

**FINANCIAL LEASING, FACTORING, FINANCING AND SAVING
FINANCING COMPANIES LAW**

Nr. 6361

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SECTION ONE

General Provisions

PART ONE

Objective, Scope and Definitions

Objective

ARTICLE 1 – (1) The objective of this Law is to regulate the incorporation and operating principles of financial leasing, factoring, financing and saving financing companies operating as financial institutions as well as the principles and procedures relating to financial leasing, factoring, financing and saving financing agreements.

Scope

ARTICLE 2 – (1) Financial leasing, factoring, financing and saving financing companies incorporated in Turkey shall be subject to the provisions of this Law.

(2) Factoring transactions to be carried out by Banks as well as financial leasing transactions to be carried out by Participation Banks and Development and Investment Banks shall be subject to the provisions of this Law.

(3) The provisions of this Law relating to financial leasing transactions shall not apply to operating leasing transactions to be carried out by financial leasing companies.

(4) Provisions included in other laws regarding housing finance activities carried out by Financing and Saving Financing companies concerning the leasing of residences to consumers through financial leasing transactions are reserved.

(5) Cross border international leasing transactions with a maturity of at least two years, covering the lease of air transport vehicles, their engines, their components and parts thereof for airline companies engaged in passenger and cargo transportation activities carried out by companies, institutions and financial leasing companies that are duly authorized to lease them pursuant to the legislation of the country in which they were incorporated on the grounds of a financial leasing contract shall be considered as financial leasing transactions within the scope of this Law, without being subject to the limitations set forth in subparagraph (ç) of the first paragraph of Article 3.

(6) In cases not regulated by a specific provision in this Law, general provisions shall apply.

Definitions

ARTICLE 3 – (1) The following terms referred to for the purpose of executing this Law shall have the meanings indicated below;

- a) Association: Association of Financial Institutions,
- b) Operating leasing transactions: Leasing transactions other than financial leasing,
- c) Invoice: Invoices and substituting documents, issued in accordance with the Tax Procedure Law No. 213 dated 4/1/1961,
- ç) Financial leasing: Provided that the transaction is carried out by a lessor duly authorized in accordance with this Law or related legislation for financing purposes on the grounds of a financial leasing contract; transferring the possession of a certain property to the lessee at the end of the lease term; giving lessee the right to purchase a certain property at a price lower than the current market value at the end of the lease term, where the lease term covers more than eighty percent of the economic life of the property or where the sum of the present values of the leasing installments to be paid in accordance with the financial leasing contract constitutes a value greater than ninety percent of the fair value of the property,
- d) Lessor: Participation banks, development and investment banks as well as financial leasing companies,
- e) Lessee: The Party accepting the financial leasing transaction,
- f) Control: Having the power to appoint or dismiss the majority of the members of the board of directors of a legal entity, as required to make a decision, through holding a majority share without the requirement of owning at least fifty percent of the capital or by holding preferred shares without the requirement of owning majority of the shares or obtaining the power to dispose of the majority of the voting rights, pursuant to agreements with other shareholders,
- g) Board: Banking Regulation and Supervision Board,
- ğ) Agency (BRSA): Banking Regulation and Supervision Agency,
- h) Shareholder's Equity: The balance to be derived by appropriating period's net loss, 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, previous years' profit and other items to be determined by the Board (if any) and subordinated debts to be determined by the Board,
- ı) Company: Financial leasing, factoring, financing and saving financing companies incorporated in Turkey,
- i) Branch: All kinds of workplaces which constitute a dependent part of the Company and who individually carry out a portion or all of its activities,
- j) (**Annexed:4/3/2021-7292/Article 1**) Organization fee: The amount to be paid by the

clients in return for the saving financing activity and the management of the savings fund pool within the framework of the saving financing agreement,

k) (**Annexed:4/3/2021-7292/Article 1**) Allowance: Provided that the prerequisites for entitlement to the allowance are met pursuant to the saving financing agreement; payment of the Client's savings and the financing amount committed under the agreement to third parties bearing the title of seller for the purpose of acquiring a residence, business property or vehicle for the Client, his/her heir or his/her legal representative,

l) (**Annexed:4/3/2021-7292/Article 1**) Saving financing activity: Saving money for a certain period of time, providing financing to clients for this purpose and managing the accumulated savings in accordance with the principles of interest-free financing and subject to the realization of conditions precedent under an agreement for the purpose of acquiring a residential or business property or vehicles,

m) (**Annexed:4/3/2021-7292/Article 1**) Savings fund pool: Remaining balance derived considering accumulated savings and financing repayments before the saving financing company throughout a certain period less the amounts paid as allowances and savings repayments.

SECTION TWO
Transactions subject to Permission
PART ONE
Permissions for Establishment and Operation

Permission for establishment

ARTICLE 4 – (1) The establishment of a company in Turkey shall be permitted upon affirmative votes of at least five members of the Board provided that the establishment conditions laid down in this Law is fulfilled.

(2) The principles and procedures for permission applications and granting permissions shall be determined by a regulation to be issued by the Board.

Establishment conditions

ARTICLE 5 – (1) Any company to be incorporated in Turkey is expected to fulfill the following requirements;

- a) It should be incorporated as a joint stock company
- b) Share certificates should be issued against cash and all of them should be registered,
- c) Trade name should bear one of “Financial Leasing Company”, “Factoring Company”, “Financing Company” or "Saving financing Company” phrases,
- ç) The founders should meet the requirements indicated herein,
- d) Members of the board of directors should have the qualifications stipulated in the corporate governance provisions of this Law and the professional experience sufficient to carry out the planned activities,

e) (**Amended:4/3/2021-7292/Article 2**) Companies other than the saving financing companies should have a capital amount of at least fifty million Turkish lira, paid-in cash and free from all kinds of fictitious transactions; this amount has been determined as at least one hundred million Turkish lira for saving financing companies,

f) The articles of association should not be in conflict with the provisions of this Law,

g) The Company should have a transparent and open partnership structure that will not constitute an obstacle for the efficient supervision of the Agency (BRSA),

ğ) The Company is required to submit an activity schedule covering the business plans of the intended activities, the projections on the financial structure of the organization, the budget plan for the first three years and its organizational structure.

(2) (**Annexed:20/2/2020-7222/Article 22**) (**Repealed:4/3/2021-7292/Article 2**).

(3) The Board is authorized to increase the minimum paid-up capital amount each year.

Qualifications of founders

ARTICLE 6 – (1) The founding partners of the company;

a) should not be bankrupt pursuant to the provisions of Execution and Bankruptcy Law No. 2004 dated 9/6/1932 or other legislation, should not have declared to be insolvent, should not have an application for restructuring its debts approved by reconciliation or should not have applied for bankruptcy postponement,

b) should not directly or indirectly hold a ten percent or more shares of or hold administrative power to control Banks that have been subjected to Article 71 of the Banking Law No. 5411 dated October 19, 2005 or that have been transferred to the Savings Deposit Insurance Fund before this Law enters into force;

c) should not directly or indirectly hold a ten percent or more shares of or hold administrative power to control bankers subjected to liquidation or factoring, financial leasing, financing, saving financing and insurance companies as well as institutions operating in money and capital markets whose operating licenses have been revoked except for voluntary liquidation,

ç) Except for negligent offenses and even if they were forgiven; should not have been sentenced to heavy imprisonment or imprisonment for over five years pursuant to the repealed Turkish Penal Code No. 765 dated 1/3/1926 and other legislation, should not have been sentenced to over three years' imprisonment pursuant to Turkish Penal Code No. 5237 dated 26/9/2004 and other legislation, should not have been convicted of violating repealed Banks Law No: 3182 dated 25/4/1985, repealed Banks Law No: 4389 dated 18/6/1999, this Law, Law no. 5411 and the Capital Markets Law No: 2499 dated 28/7/1981 and the provisions of the legislation on money lending, which require imprisonment, repealed Law No: 765, should not have been convicted of infamous crimes such as embezzlement, fraud, aggravated fraud, extortion, bribery, theft, swindling, forgery, breach of trust, fictitious bankruptcy, smuggling offenses other than those arisen by the acts for the purpose of using and consuming only, fraudulent acts in official tenders and trades, money laundering and laundering criminal assets or crimes committed against the prestige of the State, the sovereignty of the state or the prestige of its organs, against the security of state, the constitutional order or the functioning of the constitutional order and crimes concerning unveiling State secrets and espionage, offenses

committed against relations with other states pursuant to Law No: 5237 and other legislation, offenses within the scope of the Prevention of Terrorism Act No. 3713 dated April 12, 1991 as well as tax evasion or having been engaged in such offenses,

d) should have the financial strength and reputation/esteem to meet the amount of committed capital,

e) in case it is a legal entity, should have a transparent and open partnership structure,

f) should have the honesty and competence required by the job

Sub-paragraphs (b) and (c) of this paragraph shall not apply for the multi-lateral credit institutions and financial institutions that have been incorporated on the basis of international agreements to which Turkey is a party.

(2) The legal entity founding partners of the company, the partners holding ten percent or more of its capital or the real and legal persons holding the power of control should meet the conditions set forth in the first paragraph.

(3) In the event that real or legal persons who hold ten percent or more of the company's capital or have the power to control the company as well as real or legal persons holding ten percent or more of the capital of the legal person shareholders holding ten percent or more of the company's capital or holding the power of control lose the qualifications stipulated in the first paragraph except for subparagraph (d), the said persons are required to transfer their shares within six months in a way that will bring their status in compliance with the provisions of this article. By whom and how the voting rights of the shares to be transferred within the said period will be exercised shall be determined by the Board.

Operating permission

ARTICLE 7 – (1) The companies that are permitted to be established within the frame of Article 4 shall be obligated to receive permission for operation from the Board. The permissions granted by the Board shall be issued in the Official Gazette.

(2) In case of one or more of the following conditions occur, the establishment permission of a company shall be revoked by the Board; the permission is based on non-factual declarations, failure to apply for operating permission within six months following the issue of establishment permission, clearly stating the decision to waive the establishment permission, losing the eligibility qualifications for permission until commencement of operation, failure to get operating permission.

(3) The companies that have received establishment permission shall be required to meet the following criteria in order to commence their operations:

a) Their capital should have been paid in cash and must be at a level that enables the execution of planned activities,

b) The system entrance fee, equivalent to five percent of the minimum capital requirements indicated in Article 5, should have been paid to the accounting units of the Ministry of Finance in order to be registered as income to general budget and the related

document should have been submitted to the Agency by the founders

c) Appropriate service units as well as internal control, accounting, data processing and reporting systems should have been established, adequate staff for these units should have been assigned and job definitions as well as duties and responsibilities of the employees should have been clearly determined,

ç) Their managers should bear the qualifications set out in this Law.

(4) A financial leasing company can be established for leasing only a ship without taking establishment and operating license on condition to be a company all partners of which are financial leasing companies established in Turkey. Such companies are not subject to the articles of this Law excluding the provisions relating contracts.

(5) The principles and procedures for the execution of this article are determined by the Board.

Branches

ARTICLE 8 – (1) Opening up domestic and abroad branches by companies are subject to permission. Companies cannot be organized under any names other than branches and cannot appoint agencies. **(Added text: 8/4/2022-7394/32 art.)** Transactions to be conducted by companies or services to be received through information systems, as determined by the scope, procedures, and principles established by the Board, shall not constitute a violation of this provision.

(2) The qualifications of branches as well as the principles and procedures relating to permission are determined by the Board.

Operations and Transactions that the Company is not allowed to engage in

ARTICLE 9 – (1) The Company is not allowed;

a) to engage in operations outside of its main fields of activity.

b) to extend cash loans for the purpose to provide additional financing to its Clients within the framework of the agreements concluded with its Clients and as part of the transaction it carries out, except for cash loans the total amount of which will not exceed one percent of its paid-in capital. The Board is authorized to reduce this figure to zero percent or increase it up to five percent of the paid-in capital or differentiate it on a company basis.

c) to grant guarantees, sureties and letters of guarantee, except for guarantees and sureties granted on condition to be limited to the transactions included in the main field of activity and guarantees, sureties and letters of guarantees granted to persons and entities/institutions owning ten percent or more of the capital or holding the power to control, total amount of which will not exceed twenty percent of its paid-up capital. The Agency (BRSA) is authorized to reduce this figure to five percent or increase it up to twenty five percent of the paid-in capital or differentiate it on a company basis.

ç) to collect deposits or money by any name for hire, except for issuing securities pursuant to the Capital Markets Law No: 6362 dated 6/12/2012, borrowing money from international markets and fund-raising from partners and partnerships, banks, money markets and organized markets within the scope of general principles. **(Annexed:4/3/2021-7292/Article 3)** The savings amounts committed by the Clients as per the saving financing agreements shall not be

considered within the scope of this paragraph.

(2) A factoring company is not allowed to acquire or take over the collection of receivables arising from the sale of a goods or services not documented by an invoice, even if they are based on bills of exchange issued within the framework of the principles and procedures determined by the Board and the receivables accrued due to the sales of goods or services not documented within the framework of the principles and procedure determined by the Board. Total amount of partial assignments entitled to more than one factoring companies based on the same invoice cannot exceed the total amount of the invoice.

(3) In case a bill of exchange is assigned to a factoring company via endorsement, the person to whom the ultimate creditor recurses on the grounds of the bill of exchange cannot bring forward any claims and plea based on direct relations existing between him/herself with the issuer of the bill of exchange or previous holders against the factoring company, unless the factoring company has deliberately acted to the detriment of the debtor while acquiring the bill of exchange.

(4) Without prejudice to the provisions concerning the legislation on insurance; financial leasing companies are not allowed to engage in insurance transactions except for intermediating the issuance of insurance contracts concerning the transactions within their fields of activity involving all kinds of coverage to guarantee the repayment of the leasing debt and all similar credit elements of the financial or operating leasing, covering the goods and services subject to financial leasing transactions, collaterals acquired within the scope of these transactions and the lessee of the mentioned goods and services; similarly financing companies are not allowed to engage in insurance transactions except for intermediating the issuance of insurance contracts concerning the transactions within their fields of activity involving all kinds of coverage to guarantee the repayment of the loan and all similar credit elements covering the goods and services whose purchase is the subject matter of the loan, collaterals acquired within the scope of these transactions as well as real or legal persons who purchase the credited goods or services.

(5) **(Annexed:4/3/2021-7292/Article 3)** Saving financing companies are not allowed to provide finance for credit transactions that are not documented to arise due to the acquisition of any residence, business property or vehicle; to provide financing, extend loans to third parties outside the scope of saving financing agreements or to acquire partnership shares; include expressions and phrases that will create the perception of carrying out banking activities as well as the phrase “participation” in any of their documents, announcements and advertisements and they can only finance the purchasing transactions of domestically registered housing, business property or vehicles.

(6) **(Annexed:4/3/2021-7292/Article 3)** The procedures and principles regarding the acquisition of affiliates by companies other than saving financing companies, both in the country or abroad, shall be resolved by the Board.

PART TWO

Provisions Regarding the Articles of Association

Amendments to the Articles of Association

ARTICLE 10 – (1) The Agency shall be priory notified about the amendments to be made on the articles of association of companies. In case the Agency does not declare any negative opinion about the amendments on articles of association within fifteen days, these amendments shall be put on the agenda of the general meeting of companies and the outcome of process shall be notified to the Agency.

(2) Current articles of association of companies shall be published on the website of the company. The update of articles of association shall be made within the fifteen days by the date of the amendments.

(3) The change of address of the company shall be declared to the Agency within fifteen days by the date of the change.

(4) Principles and procedures concerning the application of this article shall be specified by the Board.

Acquisition and transfer of shares

ARTICLE 11 – (1) Acquisition of the shares representing ten percent or more of the company capital by one person or transfer of shares that will cause a shift in the power to control the company are subject to the Agency (BRSA)'s approval.

(2) Issuing and transfer of shares giving the privilege to determine the members to the board of directors or issuing new privileged shares are subject to the Agency (BRSA)'s approval., regardless of the proportional limit stipulated in the first paragraph.

(3) Share transfers of legal entities holding ten percent or more of the capital of the company, which may result in the change of control of the company, are subject to the Board's approval.

(4) For the purpose of share transfers subject to approval, those who will take over shares should possess the qualifications sought in order to be a founding partner.

(5) Share transfers realized without receiving the necessary approval, although required shall not be registered in the share ledger. Entries to be recorded in the share ledger in violation of this provision shall be deemed null and void.

(6) The procedures and principles regarding the implementation of this article shall be resolved by the Board.

PART THREE
Merger, Acquisition, Division and Liquidation

Mergers, Acquisitions, Division and Liquidation

ARTICLE 12 – (1) Mergers, acquisitions and divisions of companies other than saving financing companies are subject to general provisions, provided that the necessary approval is obtained from the Board. The procedures and principles regarding the approval shall be resolved by the Board.

(2) (**Amended:4/3/2021-7292/Article 5**) Provided that the approval of the Board is obtained in advance; general provisions shall apply in the event that companies other than saving financing companies cease their activities and are liquidated. The liquidation process of these companies may be audited by the Agency (BRSA), if deemed necessary.

