

By the Banking Regulation and Supervision Agency:

**REGULATION ON PRINCIPLES FOR ESTABLISHMENT AND OPERATIONS OF
FINANCIAL LEASING, FACTORING AND FINANCING COMPANIES**

(Published in the Official Gazette dated April 24, 2013 Nr:28627)

SECTION ONE

Objective, Scope, Basis and Definitions

Objective and Scope

ARTICLE 1: The objective of this regulation is to regulate the principles and procedures concerning the establishment and running of financial leasing, factoring and financing companies.

Basis

ARTICLE 2: This Regulation has been prepared on the basis of the Articles 3, 4, 6, 7, 8, 10, 11, 12, 13, 14 and 15 of Financial Leasing, Factoring and Financing Companies Law Nr: 6361 dated November 21, 2012.

Definitions

ARTICLE 3: (1) Following terms used in this Regulation shall have the meanings designated to them;

- a) Law: The Financial Leasing, Factoring and Financing Companies Law Nr. 6361 dated November 21, 2012;
- b) Control: A legal entity's possession of the power to assign or dismiss the majority of the Board of Directors as required for the taking of a decision, through owning the majority of the capital directly, without the requirement of the condition of owning a minimum of fifty one percent, or by owning the preferred shares without owning the said majority, or by making a disposition over the majority of the voting rights based on the agreements made with the other shareholders, or by any means;
- c) Housing Financing: According to the Article 57 of The Capital Market Law Nr. 6362 dated December 6, 2012, making consumers use credits for the purpose of getting home, leasing

houses to the consumers by financial leasing, making consumers use credits by the warranty of their owned houses and making them use credits for the purpose of refinancing;

- ç) Board: Banking Regulation and Supervision Board;
- d) Agency: Banking Regulation and Supervision Agency;
- e) **(Amended:RG-26/6/2015-29398)** Shareholder's Equity: The balance obtained through deducting, if any, net loss for the period, previous years' loss and other items to be determined by the Board from the sum of paid-in capital, capital reserves, profit reserves, net profit for the period, retained earnings before tax, the balance of the general provisions, up to a 1,25 percent of the total amount of the loans granted and the sum of other items to be determined by the Board as well as subordinated debts whose qualifications shall be determined by the Board,
- f) Company: Financial Leasing, Financing and Factoring Companies established in Turkey;
- g) Branch: All kinds of work places which constitute an affiliated part of companies and perform entire or part of the activities of the companies by itself.

SECTION TWO

OPERATIONS SUBJECT TO PERMISSION

Establishment of Company

ARTICLE 4: (1) To establish a company in Turkey, it is necessary to submit following documents with the application forms given to the Agency:

- a) An activity program which shows the first three years budget plan and structural organization, projections about the financial structure of the company, business plans concerning foreseen activity subjects that analyze the benefit of establishing a company;
- b) A declaration form signed before a notary public issued appropriate to examples in ANNEX 1 and ANNEX 2 by natural persons and legal entities that have the control or partners holding a share of ten percent or more in capitals of founders and legal entity founders;

c) The partnership's articles of association draft signed by founders;

ç) A written contract signed before a notary public that shows partners holding a share of ten percent or more in capitals of founders and legal entity founders or natural persons and legal entities who have the control have not been declared bankrupt (Annex 3; Annex 4);

d) A written contract signed before a notary public that shows legal entity founders and partners holding a share of ten percent or more or legal entities who have the control have not any applications for restructuring through reconciliation which have not yet been upheld or do not face any rulings for postponement of bankruptcy (Annex 4);

e) Criminal records taken in last six months including archive records of partners holding a share of ten percent or more in capitals of founders and legal entity founders or natural persons that have the control;

f) Resolution copies of legal entity founders received from competent authorities about the partnership of establishing company;

g) A written contract signed before a notary public (Annex 5) showing partners holding a share of ten percent or more in the capitals of founders and legal entity founders or natural persons and legal entities who have the control have not directly or indirectly held a share of ten percent or more in or the control of the banks subjected to the Article 71 of the Banking Law Nr. 5411 dated October 19, 2005 and banks transferred to the Savings Deposit Insurance Fund before entry into force of the Banking Law Nr 5411 and documents about this subject received from the Savings Deposit Insurance Fund;

ğ) A written contract signed before a notary public (Annex 6) showing partners holding a share of ten percent or more in the capitals of founders and legal entity founders or natural persons and legal entities who have the control have not directly or indirectly held a share of ten percent or more in or the control of any factoring, financial leasing, financing and insurance companies and in any other organizations operating in money and capital markets, the operating licenses of which have been abrogated, excluding voluntary liquidation and brokers forced into liquidation of their businesses;

h) Detailed explanations on share ratios and amounts, activity fields, investment and operating areas of partners holding a share of ten percent or more in the capitals of legal entity founders or natural persons and legal entities who have the control as well as their last three years' balance sheets and income statements approved by chartered accountants according to the

Certified Councillorship and Certified Public Accountant Law Nr 3568 dated June 1, 1989, and a report, if available, prepared by one of the rating companies for legal entity founders having the nature of bank or financial institution;

