

From the Banking Regulation and Supervision Agency:

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

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

SECTION ONE Objective, Scope, Basis and Definitions

Objective and Scope

ARTICLE 1: The objective of this regulation is to set down the principles and procedures regarding the establishment and the working principles of financial leasing, factoring and financing companies.

Basis

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

Definitions

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

- a) Law: The Financial Leasing, Factoring and Financing Companies Law Nr. 6361 dated November 21, 2012;
- b) Control: A legal entity's possession of the power to appoint or remove from the office the decision taking majority of the members of Board of Directors, through owning the majority of the capital directly, without the requirement of the condition of owning a minimum of fifty one percent, or by owning the privileged shares without owning the said majority, or by making a disposition over the majority of the voting rights based on the agreements made with the other shareholders, or by any means;
- c) Mortgage Financing: According to the Article 57 of The Capital Market Law Nr. 6362 dated December 6, 2012, granting loans to consumers for the purpose of obtaining house, leasing houses to the consumers through financial leasing, granting loans to consumers under the guarantee of their own houses and refinancing these loans;
- ç) Board: Banking Regulation and Supervision Board;
- d) Agency: Banking Regulation and Supervision Agency;

- e) **(Amended:RG-26/6/2015-29398)** Own Funds: The balance obtained through deducting, if any, net loss for the period, previous years' loss and other items to be determined by the Board from the sum of paid-up capital, capital reserves, profit reserves, net profit for the period, previous years' profit, the balance of the general provisions, up to a 1,25 percent of the total amount of the loans granted and the sum of other items to be determined by the Board as well as subordinated debts whose qualifications shall be determined by the Board,
- f) Company: Financial Leasing, Financing and Factoring Companies established in Turkey;
- g) Branch: Any work place which constitutes a legally bound part of companies and which performs partly or entirely the activities of these companies by itself.

SECTION TWO

TRANSACTIONS SUBJECT TO PERMISSION

Establishment of Company

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

- a) An operating program which includes the budget plan for the first three years and the structural organization of the company, the projections about the financial structure of the company, business plans concerning foreseen activity subjects that analyze the benefit of establishing a company;
- b) A declaration form which will be prepared by real persons and legal entities that have the control or shareholders holding a share of ten percent or more in capitals of founders and legal entity founders in accordance with the examples in ANNEX-1 and ANNEX-2 and to be signed in the presence of a notary public. ;
- c) The draft of articles of association signed by founders;
- ç) An undertaking signed in the presence of a notary public that shows shareholders holding a share of ten percent or more in capitals of founders and legal entity founders or real persons and legal entities who have the control have not been declared bankrupt (Annex 3; Annex 4);
- d) An undertaking signed in the presence of a notary public that shows legal entity founders and shareholders holding a share of ten percent or more or legal entities who have the control shall not have an approved application for restructuring through reconciliation or not have been issued a decision for postponement of bankruptcy (Annex 4);

- e) Legal criminal records taken in last six months including archive records of shareholders holding a share of ten percent or more in capitals of founders and legal entity founders or real persons that have the control;
- f) Decision copies taken from the authorized committees of the legal entity founders about the partnership of establishing company;
- g) An undertaking signed in the presence of a notary public (Annex 5) showing partners holding a share of ten percent or more in the capitals of founders and legal entity founders or real persons and legal entities who have the control have not directly or indirectly held a share of ten percent or more in or the control of the banks subjected to the Article 71 of the Banking Law Nr. 5411 dated October 19, 2005 and banks transferred to the Savings Deposit Insurance Fund before entry into force of the Banking Law Nr 5411 and documents about this subject received from the Savings Deposit Insurance Fund;
- g̃) An undertaking signed in the presence of a notary public (Annex 6) showing shareholders holding a share of ten percent or more in the capitals of founders and legal entity founders or real persons and legal entities who have the control have not directly or indirectly held a share of ten percent or more in or the control in any factoring, financial leasing, financing and insurance companies and institutions operating in the money and capital markets, the operating licenses of which have been abrogated, excluding voluntary liquidation and the bankers subjected to liquidation of their businesses;
- h) Detailed explanations about the shareholders holding a share of ten percent or more in the capitals of the legal entity founders or real and legal persons holding control, share rates and amounts, fields of activity, investment and operating areas as well as their last three years' balance sheets and income statements approved by chartered accountants according to the Certified Councillorship and Certified Public Accountant Law Nr 3568 dated June 1, 1989, and a report, if available, prepared by one of the rating companies for legal entity founders having the nature of bank or financial institution;
- i) Tables showing the shareholding structures of the legal entity founders until the real person shareholder or partners are reached, and lists showing their privileged shares or, if unavailable, an undertaking(Annex 4) signed in the presence of a notary public showing there is not any privileged shares;
- i) An undertaking signed in the presence of a notary public showing partners holding a share of ten percent or more in the capitals of founders and legal entity founders or real persons and legal entities having the control, have not any tax debt due (Annex 3; Annex 4);
- j) The documents issued by the related banks, addressed to the Agency, each having the same date for the purpose of disseminating the information regarding the deposit and loan accounts specified in the founder's declarations, including the opening dates of these accounts, of the founders who commit ten percent or more of the capital.

- k) The report to be issued by chartered accountant licensed in accordance with the Law Nr 3568 on the financial status of real person founders who commit ten percent or more of the capital ;
- l) An undertaking issued in accordance with the example in Annex 7 and signed in the presence of a notary public by the founders committing ten percent or more of the capital which will include the information about how they supply the required money and they ensure that they supply this required money from their commercial, industrial and other activities without any falsification;
- m) The form of proxy granted to the representatives of founders, if available, for the transactions to be carried out with the Agency;
- n) The detailed CVs of the board members organized according to the example in Annex 8;
- o) Notarized copies of foreign national real persons identities or passport except those whose identities and address can be seen in electronic system organized according to the Population Law Nr 5490 dated April 25, 2006;
- (2) If founders are banks or financial companies established abroad, they should send the documents below to the Agency besides the (a), (b), (c) and (1) clauses of the first paragraph:
- a) Decision copies taken from the authorized institutions about the establishment of a company in Turkey;
- b) Consolidated independent audit reports for the last five years;
- c) A document obtained from authorized institutions indicating that there are no restrictions or prohibition in their financial operations in the country they have already established and been operating;
- ç) A report, which includes documents and detailed information about their operations in international financial markets, their organizational structure in the established country and abroad and their field of activities in articles of association and if any, the rating prepared and foreseen by the rating companies.;
- (3) It is obligatory that mortgage activity shall be determined as a field of activity in the articles of association draft to be organized according to the (c) clause of the first paragraph by the financial leasing and financing companies to have mortgage operations;
- (4) (**Annex:RG-21/10/2017-30217**) The articles of association of the company, which shall operate on interest-free basis, prepared in accordance with the clause (c) of the first paragraph, is obliged to state that the company's field of activity is based on interest-free principle and the company shall pursue its operations in accordance with these principles.
- (5) If the deficiencies in the information and documents regarding the applications of the establishment are not eliminated within six months from the date of notification of the Agency's letter regarding the deficiency, the application becomes invalid.

Operating Permission

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

- a) A Copy of the Trade Registry Gazette in which the articles of association has been published;
- b) Documents verifying that board members, general manager and assistant general managers have the qualifications specified in the Article 13 of the Law.

(2) The Agency examines whether the company applied for the permission for operation has paid the capital in cash without any falsification and whether the capital is at a level to carry out the planned activities or not, whether the appropriate service units and internal control, accounting information processing and reporting systems have been established, and whether adequate staff positions have been established for these units, and whether appropriate job descriptions of the personnel and powers and responsibilities are determined or not. Following the evaluation, those who deem appropriate are granted an operating permission by the Board. Operating permissions granted become valid as of their publication in the Official Gazette.

(3) Prior to the publication of the operating permission in the Official Gazette, based on the notification to be made by the Agency, it is obligatory to submit the documents to the Agency showing the founders has paid the amount indicated in the Article 5 of the Law, which is five percent of minimum capital, to enter the system, to the accounting unit of the Finance Ministry as an income for the general budget.

(4) After the commencement of operation, it is obligatory to inform the Agency about the date of actual commencement of operation and the communication details .

Opening Branches in Turkey or abroad

ARTICLE 6 (1) The company that will apply to the Agency to obtain a branch permit, must operate in compliance with the standart ratio set forth in the Article 12 and must have a paid in capital of one million Turkish Liras for each branch.

(2) It is obligatory to add a copy of the board decision regarding the branch opening to the applications to be made to the Agency.

- (3) In order to give permission to the company for opening a branch abroad, it is obligatory that there is no restrictions for the Agency to achieve the information and documents necessary for such branches' supervision and audit, in the regulations and implementations of the country that the branch is located.
- (4) As a result of the assessment to be made, the company is granted permission to open a branch if it is deemed appropriate by the Agency.
- (5) Within three months from the permission date, it is obligatory to register and proclaim the domestic branch to the Trade Registry and to submit a copy of the Trade Registry Gazette where the registration is announced.
- (6) If the domestic branch is not registered and proclaimed within three months from the permission date, the branch opening permission will be invalid.. The company notifies its closed branch to the Agency within one month following the closing date.
- (7) It is obligatory to notify the address changes of the branches to the Agency within one month.
- (8) Moving the branch of the company in one city to another city is subject to the conditions of opening a new branch.
- (9) It is obligatory to notify the Agency within one month following the commencement or end of operation of the foreign branch.
- (10) Within the framework of the contracts signed with banks, the use of the physical locations of the banks by using the company's own staff and information systems, is subject to the conditions of opening domestic branches, except for exchanging information and documents with customers and operations of product advertisement,

Amendment to the Articles of Association and Capital Increase

- ARTICLE 7** (1) It is obligatory to send the draft amendments to the articles of association together with a copy of the board decision about the subject to the Agency.
- (2) In addition to the documents in the first paragraph showing the amendments to the articles of association about capital increase and the report showing the previous capital has been paid, if the capital increase is carried out from internal sources, a determination report on the addibility of internal resources to the capital must be sent to the Agency, if the capital increases to be made without resorting to internal resources, a declaration that the amount to be increased will be paid in cash, apart from an collusion, must be sent to the Agency.
- (3) (**Amended:RG-2/6/2016-29730**) The reports to be submitted to the Agency within the context of the second paragraph, should be approved by independent auditors who have the authority to conduct independent audits in the companies, in accordance with Turkish Commercial Code Law No: 6102 dated

13/1/2011, Statutory Decree No. 660 on the Organization and Duties of the Public Oversight, Accounting and Auditing Standards Agency dated 26/9/2011 and the relevant legislation.

(4) It is obligatory to notify the Agency within the scope of the second paragraph in capital increases to be made within the registered capital ceiling for companies that have entered the registered capital system within the scope of the Turkish Commercial Code Nr 6102 dated January 13, 2011.

(5) After publishing the amendment to the articles of association, a copy of the Trade Registry Gazette where the amendment is published is sent to the Agency.

(6) The part of the capital increased in violation with the legislation is not taken into consideration in the own funds account.

Acquisition and Transfer of Shares

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

(2) In the event that the transfers of shares are a bank or financial institution established abroad, it is obligatory to add the documents declared in the second paragraph of Article 4 and the (b) and (1) clauses of the first paragraph of Article 4 to its application to the Agency.

(3) It is obligatory to notify the Agency of share transfers recorded in the share register within one month, even if they are not subject to permission.

Merger, Disintegration and Liquidation

ARTICLE 9 - (1) The documents below are added to the application petition to be given to the Agency by the company for the merger and disintegration permission:

a) The board decision about merger or disintegration

b) The agreement of merger or disintegration

c) The independent audit reports regarding the determination of the company's own funds, calculation of merger and change rates, determination of the capital increase amount or the financial reports of merger or disintegration

ç) The articles of association draft after the merger or disintegration

d) The report stating the rationale of merger or disintegration

e) Estimated balance sheet after merger or disintegration and estimated financial statements stating the three-year targets from the merger or disintegration

(2) The granted permission becomes invalid, if operations of merger or disintegration are not carried out by the decision of company's board within the three months as of the declaration date of permission. These operations cannot be continued without obtaining permission again.

(3) The merger or disintegration of company is carried out according to the general provisions

(4) In the event that the company terminates its operation and liquidates, the company must apply to the Agency with the board decision about the matter. In this case, company's operating permission is revoked by the Board. General provisions are applied in case of termination and liquidation of company, with the approval of the Board.

SECTION THREE

Corporate Governance

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

ARTICLE 10 - (1) Within one month after the appointment or election of the members of the board of directors, general manager and deputy general managers, the following will be sent to the Agency in a letter attachment by company.

a) The detailed CVs organized according to the example in Annex 8 including their professional experiences and education, also notarized examples of foreign national persons' identity or passport except those whose identities and addresses can be seen in electronic system organized according to the Law Nr:5490

b) Written declarations showing that not have been declared bankrupt or not be in possession of a certificate of bankruptcy.

c) An undertaking signed in the presence of a notary public (Annex 5) showing they have not directly or indirectly held a share of ten percent or more in or the control of the banks subjected to the Article 71 of the Law Nr:5411 or the banks transferred to the Savings Deposit Insurance Fund before the effectiveness of the Banking Law Nr:5411 and documents regarding these matters getting from the Savings Deposit Insurance Fund

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

- d) Legal criminal records received in the last six months, including archive records,
 - e) A Copy of the board or general assembly decision regarding their appointment or election.
- (2) In addition to the documents in the first paragraph, a notarized copy of the undergraduate degree is sent to the Agency for the general manager and deputy general managers.
- (3) According to the second paragraph of the Article 13 of Law, in the absence of general manager, the representatives of the general manager in the meetings of the board of directors on condition that they have the same qualities with general manager and in which situations they attend the meetings are determined by the board of directors.
- (4) If the members of the board of directors, general manager and deputy general managers quit their positions for any reason, the Agency must be informed about the matter within one month.

Subordinated Debts

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

- a) The original maturity must be at least five years and there should not be an option of redemption before due date
- b) In the event of the liquidation of the company, creditors must accept that these debts are paid before the shares and after all other debts
- c) Taken as lump sum,
- ç) It must be stated in writing that the credit could not be transferred to other persons, it could not be associated with any contract or any derivative transactions that are in violation of the condition stated in subclause (b), and it could not be covered directly or indirectly in any manner
- d) If the company does not have enough equity for the standard ratio or the repayment or redemption causes the equity of the company to fall below the level to meet the standard ratio, it includes the condition that the principal and interest are not repaid even if due.
- e) Payment before maturity depends on the approval of the Agency
- f) The loan must be obtained from those other than company's subsidiaries and affiliates
- g) (**Annex:RG-21/10/2017-30217**) The Loan agreements concluded by a company operating on the basis of interest-free principles are in line with interest-free principles.

(2) In the application to be made to the Agency within the scope of the first paragraph,, it is obligatory to add to the applications made to the Agency, the notarized example or original copy of the loan contract including the conditions clearly stated above or the draft contract on condition that showing the notarized

example or original copy within the five business days following the signing date if the loan contract has not been signed yet.

(3) In the application to be made to the Agency within the scope of the second paragraph, in the draft contract given to the Agency during the application, if there is a difference between the draft contract terms and the contract terms signed, it is necessary to declare to the Agency in writing that such differences do not abrogate quality of subordinated debt of the taken loan. If the Agency approve changes in contract, received loan is added to the equity calculation as subordinated debts.

(4) **(Amended:RG-21/10/2017-30217)** In case the interest or profit share rates to be applied to subordinated debts are not determined explicitly in the loan agreement or the interest or profit share rate is excessively high compared to similar loans, it may not be permitted by the Agency to include the loan in the equity account..

(5) Subordinated debts deemed appropriate by the Agency are added to equity calculations as of the transferring date to the related accounts in the company records.

(6) In approving the repayment of subordinated debts before maturity in accordance with subparagraph (e) of the first paragraph, it is obligatory to determine that the company has sufficient equity to meet standard ratio or to provide a similar capital element that can compensate for the loss in equity.

(7) If the rest maturity of subordinated debts added to equity calculations is less than five years, they are added to equity calculation by reducing at the rate of twenty percent for each year. Subordinated debts with a maturity of less than one year are not taken into account in the equity calculation.

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

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

(10) The portion of subordinated debts that exceed 100 percent of the total of other equity items is not taken into account in the own funds calculation.

Limitations on Vehicle and Consumer Loans

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

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

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

(3) Restrictions in the first and second paragraphs of this Article are not applied if the loans granted prior to the date of publication of this article and these loans are restructured.

(4) If the limits specified in this article are exceeded; the excess loan amount is taken into account as the deducted value in the calculation of the equity of the company.

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

Standard Ratio

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

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

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

Internal Control System

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

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

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

b) Establishing the internal control activities;

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

ç) Establishing information systems appropriate to the structure of the activities and the level of complexity.

(3) Internal control system and internal control activities and how to perform them are designed by considering the qualifications of all activities. In the design of internal control activities it is obligatory to meet the conditions below;

a) Information produced within the company must be reliable, complete, traceable, consistent and have appropriate qualities meeting the needs,

b) All activities, transactions and products which are being conducted or planned to be conducted shall be in compliance with the Law, other related legislation, internal policies, rules and practices.

(4) Internal control activities are carried out depending on the board of directors or a board member other than the general manager to be determined by the board of directors. Internal control activities are carried out through internal control personnel consisting of a minimum of one person, in compliance with the structure and scope of the company, and engaged exclusively with internal control activities. As of the end of June and December, the internal control personnel report twice a year to the board of directors or

a member of the board of directors except general manager elected by the board, about the internal control activities carried out.

Establishing Information Systems

ARTICLE 14 - (1) Information systems to be established at the company are structured in accordance with the scale of the company, the nature and complexity of its activities and the products offered.

(2) Information systems are established in a structure that will allow all the information about the company to be stored and used securely in electronic environment. It is obligatory to ensure the reliability of information systems and to make necessary changes by updating regularly.

Risk Management

ARTICLE 15 - (1) The company takes the necessary precautions in order to detect and evaluate the risks it is exposed to.

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

Independent Audit

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

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

SECTION FOUR

Miscellaneous and Final Provisions

Documents to be Obtained from Abroad

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

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

(3) If the documents requested from foreign nationals cannot be obtained due to the absence of a body or system where the records are kept in the country where these persons are located, and this situation cannot be approved by a document to be obtained from the competent authorities of the relevant country,, the relevant real persons and legal entities must make a written statement stating that such authentication cannot be made.

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

Request for Additional Information and Document

ARTICLE 18 - (1) In applications to be made within the scope of this Regulation, the Agency may request additional information and documents that it deems necessary. The Board may carry out transactions within the framework of the information and documents received differently.

Repealed Regulation

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

Adaptation Period

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

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

Implementation of Current Regulations

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

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

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

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

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

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

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

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

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

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

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

Effectiveness

ARTICLE 20 - (1) This Regulation shall take effect as of the date of its publication.

Enforcement

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

(1) The first paragraph of this article shall take effect on 1/2/2014.

(2) With the amendment published in the Official Gazette dated 21/10/2017 and numbered 30217, a fourth paragraph was added to the 4th article of the Regulation and the following paragraph was added accordingly.

(3) This amendment shall take effect on 1/9/2018.

Link For The Annexes of the Regulation

<https://www.fkb.org.tr/Sites/1/upload/files/regulation-on-principles-for-establishment-and-operations-of-financial-leasing-factoring-and-financing-companies-1854.pdf>