

Jurisdiction:

Turkey

2013 IMN Survey of **National Progress in** the Implementation of **G20/FSB** Recommendations

- I. Refining the regulatory perimeter
- II. Hedge funds
- **III. Securitisation**
- IV. Enhancing supervision
- V. Building and implementing macroprudential frameworks and tools
- VI. Improving oversight of credit rating agencies (CRAs)
- VII. Enhancing and aligning accounting standards
- VIII. Enhancing risk management
- IX. Strengthening deposit insurance
- X. Safeguarding the integrity and efficiency of financial markets
- XI. Enhancing financial consumer protection
- XII. Reference to source of recommendations
- **XIII. List of Abbreviations**



FSB FINANCIAL STABILITY 2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	Refining the regulator		ACHUI NO		- Contractor
1	Review of the	We will each review and adapt the	Jurisdictions should indicate the steps	Implementation ongoing or completed	Planned actions (if any):
(2)	boundaries of the regulatory framework including strengthening of oversight of shadow	boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an	taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies,	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
	banking	international level. (London)	mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	Issue is being addressed through:	
			neage rands) and conduits, 51 v 5 etc.	☑ Primary / Secondary legislation	Web-links to relevant documents:
				☐ Regulation /Guidelines	
(1)		We agree to strengthen the regulation and oversight of the shadow banking	See, for reference, the recommendations discussed in section 2 of the October	Other actions (such as supervisory actions), please specify:	
		system. (Cannes)		Status of progress :	
				Reform effective (completed) as of: December 2012	
			2011 FSB report: <u>Shadow Banking:</u> <u>Strengthening Oversight and Regulation.</u>	Short description of the content of the legislation/regulation/guideline:	
				Financial leasing, factoring and finance	
				institutions has long been regulated in	
				Turkey, the new law, "The Law on	
				Financial Leasing, Factoring and	
				Financing Institutions No: 6361 has	
				been entered into force at December 13,	
				2012. This regulation abolished the	
				Financial Leasing Act number 3226	
			dated June 28, 1985 and the Decree Law		
				on Borrowing Money number 90 dated	
				October 6, 1983. The new law has	
				strengthened the regulatory framework	
				and brought new prudential requirements	

¹ This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				for those institutions. Portfolio	
				management companies are subject to	
				capital adequacy requirements similar to	
				those applied to intermediary institutions.	
				Money market funds have very	
				restrictrive portfolio requirements,	
				making them almost immune to any	
				liquditiy risk. They can only invest in	
				debt instruments. Any asset in its	
				portfolio has to have no more than 180	
				days to maturity and average maturity of	
				its portfolio has to have no more than 45	
				days. New communiques that are	
				expanding oversight of CMB over	
				portfolio management companies, and	
				investment funds, bringing new measures	
				regarding risk management systems,	
				were already published and they will	
				enter into force on 01.07.2014.	
				Web-links to relevant documents:	
				http://www.bddk.org.tr/WebSitesi/englis	
				h/Legislation/115986361factoringlaw_en	
				grev_er_onx.pdf	
				http://www.spk.gov.tr/apps/teblig/display	
				teblig.aspx?id=442&ct=f&action=displa	
				yfile&submenuheader=null	
				http://www.spk.gov.tr/apps/teblig/display	
				teblig.aspx?id=442&ct=f&action=displa	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				yfile&submenuheader=null	
				Turkish versions of new communiques,	
				respectively portfolio management	
				companies and invetsment funds can be	
				found at	
				http://www.resmigazete.gov.tr/eskiler/20	
				13/07/20130702-12.htm	
				http://www.resmigazete.gov.tr/eskiler/20	
				13/07/20130709-	
				14.htm?submenuheader=null	
				English versions will also be published at	
				a later date.	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
II.	Hedge funds				
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	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)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	Implementation ongoing or completed If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Status of progress: Draft published as of: Communique published as of: 09.07.2013 Short description of the content of the legislation/ regulation/guideline: Hedge funds operating in Turkey have strictly been regulated under the Serial: VII, No:10, Communique on the Principles Regarding Mutual Funds since 2006. Accordingly, hedge funds have to register with CMB and only intermediary institutions licensed by CMB and banks are eligible to become a founder of all types of funds including hedge funds. Hedge funds are also subject to portolio restrictions as well as additional checks and balances requirements over risk management systems in place. They have to report to CMB and their investors	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

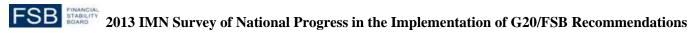


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				periodically. On top of that, there is also	
				minimum public disclosure requirements	
				determined under the context of	
				"Informational Form for Investors",	
				which has to be easily accessible online	
				through fund founder's website. The	
				Communique on the Principles	
				Regarding Investment Funds, which is	
				effective immediately for new	
				investment funds and which is going to	
				be effective as of 01.07.2014 for existing	
				investment funds, thus replacing	
				Serial:VII, No:10, Communique on the	
				Principles Regarding Mutual Funds, is	
				designed to not only to keep but also	
				expand existing oversight over hedge	
				fund activities. With this new	
				communique, which is based on Capital	
				Market Law published on 30.12.12, only	
				portfolio management companies are	
				eligible to become a founder of	
				investment funds, including hedge funds.	
				To further ensure the safety of funds'	
				assets, new communique introduces	
				requirement of segregation of funds'	
				assets from portfolio management	
				companies. To do so, portfolio	
				management companies have to entrust	
				assets in fund's portfolio to the portfolio	
				depository institution as a custodian	
				licensed by CMB.	



