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## The Communique on Execution of Articles of Association before Trade Registries

The Communique on Execution of Articles of Association before Trade Registries ("**Communique**") has been published in the Official Gazette dated 6 December 2016 and numbered 29910 and entered into force as of 6 December 2016.

With the enactment of the Communique, company founders will now be able to sign the Articles of Association ("**AoA**") before the relevant trade registry as well as a notary public. Text of AoAs shall be prepared in accordance with the forms in the MERSIS system.

On the execution date, founders must be present at the relevant trade registry where the headquarters of the company is located. The AoA will be signed by real person or legal entity founders or by their legal representatives. AoAs must be signed in the presence of a notary public if the founder, among others, doesn't speak Turkish.]

In case any founder shareholder is under eighteen years of age, the AoA has to be executed by his/her parents. In the event that the minor and his/her parent are founding partners together, a decision from the minor's guardian or custodian has to be presented to the trade registry.

ID, passport or drivers licence for Turkish citizens, and passports for foreign citizens shall be presented to the trade registry on the execution date. All documents presented by the founders shall be reviewed and verified by the trade registry.

A copy of the AoA received from MERSIS will be signed before the director of the trade registry by founders or their legal representatives. A signed and sealed copy of the AoA shall be attached to the corporation's registration application.

Signature declarations which are required to be presented to trade registries during company establishment and opening of commercial enterprises transactions may be prepared by trade registries.

## The Circular on Establishment of the Trade Facilitation Board

The Circular on Establishment of the "Trade Facilitation Board" ("**Board**") under Article 13 of the World Trade Organisation Trade Facilitation Agreement ("**Agreement**") dated 7 December 2013 which was approved by the Decree of the Council of Ministers numbered 2016/8570 and dated 29 February 2016 has been published in the Official Gazette dated 3 December 2016 and numbered 29907 ("**Circular**").

Article 13 of the Agreement imposes an obligation on each member state to establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and the implementation of the provisions of the Agreement.

Pursuant to the Circular, the Board has been established by delegates from various ministries and organisations, including without limitation, the Ministry of Foreign Affairs, the Ministry of Economy, the Ministry of Customs and Trade, the Turkish Union of Chambers and Exchange Commodities. Accordingly, the Ministries will be represented by a representative with a ranking of at least a deputy secretary, organisations will be represented by a representative with a ranking of at least a vice president or a board member; and Customs Consultants Associations will be represented by a chairman in order to create a permanent touchpoint.

The Board will assemble at least two times a year. In order to assist the Board's operations, a technical committee ("**Committee**") has also been founded. The Board and the Committee's rules and procedures shall be defined in the Board's first assembly.

State institutions and organisations, universities, think-tanks, non-governmental organisations and private sector agents will be invited to the assemblies of the Board when needed.

The Board's secretary services will be provided by the Ministry of Customs and Trade Directorate General for European Union and External Relations.

## The Regulation Amending the Regulation on Measurement and Assessment of Capital Adequacy of Banks

The Regulation Amending the Regulation on Measurement and Assessment of Capital Adequacy of Banks has been published in the Official Gazette dated 9 December 2016 and numbered 29913. The most significant amendments under the recently published regulation are the new definition of Small and Medium-Sized Enterprises ("**SMEs**"), the retail loan limit and the loan collateralization ratio of first degree mortgages.

Pursuant to the previous version of the regulation, the SMEs were defined as "economic units regarded as 'SMEs' as per the Regulation on the Definition, Quality and Classification of Small and Medium-Sized Enterprises enacted by the Decree of the Council of Ministers dated 19.10.2015 and numbered 2005/9617 ("**CoM Regulation**") and institutions regarded as 'SMEs' as per equivalent foreign legislations". The economic units under the CoM Regulation are those having annual sale revenue or size of financial statement not exceeding forty million Turkish Liras whereas with the amendment it is now foreseen that SMEs will be deemed as institutions having a revenue under a specific limit determined by the Banking Regulation and Supervision Agency ("**BRSA**"). Such revenue figure for SMEs has not yet been decided by the BRSA.

The retail loan limit set forth regarding the total debt amount of the clients or the debtor risk groups to the bank which was 2,75 million Turkish Liras has been removed from the regulation and the relevant limit is again to be decided by the BRSA.

## BRSA Amendments

On 14 December 2016, the BRSA has published amendments to the Regulation on Provisions and Classification of Loans and Receivables, adding new provisional articles related to the restructuring of loans and other receivables and as to the delay periods within the state of emergency. The provisional article 12 states (among others) that the loans and other receivables classified as frozen receivable by the banks may be restructured up to two times until 31 December 2017. Such restructured loans may be classified under Group II if (i) in case of the first restructuring, there is no overdue debt as of the date of the re-classification and the last three payments prior to the date of the re-classification have been made timely and in full; and (ii) in case of the second restructuring, there is no overdue debt as of the date of the re-classification and the last six payments prior to the date of the re-classification have been made in a timely manner and in full. Information regarding renewed/restructured loans and other receivables shall be disclosed in the financial reports which are made publicly available at the end of each year and in the interim periods. Furthermore, the provisional article 13 (entered into force retroactively as of 21 July 2016) states that (among other things) the delay periods of payments stipulated for the loans defined in Group II, III, IV and V may be started to be counted beginning 21 January 2017 regarding the obligations of the credit debtors which have been liquidated, assigned to the Directorate General of Foundations or the Treasury or to which the Savings Deposit Insurance Fund is assigned as the trustee as per the Decrees Having the Force of Law enforced within the scope of the state of emergency declared across the country by the Decree of the Council of Ministers dated 20 July 2016 and numbered 2016/9064 and the public officials discharged within the scope of the state of emergency and the assets of such real persons and legal entities which are subject to injunctions.

Yours faithfully,
**YAZICILEGAL**