

CIRCULAR ON RULES AND PROCEDURES REGARDING THE REGISTRATION OF FINANCIAL LEASING CONTRACTS TO THE SPECIAL REGISTRY

PART ONE

Purpose, Scope, Basis and Definitions

Purpose

ARTICLE 1 – (1) The purpose of this Regulation is to ensure the correct and reliable registration of financial leasing contracts and to ensure the publicity of registry records within the perspective of relevant legislation.

Scope

ARTICLE 2 - (1) This Circular covers such matters as electronically keeping the registry records, fulfillment of registration obligation, notification by the lessor, of the contracts that were annotated at the title registry and recorded to its specific registry, rules and procedures on demands of queries on title registry and on inspection of registry records.

Basis

ARTICLE 3 – (1) This Regulation has been prepared on the basis of Article 22 of the Financial Leasing, Factoring and Financing Companies Law of 12/13/2012, No. 6361.

Definitions and Abbreviations

ARTICLE 4 - (1) In implementation of this Circular, the following terms and phrases have the meanings assigned to them below:

- a) **Association:** Association of Financial Leasing, Factoring and Financing Companies,
- b) **Circular:** This Circular which is prepared, and published upon the Agency's approval on the website by the Association,
- c) **Secure Electronic signature:** Electronic signature as described by Article 4 of the Law No. 5070 on Electronic Signature of 01/15/2004,
- ç) **Service Provider:** Private law legal person who performs registration of contracts on behalf of the Association as described by Article 19 herein,
- d) **Website:** www.fksts.org.tr Contract Registration System website
- e) **Law:** Financial Leasing, Factoring and Financing Companies Law of 12/13/2012, No. 6361
- f) **Identity Number:** Tax Id No. (TN) or Turkish Republic Id No. for Turkish citizens (TRId) and foreigner's Id No.,
- g) **Lessor:** Participation banks, investment and financial leasing companies,
- ğ) **Lessee:** Lessee of the registered Contract
- h) **Agency:** Banking Regulation And Supervision Agency,
- ı) **Product:** Subject products of the contracts,

- i) **Registry:** For the products that do not have a separate registry, the place where financial leasing contracts thereon are registered; For the products that have a separate registry, the electronically kept registry where financial leasing contracts thereon are registered by the lessor;
- j) **Contract:** Financial lease contract concluded as per the Law No. 6361,
- k) **Contract image files:** Contract files kept in electronic versions,
- l) **STS:** Financial Lease Contract Registration System Platform,
- m) **Amendment Contract:** Contract that is concluded to modify the parties or the articles of the Contract and that will be given a Level 2 registry number,
- n) **TRId:** Turkey Republic Id No.,
- o) **Registration Date and No.:** Date and number of the registration done and notified by the Association with a signature and time stamp, based upon the registration request filed securely, electronically, and properly over the Contract Registration System,
- ö) **Tax Id:** Tax ID No.
- p) **Time Seal:** Registration mentioned by Article 3/1-h of the Law No. 5070

PART TWO

Responsibility, Keeping the Registry Records and Documentation

Responsibility

ARTICLE 5 - (1) The lessor is responsible for ensuring that the Contract that was under registration request is the actual contract signed between the lessee and lessor. The Association is responsible for the damages that may arise due to registered items that are required to be registered as per Article 6. The Association shall revoke those who caused damage by their faults.

(2) The Association shall take the necessary measures to ensure the security of the electronic records in the registry.

Records to be kept in the Registry

ARTICLE 6 - (1) The Registration Request Form and Contract image files, which will be recorded electronically by the Lessor by following the procedures defined by the Association and which will be uploaded to STS secure electronic signature and time stamp, will be registered with a register number and date given by the Association and be kept at the registry. Contract image files and Registration Request Form are required to be registered. Information about the invoices and the products of the Contract are not required to be registered. In case the images of the invoices are demanded to be registered to the STS, this must be done by using a secure electronic signature and time stamp. Registration Request Form should include the following:

- a. General product code,
- b. Lessor's Title,
- c. Lessor's Tax Id,
- ç. Lessor's official who completed the entry
- d. Contract type (original, amendment, lessee transfer, lessor transfer)
- e. Contract Date,
- f. Contract No,
- g. Subject product price,
- ğ. Lessee's Name-Surname or Title:
- h. Lessee's Address,
- ı. Lessee's TRId or Tax Id

Registration and electronically keeping the registry records

ARTICLE 7 - (1) Registration is done through STS and corresponding registry records are kept on this system.

