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LEGAL
BRIEFING**Key legal and regulatory developments shaping business and investment in Türkiye**

In this October 2026 edition, we highlight selected legal and regulatory developments relevant to companies, investors and foreign nationals operating in Türkiye. This month's focus includes real estate investment, work permit regulations, corporate compliance and recent regulatory updates.

Our briefing is designed to go beyond legislative summaries. We focus on the practical implications of each development, identifying who may be affected and the issues that businesses and investors should consider in their ongoing operations and transactions.

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Valuation Rules and Post-Approval Review in Citizenship by Investment

Recent changes to valuation rules and a 2026 Council of State decision highlight both greater procedural flexibility and the importance of transaction-level compliance.

Two recent developments are particularly relevant to real estate-based applications for Turkish citizenship. First, the valuation framework applicable to citizenship transactions has been revised. Second, the Council of State has issued an important decision concerning the withdrawal of citizenship where the investment requirements were found, after approval, not to have been satisfied at the time citizenship was acquired.

New framework for valuation reports

Following the September 2026 amendment to General Circular No. 2024/2 of the General Directorate of Land Registry and Cadastre, the previous practice under which valuation reports for citizenship transactions were obtained exclusively through GEDAŞ Gayrimenkul Değerleme A.Ş. has come to an end.

Under the revised framework, valuation reports to be used in citizenship applications may now be obtained from real estate valuation companies authorised by the Capital Markets Board of Türkiye (CMB/SPK).

The amendment is expected to provide greater flexibility in the valuation process, particularly in high-value real estate transactions. That said, the choice of valuation company is only one part of the process. The date of the valuation report, the issuance of the Amount Determination Certificate (Tutar Tespit Belgesi – TTB), the title deed transaction and the timing of the citizenship application should continue to be considered together.

Under the current framework, the period between the issuance of the TTB and the relevant citizenship transaction application must not exceed 12 months. If this period is exceeded, the underlying valuation report must be renewed.

Council of State decision: can Turkish citizenship be withdrawn after it has been granted?

In its decision dated 5 February 2026, E.2024/405, K.2026/361, the 10th Chamber of the Council of State considered the withdrawal of Turkish citizenship previously acquired through a real estate investment.

In the case, the applicant had obtained Turkish citizenship on the basis of a qualifying real estate investment. Following a subsequent review, however, certain foreign exchange purchase documents relating to the investment were found to have been issued contrary to the actual facts. The investment eligibility certificate was then cancelled, and the citizenship decision was withdrawn.

The Council of State upheld the administrative action, noting that the investment requirements applicable to exceptional acquisition of citizenship must in fact have been satisfied at the time citizenship was granted.

The decision is significant in one respect in particular: the fact that citizenship has already been granted does not prevent the underlying investment transaction from being reviewed at a later stage.

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Citizenship by Investment — Continued

If it is subsequently established that a statutory requirement was not in fact satisfied at the time of acquisition, withdrawal of citizenship may become possible.

The judgment should not, however, be read as meaning that every subsequent irregularity or documentary deficiency will lead to the same result. In the case before the Council of State, the decisive issue was that one of the substantive conditions required for the acquisition of citizenship had not existed from the outset.

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In citizenship-by-investment applications, the transaction should not be treated as complete simply because the title deed has been transferred and the required documents have been submitted.

The purchase price, bank transfers, foreign exchange purchase documents, valuation report, Amount Determination Certificate and title deed records should be consistent with one another. Approval of the citizenship application does not, by itself, cure a material defect in the underlying transaction or supporting documentation.

For this reason, the transaction structure, payment flow and supporting documents should be reviewed before completion of the title deed transfer and citizenship application, with a view to reducing the risk of subsequent cancellation or withdrawal.

Türkiye Revises Work Permit Criteria for Foreign Nationals

New exceptions introduced in August 2026 ease certain employment and financial eligibility requirements for foreign nationals with an established legal presence in Türkiye, while separate rules continue to apply to foreign shareholders.

New exception for certain domestic applications

As a general rule, Turkish work permit applications are subject to both employment and financial eligibility criteria. For workplaces subject to the balance sheet method, at least five Turkish citizens must ordinarily be employed for each foreign national for whom a work permit is sought. Employers are also required to satisfy specified financial thresholds.

