

CMB Executive Board Resolution no. i-SPK.35.B.1 (decision no. 1484 dated 19/09/2024)¹:

Under the CMB announcement of 02.07.2024 published as per Temporary Article 11 added to the Capital Markets Law No 6362, with effect from the effective date of the Law Regarding Amendments in the Capital Markets Law No 7518, it is noted that the applications filed to the CMB include different examples of practices in receipt and custody of customer cash assets, that customer orders are received also via various different social media applications, that the listing of crypto assets is planned as a part of the activities carried out within the jurisdiction of other regulatory bodies and authorities in our country under applicable laws pertaining thereto, that the treatment of certain assets under the Law needs to be specified in terms of the listing principles, that regulations are required to be enacted and issued about advertisement, announcement, public disclosure and campaign activities of platforms and on other issues relating to protection of investors. In this context, the following rules and principles are determined for the sake of robust operation in the transition process, in order to avoid various different negative impacts which may be faced in the industry.

1) Sixth paragraph of Article 35/C of the Law provides that it is required to hold the customer cash funds in banks; seventh paragraph of the same Article states that customer-owned cash funds and crypto assets shall be separate from properties of the crypto asset service provider, and that records are also required to be kept accordingly. Seventh paragraph of Article 46 of the Law provides that customer cash funds held in banks are required to be kept in an individual account to be opened for platform customers, separately from the platform's own cash assets. Accordingly:

a) Accounts to be opened in the name of customers shall be identified in such manner to clearly indicate that they belong to the related platform customers, and may not be used for non-intended purposes.

b) Cash transfers of platform customers are required to be performed through banks or through other institutions duly authorized in relation therewith pursuant to applicable laws. Platforms may not receive or deliver customer cash funds in person directly from/to customers, and may not keep them in any manner or form in the platform.

2) All orders of customers are required to be received via the platform's own internet websites, mobile applications or telephone lines registered in the name of platform through the platform's duly authorized staff, as will be separately reported by the platform to the CMB. Customer orders may not be received through different social media channels (Whatsapp, Telegram, etc.) or by other methods. Order records are required to be kept accurately and securely. The platform is required to establish an infrastructure allowing it to keep the following information in an unchangeable and non-falsifiable manner, with file integrity values kept with timestamp, and to keep the related data and records with effect from 08.11.2024 in accordance with these principles:

a) In case of orders received via internet websites or mobile applications, the required electronic log records and the data kept in electronic media in such manner to show date, time and the source placing the order,

b) In case of customer orders received by phone, audio recordings and logs relating to such orders.

3) Other than the media or methods deemed fit in the second article hereof, the involvement as a regular profession or a commercial or professional activity in crypto asset trading, initial sales or

¹ Upon publication of the relevant secondary regulations on crypto asset service providers on 13 March 2025, Articles 1 – 6, 8, 9 and 12 of this Resolution have been revoked by the CMB Resolution 8/313 on 13.03.2025.

distribution, exchange, transfer and custody services and operations required therefor or in conversion of customer-owned crypto assets into cash or conversion of cash into crypto assets, etc. by working like an exchange office shall be treated under Articles 99/A and 109/A of the Law.

4) Non-fungible and unique crypto assets used in order to record the representation and ownership of digital assets (Non-fungible Token – NFT), and crypto assets used only to generate various elements in virtual games are excluded from the listing principles specified to be determined pursuant to the second paragraph of Article 35/C of the Law. Accordingly, the provisions of the Law are not applicable on those who only deal with crypto asset trading, initial sales or distribution, exchange, transfer and custody services and operations as cited above. If the platforms included in the “List of Actively Operating Companies” published pursuant to the CMB publication of 02.07.2024 process and trade the assets covered by this article after the date of publication of this CMB resolution, they are required to send a notice to the CMB in connection therewith. The aforesaid assets are required to be processed and traded by these platforms in a separate market other than the assets listed under the Law, and information is required to be posted in media (internet website, mobile application, etc.) used for receipt of customer orders, together with the text: “Assets traded in this market are excluded from the listing principles of the Capital Markets Law No 6362, and are not subject to supervision by the Capital Markets Board.”, and orders are required to be received only after it is duly confirmed that this information message is read and understood by the investor.

5) The business activities to be conducted by companies the primary business of which is to quote prices to platforms for liquidity purposes and to trade the related assets over such prices quoted as above, and which do not provide any external services to investors to such extent to be covered by the platform definition provided in the Law shall not be considered and treated as platform activities at this stage under the Law.

