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DECREE NO. 32 ON THE PROTECTION OF THE VALUE OF TURKISH CURRENCY

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**PART I
GENERAL PRINCIPLES****Aim, Subject, Powers and Reserved Provisions**

Article 1 – With the aim of protecting the value of Turkish Currency, this Decree determines and sets forth the regulatory and restrictive principles regarding the determination of the value of Turkish currency against foreign currencies, all transactions related to foreign exchange and instruments denominated in foreign exchange (including securities and other capital market instruments) as well as the use and management of foreign exchange, the importation and exportation of Turkish currency and instruments denominated in Turkish currency (including securities and other capital market instruments), the transactions related to precious metals, stones and articles, foreign exchange transactions in relation to imports, exports, special exports and imports, invisible transactions and capital movements.

Violations of the Decree and the Communiqués to be issued by the Ministry for ensuring the implementation of this Decree shall be considered as a violation of Law No.1567 as well as its supplements and amendments.

Special provisions contained in various laws and international agreements are reserved.

Definitions

Article 2 - In the implementation of this Decree, the following terms of reference shall apply:

- a) **Ministry:** The Ministry of Treasury and Finance.
- b) **Residents:** Real persons and legal entities who have a legal residence in Turkey, including those who are employed, self-employed or owners of independent business abroad.
- c) **Non-residents:** Real persons and legal entities that are not considered as residents in Turkey,
- d) **Travelers:** Persons holding a valid passport or a similar document and arriving at the borders determined by the Ministry of Trade when entering into or departing from Turkey,

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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.

e) Turkish currency: The money which is in circulation in Turkey according to the laws of the Turkish Republic, or the money whose legal replacement period has not yet expired, even if withdrawn from circulation,

f) Instruments denominated in Turkish currency: All kinds of instruments and means enabling payments in Turkish currency, such as commercial and ordinary bills, letters of credit, credit cards, travelers' cheques, remittances and letters,

g) Foreign currency banknotes: Foreign exchange in the form of banknotes,

h) Foreign exchange: Foreign currency banknotes and all kinds of accounts, instruments and means of enabling payments in foreign currency,

i) Securities: All sorts of Turkish and foreign securities that are traded on capital and money markets (a certificate of participation for securities investment fund shall be considered as securities under this Decree),

j) Precious metals: Gold, silver, platinum and palladium of all kinds and in every form,

i) Standard unwrought gold: Gold bars or bullions, with a minimum purity of 995/1000, the qualities of which are determined by the Ministry,

ii) Non-standard unwrought gold: Gold bars, bullions, dore bars, granules, golds in the form of dust and scrap with a purity less than 995/1000 (except for 995/1000 purity),

iii) Wrought gold: Gold that is crafted into ornaments or jewelry,

iv) Standard unwrought silver: Silver bars, bullions or granules, with a minimum purity of 99.9/100, the qualities of which are determined by the Ministry,

v) Non-standard unwrought silver: Silver bars, bullions, dore bars, granules, silvers in the form of dust and scrap with a purity less than 99.9/100 (except for 99.9/100 purity),

vi) Wrought silver: Silver that is crafted into ornaments or jewelry,

vii) Standard unwrought platinum: Platinum bars or bullions, with a minimum purity of 99.95/100, the qualities of which are determined by the Ministry,

viii) Non-standard unwrought platinum: Platinum bars, bullions, dore bars, granules, platinum in the form of dust and scrap with a purity less than 99.95/100 (except for 99.95/100 purity),

ix) Wrought platinum: Platinum that is crafted into ornaments or jewelry,

x) Standard unwrought palladium: Palladium bars or bullions, with a minimum purity of 99.95/100, the qualities of which are determined by the Ministry,

xi) Non-standard unwrought palladium: Palladium bars, bullions, dore bars, granules, palladiums in the form of dust and scrap with a purity less than 99.95/100

(except for 99.95/100 purity),

xii) **Wrought palladium:** Palladium that is crafted into ornaments or jewelry,

k) **Precious stones:** Diamond, brilliant, ruby, emerald, topaz, sapphire, chrysolite and pearl,

l) **Precious articles:** Articles made of or containing precious metals or stones,

m) **Central Bank:** The Central Bank of the Republic of Turkey and its branches,

n) **Banks:** Deposit banks, participation banks and development and investment banks operating in Turkey,

o) **Authorized establishments:** Joint stock companies licensed to perform foreign exchange transactions, as well as transactions related to precious metals, stones and articles within the framework of the principles and conditions set forth by the Ministry.

p) **Capital Market Legislation:** Capital Market Law dated 6/12/2012 and numbered 6362 and other legislation put into force based on this law,

r) **PTT:** Post and Telegraph Organization,

s) **Other capital market instruments:** Capital market instruments which are determined by the Capital Market Board excluding securities,

t) **Precious metal brokerage institutions:** Resident or non-resident legal persons in possession of a license to operate, pursuant to the legislation on the Precious Metals Exchange.

u) **Intermediary institutions:** The institutions which have taken permission certificates from the Capital Market Board for performing intermediary activities in accordance with the capital market legislation,

v) **Foreign exchange earnings:** The earnings obtained from exports, transit trade, sales and deliveries regarded as exports as set out under the applicable regulations, and also from the services and operations that bring in foreign exchange; and

y) **Loan balance:** The outstanding payables for the total sum of the cash foreign-currency borrowing, obtained domestically or internationally;

PART II PROVISIONS REGARDING TURKISH CURRENCY, FOREIGN EXCHANGE, PRECIOUS METALS, STONES AND ARTICLES

Turkish Currency

Article 3-

a) Importation and exportation of Turkish currency and instruments denominated in

Turkish currency shall be free,

b) Non-residents may freely make payments, collect money and make deposits in Turkish currency in Turkey.

c) Banks shall inform the authorities to be determined by the Ministry about Turkish lira transfers abroad, excluding payments for exports, imports and invisible transactions that are above the equivalent of USD 50,000. -, within a 30 day-period starting from the date of transfer.

d) Extension of Turkish currency exceeding TL 25.000 abroad shall be carried out within the principles to be determined by the Ministry to be determined

Foreign Exchange

Article 4-

a) Importation and exportation of foreign exchange to Turkey is free.

b) Residents in Turkey may freely keep foreign exchange; purchase foreign exchange from and sell foreign exchange to banks, authorized establishments, PTT, precious metal brokerage institutions and establishments abroad that are authorized to sell and buy foreign exchange; hold foreign exchange in their foreign exchange accounts with banks; use foreign currency banknotes and make deposits in banks in Turkey and abroad.

c) Residents in Turkey are allowed to accept payment in foreign currency from non-residents for the transactions that they conduct in Turkey in favour of such non- residents.

d) Non-residents are allowed to purchase foreign exchange from banks, authorized establishments, PTT, precious metals brokerage institutions and intermediary institutions.

e) Residents in Turkey and non-residents may freely transfer foreign exchange abroad through banks. The Ministry is authorized to determine other establishments that are allowed to transfer foreign exchange abroad.

Banks shall inform the authorities to be determined by the Ministry about foreign exchange transfers abroad (including transfers made from foreign exchange deposit accounts), excluding payments for exports, imports and invisible transactions that are above USD 50.000,- or its equivalent in another foreign currency within a 30 day-period starting from the date of transfer.

f) Expulsion of an effective amount exceeding EUR 10,000 or equivalent is carried out within the framework of the Ministry.

g) Except the cases determined by the Ministry, contract value and other payment liabilities arising from the contracts regarding purchase and sale of any movables and immovables, rental of any movables and immovables including vehicles and financial leasing and employment, service and work contracts between the Residents in Turkey shall not be determined in foreign currency or indexed to foreign currency.

Exchange Rates

Article 5- The value of foreign currencies against Turkish currency shall be determined within the framework of principles established by the Central Bank.

Foreign exchange purchasing and selling transactions shall be conducted at the exchange rates valid on the date of transaction. The provisions of Article 6 and 8 are reserved.

Foreign exchange purchase and sale documents related to settlement transactions shall be issued in the foreign exchange buying rates valid on the date of transaction.

Foreign Exchange Transactions

Article 6- (1) The principles to be applied for the purchasing and selling transactions regarding foreign currencies shall be determined by the Central Bank, Banks and other institutions which may be seen appropriate by the Ministry. The Central Bank determines convertible currencies for its operations it will use.

(2) (REPEALED)

(3) PTT, authorized establishments and precious metal brokerage institutions pursuant to the legislation of the Borsa İstanbul A.Ş. in markets operating in the Borsa İstanbul A.Ş., may freely buy and sell foreign currency banknotes

(4) Intermediary institutions may sell and buy foreign exchange only to and from their account-owner-customers, merely limited to the realization of their capital market activities.

(5) Banks, PTT, authorized establishments, precious metal brokerage institutions and intermediary institutions shall surrender their foreign exchange holdings to the Central Bank within the framework of the principles and ratios to be set out by the Ministry.

(6) Banks may make agreements of option and forward transactions on foreign exchange and precious metals.