A new exception, effective from 3 August 2026, modifies this framework for certain domestic work permit applications.

Where a foreign national has legally remained in Türkiye for at least one year during the preceding three years under a work permit, residence permit or international protection status, the employment and financial eligibility criteria will, in principle, not be applied to the domestic work permit application. The exception is limited to a maximum of three foreign nationals meeting these conditions at the same workplace.

The exception is not unlimited. The number of foreign nationals working under work permits at the relevant workplace should not exceed the number of Turkish citizens employed there. If more than three qualifying foreign nationals are to be employed, the ordinary employment and financial criteria apply again for the fourth and subsequent foreign employees.

A broader exemption for long-term legal presence The August amendments also introduced a separate exemption for foreign nationals who have spent at least eight years in Türkiye under one or more of the residence or work statuses specified by the Ministry.

For applicants falling within this category, the Ministry provides that the employment, financial eligibility and salary criteria are not to be applied in the assessment of the work permit application. The applicant must, however, substantiate the relevant status through documents issued by public authorities, and falling within an exempt category does not create an absolute right to obtain a work permit.

This distinction is significant. The amendment does not dispense with the work permit requirement itself; rather, it removes certain evaluation criteria that would otherwise have to be satisfied.

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Work Permit Criteria for Foreign Nationals — Continued

Work permit exemption applications moved to a new system

There has also been a procedural change. As of 17 September 2026, new applications for a work permit exemption must be submitted through the Ministry's updated application system. Applications filed before that date continue to be followed through the previous system.

This procedural development should not be confused with the August amendments to the work permit assessment criteria. A work permit exemption is a separate legal status allowing certain categories of foreigners to work without obtaining an ordinary work permit, whereas the August amendments concern the criteria applied when an actual work permit is still required.

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The 2026 changes provide greater flexibility, particularly for foreign nationals who already have an established legal presence in Türkiye. They may also be relevant for newly established businesses that would otherwise have difficulty meeting the standard five-Turkish-employee and financial eligibility requirements at the outset.

However, the exceptions should be assessed on a case-by-case basis. The applicant's immigration history, the type and duration of previous residence, the number of foreign and Turkish employees at the workplace, and — where the applicant is a shareholder — the company's capital and ownership structure may lead to different outcomes.

For foreign-owned businesses in particular, company incorporation and work permit planning should therefore be considered together. Structuring the shareholding and capital position before incorporation or before filing the work permit application may materially affect the criteria applicable to the application.

Recent Data Breaches in Türkiye: Three Compliance Lessons for Businesses

Recent breach notifications published by the Turkish Data Protection Authority illustrate how vulnerabilities involving third-party service providers, access credentials and incident response procedures can expose companies to significant data protection risks.

During September 2026, the Turkish Data Protection Authority (“KVKK”) published a number of data breach notifications involving businesses operating across different sectors. Among these, the incidents reported by Papara Menkul Değerler A.Ş., Ofix Ofis Malzemeleri A.Ş. and Yapı Merkezi İnşaat ve Sanayi A.Ş. are particularly noteworthy from a compliance perspective.

The Authority's announcements are based on notifications submitted by the respective data controllers, and the investigations remain ongoing. They should therefore not be read as final findings of liability. Nevertheless, the circumstances disclosed provide useful guidance for companies reviewing their own technical and organisational safeguards.

1. Third-party processors remain a compliance risk for the data controller

In the Papara Menkul incident, a phishing email was reportedly sent to employees of an overseas data processor, leading to unauthorised access to the processor's Okta single sign-on environment. The affected information included customer names, contact details, addresses, investment profiles and FATCA-related tax status information. The Authority noted that the accessed data was encrypted and that banking information and credentials used to access financial services were not among the affected data.

The incident is a useful reminder that outsourcing a service does not eliminate data protection risk. Where personal data is processed through external technology providers, cloud services or group companies, the security arrangements of those parties form part of the controller's broader compliance environment.

Accordingly, processor selection should not be treated solely as a procurement matter. Contractual safeguards, access controls, incident notification obligations and the processor's own security procedures should be reviewed before access to personal data is granted.

2. Credential and access management require particular attention

The Ofix breach illustrates a different type of risk. According to the notification submitted to the Authority, an unidentified third party obtained unauthorised access to the company's Elasticsearch service through unlawfully acquired credentials or an access key.

