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AMENDMENT TO THE COMMUNIQUÉ NO: 2008-32/35 ON THE DECREE NO. 32 REGARDING PROTECTION OF THE VALUE OF THE TURKISH CURRENCY

The Communiqué numbered 2008-32/35 regarding Decree 32 on the Protection of Value of Turkish Currency (the "**Communiqué**") has been amended by the communiqué on amendment of the Communiqué numbered 2019-32/54 (the "**Amendment**"). The Amendment has been published in the Official Gazette No. 30830 on July 13, 2019 and entered into force on the same date.Previously, Article 8 of the Communiqué had set forth that banks could extend gold, silver and platinum's loans to persons residing in Turkey or abroad provided that the amount is a minimum of USD 5 million and the average loan term is over one year. With the amendment, this general paragraph allowing the utilization of such loans is removed, and banks now only provide these loans in accordance with other existing conditions set forth under Article 8 of the Communiqué.

RECENT AMENDMENTS TO THE CAPITAL MOVEMENTS CIRCULAR

The Capital Movements Circular (the "**Circular**") has been amended by the letter numbered 1177096 and dated July 1, 2019, released by the Ministry of Treasury and Finance of the Republic of Turkey. With this amendment, it is foreseen under paragraph 6 of Article 19 of the Circular (titled "Receiving Loans from Abroad") that in case there is a money transfer to a company's account from abroad exceeding USD 50.000 and where the purpose of the transaction is unclear; banks are obliged to obtain written statements along with supporting information and documents from the company to determine if the transfer is a loan. Accordingly, if the company fails to provide a written statement and/or submit the information and documents supporting this statement, banks will not complete the transfer, and the amount will be refunded.

The following amendments have been made to the Circular by the official letter numbered 220571 and dated July 16, 2019, released by the Ministry of Treasury and Finance of the Republic of Turkey:

- Paragraph 15(c) of Article 40 titled "Loans without Foreign Currency Income Requirement" of the Circular has been amended. Pursuant to the new provision, newly incorporated companies as well as companies incorporated only for the purpose of acquisition of shares in existing companies without any additional activities, will be exempt from the foreign currency income requirement.
- Article 54 paragraph 7 of the Circular titled "Foreign Exchange Loans by Public Institutions and Organizations to Their Affiliates" has been amended. Pursuant to the previous version of the provision, in cases where the bank used for the repayment of the loan and the bank used for the

utilization of the loan were different, a written notification stating the repayment and that the current risk balance was reported to the Risk Center by the bank used for the utilization of the loan. As per the amended new version, it is clearly set forth that the notification will be made on the day the intermediation process for repayment is carried out. Additionally, before the amendment, the bank used for the repayment of the loan was responsible of notifying the Risk Center about the current credit risk balance; however now this notification will be made by the bank used for the utilization of the loan on the first business day following the receipt of the written notification from the bank used for the repayment of the loan.

THE PERSONEL DATA PROTECTION BOARD HAS PUBLISHED THREE NEW DECISIONS RELATING TO PERSONAL DATA BREACHES

The Personal Data Protection Board (the **"Board"**) released three new decisions on July 3, 2019. These decisions are precedents of how personal data breaches will be assessed by the Board in practice.

Decision No. 2019/141 of the Board is about a company operating in the transportation sector. The decision states that the personal data of 67,519 people residing in Turkey, such as identity, card information, customer transactions, payment key and communication information have been accessed without authorization due to breach of data. Pursuant to the decision, the breach continuing for two months indicates the lack of necessary supervision and controls by the data controller. Also, the Board has decided that unauthorized person or persons accessing and making changes to the Company's source code was a serious vulnerability. As a result, the company was fined with an administrative fine of TRY 450,000 for failing to take the necessary technical and administrative measures. In addition, the Board decided to impose an administrative fine of TRY 100,000 particularly for delay in such notification.

Decision No. 2019/143 of the Board is about a hotel chain. With this decision, the Board imposed an administrative fine of TRY 1,450,000 for data breach in the systems where the customer data of the company is kept. As a result of the breach, customer names, email addresses and phone numbers, dates of birth, credit card and security numbers were subject to unauthorized access for four years. Due to unauthorized access continuing for four years, the Board decided that there was seriously high vulnerability in the systems and the necessary technical and administrative measures were not taken. Within this scope, the Board imposed a TRY 1,100,000 fine on the company for failing to take the necessary technical and administrative measures and also an administrative fine of TRY 350,000 for failing to notify the Board about the breach in the shortest time possible.

Decision No. 2019/144 of the Board is about an airway company's customer loyalty systems. This decision is concerning unauthorized access to personal data including passenger name, nationality, date of birth, telephone number, e-mail address, passport number, ID card number, frequent flyer membership number, customer service notes and past travel information. The fact that the airway company detected the violation after two months following the breach was evaluated by the Board as not taking the necessary technical and administrative measures. For this reason, the airway company was fined an administrative fine of TRY 450,000. In addition, the Board imposed a TRY 100,000 fine on the company for failing to notify the Board about the breach in the shortest time possible.

AMENDMENTS ON THE FINANCIAL RESTRUCTURING PROVISIONS

The Law on the Amendment to the Income Tax Law and Certain Laws (the "**Law**") has entered into force upon its publication on the Official Gazette No. 30836 dated July 19, 2019. With the Law, the provisions regarding the financial restructuring provisions regulated under the Regulation on Restructuring of Debts to Financial Sector (the "**Restructuring Provisions**") have been incorporated into the Banking Law numbered 5411 (the "**Banking Law**").

The substantial amendments foreseen under the Law are as follows;

- The Restructuring Provisions will be applied for 2 years from the enactment date and the President will be entitled to extend this period for 2 more years.
- As regards to the receivables to be included in restructuring, the scope is extended to include receivables of factoring, leasing and financing companies by way of reference to "other receivables".
- With this amendment, write-down of loans in accordance with the Turkish Financial Reporting Standards is included under Article 53.
- Certain tax exemptions are envisaged for transactions and documents under the Restructuring Provisions. This provision includes, without limitation, exemption from stamp duty, resource use support fund, banking and insurance transaction tax and income tax. However, if the debts of a debtor who has gone through financial restructuring becomes subject to financial restructuring again within two years, these tax exemptions will not apply.
- The definition of "creditor institutions" is determined. Accordingly, the Creditor Institutions include Turkish Banks; financial leasing, factoring and finance companies; non-resident banks; other financial institutions which have directly provided loan to a Turkish resident borrower and multinational banks; institutions which have directly invested in Turkey and SPVs established by these institutions to collect receivables; and investment funds established for the same purpose.
- It is explicitly stated that reduction of collaterals, write-offs of the principal amount and other receivables and similar transactions in scope of the Restructuring Provisions will not constitute embezzlement.
