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LEGAL REPORT CONCERNING THE LAW NO.7222 ON BANKING REGULATIONS

Banking law recently amended by the new Articles of Law No. 7222, which includes significant changes on Turkish financial institutes and companies and it should be stated that the amendments directly effects the companies and as a result the economic life in general. Considering its importance, we would like to inform you regarding the important notes concerning this new law which will reflect the amendments and changes more clearly and please kindly be aware that the English versions of the Articles are also included in this report.

As it is known the Law No. 7222 on Amendment of Banking Law and Some Other Laws dated 20/02/2020 has been entered into force by published in the Official Gazette on 24/02/2020. In this new Law No.7222, not only Banking Law but also Personal Data Protection Law No. 6698, Financial Leasing, Factoring and Financing Companies Law and Capital Market Law have been amended. When the Articles of the Law examined, it can be clearly inferred that there are significant number of changes concerning banks, commercial companies, factoring and financing companies and mainly the consumers or customers. Thanks to new regulations, in case of violation of the regulations under the law, aggravated administrative fines and penalties will be implemented by the relevant authorities. Moreover, new legal concepts, institutions and legal persons have been introduced under the regulations of Law No.7222. That is why, it will be beneficial for not only financial institutions but also for the customers who are benefiting from such systems.

Banks, which are determined as "systemically important", will prepare a "measure plan" in order to determine the precautions to be taken in case any of the situations that will cause deterioration in their financial structures. As a result of the audits, the Banking Regulation and Supervision Agency (BRSA) may ask the bank to take one or more of the measures included in the precaution plan, in determining whether or not the circumstances that will cause a deterioration in the financial structure have occurred.

Development and investment banks are provided with the payment of movable, immovable property and services, or profit, loss partnership investments, real estate, equipment or commodity procurement, financing of goods against goods, and credits in the law enforcement of joint investments. In the event that new financing methods occur under changing conditions, BRSA is also authorized to count these methods as loans.

It can be also mentioned that risk groups are expanding thoroughly. (Article 3)

Transactions with the Turkey Assets Fund Management Joint Stock Company and the Asset Fund, will not be subject to credit limitations of bills, bonds and similar debt instruments issued or guaranteed to be paid by these institutions. In addition, funds to be provided by development and investment banks from loan customers, partnerships and partners, and funds from banks, money markets, capital markets and organized markets will not be counted as deposits.

The important bullet points under the Law No.7222 are as follows;

a. "CUSTOMER SECRET"

The data of real and legal persons that are formed after establishing a customer relationship in banks specific to banking activities will become "customer secret".

Information that is customer secret cannot be shared with and transferred to third parties at home and abroad without a request or instruction from the customer, exempt from exceptions from the obligation to keep secrets specified in this article even if the express consent of the customer is obtained in accordance with the Personal Data Protection Law No. 6698 dated 24/3/2016.

As a result of its evaluation regarding economic security, the BRSA will be authorized to prohibit the sharing or transfer of any kind of data that is in the nature of "customer secret" or "bank secret" with third parties abroad. The BRSA will also be authorized to make decisions regarding the information systems used by banks to carry out their activities and their backups in the country.

In addition, BRSA will be authorized to differentiate the standard rates and limits set for the overall banking system for development and investment banks.

b. ‘’PARTICIPATION AND DEVELOPMENT BANKS’’

The BRSA will be empowered to determine the procedures and principles for participation banks and development and investment banks to carry out activities regulated in the Banking Law by interest-free methods.

Partnerships to participate in interest-free financing by participation banks and development and investment banks will not be considered as part of the risk group the bank is involved in.

Special provisions regarding the recognition of the exemption regarding the shareholding limitation granted to development and investment banks for the partnership shares acquired by participation banks in order to provide interest-free financing can be issued. Due to the obligations undertaken by the participation banks for financing with interest-free methods, special provisions regarding the transactions they make on real estate and commodities can be issued.

The authorization of the banks to determine the fees, expenses and commissions they receive from all activities such as credit, deposit, foreign trade, transfer, cash management and credit card under any name will be given to the Central Bank.

c. **“SANCTIONS”**

c.1. As a result of the amendment of the New Law No.7222, administrative fines are increased.

In order to prevent damages that cannot be compensated, if the content and location providers of access to the websites used in the processing of unauthorized activities are domestic, access to the website will be blocked.

Following the decision of the judge following the criminal complaint filed by the BRSA, access to the website will be blocked. In case the content and location provider is abroad, the application authority of this measure will be at the Information Technologies and Communication Authority upon the application of the board.

c.2. The law also brings amendments to the Debit Cards and Credit Cards Law.

Turkey's Central Bank, determine maximum contractual and default interest rates and will be authorized to declare.

As a result of the amendment made in the Financial Leasing, Factoring and Financing Companies Law, the amount of capital to be paid in cash in the establishment of factoring companies will be increased from 20 million liras to 50 million in order to strengthen capital structures and make them more institutionalized. In addition, BRSA will be authorized to aggravate administrative sanctions in case of repeating the same act more than once or within 2 years.

c.3. The law also updates the administrative fines in the Financial Leasing, Factoring and Financing Companies Law.

