.

SECTION THREE

Final Provisions

ARTICLE 5

Entry into Force

- (1) This Regulation becomes effective as of the date it is published.

ARTICLE 6

Enforcement

- (1) The provisions of this Regulation are executed and enforced by the Chairman of the Banking Regulation and Supervision Agency.