(7) Buying and selling of all sorts of derivative instruments as specified by capital market legislation, including forward transactions and option contracts on foreign exchange and precious metals, shall be carried out by brokerage agencies licensed by the Capital Market Board in the markets organized pursuant to capital market legislation.

(8) Buying and selling of all sorts of derivative instruments including forward transactions and option contracts from abroad, provided that foreign exchange is transferred through banks, shall be carried out by intermediary institutions operating in Turkey and abroad licensed by the Capital Market Board.

(9) Leveraged transactions and derivative transactions determined to be subject to the same provisions as the leveraged transactions can only be made by residents in Turkey through institutions authorized by the Capital Markets Board.

(10) Central Bank is authorized make regulations on forward transactions on foreign exchange.

(11) Principles on the establishment and operations of the foreign exchange and banknotes markets within the Central Bank, as well as the participation procedures of banks therein shall be determined by the Central Bank.

Precious metals, stones and articles

Article 7-

a) Precious metals, stones and articles may be freely imported to and exported from Turkey under the principles of the Foreign Trade Regime. Declaration of imports and exports of standard and non-standard unwrought precious metals to the customs administration is sufficient, and regimes, decrees and regulations of import and export are not applied. However, in case of the export of standard and non-standard unprocessed precious metals, Decree with regard to the Tax, Duty and Charge Exemptions to the Foreign Currency Earning Events and Activities and to the Deliveries and Sales deemed Export and to the Export entered into force with the Council of Minister's Decision dated 15/12/1999 and numbered 99/13812; Communiqué no. 2008/6 with regard to the Tax, Duty, Charge Exemption to the Foreign Currency Earning Events and Activities and to the transit trade and to the Deliveries and Sales deemed Export and to the Export; and Inward Processing Regime Decree entered into force with the Council of Minister's Decree dated 17/01/2005 and numbered 2005/8391 and other legislation published relying on the referred legislation can be implemented upon the request of those concerned. The Ministry of Trade is authorized to examine and conclude such request.

Imports of standard unprocessed precious metals shall be carried out by the Central Bank and the precious metal brokerage institutions that are members of the Precious Metals Exchange with the reservation of the provisions in their legislation. However, the standard and non-standard unwrought precious metals imported by those brokerage institutions shall be delivered to the Stock Exchange within three working days.

b) Precious metals, stones and articles may be freely bought and sold within the country. However, the buying and selling transactions of precious metals processed from ore in all kinds and forms shall be carried out at the Borsa İstanbul A.Ş. in line with the principles laid down in the regulations to be set forth by the Borsa İstanbul A.Ş.

c) Travelers are allowed to bring in and take out on their person non-commercial articles made of precious metals and stones as personal jewelry whose values do not exceed USD 15.000,-. Travelers may take out personal jewelry above this limit, on condition that they have made a declaration upon entry or authenticated that it has been purchased in Turkey.

d) Unwrought precious metals imported by the Central Bank and precious metal brokerage institutions shall only be traded on the Borsa İstanbul A.Ş.. Apart from those made into jewelry or ornament articles, the kinds of precious metals to be traded on the Borsa İstanbul A.Ş. and the methods of trading as well as the markets to be organized for this purpose shall be determined by the regulations to be issued by the Borsa İstanbul A.Ş..

PART III FOREIGN TRADE

Export

Article 8- Export proceeds shall be freely disposed. The Ministry is authorized to make regulation related to the repatriation of the export proceeds, as may be required.

Import

Article 9- Foreign exchange and Turkish Liras transfers abroad related to importation and transit trade transactions shall be made through banks.

PART IV INVISIBLE TRANSACTIONS

Transactions that require foreign exchange payment

Article 10- The transfer of Turkish currency, the allocation and transfer of foreign exchange, and the sale of foreign banknotes related to international transportation, banking, insurance agency, services received from abroad and other invisible transactions shall be performed by banks in accordance with the procedures, principles and limits to be determined by the Central Bank.

Foreign exchange earning transactions

Article 11- Residents in Turkey may freely dispose of their foreign exchange earnings stemming from all services (including contracting services) rendered in Turkey or abroad to non-residents or on their behalf, as well as, foreign exchange obtained in return for expenses incurred on behalf of and for the account of non- residents.

PART V CAPITAL MOVEMENTS

Foreign capital to be imported to Turkey

Article 12- (1) Foreign direct investments to Turkey by foreign investors shall be realized in accordance with the Law No: 4875 on Foreign Direct Investments and the legislation put into force relating to this Law.

