

Circular

Istanbul, 18 September 2018

Circular No: 97

Subject: Press Announcement published on the arrangements concerning the contracts concluded among Turkish residents.

Certain arrangements had been announced on the Decision for the Protection of Turkish Currency no.32 concerning the contracts to be concluded among the persons resident in Turkey through the Presidential Decision no.85 published in the Official Gazette dated 13 September 2018.

A Press Announcement has been made by the Treasury and Finance Ministry of Turkey on 17 September 2018 regarding the context of the Decision.

The aforementioned press announcement is provided below.

Press announcement

Certain arrangements have been announced on the Decision for the Protection of Turkish Currency no.32 (Decision No.32) dated 07.08.1989 concerning the contracts concluded among Turkish residents through the Presidential Decision dated 12.09.2018 no.85 which was published in the Official Gazette dated 13.09.2018 no.30534 and enacted as of its publication date Requiring Amendments to the Decision for the Protection of Turkish Currency no.32.

The most significant aspect to be paid attention with priority while considering on the scope of the aforementioned arrangements is that they only comprise contracts concluded among persons resident in Turkey as defined within the Decision no.32.

On the other side, as per the provisional Article 8, while creating the context of the running agreed-upon contracts in which the contract value was set in foreign currencies prior to the publication of this Decision (Presidential Decision no.85) however subject to be redefined in Turkish Liras; it should be regarded that both parties are required to be resident in Turkey on the date that the contract was concluded.

Also, the exception on certain cases deemed appropriate by our Ministry is ensured through both provisions of article existing within the concerning arrangement, regarding the upcoming or running contracts.

While defining the scope of the cases to be indicated as exceptions by the Ministry, the input costs or liabilities in terms of foreign currency stand as the matters that should primarily be taken into consideration.

For instance, the contracts concluded by the persons resident in Turkey that were able to obtain foreign currency loans without being subject to any restrictions as per the articles 17 and 17/A within the Decision no.32 arranging access to the foreign currency loans and therefore liable to foreign currency denominated obligations will be considered within this context.

In this respect, the context of the concerning regulation shall be determined as soon as possible paying attention to the opinions of the relevant public institutions and other stakeholders, so as not to hamper the economic activity and announced by our Ministry.

Respectfully announced to the public.

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.