

The rise of cryptocurrencies – an overview

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AVUKATLIK BÜROSU

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Blockchain technology has the potential to become as important as the Internet and its effects could be revolutionary. Conversely, cryptocurrencies are seen as disruptive by many market players. While the number of holders of cryptocurrencies has been increasing, the growth of this new field has resulted in numerous questions and much debate.

Cryptocurrencies were introduced to the Turkish market on July 20 2013 under Law on Payment and Security Settlement Systems, Payment Services and Electronic Money 6493. According to Article 1 of the law, its aims include "regulating the procedures and principles of payment and security settlement systems, payment services, payment institutions and electronic money institutions".

Only banks operating pursuant to Banking Law 5411 and electronic money institutions permitted under the Law on Payment and Security Settlement Systems, Payment Services and Electronic Money can issue electronic money. The law covers electronic money that can be used only for transferring purposes and this system can be controlled by banks and the government.

Conversely, there are no limitations on or controls over cryptocurrencies, which is why many investors choose to invest their money in this area. As the system requires no personal data from investors, it is easier to transfer money around the world.

Coins Bank, a UK company, organised a meeting in Antalya in 2016 with Turkish cryptocurrency investors. According to reports, the next meeting is planned for a cruise ship in the Mediterranean in international waters. While the interest in and impact of blockchain and cryptocurrencies are growing daily, there are many unknown issues for law practitioners. The legal risks for blockchain and cryptocurrency platforms have yet to be fully understood.

There have been few legal or court precedents regarding Bitcoin and other virtual currencies in Turkey to date, but a number of money laundering cases involving cryptocurrencies are expected in the near future. Under Turkish criminal law, holding cryptocurrencies does not constitute a crime *per se*, but cryptocurrencies can easily be used as a payment tool in crimes, money laundering and many other crimes. For example, cryptocurrency was the subject of a criminal case in September 2017, when a cryptocurrency investor was murdered in Antalya and five suspects were arrested. According to reports, the murderers committed the crime during a bitcoin transfer worth approximately \$50,000. This case suggests that Turkish criminals are aware of cryptocurrencies and other crimes are to be expected given the untraceable nature of virtual currencies. As this is a rather new area, instances of hacking are expected to increase and corruption is likely to occur.

For further information on this topic please contact Filiz Toprak Esin or Talat Yörük at Gün & Partners by telephone (+90 212 354 00 00) or email (filiz.toprak@gun.av.tr or talat.yoruk@gun.av.tr). The Gün & Partners website can be accessed at www.gun.av.tr.

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Filiz Toprak Esin Talat Yörük