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COMMUNIQUÉ

From the Banking Regulation and Supervision Agency

COMMUNIQUÉ ON THE PRINCIPLES AND PROCEDURES FOR THE ADMINISTRATIVE FINES TO BE IMPOSED ON RELATING TO THE REPORTING TO BE MADE UNDER THE SCOPE OF BANKING DATA TRANSFER SYSTEM

SECTION ONE

Purpose, Scope, Legal Basis and Definitions

Purpose and Scope

ARTICLE 1- (1) The purpose of this Communiqué is to determine the principles and procedures relating to the application of the sanctions stipulated in Article 146 (1p) of the Banking Law dated October 19, 2005 and Nr. 5411 in the cases that information received within the scope of “ Banking Data Transfer System” for the use of accurate, sound and reliable information in audit process is not transmitted or transmitted with delay or transmitted with incomplete information and that it includes control errors or there is continuity in control errors.

(2) This Communiqué comprises electronic reporting in quarterly, monthly, weekly and daily forms which are made within the framework of Banking Data Transfer System by the institutions under the scope of Banking Law, to the Banking Regulation and Supervision Agency and included in Banks Reporting Set.

Legal Basis

ARTICLE 2- (1) This Communiqué is based on Article 93(4), 95(3), 96 and 146 (1p) of the Banking Law.

Definitions

ARTICLE 3-(1) For the purposes of this Communiqué;

- a) Banking Data Transfer System (BDTS) means the electronic reporting infrastructure which is implemented in order for enabling the Banks to send the information required by the Agency, in the format and time determined,
- b) Banks Reporting Set (BRS) means the forms received quarterly, monthly, weekly and daily, contents and sending periods of which are determined by the Agency,
- c) General Reporting Performance of Bank means various indicators such as the number of forms which are not transmitted or transmitted with delay, delay periods thereof, number of control error and number of forms transmitted with incomplete information belonging to the reporting institution within the last 1-year period or the value calculated over those information,
- d) Electronic Reporting means the transfer of the forms in BRS to the Agency via BDTS in electronic environment,

- e) Sending Period means the maximum transmitting period of each form in BRS, following the related period and in working day terms,
- f) Lock Application: Following the transmitting of all forms and the removal of control errors for a reporting period, BDTs is closed for information transfer for the said period in order to prevent the institution to make changes in forms and which enables to make controlled changes
- g) Board means the Banking Regulation and Supervision Board,
- h) Institution means deposit banks, participation banks as well as development and investment banks
- i) Agency means the Banking Regulation and Supervision Agency,
- j) Commitment means the contract, which was signed by the members take part during the financial reporting process of the institution including the related audit committee member, general manager, assistant general managers responsible for financial reporting and information systems, financial reporting unit manager and containing BRS sent in electronic form via BDTs infrastructure without prejudice to personal responsibilities is produced in accordance with the official records of the institution; the actual financial status is reflected, the possible responsibilities which may occur pursuant to the matters listed in the Article 146 (1p) of the Banking Law is adopted and other concerned matters,
- k) Legal limitations means measures such as limitations concerning to capital adequacy to be measured, maintained at the designated ratio, perpetuated and reported according to the Banking Law and the related sub regulations as of specific periods, foreign currency assets and liabilities, liquidity, credit amounts, real estates and partnership shares.

SECTION TWO

Principles Concerning Administrative Fine to be Imposed on

Conditions requiring administrative fine to be imposed on

ARTICLE 4 - (1) The conditions requiring administrative fine implementation within the scope of the Articles 95 and 96 of the Banking Law are that the information undertaken by the institution are not transmitted, transmit with delay, transmit with incomplete information, include control errors and the control errors are permanent relating to the responsibility concerning the content and being sent through BDTs, within the context of the commitments requested by the Agency and signed by the institutions within the meaning of the Law hereof.

Data not transmitted and transmitted with delay

ARTICLE 5 – (1) Transmit with delay means that the form is transmitted after the transmission period designated by the Agency expired; not transmitted means in monthly, weekly and daily forms that the form is not transmitted in the period exceeding the transmission period of the form twice, while quarterly forms the form is not transmitted in the period exceeding the transmission period of the form one and a half times. Where regarded appropriate by the Agency and in cases the institutions with documented excuses, the period required for not transmitted case should arise might be differentiated by the Agency.

(2) Having regard to the period which the form is not transmitted, the general reporting performance of the bank and if the information is related to the legal limitations, administrative fine is applied from TRY 5.000 to TRY 10.000 in case of transmission with delay, and from TRY 5.000 to TRY 15.000 in case of not transmitted.

Transmission with incomplete information

ARTICLE 6 – (1) Incompleteness means information which is required to be included in the forms is not included or information recorded to line or column explanations of the forms is

not recorded properly or recorded irregularly. An incompleteness case is taken into account following the transmission period is expired.

(2) The importance of the deficiency is determined according to the following criteria:

a) Little deficiencies: Deficiencies which don't affect the legal limitations in any way and emanated from arithmetic operations and rounding offs.

b) Serious deficiencies: Deficiencies and errors which can affect the interpretation and the integrity of the information within the form.

c) Very Serious Deficiencies: Deficiencies and errors which can cause important changes in the evaluations in the bank's base and in sectoral base, or which can affect the legal limitations, or which can have important successive effects on the fundamental values between the forms.

(3) For the situation of "transmit with incomplete information" to be formed within the sent information, the deficiency shall be declared to be serious deficiency or very serious deficiency.

(4) In case of identifying as "very serious deficiency" the deficiencies and errors detected in the daily forms of which the reporting frequency is high and which shall be prepared and sent in a short time frame, it is accepted that "transmit with incomplete information" situation is formed.