The incident affected the names and e-mail addresses of 183,873 customers. The breach began on 15 September 2026 and was detected on 21 September 2026.

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Recent Data Breaches in Türkiye — Continued

The scale of the incident demonstrates the consequences that may arise when a single credential provides access to a large customer dataset. Companies should therefore periodically review whether access rights remain necessary, whether privileged credentials are appropriately restricted and whether technical systems are capable of identifying unusual access activity at an early stage.

Credential management is not limited to passwords. API keys, service accounts, authentication tokens and administrative access should be subject to the same level of control.

3. Incident response must address both ordinary and sensitive personal data
The Yapı Merkezi notification involved unauthorised access to the company's corporate network, encryption of certain files and an allegation by the attacker that files containing personal data had been transferred outside the company's systems.

The affected categories were reported to include identity, contact and personnel information, as well as health data, biometric data and genetic data. At the time of the notification, the number of affected individuals had not yet been determined.

The incident highlights the additional risk arising where corporate systems contain special categories of personal data. In such cases, determining what information has been accessed, identifying affected individuals and assessing the consequences of the breach may require a more extensive investigation.

For businesses, an incident response plan should therefore identify in advance who is responsible for technical investigation, legal assessment, notification to the Authority, communication with affected individuals and preservation of evidence.

A further procedural reminder from the Authority

On 1 October 2026, the KVKK also issued a public announcement concerning responses to applications submitted by data subjects.

The Authority stated that some data controllers had been responding to applications solely by telephone, face-to-face communication or similar oral methods. It clarified that while such communication may be used to request additional information or clarify an application, the final response required under Article 13 of Law No. 6698 must be provided in writing or electronically.

The Authority also emphasised that responses should clearly indicate whether the request has been accepted, the reasons for any rejection and the actions taken in response to the application.

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Recent Data Breaches in Türkiye — Continued

COŞKUN LAW FIRM INSIGHT

Recent breach notifications show that data protection compliance cannot be limited to privacy notices and consent documentation.

For businesses processing customer or employee data, the principal risks increasingly arise from the systems and parties through which that data is accessed: external service providers, authentication infrastructure, cloud environments and internal user privileges. Companies should therefore periodically review processor arrangements, access rights, credential management and incident response procedures, and ensure that data protection responsibilities are reflected in both contractual arrangements and internal operational processes.

Where a breach occurs, the legal assessment should begin alongside the technical investigation. The categories of data affected, the number and profile of individuals involved, the possibility of data exfiltration and the timing of detection will all be relevant when determining the appropriate notification and response strategy.

Liquidation of Investment Funds: Investor Rights and the Legal Status of Fund Assets

The Capital Markets Board's September 2026 decisions placing 131 investment funds into liquidation have brought renewed attention to the legal structure of investment funds, the rights of participation unit holders and the principles governing the liquidation process

What does liquidation mean for investors?

Pursuant to decisions adopted by the Capital Markets Board of Türkiye ("CMB" or "SPK") on 17 September 2026, a total of 131 investment funds established by seven portfolio management companies were placed into liquidation. According to figures subsequently published by the CMB based on Central Securities Depository records, the relevant funds have 455,758 unique investors.

From a legal perspective, the first point to distinguish is the fund itself from the financial position of the portfolio management company that established it.

Although an investment fund does not have separate legal personality under Turkish law, its assets are segregated from the assets of the founder and the portfolio custodian pursuant to the Capital Markets Law No. 6362. This segregation constitutes one of the principal protections afforded to participation unit holders.

Accordingly, a liquidation decision does not mean that the investor's participation units automatically become worthless, nor does it mean that fund assets may be used to satisfy the debts of the founder. The purpose of the liquidation process is to realise the assets held in the fund portfolio in accordance with the applicable rules and distribute the resulting liquidation proceeds to participation unit holders.

Suspension of transactions and liquidation are legally distinct

The CMB decisions distinguish between funds that have formally been placed into liquidation and funds whose purchase and redemption transactions have merely been suspended.

This distinction is significant for investors. The suspension of transactions does not, by itself, amount to liquidation of the fund.

Accordingly, the legal position of an investor should first be assessed by determining whether the relevant fund is formally included within the scope of a liquidation decision or whether only trading in its participation units has been temporarily suspended.