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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	•			Web-links to relevant documents: Turkish version of new regulation, "The Communique on the Principles Regarding Investment Funds" can be found at "http://www.resmigazete.gov.tr/eskiler/2 013/07/20130709- 14.htm?submenuheader=null" English version will also be published at a later date	- -





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3	Establishment of	We ask the FSB to develop mechanisms	Jurisdictions should indicate the progress	Not applicable	Planned actions (if any):
(4)	international information sharing framework	for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different	made in implementing the high level principles in IOSCO's <i>Report on Hedge Fund Oversight (Jun 2009)</i> on sharing information to facilitate the oversight of	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	globally active fund managers. Ir to	In Turkey, the fund and the manager has to be located in the same jurisdiction, therefore a need for a cooperation is not assessed a requirement.	Web-links to relevant documents:
		of the old of 2005. (Bolldon)		Issue is being addressed through:	
				☑ Primary / Secondary legislation	
				☐ Regulation /Guidelines	
				☑ Other actions (such as supervisory actions), please specify:	
				According to current implementation the founders provide necessary prime brokerage services to the hedge funds. The banks and intermediary instituutions (founders) shall establish internal control systems based on their relevant regulations.	
				Status of progress :	
				[No response]	
				Short description of the content of the legislation/regulation/guideline:	
				Hedge funds and their managers under CMB's oversight have been established in Turkey due to practical reasons but CMB is fully cooperating with other jurisdictions in case of any information	

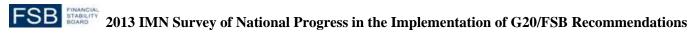


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				requested by other authorities or vice	
				versa. Additionally, the fund managers	
				have to provide relevant information	
				about their activities, if any, in other	
				jurisdictions. Recognizing importance of	
				being timely in information sharing,	
				CMB has announced MOUs with	
				authorities of 13 European Union	
				countries (Czech Republic, Denmark,	
				Greece, Hungary, Italy, Lithuania,	
				Latvia, Luxembourg, Malta, Romania,	
				Sweden, Netherlands, United Kingdom)	
				as well as Iceland, Norway and	
				Liechtenstein about information sharing	
				on oversight of structured investment	
				funds on 29.08.2013	
				Web-links to relevant documents:	



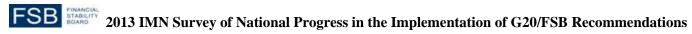
FSB FINANCIAL STABILITY 2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 4 (5)	Description 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)	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. See, for reference, the following BCBS documents: • Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Banks' Interactions with Highly Leveraged Institutions (Jan 1999)	Progress to date Implementation ongoing or completed If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Status of progress: [No response] Short description of the content of the legislation/ regulation/guideline: Draft to be prepared in line with the BIS	Next steps Planned actions (if any): Consultative documents regarding counterparty risk will be incorporated in to the draft regulations/guides after BIS finalises its amendments in the CCR consultative documents. Expected commencement date: Web-links to relevant documents:
			Basel III (June 2011) – relevant references to counterparty credit risk standards	consultative documents "The non- internal model method for capitalising counterparty credit risk exposures" and "Capitalisation of Bank Exposures to Central Counterparties " Web-links to relevant documents:	



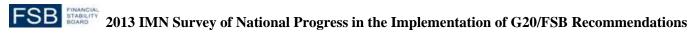


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III.	Securitisation				
111. 5 (7)	-	During 2010, supervisors and regulators will: • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: • IOSCO's Report on Global Developments in Securitisation Regulation (Nov 2012) including justification for any exemptions to IOSCO requirements; and • BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Status of progress: Draft in preparation, expected publication by: 4th quarter of 2013 Short description of the content of the legislation/ regulation/guideline: Risk retention liability and properties of the derivatives to be securitised are defined clearly, functioning of internal control system is outlined.	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
				Web-links to relevant documents:	



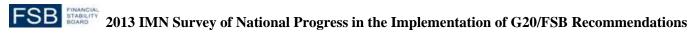


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 6 (9)	Description Strengthening of regulatory and capital framework for monolines	G20/FSB Recommendations Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	Remarks Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).	Not applicable If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: Primary / Secondary legislation Regulation /Guidelines Other actions (such as supervisory actions), please specify: Status of progress: [No response] Short description of the content of the legislation/regulation/guideline: There are no monoline insurers in Turkey	Next steps Planned actions (if any): Expected commencement date: Web-links to relevant documents:





investment in structured products. (Rec in structured products II.18 ,FSF 2008) III.18 ,FSF 2008) II.18 ,FSF 2008) III.18 ,FSF 2008 III.18 ,	No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
Web-links to relevant documents: http://www.bddk.org.tr/WebSitesi/turkce/ Mevzuat/Bankacilik_Kanununa_Iliskin_ Duzenlemeler/Bankacilik_Kanununa_Ilis	7 (10)	supervisory requirements or best practices for investment	should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec	measures taken for strengthening best practices for investment in structured product. See, for reference, the principles contained in IOSCO's report on <i>Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009)</i> and <i>Suitability Requirements for Distribution of Complex Financial Products (Jan 2013)</i> . Jurisdictions may also refer to the Joint Forum report on <i>Credit Risk Transfer-Developments from 2005-2007 (Jul</i>	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☐ Primary / Secondary legislation ☐ Regulation / Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress: Draft in preparation, expected publication by: by 4th quarter of 2013 Short description of the content of the legislation/ regulation/guideline: Issue processes (especially private placement procedure) are simplified. Secondary legislation regarding prospectus preparation and selling procedures are published and currently in force. Web-links to relevant documents: http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanununa_Iliskin_	Planned actions (if any): Expected commencement date: Web-links to relevant documents:



