

From the Banking Regulation and Supervision Agency:

REGULATION ON VOLUNTARY LIQUIDATION OF BANKS

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SECTION ONE

Objective, Scope, Basis and Definitions

Objective

ARTICLE 1 — (1) The objective of this Regulation is to set down the procedures and principles for ceasing of activities and voluntary liquidation of banks.

Scope

ARTICLE 2— (1) The provisions of this Regulation are applied for the voluntary liquidation of banks.

(2) Provisions of this Regulation are not applied for the liquidation by bankruptcy and voluntary liquidation included in the Article 106 of the Law, of banks whose operating license has been revoked or whose partnership rights excluding dividend along with its management and supervision has been transferred to the Fund.

Basis

ARTICLE 3 — (1) This Regulation has been prepared on the basis of the Articles 20 and 93 of the Banking Law Nr. 5411 dated October 19, 2005.

Definitions

ARTICLE 4— (1) The following terms used in this Regulation shall have the meanings expressly designated to them below:

- a) Bank: Banks defined in the Article 3 of the Law,
- b) Fund: Savings Deposit Insurance Fund,
- c) Voluntary liquidation: Ceasing of activities of a bank by its authorized organs and with this object liquidating its assets, collecting its receivables, paying its debts and distributing residual balance, if any, to shareholders and removing the record from trade registry.
- ç) Law: Banking Law Nr. 5411,
- d) Participation Fund: Participation fund defined in the Article 3 of the Law.
- e) Board: Banking Regulation and Supervision Board,
- t) Agency: Banking Regulation and Supervision Agency.
- g) Deposit: Deposit defined in the Article 3 of the Law.

SECTION TWO

Board Permission, Initiating Voluntary Liquidation and Announcement

Board Permission

ARTICLE 5 — (1) Ceasing of activities and voluntary liquidation of banks are subject to the permission of the Board. It is obligatory for banks to add detailed financial and judicial reports, displaying the justification for termination of activities and voluntary liquidation and analyzing the possible outcomes of liquidation, to their letter of application. The Agency is authorized to demand from banks any additional information and documents it deems necessary and to ask the said detailed reports to be prepared by the institutions authorized as per the Regulation on Authorization and Activities of Institutions to Perform External Audit in Banks .

Ceasing of the bank's activity and initiating voluntary liquidation procedures

ARTICLE 6 — (1) Without the permission of the Board, the bank's activity cannot be ceased and voluntary liquidation cannot be initiated on its own. In three months following the permission of the Board for ceasing of bank's activities and voluntary liquidation, the decision to initiate liquidation is adopted by the authorized bodies of the related bank by the law.

(2) Within three-month period stated in paragraph one, pursuant to procedures in provisions of Turkish Commercial Code dated June 29, 1956 and Nr. 6762 about joint-stock companies, it is obligatory that liquidation resolution to be adopted by the general meeting of shareholders of the related bank in accordance with the related quorum set for the meeting and resolution while the general meeting of shareholders official record in which this resolution has been adopted along with the list of the attendants should be submitted to the Agency in seven days following the date the resolution has been adopted.

(3) It is obligatory for Turkey branches of banks established abroad that the resolution of the board of managers in Turkey, as well as a notary certified translated copy of the resolution to be adopted by the related bank authority in the country where the parent bank of the branche of which its banking activities to be ceased i and to be liquidated is centered should be submitted to the Agency in three months following the permission of the Board. The Agency is also authorized to ask for a apostilleannotated copy of this resolution by the embassy or consulate of Turkey in that country or as per the provisions of the Convention on Abolishing the Requirement of Legalization of Foreign Official Documents in the framework of the Conference of The Hague on Private International Law.

(4) In case no liquidation resolution has been adopted in three months following the permission date, the permission given renders null and void. Unless renewing the permission again, ceasing of the bank activity and liquidation procedures cannot be carried on. Liquidation transactions are initiated in fifteen days at the latest after the liquidation resolution has been adopted.

(5) Banks which adopted a liquidation resolution by no means and on no condition can execute any banking transactions with the exclusion of transactions for liquidation.

(6) Transactions relating to ceasing of activities and liquidation of banks are subject to the supervision of Agency. The Board is authorized to assign one or more than one member to liquidation board, if necessary, as a representative for the Agency.

Announcement

ARTICLE 7 — (1) Banks initiated liquidity transactions according to the Article 6(1), are obliged to refund any in kind or cash deposits or participation funds and escrows and current account balance and other debts they hold, without any delay even if they are forward contracted, in two months following the last announcement date together with accrued interest or dividend, if any, by issuing three times in at least two papers which is published and distributed throughout Turkey one week intermittent and announcing to deposit or participation fund holders and creditors or persons or entities that can be counted as such, and to entrust any deposit, participation fund, escrow and receivables- in kind or cash, of which holder has not applied yet within this period to the Agency in fifteen days following the end of the two-month period.

(2) In case the responsibility stated in paragraph one is not fulfilled partially or fully or in time, the Board is authorized to abolish the liquidation license that has been granted initially, as it deems necessary.

SECTION THREE

Miscellaneous and Final Provisions

Responsibility of the Agency

ARTICLE 8 — (1) The Agency keeps the assets transferred by banks according to the Article 7 for a period of ten years in due form by announcing in new-year beginning from the following new-year. These assets which are not requested for six months as of the last announcement date are transferred to the Fund so as to be recorded as income.

(2) Matters on which accounts or how the assets entrusted to the Agency would be recorded and from which income accounts the expenses stemmed from announcement obligations thereof would be met are determined by the Board.

Notification of liquidation record

ARTICLE 9 — (1) Banks submit the proving documents to the Agency in seven days following the registry of liquidation resolution to the Trade Register.

Enforcement of voluntary liquidation

ARTICLE 10— (1) Provisions of Turkish Commercial Code concerning liquidation are applied during liquidation of banks established and operating in Turkey.

(2) In liquidation of Turkey branches of banks established abroad, if no other liquidation board has been assigned, the board of managers of liquidated branches enforces liquidation procedures being qualified with rights, authorities and liabilities included in provisions of Turkish Commercial Code concerning liquidation.

Other provisions

ARTICLE 11 — (1) The Board is authorized to take actions different from the codes defined in this Regulation and take additional measures concerning a bank initiated voluntary liquidation, pursuant to the Law and the related legislation.

Entry into force

ARTICLE 12— (1) This Regulation enters into force in the date of publication.

Enforcement

ARTICLE 13— (1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency.