



FINANCIAL LEASING, FACTORING AND FINANCING COMPANIES LAW AND A NUMBER OF OTHER LAWS HAVE BEEN AMENDED

The Law Amending the Financial Leasing, Factoring and Financing Companies Law and a Number of Other Laws (“**Amending Law**”) was published in the Official Gazette No. 31416 dated March 7, 2021. Relevant articles of Financial Leasing, Factoring and Financing Companies Law (“**Former Law**”), Title Deeds Law, Civil Registration Services Law, Banking Law and Capital Markets Law have been amended and “**savings financing companies**” which already have a broad range of user-base has been regulated.

Amending Law has re-named the Former Law as Financial Leasing, Factoring, Financing and Saving Finance Companies Law (“**The Law**”). In addition to the amendments below, “Leasing, Factoring and Financing Companies Association” is now re-named as the “Financial Corporations Association” as per the Amending Law.

I. SAVINGS FINANCE COMPANIES

Savings finance model which has been increasingly becoming widespread was an unregulated sector despite its large user base and considerable trading volume.

Amending Law, sets a regulatory framework for Savings Finance Companies (“**The Companies**”). Primary regulations relating the Companies, saving activities and savings financing contracts are as follows:

A. Incorporation	
(i) It must be founded with a minimum of TL 100,000,000 capital as a joint-stock company and have the phrase “Savings Financing Company” in its trade name.	(i) Merger, takeover, demerger and voluntary liquidation transaction will be subject to the approval of the BRSA.
(ii) The Companies must document that they meet the conditions and requirements stipulated under the Law and obtain incorporation approval from BRSA.	(ii) The Companies will be subject to (a) 10% (ten percent) and (b) change of control thresholds for Other Companies
(iii) Conditions set out in The Law for Other Companies must be met.	(iii) In case of financial weakness, measures that BRSA see fit will be taken.
B. Activities and Restrictions	
Activities	Customer or customer group based savings and financing models will be established.
	Domestically registered residential dwellings, workplaces and vehicle acquisitions can be financed with an interest free financing model. Transactions beside those cannot be financed and the Companies cannot lend third parties or acquire shares from corporations.

Assets	Savings pool of funds will be separated.
	0.5% (zero point five percent) of collected organization fees will be separated from income accounts to be distributed to customers in case of liquidation.
	Assets of savings pool of funds will not be used for any purpose other than the ones arising from the Agreements and such assets may not be included within a bankruptcy estate and may not be encumbered.
Permits / Prohibitions	They will not be prohibited from fund-raising activities stipulated by the Law for Other Companies.
	They may not conduct themselves as banks or participation banks and will not specifically use the phrase "participation".

a. Savings Finance Agreement:

- (i) The Companies and customers will sign a contract ("**Savings Finance Agreement**" or "**The Agreement**") based on interest-free financing principles that allows customer to benefit from a financing and allow the Companies to manage, pay back customer savings and finance the customer and collect organization fees with the aim of acquiring housing or vehicle provided that certain pre-conditions are met regarding savings amount and period.
- (ii) Savings Finance Agreement can be executed as a written agreement or as remote agreement or by a method which the BRSA ("**Banking Regulatory and Supervisory Authority**") determines, as an alternative to written agreements, via an electronic communications device which allows the detection of customer ID.

b. Transition Period:

Savings finance companies which already are in the business, must apply to the BRSA within one month following 07.03.2021 with a plan foresees their compliance with The Law or how they will be liquidated without causing any harm to customers' rights. BRSA is entitled to extend the period of six months only once other than the provision on minimum capital requirement. Specifically for the minimum capital requirement transition period, BRSA may extend this period by six months twice.

II. AMENDMENTS RELATING LEASING, FAKTORING AND FINANCING COMPANIES

Amending Law did not only regulate the Companies on audit and supervision but also amended some provisions relating leasing, factoring and financing companies ("**Other Companies**").

Primary amendments relating Other Companies are as follows:

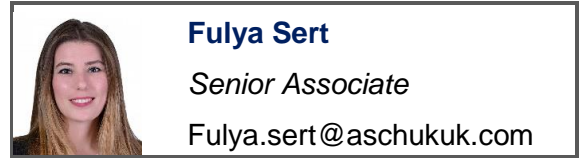
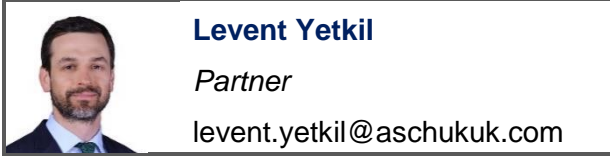
Subject	Former Law	The Law
Number of Shareholders	There must be minimum 5 (five) founder shareholders	Provision regarding the minimum number has been abolished.
Minimum Share Capital	TL 20,000,000	TL 50,000,000
Leasing and Faktoring Agreements	Written agreement	Distanced agreement or in a method which BRSA (" Banking Regulatory and Supervisory Authority ") determines as an alternative to written agreements via an electronic communications device which allows the detection of customer ID.

***Requirement of minimum share capital for factoring companies is already TL 50,000,000 as per the Former Law**

Transition Period:

Leasing and financing companies, must comply with the amended provision of minimum share capital requirement within six months from the effective date of the Amending Law, until 07.09.2020. BRSA is entitled to extend this period up to six months.

Please contact us for detailed information.



This memorandum has been prepared as of March 11, 2021 for informative purposes regarding The Law Amending the Financial Leasing, Factoring and Financing Companies Law and a Number of Other Laws which has entered into force by being published in the Official Gazette dated March 07, 2021 and numbered 31416.

Our assessments in this newsletter do not constitute legal recommendation or legal opinion and Aksu Çalışkan Beygo Attorney Partnership may not be hold responsible depending on these assessments. It is recommended to obtain legal opinion for your inquiries within the scope of this memorandum.

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