



## Turkey Bans Crypto Payments

With the Regulation on the Nonuse of Crypto Assets in Payments ["**Regulation**"] published in the Official Gazette dated 16.04.2021, direct or indirect use of crypto assets in payments has been explicitly banned. In this respect, crypto assets cannot be used directly or indirectly in the provision of payment services and electronic money issuance, and also payment and electronic money institutions will not be allowed to intermediate on crypto asset platforms that offer trading, custody, transfer or issuance services and fund transfers from these platforms.

## Definition of Crypto Asset

The Regulation introduces a legal and official definition of crypto assets for the first time. According to the legislator, crypto asset means "*intangible assets that are created virtually using distributed ledger technology or a similar technology and distributed over digital networks, but are not qualified as fiat money, deposit money, electronic money, payment instrument, securities or other capital market instrument*". As it can be understood from the definition, crypto assets are not yet subject to the Capital Market Law No. 6362 and therefore, to the inspection of the Capital Markets Board as they are not considered as capital market instruments.

## Scope of the Prohibition of Using Crypto Assets in Payments

With the Regulation, it is banned direct or indirect use of crypto assets in payments or to provide services for these transactions. In addition, payment service providers are also prohibited from developing business models where crypto assets are directly or indirectly used in the provision of payment services and electronic money issuance, and they have been prevented from providing any services related to such business models.

Regulation applies to all electronic payment systems that are registered or are allowed to carry out transactions in Turkey. In brief, buying and selling crypto assets with credit cards and similar instruments and using crypto assets in shopping are prohibited. However, the Regulation covers only payment systems and does not include any regulation or restriction on crypto money exchanges. Accordingly, there is no legal obstacle to owning cryptocurrencies for investment or other purposes or to buy and sell on cryptocurrency exchanges.

## Effective Date and Execution

The Regulation will enter into force on April 30, 2021, and the implementation of the Regulation will be monitored by the Governor of Central Bank of the Republic of Turkey.

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