(2) Net profits, dividends, sale, liquidation and indemnity proceeds as well as the sums to be paid according to license, management and similar agreements, any of which stemming from the activities and operations of foreign investors in Turkey, shall freely be transferred abroad through banks.

(3) Operation in accordance with the provisions of the Petroleum Law No: 6326 and

transfer requests are subject to this Law and the legislation related to this Law.

Domestic Capital to be Exported from Turkey

Article 13- (1) It is free for the residents in Turkey to export cash capital through banks and in-kind capital within the framework of the provisions of customs legislation, for the purpose of establishing companies, participating in partnerships and opening branches in order to make investments or to conduct commercial activities abroad.

(2) Residents in Turkey are allowed to establish liaison offices, representative and similar offices abroad and to transfer organizational and operational expenses through banks.

(3) Banks and customs authorities shall inform the Ministry and the Ministry of Trade about residents in Turkey who export capital for investment or commercial activities abroad within 30 days following the date of each transaction.

(4) The Ministry is authorized for the application of this article to determine the principles regarding the information and documents to be provided by residents and their submission periods.

Personal Capital Movements

Article 14-

a) The transfers abroad, as well as to Turkey from abroad of personal capital movements of resident and non- resident real persons through banks are free. The scope of activities considered as a personal capital movement is determined by the Ministry.

b) The banks intermediating the personal capital movements transfers are obliged to provide the information requested through the paragraph (c) of Article 3 and the paragraph (e) of Article 4 of this Decree.

c) The requests for imports to be made by immigrants and refugees falling outside the scope of the Settlement Law and the customs legislation shall be concluded by the Ministry.

Securities

Article 15-

a) There is no restriction for the importation and exportation of securities and other capital market instruments.

b) The sale of capital market instruments abroad to be issued and/or offered to the public by legal entities residing in Turkey, excluding public institutions and establishments, shall be free, provided that such instruments are registered with the Capital Market Board pursuant to capital market legislation.

c) Non-residents may issue, offer to the public and sell securities and other capital market

instruments within the framework of the provisions of capital market legislation.

d) (i) Non-residents shall be allowed to purchase and sell all kinds of securities and other capital market instruments (including investment partnership and investment funds abroad) through banks and intermediary institutions that are authorized under the capital market legislation, and to transfer the revenues earned from such securities and instruments and their sale proceeds through banks and special finance houses.

(ii) Residents in Turkey shall be free to purchase and sell securities and other capital market instruments traded on financial markets abroad, and to transfer their purchasing proceeds abroad through banks and the intermediary institutions authorized in accordance with capital market legislation.

e) Residents in Turkey are permitted to buy and sell the leveraged transaction and derivatives determined to be subject to the same provisions as the leveraged transactions only through institutions authorized by the Capital Markets Board

Immovables

Article 16- (1) Non-residents are allowed to transfer through banks the revenues and sale proceeds of immovable property and real rights thereon, purchased or owned by them.

(2) Residents are allowed to transfer through banks foreign exchange and Turkish currency abroad for the purpose of acquiring immovable property and the real rights thereon abroad.

Loans borrowed internationally

Article 17- (1) Any person, resident in Turkey, shall be free to borrow loans in Turkish lira, internationally. Any such loans borrowed must be extended by means of the banks.

(2) Any person, resident in Turkey, may borrow foreign-currency loans from any non-resident persons in accordance with the principles specified hereunder. Any such loans borrowed must be extended by means of the banks. The maturity of the prefinancing loans shall be determined by the Ministry.

(3) Any person, resident in Turkey and which does not have any foreign exchange earnings, may not borrow any foreign-currency loan, internationally. However, the requirement for foreign exchange earnings shall not be sought in case of any of the below listed circumstances;

a) The foreign-currency loans to be utilized by the public enterprises and institutions, banks and the financial leasing companies, factoring companies and financing companies resident in Turkey.

b) Any foreign-currency loan with a loan balance of 15 million USD or higher as of the date of extension and which will be extended to any person, resident in Turkey.

c) The foreign-currency loans to be extended to any person which is resident in Turkey and which will borrow such loans as part of an investment incentive certificate, and the foreign-

currency loans to be utilized for financing of the machinery and equipment (excluding the used ones and the components, parts, accessories and appurtenances thereof) included in the customs tariff statistics positions as listed as the 17th on the list, numbered (I) and attached to the Decree on Determination of the Value Added Tax Rates To Be Applied For the Goods and Services, entered in force by the Decree, dated 24/12/2007 and numbered 2007/13033, of the Council of Ministers.

ç) The foreign currency-loans to be utilized by the persons resident in Turkey, which have won the respective tender in respect of the activities regarding the domestic tenders that are announced internationally, and by the persons resident in Turkey, which have undertaken the defense projects as approved by the Presidency for Defense Industries.

d) The foreign currency-loans to be utilized by the persons resident in Turkey which are commissioned to carry out the projects to be implemented as part of the public-private sector cooperation model.

e) The foreign-currency loans to be utilized by the persons resident in Turkey, which do not have any foreign exchange earnings within the last three fiscal years, in a manner that would not exceed the total sum of the probable foreign exchange earnings, authenticated by them, to the extent that such persons shall have authenticated their connections with respect to the exports, transit trade, sales and deliveries regarded as exports and the services and operations that would bring in foreign exchange, as well as their probable foreign exchange earnings.

f) The foreign-currency loans to be utilized by the persons resident in Turkey in accordance with the principles to be determined by the Ministry.

(4) In respect of the foreign-currency loans to be borrowed internationally by the persons which are resident in Turkey and have foreign exchange earnings;

a) in the event that the borrower's loan balance is less than 15 million USD as of the date of the extension, then the total sum of the amount of the loan wished to be utilized and the then loan balance may not exceed the total amount of the foreign exchange earnings obtained during the last three fiscal years.

b) Any negotiating bank shall be obliged to check that the loans are in accordance with the sub-paragraph (a) hereof.

c) in the event that it is subsequently determined that the balance of any loan extended by the international branches of the banks, financial leasing companies, factoring companies and financing companies (including the off-shore branches of the banks, but excluding the branches in the free zones) exceeds the total amount of the foreign exchange earnings of the last three fiscal years, then the portion of such extended loan, which gives rise to such excess, shall be either recalled or turned into a loan in Turkish Lira.

(5) The provisions prescribed under the fourth paragraph shall not apply to the foreign currency loans that would be utilized by the persons, which are resident in Turkey and which have foreign exchange earnings, in case of any of the circumstances as listed under the third paragraph hereof.

(6) Any real person, resident in Turkey, may not borrow any foreign-currency loan,

internationally.

(7) Any person, resident in Turkey, may not borrow any foreign exchange loan, internationally.

(8) Without any prejudice to the applicable statutory provisions, any bank, financial leasing company, factoring company and financing company may freely obtain loans, internationally, in accordance with its own practices.

(9) In order for ensuring that the External Financing Number (EFN) is obtained within a period of 30 days following the date of the respective agreement, the agreements with respect to the loans with a maturity longer than one year (365 days), other than the deferred payment terms for imports, borrowed internationally by the metropolitan municipalities, municipalities and the organizations affiliated therewith and such other local administration agencies, public economic enterprises and their affiliates, the organizations the shareholding of which is owned by the public authorities by more than 50%, the foundation universities, the funds, the special or autonomous budgeted public institutions and the organizations that are of the nature of a public institution with administrative autonomy, the investment and development banks (under the guarantee of the Treasury), and the organizations the payment obligations of which are guaranteed under the projects projected to be implemented as per build-operate-transfer, build-operate and transfer of operating rights and such other similar financing models, are required to be sent to the Ministry.

(10) The principles and procedures with respect to the external financing facilities, which are obtained in the capacity of borrower, as per the agreements executed with the foreign countries, the associations established by the states, the international and regional organizations, and the investment banks operating at the international capital and finance markets, and the organizations providing supplier's or buyer's loans, and the respective companies, and which are allocated to the general and mixed budgeted institutions and extended to the organizations and institutions other than such general and mixed budgeted institutions and organizations by means of transfer and lending/loan agreements by the Ministry for the Government of the Republic of Turkey, and also with respect to monitoring of any utilization from the above mentioned loans, shall be determined by the Ministry.

(11) The procedures with respect to monitoring of the loans with a maturity longer than one year (365 days) borrowed internationally by the persons resident in Turkey, other than the public organizations and institutions as specified under the ninth and the tenth paragraphs herein above, and also the loans with a maturity shorter than one year and borrowed internationally by the persons resident in Turkey, shall be determined by the Central Bank in accordance with the principles determined by the Ministry.

(12) The principal repayments for the loans borrowed internationally and the transfers for the interest and such other payments shall be made through the banks.

Loans borrowed domestically

Article 17/A- (1) The persons resident in Turkey may freely issue commodity loans as per the import and export regimes.

(2) The Banks and the financial leasing companies, factoring companies and financing companies resident in Turkey may extend foreign currency loans to the persons resident in Turkey in accordance with the principles specified hereunder.

3) Any person, resident in Turkey and which does not have any foreign exchange earnings, may not borrow any foreign-currency loan, domestically. However, the requirement for foreign exchange earnings shall not be sought in case of any of the below listed circumstances;

a) The foreign-currency loans to be utilized by the public enterprises and institutions, banks and the financial leasing companies, factoring companies and financing companies resident in Turkey.

b) Any foreign-currency loan with a loan balance of 15 million USD or higher as of the date of extension and which will be extended to any person, resident in Turkey.

c) The foreign-currency loans to be extended to any person which is resident in Turkey and which will borrow such loans as part of an investment incentive certificate, and the foreign-currency loans to be utilized for financing of the machinery and equipment (excluding the used ones and the components, parts, accessories and appurtenances thereof) included in the customs tariff statistics positions as listed as the 17th on the list, numbered (I) and attached to the Decree on Determination of the Value Added Tax Rates To Be Applied For the Goods and Services.

ç) The foreign currency-loans to be utilized by the persons resident in Turkey, which have won the respective tender in respect of the activities regarding the domestic tenders that are announced internationally, and by the persons resident in Turkey, which have undertaken the defense projects as approved by the Ministry for Defense Industries.

d) The foreign-currency loans to be utilized to the persons resident in Turkey to the extent that it shall not exceed the amount of the foreign currency, kept as collateral at the branches of the banks in Turkey, and/or the amount of the securities in foreign currencies issued by the central administrations of the Organization for Economic, Cooperation and Development (OECD) member states and by the central banks or upon the surety thereof.

e) The foreign currency-loans to be utilized by the persons resident in Turkey which are commissioned to carry out the projects to be implemented as part of the public-private sector cooperation model.

f) The foreign-currency loans to be utilized by the persons resident in Turkey, which do not have any foreign exchange earnings within the last three fiscal years, in a manner that would not exceed the total sum of the probable foreign exchange earnings, authenticated by them, to the extent that such persons shall have authenticated their connections with respect to the exports, transit trade, sales and deliveries regarded as exports and the services and operations that would bring in foreign exchange, as well as their probable foreign exchange earnings.

g) The financial leasing transactions performed, as based on foreign currencies, for procurement of the machinery and equipment (excluding the used ones and the components, parts, accessories and appurtenances thereof) included in the customs tariff statistics positions as listed as the 17th on the list, numbered (I) and attached to the Decree on Determination of the Value Added Tax Rates to Be Applied for the Goods and Services.

ğ) The foreign-currency loans to be utilized by the persons resident in Turkey in accordance with the principles to be determined by the Ministry.

(4) In respect of the foreign-currency loans to be borrowed domestically by the persons which are resident in Turkey and have foreign exchange earnings;

a) in the event that the borrower's loan balance is less than 15 million USD as of the date of the extension, then the total sum of the amount of the loan wished to be utilized and the then loan balance may not exceed the total amount of the foreign exchange earnings obtained during the last three fiscal years.

b) The banks and also the financial leasing companies, factoring companies and financing companies resident in Turkey shall be obliged to check that the loans, extended by them, are in accordance with the sub-paragraph (a) hereof.

c) in the event that it is subsequently determined that the balance of the loan exceeds the total amount of the foreign exchange earnings of the last three fiscal years, then the portion of such loan utilized domestically from the banks (including free zone branches), financial leasing companies, factoring companies and financing companies, which gives rise to such excess, shall be either recalled or turned into a loan in Turkish Lira.

(5) The provisions prescribed under the fourth paragraph shall not apply to the foreign currency loans that would be utilized by the persons, which are resident in Turkey and which have foreign exchange earnings, in case of any of the circumstances as listed under the third paragraph hereof.

(6) Any real person, resident in Turkey, may not borrow any foreign-currency loan, domestically.

(7) No foreign exchange loan may be extended to the persons resident in Turkey.

(8) Without any prejudice to the statutory provisions, the banks and also the financial leasing companies, factoring companies and financing companies resident in Turkey may issue foreign currency loans, without any limitation in terms of the maturity, either directly or by participating in international syndication, as per their own practices.

(9) The banks and the financial companies, factoring companies, financing companies resident in Turkey and also such other persons to be designated by the Ministry may freely issue loans, in any foreign currency or Turkish Lira, to the non-resident persons.

(10) The amounts with respect to the financial leasing transactions, to be entered into by and between the financial leasing companies resident in Turkey and the legal persons resident in Turkey or the non-resident persons, may be determined on the basis of any foreign currency, provided that any such transaction shall not contravene the provisions prescribed hereunder. The amounts with respect to the financial leasing transactions, as determined on the basis of any foreign currency, shall be included in the calculation of the loan balance.