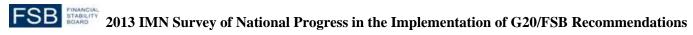


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8	Enhanced disclosure of	Securities market regulators should work	Jurisdictions should indicate the policy	Applicable but no action envisaged at the	Planned actions (if any):
(11)	securitised products	with market participants to expand	measures taken for enhancing disclosure	moment	
		information on securitised products and	of securitised products.	If "Not applicable " or "Applicable but	Expected commencement date:
		their underlying assets. (Rec. III.10-	See, for reference, IOSCO's <u>Report on</u>	no action envisaged" has been selected, please provide a brief	-
		III.13, FSF 2008)	Principles for Ongoing Disclosure for	justification:	
			Asset-Backed Securities (Nov 2012) that	Because securitized product market in	Web-links to relevant documents:
			complements IOSCO's <u>Disclosure</u>	Turkey has not developed well enough,	
			Principles for Public Offerings and	no comprehensive work has been done	
			<u>Listings of Asset-Backed Securities (Apr</u>	yet.	
			<u>2010)</u> .	Issue is being addressed through:	
				☐ Primary / Secondary legislation	
				☑ Regulation /Guidelines	
				☐ Other actions (such as supervisory actions), please specify:	
				Status of progress :	
				[No response]	
				Short description of the content of the legislation/ regulation/guideline:	
				Disclosure policy is regulated under	
				prospectus content and material event	
				disclosures. These policies are closely in	
				line with EU directives.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV.	Enhancing supervision				
IV. 9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs. ² See, for reference, the following documents: Joint Forum: • Principles for the supervision of financial conglomerates (Sep 2012) BCBS: • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) IAIS: ICP 23 – Group wide supervision FSB: • Framework for addressing SIFIs (Nov 2011)	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: Primary / Secondary legislation Regulation /Guidelines Other actions (such as supervisory actions), please specify: Status of progress: Reform effective (completed) as of: September 2011 Short description of the content of the legislation/regulation/guideline: The article 98 of the Banking Law Nr. 5411 enables BRSA to cooperate and exchange info. regarding financial institutions and financial markets with any counterpart supervisory authority of the Agency, within the framework of bilateral MoUs or other means.	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
				Web-links to relevant documents:	

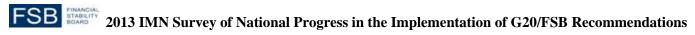
² The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (13) (14)	Establishing supervisory colleges and conducting risk assessments	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 through international supervisory colleges (Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments. See, for reference, the following documents: BCBS: • Good practice principles on supervisory colleges (Oct 2010) • Report and recommendations on cross-border bank resolution (Mar 2010) IOSCO: • Principles Regarding Cross-Border Supervisory Cooperation (May 2010) IAIS: • ICP 25 and Guidance 25.1.1—25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Turkey does not have any G-SIFIs but, Banking Regulation and Supervision Agency supervisors are attending supervisory collages that are established in other countries (.eg: Holland-BNB ING etc) Issue is being addressed through: □ Primary / Secondary legislation ☑ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Status of progress: [No response] Short description of the content of the legislation/regulation/guideline: Undersecretariat of Treasury as a home country supervisor, has not arranged any supervisory college meetings in Turkey with counterparty authorities yet. However, Treasury supervisors participated to the supervisory college meetings organized by Belgian and Dutch regulators and exchanged information with the relevant supervisory authorities. Revised provisions regarding information	Planned actions (if any): Participation to the supervisory college meetings which will be organized by the French authority in September 2013 and Dutch authority in October 2013 is in planning. Expected commencement date: 02.10.2013 Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				sharing in ICPs are included in the	
				Regulation on the Procedures and the	
				Principles on the Monitoring and	
				Supervision of Insurance and Private	
				Pension Sectors with a change made in	
				July 2013.	
				Web-links to relevant documents:	

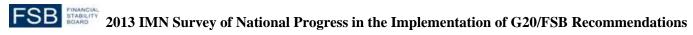




No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11	Supervisory exchange	To quicken supervisory responsiveness to	Jurisdictions should include any feedback	Implementation ongoing or completed	Planned actions (if any):
(15)	of information and coordination	developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best	received from recent FSAPs/ROSC assessments on the <u>October 2006</u> Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		practice benchmarks should be improved at both national and international levels. (Rec V.7, FSF 2008)	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	 Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: 	Web-links to relevant documents:
New		Enhance the effectiveness of core supervisory colleges. (FSB 2012)	response to relevant FSAP/ROSC recommendations. Jurisdictions should describe any regulatory, supervisory or legislative	Undersecretariat of Treasury has joined an international supervisory cooperation and information exchange agreement by becoming a signatory to the IAIS MMoU in 2012.	
			changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).	Status of progress: Reform effective (completed) as of: 17.03.2011 (Regulation on Financial Structure)	
				Short description of the content of the legislation/ regulation/guideline: "Regulation on the Procedures and the Principles on the Monitoring and Supervision of Insurance and Private Pension Sectors" and "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" contain provisions that are completely compliant with ICP on information sharing. Revised provisions regarding	



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	_			information sharing in ICPs are also	
				included in the Regulation on the	
				Procedures and the Principles on the	
				Monitoring and Supervision of Insurance	
				and Private Pension Sectors with a	
				change made in July 2013. The Financial	
				Stability Committee is established in June	
				2011 by the decree law no: 637. In	
				December 2012, article 72 of Banking	
				Law No.5411 was repealed and the	
				following amendment was enacted: "In	
				cases where a negative development that	
				could spread over to the entire financial	
				system occurs and such development is	
				detected by Financial Stability	
				Committee, the Council of Ministers shall	
				be in charge to determine the measures to	
				be taken and all the relevant institutions	
				and agencies are competent and	
				responsible for promptly implementation	
				of measures taken. In October 2012,	
				Systemic Risk Assessment Group was	
				established under Financial Stability	
				Committee.	
				Web-links to relevant documents:	
				http://www.hazine.gov.tr/default.aspx?ns	
				w=TrR3vg8KCNGoDQ4jjQvkpw==-	
				H7deC+LxBI8=∣=366&cid=35&nm	
				=316#	
				http://www.treasury.gov.tr(Financial	
				Stability Committee)	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (16) (17)	Strengthening resources and effective supervision	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)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the <u>October 2006 BCPs 1</u> and 23 or, if more recent, the <u>September 2012 BCPs 1</u> , 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Turkish insurance sector deserved "Observed" ratings for ICPs 11-17. We are working on a project based on the supervision of code of conduct rules implemented by the investment firms. The aim is to identify and address	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
New		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)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	the potential risks for early intervention. Status of progress: Reform effective (completed) as of: 17 March 2011 (for investment firms end 2013) Short description of the content of the legislation/ regulation/guideline: "Undersecretariat of Treasury has joined an international supervisory cooperation and information exchange agreement by becoming a signatory to the IAIS MMoU in 2013. "Regulation on the Financial Structures of Insurance, Reinsurance and Pension Companies" contains provisions	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				that are compliant with ICP on group-	
				wide supervision.	
				Web-links to relevant documents:	
				http://www.hazine.gov.tr/default.aspx?ns	
				w=TrR3vg8KCNGoDQ4jjQvkpw==-	
				H7deC+LxBI8=∣=366&cid=35&nm	
				=316#	

