

UPDATED AS OF 7 FEBRUARY 2023

FINANCIAL LEASING, FACTORING, FINANCING AND SAVING FINANCE COMPANIES LAW (NO. 6361)

(Published in the Official Gazette edition 28496 on 13.12.2012)

**SECTION ONE
GENERAL PROVISIONS
PART ONE
Objective, Scope and Definitions**

ARTICLE 1 – (1) The objective of this law is to regulate the establishment and operating principles of financial leasing, factoring, financing and saving finance companies operating as financial institutions as well as the principles and procedures relating to financial leasing, factoring, financing and saving finance contracts.

Scope

ARTICLE 2 – (1) Financial leasing, factoring, financing and saving finance companies established in Turkey shall be subject to provisions of this Law.

(2) Factoring transactions made by banks as well as financial leasing transactions made by participation banks and development and investment banks shall be subject to provisions of this Law.

(3) The provisions relating to financial leasing transactions of this Law shall not apply to operating leasing transactions made by financial leasing companies.

(4) Provisions stated in other laws are reserved in the housing financing via leasing through financial leasing and the housing financing activities of financing companies and saving finance companies.

(5) Cross border leasing transactions from abroad at least for two years, of air transport vehicles, motors as well as components and parts thereof to airway companies performing passenger and freight carrying activities to be made by companies, institutions and financial leasing companies having the related authority pursuant to the legislation of the country in which they are established, based on the financial leasing contracts are deemed as financial leasing within the scope of this Law without being subject to the limitations in Article 3(1ç).

(6) The general provisions shall apply to cases for which provisions are not set out in this Law.

SOURCE: Banking Regulation and Supervision Authority (www.bddk.org.tr)UPDATES: Eryürekli Law Office (www.eryurekli.com)

English translation of this legislation is provided for informational purposes only. If there is any discrepancy between the Turkish version and the English translation, the Turkish version shall prevail. You should not rely upon this translation without receiving the confirmation of your counsel.

Definitions

ARTICLE 3 – (1) For the implementation of this Law, the following terms shall have the meanings indicated below;

- a) Association: Association of Financial Institutions,
- b) Operating leasing: The leasing other than financial leasing,
- c) Invoice: Invoice and invoice substitute documents arranged pursuant to the Tax Procedure Law no. 213 dated January 04, 1961,
 - c) Financial leasing: A leasing transaction enabling one of the following aspects on condition to be based on a financial leasing contract; transferring the possession of an asset by the lessor authorized pursuant to this Law or related legislation to the lessee at the end of lease giving the lessee the right to purchase the asset at a sum less than its current market value at the end of the lease period, lease period shall cover more than eighty percent of the asset's economic life, or the sum of current value of lease payments to be made pursuant to the financial leasing contract shall constitute more than ninety percent of the current market value of the asset.
- d) Lessor: Participation banks, development and investment banks as well as financial leasing companies,
- e) Lessee: Accepting the financial leasing,
- f) Control: Direct possession by a legal entity of the majority of capital regardless of the condition for possession of minimum fifty one percent thereof or possession of privileged shares although this majority is not owned or capability of assigning the majority of the members of the Executive Board, which is a basis for adoption of resolutions by having disposition of the majority of the voting rights pursuant to the agreements made with other shareholders or in any other manner or possession of powers for their dismissal.
- g) Board: Banking Regulation and Supervision Board,
- ğ) Agency: Banking Regulation and Supervision Agency
- h) Equity: Balance of the sum of paid-up capital, capital reserves, income reserves, net profit of the period, profit of previous years and other items to be determined by the Board to be derived by reducing, if available, net loss of the period, loss of previous years and other items to be determined by the Board as well as subordinated debts to be determined by the Board,
- ı) Company(ies): Financial leasing companies, factoring companies, financing companies and saving finance companies established in Turkey,
- i) Branch: All kinds of business premises which constitute an affiliated part of the company and perform entire or part of the activities of the companies by itself,
- j) Organization fee: The amount that customers will pay for the financing activity and the management of the savings fund under the saving finance contract,
- k) Allocation: Payment on account of the customer's savings and the financing amount committed under the contract to third parties in the position of seller for the purpose of acquisition of a residence, roofed workplace or vehicle by the customer, his successor or his / her representative, provided that the conditions for entitlement

to allocation are met, in accordance with the savings finance agreement,

l) Saving finance activity: Provided that conditions pre-determined within the scope of a contract are met, saving for a certain period of time according to interest-free financing principles for the acquisition of a house, roofed workplace or vehicle, providing financing to customers and managing the collected savings,

m) Savings fund pool: The amount remaining after deducting the amounts given as allocations and the savings repayments from the sum of the accumulated savings and financing repayments at the savings financing company in a certain period.

SECTION TWO
Transactions subject to Permission
PART ONE
Permissions for Establishment and Operation

Permission for establishment

ARTICLE 4 – (1) The establishment of a company in Turkey shall be permitted upon affirmative votes of at least five members of the Board provided that the establishment conditions laid down in this Law is fulfilled.

(2) The principles and procedures for permission applications and granting permissions shall be determined by a regulation to be issued by the Board.

Establishment conditions

ARTICLE 5 – (1) Any company to be established in Turkey shall fulfill the following requirements;

- a) It should be established as a joint stock company,
- b) Its shares should be issued against cash and to name
- c) Its trade name shall have one of the expressions of “Financial Leasing Company”, “Factoring Company”, “Financing Company” or “Saving Finance Company”,
- ç) The founders should meet the requirements indicated herein
- d) Its members of board of directors shall bear the qualifications set out in the corporate governance provisions in this Law and shall have the professional experience required for carrying out the planned activities
- e) The paid-up capital of companies other than saving finance companies, consisting of cash and free of all kinds of fictitious transactions, should not be less than 50 million Turkish Liras, and for saving finance companies, such amount should not be less than 100 million Turkish Liras,
- f) Its articles of association shall not be in conflict with the provisions of this law,
- g) There should be a transparent and open partnership structure that will not constitute an

obstacle for the efficient supervision of the Agency,

ğ) The business plans for the intended fields of activity, the projections regarding the financial structure of the institution, the budgetary plan for the first three years and an activity program showing the establishment of corporate structure must be submitted.

(2) (REPEALED)

(3) The Board is authorized to increase the minimum paid-up capital.

Qualifications of founders

ARTICLE 6 – (1) The founders of companies shall;

a) Not have been declared bankrupt within the framework of the provisions of the Execution and Bankruptcy Law no. 2004 dated June 09, 1932 or other legislation, not be in possession of a certificate of bankruptcy, not have an approved application for restructuring through reconciliation or not have been issued a decision for postponement of bankruptcy,

b) Not have ten percent or more shares directly or indirectly or not hold control in banks that have been subjected to Article 71 of the Banking Law no. 5411 dated October 19, 2005 or that have been transferred to the Savings Deposit Insurance Fund before the effectiveness of this Law,

c) Not have ten percent or more shares directly or indirectly or not hold control in banker subjected to liquidation, and in factoring, financial leasing, financing, saving finance and insurance companies whose operating permissions have been revoked, excluding voluntary liquidation, as well as in agencies operating in capital markets,

ç) Have not been sentenced to heavy imprisonment or imprisonment of more than five years pursuant to the repealed Turkish Penal Code no. 765 dated March 01, 1926 or other laws, even though pardoned, with the exception of negligent offenses, have not been sentenced to imprisonment of more than three years pursuant to the Turkish Penal Code no. 5237 dated September 26, 2004 or other laws or have not been convicted of the violation of the provisions, that require imprisonment, of the repealed Banking Law no. 3182 dated April 25, 1985, of the repealed Banking Law no. 4389 dated June 18, 1999, of this Law, of the banking law no. 5411 and of the Capital Market Law no. 2499 dated July 28, 1981 and of the legislation on lending transactions, or have not been convicted of infamous crimes such as embezzlement, extortion, bribery, theft, swindling, forgery, breach of trust, fictitious bankruptcy, smuggling offenses other than those arisen by the acts of using and consuming, fraudulent acts in official tenders and trades, money laundering or crimes committed against the prestige of the State and unveiling State secrets, offenses committed against the sovereignty of the state or the prestige of its organs, offenses committed against the security of state, offenses committed against the constitutional order or the functioning of the constitutional order, offenses committed against national defense, offenses committed against the secrets of the state and espionage, offenses committed against relations with other states, offenses within the scope of the Prevention of Terrorism Act no. 3713 dated April 12, 1991 as well as tax evasion or have not been engaged in such offenses under the repealed Turkish Penal Code No. 765, Turkish Penal Code No. 5237 or other laws,

d) Have necessary financial strength and esteem in a level to meet the capital amount committed,

- e) In case of a legal person, have a transparent and open partnership structure,
- f) Have the honesty and competence required for the business.