- 1) Statements showing the partnership structure of legal entity founders up to reaching at their natural person partner or partners as well as lists showing their privileged shares or, if unavailable, a written contract (Annex 4) signed before a notary public showing there is not any privileged shares;
- i) A written contract signed before a notary public showing partners holding a share of ten percent or more in the capitals of founders and legal entity founders or natural persons and legal entities having the control, have not any tax debt due (Annex 3; Annex 4);
- j) Founders subscribing ten percent or more of the capital must have documents organized by the related banks, addressed to the Agency, each having the same date, showing information about their deposit and credit accounts in the founder declaration forms including the opening dates of these accounts;
- k) The natural person founders subscribing ten percent or more of the capital must have a report about their financial status organized by the chartered accountant licensed by the Law Nr 3568;
- l) Founders subscribing ten percent or more of the capital must have a written contract signed before a notary public, organized according to the example in Annex 7, about how they supply the required money and they ensure that they supply this required money from their commercial, industrial and other activities without any falsification;
- m) The form of proxy granted to the representatives of founders, if available, for the operations to be carried out with the Agency;
- n) The detailed CVs of the board members organized according to the example in Annex 8;
- o) Notarized examples of foreign national natural persons identities or passport except those whose identities and address can be seen in electronic system organized according to the Population Law Nr 5490 dated April 25, 2006;

(2) If founders are banks or financial companies in foreign countries, they should send the documents below to the Agency besides the (a), (b), (c) and (i) clauses of the first paragraph:

- a) Resolution copies of the authorized boards about the establishment of a company in Turkey;
- b) Consolidated independent auditors' reports for the last five years;
- c) A document received from authorized boards showing there is not any limitation or prohibition in their financial operations in the country they have already established and been operating;

ç) a A rating report, including the expectative rating, if available, and documents and detailed information about their operations in international financial markets, their organizational structure in the established country and abroad and their field of activities in articles of association;

(3) It is obligatory that housing financing activity shall be determined as work subject in the articles of association draft to be organized according to the (c) clause of the first paragraph by the financial leasing and financing companies to have housing financing operations;

(4) **Annex:RG-21/10/2017-30217**)⁽²⁾ The articles of association of the company, which shall operate on interest-free basis, prepared in accordance with the clause (c) of the first paragraph, is obliged to state that the company's field of activity is based on interest-free principle and the company shall pursue its operations in accordance with these principles.

(5) The applications become invalid if the deficiencies in the documents of the establishment applications are not corrected within the six months after the declaration of the Agency note about the deficiency;

Operating Permission

ARTICLE 5: (1) After carrying out the establishment transactions according to the legal provisions, accomplishing the proclamation and registration to the Trade Register, establishing data processing, accounting, internal control, reporting system and the employment units appropriate to their operations and also establishing the adequate staff positions for these units and identifying the power and responsibilities of the staff, the company applies to the Agency with following documents within the six months after the board decision about the permission for establishment:

- a) A Copy of the Trade Registration Gazette in which the articles of association has been published;
 - b) Documents verifying that board members, general manager and assistant general managers have the qualifications declared in the Article 13 of the Law.
- (2) The Agency examines whether the company applied for the permission for operation has paid the capital in cash without any falsification and the capital was adequate for the planning operations or not. It also examines whether the company has established the appropriate service units, data processing, accounting, internal control, reporting system and adequate staff positions for these units and has identified the power and responsibilities of the staff or not. The Board gives the operating license to the company if they have all provisions following the appreciation. Operating licenses become valid after the date of publishing in the Official Gazette.
- (3) Before the operating license has been published in the Official Gazette, based on the notification of the Agency, it is obligatory to submit the documents to the Agency showing the founders has paid the amount indicated in the Article 5 of the Law, which is five percent of minimum capital, to enter the system, to the accounting unit of the Finance Ministry as an income for the general budget.
- (4) It is obligatory to submit the date of actual commencement of operation, addresses and communication details to the Agency following the commencement of operation.

Opening Branches in Turkey or abroad

ARTICLE 6 (1) The company, applied to the Agency to open a branch, must have the paid in capital amounting to one million Turkish Liras for each branch and its operations must be appropriate to the standard ratio in the Article 12.

- (2) It is obligatory to add a copy of the board decision about opening a branch to the application form.
- (3) To give permission to the company for opening a branch abroad, it is obligatory that there is no restrictions for the Agency to achieve the information and documents necessary for such branches' supervision and audit, in the regulations and implementations of the country that the branch is located.

- (4) The company grants the permission for opening a branch after the appreciation if the Agency approves the application.
- (5) Within three months after permission date, it is obligatory to register and proclaim the branch in Turkey to the Trade Register and to send a copy of the Trade Registration Gazette in which registration has been published.
- (6) If the company could not carry out the registration and proclamation of the branch in Turkey within three months after the permission date, the permission for opening branch becomes invalid. The company must declare its closed branch to the Agency in a month following the closing date.
- (7) It is obligatory to declare any changes in addresses of the branches to the Agency within a month.
- (8) If a branch of the company moves away to another city, it is subject to the conditions of opening a new branch.
- (9) It is obligatory to declare, to the Agency within a month following the commencement or expiration of operation of the branch abroad.
- (10) As part of the contracts signed with banks, except sharing information and documents with customers and operations of product advertisement, utilizing the banks' areas on condition that using companies' own staff and information system, is subject to the conditions of opening a branch in Turkey.

