

REGULATORY AMENDMENTS FOR MORTGAGE FINANCE INSTITUTIONS

Certain amendments on initial capital requirements and other matters were adopted for mortgage finance institutions with the Communiqué No. III-60.1.a Amending Communiqué No. III-60.1 on Principles of Mortgage Finance Institutions.

Communiqué No. III-60.1.a Amending Communiqué No. III-60.1 on Principles of Mortgage Finance Institutions (“**Communiqué**”) has entered into force by being published in the Official Gazette dated 26 August 2020 and numbered 31225, and brought certain amendments regarding initial capital and mortgage finance institutions funded by public institutions.

The following amendments have entered into force with the Communiqué:

- a) The initial share capital of mortgage finance institutions during incorporation is increased from TRY 10,000,000 to TRY 50,000,000. Active mortgage finance institutions are required to apply to Capital Markets Board of Turkey within 6 (six) months for increasing their share capital to the new threshold.
- b) Certain exceptions are brought for mortgage finance institutions of which public legal entities, public institutions and publicly funded institutions are among the shareholders (“**Public MFIs**”):
 - a. Provisions regarding structural requirements on internal management and organization (*e.g. internal control systems, accounting infrastructure*) are not applied to Public MFIs; and

- b. Provisions on managers and employees (*e.g. qualities of board members, required personnel*) are not applied to Public MFIs.

Conclusion

The Communiqué aims to increase the financial strength of mortgage finance institutions and to facilitate Public MFIs to enter the market.

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