

October 7, 2024

Subject: Significant Enforcement Action of the CMB on the Short Selling Prohibition

Short selling transactions were prohibited from being carried out on Borsa Istanbul Equity Market on February 6, 2023 by a Capital Markets Board (the “CMB”) resolution, and a depot requirement measure was introduced therein, following the major earthquake in the southeast region of Türkiye in February 2023.

The depot requirement was quickly abolished as of February 7, 2023, one day after the requirement was imposed. The short selling prohibition remained applicable. Accordingly, both the short selling and short selling transactions not flagged as a short sale but closed on the same day shall also be considered within the scope of this prohibition.

According to the CMB announcement on October 3, 2024, administrative fines totaling USD 1.5 million were imposed on 13 brokerage companies for violating the short selling prohibition. In addition, administrative fines amounting to USD 3 million were issued to 53 brokerage companies for failing to comply with the depot requirement, even though the requirement was only in place for one day (February 6, 2023).

To discuss the impact of this practice further, please contact our Managing Partner Yalçın Özge Okat (yookat@okatlaw.com).

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