

**By the Banking Regulation and Supervision Agency:**

**REGULATION ON THE ESTABLISHMENT AND OPERATING PRINCIPLES OF  
ASSET MANAGEMENT COMPANIES**

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**SECTION ONE**

**Purpose and Scope, Basis and Definitions**

**Purpose and Scope**

**ARTICLE 1** — (1) The purpose of this Regulation is to regulate the principles and procedures relating to the establishment and activities of asset management companies.

(2) Asset management companies including the ones established before the date of publication of the Banking Law Number 5411 as of October 19, 2005 as well as their activities are subject to provisions of this Regulation.

**Basis**

**ARTICLE 2** — (1) This Regulation has been issued on the basis of Articles 93 and 143 of Banking Law Nr. 5411.

**Definitions**

**ARTICLE 3**— (1) The following terms and expressions used in this Regulation are defined below:

- a) Banks shall have the meaning as defined in Article 3 of the Law,
- b) Other financial institutions shall have the meaning institutions having monetary and capital markets as fundamental operation fields and whose operating on licenses and permissions according to special laws as well as legal entities such as financial leasing companies, factoring companies and financing companies which provide finance or give monetary

support.

- c) Financial statement shall have the meaning financial statements determined within the Regulation on Principles and Procedures Relating to Accounting Standards of Banks and Preserving Documents.
- ç) Law shall have the meaning Banking Law Nr.5411.
- d) Board shall have the meaning Banking Regulation and Supervision Board.
- e) Agency shall have the meaning Banking Regulation and Supervision Agency.
- f) Asset management companies shall have the meaning companies established after granting license according to the provisions of this Regulation within the aim of purchase, collection, restructuring and sales of the receivables and other assets of Savings Deposit Insurance Fund, banks and other financial institutions.
- g) Authorized audit institution shall have the meaning independent audit institution assigned by the Board to conduct independent audit in banks within the framework of Regulation on Authorization and Operations of Institutions to Realize Independent Audit in Banks.

## **SECTION TWO**

### **Establishment and Operations Subject to Permission**

#### **Conditions for Establishment**

**ARTICLE 4**— (1) The permission for the establishment of asset management companies is granted by the Board.

(2) It is obligatory that asset management companies;

- a) are established as joint stock companies (A.Ş.);
- b) have a paid up capital not less than ten million New Turkish Lira;
- c) have issued all of the shares as registered and payable cash;
- ç) have commercial title containing the phrase “Asset Management Company”;
- d) have articles of association in compliance with the Turkish Commercial Code Nr. 6762 dated June 29, 1956, this Regulation and provisions of other related legislation;

e) ensure that their founders meet the conditions listed within the Article 5 of this Regulation.

(3) The minimum capital required for the establishment can be increased pursuant a Board decision every year on condition that it shall not exceed twice the amount required by the annual producer price index declared by the Turkish Statistical Institute.

(4) The companies having different operation fields can operate as asset management companies on condition that they change their articles of association pursuant the provisions of Turkish Commercial Code as well as this Regulation and carry the conditions determined within the paragraph two, after applying to the Agency with documents required and granting the permission from the Agency.

### **Qualifications of Founders**

**ARTICLE 5** — (1) It is obligatory that the founders and natural and legal persons controlling legal entity founders of asset management companies carry the conditions determined within the first paragraph of the Article **8 of the Law**.

### **Permission for Establishment and Operate**

**ARTICLE 6** — (1) For opening an asset management company or to convert an existing company to an asset management company, it is obligatory to apply to the Agency with the documents listed within the Annex- 1. The Agency is permitted to demand additional information and documents if necessary.

(2) About the information and documents provided by foreign national persons the provisions within the Annex-I are applied by comparison. It is obligatory that the documents procured from abroad are approved by the authorized institutions of the related country and by the Turkish Consulate of the related country or pursuant the provisions of Convention Abolishing the Requirement of Legalization for Foreign Public Documents prepared within the framework of The Hague Conference on Private International Law and the notarized

translations of the documents shall be attached to the application.

