

Turkey-Implementation Plan for the G20 High-Level Principles on Beneficial Ownership Transparency

To lead by example in meeting the FATF standards particularly opacity of legal persons and legal arrangements transparency align with G20 Leaders' Declaration from St Petersburg Declaration and their Brisbane commitment on implementing G20 High Level Principles on Beneficial Ownership Transparency, as a G20 member, Turkey is committed to take necessary measures as shown below;

- ✓ **Definition:** Turkey set forth the definition of beneficial owner and measures for identification of beneficial ownership in terms of customer due diligence measures in 2008 and amended its regulations in line with FATF standards in 2014. Turkey will ensure the clear implementation of this requirement. In new regulation, beneficial owner should be read as; natural person(s) who ultimately control(s) or own(s) natural persons who carry out a transaction within an obliged party, or the natural persons, legal persons or unincorporated organizations on whose behalf a transaction is being conducted within and obliged party.
- ✓ **National Risk Assessment:** Turkey has begun its national risk assessment (NRA) of money laundering and terrorist financing associated with different types of legal persons and arrangements in full commitment and participation of supervisory and regulatory authorities, law enforcement units since 2014. It is planned to complete NRA works before Turkey's fourth round of mutual evaluations in FATF.
- ✓ **Central Registry:** Turkish legislation requires companies to report their all legal ownership information to a central registry (called MERSIS) in the formation of company, amendment in contracts and transfer of shares. As for the bearer shares, this registry requirement is only for the formation of company and amendment in contracts not for the transfer of the shares. This register is publicly available. In this context, Turkey ensures to keep company information adequate, accurate and current and also accessible to domestic competent authorities if needed. Furthermore, Turkey has committed to continue works on timely access of competent authorities to central registry integrating all e-government application by 2019.
- ✓ **Trusts and Legal Arrangements:** The Turkish legal system does not allow for the creation of trusts and legal arrangements, and the legal concept of them does not exist under Turkish law. Thus, in FATF 3rd round of mutual evaluations, Turkey was rated as "non-applicable" in the relevant FATF recommendation. However, since foreign trusts and legal arrangements may operate in Turkey as a customer, Turkey ensure to require all customer due diligence measures including identification of beneficial owner applied to the foreign trust and legal arrangements. Although it is compulsory for the obliged parties to provide such information to the competent authorities upon the request, Turkey has committed to work on timely access of competent authorities to the central registry.
- ✓ **Financial Institutions and DNFBP's:** Turkey has required that financial institutions and designated non-financial businesses are obliged to get company beneficial ownership information in accordance with customer due diligence since 2008. In 2014, Turkey has made the relevant amendments in its AML regulations to enhance customer due diligence measures for identification of beneficial ownership in line with FATF standards. Turkey commits to implement and supervise these obligations clearly.
- ✓ **International Cooperation:** Turkey has fully committed to implement effective mechanisms to share beneficial ownership information, in line with bilateral and

multilateral agreements, and work to improve international cooperation and combat tax evasion in a timely and effective manner for the exchange of information with foreign competent authorities.

- ✓ **Bearer Shares and Nominee Shareholders:** Turkey has effective mechanisms ensuring information about company transparency by financial and commercial measures and is taking actions strengthening the mechanism by improving the effectiveness of information sharing system by central registry amongst local competent authorities. Also, we have a strong financial mechanism in place preventing the misuse of bearer shares and bearer share warrants. Furthermore Turkey will take necessary measures on preventing the misuse of bearer shares and bearer share warrants, and transfer of bearer shares be registered in terms of company transparency. The Turkish legal system does not allow for the creation of nominee shareholders and nominee directors, and the legal concept of them does not exist under Turkish law.