Amendment to the Articles of Association and Capital Increase

- ARTICLE 7** (1) It is obligatory to send the drafts of amendment to the articles of association with a copy of board decision about the subject to the Agency.
- (2) In addition to the documents in the first paragraph showing the amendments to the articles of association about capital increase and the report showing the previous capital has been paid, a report must be sent to the Agency showing if the capital is increased by internal sources, the internal sources can be added to capital and if the capital is increased without internal sources, increased amount should be paid in cash without any falsification.

- (3) **(Amended:RG-2/6/2016-29730)** The reports to be submitted to the Agency within the context of the second paragraph, should be approved by independent auditors who have the authority to conduct independent audits in the companies, in accordance with Turkish Commercial Code Law No: 6102 dated 13/1/2011, Statutory Decree No. 660 on the Organization and Duties of the Public Oversight, Accounting and Auditing Standards Agency dated 26/9/2011 and the relevant legislation.
- (4) Within the scope of the Turkish Commercial Code Nr 6102 dated January 13, 2011, if companies of the registered capital system increase their capital within registered capital upper limit, it is obligatory to declare to the Agency within the scope of second paragraph.
- (5) After publishing the amendment to the articles of association, a copy of the Trade Registration Gazette in which the amendment has been published shall be sent to the Agency.
- (6) The part of the capital increased in violation with the legislation is not taken into consideration in the equity account.

Acquisition and Transfer of Shares

ARTICLE 8 (1) It is obligatory for natural persons and legal entities who will acquire a share according to the Article 11 of the Law to add the documents declared in the first paragraph of Article 4 except the (a) and (c) clauses to their applications to the Agency.

(2) If the company taking over the shares is a bank or financial institution abroad, it is obligatory to add the documents declared in the second paragraph of Article 4 and the (b) and (1) clauses of the first paragraph of Article 4 to its application to the Agency.

(3) It is obligatory to declare to the Agency the transferring shares in the share register even if they are not subject to permission within a month.

Merger, Division and Liquidation

ARTICLE 9 - (1) It is necessary to add documents below to the applications made to the Agency in order to get permission for merger and division

a) The board decision about merger or division

- b) The agreement of merger or division
 - c) The independent auditors' reports about identifying the company's equity, accounting the unity and exchange rates, identifying the capital increase amount or the financial reports of merger or division
 - ç) The main contract draft after the merger or division
 - d) The report about the reasons of merger or division
 - e) Estimated balance sheet after merger or division and appraised financial reports about the next three years' goals as of the merger or division
- (2) The given permission becomes invalid, if operations of merger or division are not carried out by the decision of company's board within the three months as of the declaration date of permission
- (3) The merger or division of company is carried out according to the general provisions
- (4) In liquidation and ending up its operations, the company should apply to the Agency with the board decision about the matter. In this case, company's operating license is revoked by the Board. In liquidation and ending up its operation, general provisions are carried out by taking advice of the Board.

SECTION THREE

Corporate Management

Notifications About Members of the Board of Directors, General Manager and Assistant General Manager

ARTICLE 10 - (1) In a month after the members of the board of director, general manager and assistant general managers be elected or appointed, the company should send a letter to the Agency including documents below

- a) The detailed CVs organized according to the example in Annex 8 including their professional experiences and education, also notarized examples of foreign national persons' identity or

passport except those whose identities and addresses can be seen in electronic system organized according to the Law Nr:5490

b) A written declaration showing they have not declared bankruptcy

c) A written contract signed before a notary public (Annex 5) showing they have not directly or indirectly held a share of ten percent or more in or the control of the banks subjected to the Article 71 of the Law Nr:5411 or the banks transferred to the Savings Deposit Insurance Fund before entry into force of the Banking Law Nr:5411 and documents about this subjects getting from the Savings Deposit Insurance Fund

ç) A written contract signed before a notary public(Annex 6) showing they have not directly or indirectly held a share of ten percent or more in or the control of any factoring, financial leasing, financing and insurance companies and in any other organizations operating in the money and capital markets, the operating licenses of which have been abrogated, excluding voluntary liquidation and brokers forced into liquidation of their businesses

d) Criminal records taken in last six months including archive records

e) A Copy of the board or general assembly decision about being elected or appointed

(2) A notarized copy of bachelor's degree diplomas of general manager and assistant general managers are sent to the Agency in addition to documents listed in the first part.

(3) According to the second part of the Article 13 of Law, in the absence of general manager, the representatives of the general manager in the meetings of the board of directors on condition that they have the same qualities with general manager and in which situations they attend the meetings are determined by the board of directors.

(4) If members of the board of directors, general manager or assistant general managers quit their positions for any reasons whatsoever, the Agency must be informed about the matter within a month.

Subordinated Debts

ARTICLE 11 - (1) If the application showing, with a written statement of board of directors, the loans gathered by the company shall meet the conditions below is approved by the Agency, such loans are considered as subordinated debts in the equity account;

a) The starting maturity must be at least five years and there is not an option of redemption before due date

b) In liquidation of the company, creditors must accept that this debts are paid before the stock and after all other debts

c) Using single sum

ç) It must be stated in writing that the credit could not be transferred to other persons ,it could not be associated with any contract or derivative operation violating the condition stated in (b) clause, and it could not be covered directly or indirectly in any manner

d) If the company have not enough equity for standard rate or the repayment or redemption lower the company's equity under level of meeting the standard rate, the principal and interest even if falling due are not repaid.

e) Payment before maturity depends on the approval of the Agency

f) The loan must be obtained from those except the company's subsidiaries and affiliates

g) **(Annex:RG-21/10/2017-30217)** Loan agreements concluded by a company operating on interest-free basis should comply with interest-free principles.

(2) As part of the first part, it is obligatory to add to the applications made to the Agency, the notarized example or original copy of the loan contract including the conditions clearly stated above or the draft contract on condition that showing the notarized example or original copy within the five working days following the signing date if the loan contract has not been signed yet.

(3) As part of the second part, in the draft contract given to the Agency during the application, if there is variation between the draft contract provisions and provisions of the signed contract, it is necessary to declare to the Agency in writing that such variations do not abrogate quality of subordinated debt of the using loan. If the Agency approve changes in contract, received loan is added to the equity computation as subordinated debts.

(4) **(Amended:RG-21/10/2017-30217)** If the applicable interest rate of subordinated debts is not clearly stated in the loan contract or the interest rate is excessively high compared with the similar loans, the Agency may not give permission to loan be added to equity account.

(5) Subordinated debts approved by the Agency are added to equity computations as of the transferring date to the related accounts in the corporate records.

(6) As part of the (e) clause of the first part, if the Agency approves repayment before maturity of subordinated debts, it is obligatory to show company has enough equity for standard rate or could provide the capital meeting the loss in equity.

(7) If the rest maturity of subordinated debts added to equity computation is shorter than five years, they are added to equity computation by reducing at the rate of twenty percent for each year. Subordinated debts, if there is shorter than a year to its maturity, are not taken into account in the equity computation.

(8) **(Amended:RG-21/10/2017-30217)** In case the Agency approves, resources which were guaranteed for sure and in written to be used by shareholders in company's capital increases and for which no interest accruals or interest payment shall be made in any conditions and which are accepted to be paid right before shares and after all of other debts in case of liquidation; and which are not directly or indirectly attached to a guarantee under no circumstances and not related to any derivative transactions or contracts and which are pledged to the company shall be included in the calculation of subordinated debts according to their nature, without searching any conditions for maturity

(9) If the loan instruments issued by the subordinated debt lenders are purchased or if the company supplies funding to these persons, the cost of purchased loan instrument or the funding opportunity supplied are deducted from the total subordinated debts.

(10) The part over a hundred percent of the total of other own funds items of subordinated debts is not taken into consideration in the own funds calculation.

Limitations Concerning Vehicle and Consumer Loans

ARTICLE 11/A – (Annex:RG-31/12/2013-28868) ⁽¹⁾

(1) **(Amended: RG-25/1/2019-30666)** In the vehicle loans used for getting a car and vehicle secured credits or in the financial leasing operation, the rate of credit amount to the vehicle value could not exceed seventy percent for vehicles whose final invoice value is hundred and twenty thousand Turkish Lira and below. For vehicle whose final invoice value exceeds hundred and twenty thousand Turkish Liras, this rate is applied as seventy percent for the part to hundred and twenty thousand Turkish Lira, and fifty percent for the part over hundred and twenty thousand Turkish Lira. In assessing the value of used cars, automobile insurance value is taken as basis.

(2) **(Amended: RG-14/1/2020-31008)** For the purpose of purchasing house and consumer loans of purchasing goods or services in the context of the acquisition of the renovation of the housing, as a supplementary part of the residence regulated in Article 684 of the Turkish Civil Code dated 22/11/2001 and numbered 4721, leasing housing to consumers through financial leasing, loans for other real estate purchases and loans to be used for financing the education and training fee and loans for the purpose of refinancing these loans are extended the maturity of the consumer loans is sixty months, the loans with a final invoice value of one hundred and twenty thousand Turkish Liras and below for the purchase of vehicles are sixty months, loans with a final invoice value of more than one hundred and twenty thousand Turkish Liras for the purpose of purchasing vehicles and loans with vehicle guarantee forty-eight months, twelve months due for loans extended for computer purchase, six-month maturity of loans extended for tablet purchase, the term of loans extended for the purchase of mobile phones up to three thousand five hundred Turkish Liras is twelve months, loans extended for the purchase of mobile phones with a price of over three thousand five hundred Turkish Liras cannot exceed three months. The same terms apply for the restructuring of these loans.

(3) Restrictions in the first and second paragraphs of this Article shall not apply to loans granted prior to the date of publication of this article and for the refinancing of these loans.

(4) In case of exceeding the limits stated in this article; the amount of the loan exceeding is taken into account as the value deducted from the capital when calculating the company's equity.

(5) **(Annex: RG-14/1/2020-31008)** The Board is authorized to change the limitations in this article or to bring additional restrictions in this regard, by taking the opinion of the Presidency of T.R. Presidency Strategy and Budget, the Ministry of Treasury and Finance.

Standard Ratio

ARTICLE 12 - (1) It is obligatory to succeed and maintain the ratio of company's own funds to the total assets as minimum three percent.

(2) The Board could determine to increase the standard ratio considering asset structure and financial structure of the company or to apply different ratios in company basis.

(3) The company which could not ensure the standard ratio cannot make a new financial leasing, factoring or financing contract until succeeding this ratio.

Internal Control System

ARTICLE 13 - (1) It is obligatory to establish a sufficient and effective internal control system in order to get information on time and carry out the company's operations in an effective way in compliance with the Law, other related legislation, inter-corporate policies, rules and practices.

(2) It is necessary to meet the conditions below in order to provide the expectations from internal control system;

a) Establishing a functional segregation of duties within the company, sharing responsibilities, determining the authorities and responsibilities clearly and in written;

b) Establishing the internal control activities;

c) Establishing business flow process charts showing working steps and controls over the working process of company;

ç) Establishing information systems appropriate to operation structure and complexity.

(3) Internal control system and internal control activities and their implementation manner shall be planned considering the qualifications of all activities. In planning the internal control activities it is obligatory to meet the conditions below;

- a) Information produced within the company must be reliable, accurate, traceable, consistent and have appropriate qualities meeting the needs,
- b) All activities, transactions and products which are being conducted or planned to be conducted shall be in compliance with the Law, other related legislation, inter-corporate policies, rules and practices.

(4) Internal control activities are carried out depending on the board of directors or a member of the board of directors except general manager elected by the board. Internal control activities are carried out by at least one internal control personnel appropriate to activity structures and scope of the company and which is exclusively engaged with internal control activities. Internal control personnel shall report to the board of directors or a member of the board of directors except general manager elected by the board, about the internal control activities carried out, twice a year at the end of June and December.

Establishing Information Systems

ARTICLE 14 - (1) Information systems established by the company shall be structured appropriate to company's scale, complexity and characteristics of its activities and products.

(2) Information systems shall be established as to ensure that all the information about the company are preserved and used safely. It is obligatory to ensure the safety of information systems and to make necessary changes by updating it periodically.

Risk Management

ARTICLE 15 - (1) The company takes needed precautions in order to assess the risks it subjected to.

(2) Ensuring that financial leasing and financing companies conducting housing finance activities manage the risks which may arouse from housing finance and conduct the housing finance activity effectively, risk management systems regarding exclusively housing finance activities shall be implemented in these companies; the risk management process shall be determined in written and approved by the board of directors; a personnel staff appropriate for the subject shall be formed, the duty definitions of the personnel as well as their authorities and responsibilities shall be determined.

Independent Audit

ARTICLE 16 – (1) (Amended:RG-2/4/2015-29314) The independent audit of the companies is carried out within the framework of the Turkish Commercial Code No. 6102, the Decree Law No. 660 of 26/9/2011 on the Organization and Duties of the Public Oversight, Accounting and Auditing Standards Agency and the relevant legislation.

(2) Independent audit reports concerning the company's year-end non-consolidated financial statements to be reported until April 15th of previous year and for financial leasing and financing companies authorized to conduct housing finance activities, in addition to yearend independent audit reports, the independent audit reports of end-June shall be reported to the Agency's database until August 15.

SECTION FOUR

Miscellaneous and Final Provisions

Documents to be Obtained from Abroad

ARTICLE 17 - (1) Regarding the applications taking place in this Regulation, from foreign nationals, documents which are deemed necessary and which may be obtained according to the legislation of related country are requested.

(2) If the documents demanded from foreign nationals cannot be obtained due to the lack of any authority or system preserving the documents requested in their own countries, it is obligatory to inform the Agency about this matter with a document obtained from competent authorities of the related country.

(3) If the Agency could not be informed about the matter stated above with a document obtained from competent authorities, natural persons and legal entities shall make a written statement stating that such authentication cannot be made.

(4) The documents to be obtained from abroad regarding the applications in this Regulation shall be approved by the competent authorities of the related country and by the Turkish consulate in that country or according to the provisions of the Convention Abolishing the Requirement of Legalization for Foreign Public Documents, prepared within the framework of the Hague Conference on Private International Law and accepted with the Law number 3028 dated June 20, 1984; and the notarized translated copies of documents shall be attached to the application.

Request for Additional Information and Document

ARTICLE 18 - (1) In applications to be made within the scope of this Regulation, the Agency may demand additional information and documents, if deemed necessary. The Board may establish operations within the information and documents received differently.

Abolished Regulation

ARTICLE 19 - (1) The Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies Nr. 26315 dated October 10, 2006 is abolished.

Adjustment Period

PROVISIONAL ARTICLE 1 - (1) The company which could not supply the standard ratio in the Article 12 is obliged to succeed this ratio until December 31, 2013.

(2) The company is obliged to adapt its circumstances as to comply with obligations brought by the articles 13, 14 and 15 until December 31, 2013.

Implementation of Current Regulations

PROVISIONAL ARTICLE 2 - (1) The article 21 of the Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies abolished by the Article 19 shall be applied until the end of period of contracts regarding financial leasing contracts issued before the date of entry into force of law.

PROVISIONAL ARTICLE 3 – (Annex:RG-27/9/2016-29840)

(1) Debt balances of consumer loans extended prior to the date of publication of this article may be refinanced, upon request of the borrower, limited to a maturity with a maximum of seventy-two months. In the event that the borrower is granted additional loans under the refinancing, the maturity of the additional loan may not exceed forty-eight months.

PROVISIONAL ARTICLE 4 – (Annex:RG-15/8/2018-30510)⁽³⁾

(1) Debt balances of consumer loans extended prior to the effective date of this article may be refinanced, upon request of the borrower within one year from the effective date of this article, with a maturity of forty-eight months. In the event that the borrower is granted additional loans under the refinancing, the maturity of the additional loan may not exceed thirty six months.