(3) (**Annexed:4/3/2021-7292/Article 5**) Mergers, acquisitions, divisions and voluntary liquidations of saving financing companies are subject to the following procedures and principles, with the supervision of the Agency (BRSA) and the approval of the Board:

a) These companies are required to submit a plan, confirming their capacity to fulfill their current obligations, annexed to the application petition they will submit to the Agency (BRSA) for to receive the necessary approval for a merger, acquisition, division and voluntary liquidation.

b) The liquidation of these companies, fulfillment of all obligations, including the financing obligations towards their customers, and collection of the receivables are carried out ex-officio by the company, in accordance with the general provisions. A company in this situation cannot acquire new customers and cannot undertake any new commitments that will prevent it from fulfilling its obligations, after obtaining a liquidation permit.

c) The permission/approval granted for merger, acquisition, division and voluntary liquidation transactions may be revoked by the Board by at least five members voting in the same direction, if the company fails to comply with the plan submitted or if it is determined that the said transactions will harm the rights and interests of the customers. A judicial liquidation is resolved for the saving financing company, whose permit for voluntary liquidation has been revoked, within the scope of the second, third and fourth paragraphs of Article 50/A. The liquidation decision resolved by the Board has the effect of a General Assembly resolution.

SECTION THREE
Corporate Management
PART ONE
Managers

Members of the board of directors, general manager and assistant general managers
ARTICLE 13 – (1) Structures, procedures concerning corporate management, as well as

the related principles shall be determined by the Board by also taking the opinion of the Union.

(2) The board of directors of the company cannot be composed of less than three persons, including the general manager. General Manager and deputy general manager in his/her absence is a natural member of the board of directors. It is obliged that the members of the board of directors and general manager and assistant general managers carry the conditions taken place in the article 6 (1) (a), (b), (c) and (ç). The condition of professional experience required for in general manager in this Law shall also be applied for one more than the half of the members of the board of directors.

(3) Company's general manager shall have professional experience in business management or finance for at least seven years and assistant general manager shall have professional experience for at least five years in those areas and they both shall have at least undergraduate education.

(4) Even if they were employed under different titles, other managers duties and authorities of which are equivalent to assistant general managers or higher are also subject to the provisions concerning assistant general managers of this Law.

(5) Principles and procedures regarding the appointment and election of members of the board of directors, general managers and assistant general managers shall be specified by the Board.

PART TWO

Financial Reporting

Internal system, accounting, reporting and independent audit

ARTICLE 14 – (1) The company is responsible for building and operating a sufficient and efficient system appropriate to the scope of its activities as well as the changing conditions, to monitor the risks to which it is exposed and provide control.

(2) The Board is authorized to determine the principles and procedures concerning the operation of the system and to take necessary measures for companies in which the system is deemed insufficient and inefficient.

(3) The company is obliged to account all of its transactions in accordance with their real natures, within the principles and procedures specified by the Public Oversight, Accounting and Auditing Standards Board and organize their financial reports on time and accurately, in a form and content to meet the need to obtain information, in understandable, reliable and comparable way, convenient for audit, analysis and interpretation.

(4) Company is obliged to send financial statements and statistical information, form and scope of which will be determined by the Agency by the time and methods requested to the Agency.

(5) Independent audit of the company shall be made within the framework of the Decree Law on Organization and Duties of Public Oversight, Accounting and Auditing Standards Board number 660 dated September 26, 2011. Independent audit reports to be prepared shall be sent to the Agency within the framework of principles and procedures regulated by the Board.

Precautionary Measures

ARTICLE 15 – (1) The Board is entitled to make necessary regulations and to take all kinds of measures to detect, analyze, monitoring and evaluation of the risks exposed, by specifying certain limitations and standard ratios. The company, on the other hand, is obliged to comply with the regulations, calculate limitations and standard ratios specified, come up to them and maintain them and to take and implement the measures requested by the Agency (BRSA), within the requested time.

(2) In case the thresholds concerning the limitations and standard ratios specified pursuant to this Law are reached or exceeded, relevant Company is obliged to immediately and duly notify this situation to the Agency (BRSA).

(3) In case the limits and ratios that can be associated with a certain ratio of the shareholder's equity are exceeded due to the dissolution in the equity and when conditions require, the said exceeding should be eliminated within the period determined by the Agency (BRSA). The provisions of this Law governing the administrative penalties shall not apply throughout the time specified for correcting the exceeding.

(4) **(Additional sub-paragraph:4/3/2021-7292/Article 6)** If, at the end of an audit carried out by the Agency (BRSA), a company is found out:

a) to have a total value of liabilities exceeding the total value of its assets, to have a total value of assets estimated to be unable to meet its obligations in terms of maturity or to have an asset quality deteriorated in a way that may weaken the financial structure,

b) to have a total value of equities insufficient/likely to be insufficient to carry out the activities safely due to the deterioration of the correlation and balance between their income and expenses;

c) to have lost its advantageous situation of meeting the conditions specified in subparagraph (c) of the third paragraph of Article 7 or if there is any issue preventing the audit,

ç) to have a level of equity which has decreased to one third of the company's paid-in capital,

d) to have failed to establish an adequate and effective risk management system to measure and manage the risks it is exposed to,

e) to pose a risk to the financial system in terms of confidence or stability,

f) to have taken decisions and entered into transactions and practices that are contrary to this Law, related regulations or the decisions taken by the Board,

at that, the Agency (BRSA) is authorized to require the company to take the measures it deems necessary throughout a time frame it deems appropriate and within an approved plan and it shall further be entitled to postpone the allocation dates for saving financing companies.

(5) (**Annexed:4/3/2021-7292/Article 6**) Saving financing companies will be required to reserve five per thousand of the collected organization fees in a separate account, to ensure the return of funds collected in case of their liquidation. The Board is authorized to triple this rate when deems necessary on company basis and to determine the procedures and principles regarding its execution.

Provisions

ARTICLE 16 – (1) The company shall make reserves to meet its losses arising from its transactions but amount of which is not clear for certain, within the framework of principles and procedures specified by the Board.

(2) (Annex: 28/11/2017-7061/106 article) Total of the special provisions allocated by the Company in accordance with this article are considered as expenses in the determination of the corporate tax base in the year in which they are reserved.

(2) (3) (Annex: 17/7/2019-7186 / 26 art.) In accordance with this article, receivables which are deducted due to the lack of collection possibility after setting aside special provisions are deemed worthless receivables under the provisions of article 322 of the Law No. 213.

On-site, Off-site Supervision and Notification

ARTICLE 17 – (1) On-site and off-site supervision of the company within the scope of this Law shall be conducted by the Agency.

(2) The Agency is entitled to request all information they consider to be related with this Law, even if it is confidential, from the company, company partners, affiliates controlled by the company and their branches and natural persons and legal entities concerned and to examine all books, records and documents including the records about taxes; and the ones from which the information is requested are responsible for giving the information requested, keeping the books, records and documents ready for examination, opening all information processing system for the Agency's professional personnel conducting on-site audit in accordance with supervisory purposes, providing the reliability of data and submitting the codes and systems necessary to make reachable or readable all kinds of books, documents and ration cards they must maintain, as well as micro chip, micro films, magnetic tapes, diskettes and similar records they must give for the examination and also operating them.

(3) Public institutions and corporations are obliged to procure all kinds of information and document requested by the Agency, being limited to duties given within the scope of this Law, even if they are confidential, without considering the prohibitive and restrictive provisions in special laws and without prejudice to the provisions concerning the circumstances which may create severe results against the security of the State and its fundamental external interests, and professional secret, privacy of family life and the right of defense, in appropriate time and environment, constantly or singly.

(4) On-site supervision of the company's activities shall be conducted by the professional personnel of the Agency authorized to conduct on-site supervision. The company, company partners, affiliates controlled by the company and natural persons and legal entities concerned are obliged to give all kinds of information and documents to be requested by the professional personnel of the Agency authorized to conduct on-site supervision but also to submit all books and documents and keep them ready for examination.

SECTION FOUR
Provisions Concerning Contracts
PART ONE
Financial Leasing

Financial leasing contract

ARTICLE 18 – (1) The financial leasing contract is the contract giving the lessee the possession of the good, which is requested and determined by him/herself and shall be purchased from third party or from the lessee him/herself by the lessor or obtained the any other legal means by the lessor, in order to provide full benefit during lease period in return for lease payment to the lessor. Financial leasing contract is the contract foreseeing that the lessor leaves the lessee the possession of a good he/she once purchased from a third party or from the lessee him/herself or procured by another way or took into his/her possession, in return for a rental to provide all kind of benefit, upon the request and selection of the lessee.

Subject of the contract

ARTICLE 19 – (1) Movables and immovables may be subject to the contract. Intellectual and industrial rights such as patents cannot be subject to this contract, except for duplicated copies of computer software.

(2) All kind of good preserving its essential nature may be solely subject to a financial leasing contract, regardless of its integral parts or attachment qualifications.

Financial leasing charge

ARTICLE 20 – (1) Total amount of payments and payment periods of financial leasing shall be determined by the parties. On condition that it is cited clearly in the contract, the leasing charges may be started to be collected as of the date of the contract, even if the good subject to contract is not produced or delivered to the lessee yet. Unless specified in the contract, the good subject to contract shall be delivered to the lessee within two years by the date of the contract.

Financial leasing operations from abroad

ARTICLE 21 – (1) Financial leasing contract to be made from abroad shall be registered by the Association.