(11) The implementing procedures with respect to the foreign-currency loans borrowed domestically, shall be determined by the Central Bank in accordance with the principles determined by the Ministry.

Non-cash credits, guarantees and sureties

Article 18- Residents in Turkey may freely obtain non-cash credits, guaranties, and sureties, and issue letters of guarantee and guarantees and sureties drawn on non- residents in favor of residents and non-residents.

Banks may freely issue letters of guarantee, guarantees and sureties denominated in foreign exchange drawn on residents in Turkey in favor of non- residents, and drawn on residents in Turkey in favor of residents in Turkey related to international tenders to be held in Turkey.

It is free for the credit institutions functioning in the country and abroad to establish immovable property mortgages (including ship mortgages) in foreign exchange for guaranteeing the credits to be obtained in foreign exchange or measured in foreign exchange.

Banks shall inform the Ministry about the amounts claimed for payment and transferred abroad for the liquidation of guarantees, warranties and sureties within 30 days of the date of transfer, and residents in Turkey, except banks, shall inform the Ministry about guarantees and sureties they have issued in favor of non-residents within 30 days from the date of issue.

Foreign Exchange Accounts and Gold Deposit Accounts

Article 19- The Central Bank and banks may open foreign exchange and gold deposit accounts on behalf of residents and non-residents. Account holders may freely use such accounts. The interest payable on such accounts may be freely set between the bank and the account holder. Transfers of principals and interests, as well as restitution of gold shall be met by banks from their resources.

Positive and negative exchange rate differences arising from these accounts shall be borne by the related parties.

PART VI PROCEDURES AND JOINT PROVISIONS

Power

Article 20- (1) The Ministry shall be empowered to take all measures it may deem necessary in order to ensure the application of this Decree and to protect the value of the Turkish currency, to examine and conclude special cases other than those specified in the Decree, to extend the time allowed for bringing foreign exchange into the country in the cases of justified reasons and force majeure and to revoke, partly or wholly, the obligation of bringing foreign exchange into the country, as well as to change any amounts or reinstitute amounts stipulated in the Decree.

(2) The Ministry is authorized to request all kinds of information and documents related to the application of this Decree from the real and legal persons to be submitted in the forms and periods stipulated by the Ministry.

Control

Article 21- Those persons who are found during the controls realized by personnel authorized to execute foreign exchange controls and/or exchange offices (foreign exchange control authorities) to have acted against the provisions of the Decree hereby while carrying out the transactions specified in the Decree shall be subject to the provisions of the Criminal Procedure Law about the reporting and the right of search.

Governmental departments and institutions as well as real persons and legal entities in Turkey (excluding those deemed exempts under special laws and agreements) shall be obliged to provide the information requested in writing by the foreign exchange control authorities mentioned above and show them the records and books for inspection of the transactions covered by this Decree. The Ministry shall be entitled to stop the activities of such persons partly or wholly, temporarily or permanently, or to take subsequent transactions under guarantee, to record such guarantees as revenue to the Treasury when needed, partly or wholly, or to cancel the guarantees in the cases of just causes and force majeure.

Banks, authorized establishments, precious metal brokerage institutions and all other related institutions shall be obliged to provide all statistical information requested by the Central Bank on foreign exchange transactions within specified periods. The Central Bank shall be authorized to scrutinize these matters in such institutions.

The power of banks, authorized establishments, PTT, precious metal brokerage institutions and intermediary institutions to act as intermediary in foreign exchange transactions may be annulled by the Ministry, partially or wholly, in the event that they act against foreign exchange legislation or, they fail to fulfill their obligations stipulated by the Decree hereby.

Periods

Article 22- The day on which the transaction is concluded shall not be taken into account in the calculation of the periods which are giving rise to a right and resulting in deprivation of rights, and whose noncompliance is deemed as a violation of the law, specified in this Decree and the decrees to be published as supplements thereto, and the related communiqués.

However, in case the last day of the periods to be calculated overlaps with an official holiday, the periods shall expire at the end of the working hours of the first working day following the official holiday.

Foreign exchange purchase and sale documents and Turkish currency transfer documents

Article 23- Banks, authorized establishments, PTT, precious metals brokerage institutions and intermediary institutions shall issue foreign exchange purchase and sale documents and Turkish currency transfer documents during the transactions made pursuant to this Decree, and the principles and procedures relating to these documents shall be specified by the Central Bank.

PART VII MISCELLANEOUS PROVISIONS

Article 24- The provisions of Law No. 6183 on Collection of the Claims of the State shall be applicable with regard to the claims to be collected under this Decree and the decrees and communiqués currently in force regarding the protection of the value of the Turkish currency and the legislation relating to the liquidation of external credits.