PROVISIONAL ARTICLE 5 – (Annex:RG-27/11/2018-30608)

(1) The restriction defined in second paragraph of Article 11/A stating that, loans granted for the purchase of mobile phones with a price exceeding three thousand five hundred Turkish Liras cannot exceed 6 months, shall be executed as 12 months until 31/1/2019.

PROVISIONAL ARTICLE 6 – (Annex:RG-10/2/2019-30682)

(1) Debt balances regarding the consumer loans whose principal/or interest payments are overdue before the effective date of this article may be refinanced up to a maximum of sixty months upon request by the borrower.

PROVISIONAL ARTICLE 7 – (Annex:RG-26/2/2019-30698)

(1) Debt balances of consumer loans extended before the effective date of this article may be refinanced up to a maximum of sixty months upon request by the borrower.

Entry Into Force

ARTICLE 20 - (1) This Regulation enters into force on the date of its publication.

Enforcement

ARTICLE 21- (1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency

- (1) *The first paragraph of this article shall enter into force on 1/2/2014.*
- (2) With the amendment published in the Official Gazette dated 21/10/2017 and numbered 30217, a fourth paragraph was added to the 4th article of the Regulation and the following paragraph was added accordingly.
- (3) This amendment enters into force on 1/9/2018.

	The Official Gazette which involves this Regulation	
	Date	Issue No
	24.04.2013	28627
	The Official Gazette which involves the Amending Regulations to this Regulation	
	Date	Issue No
1.	31.12.2013	28868
2.	2.04.2015	29314
3.	26.06.2015	29398
4.	25.11.2015	29543
5.	2.06.2016	29730
6.	27.09.2016	29840
7.	21.10.2017	30217
8.	12.12.2017	30268
9.	15.08.2018	30510
10.	27.11.2018	30608
11.	25.01.2019	30666
12.	10.02.2019	30682
13.	26.02.2019	30698
14.	14.01.2020	31008

Annex of Regulation

ANNEX-1

DECLARATION FOR COMPANY FOUNDERS / SHARE TRANSFEREES (NATURAL PERSONS)

NAME & SURNAME :			Photo
PLACE AND DATE OF BIRTH :			
NATIONALITY :			
MOTHER'S NAME :			
FATHER'S NAME :			
ADDRESS OF DOMICILE:			
EDUCATION STATUS : (In detail)			
TITLE AND ADDRESS OF CURRENT EMPLOYER :			
PROFESSION AND TITLE:			
TAX ID NO ¹ :			
ID NO :			
PREVIOUS EMPLOYERS			
	TITLE OF EMPLOYER (1)	DATES OF START & END OF EMPLOYMENT	POSITION TITLE
1			
2			

¹ The tax ID Number here shall be filled by foreign national natural persons, and Turkish citizen natural persons shall fill the Turkish identity part.

3			
4			
LAST FIVE YEARS' ANNUAL INCOME TAXES AND INCOME TAX PAID (THOUSAND TL)			
YEAR	NET INCOME	INCOME TAX PAID	

COMPANIES IN WHICH HE / SHE HAS PARTNERSHIP (2)						
	COMPANY TITLE	FIELD OF OPERATION	CAPITAL	SUM OF SHARES		
1						
2						
3						
4						
REAL ESTATE OWNED (3)						
	LOCATION	TYPE	MAP SECTION	ISLAND	PARCEL	RESTRICTIONS
1						
2						
3						
4						

5						
6						
7						
8						

SECURITIES (IN DETAIL) (4) (5)

--

DETAILED BREAKDOWN OF RESOURCES BY WHICH SUBSCRIBED CAPITAL IS TO BE MET

1	
2	
3	
4	
5	

OTHER ASSETS OWNED

BANKS	1	2	3	4	5
--------------	----------	----------	----------	----------	----------

COOPERATED WITH (6) (7)					
BANK TITLE					
BRANCH TITLE					
DEPOSIT (TL THOUSAND)					

TIME					
SIGHT					
CREDIT² (TL THOUSAND)					
SUM					
GUARANTEES					
TYPE					
TERM					
	6	7	8	9	10
BANK TITLE					
BRANCH TITLE					
DEPOSIT (TL THOUSAND)					
TIME					
SIGHT					
CREDIT³ (TL THOUSAND)					
SUM					
GUARANTEES					
TYPE					
TERM					
LIABILITIES / PAYABLES TO NATURAL PERSONS AND LEGAL ENTITIES					
OTHER THAN BANKS					

² Information on current credit balance as of the date of this form is arranged shall be filled in here.

³ Information on current credit balance as of the date of this form is arranged shall be filled in here.