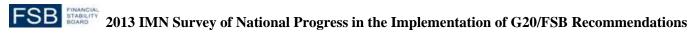


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	Building and implemen	nting macroprudential frameworks an	d tools		
13	Establishing regulatory	Amend our regulatory systems to ensure	Please describe the systems,	Implementation ongoing or completed	Planned actions (if any):
(18)	framework for macro- prudential oversight	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 ³ and	methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		private pools of capital to limit the build	analysis of risk transmission chamicis.	Issue is being addressed through:	Web Perker and an and decreased as
		up of systemic risk. (London)	Please indicate whether an assessment	☑ Primary / Secondary legislation	Web-links to relevant documents:
			has been conducted with respect to the	☐ Regulation /Guidelines	
(19)		Ensure that national regulators possess the powers for gathering relevant	powers to collect and share relevant information among different authorities –	☐ Other actions (such as supervisory actions), please specify:	
		information on all material financial	where this applies – on financial	Status of progress :	
		institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic	institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment	Reform effective (completed) as of: June 2011	
		risk. This will be done in close	has indicated any gaps in the powers to	Short description of the content of the legislation/regulation/guideline:	
		coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	collect information, and whether any follow-up actions have been taken.	The Financial Stability Committee (FSC) was established in June 2011 by the decree law no: 637 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 Deputy Prime Minister	

³ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	_			for economic and financial affairs. 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 decree law 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.	
				77/-1-12-1-1-4	
				Web-links to relevant documents:	
				http://www.treasury.gov.tr(Financial	
				Stability Committee)	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14	Enhancing system-wide	Authorities should use quantitative	Please describe major changes in the	Implementation ongoing or completed	Planned actions (if any):
(20)	monitoring and the use of macro-prudential instruments	indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as	for macroprudential policy that have taken d place in the past two years, including selicites	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Final regulation will be published at the end of September 2013. (leverage)
		guides for policy, both at the institution-	powers and instruments; iii) transparency	Issue is being addressed through:	Expected commencement date:
		specific and at the macro-prudential (system-wide) level(Rec. 3.1, FSF	and accountability arrangements; iv) composition and independence of the	✓ Primary / Secondary legislation✓ Regulation /Guidelines	01.01.2014
		2009)	decision-making body; and v) mechanisms for domestic policy	☑ Other actions (such as supervisory actions), please specify:	Web-links to relevant documents:
		We are developing macro-prudential	coordination and consistency.	Status of progress :	
		policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-	Please indicate the use of macroprudential tools in the past two years, including the objective for their use	Draft in preparation, expected publication by : 2nd quarter of 2013 (leverage)	
		BIS-IMF on this subject. (Cannes)	and the process used to select, calibrate, and apply them.	Short description of the content of the legislation/ regulation/guideline:	
	Authorities should monitor substantial	See, for reference, the CGFS document on <u>Operationalising the selection and application of macroprudential instruments (Dec 2012)</u> . Lurisdictions can also refer to the ESP.	• Loan-to-value (LTV) ceilings; (December 2010): Implements LTV ceilings on housing loans to consumer (at 75%).		
(21)		Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF paper on Macroprudential policy, an organizing framework (Mar 2011).	• High risk weights for consumer loans; (June 2011): Higher risk weights for longer term consumer loans. For new general purpose loans with maturities less than 2 years, the risk-weighting increased to 150% (from 100%). For new general purpose loans with maturity greater than 2 years, the risk-weight increased to 200% (from 100%).	
				• Increased provisions for consumer	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				loans; (June 2011): For new general	
				purpose loans, general provisions were	
				increased from 1% to 4%. Specific	
				provisions for (pre-nonperforming) loans	
				increased from 2% to 8%. The higher	
				provisioning requirements are conditional	
				on banks having a consumer loan	
				portfolio exceeding 20% of total loans or	
				having a general purpose loan NPL	
				greater than 8%.	
				• Limits to credit card payments; (June	
				2011): If three or more monthly payments	
				within a calendar year are less than half	
				of the outstanding balance for the period,	
				the individual credit card limits cannot be	
				increased and cash advances for such	
				credit cards cannot be permitted, unless	
				the outstanding balance for the period is	
				fully covered.	
				• Interest Rate Risk; (August 2011):	
				Announced by the BRSA to contain	
				interest rate risk through capital changes	
				on large maturity mismatches,	
				discouraging duration gaps. Effective	
				from 2012. Recently, BRSA has been	
				working on a draft regulation on leverage	
				that is completely in compliance with	
				"Basel III requirements. According to this	
				draft, banks should establish and maintain	
				a leverage ratio of %3 on solo and	