(5) In case of transmit with incomplete information, infliction of a fine from TRY 5000 to TRY 15000 is applied depending on variables such as the importance of the deficiency, the correction time of the deficiency and the general reporting performance of the bank.

Control Errors

ARTICLE 7- (1) The control errors express the control errors detected by the control mechanisms set to increase the quality of the data included in the forms within the reporting

set and to provide the consistency between them, and taking place within the “control errors subject to penalty group”.

(2) If there are control errors within the system after the sending period is expired, administrative infliction of fine is applied.

(3) If control errors occur and if they are not corrected until the expiring period, infliction of a fine from TRY 5000 to TRY 15000 is applied depending on variables such as the correction time of the errors, the effect to the legal limitations and the general reporting performance of the bank.

The deficiencies and errors appeared after the lock application

ARTICLE 8- (1) Within the information related to the period controlled by closing to data transfer with the lock application, the changes made by unlocking with the purpose of correction of the deficiencies and errors detected by independent auditors or the institution itself are not taken into account as not transmitted, transmitted with delay, control error or transmission with incomplete information. However, in case of abuse or making changes against the declarations in the justifications of unlocking, it is accepted that not transmitted case has occurred for the related form.

(2) If the errors occurring as a result of the lock removal way for the forms for the evaluation period specified in the Paragraph 1 of the Article 12 and the errors on retransmitted forms on these periods are not solved till the end of the day, they shall be determined as control errors.

(3) If the forms are sent by lock removal way for the periods preceding the evaluation period and there become control errors on these forms, and these errors are not solved till the end of the day, these errors shall be determined as transmission with incomplete information.

Continuity of control errors

ARTICLE 9 – (1) The continuity of the control errors means occurrence of the same control errors three times within the last 1 year for the quarterly, consecutively three times or totally four times within the six months for the monthly forms, consecutively three times or totally four times within the three months for weekly forms, and means not solving these errors till the end of transmission date.

(2) If the control errors continue, the Bank shall be subject to the administrative fine from TRY 5.000 to TRY 15.000 by considering the number of the errors continuing, the effect of these errors to legal limits and the general reporting performance of the bank.

Exceptions

ARTICLE 10 – (1) Transmission with delay, not transmitted, transmissions with incomplete information and control errors are supposed not to occur in case of the following situations:

a) appropriate additional time given in order to complete the reports by considering the adjustment process of the institutions making reports as a result of delays experienced in consequence of the reflections of the amendments in the legislation or the updates of format and remarks made in order to increase the usage efficiency of the information by the Agency.

b) Reasons growing out of the Agency:

1) Technical reasons: delays of data transfer being sent electronically, as a result of the Agency oriented problems

2) Errors in the controls subject to the determination of control errors

3) Other reasons from the Agency

c) Technical and other delays growing out of the firms giving the communication services or the institution which do not have any fault, provided that it shall be documented,

d) Emergency cases such as natural disaster, fire in the institution doing the reporting,

e) Other reasons deemed appropriate by the Board.

Cases on the determination of situations subject to administrative fine

ARTICLE 11 – (1) If transmission with delay, not transmitted, transmissions with incomplete information, control errors and the continuity of control errors occur together, fine shall be implemented for each case for a period.

(2) The administrative fine is executed separately for each form which was transmitted with delay or not transmitted in a period.

(3) In determining the cases to be executed administrative fine relating to transmitting incomplete information, all the transmission with incomplete information cases are evaluated as one case in one-month period. If the transmission with incomplete information case for the said form emanating from the same reason has arisen for overlapping more than a period, all of the cases thereof are evaluated as one case in determining the amount of administrative fine.

(4) In determining the cases to be executed administrative fine relating to control errors, it is evaluated with the control errors arisen relating to all reporting in one-month period and regarded as one case.

(5) In determining the cases to be executed administrative fine relating that the control errors present continuity, it is evaluated with all control errors which were determined that thereof presented continuity in evaluation period included in the Article nr.12(1)

(6) Provided that the amendments made, in the form of which was transmitted in due time with a view to remove the deficiencies and errors determined by the institution or by independent auditors before the lock application and after the final transmission date, be communicated to the Agency in advance and that the control errors that shall arise be

removed by the end-day , thereof shall not be taken into account as not transmitting, transmitting with delay, control error or transmitting with incomplete information.

SECTION THREE

Miscellaneous and Final Provisions

Respects concerning application

ARTICLE 12- (1) the determination and evaluations relating to putting into practice of administrative fines, is made by the Agency, in consideration of three months periods, after three months period following the evaluation period. But in case that significant breakdown in reporting performances shall be experienced, there shall be in definite one or more than one institution basis evaluation without being bound to three months period.

(2) After the determination and evaluation's being fulfilled relating to administrative fines by Department of Information Management thereof is followed by the defense of the institutions by the same unit and presented to the agenda of the Board by the Vice Chairmanship to which it is appertaining.

(3) The transmission periods of the forms included in BRS are determined by the Agency. The Agency is authorized to differentiate the transmission periods in bank or banking groups' basis.

(4) The Agency might demand that the information flow to be realized with the reliable electronic signature within the scope of BDTS shall be realized with the Act on Electronic Signature Nr. 5070, dated January 23, 2004 . The conditions concerning electronic signature implementation is being separately regulated.

Assessment relating to the continuity in control errors

PROVISIONAL ARTICLE 1- (1) In evaluation concerning previous periods relevant to the continuity in control errors which was determined in the Article 9 (1), the control errors to be arisen after the enforcement date of this Communiqué, are taken into consideration.

Effective Date

ARTICLE 13- This Communiqué shall enter into force on July 1, 2007.

Execution

ARTICLE 14- The provisions of this Communiqué shall be executed by the Chairman of the BRSA.