	CREDITOR TITLE /NAME	OF CLAIMS/ RECEIVABLES		
		TYPE		TYPE
1				
2				
3				
4				
5				

BY WHICH FIELDS OF OPERATION AN APPLICATION HAS BEEN MADE TO OPERATE IN THE FINANCIAL SECTOR IN TURKEY OR ANOTHER COUNTRY PREVIOUSLY AND REASONS IF THE APPLICATION HAS BEEN REJECTED OR PERMISSION RECEIVED HAS BEEN CANCELLED (8):

IF LEGAL PROCEEDINGS HAVE BEEN INSTITUTED AGAINST HIM / HER ON GROUND OF CREDITS OR ANY OTHER FINANCIAL RESOURCES RECEIVED FROM LOCAL OR FOREIGN BANKS OR OTHER FINANCIAL ORGANIZATIONS IN THE LAST FIVE YEARS:

IF ANY OF THE COMPANIES IN WHICH THERE IS A PARTNERSHIP HAS BEEN SUBJECT TO LEGAL PROCEEDINGS ON GROUND OF CREDITS RECEIVED FROM LOCAL OR FOREIGN BANKS OR ANY OTHER FINANCIAL ORGANIZATIONS IN THE LAST FIVE YEARS:

**IF THERE ARE ANY PUBLIC SUITS FILED AGAINST HIM / HER, THE SUBJECT
MATTER OF SUIT(S) IF ANY:**

**IF THERE ARE ANY SUITS FILED AGAINST HIM / HER OTHER THAN PUBLIC
SUITS, THE SUBJECT MATTER OF SUIT(S) IF ANY:**

**NAME-SURNAME, ADDRESS AND PHONE NUMBERS OF TWO PERSONS TO GIVE REFERENCE
ABOUT HIM/HER:**

**DETAILED EXPLANATION ON ANY MAJOR DISPUTES IN WHICH HE / SHE IS
PRESENTLY INVOLVED:**

SIGNATURE:

DATE :/...../.....

EXPLANATIONS :

- (1) Name or commercial title of the organization, employer or company of previous employment shall be inserted.
- (2) Rate of participation shall be inserted if it is five per cent or more of the company capital participated.
- (3) Any real estate owned including any restrictions thereof shall be inserted here.
- (4) Any holdings of bonds, bills, gold, precious stones and metals, etc., including any restrictions thereof, shall be inserted in this section.
- (5) Shares of the companies indicated in the part, "Companies Where There Is A Partnership", shall be excluded.
- (6) If he / she uses credit of several types from the same bank, such shall be indicated separately.
- (7) Different branches of the same bank shall be indicated separately.
- (8) Banks, insurance companies, financial leasing companies, factoring companies, authorized houses and similar other Organizations, etc, operating pursuant to the Capital Market Law shall be inserted as applicable.
- (9) Insurance coverage sums of insured assets shall be indicated separately.

NOTE: Additional forms may be used if the sections available on the form are not adequate.

ANNEX -2

DECLARATION ON COMPANY FOUNDERS /SHARE TRANSFEREES

(LEGAL ENTITIES)

OF THE LEGAL ENTITY				
TITLE :				
HEAD OFFICE AND DATE OF ESTABLISHMENT :				
CAPITAL : (In Detail)				
ADDRESS :				
FIELD OF OPERATION :				
TAX ID NUMBER :				
SOME BALANCE SHEET HIGHLIGHTS FOR THE LAST FIVE YEARS (TL THOUSAND)				
YEAR	NET PROFIT (LOSS) (1)	EQUITY	TOTAL ASSETS	
SUBSIDIARIES (2)				
	COMPANY TITLE	TYPE OF OPERATION	CAPITAL	SUM OF SHARES

1				
2				
3				
4				
5				
6				
7				
8				

REAL ESTATE OWNED (3)

	LOCATION	TYPE	MAP SECTI ON	ISLA ND	PARCEL	RESTRICTIONS
1						
2						
3						
4						
5						

6						
7						
8						

SECURITIES (IN DETAIL) (4) (5)

--

**DETAILED BREAKDOWN OF RESOURCES BY WHICH SUBSCRIBED CAPITAL
IS TO BE MET**

1	
2	

3					
4					
5					
BANKS 1 2 3 4					
COOPERATED WITH					
(6) (7)					5
BANK TITLE					
BRANCH TITLE					
DEPOSIT (TL THOUSAND)					
TIME					
SIGHT					
CREDIT⁴ (TL THOUSAND)					
SUM					
GUARANTEES					
TYPE					
TERM					
	6	7	8	9	10
BANK TITLE					
BRANCH TITLE					
DEPOSIT (TL THOUSAND)					
TIME					

SIGHT					
CREDIT⁵ (TL THOUSAND)					
SUM					
GUARANTEES					
TYPE					

TERM					
LIABILITIES / PAYABLES TO NATURAL PERSONS AND LEGAL ENTITIES OTHER THAN BANKS (8)					
	CREDITOR TITLE /NAME	OF CLAIMS/ RECEIVABLE :			
		TYPE	SUM	TERM	
1					
2					
3					
4					
5					
SIGNIFICANT PREVIOUS WORKS ON OPERATING FIELD					

⁴ Information on current credit balance as of the date of this form is arranged shall be filled in here.

⁵ Information on current credit balance as of the date of this form is arranged shall be filled in here.

IF LEGAL PROCEEDINGS HAVE BEEN INSTITUTED ON GROUND OF CREDITS

DRAWN BY THE COMPANY OR BY NATURAL PERSONS AND LEGAL

**ENTITIES HOLDING A SHARE OF 10 PERCENT OR MORE THAN 10 PERCENT IN THE
COMPANY CAPITAL OR NATURAL PERSONS AND LEGAL ENTITIES HOLDING THE
CONTROL FROM LOCAL OR FOREIGN BANKS IN THE LAST FIVE YEARS**

**DETAILED EXPLANATION ON ANY MAJOR LEGAL DISPUTES IN WHICH THE
COMPANY IS PRESENTLY INVOLVED:**

SIGNATURE

DATE/...../.....

