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REGULATION AMENDING THE REGULATION ON BANK CARDS AND CREDIT CARDS

The Regulation on Bank Cards and Credit Cards has been amended with a regulation (the "**Amendment Regulation**") published by the Banking Regulation and Supervision Agency (the "**BRSA**") in the Official Gazette numbered 30800 and dated June 13, 2019.

Pursuant to the Amendment Regulation, minimum payment ratios for credit cards may not be lower than 30% of the card holders' debt for the relevant period, regardless of the credit card limits. Before the amendment, such ratio for credit cards had been determined by considering the credit card limits and the minimum payment ratio of 30% was only applicable to the credit cards having a credit limit of up to TRY 15,000. In relation to newly-issued credit cards for one year from the date of first use, the minimum payment ratio of 40% has been kept.

The former and new minimum payment ratios are as follows:

Credit Card Limit	Minimum Payment Ratios (%)	
	Former	New
Up to TRY 15,000	30%	30%
From (including) TRY 15,000 up to TRY 20,000	35%	30%
Exceeding and including TRY 20,000	40%	30%

In addition, as per Article 17 of the Regulation on Bank Cards and Credit Cards the minimum payment ratios shall be included in the credit card contracts and notified to card holders in writing during the delivery. Accordingly, banks and credit card issuers shall also update their credit card contracts and written information forms provided to card holders during credit card delivery to reflect the recent amendments.

The changes introduced by the Amendment Regulation have entered into force on the same date of its publication in the Official Gazette, i.e. June 13, 2019.

THE BRSA'S DECISION REGARDING THE PERIODS OF INSTALMENT PAYMENTS ON CREDIT CARDS

On January 11, 2019, the Regulation on Bank Cards and Credit Cards was amended and the BRSA was empowered to determine (in consultation with the Presidency of Turkey Strategy and Budget Directorate, the Turkish Treasury and the Ministry of Trade) the instalment periods for goods and services and cash withdrawals, which had previously been regulated under this regulation. Pursuant to

such, the BRSA has adopted new limitations on the length of the periods of instalment payments on credit cards with its decision numbered 8385 and dated June 12, 2019 (the "**BRSA Decision**").

The BRSA Decision states that the limit of instalment payment periods (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals shall be increased:

- to 6 months from three months for electronic appliance purchases;
- to 12 months from 9 months for the purchase of televisions up to TRY 3,500, domestic expenditures relating to airlines and accommodation, tax payments; and
- to 18 months from 12 months for electric appliance and furniture.

With respect to corporate credit cards, the instalment period (including the period for the postponement of payments and the debts split into instalments for a fee) for the purchase of goods and services and cash withdrawals may not exceed 18 months. Prior to the BRSA Decision, such limit used to be 12 months for corporate credit cards.

DRAFT LAW ON FINANCIAL RESTRUCTURING

The BRSA had prepared a Draft Law on the Restructuring of Debts Owed to the Financial Sector (the "**Draft Law**") on September 2018. The BRSA recently made amendments to the Draft Law and the Banks Association of Turkey (the "**BAT**") shared the amendments with the member banks.

According to the framework agreement on financial restructuring drafted by the BAT (the "**Framework Agreement**") the total debt sum shall be more than TRY 100 million to apply for restructuring. If the amendments anticipated for the Draft Law come into force, debtors having a risk of TRY 50 million within the BAT Risk Center may also benefit from its provisions. However only the debtors who are expected to be able to repay their debts within a reasonable period shall be included in the scope of the restructuring.

Additionally, in the event that the creditors who own at least two thirds of the claims covered under the Framework Agreement execute a restructuring agreement with the relevant debtor, the remaining creditors shall be obliged to agree on that restructuring under the same terms and conditions.

As per the draft amendments, certain tax exemptions are set forth for a number of transactions and documents within the scope of financial restructurings. Such provision includes, without limitation, exemption from stamp tax, the resource utilization support fund, banking and insurance transaction tax, and income tax.

Furthermore, the respective amendments on the Draft Law provide certain changes to the Banking Law numbered 5411 (the "**Banking Law**"). If such amendments come into force write-offs of the principal amount by waiver of receivable and other similar transactions to restructure loans shall not be considered as constituting the crime of embezzlement. Moreover, Article 53 titled "Reserves and Securities" of the Banking Law, may be amended to include the provision regarding the write-down of the receivables.

AMENDMENT IN THE COMMUNIQUÉ ON THE PROCEDURES AND PRINCIPLES FOR THE RECORD-KEEPING OF DEMATERIALIZED CAPITAL MARKET INSTRUMENTS

The Communiqué Amending the Communiqué on the Procedures and Principles for the Record-Keeping of Dematerialized Capital Market Instruments (II-13.1) (the "**Amendment**"), was published in the Official Gazette numbered 30809 and dated June 22, 2019, entering into force on the same date.

The Amendment defines the rules for and obligations of the Foreign Central Securities Depository ("*Yabancı Merkezi Saklama Kuruluşları*" – the "**FCSD**") with regard to omnibus account operations

and provides the opportunity for the FCSD to open accounts at the Central Registry Agency (the "**CRA**") for capital market instruments that are collectively held on behalf of non-resident beneficial owners.

According to Additional Article 12/A set forth under the Amendment, each FCSD shall be obliged to sign a service contract with a bank authorized for overall storage depository in order to carry out operations before the CRA and other legal obligations in Turkey. In this case, the FCSD and such CRA member bank from which it receives services are jointly and severally liable for the transactions to be carried out at the CRA.

The FCSD shall be deemed to be the fully authorized representative of the capital market instruments held in such accounts and owned by the right holders, and to act on the name and account of the right holders and to exercise all rights associated with such instruments directly.

Furthermore, with the Amendment, it is also made possible for all intermediary institutions and banks which hold general custody licenses in Turkey to provide custody services to non-resident beneficial owners subject to the same rules determined for FCSD.

As per the decision of the Capital Markets Board based on the authorization granted by the Amendment, it is only allowed to hold government debt securities in the omnibus accounts, owned by foreign companies and/or funds that are classified as limited liability companies under Article 2/1 of the Corporate Tax Law numbered 5520. In addition, it is further stated that opening an account for FCSD within the scope of the respective regulation shall not mean that the relevant institutions are engaged in capital market activities, that may require authorization in accordance with the Capital Markets Law numbered 6362.

THE CONSTITUTIONAL COURT RULES THAT FREEDOM OF EXPRESSION AND PRESS HAD BEEN VIOLATED IN BLOCKING ACCESS TO SHARED NEWS ON SOCIAL MEDIA

The Constitutional Court's decision dated April 17, 2019 and numbered 2015/4821 (the "**Decision**") was published in the Official Gazette dated May 15, 2019.

With this Decision, the Constitutional Court ruled that the Criminal Judicature of Peace's decision to block access to the news content on the applicant's social media account violated his/her freedom of expression and press.

The Constitutional Court referred to one of its prior decisions on this matter. Accordingly, the procedure for decisions to block access set out in Law No. 5651 on the Regulation of Publications on the Internet and Suppression of Crimes Committed by Means of Such Publications (the "**Law No. 5651**") is an exceptional remedy and the decision to block access to internet content should only be made if the violation of an individual's personal right is clearly apparent at first glance. The Decision emphasized that there was no grounds that would require the implementation of the prevention of access to content according to Article 9 of Law No. 5651.

As stressed in the Decision, the unlawfulness and interference with personal rights and the necessity of the elimination of the damage should be clearly observed in order to resolve to prevent access to content.
