

CLIENT ALERT

INSURANCE | TURKEY |

NOVEMBER 2019

ESTABLISHMENT OF THE INSURANCE AND PRIVATE PENSION REGULATION AND SUPERVISION AGENCY IN TURKEY

The regulation and supervision of the Turkish insurance sector by the General Directorate of Insurance, part of the Turkish Ministry of Treasury and Finance, will soon come to an end. The Private Pension Regulation and Supervision Agency ("**IRSA**") will take over in the near future.

In Presidential Decree no. 47 on the Organization and Duties of the Insurance and Private Pension Regulation and Supervision Agency (the "**Decree**"), published in the Turkish Official Gazette no. 30922 dated 18 October 2019, the IRSA is announced as the new authority in charge of regulating and supervising the insurance and private pension sectors in Turkey.

IRSA shall conduct its activities as an associated institution under the Turkish Ministry of Treasury and Finance. However, it shall fulfil its duties and use its powers independently under its own responsibility and its decisions shall not be subject to any review of expediency.

The headquarters of IRSA will be located in Istanbul, as part of the Turkish government's objective to set up an Istanbul Financial Centre and in line with the recent relocation of several public financial institutions and authorities from Ankara to Istanbul.

The Insurance and Private Pension Regulation and Supervision Board (the "**Board**") shall act as the decision-making body of IRSA. Its first meeting shall be held within 15 days following the appointment of its chairman and members, to be carried out by the Turkish president according to the relevant provisions of the Decree.

IRSA shall be deemed officially established on the date the Board's first meeting is held, and its organisation and transition procedures shall be completed within one year following such date.

It is intended by the Turkish government that IRSA, acting as an independent institution, shall be entitled to render quick and effective decisions within the scope of its authority; especially for the issuance of secondary legislation in the insurance and private pension sectors where over 60 companies are currently operating.

GENERAL OVERVIEW OF THE DUTIES AND POWERS OF IRSA

Major duties and powers of IRSA as set forth under the Decree are as follows:

- Carrying out the duties and powers related to insurance and private pension within the scope of the relevant legislation;
- Preparing, implementing and monitoring the legislation related to insurance and private pension;
- Deciding, implementing and monitoring measures for the development of national insurance and private pension practices and the protection of insured persons and participants;
- Conducting investigations, audits and examinations related to individuals and institutions operating in the field of insurance and private pension;
- Preparing consolidated reports on insurance and private pension sectors as well as other related financial markets, as well as evaluation of relevant outcomes obtained from audits and monitoring;
- Carrying out all kinds of research and other studies and presenting opinions related to the legislation and implementation regarding its field of duty.

COMPOSITION OF THE BOARD OF IRSA

The Board will be composed of five members, including one chairman and one vice-chairman. It will convene at least once every two weeks and is entitled to render its decisions with the positive vote of at least three members.

Rule-making decisions of the Board shall be sent to both the Turkish Ministry of Treasury and Finance and the Turkish Presidency for publication in the Turkish Official Gazette within seven business days at the latest as from the date of its adoption.

Decisions of a supervisory nature shall also be made public on the official website of the IRSA, unless the Board decides not to publish said decisions due to their sensitive public order and/or economic nature.

All regulations issued by the Board (including any amendments) shall be published on the official website of IRSA; which shall be subject to regular updates.

CLOSURE OF THE GENERAL DIRECTORATE OF INSURANCE

Pursuant to the Decree's provisions, the General Directorate of Insurance under the Turkish Ministry of Treasury and Finance and the Directorate of the Insurance Supervisory Board will disappear upon the establishment of IRSA. Accordingly:

- References in the insurance and private pension legislation that were made to the Turkish Ministry of Treasury and Finance, the General Directorate of Insurance and the Directorate of the Insurance Supervisory Board shall be now deemed to refer to the IRSA; and
- References made to the Minister of Treasury and Finance shall be now deemed to refer to the Board.

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In compliance with Turkish bar regulations, opinions relating to Turkish law matters that are included in this client alert have been issued by Özdirekcan Dündar Şenocak Avukatlık Ortaklığı, a Turkish law firm acting as correspondent firm of Gide Loyrette Nouel in Turkey.

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