(2) Principles and procedures concerning financial leasing operations from abroad shall be determined by the Association by taking the positive opinion of the Board.

Form and registration of the contract

ARTICLE 22 – (1) (Amendment: 18/6 / 2020-7247/12 art.) The financial lease contract, is arranged in written or at a distance by using remote communication tools or whether it is distant or not, through the methods determined by the Board that it can replace the written form and will be carried out by means of an information or electronic communication device and that will allow the authentication of the customer identity and the relevant procedures and principles are determined by the Board. Contracts regarding immovable goods shall be registered to the section of annotations in the book of real estate registers in which the immovable is located and the contracts concerning movable goods having their own unique special register shall be registered and annotated to the register in which these goods are registered and shall be declared separately to the Association by the lessor.

(2) Contracts concerning movables which are not registered to a special register shall be registered into a special register kept by the Association.

(3) Special register kept by the Union is open to everybody. No one can claim that he/she did not know a record in the register.

(4) Principles and procedures concerning the registration of contracts into the special registers kept by the Association shall be determined by taking positive opinion of the Board by the Association.

(5) After the registration and annotation, third parties cannot make claims regarding the real rights over the goods against the lessor.

(6) In the application of the article 940 of the Turkish Commercial Code number 6102 dated January 13, 2011, the lessee is considered as owner of the ship.

(7) In the application of the article 49 of the Turkish Civil Aviation Act number 2920 dated October 14, 1983, the lessee is considered as the owner of air vehicle.

The purchase of the good subject to financial leasing

ARTICLE 23 – (1) The property of the good subject to financial leasing owned by the lessor. However, the parties may decide in the contract that the lessee will have the right to purchase the ownership of the good by the end of the contract term.

(2) In case the right of the lessee to purchase the movable registered subject to financial leasing is not used by the lessee within thirty days after that this right was originated and the good was not returned to the lessor pursuant to the article 32 of this Law, the lessor may realize unilaterally all kind of operations about the transfer of the leased good to the lessee, on condition

that a decision exists concerning this subject in the contract made between parties and a notification has been made to the lessee about the subject or has not been made because lessor was not found in his/her address. Unilateral requests made by the lessor concerned about the transfer of ownership shall be realized by the related register office.

Rights and debts of parties

ARTICLE 24 – (1) The lessee is the possessor of the good subject to financial leasing during the contract, and has the right to obtain all kinds of benefits in accordance with the purpose of the contract.

(2) The lessee is obliged to use the good subject to financial leasing carefully, in accordance with the conditions and provisions stated in the contract.

(3) In case there are no provisions to the contrary in the contract, the lessee is responsible for the maintenance and protection of the good, and the maintenance and reparation costs belong to the lessee.

(4) The good subject to leasing must be insured. By whom the good will be insured shall be shown in the contract. Insurance premiums shall be paid by the lessee.

(5) The responsibility of damages and losses of the good within the term of the contract belongs to the lessee. This responsibility is limited to the part not covered by the insurance amount paid and the exceeding part shall be paid by the lessee.

(6) The lessor shall not be blamed from the fact that the good provided from a third party upon the choice and request of the lessee to be faulty. The same provisions shall also be applied in case the good is personally provided from the lessee.

The good not delivered to the lessee

ARTICLE 25 – (1) In case the good subject to financial leasing is not delivered to the lessee because the lessor did not make a contract with the manufacturer or seller of the good on time or did not realize the payment required on time or due to other reasons arising from the defect and negligence of the lessor, the provisions of the article 123, 125 and 126 of the Turkish Code of Obligations number 6098 dated January 11, 2011 shall be applied.

Transfer of possession and the title of lessee

ARTICLE 26 – (1) The lessee may transfer his/her lessee title or his/her rights and responsibilities arising from the contract on condition to take written permit of the lessor. The

change of lessee made on the leasing contract due to this transfer shall be registered or annotated within the framework of articles 21 or 22 depending on its concern.

(2) In financial leasing transactions made within the scope of housing finance, the lessee may transfer the possession of the good to another person on condition to inform the lessor; in other financial leasing transactions he/she may transfer on condition that there is a provision in the contract.

Transfer of possession

ARTICLE 27 – (1) Unless the contrary was not predicted in the contract the lessor cannot transfer the possession of the good to a third person. In case this right was recognized in the contract, the transfer may be made only to another leaser. The transferee is obliged to comply with the provision of the contract. The validity of the transfer for the lessee depends on if he/she was informed.

Bankruptcy of the lessee or the lessee being subject to executive proceedings ARTICLE 28 – (1) In case of the bankruptcy of the lessee, the registrar in bankruptcy

shall decide on the separation of goods subject to financial leasing before the organization of the office, according to the article 221(1) of the Law number 2004. This decision of the registrar in bankruptcy may be protested within seven days.

(2) In case executive proceedings are conducted against the lessee by means of compulsory execution, the execution officer decides that goods subject to financial leasing shall be excluded from the proceedings. This decision of the execution officer may be protested within seven days.

(3) These protests shall be determined by the enforcement court within one month at the latest.

Bankruptcy of the lessor or the lessor being subject to executive proceedings

ARTICLE 29 – (1) In case of the bankruptcy of the lessor the contract remains to be valid against the bankrupt's estate until the end of the determined term.

(2) In case executive proceedings are conducted against the lessor by means of compulsory execution, the goods subject to financial leasing cannot be confiscated during the term of the contract.

Termination of the contract

ARTICLE 30 – (1) Unless otherwise specified in the contract, the contract shall be terminated automatically in case it expires, bankruptcy, death or loss of capacity of the lessee.

(2) In case the lessee enters into liquidation process or liquidates his/her business to which the good subject to financial leasing was allocated without going into liquidation, the contract may be terminated before its term upon the request of the lessee and unless otherwise specified in the contract.

(3) Each party of the contract may request the extension of the contract with existing or new conditions, on condition to declare at least three months before the termination of the contract. Extension of the contract depends on the agreement of parties.

Breach of the contract

ARTICLE 31 – (1) The lessor may terminate the contract if he/she gave an extra term for thirty days to the lessee who fell into default in paying the financial leasing payment and this payment is still not paid at the end of these thirty days. However, in case it was decided in the contract that at the end of the term the possession will pass to the lessee, this extra term may not be less than sixty days. If a warning was addressed to the lessee because he/she failed to pay on time three or two consecutively of the leasing fees in the contract within one year, the contract may be terminated by the lessor.

(2) In case one of the parties violates the contract, and where it is not expected that the other party to continue the contract because of this violation, the contract may be terminated.

(3) In disputes between the lessee and the lessor concerning the financial leasing contract, in case the good subject to financial leasing is left to the lessor or to a third person by the court by injunction, the lessor may make a disposition over the good by making a down payment as a collateral amounting the current value of the good to the court. Insofar, in case it is decided that the termination of the contract is unjust, the lessor is responsible to reimburse the lessee for his/her losses.

Consequences of the termination of contract

ARTICLE 32 – (1) When the contract terminates, the lessee who did not use his/her right to purchase arising from the contract or who does not have this right is obliged to return immediately the good subject to financial leasing.

Consequences of the cancellation of the contract

ARTICLE 33 – (1) In case the contract is cancelled by the lessor or by the lessee pursuant to the article 30(2), the lessee is responsible for returning the good. In case the good returned is sold to third parties and unless otherwise is specified in the contract, if the sale price is less than undue financial leasing costs and if any, total loss of the lessor exceeding it, the difference shall be paid to the lessor by the lessee. Unless otherwise specified in the contract, if the sale price of the good returned is higher than undue financial leasing costs and if any, total loss of the lessor exceeding it, the difference shall be paid to the lessee by the lessor. Same principles shall be applied in case the good returned is leased to third parties by means of financial leasing.

(2) If the contract is cancelled by the lessee, the lessee may return the good and request the compensation of his/her loss from the lessor.

(3) In cashing the mortgages took as collateral for the debts arising from the contract, the provisions of the article 150/1 of Law number 2004 shall be applied.

(4) The provisions of the article 68/b of Law number 2004 shall be applied about the notices sent by the lessor to the lessee via notary because the lessee failed to pay his/her debt within the terms determined in this Law.

Non applicable provisions

ARTICLE 34 – (1) Articles 764, 765 and 766 of the Turkish Civil Code number 4721 dated November 22, 2001 and the provisions concerning “Partial Pay Sales” in the Section Two, Part One, Division Four and the provisions of the “House and Roofed Working Place Rents” in the Section Two, Part Four, Division Two of the Turkish Code of Obligations number 6098 shall not be applied about the contract.

Incentive

ARTICLE 35 – (1) In case the whole of or a part of the investments are realized by means of financial leasing, the lessor may benefit from the incentives for economic assets subject to financial leasing, applied if they are purchased. The responsibility of financial leasing company about the incentive certificate is limited to the part transferred to the company.