Turkey

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				consolidated basis as of March, June,	
				September and December . This ratio is	
				calculated as Tier I capital divided by on	
				and off-balance sheet total exposure by	
				taking the arithmetic mean of three	
				months.	
				Web-links to relevant documents:	
				http://www.bddk.org.tr/WebSitesi/turkce/	
				Mevzuat/Duzenleme_Taslaklari/11795kal	
				dirac_orani_yonetmelik_taslagi.pdf	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15	Improved cooperation	Supervisors and central banks should	Jurisdictions can make reference to the	Implementation ongoing or completed	Planned actions (if any):
(22)	between supervisors and central banks	improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8, FSF 2008)	• Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010) • Good Practice Principles on Supervisory Celleges (Oct 2010)	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation	Participation to the supervisory college meetings which will be organized by the French authority in September 2013 and Dutch authority in October 2013 has been planned.
			Supervisory Colleges (Oct 2010) (Principles 2, 3 and 4 in particular)	☐ Regulation /Guidelines☑ Other actions (such as supervisory actions), please specify:	Expected commencement date: 02.10.2013 (Supervisory College
				The Financial Sector Commission and	Meetings)
				Coordination Committee are established in October 2005 by the enactment of the Banking Law No:5411.	Web-links to relevant documents:
				Status of progress :	
				Reform effective (completed) as of: December 25, 201227.07.2013 (Regulation Amending the Regulation on the Procedures and the Principles on the Monitoring and Supervision of Insurance and Private Pension Sectors)	
				Short description of the content of the legislation/regulation/guideline:	
				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 Banking Regulation and Supervision Agency to	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				enter into Memorandum of	
				Understanding with EU Supervisory	
				Authorities which enhanced the	
				cooperation. The MoU between the	
				Undersecretariat of Treasury, BRSA and	
				the Savings Deposit Insurance Fund	
				(SDIF) and the Central Bank (CBRT) on	
				exchange of information which was	
				signed in April 2009, is an initiative taken	
				at national level regarding supervisory	
				exchange of information and coordination	
				on systemic risk. To determine general	
				guidelines to be followed regarding	
				supervisory exchange of information and	
				coordination with other parties, BRSA	
				developed a communiqué. This	
				communiqué encompasses general	
				principles regarding the areas of	
				cooperation including supervisory	
				colleges, the means of supervisory	
				cooperation including supervisory	
				colleges, the main terms to be included in	
				MoU's, enforcement of the MoU's,	
				resources and privacy. At the national	
				level we have several committees that	
				ensures efficient coordination and	
				cooperation in establishing supervisory	
				policies. The said committees are	
				Financial Stability Committee, Systemic	
				Risk Coordination Committee, Financial	
				Sector Commission and Coordination	
				Committee. On the 31st of December,	
				2010 a Protocol on sharing information	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				and cooperation was signed between the	
				BRSA, the insurance supervisor	
				(Treasury Undersecretariat), the securities	
				and markets' regulator (Capital Markets	
				Board), the deposit guarantee scheme	
				(Savings Deposit Insurance Fund) and the	
				Central Bank. Bilateral subprotocols	
				additional to the main Protocol on regular	
				information exchange were signed	
				between the BRSA and Treasury	
				Undersecretariat; the BRSA and Capital	
				Markets Board; Treasury	
				Undersecretariat and Capital Markets	
				Board; the Central Bank and the BRSA.	
				Regulation about supervisory exchange	
				of information and coordination akin to	
				ICP 5 and ICP 17 was issued in March	
				2011. Undersecretariat of Treasury has	
				joined an international supervisory	
				cooperation and information exchange	
				agreement by becoming a signatory to the	
				IAIS MMoU in 2012 and participated to	
				the supervisory college meetings	
				organized by Belgian and Dutch	
				regulators and exchanged information	
				with the relevant supervisory authorities.	
				Revised provisions regarding information	
				sharing in ICPs are also included in the	
				Regulation on the Procedures and the	
				Principles on the Monitoring and	
				Supervision of Insurance and Private	
				Pension Sectors with a change made in	

FSB	FINANCIA STABILITY BOARD
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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				July 2013.	
				Web-links to relevant documents:	
				For the insurance sector	
				www.treasury.gov.tr	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	Improving oversight of	f credit rating agencies (CRAs)			
16 (23) (24)	Enhancing regulation and supervision of CRAs	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)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) 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); and • Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012).	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress: Draft in preparation, expected publication by: Considering credit rating activity regarding capital market instruments and/or institutions subject to Capital Market Law ("Law"), in addition to relevant provisions in Law, a secondary legislation in the form of Comminiqué has been in force since 1997. The Comminiqué is in line with IOSCO Code of Conduct. Regular quality control inspections are conducted by CMB to enforce compliance with capital market regulations Short description of the content of the legislation/ regulation/guideline: "Regulation on the Principles Regarding the Authorization and Activities of Rating Agencies" by Banking Regulation and Supervision Agency entered into force on	Planned actions (if any): For credit rating in capital markets, since the Law and the Comminiqué include all necessary provisions for Turkish regulatory system to be line with IOSCO Code of Conduct and other relevant IOSCO documents, CMB finds no urgent need to amend its regulations imminently, but plans to continue monitoring international developments, especially the revision of IOSCO Code of Conduct in 2014. Expected commencement date: Web-links to relevant documents:

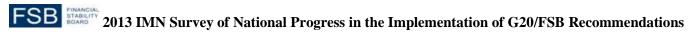


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				17.04.2012. According to Capital Market	
				Law the authority to regulate and	
				supervise the securities markets in Turkey	
				resides with the Capital Markets Board of	
				Turkey (CMB). CMB exercises its	
				authority by establishing regulatory	
				procedures and by making decisions for	
				individual cases. Pursuant to provisions	
				of Law, "Comminiqué on Principles	
				Regarding Rating Activity and Rating	
				Agencies" ("Communiqué") is in force	
				since 1997 and updated lastly on	
				15.04.2010. The purpose of this	
				Communiqué is to regulate the methods	
				and principles regarding rating activity in	
				capital markets, the rating agencies to be	
				authorized by CMB to carry out such	
				activities, the employers of such agencies,	
				and international rating agencies	
				recognized by CMB. In this respect, the	
				provisions of the Communiqué are	
				binding for all rating activities carried	
				with respect to capital market institutions	
				established in Turkey and all capital	
				market instruments issued by issuers	
				established in Turkey, regardless of the	
				place of the issuance. 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 6 domestic CRAs,	
				which are under oversight of Capital	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	_			Markets Board of Turkey, and 4	
				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 international rating agency	
				should there be an substantial change in	
				the degree that the agency satisfies the	
				listing criteria or should CMB detect a	
				violation of relevant provisions of rating	
				regulations.	
				Web-links to relevant documents:	
				http://www.bddk.org.tr/WebSitesi/turkce/	
				Mevzuat/Bankacilik_Kanununa_Iliskin_	
				Duzenlemeler/10821yayimlanan_17_04_	
				12.pdf	
				1	
				http://www.cmb.gov.tr/regulations/regula	
				tions_index.html	
				nons_macx.num	

Turkey





17 Reducing the re (26) on ratings	We also endorsed the FSB's principles on reducing reliance on external credit	No information on this recommendation	
	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)	will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	Enhancing and alignin	g accounting standards			
	-		Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	Implementation ongoing or completed If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Related regulatory and supervisory authorities (including BRSA, CMB and Undersecretariat of Treasury) have authority to supervise the appropriate implementation of TFRSs by the applying companies. Status of progress: Reform effective (completed) as of: 2005 for listed companies and capital market institutions, 2006 for banks, and 2007 for insurance and pension companies. Short description of the content of the legislation/ regulation/guideline: 1 Conceptual Framework for Financial Reporting, 41 Turkish	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
				Reporting, 41 Turkish Accounting/Financial Reporting Standards (TAS/TFRS) and 22 TAS/TFRS Interpretations which are in full compliance with IFRSs have been	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No	Description	G20/FSB Recommendations	Kemarks	published in the Official Gazette and they are amended regularly in parallel with the amendments made in IFRSs. Currently, listed companies and capital market institutions; banks, leasing, factoring and financing companies; insurance, reinsurance companies and pension companies have been applying TFRSs. Application of those standards is required to be audited by independent audit firms according to the related regulations. Besides a team of experts has been assigned to do revision of financial reports on a risk basis and required precautions are taken for those entities which breach standards and related	Next steps
				regulations. Web-links to relevant documents: http://kgk.gov.tr/content_detail-208-513- son-halleriyle-standartlar.html http://www.hazine.gov.tr/default.aspx?ns w=TrR3vg8KCNGoDQ4jjQvkpw==- H7deC+LxBI8=∣=366&cid=35&nm =316# http://www.hazine.gov.tr/default.aspx?ns w=TrR3vg8KCNGoDQ4jjQvkpw==- H7deC+LxBI8=∣=366&cid=35&nm =316# http://www.spk.gov.tr/apps/Mevzuat/?sub menuheader=-1	

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Turkey

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.resmigazete.gov.tr/eskiler/20	
				13/06/20130613-	
				11.htm?submenuheader=null	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps	
19	Appropriate application	Accounting standard setters and	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):	
(28)	of Fair Value Accounting	prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling	measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:	
		l instruments when data or modelling	needed to support their valuation is weak.	 Basel 2.5 standards on prudent valuation (Jul 2009) 	Issue is being addressed through: ☐ Primary / Secondary legislation ☐ Regulation / Guidelines	Web-links to relevant documents:
(29)		Accounting standard setters and prudential supervisors should examine	Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)	☐ Other actions (such as supervisory actions), please specify: Status of progress:		
		possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting.		Reform effective (completed) as of: July 2012		
		Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that		Short description of the content of the legislation/ regulation/guideline: The related requirements of the Turkish Accounting/Financial Reporting		
		the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii)		Standards (TAS/TFRS) and TAS/TFRS Interpretations which are in full compliance with IFRSs, regarding fair		
		Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF		value accounting are effective as of 2005 for all listed companies, 2006 for banks, and 2007 for insurance and pension		
		2009)		companies. In addition, Public Oversight, Accounting and Auditing Standards Authority issued TFRS 13 which is fully		
				compliant with IFRS 13. The effective date of the standard is the periods beginning on or after 31/12/2012. Annex		
				III of the Regulation on Capital Adequacy Measurement and Evaluation of Capital Adequacy of Banks, which		



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				have been in effect since July 2012	
				includes the provisions of Basel 2.5	
				standards on prudent valuation (Jul	
				2009).	
				Web-links to relevant documents:	
				http://www.bddk.org.tr/WebSitesi/turkce/	
				Mevzuat/Bankacilik_Kanununa_Iliskin_	
				Duzenlemeler/11000syr_yon_ek3.pdf	
				http://kgk.gov.tr/contents/files/TFRS%20	
				13.pdf	
				http://www.resmigazete.gov.tr/main.aspx	
				?home=http://www.resmigazete.gov.tr/es	
				kiler/2012/12/20121230m2.htm&main=ht	
				tp://www.resmigazete.gov.tr/eskiler/2012	
				/12/20121230m2.htm	
				tp://www.resmigazete.gov.tr/eskiler/2012	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII.	Enhancing risk manag	ement			
20	Enhancing guidance to	Regulators should develop enhanced	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):
(31)	strengthen banks' risk management practices, including on liquidity and foreign currency	guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine	measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Final regulation will be published in last quarter of 2013. (LCR)
	funding risks	their internal controls and implement	Principles for the supervision of financial	Issue is being addressed through:	Expected commencement date:
	Turiding 118KS	strengthened policies for sound risk	conglomerates (Sep 2012) and the	☑ Primary / Secondary legislation	01 01 2014 (LCD)
		management. (Washington)	following BCBS documents:	☑ Regulation /Guidelines	01.01.2014 (LCR)
(33)		National supervisors should closely check banks' implementation of the updated	Principles for effective risk data aggregation and risk reporting (Jan	Other actions (such as supervisory actions), please specify:	Web-links to relevant documents:
		guidance on the management and	<u>2013)</u>	Status of progress :	
		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.	 The Liquidity Coverage Ratio (LCR) (Jan 2013) Principles for the sound management of operational risk (Jun 2011) Principles for sound stress testing 	Draft in preparation, expected publication by : 2nd quarter of 2013 (LCR). Short description of the content of the	
(34)		(Rec. II.10, FSF 2008) Regulators and supervisors in emerging markets ⁴ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 <u>thematic peer review</u> <u>report on risk governance</u> .	legislation/ regulation/guideline: (Regulation on Internal Systems of Banks was published on Official Gazette on 28/6/2012 and has been in effect since 1/7/2013) Guidelines May 2013. a guideline on Stress testing is being prepared. BRSA introduced	
(35)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)		"Regulations on Measurement and Evaluation of Liquidity Adequacy of Banks" which was published in the Official Gazette dated 1/11/2006 and numbered 2633. According to this regulation, banks are required to calculate	