(2) The lessors authorize appropriate personnel who will make entries into the system and provide these personnel with secure electronic signature and smart card.

(3) Entry to STS shall be done using the smart card.

(4) The Registration Request Form and Contract image files, which will be recorded electronically by the Lessor, are entered into the system by using secure electronic signature and time stamp.

(5) Registration numbers of the contracts entered into the system are given together with the time stamp over STS and that is the registration completed.

(6) The lessor will be responsible for the contracts through which the ownership of the subject products are transferred to the Lessee are indicated as "Closed". Indicating a contract as "Closed" will mean that the registration is canceled and this cancellation will be done by entering it to the STS by the Lessor.

(7) Contracts that have a special registries and notified to the Association will also be subject to the above requirement.

Register Certificate

ARTICLE 8 - (1) When a contract is registered to the registry, the Lessor, who requested the registration will be given an electronically signed and time stamped register certificate by the Association. The following information that is submitted by the Lessor through the registration form will be inserted into the register certificate:

- a) Registration date, hour and number,
 - b) Trade name, tax ids of the lessor and the lessee, and full names and TRIDs of the company owners for real person commercial entities,
 - c) Contract date and number,
 - ç) product code indicated by the lessor during reporting to the Agency,
- (2) A Level 2 register number will be given for the registration of amendment contracts in addition to the registration number. The Lessor fills out the Registration Request Form to complete this procedure.

Giving a certified document or a copy

ARTICLE 9 - (1) If a certified copy of the registered or notified contract is requested by the official and criminal authorities or by the Lessee or the Lessor, a "True Copy of the Registered Original" will be given as signed by the officials of the Association. If requested, this copy may also be given electronically as signed electronically.

(2) Official and criminal authorities may not demand a transaction fee other than mailing expenses.

Keeping the documents

ARTICLE 10 - (1) Contract image files, which are the basis of registration, will be kept for 20 years after their expiration (after they are indicated as Closed).

Language

ARTICLE 11 - (1) Registry records will be in the Turkish language. All documents proving the registration will be in Turkish.

(2) Documents prepared in another language in another country must be certified by a Turkish Consulate or according to the Convention on Lifting the Requirement for Certification of Foreign Official Documents and be deposited to the Association with their notarized Turkish translation.

PART THREE

Principles and Procedures for Taking STS Report, Application for Inspection of Registry Records, Inspection of Registry Records, Access to Registry Records

Taking STS Report

ARTICLE 12 - (1) Registry records will be open to everybody. Those who want to make queries on the registry records may do so on the Financial Lease Contract Registration Query Screen provided on www.fkb.org.tr. Such queries will be done as in the following:

- a. Those who want to make a query will validate their ID's on the e-state system and enter their contact information. If the person is making the query on behalf of a legal person, he/she will also enter the Tax Id of this entity.
- b. Subject product code and the tax Id of the legal person are entered. The product code is chosen among the given codes on the query page. The query may be general or product specific.
- c. A report will produce a result if there is a financial lease found as requested
- ç. A Screen log will be produced by the system which has an application number.

Application of Real Persons for Inspection of Registry Records

ARTICLE 13 – (1) Real persons may apply for inspecting the STS registry, by filling out the Application Form for an Inspection of the Registry Records on the website; pays the fee indicated on the website and takes an appointment for inspecting.

(2) On the date of the appointment, a Turkish citizen real person is requested to show any of his/her original personal Id, driver license, lawyer's Id or passport or his/her passport if he is not a Turkish citizen. This Id document will be copied by the receipting official and be kept at the Association and is stamped as "original seen".