Provisions on custom

ARTICLE 36 – (1) Following provisions shall be applied to the goods brought according to the contract signed between a foreign company and the lessee, regarding custom taxes and additional financial liabilities:

a) In the entrance to Turkey of goods based on a contract which don't have the right to emption or even if it has this right, were not predicted to provide from customs exemption in the incentive certificate, the provisions on temporary importation regime of the Customs Law number 4458 dated October 27, 1999 shall be applied, except for time limitation of customs legislation and depending on the term of contract. In case by the end of the contract the certain import is not realized and goods subject to financial leasing are wanted to be taken out of the country to be given to the lessor, the collateral taken previously shall be resolved according to the provisions of the Law number 4458.

b) In case by the end of the contract the certain import of the goods subject to financial leasing is realized, custom taxes and additional financial liabilities to be calculated upon the current exchange rate on the date of the beginning of custom liability and upon the value to be determined according to provisions of the Law number 4458 concerning the custom value of the good shall be accrues and collected.

Exemptions and assessment of tax rate

ARTICLE 37 – (1) (Amendment: 15/7 / 2016-6728 / 74 art.) Financial leasing contracts, papers related to the transfer and amendment of these contracts, contracts arranged between the lessor and the seller regarding the supply of financial leased goods and the papers issued for the purpose of their collateral, The relevant transactions (except for the title deed transactions related to the transfer of the properties subject to financial leasing by the lessor) are exempt from the fee.

(2) Registration to the land registry of the immovables rented within the scope of leasing transaction made by sale and lease back method is exempt from title deed fees in the name of the lessee by the end of the contract term.

PART TWO

Factoring and Financing

Factoring contract

ARTICLE 38 – (1) Factoring contract is a contract including collection which the factoring company provide to its customer, besides recording debtor or customer accounts, any of or the whole factoring or finance guarantee functions by taking over the receivables depending on goods or service sale which can be promoted within the scope of principles and procedures determined by the Board and the receivables promoted with the invoice emanated from goods or service sale.

A factoring contract is the contract which includes any or all of the following functions: The collection, the keeping of the borrower and customer records by the factoring company for the customer by means of taking over the receivables arising from the sale of products or services which could be documented within the framework of the procedures and principles to be determined by the Board, and the receivables which could be documented by the invoice arising from the sale of products or services; or the factoring guarantee function.

(2) (Amendment: 18/6/2020-7247/13 art.) The Factoring contract, is arranged in written or at a distance by using remote communication tools or whether it is distant or not, through the methods determined by the Board that it can replace the written form and will be carried out by means of an information or electronic communication device and that will allow the authentication of the customer identity. The Board is authorized to determine the procedures and principles regarding the implementation of this paragraph.

Financing contract

ARTICLE 39 – (1) Financing contract is a contract granting loan for each sort of goods and service receiving by making payment directly to the seller by delivering or providing service in the name and account of real person or legal entity purchasing the good or the service. Loan repayments are made to financing companies by the persons for whom the loans extended to their names.

(2) It is obligatory for the financing companies to make a general contract in written in advance by the sellers providing goods or services which they shall extend credit.

(3) (Amendment: 18/6/2020-7247/14 art.) The Financing contract, is arranged in written or at a distance by using remote communication tools or whether it is distant or not, through the methods determined by the Board that it can replace the written form and will be carried out by means of an information or electronic communication device and that will allow the authentication of the customer identity. The Board is authorized to determine the procedures and principles regarding the implementation of this paragraph.

PART THREE

Saving Financing

Saving financing Agreement

ARTICLE 39/A- (Annexed:4/3/2021-7292/Article 7)

(1) A saving financing agreement is defined as an agreement providing interest-free financing which grants the client the right to obtain financing for the acquisition of housing, business property or a vehicle, based on predetermined conditions concerning the amount of raised savings and maturity, that grants saving financing company the obligation to manage the accumulated savings of the Client, to repay and to provide financing and the right to charge an organization fee.

(2) Saving financing agreement may be concluded through the use of written or distance communication tools or over an information or electronic communication device determined by the Board that can replace the written form, whether at a distance or not, and through methods that allow the verification of the customer's identity.

(3) The customer reserves the right to withdraw from the saving financing agreement within fourteen days following the signing of the agreement, without putting forward any reason and without paying any penal sanction. In case the Client uses the right of withdrawal, the company shall be obliged to reimburse the entire amount collected from the Client, including the organization fee, within fourteen days as of the withdrawal decision is notified.

(4) The Client reserves the right to terminate the Agreement until the end of the savings period concerned in the saving financing agreement. In case the Client exercises his/her right of termination under the Agreement, the Company shall be obliged to reimburse the total amount of savings, excluding the organization fee, to the Client within a period to be determined by the Board. The allocation may be postponed to a future date upon the request of the Client; the rights and obligations of the customer as per the Agreement shall remain reserved in case of postponement. Saving financing agreements cannot be terminated unilaterally by the Company, except in the event that the Client fails to fulfill his/her obligations under the Agreement.

(5) Saving financing agreements, at a minimum, includes provisions regarding the amount, maturity, organization fee, income, costs and expenses, period and conditions for saving and using funds for the acquisition of housing, business property or vehicle, return periods and conditions, default, use of the right of withdrawal, expiry or termination of the Agreement, transfer of the Agreement to heirs, assignment of the Agreement to third parties as well as the rights and obligations of the Parties. Companies are obliged to fulfill the obligations they have undertaken

within the scope of saving financing agreements. The procedures and principles regarding informing the customer within the scope of the Agreement and the implementation of this article shall be resolved by the Board.

Saving Financing Activity

ARTICLE 39/B- (Annexed:4/3/2021-7292/Article 8)

(1) Saving financing companies shall arrange a separate savings and finance plan for each Client group and individual Client. In case of savings on behalf of a group of clients the delivery dates of the clients shall be determined on the basis of the total maturity foreseen for the group.

(2) Saving financing companies will have to segregate their saving fund accounts from their other accounts. The assets of the savings fund pool cannot be used for any purpose other than fulfilling the obligations of the companies arising from the saving financing agreements; cannot be confiscated or cannot be subjected to the transfer and assignment of receivables and exchange; cannot be pledged, referred as a collateral, cannot be seized for purposes including the collection of public receivables, with the exception of the receivables of Clients arising from saving financing agreements, cannot be subject to interim injunction, precautionary attachment or bankruptcy estate.

(3) Saving financing companies will operate in line with interest-free financing principles.

(4) The interest-free investment instruments in which the funds consisting of savings will be deposited, the savings and financing methods in accordance with the principles of interest-free financing and the procedures and principles regarding the implementation of this article shall be resolved by the Board.

SECTION FIVE

Association

PART ONE

Association

Financial Institutions Association

ARTICLE 40 – (Amended with its Title:4/3/2021-7292/Article 9)

(1) Companies and asset management companies regulated as per Article 143 of Law No. 5411 and other organizations subject to the supervision and control of the Agency (BRSA), which are deemed appropriate by the Board, will be obliged to become members of the FIA within one month from the date of obtaining an operating permit.

Duties and Authorizations of the Association

ARTICLE 41 – (1) The association is assigned and authorized from the followings:

- a) Providing the development of the profession, increasing the union and solidarity of the members, making activities of training, presentation and research,
- b) Providing the members to work in union and in discipline which the profession requires according to the needs of the economy, by defining the principles of the profession,
- c) Defining professional principles and standards to which the members shall adjust,
- ç) Announcing the precautions requested to be taken by the Agency and the resolution taken pursuant to the legislation concerned,
- d) Taking each kind of precautions required for preventing unfair competition between their members and implementing thereof,
- e) Defining principles and conditions which the members shall obey in their announcements and advertisement by type, shape, quality and amount,
- f) Suing in subjects which concerns the common interests of their members, pursuant to the resolution of the board of directors,
- g) Providing cooperation relating to common projects between members,
- ğ) Fulfilling other duties stated in this Law.

Organs and Statute

ARTICLE 42 – (1) The organ elections of the Association is realized under juridical surveillance and with secret vote within the scope of the principles foreseen in this Law. The list defining members to join the elections and their members should at least be confided to the head of the board of election to be determined by the Supreme Election Board by a letter the agenda, place, date and the hour of the meeting, defining the respects relating to the second meeting to be made in case of the fact that there shall not be majority, in three copies, at least 15 days before the board meeting in which the election shall be made. The judge approves the list and other respects by making the required analysis; and assigns a head of election board and two election board members and one assistant member for each. Voting operation is made according to secret vote and open census principles. By the end of election period, the election results are determined by a minute and signed by the head of election board and the members. Each sort of objections to be made to the elections in two days as of the regulation of the minute are analyzed by the judge and adjudicated exactly.

(2) The amendments to be made in the status of the Association are entered into force by the resolution of the Council of Ministers upon the proposal which the Agency shall present by receiving the point of view of the Association. The members have to obey the resolutions and the precautions to be taken by the Association and the status of the Association. The Association expenses are distributed to the members as to the number of votes determined pursuant to status. The members have to invest the share of expenses to their contribution within the period determined in the status. In case that the participation shares to expenses are not paid in the period determined, they are collected by enforcement by the Association. The decisions on payment of expense participation shares are in written official document nature in the article

68 of the Law Nr. 2004.

(3) The board of directors of the Association may impose administrative fines from 1.00 TL to 10.000 TL on members who do not timely and fully comply with the general or specific decisions and measures taken by Association.

Central invoice record

ARTICLE 43 – (1) Factoring companies and banks consolidate the information concerning the receivables which they took over including invoice information in Risk Center or in a manner that the Association found appropriate. The principles and procedures relating to sharing of the information are determined by the Association.

SECTION SIX

Penalty Provisions

PART ONE

Administrative Fines

Administrative Fines

ARTICLE 44 - (Amended:20/2/2020-7222/Article 23)

(1) Upon a relevant resolution of the Board and on the condition that the justification is stated;

a) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of violation of Article 8 of this Law;

b) an administrative fine up to ten times the amount constituting the contradiction shall be imposed on the Company, provided that it is not less than sixty two thousand five hundred Turkish lira, in case of violation of subparagraph (b) or (c) of the first paragraph of Article 9 of this Law;

c) an administrative fine up to five times the amount constituting the contradiction shall be imposed on the Company, provided that it is not less than sixty two thousand five hundred Turkish lira, in case of violation of the second paragraph of Article 9 of this Law;

ç) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of violation of the first, second or fifth paragraph of Article 11 of this Law;⁽²⁾

d) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company in case of an appointment in violation of Article 13 of this Law; if the violation is not remedied within ten working days as of the sanction is notified, the fine imposed will be increased by ten percent for each day of delay as of the end of this period;

e) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of violation of the first paragraph to Article 14 of this Law;

f) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of adopting practices that significantly affect the financial size of the company or that are continuous although not significantly affecting them, in case of violation of the third paragraph to Article 14 of this Law;

g) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of violation of the fourth or fifth paragraph to Article 14 of this Law;

ğ) an administrative fine up to one percent of the amount that constitutes the contradiction shall be imposed on the Company, provided that it is not less than sixty two thousand five hundred Turkish lira, in case of violation of the limitations set out as per the regulations issued pursuant to Article 15 of this Law;

h) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case the notification stipulated as per the second paragraph of Article 15 of this Law is not made;

ı) an administrative fine up to two thousandths of the provision amount to be reserved shall be imposed on the Company, provided that it is not less than twenty-five thousand Turkish lira in case the provisions required in accordance with Article 16 of this Law are not duly reserved; if the violation is not remedied within the period to be granted by the Agency (BRSA), provided that it is not less than three months, an administrative fine up to three percent of the unallocated reserves shall be imposed on the Company;

ii) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of violation of the second or fourth paragraphs to Article 17 of this Law;

j) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of violation of the first paragraph of Article 19, the first or second paragraph of Article 22, second paragraph of Article 38 and the second or third paragraph of Article 39 of this Law;

k) (**Annexed:4/3/2021-7292/Article 10**) an administrative fine up to five times the amount constituting the contradiction shall be imposed on the Company, provided that it is not less than sixty two thousand five hundred Turkish lira, in case of violation of the fifth paragraph of Article 9, the third or fourth paragraphs of Article 39/A;

l) (**Annexed:4/3/2021-7292/Article 10**) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on the Company, in case of violation of the second or fifth paragraphs of Article 39/A, the first, second or third paragraphs of Article 39/B.

(2) Upon a relevant resolution of the Board and on the condition that the justification is stated;

a) an administrative fine from fifty thousand Turkish lira to seventy-five thousand Turkish lira shall be imposed on real and legal persons, in case of violation of the third paragraph of Article 6 of this Law;

b) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on real and legal persons, in case of violation of the first, second or third paragraphs of Article 11 of this Law;

c) an administrative fine from twenty-five thousand Turkish lira to fifty thousand Turkish lira shall be imposed on real and legal persons, in case of violation of the second or fourth paragraphs of Article 17 of this Law.

(3) Upon a relevant resolution of the Board and on the condition that the justification is stated; an administrative fine from fifty thousand Turkish lira to seventy-five thousand Turkish lira shall be imposed on real and legal persons concerned, in case of acting in breach of the

decisions taken by the Board and the Agency, the regulations and communiqués issued based on the relevant articles of this Law, other legislation and the instructions given by the Agency.

(4) The Board is authorized to double the fines stipulated in this Article, taking into account the fact that the violation may have been committed more than once until a sanction decision is made or same violation may be repeated within two years following the execution of the administrative fine.

Right to Defense and Decision for Closure

ARTICLE 45 – (1) The decisions as to whether the administrative fines shall be implemented or not shall be taken after receiving the defense of the related party. If no such defense has been submitted within one month from the date of receipt of a notice requiring the relevant party to file a defense, then the relevant party shall be deemed to have waived its right to defend.

(2) While the provisions of the article 44(1)(a) shall be applied to any branch opened in Turkey in contradiction to the article 8 of this Law, they are closed permanently or temporarily by the governors upon the demand of the Agency.

PART TWO

Offences

Operating without an Operating License

ARTICLE 46 – (1) Persons engaged in financial leasing, factoring, financing and saving financing activities without obtaining in advance the necessary operating license pursuant to this Law shall be sentenced to imprisonment from two to five years and a judicial fine of up to five thousand days. Security measures specific to legal persons shall also be imposed on the legal person who is thought to be benefiting from the consequences thereof while committing this crime. Besides, in case the offense thereof was committed under the roof of a work place, these workplaces may be ordered to be sealed for a period of one month to one year; in case of recurrence of the offense, these workplaces may be closed permanently.

(2) Persons who use the words and phrases that would lead to the impression that they are operating as a commercial company in their commercial titles, all kinds of documents, announcements and advertisements or public statements without obtaining in advance the necessary operating license pursuant to this Law shall be sentenced to imprisonment from three months to one year and a judicial fine of up to one thousand days. Besides, these workplaces may be ordered to be sealed for a period of one month to one year; in case of recurrence of the offense, these workplaces may be closed permanently.

(3) In the event of an act in breach of the first and second paragraphs, if a lawsuit is filed by the criminal judge of the peace upon the request of the Institution to the relevant Chief Public Prosecutor's Office, the court dealing with the case shall temporarily suspend the activities and advertisements of the workplaces and have their advertisements removed from the market. These measures shall prevail until they are abrogated by a judge's decision. These decisions may be appealed.

(4) (Annexed:4/3/2021-7292/Article 11) Should these breaches occur over the internet,

the Agency (BRSA) may decide to remove the content and/or block access to the content. The said resolution is forwarded to the Information Technologies and Communications Authority for execution.

(5) (Annexed:4/3/2021-7292/Article 11) The Board may decide to liquidate the companies that engage in saving financing activities without obtaining the necessary operating license within the scope of the first paragraph of Article 50/A. The second, third and fourth paragraphs of the same article shall apply to companies for which a liquidation decision has been made.

Failure to submit the data and documents required by authorized agencies and auditors and preventing their actions

ARTICLE 47 – (1) Persons who do not present the information and documents which the authorized authorities and auditors by this Law are punished by imprisonment up to one year to three years and judicial penalty up to 500 days to 1500 days.

(2) Persons who prevent the auditors authorized by this Law to make their duties are punished with penalty of imprisonment up to two years to five years.

Making Misrepresentation

ARTICLE 48 – (1) Due to false announcements of the company in documents which they present to authorities and auditors stated in this Law and which they publish, the persons who sign each sort of documents comprising basis to them and regulating thereof are punished with imprisonment up to one year to three years, and judicial penalty not being less than 1500 days.

Declaration Liability of the Agency

ARTICLE 49 – (1) In case of determining any element of offence by the Agency relating to the offences stated in this Law, notification is made to Office of the Chief Public Prosecutor.

Prevention of Withdrawal of Savings

ARTICLE 49/A - (Annexed:4/3/2021-7292/Article 12)

(1) Those who act in breach of the third or fourth paragraphs of Article 39/A are sentenced to imprisonment from six months to two years and a judicial fine up to five hundred days.

Embezzlement

ARTICLE 49/B- (Annexed:4/3/2021-7292/Article 13)

(1) The chairman and members of the board of directors and other members of the saving financing company who embezzle the money or substituting documents, bills or other goods whose possession have been transferred to him/her due to his/her duty or which he/she is obliged to protect and supervise are sentenced to imprisonment from six to twelve years and a judicial fine of up to five thousand days and to indemnify the loss suffered by the saving financing company.

(2) In case such offense is committed with fraudulent acts aimed at ensuring that the embezzlement is not disclosed, the perpetrator shall be sentenced to imprisonment from twelve to eighteen years and a judicial fine of up to twenty thousand days. However, the amount of the judicial fine to be imposed cannot be less than three times the loss suffered by the saving financing company. In addition, in case of non-payment of the loss, the court shall rule the damage to be paid ex officio.

(3) The event where the real person partners who have legally or de facto held the management and control of a saving financing company, whose operating license has further been revoked, cause losses for the saving financing company in a way that shall jeopardize the security and safety of the operations of the saving financing company by making the savings available, directly or indirectly, for their own or others' benefit shall in any case be considered as embezzlement. Those who commit these acts are sentenced to imprisonment from ten to twenty years and a judicial fine up to twenty thousand days; however, the amount of the judicial fine to be imposed cannot be less than three times the loss suffered by the saving financing company. In addition, it is decided to severally collect the loss from the perpetrators.

(4) In case the embezzled money, documents or bills replacing money or other goods are fully returned before the investigation starts or the loss suffered is fully compensated, the penalty to be imposed shall be reduced by two thirds.

(5) In case the embezzled money, documents or bills replacing money or other goods are fully returned before the prosecution starts or the loss suffered is fully compensated, the penalty to be imposed shall be reduced by half. If this happens before the judgment is finalized, the penalty to be imposed shall be reduced by one third.

(6) The penalty to be imposed may be reduced from one third to one half due to the fact that total value of money, documents or bills replacing money or other goods that constitute the subject matter of the crime of embezzlement is low.

PART THREE

Revocation of Operating Permission

Revocation of Operating Permission

ARTICLE 50 – (1) Operating license of companies other than saving financing companies may be revoked due to

a) Failure of the company to operate within one year following the receipt of the operating permit,

b) failure to become a member of the Agency within one month following the receipt of the operating license, and when this obligation is not fulfilled within one week following the warning made by the Agency (BRSA),

c) failure to duly notify the change of address to the Agency within the legal period and failure to notify the legal notice,

ç) suspension of the company's operations for an uninterrupted year,

d) engaging in activities prohibited as per sub-paragraphs (a) or (ç) of the first paragraph of Article 9,

e) termination of the activities,

f) **(Annexed:4/3/2021-7292/Article 14)** failure of the company to take the necessary measures required by the Agency pursuant to Article 15, failure of the company to resolve the problems within the appropriate time granted by the Agency or when it is determined by the Agency that no results can be obtained despite taking these measures,

in line with the decision taken by at least five members of the Board voting in the same direction.

(2) The resolution regarding the revocation of the operating license is notified to the relevant company and published in the Official Gazette. The publication of the resolution regarding the revocation in the Official Gazette has the effect of a notification communicated to the relevant parties.

(3) The companies, other than saving financing companies, whose operating license is revoked are obliged to immediately cease their operations, to convene the general assembly within three months following the date of revocation for to take a decision to amend the subject matter and commercial title of the company or to initiate liquidation procedures.

Revocation of the Operating License and Liquidation of a Saving Financing Company

ARTICLE 50/A - (Annexed:4/3/2021-7292/Article 15)

(1) The Board is authorized to revoke the company's operating license and decide on its liquidation in line with the decision taken by at least five members, voting in the same direction, in case the liquidity level cannot be maintained or in case it is understood that the liquidity level cannot be maintained, where liquidity cannot be calculated reliably or is deliberately miscalculated or in case the company fails to take the measures requested by the Agency within the scope of Article 15 within the given period or if it is determined that it is not possible to strengthen the financial structure of the Company although these measures have been taken partially or completely. The Clients' right to use finance included in the Agreements shall not be applied in companies who are decided to be liquidated within the scope of this article. The resolution for liquidation will be published in the Official Gazette. The date of publication shall be considered as the date of notification communicated to the relevant parties.

(2) **(Amended:18/7/2021-7333/Article 18)** Companies that are decided by the Board to be liquidated shall be liquidated by a liquidation commission of at least three people to be appointed by the Savings Deposit Insurance Fund. The members of the liquidation commission and those assigned to be represented by these persons are subject to Article 127 of the Law No. 5411.

(3) All decisions subject to registration, taken by the company whose liquidation is decided, are registered and announced by the trade registry directorates, upon the request of the liquidation commission, without requiring notary approval and without being subject to any fees and service charges. The powers of the general assembly of the company are exercised by the liquidation commission, without being subject to the provisions of the Law No. 6102. All judicial

proceedings such as lawsuits, appeals and proceedings brought by the liquidation commission regarding this company shall be exempt from fees. The liquidation commission assigned to carry out the liquidation proceedings of the company has the capacity to be a party within the context of judicial proceedings or lawsuits.

(4) (**Amended:18/7/2021-7333/Article 18**) The provisions of Articles 106/2-7-9-10, 108, 109, 110, 132, 133, 134, 137, 138, 140, 141 and 142 of the Law No. 5411 shall apply by analogy to the companies whose operating license has been revoked and which are resolved to be liquidated. In case it is determined that the assets of the saving financing companies whose operating licenses have been revoked and whose liquidation is decided to be liquidated do not meet their obligations, the liquidation commission may request the bankruptcy of these companies from the court, pursuant to the decision of the Savings Deposit Insurance Fund Board. Article 106 of the Law No. 5411 is applied by analogy in the bankruptcy liquidation of the saving financing company for which a bankruptcy decision has been made. The Savings Deposit Insurance Fund Board is authorized to determine the procedures and principles regarding the liquidation regulated in this article.

SECTION SEVEN

Final Provisions

Provisions Amended

ARTICLE 51 – (1) The following subparagraph is added to the paragraph 20 of the section “I-Land Registry Operations” of the schedule Nr. 4 with a title of fees to be collected from Land Registry and Cadastre of Charges Law Nr. 492 and dated July 02, 1964.

“g) within the scope of leasing contracts realized by sale and leaseback method, in condition to repurchased by the end of contract period by the lease holder, during the sale of immovable leased to leaseholder 3.96 in thousand is taken from the transferor (in case of determination of not taking back the immovable by the leaser in any way, the ratio in the subparagraph (a) and the fee amount equivalent to the difference between the ratio in this subparagraph is collected with the default interest pursuant to the provisions of the Law nr. 213, from the ones concerned)

(2) The Council of Ministers is authorized to determine the minimum interest rates that financial leasing, factoring and financing companies and the branches established in Turkey shall implement in borrowing transactions and the qualities of other interests and determining minimum amounts or rates thereof and to release them partially or wholly. The Council of Ministers can transfer the authorizations thereof to the Central Bank of The Republic of Turkey.

Provisions abolished

ARTICLE 52 – (1) The Act on Financial Leasing dated June 10, 1985 and nr.3226 and the Decree Law on Borrowing Transactions dated September 30, 1983 and nr.90 are abolished with their annexes and amendments.

(2) The references made to the Decree Law nr.90 and the Act nr.3226 are deemed to be made to the articles concerned of this Law.

Implementation of the current regulations

PROVISIONAL ARTICLE 1 – (1) The provisions of the regulation, which are not in contradiction with this Law, issued depending on the provisions abolished, are continued to be implemented.

(2) The regulations foreseen in this Law are entered into force in one year.

Adaptation Period

PROVISIONAL ARTICLE 2 – (1) The companies have their conditions adapted to the article 5(1)(e) in three years; the article 8(1) and the article 13(2) in six months as of the publication of this Law. In case of the fact that compelling reasons exist and thereof deemed appropriate by the Board, these periods can be extended, not exceeding more than one year.

(2) The provisions of the paragraph 1 are implemented on applicants for establishment or authorization to operate to the Agency before April 30, 2012.

Liabilities concerning the Association

PROVISIONAL ARTICLE 3 – (1) The status of the Association which includes the authorized bodies of the Association, representation of companies in the authorized bodies of the Association, working principles of the Association and the scope of the activities, to be prepared by Financial Leasing Association, Factoring Association and Consumer Finance Companies Associations upon receiving the approval of the Board, is put into effect by the decision of the Council of Ministers upon the proposal of the Agency.

(2) Companies operating before the effective date of this Law should become a member of the Association within one month following the date of the Association's initiation.

(3) The provisions of the repealed Law No. 3226 regarding registration shall prevail, until the procedures and principles regarding the registration of contracts in the specific ledger kept by the Association pursuant to the provisions of this Law are determined pursuant to Article 22.

(4) The provisions of the repealed Law No. 3226 shall apply for the procedures and principles regarding the registration of financial leasing contracts pursuant to Article 21, until the association is incorporated.

(5) The procedures envisaged in accordance with the first paragraph of Article 43 of this Law should be executed within one year following the date the association is incorporated.

(6) **(Annexed:4/3/2021-7292/Article 16)** References attributed to the Association of Financial Leasing, Factoring and Financing Companies in the legislation are deemed to have been attributed to the Financial Institutions Association (FIA).

(7) **(Annexed:4/3/2021-7292/Article 16)** Asset management companies, which obtained an operating license pursuant to the Law No. 5411 before the Law introducing this paragraph came into force, should become a member of the Association within one month following the date the Law introducing this paragraph enters into force.