Factoring companies will increase their minimum paid capital to the amount specified in the law within one year from the effective date of the law. Operating permits of those who do not increase their minimum paid capital in the foreseen periods will be cancelled.

d. '' REGULATION ON THE "RIGHT OF SEPARATION" OF CAPITAL MARKET LAW''

With the Law, the article of the Capital Market Law regarding the "right to leave" has been changed. Accordingly, the shareholders, who attend the general assembly meeting regarding important transactions and vote negatively and documented this opposition, will have the right to leave by selling their shares to a public partnership. Moreover, the public partnership will be obliged to purchase these shares at a fair price according to the principles to be determined by the Capital Markets Board(CMB) upon the request of the shareholder.

e. ''THE DEBT INSTRUMENT OWNERS BOARD WILL BE ESTABLISHED''

Thanks to the new Articles which have been added to the Law, investors will be able to act collectively according to changing conditions, and enable issuers and investors to agree on changing the terms and conditions of debt instruments.

The "trust" institution, which has a wide field of application in the capital markets abroad, will be brought to the Turkish Capital Market as a "Collateral Management Agreement" and the general principles will be determined.

The collateral manager will be empowered with a collateral management contract to be concluded in writing with the issuer prior to issuance, to constitute the collateral of liabilities arising from capital market instruments and for the fulfilment of all kinds of works and transactions listed in the Law in details, including the protection of investors' interests. Moreover, the collateral manager will be authorized to perform all the works and transactions listed in the law regarding the collaterals on behalf of the investors. Assets subject to collateral will be separate from the assets of the collateral manager. In the event that the collateral manager uses the assets transferred from collateral for non-saving purposes, he will be charged with "misconduct" within the scope of the Turkish Criminal Code and the punishment cannot be less than 5 years.

f. ''PLATFORMS FOR CROWD FUNDING''

CMB will be able to make determination regarding crowd funding activities by collecting money from the public based on partnership or borrowing. Banking legislation provisions will not be applied to borrowing crowd funding activities.

Real and legal persons who sign the information form regarding crowd funding transactions will be jointly responsible for damages arising from incorrect, misleading or incomplete information on the form.

g. ‘’REGULATION ON HOUSING AND ASSET FINANCE FUNDS’’

Accordingly, the fund will be deemed to have legal personality, limited to all kinds of registry transactions including registration, amendment, cancellation and correction requests in land registry, trade registry and other official registries.

The transactions to be made before the title deed, trade registry and other official registries on behalf of the fund will be carried out with the joint signatures of the fund founders and one representative of the fund board.

With the amendment made to the lease certificate and asset leasing companies, project finance, project finance fund and project-based securities are also reorganized. To illustrate, the revenues and other rights of the project subject to project finance will be assigned to the project finance fund. Assets and rights whose transfer validity depends on a title deed or registry record and taken into the project finance fund portfolio will be registered in the title deed registry or related registry on behalf of the fund.

Moreover, the title of the "Measures to be applied in violations of the Law" in the Capital Market Law is changed to "Measures to Be Applied in Violation of the Illegal Issuances and the Information and Explanations in the Registration Statement" with this amendment the scope of the Article has been extended as well.

h. ‘’PENALTY FOR THOSE WHO PROVIDE MISLEADING INFORMATION’’

Among the acts requiring administrative fines determined in the Capital Markets Law, an administrative fine is added on behalf of the legal persons.

Administrative fines up to a thousand lira to 25 thousand Turkish Lira will be imposed on persons who cause unnecessary audits by giving false information, documents or statements that are misleading.

i.‘’ THE LOWER LIMIT OF THE PRISON SENTENCE HAS BEEN RAISED FROM 2 YEARS TO 3 YEARS’’

The lower limit of imprisonment on those who have been directly or indirectly affect the prices, values or decisions of investors based on the information and even though the information has not been announced to the public has been increased from 2 to 3 years.

With the new article added to the Law, the article 4 of the Law on Consumer Protection was amended. Thanks to this amendment, the authority of the Banking Regulation and Supervision Agency to determine all kinds of fees, commissions and expenses to be collected from the consumer other than interest and the procedures and principles was given to the Central Bank.

In below, please kindly find the articles of ‘’ Law on Amendment of Banking Law and Some Other Laws’’.

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LAW ON AMENDMENT OF BANKING LAW AND SOME OTHER LAWS

ARTICLE 1 - The phrase “banking system or” has been added after the phrase “violated and” in the second paragraph of article 26 of the Banking Law No. 5411 dated 19/10/2005. And the phrase "legal prosecution requested" was changed to "the written application to the Chief Public Prosecutor's Office".

ARTICLE 2 - The phrase “finances provided by banks through financial leasing” in the second paragraph of Article 48 of Law No. 5411 has been changed to “banks”. And the phrase "similar" has been changed to "Others to be determined by the Board".

ARTICLE 3 - The second, fifth, sixth and seventh paragraphs of article 49 of the Law No. 5411 have been amended as follows.

“The following are the risk group that the bank is involved in: Qualified shareholders of a bank and the bank, bank board members, general manager, assistant general managers, managers who work in equivalent or higher positions in terms of their authority and duties even if they are employed by other titles and their spouses and children, partnerships which they control, together or alone, directly or indirectly, and participate with unlimited liability, or are board members or general managers.”

“Each bank which majority of their capital belongs separately or together to the Treasury, Privatization Administration, Turkey Assets Fund Management Joint Stock Company, public institutions under the central administration or Turkey Assets Funds forms a separate risk group with the partnerships they control directly or indirectly.