⁴ Only the emerging market jurisdictions may respond to this recommendation.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				total liquidity adequacy ratio (total	
				assets/liabilities) and foreign currency	
				liquidity adequacy ratio (foreign currency	
				assets/foreign currency liabilities) for 0-7	
				and 0-31 day buckets. Total liquidity	
				adequacy ratio must be at least 100% and	
				foreign currency adequacy ratio must be	
				at least 80%. Recently, BRSA has been	
				working on a draft regulation on liquidity	
				coverage ratio in compliance with "Basel	
				III- the liquidity coverage ratio and	
				liquidity risk monitoring tools" standard,	
				in order to promote the short-term	
				resilience of the liquidity risk profile of	
				the banks. According to the Basel III	
				standards, internationally agreed	
				minimum foreign currency LCR is not set	
				and LCR is only a monitoring tool.	
				However, in compliance with BRSA's	
				current practice mentioned in the first	
				paragraph, draft regulation on liquidity	
				coverage ratio requires that banks	
				calculate and maintain a determined	
				foreign currency LCR. BRSA received	
				opinions and assessments of the related	
				parties recently and has been working on	
				to finalize and publish the ultimate	
				document. For the purpose of monitoring	
				and controlling the risks to which they are	
				exposed, banks in Turkey should	
				establish and operate adequate and	
				effective internal systems (risk	
				management, internal control and internal	

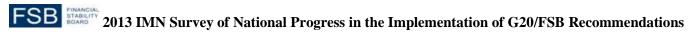


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				audit systems) in conformity with the	
				scope and nature of their activities,	
				capable of adaptation to changing	
				conditions, and covering all their	
				branches and units, and their partnerships	
				subjected to consolidation in the	
				framework of the procedures and	
				principles stipulated in the Regulation on	
				Internal Systems of Banks. Accordingly,	
				the risk management activities shall	
				consist of measurement of risks,	
				monitoring of risks and controlling and	
				reporting of risks. Apart from the	
				principles set in the mentioned	
				Regulation, BRSA is in the process of	
				drafting a separate regulation on the	
				identification, measurement, management	
				and control of credit risk.	
				Web links to relevent decomments.	
				Web-links to relevant documents:	
				http://www.bddk.org.tr/WebSitesi/turkce/	
				Mevzuat/Bankacilik_Kanununa_Iliskin_	
				Duzenlemeler/1678ic_sistemler_yonetme	
				lik_islenmis.pdf	



FSB	FINANCIAL STABILITY BOARD
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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21	Efforts to deal with	Our efforts to deal with impaired assets	Jurisdictions should indicate steps	Applicable but no action envisaged at the	Planned actions (if any):
(36)	impaired assets and	and to encourage the raising of additional	taken to reduce impaired assets and	moment	
	raise additional capital	capital must continue, where needed. (Pittsburgh)	encourage additional capital raising.	If "Not applicable "or "Applicable but no action envisaged" has been	Expected commencement date:
		(Tittsburgh)	For example, jurisdictions could include here the amount of new equity	selected, please provide a brief	
			raised by banks operating in their	justification:	Web-links to relevant documents:
			jurisdictions during 2012.	Currently, Turkish Banking sector is in a good financial position thus, there is no	ves mas to relevant documents.
				need for such an effort.	
				Issue is being addressed through:	
				☐ Primary / Secondary legislation	
				☐ Regulation /Guidelines	
				☐ Other actions (such as supervisory actions), please specify:	
				Status of progress :	
				[No response]	
				Short description of the content of the legislation/regulation/guideline:	
				registation/ regulation/guidenne.	
				Web-links to relevant documents:	

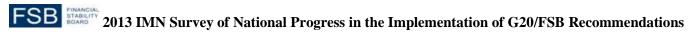




No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22	Enhanced risk	Financial institutions should provide	Jurisdictions should indicate the status of	Implementation ongoing or completed	Planned actions (if any):
(37)	disclosures by financial institutions	enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate.	implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		ongoing basis, consistent with international best practice, as appropriate. (Washington)	IFRS7 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.		Web-links to relevant documents:
				financial statements published by insurance companies and reinsurance companies are mispresented, the Undersecretariat, taking into consideration the generally accepted	
				accounting rules and principles, can make	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				sure that the corrected financial	
				statements are republished. Banks,	
				leasing, factoring and financing	
				companies are also required to implement	
				the requirements of all IFRSs including	
				IFRS 7 and 13. Also, banks are required	
				to make additional disclosures regarding	
				capital adequacy, liquidity, asset quality	
				etc. according to "Communiqué on the	
				Financial Statements to be announced to	
				public by Banks as well as Explanations	
				and Footnotes Thereof	
				Web-links to relevant documents:	
				http://www.hazine.gov.tr/default.aspx?ns	
				w=TrR3vg8KCNGoDQ4jjQvkpw==-	
				H7deC+LxBI8=∣=366&cid=35&nm	
				=316#	
				http://www.hazine.gov.tr/default.aspx?ns	
				w=TrR3vg8KCNGoDQ4jjQvkpw==-	
				H7deC+LxBI8=∣=366&cid=35&nm	
				=316#	

