

The award winning Pekin & Pekin Capital Markets practice team not only provides compliance support and legal advice to banks and financial institutions on an ongoing basis but also focuses on more complex cases, giving clients direct practical and innovative advice.

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## Capital Markets

### FURTHER MEASURES IN BORSA ISTANBUL AND TURKISH CAPITAL MARKETS

Due to the volatility increase and extraordinary pricing movements following the catastrophic earthquake disaster occurred in the southeastern part of Türkiye, trading in Equity Market and Single Stock & Index Futures and Options Contracts in Derivatives Market of Borsa İstanbul A.Ş. (“**BIST**”) has been temporarily suspended at 11:00 AM on February 8, 2023 for 5 business days (until the evening of February 14, 2023) (*Please see our Legal Alert 4/2023 for further explanation*).

As a result of this temporary suspension, the Capital Markets Board of Türkiye (the “**CMB**”) has adopted certain measures with its resolutions dated February 8, 2023 and numbered 7/158 and dated February 9, 2023 and numbered 8/173 (the “**Resolutions**”) published in CMB Bulletins numbered 8/2023 and 9/2023 respectively. Moreover, additional measures are taken by the BIST as well.

#### What’s New?

1. It has been published on the Public Disclosure Platform (the “**PDP**”) on February 8, 2023 that; all trades executed at Equity & Index Market Segments in BIST Derivatives Market and the erroneous trades executed in BIST Debt Securities Market on February 8, 2023 are cancelled in accordance with the Article 33 of BIST Regulation on Principles Relating to Exchange Activities (*published in the Official Gazette dated October 19, 2014, No. 29150*) (the “**Regulation**”).

The temporary suspension is a measure taken as per Article 39/1 of the Regulation. Accordingly, in emergency cases, the board of directors of BIST may decide to close the marketplaces, markets, platforms and systems operating in BIST for a period up to five trading days.

2. As per the Resolutions, the CMB decided to suspend calculation of participation unit price of funds and trading of fund units until the trading in BIST is resumed, except for
  - (i) The funds issued in relation to debt instruments umbrella fund, money market umbrella fund, guaranteed/secured umbrella fund, and precious metals umbrella fund;
  - (ii) The hedge funds having the phrases of "foreign exchange", "money market" and "short-term" in their titles and the funds having the phrase "foreign" in their titles;
  - (iii) The funds related to the participation umbrella fund, which are referring certain asset groups (lease certificate, gold, precious metals, money) in their titles.

The relevant portfolio custodians and the investors shall be informed by way of announcements made on the PDP on the respective suspension of calculation of unit share value and trading of participation units.

3. Furthermore, it has been decided by the Resolutions to suspend unit price calculation and trading of pension mutual funds (including automatic participation certificate funds) provided that the relevant participants shall be informed by way of announcements made on the PDP on the respective suspensions.
4. As per the Resolutions, Turkish Electronic Fund Trading Platform (“**TEFAS**”) and Private Pension Fund Trading Platform (“**BEFAS**”) transactions related to the respective funds shall be also suspended.

For the investment funds and pension funds trading of which are suspended, the valuation date regarding the buying/selling instructions dated February 8, 2023 (including transactions in TEFAS and BEFAS), shall be the first day on which the trading in BIST Equity Market is resumed.

5. With the Resolutions, the CMB also eased up certain capital and procedural requirements for publicly traded companies, investment firms, securities investment companies, real estate investment companies and publicly traded venture capital investment companies for the purpose of enabling the said companies to make donations to the disaster zone.

## Conclusion

Our Firm is devastated with the tragic news of the catastrophic earthquakes occurred in the southeastern part of Türkiye. Due to the massive effects of the earthquakes, the authorities are continuing to take protective measures in order to ensure effective functioning of the Turkish capital markets.

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