Public economic enterprises and each of the other public institutions and organizations which majority of shares belongs to Privatization Administration, Turkey Assets Fund Management Joint Stock Company or Turkey Assets Funds constitutes a separate risk group together with the subsidiaries, affiliates and institutions that they have capital, management and control over.

The Board is authorized to determine the procedures and principles regarding the implementation of this article.”

ARTICLE 4 – The phrase “with the Presidency of Mass Housing Administration” has been changed to the phrase “with the Presidency of the Mass Housing Administration, Turkey Assets Fund Management Joint Stock Company or Turkey Assets Fund” in the first paragraph (b) of article 55 of the Law No. 5411.

ARTICLE 5 - The fourth paragraph of Article 60 of the Law No. 5411 has been changed as follows.

“Within the framework of the principles and procedures to be determined by the Board, credit customers, partnerships and funds from partners and funds from banks, money markets,

capital markets and organized markets of development and investment banks, cannot considered deposits under this Law."

ARTICLE 6 - The following article has been added to the Law No. 5411, after the 66th article.

"Prevention plan to be prepared by banks

ARTICLE 66 / A - Banks, which are determined to be systemically important by the Board, are obliged to prepare a measure plan within the framework of the procedures and principles to be determined by the Board and send it to the Authority in order to determine the precautions to be taken in case any of the situations that will cause deterioration in their financial structures are seen or the probability of being seen occurs or due to non-compliance with the protective provisions contained in the Law and Regulations issued pursuant to the Law.

These banks are obliged to take measures to be applied on a consolidated or non-consolidated basis and inform the Agency immediately, in case of any occurrence or probability of occurrence of any of the situations that will cause deterioration in their financial structures as a result of their evaluations on a consolidated or non-consolidated basis.

In the event that it is determined that the events that will cause deterioration in the financial structure or the probability of realization as a result of the audits performed on a consolidated or non-consolidated basis by the Authority, the Authority may request the bank to take one or more of the measures included in the measure plan. The procedures and principles regarding the implementation of this article are determined by the Board."

ARTICLE 7 - The following paragraph has been added to the first paragraph of Article 67 of Law No. 5411.

"h) Failure to take the measures foreseen in the measure plan immediately under article 66 / A, the situation that the problems cannot be solved despite the measures taken or determination that no results can be obtained even if measures are taken"

ARTICLE 8 - The words "(a), (b), (c) and (d)" in subparagraph (a) of the first paragraph of Article 68 of Law No. 5411 has been changed to "(a), (b), (c), (d) and (h)". And the phrase "plan" in the same paragraph has been changed to "program".

ARTICLE 9 - The words "(a), (b), (c) and (d)" in subparagraph (a) of the first paragraph of Article 69 of Law No. 5411 has been changed to "(a), (b), (c), (d) and (h)". The words ", (g)" in subparagraph "(b)" have been changed to "or", "plan" has been changed to "program" and "plan" has been changed to "program".

ARTICLE 10 - The following sentences have been added to the following clause and the following clause to come after the second sentence of the third paragraph of Article 73 of the Law No. 5411.

"Data belonging to real and legal persons formed after establishing a customer relationship with banks specifically for banking activities becomes the customer secret. Information that is customer secret cannot be shared with and transferred to third parties at home and abroad without a request or instruction from the customer, exempt from exceptions from the obligation to keep secrets specified in this article even if the express consent of the customer is obtained in accordance with the Personal Data Protection Law No. 6698 dated 24/3/2016. As a result of its evaluation regarding economic security, the Board is authorized to prohibit the sharing or transfer of any data that is customer secret or bank secret with third parties abroad. In addition, it is authorized to make decisions regarding the information systems used by banks in carrying out their activities and their backups in the country. Information that is customer secret and bank secret, including the shares to be made in cases exempted from the confidentiality obligation specified in this article, can be shared only if it is limited to the stated purposes and includes as much data as required by these purposes in accordance with the principle of proportionality."

"The Board is authorized to determine the scope, form, procedures and principles or to set limitations regarding the sharing and transfers of secret information in accordance with the third and fourth paragraphs."

ARTICLE 11 - The following article has been added to the Law No. 5411, after the 76th article.

"Manipulation and misleading transactions in financial markets

ARTICLE 76/A By banks covered by this Law; performing transactions and practices to ensure price formation in the financial markets, including artificial supply, demand or exchange rate, through transactions listed in Article 4, the spread of false or misleading information with different tools, including the internet environment, directing the savers in a false or misleading way, or performing similar actions and practices to achieve these goals are considered as manipulation and misleading transactions in financial markets. The transactions and practices within the scope of this article are determined by the Board and published in the Official Gazette. "

ARTICLE 12 - Article 77 of the Law No. 5411 has been changed as follows with its title.

"Provisions regarding participation banks and development and investment banks

ARTICLE 77 - Development and investment banks are subject to other provisions of this law, with the exception of the second paragraph of the article 43 of this Law, the articles 54, 55, 56, 57, 61, 63, 64, 106 to 129, the paragraph (a) of the first paragraph of the article 130, the articles 131 to 142.

The Board is authorized to establish a rate or limit different from the minimum or maximum standard rates and limits for one, group or all of the development and investment banks, to differentiate the calculation and reporting periods or to determine rates and limits that are not generally determined taking into account the implementation of the corporate governance and protective provisions.

The Board is authorized to determine the procedures and principles regarding the activities that can be carried out by participation banks, development and investment banks with interest-free methods.