(3) Inspection at the registry is done during the presence of the Association's personnel on STS screen by validating the identity on the e-state! No document or report will be given to the person making this query.

Application of Legal Persons for Inspection of Registry Records

ARTICLE 14 –

(1) Legal persons may apply, for inspecting the STS registry, by filling out the Application Form for Inspection of the Registry Records on the website; pay the fee indicated on the website with a credit card and takes an appointment for inspecting

after providing the evidence that they are empowered to represent the company on whose behalf they are making the query by sending an e-mail to temsilbelgesi@fkb.org.tr.

(2) Article 13/2 and 3 will apply to other issues.

Other methods of application and collection

ARTICLE 15 – (1) The Association, in addition to the application methods indicated herein, may authorize the applications through the Internet, automated transaction machines of banks, call centers and similar other alternative channels by seeking the approval of the Agency on the fee collection procedures and principles.

Electronic Access to Registry Records

ARTICLE 16 – (1) Access of Courts, State Prosecutor Offices Enforcement and Execution Offices to STS data relevant to their duties may be provided through a protocol. The Association is authorized to determine the accessible areas.

(2) Lessors will be given a right to inspect the records electronically through a protocol . The Association is authorized to determine the accessible areas.

(3) In case of an abuse of data access, access to STS is stopped. Provisions of other applicable laws will be reserved.

(4) Fee tariff for accessing to STS data and the exemptions are determined by the Association.

Access and data security

ARTICLE 17 – (1) All queries on STS and those who are making the query will be recorded. These records will be kept for a duration of five years.

(2) The Association may limit or stop the access to data on STS.

PART FOUR Data Security

ARTICLE 18 - (1) Electronic systems used for records in the registry must meet the following conditions:

- a) Recoded data will be kept in accordance with the long time archiving standards in terms of legal reliability, durability and quality.
- b) Data format should be determined by considering the widely used formats based on the international norms and accepted standards. It may be depended on companies producing specific electronic systems and software.
- c) Data security are provided in accordance with accepted norms and contemporary technical standards.

ç) A documentation system will be established for data storage format and program.

(2) The Association and service provider takes the following measures for security and functionality of systems:

- a) Ensuring the data exchange between the systems,
- b) Periodic copying of data to non-central data carriers for back up purposes,
- c) Updating and technical maintenance of the data and electronic systems, ç) Making an arrangement for access to data and use of relevant electronic systems in accordance with the standards.
- d) Taking necessary measures for preventing the abuse of data and electronic systems,
- e) Taking necessary measures for preventing the technical failures on electronic systems.

Preparation and operation of STS, realizing the data storage through a service provider

ARTICLE 19 – (1) In case the Association uses a service provider for registration transactions described herein:

a) Contract registration may not be assigned to any other sub-service provider without the permission of the Association

b) The Service Provider establishes an internal control and audit system. The Internal Audit system may be outsourced.

c) The Service Provider may not use STS systems outside of the Association's circulars. ç) The Service Provider establishes a separate collection, storage and sharing process and takes all measures in order to ensure this separation.

(2) The Association has the authority to audit the Service Provider limited with the activities under STS.

Entry into Effect

ARTICLE 20 – (1) This Notice becomes effective upon its approval by the Agency.

(2) The provisions herein shall apply to Contracts Amending the contracts concluded before the effective date of this circular.

Execution

ARTICLE 21 - (1) The Association enforces this Circular.

This Circular is published on and effective as of 02/09/2015.

ANNEX-1
APPLICATION FOR INSPECTING THE REGISTRY
RECORDS

Demandee's:

Name and

Surname:

Telephone:

E-mail: TRId:

Address:

If acting on behalf of a legal
entity: Title of the legal person:

Tax Id:

Address:

Land Phone:

Relevant STS report date and
No. Detailed reasoning of the
access request:

Documents supporting this reasoning: