

AMENDMENTS TO CAPITAL MOVEMENTS CIRCULAR

Certain amendments were made on the Capital Movements Circular in line with the correspondence of Ministry of Treasury and Finance dated 14 May 2019.

In our Legal Alert published in April, we have outlined the amendments made on the Capital Movements Circular with regard to the procedure to be complied with in order to prevent recurring utilization of foreign currency loans (“**FX Loans**”) extended within the scope of Investment Incentive Certificates.

In line with the above, a new amendment is made on the Capital Movements Circular on 14 May 2019 and the procedure to be conducted in order to prevent recurring utilization by Turkish residents who (a) have won the domestic tenders announced internationally, (b) have undertaken defense industry projects approved by the Defense Industry Presidency or (c) are liable for conducting the projects within the scope of public private partnerships, of FX Loans extended in Turkey or from abroad.

According to the amendment, the Turkish resident bank that has extended or intermediated the utilization of the FX Loan or the Turkish resident financial institution that has extended the FX Loan, with respect to the loan facility, shall annotate the (i) original pages of the agreement relating to the tender or the project which contain information on parties, amount, date and signatures or copy of the

pages thereof certified by the relevant public authority, or (ii) original copies of certification letters issued by the relevant authority which include the amount and date of the agreement.

With the recent amendment, Turkish resident banks and financial institutions are introduced to new undertakings in relation to the utilization and follow-up of FX loans.

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