Partnerships of participation banks and development and investment banks to provide interest-free financing are not considered within the scope of the second paragraph of Article 49.

The total amount of partnership shares acquired through participation banks financing with interest-free methods cannot exceed fifty percent of the participation funds accepted by the participation banks and is not taken into account in the calculation of the limits specified in the first paragraph of Article 56. Transactions on real estate and commodities are not considered within the scope of Article 57 due to the obligations assumed by participation banks to provide financing with interest-free methods."

ARTICLE 13 - The phrase "President" in the first sentence of the first paragraph of Article 144 of the Law No. 5411 has been changed to "Central Bank", and the phrase "to be provided in the transactions specified in this article" has been changed to "wages, expenses, commissions and". And the second sentence of this paragraph has been removed.

ARTICLE 14 - Article 146 of Law No. 5411 has been amended as follows.

"ARTICLE 146 - By the decision of the Board and by stating the reason, administrative fines are imposed on the institutions covered by this Law in accordance with the following articles of this Law.

a) From 100.000 Turkish Liras to 200.000 Turkish Liras in the event a branch or representative office has been opened in breach of Articles 13 and 14,

b) From 100.000 Turkish Liras to 200.000 Turkish Liras in the case of conflicting with the provisions of the second and fourth paragraphs of Article 18,

c) In the event that appointments are made in violation of Article 25 or if the persons specified in Article 26 are employed in prohibited duties, from one hundred thousand Turkish lira to five hundred thousand Turkish lira,

d) In case of violation of the provisions of Article 28, from fifty thousand Turkish lira to one hundred thousand Turkish lira,

e) In case of violation of Articles 33 or 34 or the first paragraph of Article 37, Articles 38, 39 or 42, from fifty thousand Turkish lira to one hundred thousand Turkish lira,

f) In the event that the notifications prescribed in article 43 are not made, from fifty thousand Turkish lira to one hundred thousand Turkish lira,

g) Up to five percent of the loan granted, not less than fifty thousand Turkish Liras, in case the loan prohibitions in article 50 are not complied with,

h) In case of violation of Article 52, from fifty thousand Turkish lira to one hundred thousand Turkish lira,

i) In the event that the provisions that need to be set aside according to Article 53 are not established, up to five percent of the provision amount that should be reserved, not less than five hundred thousand Turkish liras,

j) Up to five percent of the amount that constitutes a contradiction not less than five hundred thousand Turkish liras, in case the credit limits in article 54 are not complied with,

k) In the event that a share of shares is acquired contrary to Article 56, up to five percent of the amount that constitutes a contradiction, not less than five hundred thousand Turkish Liras,

l) Up to five percent of the value subject to prohibition and restriction, not less than five hundred thousand Turkish liras, in case of violation of prohibitions and restrictions in Article 57,

m) In case of violation of the provision of Article 58, not less than five hundred thousand Turkish liras, the amount of non-violation, if the restriction in article 59 is not complied with, not less than five hundred thousand Turkish liras,

n) In the event that the fifth and seventh paragraphs of article 60 are not followed, from five hundred thousand Turkish liras to one million Turkish liras,

o) In contradiction with article 61 and article 76, from five hundred thousand Turkish lira to one million Turkish lira,

p) From 50,000 Turkish Liras to 500,000 Turkish Liras in case of failure to submit the information requested by the Agency from the institutions covered by this Law as per the provisions of Articles 95 and 96; from 50,000 Turkish Liras to 500,000 New Turkish Liras in case of late submission of such information, and from 50,000 Turkish Liras to 500,000 Turkish Liras in case of missing information, control errors or recurring control errors

r) In case of failure to comply with the decisions and arrangements made pursuant to Article 144, up to ten times the amount that constitutes a contradiction to the said amount and rates in cases where the amount or rates are determined by the Central Bank,

s) Up to five percent of the total interest, profit share income, fees and commissions and banking service income in the financial statements of the previous year, not less than twice the benefit provided, in the event that benefit is provided to those who carry out the transactions and practices accepted as manipulation and misleading transactions in the financial markets within the scope of Article 76 / A,

The Board is authorized to apply by increasing the amounts in this article twice as much, taking into account the fact that the violation has been committed more than once until the sanction decision has been made or the repetition of the same violation is repeated within two years after the application of the administrative fine.

The Board is authorized to reduce the penalties to be imposed pursuant to this article to fifty percent for the banks where Articles 68, 69 and 70 of this Law are applied and up to one hundred percent for the banks where Article 71 is applied."

ARTICLE 15 - The phrase "five thousand New" in article (a) of the first paragraph of Article 147 of the Law No. 5411 has been changed to "one hundred thousand". The phrase "fifteen thousand New" has been changed to "two hundred thousand". The phrase "five thousand New" in item (b) has been changed to "one hundred thousand". The phrase "twenty thousand New" was changed to "two hundred thousand", the "five thousand New" phrase in item (c) was changed to "fifty thousand" and "twenty thousand New" was changed to "two hundred thousand".

ARTICLE 16 - The phrase "ten thousand New" in the paragraph (a) of the first paragraph of Article 148 of the Law No. 5411 has been changed to "five hundred thousand" and the phrase "to five per thousand" to "five percent". The phrase "and the instructions given" has been added to come after the "decisions taken" in item (b). The word "five thousand New" in the same paragraph was changed to "fifty thousand", "ten thousand New" was changed to "five hundred thousand" and the following sentence was added to the paragraph.