Regulated Financial Leasing Contracts

PROVISIONAL ARTICLE 4 – (1) The implementation of provisions relating to the period of the Law Nr. 3226 which is abolished by this Law, for financial leasing contracts regulated before the date which this Law is entered into force, is continued.

Provisions relating to lenders

PROVISIONAL ARTICLE 5 – (1) The persons having lending activities pursuant to the authorization that they have from the Decree Law nr.90 can make application to the Agency for executing one of the activities stated in this Law in six months as of the date which this Law enters into force. They cannot have any lending activities other than transactions concerning the collection of receivables arising from current contracts in this period. The lenders who made application to the Agency, in condition to take the required authorization from the Board, can continue to their activities as factoring, financial leasing or financing companies. The companies to be established have to fulfill the capital liability included in the article 5(1)(e) of this Law in three years. Lending authorization of the ones who cannot receive the required authorization from the Board despite the application to the Agency and the ones who did not make any application to the Agency terminates naturally without any operation.

Increase Required Concerning the minimum Paid-up Capital of Factoring Companies

PROVISIONAL ARTICLE 6– (Annexed:20/2/2020-7222/Article 24)

(1) Factoring Companies are obliged to increase their minimum paid-up capital to the amount specified in Article 5 within one year from the effective date of this article.

(2) The period specified in the first paragraph may be extended if deemed appropriate by the Board, provided that it does not exceed two years.

(3) The operating licenses of Companies who failed to increase their minimum paid-in capital within the periods stipulated in this article shall be revoked.

Adjustment Process of Saving Financing Companies

PROVISIONAL ARTICLE 7- (Annexed:4/3/2021-7292/Article 17)

(1) Those who carry out saving financing activities as of the effective date of this article should apply to the Agency within one month as of the effective date, submit a plan annexed to

the application undertaking to bring their situation into compliance with the provisions of the Law within six months at the latest or to ensure the liquidation procedures without deteriorating the rights and interests of the customer, and, if the plan is deemed appropriate, to carry out the necessary actions within the time limits specified in the plan.

(2) The provisions of Article 46 shall apply to those who proceed to engage in saving financing activities without making an application to the Agency within the period specified in this article.

(3) The six-month period stipulated in the first paragraph of this article may be extended so as not to exceed six months, provided that an additional plan estimating the compliance with the provisions of the Law is submitted and the said plan is approved by the Board. In addition, the Board is authorized to extend the adjustment period in order to comply with the provisions of the legislation other than subparagraph (e) of the first paragraph of Article 5 two more times, so as not to exceed six months.

(4) A liquidation decision can be resolved within the scope of the first paragraph of Article 50/A on behalf of the applicants to the Agency whose assets are determined to be unable to meet their liabilities in accordance with their independently audited financial statements, who fail to bring their situation into compliance with the provisions of this Law within the period stipulated by the Law or whose plan is not deemed sufficient by the Board and who did not apply to the Agency even though they collected money from their Clients within the scope of saving financing activities before the effective date of this article. The second, third and fourth paragraphs of the same article shall apply to companies for which a liquidation decision has been made.

(5) Agreements concluded by saving financing companies which have adjusted their situations in compliance with the provisions of this Law before the effective date of the Law introducing this article shall prevail without the need for any amendment in accordance with the provisions of this Law and relevant legislation. The provisions of the second paragraph of Article 39/B shall also apply to the savings collected within the scope of the Agreements drawn up before the effective date of the Law introducing this article and the Agency is authorized to postpone the allocation dates within the scope of these agreements in accordance with the fourth paragraph of Article 15.

(6) For the purpose of the Agreements to be concluded until 1/1/2025, the obligation to render a payment on account to third parties acting as the seller and the submission of supporting documents are not required.

Adjustment Process of Financial Leasing and Financing Companies

PROVISIONAL ARTICLE 8- (Annexed:4/3/2021-7292/Article 18)

(1) Financial leasing and financing companies are obliged to increase their minimum paid-in capital to the amount stipulated in sub-paragraph (e) of the first paragraph of Article 5 within six months as of the effective date of the Law introducing this article.

(2) The period specified in the first paragraph may be extended, if deemed appropriate by the Board, provided that it does not exceed six months.

(3) The operating licenses of Companies who failed to increase their minimum paid-in capital within the periods stipulated in this article shall be revoked.

PROVISIONAL ARTICLE 9 (Added: 8/4/2022-7394/Art.34)

(1) The Savings Deposit Insurance Fund is authorized to transfer savings finance contracts that are in the savings phase and belong to savings finance companies whose liquidation has been decided under Article 50/A and the fourth paragraph of Provisional Article 7 and whose liquidation is conducted by liquidation commissions appointed by the Savings Deposit Insurance Fund, to companies that are in the process of complying with this Law and/or have completed the compliance process and obtained an operational license, upon their request. The savings amounts related to the savings finance contracts subject to the transfer shall be paid in cash to the liquidation estate by the Savings Deposit Insurance Fund. The savings amount subject to transfer refers to the total of the installment payments made to the company in liquidation, excluding organization fees or participation fees paid under a contract without any financing/allocation provided by the company in question.

(2) Amounts paid under the first and fifth paragraphs of this article shall be recorded as privileged receivables on behalf of the Savings Deposit Insurance Fund in the creditors' order list of the transferring company, ranking prior to the first-priority claims listed under the fourth paragraph of Article 206 of the Enforcement and Bankruptcy Law No. 2004.

(3) Regarding the pursuit and collection by the Savings Deposit Insurance Fund of amounts paid to the acquiring company under the first and fifth paragraphs of this article from the owners and/or legal representatives of the transferring company, the powers granted to the Savings Deposit Insurance Fund concerning banks, companies, and their assets, whose partnership rights excluding dividends as well as management and supervision have been transferred to the Savings Deposit Insurance Fund under Banking Law No. 5411, shall apply mutatis mutandis. This is irrespective of whether the transferring company or its owners have any debt to the Savings Deposit Insurance Fund or whether the Fund has imposed any lien on their assets.

(4) In determining the savings amounts related to contract transfers under this article, the records and documents of the transferring company shall serve as the basis. The scope of the transfer includes all savings finance contracts in the savings phase of the transferring company, except for those that are subject to ongoing legal proceedings.

(5) If a customer whose savings finance contract has been transferred submits a request for contract termination to the acquiring company, the relevant savings finance contract shall be returned to the transferring company. The savings amount related to the returned savings finance contract, along with 20% of the organization fee paid by the customer for this contract, shall be paid to the customer in cash and in full within one month by the liquidation estate, without being subject to the creditors' order list.

(6) For customers who wish to continue their contracts with the acquiring company, the savings amount shall be paid in cash and in full by the liquidation estate to the acquiring company within one month from the date of reconciliation, upon the acquiring company's request. The amount to be paid by the liquidation estate to the acquiring company shall be limited to the savings amount that the customer has paid to the transferring company.

(7) A new savings finance contract shall be signed between the customer who wishes to continue their contract with the acquiring company and the acquiring company. In the new savings finance contract, the savings amount previously paid by the customer to the transferring company under the old contract shall be considered as a down payment. The period from the start of the liquidation to the date of signing the new contract shall be added to the contract duration, and the time during which savings payments were made under the transferring company shall be deducted from the new contract duration. If the contract amount is increased in the new contract, half of the organization fee corresponding to the increased amount shall be collected from the customer by the acquiring company. Upon the signing of the new savings finance contract, the old contract shall become null and void.

(8) Delay and default provisions in the savings finance contract shall not apply to unpaid installments by the customer during the period between the start of liquidation and the signing of the new savings finance contract.

(9) For allocations to be made to customers who sign a new savings finance contract with the acquiring company, it is mandatory that, as of the date of the new contract, savings amounting to 40% of the contract value have been made and the period during which savings payments were made has reached two-fifths of the total contract duration.

(10) The acquiring company shall have no obligation to pay the customer the savings amount, organization fee, or any similar amounts related to savings finance contracts returned to the transferring company.

(11) Regarding savings finance contracts returned to the transferring company, 80% of the organization fee and similar receivable claims other than the savings amount shall be recorded in the transferring company's liquidation estate as a fourth-priority claim under Article 206 of the Enforcement and Bankruptcy Law No. 2004.

(12) Contracts prepared between the transferring company, the acquiring company, and the Savings Deposit Insurance Fund regarding the transfer of existing savings finance contracts, as well as savings finance contracts executed between customers wishing to continue their contracts with the acquiring company and the acquiring company, shall be exempt from stamp duty.

(13) The Board's approval shall be obtained by the Savings Deposit Insurance Fund regarding the company requesting to take over savings finance contracts.

(14) Other procedures and principles regarding the transfer of savings finance contracts shall be determined by the Board of the Savings Deposit Insurance Fund.

(15) Transactions within the scope of the first paragraph shall be implemented for a period of one year from the date this article enters into force.

Entry into Force

ARTICLE 53 – (1) This Law enters into force on the date of publication.

Enforcement

ARTICLE 54 – (1) The provisions of this Law are enforced by the Council of Ministers.