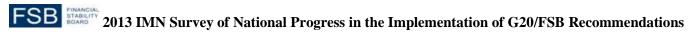




No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	Strengthening deposit	insurance			
23	Strengthening of	National deposit insurance arrangements	Jurisdictions should describe any	Implementation ongoing or completed	Planned actions (if any):
(38)	national deposit insurance arrangements	should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB's February 2012 <i>thematic peer</i>	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through:	Expected commencement date:
			review report on deposit insurance	☐ Primary / Secondary legislation	Web-links to relevant documents:
			<u>systems.</u>	☐ Regulation /Guidelines	
				☐ Other actions (such as supervisory actions), please specify:	
				Status of progress :	
				Reform effective (completed) as of:	
				February15, 2013	
				Short description of the content of the legislation/ regulation/guideline:	
				The deposit insurance has recently been	
				increased to 100.000 TL due to the	
				amendment in the Regulation on Deposits	
				and Participation Funds Subject to Insurance and Premiums Collected by the	
				Savings Deposit Insurance Fund	
				published by the Official Gazette dated	
				15.02.2013 no. 28560.	
				Web-links to relevant documents:	
				http://www.tmsf.org.tr/Resource/documen	
				ts/guvence_mevduat_en.pdf	
				http://www.tmsf.org.tr/Resource/documen	
				ts/guvence_katilim_en.pdf	

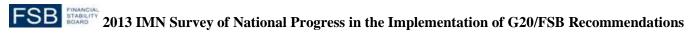


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
Χ.	Safeguarding the integ	rity and efficiency of financial markets	3		
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do 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)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports: • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011).	Not applicable If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Since high frequeny trading and dark liquidity applications are not available, measures are not taken. Issue is being addressed through: Primary / Secondary legislation Regulation /Guidelines Other actions (such as supervisory actions), please specify: Status of progress: [No response] Short description of the content of the legislation/regulation/guideline:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 25 (40)	Description Enhanced market transparency in 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 exante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation	Remarks Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets. See, for reference, 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 report published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	Applicable but no action envisaged at the moment If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: The commodity market hasn't been regulated before the new Capital Markets Law which has been enacted on 30.12.2012. The market design is still under review. However, 3 commodity derivative contracts (wheat, cotton and electricity) are traded in Borsa Istanbul. Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines	Next steps Planned actions (if any): Expected commencement date: Web-links to relevant documents:
		IOSCO to report on the implementation of its recommendations by the end of	derivatives market.	☐ Other actions (such as supervisory	
		2012. (Cannes)		actions), please specify: Status of progress:	
				[No response]	
				Short description of the content of the legislation/ regulation/guideline:	
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26	Legal Entity Identifier	We support the creation of a global legal	Jurisdictions should indicate whether they	Implementation ongoing or completed	Planned actions (if any):
New	entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)	have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	To act simultaneously with ROC and follow the rules and procedures specified by both the ROC and CES.	
			Issue is being addressed through:		
				☐ Primary / Secondary legislation	Expected commencement date:
		We encourage global adoption of the LEI		☐ Regulation /Guidelines	
		to support authorities and market participants in identifying and managing		☑ Other actions (such as supervisory actions), please specify:	Web-links to relevant documents:
		financial risks. (Los Cabos)		"Undersecretariat of Treasury, BRSA	
		, ,		and CMB support GLEIS. These three	
				authorities assented the ROC Charter and	
				became a ROC member. For the time	
				being, Takasbank is assigned as a pre	
				LOU and sponsored by CMB. Evaluations for enhanched support	
				options for GLEIS are underway	
				Status of progress :	
				[No response]	
				Short description of the content of the legislation/ regulation/guideline:	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps			
XI.	XI. Enhancing financial consumer protection							
27 (41)	Enhancing financial consumer protection	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)	Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011).	Implementation ongoing or completed If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Status of progress: Reform effective (completed) as of: 14.06.2007 (Insurance Law) Short description of the content of the legislation/ regulation/guideline: The new Consumer Protection Law (draft), which includes comprehensive regulations related to financial consumers, is in progress (in the Parliament). The new regulation will replace the Consumer Protection Law No:4077 There exist legislation and oversight body for consumer protection in general. In other respects, insurance Law No.5684 carries along with other issues the objective of protecting the rights and interests of people involved in an insurance contract in particular. In the article 32 of the Insurance Law responsible business conduct of financial	Planned actions (if any): Expected commencement date: Web-links to relevant documents:			



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				services providers and authorised agents	
				shall be determined. There is also an	
				article (31/A) stated in the Insurance Law	
				regarding protection of consumers data	
				and privacy. Besides, complaints and	
				handling mechanism shall be determined	
				in the article 30 of the aforementioned	
				Law. On the other hand, guarantees can	
				be deemed as an important financial	
				consumer protection in this context, 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. Moreover,	
				"Assurance account" which covers losses	
				that arise as a result of the occurrence of	
				the specific conditions also aims the	
				protection of insured rights. Furthermore,	
				"Regulation on Furnishing Information in	
				Insurance Contracts" which aims to	
				ensure that the persons who intend to	
				enter into a specific insurance	
				relationship do not confront any	
				insufficient information regarding the	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				subject, coverage and other	
				characteristics of the contract during the	
				negotiation as well as the formation of the	
				contract, and ensures that the related	
				parties are informed of the changes and	
				developments that may arise during the	
				maintenance of the contract and that are	
				in a quality that may affect the policy	
				owner, the insured or the beneficiary in	
				relation to the operation of the contract	
				can also be deemed as a financial	
				consumer protection.	
				Web-links to relevant documents:	
				http://engyeni.tsrsb.org.tr/sayfa/laws	
				http://engyeni.tsrsb.org.tr/sayfa/regulation	
				s	



FSB FINANCIAL 2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

Source of recommendations:

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)

XIII. **List of Abbreviations used:**

CMB: Capital Market Board of Turkey

CBT or CBRT: Central Bank of the Republic of Turkey

SDIF: Savings Deposit Insurance Fund

BRSA: Banking Regulation and Supervision Authority