6) In peer to peer (P2P) digital marketplaces allowing the trading and exchange of crypto assets directly among the users thereof, the involvement in trading in one’s own name, but in the account of others as a regular profession or a commercial or professional activity may be considered and treated as unauthorized crypto asset service provision activity under Article 99/A of the Law. Those who are engaged in these activities are required to terminate their activities until 08.11.2024.

7) a) As evident, under the seventh paragraph of Article 35/B of the Law, the duties and authorities of the institutions and organizations with respect to crypto assets arising out of other laws and regulations are reserved. The Law 7518 Amending the Capital Markets Law has not made any amendments in the current applicable laws and regulations with respect to all kinds of activities conducted for crypto assets other than those covered by CMB jurisdiction as per the aforementioned provision. All kinds of obligations and sanctions arising out of the current applicable laws and regulations are still in force, and the use of crypto assets as a tool in the business activities conducted does not lead to any difference in terms of the obligations and sanctions specified in the laws. Therefore, the business activities covered by items (commodities, real estate, etc.) included in the area of authorization of other institutions and organizations within our country under applicable laws are required to be carried out in strict compliance with the regulations of said institutions and organizations, regardless of the tool used therein being a crypto asset, and the crypto assets which do not comply with this provision may not be listed in platforms.

b) The rules stipulated in subparagraph (a) shall also be valid for capital markets laws and regulations, and given that the custody infrastructure and reserve evidence mechanisms of crypto assets have not yet become operable, before the CMB published a regulation with regard to issuance of capital market instruments as crypto assets pursuant to Article 13 of the Law, crypto assets based

on capital market instruments defined in Article 3 of the Law, indices valued in relation with capital market instruments, baskets combining various different asset groups (including crypto assets), precious metals, and underlying assets regulated in the Communiqué VII-128.3 on Warrants and Investment Firm Certificates may not be issued and listed in platforms

c) Platforms may not engage in new sales and distribution activities with respect to crypto assets which are already listed and are covered by subparagraphs (a) and (b). Assets that are sold and distributed are permitted to be converted into cash or to be transferred among customers in reliance upon customer requests.

8) Platforms must be objective in publications, public disclosures, advertisements and announcements to be made public in respect of the services, they are authorized to offer, through such communication channels as press, internet, telephone, radio, television and cinema, or through written, visual and electronic communication tools and media of every kind like open-air, printed materials, etc. Platforms shall not issue publications, public disclosures, advertisements and announcements or to make any other written and verbal statements based upon untrue, inaccurate or misleading information and exploiting the lack of experience or knowledge of customers. Furthermore, in publications, public disclosures, advertisements and announcements, platforms shall not provide guarantee for absolute return on investment and/or against loss, unless permitted otherwise by the applicable laws.

9) With respect to promotion campaigns conducted by platforms, any promotion campaigns:

a) Containing a promise of a certain return on investment provided to customers or directing customers to invest in any one or more crypto assets,

b) Promising to provide any certain interests or benefits to individuals bringing new customers to the platform by any method or to new customers brought by them

shall not be organized. Campaigns of this type shall be terminated within 15 days following the date of this Resolution in such manner to avoid any loss that may be incurred by investors.

10) For data transfer from platforms to Central Registry Agency (CRA), platforms are required to meet the requirements relating to technical infrastructure, as will be determined by CRA, and to complete system integration with the format and within the time schedule to be specified by CRA.

11) In transactions where the platforms stand as counterparty to their customers, it is essentially required to ensure that sales are effected in the amount of crypto assets contained in wallets of the platforms. Also in transactions of customers matching each other, it is under the responsibility of platforms to make sure that the traded crypto assets are available in the related accounts, and are transferred to the related parties. Platforms shall not dispose of customer-owned crypto assets and cash funds in favour of themselves or third parties. Platforms shall not conduct crypto asset lending transactions, transactions leading to lending of credit facilities to customers, or leveraged transactions. Open positions and transactions under this article are required to be settled within the frame of an appropriate transition process and in such manner not to cause any loss to customers.

12) If crypto assets are not kept in custody in the customer's own wallets, the control on keys of wallets used for keeping the crypto assets included in customer accounts under the records of the platforms shall be held by related platforms by no later than 08.11.2024. Any breaches of this provision shall be considered under Article 110/A of the Law.