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LEGAL ALERT

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Amendment to the Decree No. 32 on the Protection of Value of Turkish Currency

As part of the actions taken to overcome the weakening of Turkish Lira, an amendment to the Decree No. 32 on the Protection of Value of Turkish Currency (the “Decree 32”) has been published on the Official Gazette numbered 30534 and dated September 13, 2018. An additional paragraph has been added to the 4th article of Decree 32 regarding foreign exchange restrictions on certain transactions. Pursuant to the amendment, Turkish residents will not be able to determine the contract values and the payment obligations in foreign exchange or as foreign currency indexed, in the following agreements among Turkish residents:

- Sale agreements for movables and immovables,
- All leases of movables and immovables and leasing agreements, including car rentals and financial leasing,
- Labor, service and work contracts (*iş, hizmet ve eser sözleşmeleri*),

The restriction will not be applied to the cases to be determined by the Ministry of Treasury and Finance.

Within a period of thirty days following the rule’s entry into force (which is the publishing date, September 13, 2018), the values of the agreements mentioned above, which had been determined in foreign exchange will be re-determined by the parties in Turkish Lira.

The details regarding the application of the amendment, such as the list of the exempted cases or the ambiguities around conversion of the existing agreements, have not been set forth yet. We are closely following the issue and will provide you with information regarding relevant developments in due course.

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This legal alert has been prepared only for information purposes. Please do not hesitate to contact us if you need assistance or more detailed information.

Yours faithfully,
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