

Read below the latest legal developments in Turkey. This latest roundup provides insight on the latest amended and repealed laws and regulations affecting different sectors.

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BANKING & FINANCE

Regulation on Postponement of Transactions within the Prevention of Laundering of Crime Proceeds and Financing of Terrorism and Amendment to General Communiqué of Financial Crimes Investigation Board No: 13

The Ministry of Economics has issued the Regulation on Postponement of Transactions within the Prevention of Laundering Proceeds of Crime and Financing of Terrorism (*published in the Official Gazette dated July 29, 2016 and numbered 29785*) (the “**Regulation**”) which introduced new rules for anti-money laundering policy of Turkey. The scope of the Regulation includes the principles and the procedure regarding the suspension and avoidance of suspicious transactions which are attempted to or continue to be performed before the obligors (such as banks and financial institutions) or through the intermediation of the obligors.

According to the Regulation, in cases where there are indicators to promote suspicion to a considerable extent that a transaction or an asset is of an extraordinary nature, the person(s) conducting such transaction or holding such asset is found, as a result of research conducted via various databases or other sources, to be related to a crime, or the relevant transaction or the asset relates to, or hampers the prevention of, laundering of crime proceeds or financing of terrorism; the obligors shall send a postponement of transaction request to the Financial Crimes Investigation Board (the “**FCIB**”) together with the suspicious transaction notification. The obligors shall avoid performing the respective suspicious transaction, until the FCIB notifies its decision regarding the transaction. The postponement of the transactions cannot exceed 7 days following the notification made by the obligor to the FCIB. In case that the FCIB finds any document or serious sign which promotes doubt, for the transaction pending before the obligors to be related to laundering proceeds of crime or financing of terrorism, FCIB sends a notice of postponement of transaction to the respective obligor and such obligor cannot perform the respective suspicions transaction within 7 days following such notification.

Based upon the foregoing rules introduced by the Regulation, the General Communiqué of Financial Crimes Investigation Board No: 13 (*published in the Official Gazette dated August 25, 2014 and numbered 29099*) (the “**Communiqué No: 13**”) has been amended on August 10, 2016 with the Communiqué No: 15 regarding the Amendment of the General Communiqué of Financial Crimes Investigation Board No: 13. The amendment addresses the newly introduced principles and procedures set forth under the Regulation and reflects such on the Communiqué No: 13. In addition to the above, Communiqué No: 13 envisages that the transactions for which a postponement of transaction request has been filed before the FCIB may be resumed and completed by the obligors if FCIB does not respond to the relevant request within 7 days.

Amendment to the Regulation on Measurement and Evaluation of Capital Adequacy of Banks

The BRSA has amended the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (*published in the Official Gazette dated January 20, 2016 and numbered 29599*) (the “**Regulation**”). Accordingly, the risk amount to be calculated for the funds utilized from the participation accounts shall be calculated by multiplying the value calculated for other assets with the alpha ratio which will be decided and published by the BRSA. Additionally, the notification period of 30 days for the ratios determined in Articles 29 and 30 of the Regulation has been revised to a period of which the length is to be decided by the BRSA.

Amendment to the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Finance Companies

The BRSA has amended the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Finance Companies (*published in the Official Gazette dated January 08, 2016 and numbered 29587*) on September 27, 2016. With the amendment, the BRSA has abolished the provisions related to general required reserve amounts to be allocated by the finance companies for consumer loans (other than housing finance loans) (i.e. as 4% of the loan amount during the term of the respective loan and as 8% if the repayment of the principal and/or the interest of the respective consumer loan is late for at least 30 days, but not more than 90 days) when the proportion of the consumer loans (other than housing finance loans) which are classified as “*Receivables to be Discharged*” and “*Receivables Qualified as Loss*” to the consumer loans (other than housing finance loans) extended by such finance company is greater than 8%.

