

ABSTRACT

The principle of public disclosure, which is one of the fundamental principle of the capital market, emerged in England and completed its process of improvement in the USA. The principle on one hand enables reliable decisions for investment and on the other hand it provides equal opportunity and knowledge for everyone by informing the capital market investors about the means of the market and about the issuers. In this way it is of great significance for the protection of the investors.

The beginning of the functions of banks, which are the most significant institutions of the money market in Turkey, in capital market activities goes back to the recent past only. The capital market operations of banks, which carry out their money-market activities according to the principle of secrecy of business transactions, requires them to conform to the regulations about the principle of public disclosure which is indeed the main item for the protection of the investors.

The responsibilities stemming from this principle, with which banks are relatively unfamiliar, involve an accurate, on time and sufficient information for the public. In this respect banks, beginning with the export of capital market means, have to inform the public periodically so long as these means are in circulation. However, they are responsible for urgent public disclosure in case of prominent improvements.

The accuracy of this information delivered by banks is inspected on two levels; first by audit board of the issuing bank and then by an independent audit board.

Any disobedience to the regulations and content of the principle of public disclosure will lead to some legal, administrative and penal sanctions. Of all these sanctions the most important one for the protection of the investor is the legal one. Because the compensation for the financial loss of the investor is provided only in this way. The regulations about public disclosure, which are called “the dead regulations” since it is not efficiently put into practice in Continental Europe, have indeed a very profound background. These statements ascribe the responsibility for public disclosure not only to the issuer but also to the authorities in the management of the issuer and to independent audit boards and to the third party.