The sub-paragraphs (b) and (c) of this paragraph shall not be applicable for the multi-lateral credit institutions and financial institutions that are established by international agreements to which Turkey is a party.

(2) The partners of the company having ten percent or more shares in the capital of legal person founding partners or the natural persons and legal entities having the control shall meet the conditions laid down in the first paragraph.

(3) In the case natural persons or legal entities having ten percent or more shares in the capital of company or having the control of the company as well as natural persons or legal entities having ten percent or more shares in the capital of legal entities having ten percent or more shares in the capital of company or having the control fail to meet the qualifications stated in the first paragraph, excluding sub-paragraph (d), they shall transfer the shares they own within six months in a manner to make their status to be in compliance with the provisions of this article. By whom and how shall the voting rights for the shares to be transferred within the mentioned period be used is determined by the Board.

Operating permission

ARTICLE 7 – (1) The companies that are permitted to be established within the frame of Article 4 shall be obligated to receive permission for operation from the Board. The permissions granted by the Board shall be issued in the Official Gazette.

(2) In case of one or more of the following conditions occur, the establishment permission of a company shall be revoked by the Board; the permission is based on non- factual declarations, failure to apply for operating permission within six months following the issue of establishment permission, clearly stating the decision to waive the establishment permission, losing the eligibility qualifications for permission until commencement of operation, failure to get operating permission.

(3) The companies that have received establishment permission shall be required to meet the following criteria in order to commence their operations:

a) Their capital should have been paid in cash and must be at a level that enables the execution of planned activities,

b) The system entrance fee, equivalent to five percent of the minimum capital requirements indicated in Article 5, should have been paid to the accounting units of the Ministry of Finance in order to be registered as income to general budget and the related document should have been submitted to the Agency by the founders

c) Appropriate service units as well as internal control, accounting, data processing and reporting systems should have been established, adequate staff for these units should have been assigned and job definitions as well as duties and responsibilities of the employees should have been clearly determined,

c) Their managers should bear the qualifications set out in this Law.

(4) A financial leasing company can be established for leasing only a ship without taking establishment and operating license on condition to be a company all partners of which are financial leasing companies established in Turkey. Such companies are not subject to the articles of this Law excluding the provisions relating contracts.

(5) The principles and procedures for the execution of this article are determined by the Board.

Branches

ARTICLE 8 – (1) Opening up domestic and abroad branches by companies are subject to permission. Companies cannot be organized under any names other than branches and cannot appoint agencies. Subject to the Board's decision on its scope, procedures and principles, transactions conducted by the companies or the received services through information technologies do not constitute a breach of this provision.

(2) The qualifications of branches as well as the principles and procedures relating to permission are determined by the Board.

Processes and operations the company cannot conduct

ARTICLE 9 – (1) The Company;

a) Cannot conduct any activities outside the main activity subjects.

b) Cannot extend cash loans other than cash loans extended within the aim of providing additional financing to their customers as a part of the operation made within the framework of the contract to be made with customers and on condition that the amount of credit does not exceed one percent of its paid-up capital. The Board is authorized to reduce this amount to zero or to increase it up to five percent to the company's paid-up capital or to differentiate it based on the company.

c) Cannot grant guarantees, sureties and letters of guarantee, except for guarantees and sureties granted on condition to be limited to the transactions subject to main activity line and guarantees, sureties and letters of guarantee granted to persons having ten percent or more of the capital or holding the control and to partnerships in which ten percent or more capital or the control is owned, total of which not exceeding twenty percent of its paid-up capital. The Agency is entitled to decrease this ratio down to five percent or to increase it up to twenty- five percent, or to differentiate it based on company.

ç) Cannot collect deposit or money by any name for hire, except for issuing securities, borrowing money from international markets and fund-raising from partners and partnerships, banks, money markets and organized markets within the scope of general principles pursuant to the Capital Market Law No. 6362 dated 6/12/2012. Saving amounts undertaken by the customers in the saving finance agreements are not considered within the scope of this sub-paragraph.

(2) A factoring company cannot take over the collection of receivables arising from the sale of a goods or services not documented by an invoice, even if they are based on bills of exchange within the framework of the principles and procedures determined by the Board and the receivables which will

arise from the sale of goods or services not documented within the framework of the principles and procedure determined by the Board. Total amount of partial assignments made to more than one factoring companies based on the same invoice cannot exceed the amount of the invoice.

(3) In case a bill of exchange is transferred to a factoring company by endorsement, the person applied because of the bill of exchange cannot bring forward the refutations based on the relations existing between him/herself with one of the regulatory or previous holders against the factoring company; unless the factoring company has acted on purpose to the disadvantage of the debtor while acquiring the bill of exchange.

(4) Without prejudice to the provisions regarding the legislation on insurance, financial leasing companies cannot deal with insurance transactions except for intermediating in making insurance contracts concerning businesses within the occupation subject involving all kinds of insurance to protect repayment of credit debt and all similar credit elements for financial leasing or goods subject to financial leasing transactions, collaterals taken within the scope of these transactions and persons rented the mentioned good; and financing companies cannot deal with insurance transactions except for intermediating in making insurance contracts concerning businesses within the occupation subject involving all kinds of insurance to protect repayment of credit debt and all similar credit elements for goods and services purchase of which has been credited, for credit collaterals and for real persons or legal entities who purchased the credit good or service.

(5) Savings finance companies cannot finance debts which are not confirmed to be arising from the acquisition of housing, roofed workplaces or vehicles, cannot provide financing other than savings financing contracts, cannot lend to third parties, cannot acquire partnership shares, cannot use expressions and statements that will create the impression of a bank in all kinds of documents, announcements and advertisements, and can only finance domestically registered residential, roofed workplace or vehicle purchases.

(6) The procedures and principles regarding the acquisition of affiliates of companies other than savings financing companies in the country or abroad are determined by the Board.

PART TWO

Provisions Regarding the Articles of Association

Amendments to the Articles of Association

ARTICLE 10 – (1) The Agency shall be priorly notified about the amendments to be made on the articles of association of companies. In case the Agency does not declare any negative opinion about the amendments on articles of association within fifteen days, these amendments shall be put on the agenda of the general meeting of companies and the outcome of process shall be notified to the Agency.

(2) Current articles of association of companies shall be published on the website of the company. The update of articles of association shall be made within the fifteen days by the date of the amendments.

(3) The change of address of the company shall be declared to the Agency within fifteen days by the date of the change.

(4) Principles and procedures concerning the application of this article shall be specified by the Board.

Acquisition and transfer of shares

ARTICLE 11 – (1) Acquisition or transfer of shares representing ten percent or more of the company capital by one person or share transfers causing a shift of control in the company are subject to the Agency's permission.

(2) Institution and transfer of shares giving the privilege to determine member to the board of directors or the issuance of new privileged shares are subject to the Agency's permission, regardless of the proportional limit in the first paragraph.

(3) Share transfers causing a shift of control of legal entities having ten percent and more shares in the company capital are subject to the Agency's permission.

(4) In share transfers subject to permission, the persons to take over the shares should meet the qualifications required for in founders.

(5) Share transfers subject to permission but made without taking one shall not be registered on the share register. The registrations made in defiance to this provision are invalid.

(6) Principles and procedures concerning the application of this article shall be specified by the Board.

PART THREE

Merger, Acquisition, Division and Liquidation

Merger, acquisition, division and liquidation

ARTICLE 12 – (1) Merger, acquisition and division of the companies other than saving finance companies are subject to general provisions on condition that the permission of the Board has been granted. Principles and procedures concerning the granting of the permit shall be specified by the Board.

(2) On condition to take positive opinion from the Board, general provisions shall be applied in case the companies other than saving finance companies put an end to its activities and liquidated. If deemed necessary, the liquidation process of the such companies may be supervised by the Agency.

(3) Merger, acquisition, division and voluntary liquidation of saving finance companies are subject to the procedures and principles below subject to the supervision of the Agency and permission of the Board:

- a) These companies are obliged to present a plan in the petition to be submitted to the Agency for permission for merger, transfer, division and voluntary liquidation, stating that they can fulfill their current obligations.

- b) Liquidation of these companies, fulfillment of all obligations including financing obligations to customers, and collection of their receivables are carried out by the company in accordance with general provisions. A company in this situation cannot obtain new customers after the liquidation permission is granted and cannot enter into any new commitments that will prevent it from fulfilling its obligations.
- c) The permission given for merger, acquisition, division and voluntary liquidation may be canceled by the Board with the decision of at least five members in case of failure to comply with the proposed plan or if it is determined that the said transactions will harm the rights and interests of the customer. A liquidation decision is made under the second, third and fourth paragraphs of Article 50 / A about the savings financing company whose voluntary liquidation permission has been revoked. The liquidation decision given by the Board is in the effect of the decision of the general assembly.

SECTION THREE
Corporate Management
PART ONE
Managers

Members of the board of directors, general manager and assistant general managers

ARTICLE 13 – (1) Structures, procedures concerning corporate management, as well as the related principles shall be determined by the Board by also taking the opinion of the Union.

(2) The board of directors of the company cannot be composed of less than three persons, including the general manager. General Manager and deputy general manager in his/her absence is a natural member of the board of directors. It is obliged that the members of the board of directors and general manager and assistant general managers carry the conditions taken place in the article 6 (1) (a), (b), (c) and (ç). The condition of professional experience required for in general manager in this Law shall also be applied for one more than the half of the members of the board of directors.

(3) Company's general manager shall have professional experience in business management or finance for at least seven years and assistant general manager shall have professional experience for at least five years in those areas and they both shall have at least undergraduate education.

(4) Even if they were employed under different titles, other managers duties and authorities of which are equivalent to assistant general managers or higher are also subject to the provisions concerning assistant general managers of this Law.

(5) Principles and procedures regarding the appointment and election of members of the board of directors, general managers and assistant general managers shall be specified by the Board.

PART TWO

Financial Reporting

Internal system, accounting, reporting and independent audit

ARTICLE 14 – (1) The company is responsible for building and operating a sufficient and efficient system appropriate to the scope of its activities as well as the changing conditions, to monitor the risks to which it is exposed and provide control.

(2) The Board is authorized to determine the principles and procedures concerning the operation of the system and to take necessary measures for companies in which the system is deemed insufficient and inefficient.

(3) The company is obliged to account all of its transactions in accordance with their real natures, within the principles and procedures specified by the Public Oversight, Accounting and Auditing Standards Board and organize their financial reports on time and accurately, in a form and content to meet the need to obtain information, in understandable, reliable and comparable way, convenient for audit, analysis and interpretation.

(4) Company is obliged to send financial statements and statistical information, form and scope of which will be determined by the Agency by the time and methods requested to the Agency.

(5) Independent audit of the company shall be made within the framework of the Decree Law on Organization and Duties of Public Oversight, Accounting and Auditing Standards Board number 660 dated September 26, 2011. Independent audit reports to be prepared shall be sent to the Agency within the framework of principles and procedures regulated by the Board.

Protective regulations

ARTICLE 15 – (1) The Board is entitled to make necessary regulations and to take all kinds of measures to detect, analyze, monitoring and evaluation of the risks exposed, by specifying limitations and standard ratios. The company is obliged to comply with the regulations made, calculate limitations and standard ratios specified, come up to them and maintain them and to take and implement the measures requested by the Agency, concerning them in the requested time.

(2) In case of reaching the thresholds concerning the limitations and standard ratios specified pursuant to this Law or in case of exceedings, the company shall notify immediately this situation to the Agency.

(3) In case exceedings are formed in limitations and ratios related to a determined rate of own funds because of the decreases occurring in the own funds and if required by the conditions, these exceedings shall be resolved within the time specified by the Agency. During the time specified for correcting the exceedings, the provisions of this Law regarding the administrative penalties shall not be applied.

(4) In case the presence of one or more of the following with respect to a company, is detected as a result of the audits conducted by the Agency:

- a) If the total value of its liabilities exceeds the total value of its assets or its assets are in danger of not meeting its liabilities by maturity or the asset quality deteriorates in a way that may weaken the financial structure,
- b) Due to the deterioration of the relationship and balance between its income and expenses, its own funds are not sufficient to carry out their activities safely or this situation is about to be realized,
- c) Losing the conditions specified in item (c) of the third paragraph of Article 7 or the presence of circumstances which prevent audit,
- ç) Decline of equity to one third of company's paid-in capital,
- d) Failure to establish an adequate and effective risk management system for measuring and managing the risks it is exposed to,
- e) It poses a risk to the financial system in terms of trust or stability,
- f) Having decisions, transactions and practices contrary to this Law and related regulations or the decisions taken by the Board,

The Agency is authorized to request the company to take the necessary measures within a period it deems appropriate and within a plan it will approve, and to postpone the allocation dates for saving finance companies.

(5) Saving finance companies are obliged to set aside five per thousand of the organization fees they collect from their income accounts in order to be paid to the savings owners in case of liquidation. The Board is authorized to increase this rate up to three times for any company and to determine the procedures and principles for its implementation.

Provisions

ARTICLE 16 – (1) The company shall make reserves to meet its losses arising from its transactions but amount of which is not clear for certain, within the framework of principles and procedures specified by the Board.

(2) Total amount of the special provisions reserved by company in accordance with this article, are deemed as expenses for the calculation of corporate tax basis for the year they are reserved.

(3) The deducted receivables which are deregistered as the collectability became impossible after the special provisions are reserved in accordance with this article are deemed as worthless receivables within the scope of the Article 322 of Law numbered 213.

On-site, Off-site Supervision and Notification

ARTICLE 17 – (1) On-site and off-site supervision of the company within the scope of this Law shall be conducted by the Agency.

(2) The Agency is entitled to request all information they consider to be related with this Law, even if it is confidential, from the company, company partners, affiliates controlled by the company and their branches and natural persons and legal entities concerned and to examine all books, records and documents including the records about taxes; and the ones from which the information is requested are responsible for giving the information requested, keeping the books, records and documents ready for examination, opening all information processing system for the Agency's professional personnel conducting on-site audit in accordance with supervisory purposes, providing the reliability of data and submitting the codes and systems necessary to make reachable or readable all kinds of books, documents and ration cards they must maintain, as well as micro chip, micro films, magnetic tapes, diskettes and similar records they must give for the examination and also operating them.

(3) Public institutions and corporations are obliged to procure all kinds of information and document requested by the Agency, being limited to duties given within the scope of this Law, even if they are confidential, without considering the prohibitive and restrictive provisions in special laws and without prejudice to the provisions concerning the circumstances which may create severe results against the security of the State and its fundamental external interests, and professional secret, privacy of family life and the right of defense, in appropriate time and environment, constantly or singly.

(4) On-site supervision of the company's activities shall be conducted by the professional personnel of the Agency authorized to conduct on-site supervision. The company, company partners, affiliates controlled by the company and natural persons and legal entities concerned are obliged to give all kinds of information and documents to be requested by the professional personnel of the Agency authorized to conduct on-site supervision but also to submit all books and documents and keep them ready for examination.

SECTION FOUR
Provisions Concerning Contracts
PART ONE
Financial Leasing

Financial leasing contract

ARTICLE 18 – (1)The financial leasing contract is the contract giving the lessee the possession of the good, which is requested and determined by him/herself and shall be purchased from third party or from the lessee him/herself by the lessor or obtained the any other legal means by the lessor, in order to provide full benefit during lease period in return for lease payment to the lessor. Financial leasing contract is the contract foreseeing that the lessor leaves the lessee the possession of a good he/she once purchased from a third party or from the lessee him/herself or procured by another way or took into his/her possession, in return for a rental to provide all kind of benefit, upon the request and selection of the lessee.

Subject of the contract

ARTICLE 19 – (1) Movables and immovables may be subject to the contract. Intellectual and industrial rights such as patents cannot be subject to this contract, except for duplicated copies of computer software.

(2) All kind of good preserving its essential nature may be solely subject to a financial leasing contract, regardless of its integral parts or attachment qualifications.

Financial leasing charge

ARTICLE 20 – (1) Total amount of payments and payment periods of financial leasing shall be determined by the parties. On condition that it is cited clearly in the contract, the leasing charges may be started to be collected as of the date of the contract, even if the good subject to contract is not produced or delivered to the lessee yet. Unless specified in the contract, the good subject to contract shall be delivered to the lessee within two years by the date of the contract.

Financial leasing operations from abroad

ARTICLE 21 – (1) Financial leasing contract to be made from abroad shall be registered by the Association.

(2) Principles and procedures concerning financial leasing operations from abroad shall be determined by the Association by taking the positive opinion of the Board.

Form and registration of the contract

ARTICLE 22 – (1) Leasing contracts are executed in written form or as distance contracts with distance communication tools or with the methods determined by the Board as a substitute for the written form and executed through information tools or electronic communication tools which allow confirmation of the customer's identity, regardless of whether it is a distance contract or not. The procedures and principles regarding this paragraph shall be determined by the Board. Contracts regarding immovable goods shall be registered to the section of annotations in the book of real estate registers in which the immovable is located and the contracts concerning movable goods having their own unique special register shall be registered and annotated to the register in which these goods are registered and shall be declared separately to the Association by the lessor.

(2) Contracts concerning movables which are not registered to a special register shall be registered into a special register kept by the Association.

(3) Special register kept by the Union is open to everybody. No one can claim that he/she did not know a record in the register.

(4) Principles and procedures concerning the registration of contracts into the special registers kept by the Association shall be determined by taking positive opinion of the Board by the Association.

(5) After the registration and annotation, third parties cannot make claims regarding the real rights over the goods against the lessor.

(6) In the application of the article 940 of the Turkish Commercial Code number 6102 dated January 13, 2011, the lessee is considered as owner of the ship.

(7) In the application of the article 49 of the Turkish Civil Aviation Act number 2920 dated

October 14, 1983, the lessee is considered as the owner of air vehicle.

The purchase of the good subject to financial leasing

ARTICLE 23 – (1) The property of the good subject to financial leasing owned by the lessor. However, the parties may decide in the contract that the lessee will have the right to purchase the ownership of the good by the end of the contract term.

(2) In case the right of the lessee to purchase the movable registered subject to financial leasing is not used by the lessee within thirty days after that this right was originated and the good was not returned to the lessor pursuant to the article 32 of this Law, the lessor may realize unilaterally all kind of operations about the transfer of the leased good to the lessee, on condition that a decision exists concerning this subject in the contract made between parties and a notification has been made to the lessee about the subject or has not been made because lessor was not found in his/her address. Unilateral requests made by the lessor concerned about the transfer of ownership shall be realized by the related register office.

Rights and debts of parties

ARTICLE 24 – (1) The lessee is the possessor of the good subject to financial leasing during the contract, and has the right to obtain all kinds of benefits in accordance with the purpose of the contract.

(2) The lessee is obliged to use the good subject to financial leasing carefully, in accordance with the conditions and provisions stated in the contract.

(3) In case there are no provisions to the contrary in the contract, the lessee is responsible for the maintenance and protection of the good, and the maintenance and reparation costs belong to the lessee.

(4) The good subject to leasing must be insured. By whom the good will be insured shall be shown in the contract. Insurance premiums shall be paid by the lessee.

(5) The responsibility of damages and losses of the good within the term of the contract belongs to the lessee. This responsibility is limited to the part not covered by the insurance amount paid and the exceeding part shall be paid by the lessee.

(6) The lessor shall not be blamed from the fact that the good provided from a third party upon the choice and request of the lessee to be faulty. The same provisions shall also be applied in case the good is personally provided from the lessee.

The good not delivered to the lessee

ARTICLE 25 – (1) In case the good subject to financial leasing is not delivered to the lessee because the lessor did not make a contract with the manufacturer or seller of the good on time or did not realize the payment required on time or due to other reasons arising from the defect and negligence of the lessor, the provisions of the article 123, 125 and 126 of the Turkish Code of Obligations number 6098 dated January 11, 2011 shall be applied.

Transfer of possession and the title of lessee

ARTICLE 26 – (1) The lessee may transfer his/her lessee title or his/her rights and responsibilities arising from the contract on condition to take written permit of the lessor. The change of lessee made on the leasing contract due to this transfer shall be registered or annotated within the framework of articles 21 or 22 depending on its concern.

(2) In financial leasing transactions made within the scope of housing finance, the lessee may transfer the possession of the good to another person on condition to inform the lessor; in other financial leasing transactions he/she may transfer on condition that there is a provision in the contract.

Transfer of possession

ARTICLE 27 – (1) Unless the contrary was not predicted in the contract the lessor cannot transfer the possession of the good to a third person. In case this right was recognized in the contract, the transfer may be made only to another leaser. The transferee is obliged to comply with the provision of the contract. The validity of the transfer for the lessee depends on if he/she was informed.

Bankruptcy of the lessee or the lessee being subject to executive proceedings

ARTICLE 28 – (1) In case of the bankruptcy of the lessee, the registrar in bankruptcy shall decide on the separation of goods subject to financial leasing before the organization of the office, according to the article 221(1) of the Law number 2004. This decision of the registrar in bankruptcy may be protested within seven days.

(2) In case executive proceedings are conducted against the lessee by means of compulsory execution, the execution officer decides that goods subject to financial leasing shall be excluded from the proceedings. This decision of the execution officer may be protested within seven days.

(3) These protests shall be determined by the enforcement court within one month at the latest.

Bankruptcy of the lessor or the lessor being subject to executive proceedings

ARTICLE 29 – (1) In case of the bankruptcy of the lessor the contract remains to be valid against the bankrupt's estate until the end of the determined term.

(2) In case executive proceedings are conducted against the lessor by means of compulsory execution, the goods subject to financial leasing cannot be confiscated during the term of the contract.

Termination of the contract

ARTICLE 30 – (1) Unless otherwise specified in the contract, the contract shall be terminated automatically in case it expires, bankruptcy, death or loss of capacity of the lessee.

(2) In case the lessee enters into liquidation process or liquidates his/her business to which the good subject to financial leasing was allocated without going into liquidation, the contract may be terminated before its term upon the request of the lessee and unless otherwise specified in the contract.

(3) Each party of the contract may request the extension of the contract with existing or new conditions, on condition to declare at least three months before the termination of the contract. Extension of the contract depends on the agreement of parties.

Breach of the contract

ARTICLE 31 – (1) The lessor may terminate the contract if he/she gave an extra term for thirty days to the lessee who fell into default in paying the financial leasing payment and this payment is still not paid at the end of these thirty days. However, in case it was decided in the contract that at the end of the term the possession will pass to the lessee, this extra term may not be less than sixty days. If a warning was addressed to the lessee because he/she failed to pay on time three or two consecutively of the leasing fees in the contract within one year, the contract may be terminated by the lessor.

(2) In case one of the parties violates the contract, and where it is not expected that the other party to continue the contract because of this violation, the contract may be terminated.

(3) In disputes between the lessee and the lessor concerning the financial leasing contract, in case the good subject to financial leasing is left to the lessor or to a third person by the court by injunction, the lessor may make a disposition over the good by making a down payment as a collateral amounting the current value of the good to the court. Insofar, in case it is decided that the termination of the contract is unjust, the lessor is responsible to reimburse the lessee for his/her losses.

Consequences of the termination of contract

ARTICLE 32 – (1) When the contract terminates, the lessee who did not use his/her right to purchase arising from the contract or who does not have this right is obliged to return immediately the good subject to financial leasing.

Consequences of the cancellation of the contract

ARTICLE 33 – (1) In case the contract is cancelled by the lessor or by the lessee pursuant to the article 30(2), the lessee is responsible for returning the good. In case the good returned is sold to third parties and unless otherwise is specified in the contract, if the sale price is less than undue financial leasing costs and if any, total loss of the lessor exceeding it, the difference shall be paid to the lessor by the lessee. Unless otherwise specified in the contract, if the sale price of the good returned is higher than undue financial leasing costs and if any, total loss of the lessor exceeding it, the difference shall be paid to the lessee by the lessor. Same principles shall be applied in case the good returned is leased to third parties by means of financial leasing.

(2) If the contract is cancelled by the lessee, the lessee may return the good and request the compensation of his/her loss from the lessor.

(3) In cashing the mortgages took as collateral for the debts arising from the contract, the provisions of the article 150/ı of Law number 2004 shall be applied.

(4) The provisions of the article 68/b of Law number 2004 shall be applied about the notices sent by the lessor to the lessee via notary because the lessee failed to pay his/her debt within the terms

determined in this Law.

Non applicable provisions

ARTICLE 34 – (1) Articles 764, 765 and 766 of the Turkish Civil Code number 4721 dated November 22, 2001 and the provisions concerning “Partial Pay Sales” in the Section Two, Part One, Division Four and the provisions of the “House and Roofed Working Place Rents” in the Section Two, Part Four, Division Two of the Turkish Code of Obligations number 6098 shall not be applied about the contract.

Incentive

ARTICLE 35 – (1) In case the whole of or a part of the investments are realized by means of financial leasing, the lessor may benefit from the incentives for economic assets subject to financial leasing, applied if they are purchased. The responsibility of financial leasing company about the incentive certificate is limited to the part transferred to the company.

Provisions on custom

ARTICLE 36 – (1) Following provisions shall be applied to the goods brought according to the contract signed between a foreign company and the lessee, regarding custom taxes and additional financial liabilities:

a) In the entrance to Turkey of goods based on a contract which don't have the right to emption or even if it has this right, were not predicted to provide from customs exemption in the incentive certificate, the provisions on temporary importation regime of the Customs Law number 4458 dated October 27, 1999 shall be applied, except for time limitation of customs legislation and depending on the term of contract. In case by the end of the contract the certain import is not realized and goods subject to financial leasing are wanted to be taken out of the country to be given to the lessor, the collateral taken previously shall be resolved according to the provisions of the Law number 4458.

b) In case by the end of the contract the certain import of the goods subject to financial leasing is realized, custom taxes and additional financial liabilities to be calculated upon the current exchange rate on the date of the beginning of custom liability and upon the value to be determined according to provisions of the Law number 4458 concerning the custom value of the good shall be accrues and collected.

Exemptions and assessment of tax rate

ARTICLE 37 – (1) Financial leasing contracts and the papers concerning the transfer and amendment of these contracts, contracts concluded between lessor and seller regarding the obtaining of the goods subject to financial leasing as well as the ones prepared for their collaterals (save for deed transactions regarding the transfer of real estates to the lessee, which subject to financial leasing) are exempted from stamp tax, and the transactions made regarding these papers are exempt from charges.

(2) Registration to the land registry of the immovables rented within the scope of leasing transaction made by sale and lease back method is exempt from title deed fees in the name of the

lessee by the end of the contract term.

PART TWO Factoring and Financing

Factoring contract

ARTICLE 38 – (1) Factoring contract is a contract including collection which the factoring company provide to its customer, besides recording debtor or customer accounts, any of or the whole factoring or finance guarantee functions by taking over the receivables depending on goods or service sale which can be promoted within the scope of principles and procedures determined by the Board and the receivables promoted with the invoice emanated from goods or service sale.

(2) A factoring contract shall be executed in written form or as distance contacts with distance communication tools or with the methods determined by the Board as a substitute for the written form and executed through information tools or electronic communication tools which allow confirmation of the customer's identity, regardless of whether it is a distance contract or not. The procedures and principles regarding this paragraph shall be determined by the Board.

Financing contract

ARTICLE 39 – (1) Financing contract is a contract granting loan for each sort of goods and service receiving by making payment directly to the seller by delivering or providing service in the name and account of real person or legal entity purchasing the good or the service. Loan repayments are made to financing companies by the persons for whom the loans extended to their names.

(2) It is obligatory for the financing companies to make a general contract in written or remotely by using remote communication tools in advance by the sellers providing goods or services which they shall extend credit.

(3) A financing contract shall be executed in written form or as distance contacts with distance communication tools or with the methods determined by the Board as a substitute for the written form and executed through information tools or electronic communication tools which allow confirmation of the customer's identity, regardless of whether it is a distance contract or not. The procedures and principles regarding this paragraph shall be determined by the Board.

PART TWO Saving Finance

Saving finance contract

ARTICLE 39/A – (1) The saving finance contract grants the customer the right to use financing for the acquisition of a house, roofed workplace or vehicle on the condition that predetermined conditions are met depending on a certain savings amount and period, while the company is obliged to manage the accumulated savings of the customer, to pay back and to provide financing, and the organization fee. It is the contract that gives the right to buy and is arranged according to the principles of interest-free financing.

(2) The savings financing contract is arranged in such a way that the Board determines that it can replace the written form, whether it is distant or distant, by using written or remote communication tools, and to be established through an information or electronic communication device and through methods that allow the verification of the customer identity.

(3) The customer has the right to withdraw from the savings financing contract within fourteen days following the signing of the contract, without stating any justification and paying penalties. In case the customer exercises the right of withdrawal, the company is obliged to return the entire amount received from the customer, including the organization fee, within fourteen days after the notification of the withdrawal decision.

(4) The customer has the right to terminate the saving finance contract until the end of the savings period. The company is obliged to return to the customer the total amount of savings, other than the organization fee, within the period to be determined by the Board, in case the customer exercises his right of termination in the contract. At the request of the customer, the allocation may be postponed to a future date, in case of postponement, the rights and obligations of the customer in the contract remain reserved. Saving finance contracts cannot be unilaterally terminated by the company, unless the customer does not fulfill its obligations under the contract.

(5) In the saving finance contracts shall include, minimum amounts, maturity, organization fee, income, costs and expenses, saving and financing terms for the acquisition of housing, roofed workplace or vehicle, terms and conditions of return, default, use of the right of withdrawal, termination of the contract, termination, transfer to heirs, transfer to third parties, rights and obligations of the parties. Companies have to fulfill their commitments under saving finance contracts. The procedures and principles regarding informing the customer within the scope of the contract and the implementation of this article are determined by the Board.

Saving finance activity

ARTICLE 39/B – (1) Saving finance companies organize an independent savings and financing plan on the basis of each customer group and customer. In group savings, delivery dates of customers are determined based on the total maturity envisaged for the group.

(2) Saving finance companies have to segregate their savings fund pool accounts from other accounts. Savings fund pool assets cannot be used for any purpose other than fulfilling the liabilities arising from the saving finance contracts of companies, cannot be subject to the right of lien, transfer and assignment of receivables, clearing, pledge, collateral, except for the receivables of customers arising from savings financing agreements, including the purpose of collecting public receivables. They cannot be attached, subject to interim injunction or interim attachment or included in the bankruptcy estate.

(3) Savings finance companies operate on the basis of interest-free financing.

(4) The Board determines the determination of interest-free investment instruments to evaluate the funds generated from savings, and savings and financing methods in accordance with the principles of interest-free financing and the procedures and principles regarding the implementation of this article.

SECTION FIVE
Association
PART ONE
Association

Financial Institutions Association

ARTICLE 40 – (1) Companies and asset management companies regulated in Article 143 of Law No. 5411 and other organizations subject to the supervision and control of the Agency approved by the Board shall become a member of the Association, which is a legal entity and a public institution, within one month from the date of obtaining an operating permit.

Duties and Authorizations of the Association

ARTICLE 41 – (1) The association is assigned and authorized from the followings:

- a) Providing the development of the profession, increasing the union and solidarity of the members, making activities of training, presentation and research,
- b) Providing the members to work in union and in discipline which the profession requires according to the needs of the economy, by defining the principles of the profession,
- c) Defining professional principles and standards to which the members shall adjust,
- ç) Announcing the precautions requested to be taken by the Agency and the resolution taken pursuant to the legislation concerned,
- d) Taking each kind of precautions required for preventing unfair competition between their members and implementing thereof,
- e) Defining principles and conditions which the members shall obey in their announcements and advertisement by type, shape, quality and amount,
- f) Suing in subjects which concerns the common interests of their members, pursuant to the resolution of the board of directors,
- g) Providing cooperation relating to common projects between members,
- ğ) Fulfilling other duties stated in this Law.

Organs and Statute

ARTICLE 42 – (1) The organ elections of the Association is realized under juridical surveillance and with secret vote within the scope of the principles foreseen in this Law. The list defining members to join the elections and their members should at least be confided to the head of the board of election to be determined by the Supreme Election Board by a letter the agenda, place, date and the hour of the meeting, defining the respects relating to the second meeting to be made in case of the fact that there shall not be majority, in three copies, at least 15 days before the board meeting in which the election

shall be made. The judge approves the list and other respects by making the required analysis; and assigns a head of election board and two election board members and one assistant member for each. Voting operation is made according to secret vote and open census principles. By the end of election period, the election results are determined by a minute and signed by the head of election board and the members. Each sort of objections to be made to the elections in two days as of the regulation of the minute are analyzed by the judge and adjudicated exactly.

(2) The amendments to be made in the status of the Association are entered into force by the resolution of the President upon the proposal which the Agency shall present by receiving the point of view of the Association. The members have to obey the resolutions and the precautions to be taken by the Association and the status of the Association. The Association expenses are distributed to the members as to the number of votes determined pursuant to status. The members have to invest the share of expenses to their contribution within the period determined in the status. In case that the participation shares to expenses are not paid in the period determined, they are collected by enforcement by the Association. The decisions on payment of expense participation shares are in written official document nature in the article 68 of the Law no. 2004.

(3) The board of directors of the Association may impose administrative fines from 1.000 TL to 10.000 TL on members who do not timely and fully comply with the general or specific decisions and measures taken by Association.

Central invoice record

ARTICLE 43 – (1) Factoring companies and banks consolidate the information concerning the receivables which they took over including invoice information in Risk Center or in a manner that the Association found appropriate. The principles and procedures relating to sharing of the information are determined by the Association.

SECTION SIX Penalty Provisions PART ONE Administrative Fines

Administrative Fines

ARTICLE 44 – (1) The following administrative fines are imposed to the companies by the resolution of the Board and by presenting the legal ground of the Law.

- a) In case of contradiction to the Article 8, up to TL 25 thousand to TL 50 thousand,
- b) In case of contradiction to the article 9 (1)(b)(c), not being less than TL 62 thousand 5 hundred, up to ten times of the amount comprising contradiction,
- c) In case of making contradictory operation to the article 9(2), up to 5 times of transaction amount comprising contradiction, not being less than TL 62 thousand 5 hundred,
- ç) In case of contradiction to the article 11(1), article 11 (2) or article 11(5), up to TL 25 thousand

to TL 50 thousand,

d) In case of making assignment contradictory to the article 13, up to TL 25 thousand to TL 50 thousand and in case the contradiction is not rectified as of the notification date of the fine within ten business days, 10% of the fine given for each day passed as of the termination date of this period,

e) In case of contradiction to the article 14(1), up to TL 25 thousand to TL 50 thousand,

f) In case of making implementations affecting the financial sizes of the company in contradiction to the article 14(3) or presenting continuity together with not affecting thereof significantly, up to TL 25 thousand to TL 50 thousand,

g) In case of contradiction to the article 14(4) or the article 14(5), up to TL 25 thousand to TL 50 thousand,

ğ) In case of contradiction to limitations included in the regulations issued pursuant to the article 15, up to 1% of the amount comprising contradiction, not being less than TL 62 thousand 5 hundred,

h) In case of not making the notification foreseen in the article 15(2), up to TL 25 thousand to TL 50 thousand,

ı) In case of not establishing the provisions required to be set aside pursuant to the article 16, not being less than TL 25 thousand, up to two per mille of the provision amount required to be set aside; in case of not removing the contradiction in the period to be granted by the Agency, not being less than three months, 3% of the provision amount which were not established,

i) In case of contradiction to the article 17(2) or article 17(4), up to TL 25 thousand to TL 50 thousand,

j) In case of contradiction to the article 19(1), the article 22(1) or the article 22(2), the article 38(2), the article 39(2) or the article 39(3), up to TL 25 thousand to TL 50 thousand,

k) In case of a transaction contrary to the Article 9(5), and Article 39 / A (3-4), up to five times the amount of the transaction, not less than TL 62 thousand 500 hundred,

l) In the event of a transaction contrary to Article 39 / A (2 & 5) and Article 39 / B (1-2-3), from TL 25 thousand to TL 50 thousand,

(2) The following administrative fines of the Law are implemented to the real and legal entities concerned by the resolution of the Board and explaining the legal ground;

a) In case of contradiction to the article 6(3), up to TL 50 thousand to TL 75 thousand,

b) In case of contradiction to the article 11(1), article 11(2) or article 11(3), up to TL 25 thousand to TL 50 thousand,

c) In case of contradiction to the article 17(2) or the article 17(4), up to TL 25 thousand to TL 50 thousand.

(3) In case of violation of the resolutions taken depending on this Law by the Board and the

Agency as to the articles concerned, to the instructions given by the Agency and regulations, communiqués issued and the other regulations made, administrative fine amounting up to TL 50 thousand to TL 75 thousand is implemented to the real persons and legal entities concerned, pursuant to the resolution of the Board and by explaining its legal ground.

(4) The Board is authorized to apply the amounts specified in this article by increasing up to two times, by considering whether the violation is conducted multiple times before the measures are adopted or whether the violation is repeated within the two years following the enforcement of the administrative fine.

Right to Defense and Decision for Closure

ARTICLE 45 – (1) The decisions as to whether the administrative fines shall be implemented or not shall be taken after receiving the defense of the related party. If no such defense has been submitted within one month from the date of receipt of a notice requiring the relevant party to file a defense, then the relevant party shall be deemed to have waived its right to defend.

(2) While the provisions of the article 44(1)(a) shall be applied to any branch opened in Turkey in contradiction to the article 8 of this Law, they are closed permanently or temporarily by the governors upon the demand of the Agency.

PART TWO Offences

Operating without Authorization

ARTICLE 46 – (1) - The persons who operate in financial leasing, factoring, financing and saving finance without authorization required to be obtained pursuant to this Law, shall be sentenced to imprisonment from two to five years and administrative fine up to 5.000 days. It is provisioned to security measures special to legal entities concerning the legal entity who committed the offence thereof, in benefit to the said offence. Besides, in case of the offence thereof was committed under the structure of a business place, it can be decided to close the business place up to one month to one year, and in case of repetition, to close thereof permanently.

(2) The persons who use words or expressions which shall have the impression that they operate like a company in their trade names, any documents, declarations and commercials and explanations they make to public without taking the authorizations required to be taken pursuant to the Law, are punished with imprisonment up to 3 months to 1 year and juridical fine up to 1000 days. Besides, it can be decided to close these business places up to one month to one year and permanently in case of the repetition thereof.

(3) In cases of the contradiction to the paragraphs one and two, upon the application of the Agency addressed towards the relevant Chief Public Prosecutor's Office by the criminal law judge, the activities of the work place and as well as the advertisements thereof shall be temporarily suspended and their advertisements are collected by the relevant judicial court in case of suing them. These measures endure until they are lifted by magisterial decree. These decisions may be appealed.

(4) In the event that these violations occur on the internet, the Agency may decide to remove the content and / or block access. The decision is sent to the Information and Communication Technologies Authority for implementation.

(5) The Board may decide to liquidate companies that engage in unauthorized saving finance activities within the scope of the first paragraph of Article 50/A. The second, third and fourth paragraphs of the same article are applied for the companies for which a liquidation decision has been taken.

Failure to submit the data and documents required by authorized agencies and auditors and preventing their actions

ARTICLE 47 – (1) Persons who do not present the information and documents which the authorized authorities and auditors by this Law are punished by imprisonment up to one year to three years and judicial penalty up to 500 days to 1500 days.

(2) Persons who prevent the auditors authorized by this Law to make their duties are punished with penalty of imprisonment up to two years to five years.

Making Misrepresentation

ARTICLE 48 – (1) Due to false announcements of the company in documents which they present to authorities and auditors stated in this Law and which they publish, the persons who sign each sort of documents comprising basis to them and regulating thereof are punished with imprisonment up to one year to three years, and judicial penalty not being less than 1500 days.

Declaration Liability of the Agency

ARTICLE 49 – (1) In case of determining any element of offence by the Agency relating to the offences stated in this Law, notification is made to Office of the Chief Public Prosecutor.

Preventing Withdrawal of Savings

ARTICLE 49/A – (1) Those who violate the third or fourth paragraphs of Article 39 / A are sentenced to imprisonment from six months to two years and a judicial fine of up to five hundred days.

Embezzlement

ARTICLE 49/B – (1) The chairman and members of the board of directors and other members of the saving finance company who embezzled the money or money substitute or other property that has been transferred to him by virtue of his duty or which are responsible for the protection and supervision of the savings finance company, shall be sentenced to imprisonment from six years to twelve years, and will be subject to a judicial fine of up to five thousand days and are sentenced to compensation for the damage incurred by the saving finance company.

(2) In the event that the offense is committed with fraudulent behavior aimed at preventing the

embezzlement from being revealed, the perpetrator is sentenced to twelve to eighteen years in prison and a judicial fine of up to twenty thousand days. However, the amount of the judicial fine cannot be less than three times the loss incurred by the savings financing company. In addition, in case the damage is not paid, it is decided to be paid ex officio by the court.

(3) For a saving finance company whose operating license has been revoked; the real person partners who have legally or de facto management and control, by making the saving finance company use it directly or indirectly for the benefit of themselves or others in a way that jeopardizes the safe operation of the saving finance company, is deemed to be embezzlement. Those who commit these acts are sentenced to imprisonment from ten years to twenty years and a judicial fine of up to twenty thousand days; However, the amount of the judicial fine cannot be less than three times the loss incurred by the savings financing company. In addition, it is decided that the incurred damage will be paid severally.

(4) Before the investigation commences, if the embezzled money or documents or bills or other goods that substitute money are returned in their original form, or if the damage incurred is fully compensated, two thirds of the penalty to be imposed is reduced.

(5) In the event that the embezzled money or documents, bills or other goods that are substituted for money are returned as they are, or if the damage suffered is fully compensated before the prosecution begins, the penalty to be imposed is reduced by half. If this happens before the sentence, one third of the punishment to be imposed is reduced.

(6) The penalty to be imposed due to the low value of money or money substitute documents or bills or other goods that constitute the subject of embezzlement is reduced from one third to half.

PART THREE

Revocation of Operating Permission

Revocation of Operating Permission

ARTICLE 50 – (1) The operating license of a company other than saving finance company is revoked by the affirmative votes of at least five members of the Board, in case of any of the following conditions to realize;

- a) not commencing the activities after receiving the operating permission in one year,
- b) not being member to the Association in one month as of the date of having the authorization to operate and not fulfilling the liability thereof in one week as of the notification made by the Agency,
- c) not declaring the change of address to the Agency in its period defined and in spite of the legal notification not being in its address,
- c) suspending the operations for one year in a continuous manner,
- d) making inhibited operations included in the article 9(1)(a) or (ç),
- e) terminating the operations,

- f) It is determined by the Agency that even if the measures requested by the Agency are not taken by the company pursuant to Article 15 or the problems cannot be solved within the appropriate time given by the Agency or if these measures are taken,
- g) Losing the conditions sought in the first paragraph of Article 5 of the Law or the conditions sought by the partners of the company in the founders,

In the event that the situations specified in subparagraph (g) of this paragraph occur for savings finance companies, the Board is authorized to revoke the operating licenses of said savings finance companies and decide to liquidate them within the scope of the first paragraph of Article 50/A. The second, third and fourth paragraphs of the same article apply to savings finance companies for which a liquidation decision has been made.

(2) The resolution relating to the revoke of operating permission is declared to the company and it is published in the Official Gazette. The publication of revoking resolution in the Official Gazette has notification status to the persons concerned.

(3) It is obligatory for the companies other than saving finance companies whose operating permission is cancelled to stop immediately their operations and by uniting the general board in three months as of the revoking date and change the subject of the company and title or to take resolutions for starting liquidation transactions.

Revocation of Operating Permission and Liquidation of Saving Finance Companies

ARTICLE 50/A – (1) In case it is detected that the liquidity level cannot be maintained or cannot be sustained, the liquidity calculation cannot be performed reliably or deliberately miscalculating the liquidity, or the measures requested by the Agency within the scope of Article 15 were not taken within the given period, or that although these measures were partially or completely taken, it was not possible to strengthen the financial structure or these measures were taken, or even if it is determined that the financial structure cannot be strengthened, the Board is authorized to revoke the operating license of the company and decide on its liquidation with the same vote of at least five members. In companies that are decided to be liquidated within the scope of this article, the right to use financing specified in the contracts of customers is not applied. The liquidation decision is published in the Official Gazette. The date of publication is accepted as the date of notification for those concerned.

(2) Companies that are decided to be liquidated by the Board are liquidated by a liquidation commission of at least three persons to be appointed by the Savings Deposit Insurance Fund. Liquidation commission members and those assigned by these persons to have the authority to represent, are subject to Article 127 of the Law No. 5411.

(3) All decisions subject to registration taken by the company whose liquidation has been decided are registered and announced by the trade registry directorates, without being subject to any fees or service charges, without requiring notarization, upon the request of the liquidation commission. The powers of the company's general assembly are exercised by the Savings Deposit Insurance Fund, without being subject to the provisions of Law No. 6102. Judicial processes such as litigation, appeal, appeal at high court and follow-up brought by the liquidation commission regarding this company are exempt from fees. The liquidation commission assigned to carry out the liquidation procedures of the company has party competence in terms of judicial transactions or lawsuits.

(4) Provisions of second, seventh, ninth and tenth paragraphs of Article 106 and Articles 108, 109, 110, 132, 133, 134, 137, 138, 140, 141 and 142 of the Law No.5411 are applied by analogy to companies whose operating permits are revoked and decided to be liquidated. In case it is decided that the assets of saving finance companies whose operating permits are revoked and decided to be liquidated, are not sufficient to cover its liabilities, the liquidation commission may request the bankruptcy of these companies from the court, pursuant to the decision of the Savings Deposit Insurance Fund. Article 106 of the Law No. 5411 is applied by analogy to the bankruptcy liquidation of saving finance company of which bankruptcy is declared. Savings Deposit Insurance Fund is authorized to determined the procedures and principles applicable to the liquidation envisaged in this Article.

SECTION SEVEN

Final Provisions

Provisions Amended

ARTICLE 51 – (1) The following subparagraph is added to the paragraph 20 of the section “I-Land Registry Operations” of the schedule no. 4 with a title of fees to be collected from Land Registry and Cadastre of Charges Law no. 492 and dated July 02, 1964.

“g) within the scope of leasing contracts realized by sale and leaseback method, in condition to repurchased by the end of contract period by the lease holder, during the sale of immovable leased to leaseholder 3.96 in thousand is taken from the transferor (in case of determination of not taking back the immovable by the leaser in any way, the ratio in the subparagraph (a) and the fee amount equivalent to the difference between the ratio in this subparagraph is collected with the default interest pursuant to the provisions of the Law no. 213, from the ones concerned)

(2) The President is authorized to determine the minimum interest rates that financial leasing, factoring and financing companies and the branches established in Turkey shall implement in borrowing transactions and the qualities of other interests and determining minimum amounts or rates thereof and to release them partially or wholly. The President can transfer the authorizations thereof to the Central Bank of The Republic of Turkey.

Provisions abolished

ARTICLE 52 – (1) The Act on Financial Leasing dated June 10, 1985 and no.3226 and the Decree Law on Borrowing Transactions dated September 30, 1983 and no.90 are abolished with their annexes and amendments.

(2) The references made to the Decree Law no.90 and the Act no. 3226 are deemed to be made to the articles concerned of this Law.

Implementation of the current regulations

PROVISIONAL ARTICLE 1 – (1) The provisions of the regulation, which are not in contradiction with this Law, issued depending on the provisions abolished, are continued to be implemented.

(2) The regulations foreseen in this Law are entered into force in one year.

Adaptation Period

PROVISIONAL ARTICLE 2 – (1) The companies have their conditions adapted to the article 5(1)(e) in three years; the article 8(1) and the article 13(2) in six months as of the publication of this Law. In case of the fact that compelling reasons exist and thereof deemed appropriate by the Board, these periods can be extended, not exceeding more than one year.

(2) The provisions of the paragraph 1 are implemented on applicants for establishment or authorization to operate to the Agency before April 30, 2012.

Liabilities concerning the Association

PROVISIONAL ARTICLE 3 – (1) The status of the Association which includes; the Association organs, representation of companies in the Association organs, working principles of the Association and the scope of the activities, would be prepared by Financial Leasing, Factoring and Consumer Finance Companies associations separately by taking the approval of the Board, and is entered into force by the Resolution of the Council of Ministers upon the proposal of the Agency.

(2) The companies operating before the date which this Law entered into force have to be member to the Association in one month following the date which the Association shall operate.

(3) Pursuant to the provisions of this Law, in registration of the contracts to be registered to the private registry recorded by the Association pursuant to the provisions of the Law, it is continued to the implementation of the provisions on the registry of the Law no. 3226 abolished by this Law until the determination of the principles and procedures relating to the registration pursuant to the article 22.

(4) In registration of financial leasing contracts to be made pursuant to the article 21 until the Association shall be established, implementation of the provision concerned of the Law no. 3226 abolished by this law shall be continued.

(5) The transactions foreseen in the article 43 of this Law are fulfilled in one year following the establishment date of the Association.

(6) References made to the Association of Financial Leasing, Factoring and Financing Companies shall be deemed to be made to the Association of Financial Institutions.

(7) Asset management companies that have obtained an operating license in accordance with the Law No. 5411 before the enactment of the Law which establishes this paragraph, shall become a member of the Association within one month from the effective date of the Law which establishes this paragraph.

Regulated Financial Leasing Contracts

PROVISIONAL ARTICLE 4 – (1) The implementation of provisions relating to the period of the Law No. 3226 which is abolished by this Law, for financial leasing contracts regulated before the date which this Law is entered into force, is continued.

Provisions relating to lenders

PROVISIONAL ARTICLE 5 – (1) The persons having lending activities pursuant to the authorization that they have from the Decree Law no. 90 can make application to the Agency for executing one of the activities stated in this Law in six months as of the date which this Law enters into force. They cannot have any lending activities other than transactions concerning the collection of receivables arising from current contracts in this period. The lenders who made application to the Agency, in condition to take the required authorization from the Board, can continue to their activities as factoring, financial leasing or financing companies. The companies to be established have to fulfill the capital liability included in the article 5(1)(e) of this Law in three years. Lending authorization of the ones who cannot receive the required authorization from the Board despite the application to the Agency and the ones who did not make any application to the Agency terminates naturally without any operation.

Paid capital increase of factoring companies

PROVISIONAL ARTICLE 6 – (1) Factoring companies shall increase their minimum paid capitals to the amounts specified in article 5, within one year following the entry of this article into force.

(2) The term envisaged in the first paragraph can be extended up to two years by the Board.

(3) Activity licenses of the ones who do not increase their minimum paid capitals within the terms envisaged under this article, shall be cancelled.

Adaptation procedure of saving finance companies

PROVISIONAL ARTICLE 7 – (1) Those who conduct saving finance activities on the date of entry into force of this article, shall apply to the Agency within one month from the effective date, submit a plan to make their circumstances in line with the provisions of the Law within six months at the time of the application or liquidate them without damaging the rights and interests of the customer and the plan is approved and in case of necessity, shall fulfill the necessary actions within the periods specified in the plan.

(2) The provisions of Article 46 shall apply to those who continue to perform saving finance activities without making an application to the Agency within the period specified in this Article.

(3) The six-month period specified in the first paragraph of this article may be extended for a period not exceeding six months, provided that an additional plan for compliance with the provisions of the Law is submitted and the said plan is deemed appropriate by the Board. In addition, the Board is authorized to extend the adjustment period twice, for a maximum of six months, in order to comply with the provisions of the legislation other than subparagraph (e) of the first paragraph of Article 5.

(4) The Board may decide on the liquidation of those who are determined that their assets cannot meet their liabilities according to their independently audited financial statements, those who do not comply with the provisions of this Law within the prescribed period, or those whose plans are not deemed sufficient by the Board among the applicants to the Agency, and those who collect money from their customers within the scope of saving finance activity before the effective date of this article but do not apply to the Agency, within the scope of the first paragraph of Article 50 / A. The provisions of the second, third and fourth paragraphs of the same article are applied for the companies that are decided to be

liquidated.

(5) The contracts within the scope of the saving finance activity concluded before the effective date of the Law which establishes this article by the saving finance companies, which comply by adapting their circumstances to the provisions of this Law, continue to be implemented without amendment in accordance with this Law and the provisions of the relevant legislation. The provisions of the second paragraph of Article 39 / B are also applicable to the accumulation amounts collected within the scope of the contracts issued before the effective date of the Law establishing this article and the Agency is authorized to postpone the allocation dates in accordance with the fourth paragraph of Article 15 for these contracts.

(6) Payment on account to the third parties in the position of seller and certification documents are not required in the contracts to be made until 1/1/2025.

Adaptation procedure of financial leasing and financing companies

PROVISIONAL ARTICLE 8 – (1) Financial leasing and financing companies are obliged to increase their minimum paid-in capital to the amount specified in sub-paragraph (e) of the first paragraph of Article 5 within six months from the effective date of the Law establishing this article.

(2) If deemed appropriate by the Board, the period specified in the first paragraph may be extended by the Board for a period not exceeding six months.

(3) The operating licenses of those who do not increase their minimum paid-in capital within the periods stipulated in this article shall be canceled.

PROVISIONAL ARTICLE 9 – (1) Savings Deposit Insurance Fund is authorized to transfer the savings finance contracts of the finance companies whose liquidation has been decided within the scope of Article 50/A and the fourth paragraph of provisional article 7 and whose liquidation is carried out by the liquidation commissions appointed by the Savings Deposit Insurance Fund that are in the saving period of the savings to the requesting companies that have completed the adaptation process and obtained an operating permit. The savings amount corresponding to the savings financing agreements subject to the transfer is paid to the liquidation desk in cash by the Savings Deposit Insurance Fund. The savings amount subject to transfer refers to the total of the installment amounts paid, excluding the organization fee and participation fee, which is deposited to the company without any financing/allocation, in order to obtain an acquisition under a contract with the company in liquidation.

(2) The amounts paid within the scope of the first and fifth paragraphs of this article are registered as preferential receivables on behalf of the Savings Deposit Insurance Fund in the creditors' list of the transferor company, prior to the first line receivables in the fourth paragraph of Article 206 of the Law No. 2004.

(3) In the legal proceedings and collection of the amounts paid to the transferee company within the scope of the first paragraph and the fifth paragraph, from the owners and/or legal representatives of the transferor company by the Savings Deposit Insurance Fund; authorizations given to the Savings Deposit Insurance Fund with respect to banks, companies and their assets, whose partnership rights excluding dividends and management and control were transferred to the Savings Deposit Insurance Fund by Law No. 5411 is applied by analogy regardless of whether the transferor company or its owners are in debt to the Savings Deposit Insurance Fund and whether there is a lien on the assets of the Savings

Deposit Insurance Fund.

(4) The records and documents of the transferor company shall be taken into account regarding the determination of the savings amounts regarding the transfer of contracts to be made pursuant to this article. The scope of the transfer includes all savings financing contracts in the savings period of the transferor company, excluding the contracts whose legal process is still ongoing.

(5) In the event that the customer to whom the savings financing contract is transferred is requested to terminate the contract, the relevant savings financing agreement is returned to the transferor company. The savings amount regarding the returned savings finance contract and twenty percent of the organization fee paid by the customer regarding such contract shall be paid by the in cash the liquidation desk to the customer in cash and at once, without being subject to the list of creditors.

(6) The savings amount of the customer who wishes to continue the contract with the transferee company is paid by the liquidation desk to the transferee company, in cash and at once from the date of reconciliation, upon the request of the transferee company. The amount to be paid to the transferee company by the liquidation desk is limited to the savings amount paid by the customer to the transferor company.

(7) A new savings financing contract will be signed between the customer and the transferee company who wants to continue the contract in the transferee company. Under the new savings financing contract, the savings amount paid by the customer to the transferor company under the previous contract will be accepted as a down payment. The period from the beginning of the liquidation to the date of signing the new contract is added to the contract period and the period for which savings payment is made in the transferor company is deducted from the new contract period. Pursuant to the new contract, in case of an increase in the contract price, half of the organization fee for the part corresponding to the increase will be collected from the customer by the transferee company. As per the signing of the new savings financing contract, the previous contract becomes null and void.

(8) The provisions of delay and default in the savings financing contract are not applicable for the installments not paid by the customer in the period from the beginning of the liquidation to the date of the signing of the new savings financing contract.

(9) In order to make allocations to customers who have signed a new savings financing contract with the transferee company, it is obligatory that forty percent of the contract amount has been saved at the signing date of the new contract and that the time for which savings are paid has reached two-fifths of the total contract period.

(10) The transferee company has no obligation to pay the customer the savings amount deposited under the contract, the organization fee, and any other similar amount in relation to the savings financing contract returned to the transferor company.

(11) Regarding savings financing contracts returned to the transferor company, eighty percent of the organization cost excluding the savings amount and other similar claims are recorded at the liquidation desk of the transferor company as the fourth rank receivable within the scope of Article 206 of the Law No. 2004.

(12) Within the scope of this Article, the contracts between the transferor company, the transferee company and the Savings Deposit Insurance Fund regarding the transfer of existing savings financing contracts and the savings finance contracts to be drawn up between the customer who wants to continue

the contract with the transferor company and the transferee company are exempt from stamp tax.

(13) The approval of the Board shall be obtained by the Savings Deposit Insurance Fund regarding the company requesting to take over the savings financing contracts.

(14) Other procedures and principles regarding the transfer of savings financing contracts will be determined by the Board of the Savings Deposit Insurance Fund.

(15) Transactions within the scope of the first paragraph are implemented for a period of one year from the date of entry into force of this Article.

Entry into Force

ARTICLE 53 – (1) This Law enters into force on the date of publication.

Enforcement

ARTICLE 54 – (1) The provisions of this Law are enforced by the Council of Ministers.

ERYÜREKLİ

LIST REGARDING THE AMENDMENTS TO THE LAW

| LAW NUMBER | DATE OF EXECUTION |
|----------------|-------------------|
| 6728 | 9/8/2016 |
| 7061 | 1/1/2019 |
| Decree Law/700 | 9/7/2018 |
| 7186 | 19/7/2019 |
| 7222 | 25/2/2020 |
| 7247 | 26/6/2020 |
| 7292 | 7/3/2021 |
| 7333 | 28/7/2021 |
| 7394 | 15/4/2022 |
| 7420 | 9/11/2022 |

ERYÜREKLİ