



Current Cryptocurrency Laws under Turkish Law

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As a result of soaring exchange rates and significant inflation in the Turkish economy, many individuals have entered the cryptocurrency markets to preserve the purchasing power of their cash. Due to its numerous benefits, including minimal transaction costs, 24/7 transaction capacity, and simplicity of international money transfers, cryptocurrencies, and associated exchange platforms have lately come into sharp focus with many local and foreign investors. The situation of cryptocurrencies under Turkish legislation and associated laws will be examined in the sections that follow.

First Efforts at Legitimizing Cryptocurrencies

In Turkey, cryptocurrencies were first restricted by “The Regulation on Prohibiting Payments with Crypto-Assets” (“Regulation”), which was issued in the Official Gazette on April 16, 2021. By means of this rule, the Central Bank of the Republic of Turkey (“CBRT”) restricts the use of crypto assets as legal tender. Nevertheless, none of its articles pertain to trading in crypto assets. Moreover, the Regulation is ground-breaking in that it offers a definition of “crypto assets” for the first time. Article 3 of the rule defines crypto assets as “assets generated digitally using distributed ledger technology or a similar technology and disseminated across digital networks, but not money, fiat money, electronic money, payment instruments, securities, or other capital market instruments.” The Rule forbids the following:

Payments made using crypto assets, either directly or indirectly

Offering services for the direct or indirect usage of crypto assets in payment transactions



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The offering of intermediary services by payment and electronic money institutions to platforms offering trading, deposit, transfer, or issuance of services related to crypto assets or fund transfers from these platforms.

Development by payment service providers of business models enabling the use of crypto assets, directly or indirectly, in the provision of payment services and electronic money issuance, and provision by payment service providers of any services linked to such business models.

As a result of this rule, crypto-asset service providers are now obligated parties under the Regulation on Measures Regarding the Prevention of Money Laundering and the Financing of Terrorism. The Financial Crimes Investigation Board ("MASAK") has produced a "Guide" on the essential requirements of crypto-asset service providers to avoid the laundering of criminal profits and funding of terrorism. This Regulation and Guidance, which are currently in effect, aim to prohibit the use of cryptocurrencies in terrorist or criminal operations due to their decentralized and anonymous characteristics. All of this follows one of the largest cryptocurrency frauds in Turkey's history, which occurred in 2021 when over 400 thousand people were scammed of over \$2 billion.

The authorities' outlook on cryptocurrencies is improving.

Before this date, legislation and public declarations have always sought to prohibit or reduce cryptocurrency use. The first draft of a cryptocurrency law was released at the end of December 2021. The draft emphasized the following points:

A Modification to the Capital Markets Law in Turkey Pertaining to Crypto Assets

Initial definitions of related terms, including crypto asset, crypto-asset trading platform, crypto-asset custodian, and crypto-asset service providers.

The Capital Market Board's ability to select the crypto assets to be traded on the platforms, to govern the termination of trading, to dispose of the crypto assets for which trading has been ended, and permit crypto platforms and service providers to operate has not yet been accepted.

President Recep Tayyip Erdogan said on January 7, 2022, following a meeting with Tesla CEO Elon Musk, that TOGG, the national vehicle brand of the Republic of Turkey, will collaborate with the AVAX cryptocurrency network. In addition, on January 26, 2022, the President announced that Turkey should be among the first nations in the Metaverse.

Conclusion

It appears that Turkey, like other nations, has begun creating the legal framework and foundations for cryptocurrencies in light of their fast-growing popularity worldwide. Yet, given



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the autonomous, decentralized, and unregulated character of cryptocurrencies, it appears that it will take some time to define the legal nature of these assets and establish the regulatory frameworks for these assets. Contact us today to [learn more](#).



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