"The Board is authorized to apply by increasing the amounts stated in this paragraph up to twice as much considering the fact that the violation has been committed more than once until the sanction decision is made or the repetition of the same violation is repeated within two years after the application of the administrative fine."

ARTICLE 17 - The third paragraph of Article 150 of Law No. 5411 has been changed as follows and the following paragraph has been added to the article.

"In case of violation of the above paragraphs, upon the request of the" Institution "from the relevant Chief Public Prosecutor's Office, the activities of the workplaces and the advertisements are temporarily suspended by the court that looks at the case in case of a lawsuit. And their postings are collected. If it is determined that these violations are handled through the internet, access to the websites of content and location providers is prevented if they are domestically. These measures continue until to get abolished by the decision of the judge. The way of appealing against these decisions is open."

"In case the violations in the first and second paragraphs are realized through the websites of content and location providers abroad, access to these websites is blocked by the Information Technologies and Communication Authority upon the application of the Authority."

ARTICLE 18 - The third paragraph of Article 56 of the Law No. 5411 and the third paragraph of the Article 57 have been repealed.

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ARTICLE 19 - The following provisional article has been added to Law No. 5411.

“PROVISIONAL ARTICLE 33 - Until the date on which the regulations to be issued in accordance with the amended provisions of this Law come into force with the Law establishing this article, the provisions of the regulations that are not in violation of this Law shall continue.

Banks shall resolve the excesses that may occur as of the effective dates of the provisions of this Law amended by the Law establishing this article, within the periods to be determined by the Board. ”

ARTICLE 20 - The third paragraph of Article 26 of the Bank Cards and Credit Cards Law No. 5464 dated 23/2/2006 has been changed as follows.

"Turkey's Central Bank, determine maximum contractual and default interest rates and is authorized to declare."

ARTICLE 21 - The first paragraph of Article 35 of Law No. 5464 has been amended as follows.

“By the decision of the Board and by stating the reason, administrative fines are imposed on the institutions covered by this Law in accordance with the following articles of this Law.

a) From twenty-five thousand Turkish lira to fifty thousand Turkish lira in case of violation of the first, second and third paragraphs of Article 8,

b) From twenty-five thousand Turkish liras to fifty thousand Turkish liras in case of violation of the first paragraph of Article 9, up to one percent of the amount that constitutes a contradiction, not less than twenty-five thousand Turkish liras in case of contradiction to the second paragraph,

c) From twenty-five thousand Turkish liras to fifty thousand Turkish liras in case of violation of the first clause of Article 10 and Article 11,

d) In violation of the provisions of Article 14, from fifty thousand Turkish lira to two hundred and fifty thousand Turkish lira,

e) In contradiction with the second paragraph of Article 18, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

f) In contradiction with Articles 24 and 25, from twenty five thousand Turkish lira to fifty thousand Turkish lira,

g) From fifty thousand Turkish lira to two hundred and fifty thousand Turkish lira, in violation of the first paragraph of Article 27,

(h) a fine between twenty five thousand Turkish Liras and fifty thousand Turkish Liras or up to one percent of the amount of breach in case of breach of provisions of the decisions taken,

or regulations and communiqués issued, or other legislative arrangements made by the Board according to the relevant articles of and in reliance upon this Law.

The Board is empowered to double the amounts included in this paragraph, by doubling the amount of the contradiction within two years from the application of the administrative fine, until the violation has been committed more than once until the sanction decision has been made. ”

ARTİCLE 22- The following clause has been added to the 5th clause of the Financial Leasing, Factoring and Financing Companies Law No. 6361 dated 21/11/2012 and the current second clause has been registered as the third clause.

"(2) The amount in subparagraph (e) of the first paragraph is applied as fifty million Turkish liras for factoring companies."

ARTICLE 23 - Article 44 of Law No. 6361 has been amended as follows.

“ARTICLE 44 - (1) By the decision of the Board and by stating the justification, administrative fines are imposed as follows for the companies;

a) In case of violation of Article 8, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

b) In violation of subparagraph (b) or (c) of the first paragraph of Article 9, up to ten times the amount that constitutes violation and not less than sixty two thousand five hundred Turkish liras,

c) In case of a transaction contrary to the second paragraph of Article 9, up to five times the amount of the transaction, which constitutes a violation and not less than sixty two thousand five hundred Turkish liras,

ç) In case of violation of the second or fifth paragraph of Article 11, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

d) In the event that an appointment is made in violation of Article 13, from twenty-five thousand Turkish liras to fifty thousand Turkish liras, and within ten working days from the date of notification, ten percent of the penalty imposed for each day since the end of this period,

e) In case of violation of the first paragraph of Article 14, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

f) In contrary to the third paragraph of Article 14, in case of continuing practices that do not affect or significantly affect the financial size of the company, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

g) In case of violation of the fourth or fifth paragraph of Article 14, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

ğ) In case of violation of the restrictions in the regulations issued pursuant to Article 15, up to one percent of the amount that constitutes the contradiction, not less than sixty two thousand five hundred Turkish liras,

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h) In the event that the notification provided for in the second paragraph of Article 15 is not made, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

ı) In the event that the counter payments that need to be made in accordance with Article 16 are not made, up to two thousandth of the payment amount that should be reserved, not less than twenty five thousand Turkish liras; In case the contradiction is not resolved within the period to be given by the Authority for not less than three months, three percent of the amount of provision not established,

i) In case of violation of the second or fourth paragraph of Article 17, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

j) In contradiction with the first paragraph of Article 19, the first or second paragraph of Article 22, the second paragraph of Article 38, and the second or third paragraph of Article 39, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

