

NEW EXEMPTION ON FX LOAN BORROWING

Central Bank of Turkey allowed Turkish residents to borrow foreign currency (“FX”) loans from Technology Development Foundation of Turkey (“TDF”) without being required to have FX income.

I. PREAMBLE

Circular on Capital Movements of the Central Bank of the Republic of Turkey (“**Circular**”) has been re-amended with the letter of Ministry of Treasury and Finance dated 18 September 2018 subsequent to multiple amendments made in the year of 2018.

With this recent amendment, another exemption has been added -among others- thereby allowing Turkish residents who comply with the criteria specified in the grant agreements executed for the projects of Reduction of I and II Ozone Layers Depletion to take FX loans from TDF without being required to have FX income by way of using the funds that will be supplied from Ozone Projects Trust Fund within the scope of the afore-mentioned agreements.

II. AMENDMENT

- The loans in the scope of this exemption are required to be transferred and reimbursed via a bank incorporated in Turkey.

- Turkish residents that take the above-referred loans are not required to have FX income, and therefore, such residents are not required to declare their FX income to Turkish resident banks.
- During the transfer of the loan proceeds, TDF is required to submit a copy of the project support contract to the intermediating bank in Turkey attached with its payment instruction.
- During the repayment of the loans, the debtor is required to submit a copy of the project support contract attached with the payment instruction of TDF and the loan repayment plan. Also, during repayment, the Debtor shall submit a declaration to the intermediating bank that the transfer is related to the repayment of the loans taken in this respect.
- In case the bank intermediating the repayment is different from the bank intermediating the transfer of loan proceeds, such repayment bank is required to notify the payment bank in writing on the repayment date.
- The intermediating bank is required to notify the loan balance to the Risk Center.

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