EXPLANATIONS:

- (1) Sum less the reserves for taxes shall be inserted.
- (2) Rate of participation shall be inserted if it is five per cent or more of the company capital participated.
- (3) Any real estate owned including any restrictions thereof shall be inserted here.
- (4) Any holdings of bonds, bills, gold, precious stones and metals, etc., including any restrictions thereof, shall be inserted in this section.
- (5) Shares concerning subsidiaries shall be excluded.
- (6) If credit of several types is used from the same bank, such shall be indicated separately.
- (7) If there is business conducted with several branches of the same bank, such shall be indicated separately.

- (8) Any liabilities / payables with a sum five per cent or more of the company capital shall be inserted.
(9) Insurance coverage sums of insured assets shall be indicated separately.

NOTE: Additional forms may be used if the sections available on the form are not adequate.

ANNEX-3

COMMITMENT LETTER⁴

TO THE BANKING REGULATOION AND SUPERVISION AGENCY

Concerning application for establishment/share transfer of Company;

I hereby declare that,

- 1) I have not declared bankruptcy or I have not declared any debt rescheduling pursuant to the provisions of Execution and Bankruptcy Law dated 9/6/1932 Nr. 2004,
- 2) I currently have no overdue tax debt,
- 3) I currently have no overdue premium debts to Social Security Institution.

...../...../.....

⁴ To be filled in by natural persons.

NAME-SURNAME

ID NUMBER

SIGNATURE

ANNEX-4

COMMITMENT LETTER⁵

TO THE BANKING REGULATION AND SUPERVISION AGENCY

Concerning application for establishment/share transfer of Company;

We hereby declare that,

- 1) Company with tax No. has not declared bankruptcy or declared any debt rescheduling pursuant to the provisions of Execution and Bankruptcy Law Nr. 2004, it has no application for restructuring through reconciliation approved and that no ruling for postponement of bankruptcy has been given about it,
- 2) Company with tax No. currently has no overdue tax debt,
- 3) Company with tax No. currently has no overdue premium debts to Social Security Institution,
- 4) There is no privileged shares among the shares of Company with tax No /...../.....

NAME SURNAME/TITLE/ID NO

SIGNATURE

NAME SURNAME/TITLE/ID NO

SIGNATURE

ANNEX-5

⁵ To be filled in by legal entities.

COMMITMENT LETTER

**TO THE BANKING REGULATION AND SUPERVISION
AGENCY**

I hereby declare and commit that I have not held any direct or indirect shares amounting ten percent or more or control of the banks for which Article 71 of Banking Law Nr. 5411 are applicable or which have been transferred to the Savings Deposit Insurance Fund prior to the entry into force of Banking law Nr. 5411.

.../.../...

NAME-SURNAME

SIGNATURE

ANNEX-6

COMMITMENT LETTER

**TO THE BANKING REGULATION AND SUPERVISION
AGENCY**

I hereby declare and commit that I have not held any direct or indirect shares amounting ten percent or more in or control of brokerage houses forced into liquidation and factoring, financial leasing, financing and insurance companies operating licenses of which have been discontinued other than voluntary liquidation and institutions operating in capital markets.

.../.../...

NAME-SURNAME

SIGNATURE

ANNEX-7

COMMITMENT LETTER

TO THE BANKING REGULATION AND SUPERVISION AGENCY

We hereby declare and pledge that the foundation capital of/costs of purchase of shares ofCompany stated by our request of establish/takeover thereof are generated from our own operations in the industrial, commercial and services sectors and that such shall be secured and provided in cash and in an manner free from all kinds of collusions.

.../.../...

NAME-SURNAME

SIGNATURE

ANNEX-8

**CVs of BOARD OF DIRECTORS MEMBERS, GENERAL MANAGERS and ASSISTANT
GENERAL MANAGERS**

NAME-SURNAME _____ :

LOCATION _____ :

EDUCATION STATUS _____ :

(Detailed)

TITLE AND ADDRESS

OF PRESENT EMPLOYER _____ :

PROFESSION AND POSITION :

TURKISH CITIZENSHIP ID NR:

TAX ID NR⁺:

SHARE HOLDING IN THE BANK, IF ANY:

PREVIOUS EMPLOYERS

	<u>TITLE OF EMPLOYER</u>	<u>DATES OF START AN END OF EMPLOYME</u>	<u>POSITION HELD</u>
1-			
2-			
3-			
4-			
<u>YEAR</u>	<u>TRAINING</u>	<u>TITLE of TRAINING</u>	<u>CERTIFICATE</u>

<u>INSTITUTIONS in which he/she held position as STAFF, MANAGER, PARTNER, AUDITOR or FOUNDER</u>				
<u>Start Year/Month</u>	<u>Name/Place of Company</u>	<u>Activity Field</u>	<u>Type of Position Relation</u>	<u>% Partnership</u>

* The Tax ID Number shall be filled by natural persons with foreign nationality; natural persons with Turkish nationality shall fill the Turkish Citizenship ID Number.

...../...../.....

NAME-SURNAME
SIGNATURE