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## Banking & Finance

### Clarification Letter on Extension of FX Loans to Turkish Citizens issued by the CBRT

Following vast amendments introduced under the Turkish FX legislation since 2018, Turkish resident individuals are no longer entitled to utilize FX denominated loans from abroad or within Turkey. However, the situation of Turkish citizens who are not resident in Turkey was unclear and the Central Bank of the Republic of Turkey (the “**CBRT**”) has issued a letter on September 30, 2019 (the “**Letter**”) in order to clarify FX loan utilizations of such Turkish citizens who are not resident in Turkey.

#### What’s New?

Banks or financial institutions are entitled to extend FX loans to Turkish citizens who are not resident in Turkey, provided that such Turkish citizens’ residency information is confirmed as per the following steps:

- An investigation shall be conducted through the Central Civil Registration System of the Ministry of Internal Affairs of the Turkish Republic (*T.C. İçişleri Bakanlığı Merkezi Nüfus İdare Sistemini (MERNİS)*) to confirm that the applicant Turkish citizen (the “**Applicant**”) does not have a legal residence in Turkey;
- Upon the confirmation of the non-residency of the Applicant in Turkey, a written declaration shall be obtained from the Applicant on the same; and
- The Applicant must submit the sworn translation of the relevant documents issued by the foreign country that she/he is resident in to the intermediary bank.

## Conclusion

In a nutshell, banks and financial institutions will be able to extend FX loans to Turkish citizen individuals who are not resident in Turkey if the aforementioned requirements are fulfilled.

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