(2) To the real and legal persons concerned by the decision of the Board and by stating its justification, the administrative fines are imposed as follows,

a) In violation of the third paragraph of Article 6, from fifty thousand Turkish liras to seventy-five thousand Turkish liras,

b) In violation of the first, second or third paragraph of Article 11, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

c) In contradiction with the second or fourth paragraph of Article 17, from twenty-five thousand Turkish liras to fifty thousand Turkish liras,

(3) In accordance with the decision of the Board and by stating the justification, in case of failure to comply with the decisions taken by the Board and the Authority based on this Law, the regulations and communiqués issued and other regulations and the instructions given by the Authority Administrative fines up to one thousand Turkish liras are imposed to the real and legal persons concerned.

(4) The Board is authorized to apply by increasing the amounts in this article up to twice as much, considering that the violation has been committed more than once until the enforcement decision has been taken or the repetition of the same violation has been occurred within two years from the date of the imposed administrative fine."

ARTICLE 24 - The following provisional article has been added to Law No. 6361.

"Increasing the minimum paid-in capital of factoring companies

PROVISIONAL ARTICLE 6 - (1) Factoring companies must increase their minimum paid capital to the amount specified in the second paragraph of Article 5 within one year from the date of this article came into force.

(2) In case it is deemed appropriate by the Board, the period in the first paragraph may be extended by the Board for not more than two years.

(3) Operating permits of those who do not increase their minimum paid capital within the periods stipulated in this article shall be canceled."

ARTICLE 25 - The first paragraph of Article 23 of the Capital Markets Law dated 6/12/2012 and numbered 6362 has been changed as follows.

"(1) Important transactions related to the structure of the partnership, which will lead to the change of investment decisions of investors such as public partnerships being a party to merger, division, change of type, prediction of concession or changing the scope or subject of existing concessions, are considered as important transactions in the implementation of this Law. The Board is authorized to determine the important transactions, the procedures and principles that must be complied with in order to be able to carry out such transactions or to take decisions, including the materiality, according to the composition of the publicly held partnerships. "

ARTICLE 26 - Article 24 of the Law No. 6362 has been amended as follows.

"ARTICLE 24 - (1) The shareholders who attend the general assembly meeting regarding the important transactions specified in Article 23 and vote negatively and documented their opposition by writing to minute, have the right to leave by selling their shares to the public partnership. The Board is empowered to determine the right to withdraw, according to the composition of the publicly held partnership, and the principles regarding the use of the important transaction subject to the right to leave for shares held at the time of public disclosure. Publicly-held partnership is obliged to purchase these shares at a fair price according to the principles which are determined by the Board upon the request of the shareholder. The Board may regulate the procedures and principles regarding the proposal to the other shareholders or investors before the shares subject to sale are purchased by the partnership.

(2) In case the shareholder is not unjustly not allowed to attend or vote in the general assembly meeting regarding the important transactions specified in article 23, or the call is not made in accordance with the procedure or not properly announced, the condition of the opposition to the general assembly decisions and without the necessity for having to documented the negative opinion in the minutes, the provision of the first paragraph is applied.

(3) In cases where the right to leave does not arise, the procedures and principles regarding the exemption from the obligation to exercise this right, the exercise of this right and the calculation of the fair value are determined by the Board. The Board may determine different procedures and principles regarding the use of the right to leave, depending on the composition of the partnerships. "

ARTICLE 27 - The phrase "who is a shareholder on the date of the notification to the public has been made concerning the acquisition of such shares or voting rights" has been added to the first paragraph of the Article 26 of the Law No. 6362 after phrase "in case of the acquisition".

ARTICLE 28 - The following article has been added to the Law No. 6362, after the 31st article.

"Debt Instruments Owners Board

ARTICLE 31 / A - (1) Owners of the debt instruments in circulation constitutes the Board of the Debt Instruments Owners. Issuers of the coordinated debt instruments and the owners may constitute a separate Board of the Debt Instruments Owners.

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(2) The principles and conditions for calling the meeting of the Board of the Debt Instrument Owners by the issuer's board of directors or the debt instrument owners and taking decisions on the Board of the Debt Instrument Owners must be determined in the registration statement and / or issuance document prepared by the issuer due to the issuance of the debt instrument.

(3) In order to make a decision on the Board of the Debt Instruments Owners, unless the higher quorum is stipulated by the Board or contrary to the registration statement and / or issueance document; The positive vote of the debt instrument owners representing the minimum half of the nominal amount of all borrowing instruments in circulation is required for the board to be composed of the borrower owners representing the minimum half of the total of the nominal values of each debt instrument or the owners of all borrowing instruments in circulation. Debt instrument owners' decisions to be taken with qualified majority as stipulated by the Board also make provisions for debt instrument owners who do not give positive votes to these decisions.

(4) A representative may be appointed to represent the debt instrument owners.

(5) In the event that the terms and conditions of these debt instruments are changed after the default occurs in the repayments of the debt instruments, all the proceedings started due to the default of the debt instrument will cease as of the date on which the relevant debt instrument's terms and conditions are deemed to have been changed, and interim injunction and provisional seizure decisions are not applied. The period of limitations and foreclosures that can be stopped by the execution proceedings shall not be taken into consideration. After all debts arising from the debt instruments are performed, the execution proceedings that which have been stopped are deemed as dismissed.