The legal position of outstanding purchase and redemption instructions

Another issue arising from the liquidation decisions concerns instructions submitted shortly before the relevant CMB decisions.

The CMB announced that certain instructions submitted on 17 September 2026 were cancelled as a result of the relevant funds being closed to transactions through TEFAS. The Board further stated that investors affected by such cancellations would participate in the liquidation proceeds in proportion to their participation unit holdings.

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Investment Fund Liquidations — Continued

Certain instructions submitted on or before 16 September but not executed due to circumstances such as the fund's default or failure to publish a price may likewise fall within the liquidation process.

The investor's position therefore cannot be determined solely by reference to the number of participation units recorded in the account. The date of the instruction, whether the instruction was executed and the settlement terms applicable to the relevant fund may also be legally relevant.

Interim payments do not amount to redemption of participation units

On 1 October 2026, the CMB introduced an interim payment mechanism for participation unit holders in certain funds undergoing liquidation.

The payment is calculated by reference to the investor's net investment amount determined through the reconciliation process and is subject to a maximum of TRY 1 million per investor for each fund.

The CMB expressly stated, however, that participation units would not be redeemed in consideration for the interim payment and would remain in the investor's account until the final liquidation distribution.

The interim payment should therefore be understood as an advance payment to be set off against the investor's final liquidation entitlement, rather than as a final settlement of the investor's rights.

Extension of the liquidation period does not extinguish investor rights

The CMB subsequently extended a three-month period applicable within the liquidation framework to six months.

The Board clarified that the amendment does not mean that each liquidation process must necessarily continue for six months. The purpose of the extension is to provide greater flexibility in disposing of portfolio assets under appropriate market conditions.

From a legal perspective, the relevant balance is between completing the liquidation within a reasonable period and avoiding forced disposals of portfolio assets at unfavourable prices.

The mere extension of the liquidation period should therefore not automatically be regarded as prejudicial to investors. What remains relevant is whether the liquidation is conducted in accordance with the applicable regulatory framework and with due regard to the interests of participation unit holders.

Potential liability of portfolio management companies

The CMB's 2026 regulatory measures concerning investment funds have placed particular emphasis on related-party transactions, portfolio valuation practices, liquidity management and transactions capable of affecting market prices.

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Investment Fund Liquidations — Continued

In that context, liquidation should not be viewed solely as an administrative process for converting fund assets into cash and making distributions to investors.

Depending on the circumstances, the conduct of the portfolio management company in managing the fund may also require separate examination under the applicable regulatory obligations, the fund documentation and the duty to protect investors' interests.

A liquidation decision, however, does not by itself establish an investor's entitlement to damages against the founder, portfolio management company or any other market participant.

Any potential claim for compensation would need to be assessed separately by reference to the specific conduct concerned, the loss suffered, causation and the applicable liability provisions.

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For an investor affected by a fund liquidation, the first question is not simply the current value of the investment, but **the investor's legal position within the liquidation process and the nature of the rights that remain available.**

This requires an assessment of whether the relevant fund has formally been placed into liquidation or whether its transactions have merely been suspended, together with the number of participation units held, the status and timing of outstanding instructions, any interim payments already received and subsequent fund-specific CMB decisions.

If the liquidation ultimately results in a financial loss, the investor's entitlement to liquidation proceeds and any potential liability claim against the portfolio management company or other relevant parties should be treated as legally distinct issues.

Liquidation determines how the fund's assets are realised and distributed; potential liability and compensation claims require a separate legal assessment.

Enforcement of Mediation Settlements: A Constitutional Court Perspective

In a recent decision, the Turkish Constitutional Court found a violation of the right of access to court where an application for an enforceability annotation on a mediation settlement was dismissed as out of time. The decision highlights the importance not only of reaching a settlement through mediation, but also of ensuring that the settlement is drafted and enforced in accordance with the applicable procedural framework.

In its decision dated 3 September 2026, Application No. 2024/6042, the Constitutional Court examined a case in which a request for an enforceability annotation on a mediation settlement had been rejected on the ground that it had not been filed within the applicable time limit.

The Court declared the application admissible and found a violation of the right of access to court, protected under Article 36 of the Constitution.