Article 25- Decree No. 30 relating to the Protection of the Value of the Turkish Currency and its supplementary decrees have been abolished.

Supplementary Decrees No. 7/18015 and No. 8/911 of Decree No. 17 on the Protection of the Value of the Turkish Currency and the related supplementary decrees and communiqués are still in force. With respect to the said Decrees, among the amounts held at the accounts at Central Bank of Turkey, foreign currency amounts are transferred directly and Turkish Lira amounts are transferred as foreign currency by converting to foreign currency through the exchange rate of 1 USD = 21,86 TRY converted as per the conversion rate stated in article 2 of the Law No. 5083 dated 28/1/2004, to the accounts of the Treasury within sixty days after this article enters into force.

Article 26- (REPEALED)

Additional Article 1 – Tax Office Presidencies and Tax Office Directorates shall execute the duties that will be determined by the Ministry within the scope of execution of this Decree.

Transitory Article 1- The transactions started according to the provisions of the abolished decrees shall be subject to the provisions of the relevant decree. However, the provisions of this Decree that are in favor of the interested parties shall apply, unless otherwise stated.

All prosecutions initiated before the entrance into force of this Decree due to acts contrary to the Decree and communiqués published pursuant to Law No. 1567, but not contrary to this Decree, shall be stopped and withdrawn.

Issues that may arise in relation to the abolished legislation shall be settled by the Ministry.

Transitory Article 2- Banks, authorized establishments and precious metal brokerage institutions, which have wholly fulfilled their foreign exchange obligations to the Central Bank, shall be allowed to buy and sell gold against foreign exchange and Turkish lira at the foreign exchange and banknote markets established with the Central Bank, under the principles to be set forth by the Central Bank until the Istanbul Gold Exchange starts operation, provided that they fulfill other conditions stipulated by the Central Bank.

Transitory Article 3- The maturity of the loans which fall due after the publication of this Decree, shall be deemed as 18 months.

Transitory Article 4- Submission of the documents and information of the record and registry to the Debt Registry held by the Ministry, utilization of loan and repayment of the loans with a maturity of more than one year (365 days) borrowed internationally by Residents in Turkey, except the ones stated in second thirds subparagraphs of paragraph (a) of article 17 of the Decree No. 32 On The Protection Of The Value Of Turkish Currency as amended with 1st article of this Decree, to the Ministry may be ceased as of 1 October 2001 and existing documents and information may be assigned to the Central Bank with a protocol.

Transitory Article 5- (1) Any foreign-currency loan, which is outstanding as of the date of entry in force hereof and the loan balance of which is less than 15 million USD and which is borrowed, either domestically or internationally, by any person resident in Turkey, shall not be renewed as a foreign-currency loan in any manner whatsoever, except for those that fall under the third, fourth and fifth paragraphs of Article 17 and the third, fourth and fifth paragraphs of Article 17/A.

Transitory Article 6- (1) Any foreign exchange loan that is outstanding as of the date of entry in force hereof shall not be renewed as a foreign exchange loan in any manner whatsoever or as a foreign-currency loan in any manner whatsoever, except for those that fall under the third, fourth and fifth paragraphs of Article 17 hereof and the third, fourth and fifth paragraphs of Article 17/A hereof.

Transitory Article 7- (1) Any foreign-currency loan and foreign exchange loan, which has been extended before the date of entry in force hereof, shall be included in the calculation of the loan balance.

Transitory Article 8- Within thirty days after the paragraph (g) of article 4 of this Decree enters into force, the amounts agreed in foreign currency in the agreements stated in the said paragraph and which are signed previously and in force, except the cases determined by the Ministry, shall be redetermined by the parties in Turkish Lira.

Article 27- The Decree shall come into force on the date of its publication.

Execution

Article 28- The Decree shall be executed by the Minister of Treasury and Finance is attached.

List Regarding the Amendments to the Decree

OFFICIAL GAZETTE	
DATE	EDITION
25/2/1990	20444
20/6/1991	20907
21/3/1993	21531
21/12/1994	22148
10/6/1997	23015
31/12/1998	23570
19/8/1999	23791
28/8/2001	24507
2/7/2003	25156
27/8/2004	25566
31/12/2004	25687
28/3/2006	26122
30/12/2006	26392
8/2/2008	26781
10/3/2009	27165
16/6/2009	27260
17/11/2011	28115
6/5/2012	28284
13/12/2012	28496
11/06/2015	29383
03/07/2017	30113
25/01/2018	30312
31/08/2018	30521
13/09/2018	30534