(6) The Board is authorized to determine the procedures and principles regarding the implementation of this article."

ARTICLE 29 - The following article has been added to the Law No. 6362, after the 31 / A article added by this Law.

"Collateral management contract and collateral manager

ARTICLE 31 / B - (1) Capital market instruments to be determined by the Board may be secured with the assets deemed appropriate by the Board in order to provide the fulfillment the obligations arising from these instruments. The ownership of the assets subject to collateral is transferred to the collateral manager who has the general custody authority and has the quality of an investment institution, or limited real rights are established on these assets in favor of the collateral manager. The fact that the asset subject to the collateral has been transferred, is recorded in the declarations section in the relevant registry.

(2) The collateral manager is authorized before the issuance with a collateral management contract which have to be concluded in writing with the issuer on following issues: Providing and protecting the management and management of the assets subject to collateral, in which the property is transferred to him or with limited real rights in favor of him, when it comes to protection, recourse to legal remedies, in case of default or foreseen by law or contract provisions, the coverage of the guarantee will be met; all other things, including converting the asset under collateral to money, sharing the sales amount of the assets under collateral among investors, returning the collateral assets to the collateral with the termination of the debt, returning the collateral assets to the collateral, protecting the interests of investors and fulfillment of all kinds of businesses and

transactions. The Board is authorized to determine the procedures, principles and minimum qualifications to which the collateral management agreement is subjected.

(3) The collateral manager is authorized to perform the following works and transactions on his behalf and on behalf of the investors: Registration transactions to the title deed for collaterals; registration of any pledge, mortgage or any real right, annotation, encumbrance, right and receivable in private registrations including but not limited to the ship registry, vehicle registry and movable registry and proceedings regarding the establishment, abandonment, exemption, termination of the collaterals including any transactions required for them.

(4) Commercial title of each collateral manager approved by the Board, assignment of the collateral manager regarding of which issuance and the authority of the Manager have been announced via Turkish Trade Registry Gazette by the issuer and discernibly recorded to the Commercial Register of the place in which the registered office of the issuer has been located.

(5) In case of default or for the reasons stipulated in the law or contract provisions, when it is possible to cover the receivable from the collateral; Without any obligation to fulfill any prerequisites such as making any notice or warning, giving time, obtaining permission or approval from the judicial or administrative authority, auction of the collateral or cashing in another way; the collateral manager is entitled to sell the assets subject to the collateral and distribute the amount among the investors.

(6) Assets subject to collateral are separate from collateral manager's assets. Assets subject to collateral cannot be foreclosed, pledged, included in the bankrupt’s estates and not subject to injunction or lien foreclosure even if they are for public receivables due to the debts of the collateral manager.

(7) The Board is authorized to determine types and qualities of assets subject to collateral, collateral compatibility between capital market instruments and assets subject to collateral, keeping records of assets subject to collateral, rights and obligations, qualifications of collateral manager, registration to trade registry, release and payment to collateral manager in return for services and the principles and other issues related to the collateral structure in the issuance of capital market instruments.

(8) Agreements, provisions or statements that mitigate or remove the responsibility of the collateral manager are void.

(9) In case the capital market institutions are appointed as collateral manager, first paragraph of article 96 is applied to collateral managers who do not fulfill their obligations in the second paragraph of this article; and in case of violation of the sixth paragraph of this article, the first and third paragraphs of the Article 92 are applied.

(10) In the event that the collateral manager uses the assets transferred from collateral for non-saving purposes, the penalty which cannot be less than five years to be imposed according to the second paragraph of the article 155 of the Law No. 5237.

(11) The Board is authorized to determine the procedures and principles regarding the implementation of this article.”

ARTICLE 30 - The following sentences are added to the first paragraph of Article 35/A, the following sentence is added to second paragraph and the following paragraph is added to the mentioned article of the Law No. 6362

"The Board is responsible for crowd funding activities to be carried out through crowd funding platforms; make determination about making by collecting money from the public based on partnership or borrowing. Banking legislation provisions are not applied to borrowing crowd funding activities."

"On behalf of the Meeting of the General Assembly of the enterprise companies, the regulations under the Article 29 and fifth paragraph of the Article 30 are applied within the framework of the principles determined by the Board.''

"(6) Real and legal persons who sign the information form regarding crowd funding transactions are jointly responsible for the damages arising from the wrong, misleading or missing information in the information form."

ARTICLE 31 - Paragraph (b) of the first paragraph of Article 38 of Law No. 6362 has been amended as follows.

"b) In the services and activities to be determined by the Board, including project financing, providing credit or lending and foreign exchange services, while the exchange regulations are reserved"

ARTICLE 32 - The fifth paragraph of the article 52 of the Law No. 6362 has been changed as follows.

"(5) It is deemed to have legal personality, limited to all kinds of funds, registry transactions, including the establishment, capital increase or share transfer transactions of the limited and joint stock companies, including registration, amendment, and correction requests to the land registry and other official registries. The immovable, immovable rights and immovable bonds in the mutual fund portfolio are registered in the title deed registry on behalf of the fund. The transactions to be made in the title deed, trade registry and other official registries on behalf of the fund are carried out with the joint signatures of a representative who is representing the portfolio management company and the institution carrying out the portfolio retention service. "

ARTICLE 33 - The following paragraph has been added to Article 58 of the Law No. 6362.