As the Court's full reasoning has not yet been published in detail, the decision should not be understood as rendering all time limits relating to enforceability annotations ineffective, nor as meaning that every rejection on procedural grounds will necessarily amount to a constitutional violation. Its significance lies rather in the principle that procedural restrictions governing access to judicial review must be applied in a foreseeable and proportionate manner.

Reaching settlement is not always the end of the legal process

Under the Law on Mediation in Civil Disputes No. 6325, where the parties reach an agreement through mediation, the scope of the settlement is determined by the parties and recorded in a settlement document signed by the parties and the mediator.

Certain mediation settlements may have the force of an enforceable instrument without any further court order, provided the statutory requirements are met. In other cases, however, an enforceability annotation remains necessary.

Accordingly, whether a mediation settlement can be enforced directly depends not only on the existence of an agreement, but also on factors such as the nature of the dispute, the persons signing the settlement, the subject matter of the agreement and whether the law requires judicial confirmation.

An enforceability annotation is more than a formality

An application for an enforceability annotation is treated under Turkish law as a non-contentious judicial matter. The court's review is limited, but it is not merely mechanical.

In general, the court examines whether the subject matter is suitable for mediation and whether the terms of the settlement are capable of compulsory enforcement. In certain categories of disputes, including some matters involving immovable property, the court may also need to consider compliance with statutory restrictions and procedural requirements.

For that reason, mediation settlements should be drafted with enforcement in mind.

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Enforcement of Mediation Settlements — Continued

Payment obligations, transfer duties, delivery dates, default provisions, interest, reciprocal obligations and other material terms should be expressed with sufficient clarity to allow enforcement where necessary. The role of the court at the enforceability stage is not to rewrite an incomplete settlement, but to determine whether the document before it satisfies the applicable legal requirements.

Why the Constitutional Court decision matters

The issue in Application No. 2024/6042 was not whether the settlement itself was substantively enforceable, but whether access to judicial review had been denied because the request for an enforceability annotation was considered late.

The Constitutional Court's finding of a violation should therefore be read in line with its broader case law on access to court: procedural rules must not be interpreted or applied in a manner that places a disproportionate restriction on a party's ability to have a legal claim examined by a court.

At the same time, the decision should not be read too broadly. The Court did not hold that mediation settlements are automatically enforceable, nor did it remove the procedural requirements applicable to enforceability proceedings.

The legal significance of the decision lies in the need to ensure that access to judicial review concerning enforceability remains practical and effective, rather than being defeated by an excessively restrictive application of procedural rules.

Mediation settlements should be drafted with the same care as commercial contracts

As mediation has become increasingly common in commercial disputes, settlement documents now frequently regulate matters far more complex than a simple payment obligation.

High-value receivables, share transfers, instalment structures, mutual releases, restructuring arrangements and continuing commercial relationships may all be documented through mediation settlements.

For this reason, a mediation settlement should not be treated merely as a record that the parties have "reached agreement." It should be drafted as a legal instrument that may ultimately need to be enforced.

Particular attention should therefore be given to:

- defining obligations clearly;
- specifying payment dates and amounts without ambiguity;
- determining the sequence of reciprocal performances;
- regulating default and interest;
- ensuring that the terms are capable of compulsory enforcement; and
- where necessary, seeking an enforceability annotation before the competent court in accordance with the applicable procedure.

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Enforcement of Mediation Settlements — Continued

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A settlement reached through mediation does not necessarily mean that every legal issue has come to an end.

In high-value commercial disputes, the key question is not only whether the parties have settled, but also how the settlement will operate if one party later fails to perform.

The Constitutional Court's decision in Application No. 2024/6042 is important because it confirms that access to the enforceability process should not be restricted through a disproportionate application of procedural rules. At the same time, it does not diminish the importance of careful drafting or compliance with the statutory framework.

For commercial disputes, a mediation settlement should therefore be treated not as a standard closing document, but as a contract that may later need to be enforced directly.

LOOKING AHEAD

At **Coşkun Law Firm**, we closely follow legal and regulatory developments that may affect businesses, investors and individuals operating in Türkiye.

Our Legal Briefing is designed to provide concise and practical commentary on selected developments across our practice areas, with a particular focus on their legal and commercial implications.

We will continue to monitor the issues covered in this edition, together with new legislation, regulatory decisions and case law as they develop.

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