Amendment to the Regulation on Establishment and Principles for Establishment and Operations of Financial Leasing, Factoring and Finance Companies

The BRSA has amended the Regulation on Establishment and Principles for Establishment and Operations of Financial Leasing, Factoring and Finance Companies (*published in the Official Gazette dated April 4, 2013 and numbered 28627*). Accordingly, within the scope of acquisition or alteration of a residence, the maturity date of the consumer loans cannot exceed 48 months, except for the loans utilized (i) by the consumers for purchase of products or procurement of services, (ii) for renting residences to consumers through financial leasing, (iii) other loans made available for real estate purchase, (iv) the loans utilized for financing education fees and; (v) the loans utilized for re-financing of loans mentioned hereinabove. Additionally, the maturity limit of 48 months for vehicle secured loans has been removed. Finally, a provisional article related to the personal financing loans utilised before September 27, 2016 has been introduced and provides that the debit balance of such loans may be restructured for a maximum period of 72 months, if required by the respective borrower and if an additional loan is made available for a borrower for the purpose of restructuring the existing personal financing loans, such additional loan cannot exceed 48 months.

Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside

The BRSA has amended the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (*published in the Official Gazette dated November 1, 2006 and numbered 26333*) on August 5, 2016 and September 27, 2016 which had been abolished by the Regulation on Procedure and Principles for Qualifications of Loans and Provisions to be Set Aside (*published in the Official Gazette dated June 22, 2016 and numbered 29750*) to be entered into force as of January 01, 2017.

Pursuant to the August amendment, a provisional article related to the loans to be made available to the energy sector has been introduced. Accordingly, until December 31, 2016, the following provisions, *inter alia*, shall be applied

for loans extended by banks to be utilised in energy sector: (i) loans and other receivables which are classified in Group 2 may be subject to new contractual terms for 2 times (maximum); (ii) loans and other receivables which are subjected to new contractual terms may be re-classified in Group 1 if 10% of the total amount of receivables are repaid; (iii) loans and other receivables which cannot be re-classified in Group 1 following the 1st renewal of respective contractual terms and continue to be classified in Group 2, may be re-classified in Group 1 following the 2nd renewal of contractual terms if 15% of the total amount of receivables are repaid; provided that such loans and receivables shall be re-classified in Group 3 until the total amount of receivables are repaid up to its 5% when the 2nd renewal is made through the extension of an additional loan; (iv) loans and other receivables classified in Group 3, 4 or 5 may be restructured for maximum 3 times through extension of additional loans, if necessary, in case that the failure to repay such loans and receivables is caused by a temporary liquidity deficiency of the borrower; and (v) loans and other receivables restructured as per limb (iv) may be transferred to the Account of Loans Renewed and Subject to Repayment Schedule provided that such loans and other receivables are monitored for (a) at least 3 months in their respective group and 5% of the total receivables amount is repaid in the 1st restructuring; (b) at least 6 months in their respective group and 10% of the total receivables amount is repaid in the 2nd restructuring and (c) at least 1 year in their respective group and 15% of the total receivables amount is repaid in the 3rd restructuring.

With the September amendment, the provisions related to the general required reserves to be allocated for Group 1 Loans (*Loans and Other Receivables Qualified as Standard*) and Group 2 Loans (*Loans and Other Receivables Under Close Monitoring*) when the contract terms are revised for extending the initial repayment plan regarding such loans have been deleted by the BRSA. Additionally, the paragraph related to general required reserve amounts to be allocated by the banks of which (i) the proportion of consumer loans to total loans is greater than 25% and (ii) the proportion of illiquid loans (other than housing finance loans) to consumer loans (other than house financing loans) is greater than 8%, has been abolished.

Amendment to the Regulation on Credit Transactions of Banks

The BRSA has amended the Regulation on Credit Transactions of Banks (*published in the Official Gazette dated November 1, 2006 and numbered 26333*) on September 27, 2016. According to the amendment, the proportion of the loan amount to value of the residence, which will also be the security of the loan, cannot exceed 80% (instead of 75%) while extending (i) loans to consumers for house financing and (ii) mortgage loans (except for vehicle secured loans) and such ratio determined by the BRSA will no longer be applied for financial leasing transactions. Furthermore, within the scope of acquisition or alteration of a residence, the maturity date of the consumer loans cannot exceed 48 months, except for the loans utilized (i) by the consumers for purchase of products or procurement of services, (ii) for renting residences to consumers through financial leasing, (iii) other loans made available for real estate purchase, (iv) the loans utilized for financing education fees and; (v) the loans utilized for re-financing of loans mentioned hereinabove. Additionally, the maturity limit of 48 months for vehicle secured loans has been removed. Finally, a provisional article related to the personal financing loans utilised before September 27, 2016 has been introduced and provides that the debit balance of such loans may be restructured for a maximum period of 72 months, if required by the respective borrower and if an additional loan is made available for a borrower for the purpose of restructuring the existing personal financing loans, such additional loan cannot exceed 48 months.

Amendment to the Regulation on Bank Cards and Credit Cards

The Regulation on Bank Cards and Credit Cards (*published in the Official Gazette dated March 10, 2007 and numbered 26458*) has been amended on September 27, 2016. Pursuant to the amendment, maximum instalment period for good and service purchases and cash withdrawals to be made through credit cards has been increased to 12 months as a general rule. For the purpose of expenses related to electronic devices and computer purchases, such instalment

period shall be applied as 6 months and for (i) the expenses related to air transportation, travel agencies, transportation, accommodation, health and social services, (ii) the purchase of health products, (iii) the payments to be made to clubs and associations and (iv) tax related payments, the instalment period cannot exceed 9 months. Additionally, (i) expenses regarding direct marketing and expenses made abroad; or (ii) purchases which do not include any material goods or services such as purchase of alcoholic beverages, cosmetics or office products cannot be paid in instalments as well as expenses related to telecommunication and purchases which do not include any material goods or services such as purchase of food, nutrition, oil and gift cards. Furthermore, the maximum instalment period of 9 months for expenses made through corporate credit cards has been elevated to 12 months as well. Finally, a newly added provisional article states that the debit balance of credit cards as of September 27, 2016 may be paid in instalments if required by the respective card holder provided that the maximum instalment period is 72 months and in such a case, the instalment amount required to be paid in each month shall be added to the minimum payment amount of the respective month.

Amendment to the Communiqué on Mandatory Reserves

The Central Bank has amended the Communiqué on Mandatory Reserves (*published in the Official Gazette dated December 26, 2015 and numbered 29574*) on September 7, 2016. Pursuant to the amendment, the required reserve ratios to be allocated for Turkish Lira liabilities have been decreased for 0.5% for each maturity. Additionally, coefficients to be multiplied with (i) probability tranches of 30-35%, 35-40% and 40-45% determined for maximum 60% of the required reserves to be allocated in Turkish Lira have been increased to 1.7, 2.1 and 2.5, respectively and (ii) probability tranches of 0-15%, 15-20% and 20-25% determined for maximum 30% of the required reserves to be allocated in Turkish Lira have been increased to 1.6, 1.7 and 2.1, respectively. This amendment entered into force in September 9, 2016.



CORPORATE

ENERGY & NATURAL RESOURCES

- 1) The Regulation on the Local Component Subsidiaries for the Facilities Generating Electrical Energy from Renewable Energy Resources (the “**Regulation**”) has been published in Official Gazette dated June 24, 2016 and numbered 29752. Upon publication of the Regulation, the former Regulation on the Manufacture of the Local Components Used in the Facilities Generating Electrical Energy from Renewable Energy Resources (*published in Official Gazette dated June 19, 2011 and numbered 27969*) has been abolished.

The Regulation consists of the procedures and principles regarding the determination and application process of local contribution additional price, in accordance with the Law No. 5346, differently from the former regulation and the certification and audit of manufacture of the local components or complementary parts, used in the facilities generating electrical energy from the renewable energy resources in a detailed manner compared to the former one.

- 2) The Amendment to Electricity Market Law and Some Laws has been published in the Official Gazette dated June 17, 2016 and numbered 29745. As per the amendment to Article 6/3 regarding “Pre-license principles” of the Law numbered 6446, right to determinate the exceptions to the businesses and transactions causing

pre-license revocation has been granted to Energy Market Regulatory Board (the “**Board**”) and the exceptions to the reasons of revocation of pre-license such as direct or indirect change on the shareholding structure of the legal entity which holds the pre-license, share transfer or businesses and transactions lead to share transfer which are being “caused by inheritance and bankruptcy” have been abolished. The Board will determine such exceptions by the way of issuing regulation.

- 3) Amendments to Regulation on Liquefied Petroleum Gas (LPG) Market Licenses have been issued by Energy Market Regulatory Board (the “**Board**”) and published in the Official Gazette dated September 7, 2016 and numbered 29824. This amendment reduced the scope and mission of the regulation by no longer regulating the procedures regarding the notifications made to the Board. As per this amendment, license holder legal entities shall notify the Board in advance in the circumstances as follows:
- a) If license holder legal entity demands to merge with another license holder
 - b) If license holder legal entity demands to merge with another legal entity who is not a license holder
 - c) If license holder legal entity demands to divide totally or partially
 - d) If license holder legal entity is demanded to be acquired by another company

Amendment also altered time periods required regarding the application for extension of term of the license. Relatedly, if a license holder demands to extend his license term, he must issue an application earliest six months and latest two months before the expiry date.

- 4) The Regulation on Authorized Legal Entities (the “**Regulation**”) has been published in the Official Gazette dated June 3, 2016 and numbered 29731.

The Regulation provides the procedures and principles regarding competency certificate to be provided to legal entities by the General Directorate of Mining Affairs with the purpose of preparation of the report, project and all technical documents required to be submitted to General Directorate Mining Affairs by the legal entities, mining prospectors or employers in accordance with the Mining Law no. 3213.

According to new law, the legal entities requesting for the competency certificate must fulfill the following conditions and employ at least 5 employees:

- Employing a fulltime mining engineer and a fulltime geological engineer worked for public or private sector at least for 5 years
- Employing a fulltime engineer among the followings; survey and cadaster engineer or hydrogeological engineer or environmental engineer or geophysical engineer, mineral processing engineer, metallurgical engineer, agricultural engineer, forest engineer, electrical engineer or mechanical engineer.
- Employing a fulltime mining engineer and a fulltime geological engineer regardless of the experience.

The application process and required documents; the commission established by the General Directorate of Mining Affairs, the obligations of the authorized legal entities and employees; the duties and signing authority of the abovementioned engineers are also the main topics regulated the Regulation.

The term of the competency certificate is 5 years as of the issuance date.

The branches of the authorized legal entity are also required to fulfill all of the personnel requirements which is required for the legal entities. All of the personnel employed in the legal entity must be a Turkish citizen.

In addition the new regulation stipulates the non-assignability of the competency certificate.

TELECOMMUNICATIONS, MEDIA & TECHNOLOGY

The Regulation on Electronic Communication Infrastructure and Information System (the “Regulation”) has been published in Official Gazette dated July 13, 2016 and numbered 29769. The Regulation stipulates the procedures and principles of the determination and audit of the minimal requisites relating to Electronic Communication Infrastructure Information System (the “ECIIS”) and facilities of electronic communication infrastructure.

According to the regulation, operators are obliged to record the information relating to electronic communication infrastructures, networks and services to ECIIS database in accordance with the procedures and principles stipulated by Information and Communication Technologies Authority (the “Authority”) and to verify and update aforementioned information. The Authority is authorized to examine or monitor the accuracy of the information directly or upon complaint. The regulation also stipulates sanctions and administrative fines regarding the violations hereof.

EMPLOYMENT

An amendment to the Regulation on the Prevention and Minimalizing of the Serious Industrial Accidents (published in Official Gazette dated December 30, 2013 and numbered 28867) (the “Regulation”) has been published in the Official Gazette dated August 2, 2016 and numbered 29789. According to the amendment, Article 9 regarding maximum possible measure level and Article 14 regarding external emergency plan of the Regulation shall enter into force on July 1, 2017 and Article 10 regarding certificate of prevention policy against major accidents and Article 11 regarding security report of the Regulation shall enter into force on December 31, 2016.

INSURANCE

An amendment to Regulation on Insurance Agencies (the “Regulation”) has been published on the Official Gazette dated June 9, 2016 and numbered 29737. The Annex 1 of the Regulation with respect to the educational level and professional experience period of the employees of insurance agencies has been amended.

CONSUMER GOODS & RETAIL

The Regulation on Principles and Rules regarding the Retail Trade has been published in Official Gazette dated August 6, 2016 and numbered 29793. The object of the new regulation is to specify the principles and rules regarding the retail trade and the procedures and principles regarding the audit and sanctions relating to retail trade. Right to request of grand stores and chain stores and dealers or specially authorized operations for bonus and price from the manufacturer or supplier; period of payment in the sales transactions made between the manufacturers or suppliers and retail operations are regulated under new regulation. The new regulation also stipulates the procedures and principles of sales of store branded products, sales campaign, shopping fests, discounted sales and products subjected to the continuous discounted sales.

Another topic regulated under new regulation is working days and hours of retail operations. As per Article 13 of the new regulation, determination of working days and hours shall be made by the governor at provincial level and by the Ministry of Customs and Trade at national level.

TRANSPORTATION, LOGISTICS & DEFENCE

The Airports Ground Services Regulation has been published in Official Gazette dated August 23, 2016 and numbered 29810. Upon publication of the new regulation, Airport Ground Operations Regulation (published in Official gazette dated August 28, 1996 and numbered 22741) has been abolished.

The new regulation stipulates Type A, B and C work certificates and authorizations and obligations of the legal entities having aforementioned certificates and providing ground services. The new regulation also stated the authorization of domestic and foreign air carriers and special authorizations separately. The procedures and principles of the work certificate application and evaluation process are the other important topics regulated under the new regulation. The new regulation regulates the improper actions under the topic of “sanctions” differently from the former regulation.

REAL ESTATE

The National Estate General Communique (the “**Communique**”) has been published in Official Gazette dated July 24, 2016 and numbered 29780. The Communique regulates the process regarding every type of moveable, real estate, receivable, official documents, which are acquired by public treasury within the scope of Decree Law numbered 667 and numbered July 22, 2016. Relatedly, all accounts of closed institutions in banks and other financial institutions shall be firstly blocked. As per this amendment, companies which owe to closed institutions must make their payments to public treasury. If payments are not done, this situation shall be notified to Ministry and actions must be taken in accordance with Ministry’s response.

GENERAL CORPORATE

Amendments to the Regulation on Private Hospitals have been issued by the Ministry of Health (published in the Official Gazette dated May 27, 2012 and numbered 28305) have been published in the Official Gazette dated August 25, 2016 and numbered 29812. This amendment removed the “Planning and Employment Commission.” Evaluations previously made by this commission regarding mergers and hospital constructions shall be concluded by Ministry of Health from now on. If private healthcare institutions and private hospitals regardless of their locations request to merge within the latter one, this application shall no longer be directed to abovementioned commission. As per this amendment, Ministry of Health evaluates the applications based on planning principles.

The Law Related to Making Amendments on Some Laws in order to Improve Investment Environments (the “**Amendment Law**”) has been published in the Official Gazette dated August 9, 2016 and numbered 29796. Pursuant to the Amendment Law, if determined by court decision and stated by people authorized to represent or by liquidator during the company’s liquidation process or by a creditor that the cooperation and cooperative are deeply in debt, the company is filed for bankruptcy. People authorized to manage and represent shall request postponement of bankruptcy by submitting a recovery project. Recovery project shall demonstrate concrete and real sources, precautions and how the management expenses and working capital will be met. It must be submitted to court with interim balance. Request for postponement of bankruptcy is assumed to be not proved if lists and documents are not completed within two weeks, and as a result the requesting company will be filed for bankruptcy. If the court finds the recovery project serious and convincing, it will decide on postponement of bankruptcy. If the court ascertains that the company or cooperative is not deep in debt, it shall decide on refusal of request for postponement. Otherwise, it shall decide on bankruptcy of the company or cooperative.

Please note that as per the amendment a corporation or cooperative, which benefitted from postponement, may not request postponement within one year.

If postponement of bankruptcy is requested, court appoints sufficient number of trustees and takes necessary precautions in order to protect the company's wealth and sustainability of business transactions. In this period, interim injection and provisional seizure decisions shall not be executed, and time of lapse does not apply.

Article 63 – the following paragraph is added to Article 5 of the Law numbered 5941.

Upon the complaint of holder, judicial fine up to 1500 days shall be sentenced on the person who caused the overdraft cheque operation. In addition, the court shall also decide on prohibition of drawing and opening cheque account; if there is such prohibition available, and then decide on the continuance of prohibition of drawing and opening cheque account. During the adjudication, court shall decide on prohibition of drawing and opening cheque account as protection measure by itself.

(2) According to provision of first article, the person responsible for maintaining cheque's money equivalent in the bank account is the owner of the bank account. If owner is a legal entity, then the member of board of directors who is responsible to administer the legal entities financial transactions; if such assignment is not done then real person or people comprising the board of directors are responsible to maintain money equivalent of the cheque in the bank account. Those who are prohibited from drawing cheque and opening cheque accounts shall not take duties in executive organs of companies with share capital. However, those who are already members of executive organs shall continue their duties until the end of their period in office.

(8) Information regarding prohibition on cheque drawing and opening cheque account shall be notified to Risk Center through Central Registration System (the "MERSIS") after being signed with safe electronic signature. People who are sentenced to prohibition from opening cheque account are reported to banks by Risk Center.

(11) If judicial punishments given according to first article are not paid, this sentence is directly converted to direct imprisonment.

Article 74 - First paragraph of Article 37 of Leasing, Factoring and Financing Companies Law dated 21/11/2012 and numbered 6361 is changed as follows;

“(1) Leasing contracts, documents regarding transfer and amendment of these contracts, contracts between renter and seller regarding the recruitment of goods subject to leasing contract, and documents which are prepared for the delivery of these goods are exempt from stamp tax. Transactions which will be made regarding these documents are exempt from legal fees.

The Communiqué regarding the Increase of Capacity and/or Expansion Related to the Projects Obtaining Environmental Impact Assessment Positive Report or Decision of Environmental Impact Assessment is not Required (the "Communiqué") has been published in Official Gazette dated June 8, 2016 and numbered 29736. The Communiqué regulates the procedures and principles regarding the increase of capacity and/or expansion related to the projects obtaining environmental impact assessment positive report or decision of environmental impact assessment is not required within the scope of the Regulation on Environmental Impact Assessment (*published in Official Gazette dated November 25, 2014 and numbered 29186*).

Pursuant to the Communiqué, the applications for the increase of capacity and/or expansion related to the projects obtaining aforementioned environmental impact assessment reports/decisions and having threshold values shall be addressed to the concerned Governorship or to the Ministry of Environment and Urbanization with respect to the threshold values of the increase of capacity stated in Annex I and II of the Regulation on Environmental Impact Assessment.



CAPITAL MARKETS

Establishment of an Arbitral Tribunal before the Turkish Capital Markets Association for Off-Exchange Disputes

In order to protect the interests of investors more efficiently and to satisfy compensation claims swiftly, the framework regarding the implementation of Customer Disputes Arbitral Tribunal before the Turkish Capital Markets Association (“Arbitral Tribunal”) has been finalized and it has been resolved by the Capital Market Board that the applications regarding the disputes arising from off-exchange transactions between investment institutions and their customers shall be made to the Turkish Capital Markets Association.

The disputes shall be settled by the independent Arbitral Tribunal consisting of 3 (three) members, and the parties may raise an objection to the decision of the Arbitral Tribunal before the Capital Market Board within the scope of the relevant provisions with their justifications within 10 (ten) business days upon the notification of such decision.



DISPUTE RESOLUTION

Amendments in the Cheque Law

The Law regarding the Amendment of Several Laws for the Improvement of Investment Environment was published in the Official Gazette dated August 09, 2016 and numbered 29796 (**Law No. 6728**) (the “Law No. 6728”). Under this Law, amendments were made to Cheque Law (Law No.5941) (*published in the Official Gazette dated December 20, 2009 and numbered 27438*) (the “**Cheque Law**”). The motive behind these amendments was to enhance the trust and the confidence in cheques since in recent years there has been a decline in this payment method which is considered as a remarkable payment method in business life.

In order to increase the trust and the confidence in cheques, the criminal liability is introduced again for the drawers of dishonored cheques which is considered as the most remarkable amendment made to the Cheque Law under Law No. 6728.

Furthermore, transparency in cheque transactions is increased since regulations are made with respect to the components of cheques and third parties are allowed access the data regarding the cheque, chequing account holder, and the drawers of such cheques through an information system. Provisions regarding cheques entered into force on the date of publication of Law No. 6728 except for the amendment to Article 3 of the Law on Cheques, which will enter into force on 31.12.2017.

Regarding the criminal liability for the drawers of dishonored cheques, pursuant the amendments made to Article 5 of the Law on Cheques, the person responsible of a dishonored cheque shall be subject to a judicial fine up to one thousand and five hundred days for each dishonored cheque on condition that the bearer files a complaint.

Such monetary fine cannot be inferior to the total of the dishonored amount of the cheque, the accrued interest and litigation expenses. In case of non-payment, this judicial fine shall be directly converted into imprisonment with no

provision for community service. Pursuant to the amendment made in Article 6 of the Cheque Law, if the amount of the dishonored cheque and the accrued interest are paid or in case of withdrawal of the complaint during the proceedings, the lawsuit shall be dropped and in case of payment after finalization of the imprisonment judgment, the judgment shall be removed with all of its consequences.

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