(3) In case of approval of the application by the Board, the asset management company shall apply for operating permission to the Agency after that the establishment or converting transactions are realized in compliance to the provisions of the legislation and the complement of the Commercial Registration and annunciation.

(4) In the application for the permission for operating, it is obligatory to present; a notarized copy of the Trade Registry Gazette in which the articles of association is published, documents showing that the members of board of management and the general manager are carrying the conditions set within the Articles 8 and 9, the list of authorized signatures of persons having the authorization to present the company and to sign as well as the information relating to their addresses, to the Agency. As a result of the evaluations made, if it is decided that the company has the sufficiency to conduct the operating fields, the Agency may give the permission to operate.

(5) It is obligatory to declare the situation to the Agency within the seven working days after the date of commencement of operations. The permission for establishment would be annulled if the operations do not begin within one hundred and eighty days after the date of permission.

#### **Amendment made to Articles of Association and Share Transfer**

**ARTICLE 7**— (1) Positive opinion by the Agency is sought in evaluation of any amendment made to articles of association of companies. No draft amendments not considered appropriate by the Agency can be deliberated by the general assembly. Trade Registers may not register any amendments made to articles of association without affirmative comments by the Agency.

(2) Acquirement of shares representing fifty percent or more of the asset management company by one natural person or legal entity is subject to the Board permission. Transactions resulting that the number of partners decrease below five and the share transfers made without permission are not registered to stock register. The registries made to the stock register against

this provision are invalid. This provision is applied also in obtaining the vote right and in  
outing the shares in pledge. The transfer of shares which provide the privilege to assign  
member to the boards of management or to the supervisory board or shares to which the right  
to usufruct is given are subject to the Board permission notwithstanding the proportional limit  
mentioned above.

(3) The partners owning the shares giving the privilege to assign member to the board of  
managers or to the supervisory board shall carry the same conditions as the founders.

(4) The transfer of the capital of legal entities owning fifty percent or more of the capital of  
asset management companies within the proportions and procedures determined within  
paragraph two is subject to the Board permission. If the shares determining the management  
and supervision of legal entity partner belong to another legal entity, this provision is applied  
until the natural person partner or partners are attained.

(5) The permissions for share transfer granted within the scope of this Article are given on  
condition that the transferee partner carries the conditions searched in founders.

## **SECTION THREE**

### **Corporate Management**

#### **Board of Managers**

**ARTICLE 8—** (1) The board of managers of the asset management companies cannot be less  
than five persons. The members of the board of managers of asset management companies  
shall carry the conditions listed within the first paragraph of the Article 8 of the Law,  
excluding (e) and (g) and one more than the half of them shall have their under-graduate or  
master degrees from law, economics, business, finance, banking, public administration or  
engineering or they shall have an experience for at least five years within the fields of finance

or business.

### **General Manager**

**ARTICLE 9** — (1) the person to be assigned as general manager to an asset management company shall carry the conditions set within the first paragraph of the Article 8 of the Law, excluding (e) and (g), shall have his/her under-graduate or master degrees in law, economics, business, finance, banking, public administration or engineering or shall have an experience for five years at minimum within the fields of finance or business.

### **Appointments**

**ARTICLE 10**— (1) The persons appointed to the membership of the board of managers and the persons appointed in the case of any resignation shall be notified to the Agency within seven work days accompanied with the documents proving that they carry the conditions determined within the Article 8

(2)It is obligatory that the person to be appointed as general manager be notified to the Agency within seven work days together with the documents proving that they comply to the conditions sought by the Article 9. The appointments of these persons are made within the seven days after the date of notification if the Agency does not declare a justified negative opinion.