"(8) Fund is deemed to have legal personality, limited to all kinds of registry transactions, including registration, amendment, cancellation and correction requests in land registry, trade registry and other official registries. Assets and rights whose validity of the transfer depends on a title deed or registry record and taken into the portfolio of housing or asset finance fund are registered to the title deed registry or the related registry on behalf of the fund. The transactions to be made on behalf of the fund in the land registry, trade registry and other official registries are carried out with the joint signatures of the fund founder and one official representing the fund board. "

ARTICLE 34 **-** The following article has been added to the Law No. 6362, after the article 61 / A.

"Project finance, project finance fund and project-based securities

ARTICLE 61 / B - (1) Project finance is financing through the project financing fund for the realization of projects such as infrastructure, energy, industry or technology investments that require long-term and dense capital.

(2) The project financing fund is funded by investment institutions based on faithful ownership principles in order to operate the portfolio that is based on the income of the project-based securities holders, the money and / or other assets collected in return for project-based securities, the income of the project-based securities and the property established by the statute while does not holding the legal entity.

(3) Revenues and other rights of the project subject to project finance are assigned to the project finance fund.

(4) The procedures and principles regarding the assets and rights to be subject to project financing, the founders of the project financing fund, the establishment of the fund, the operating conditions, management and termination, and the issuance of project-based securities are determined by the Board.

(5) The provisions of Articles 502 to 514 of Law No. 6098 shall apply to the relations between the founder, the fund board and the project-based securities issued, in cases where there is no provision in this Law and the fund's bylaws.

(6) Fund is deemed to have legal personality, limited to all kinds of registry transactions, including registration, amendment, cancellation and correction requests in land registry, trade registry and other official registries. The assets and rights whose transfer validity depends on a land registry or registry record and taken into the project finance fund portfolio are registered to the land registry or related registry on behalf of the fund. Transactions to be made on behalf of the fund in the land registry, trade registry and other official registries are carried out with the joint signatures of the founder of the project financing fund and one official representing the fund board.

(7) Until the project-based securities are extinguished, assets and rights in the project financing fund portfolio cannot be saved, pledged, collateralized, collateralized, or collection of public receivables even if the founder of the project financing fund and the management or control of the fund user is transferred to public institutions. Including its purpose, it cannot be foreclosed, it cannot be included in the bankrupt's assets, nor can be subjected to precautionary assessment or provisional injunction be issued."

ARTICLE 35 - The title of Article 91 of the Law No. 6362 has been changed as "Measures to be applied in violation of the information and explanations contained in the registration statement", and the following paragraph has been added to the article after the second paragraph and other paragraphs have been arranged accordingly.

"(3) In the event that the investors in the registration statement are acted against the commitments and explanations that will affect the investment decision or if the commitments are not fulfilled within a reasonable time and any changes are made in accordance with the relevant regulations of the Board, the Board shall, regardless of whether the irregularities are resolved by the Board or to carry out the operations envisaged by the Board and whether changes are made in commitments and disclosures, in the scenario that the document and/or explanation is not presented to the Board showing that this situation is based on a reasonable economic or financial reason, all kinds of fees for the works and transactions carried out against the commitments and disclosures in the public

disclosure document in order to prevent; the Board is authorized to demand precautionary assessment or provisional injunction or take any other measures to be foreseen. For the cancellation of the works and transactions determined to result from the use of the amount obtained from the issue against the registration statement and the return of the cash and other assets obtained to the partnership or collective investment institution, within three years from the date of the approval of the registration statement, in any case, within two years after the approval date of the registration statement. It is also authorized to file a lawsuit for the cancellation of the transaction performed in violation."

ARTICLE 36 - The following sentence has been added to the first clause of Article 103 of the Law No. 6362 and the following clauses to the article.

"Taking into account the effect of the violation and the number of injured parties affected by the legal entities, the administrative fees are imposed as equal as the 1% of the gross sales revenue in the annual financial statements, which is included in the independently audited annual financial statements, unless it is 20% more of the pre-tax profit."

"(7) Administrative fines are imposed in accordance with the first sentence of the first paragraph on behalf of the real and legal persons who do not submitted the information, documents, explanations and records (including those kept electronically) requested by the Board or those appointed by this Law regarding the capital market provisions of this Law and other relevant legislation within the period of time or do not submitted at all, or the persons who give contradictory, misleading or false statements or persons who prevent or make it difficult for those charged with the Board or this Law to perform their duties

(8) In accordance with article 88 of the Law, an administrative penalty from one thousand Turkish lira to twenty-five thousand Turkish lira is given to the persons who cause unnecessary audits, by providing information, documents or statements that are false, misleading to the Board.''

ARTICLE 37 - The phrase "from two years" in the first paragraph of Article 106 of the Law No. 6362 has been changed from "from three years".

ARTICLE 38 - The words "two" in the first and second paragraphs of article 107 of the Law No. 6362 have been changed to "three".

ARTICLE 39 - dated 11.07.2013 and in the second sentence of the third paragraph of Article 4 of the Law on Consumer Protection No. 6502 "Banking Regulation and Supervision Agency" with "Central Bank of the Republic of Turkey" has been replaced with.

ARTICLE 40 - This Law enters into force on the date of its publication.

ARTICLE 41 - The provisions of this Law are executed by the President of the Republic.

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