## **SECTION FOUR**

### **Provisions relating to Activities and Audit**

#### **Field of Activity**

**ARTICLE 11**— (1) The asset management companies may;

- a) Purchase and sell the receivables and other assets of banks, Savings Deposit Insurance Fund and the other financial institutions; collect the receivables they have purchased; liquidate the assets or restructure them and sell them.
- b) Exploit, lease, or invest in the real estates or other goods, rights or assets they have

acquired within the aim of collecting the receivables.

- c) Provide additional finance to their debtors within the aim of collecting their receivables.
- ç) Give an intermediary or consultancy service in re-structuring or selling to third persons of the receivables and other assets of banks, Savings Deposit Insurance Fund and other financial institutions.
- d) Operate and export securities within the limits of the capital market legislation to realize their main activities, on condition that they obtain the necessary permissions.
- e) Acquire subsidiaries to realize their activities.
- t) Invest to financial goods exported or sold by the intermediation of other asset management companies.
- g) Give consultancy service to the companies in the fields of corporate and financial re-structuring.

(2) The asset management companies cannot operate outside the fields mentioned within this Article. In accordance with the purchase of the receivables or other assets of banks and other financial institutions, they cannot use credit from banks or other financial institutions of which they have purchased its receivables or other assets.

### **Minimum Contribution Ratio**

**ARTICLE 12** — (1) It is obligatory that the asset management companies own at least ten percent of total shares or vote right of the partners to which they will contribute pursuant the Article 11.

### **Audit**

**ARTICLE 13**— (1) The financial statements prepared by the asset management companies annually by the end of June and by the end of year shall be audited by authorized institutions, within the framework of principles and procedures determined within the Regulation on Authorization and Activities of Institutions to Realize Independent Audit in Banks.

(2) The asset management companies are obliged to give any information and document demanded by the professional staff of the Agency authorized to conduct on-site audits, present and make available to investigate books and documents, if found necessary by the Agency.

## **Giving Information**

**ARTICLE 14**— (1) The financial statements and annual activity reports of the asset management companies, prepared by the end of June and by the end of year and audited by authorized independent audit institution are sent to the Agency within the two months following the related period.

(2) Within the framework of the application of this Regulation, the asset management companies are obliged to present any information and document demanded if found necessary by the Agency.

## **Cancellation of Operating License**

**ARTICLE 15** — (1) To the asset management companies of which partners have lost the conditions demanded in founders or who conduct transactions violating the provisions of this Regulation or who don't send the information and documents demanded by the Agency pursuant the Article 14 on time, the Agency gives three months to fix their situations. The operating licenses of the companies which do not correct their situations within this duration are cancelled by the Agency.

(2) In defiance of the second paragraph of the Article 11, the operating licenses of the asset management companies operating within the fields other than mentioned within the said article and who uses credit from banks or other financial institutions from which they purchased their receivables or other assets exclusively to the mentioned purchase are cancelled by the Agency.

## **SECTION FIVE**

### **Other and Final Provisions**

#### **Reserves**

**ARTICLE 16** — (1) The asset management companies shall put the total receivables and other assets they took over subject to the values and reserves in compliance with the principles and procedures determined within the framework of the Turkish Accounting Standards and Turkish Financial Reporting Standards, within the aim of covering their losses born or expected to be born due to their transactions but of which the sum is not predictable.

#### **Accounting Reporting System**

**ARTICLE 17** — (1) The asset management companies shall prepare and publish their financial statements they arrange within the scope of the Article 14 in compliance with the Turkish Accounting Standards and the Turkish Financial Reporting Standards.

#### **Abolished Regulation**

**ARTICLE 18** — (1) Regulation on Establishment and Operating Principles of the Asset Management Companies Number 24893 dated October 1<sup>st</sup>, 2002 is abolished.

#### **Entry into Force**

**ARTICLE 19**— (1) This Regulation enters into force on the date of its publication.

#### **Enforcement**

**ARTICLE 20**— (1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency.