

**COMMUNIQUÉ ON ASSET-BACKED AND  
MORTGAGE-BACKED SECURITIES  
(III - 58.1)**

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**PART ONE  
Purpose, Scope, Grounds and Definitions**

**Purpose and Scope:**

**ARTICLE 1 - (1)** The purpose of this Communiqué is to regulate the principles regarding the qualities and issuance of asset-backed securities and mortgage-backed securities as well as establishment and operation of asset finance funds and housing finance funds.

**Grounds:**

**ARTICLE 2 - (2)** This Communiqué has been prepared based on Articles 58, 60, subparagraph (e) of the first paragraph of Article 128 and third paragraph of Article 130 of the Capital Markets Law dated 6 December 2012 and numbered 6362.

**Definitions and Abbreviations:**

**ARTICLE 3 - (1)** The following terms shall have the meanings ascribed to them below:

- a) Bank : shall mean the banks defined in Article 3 of the Banking Law dated 19/10/2005 and numbered 5411,
- b) BRSA : shall mean the Banking Regulation and Supervision Agency,
- c) Stock Exchange: shall mean the stock exchange defined in subparagraph (ç) of the first paragraph of Article 3 of the Law numbered 6362,
- ç) Rating Agency: shall mean the rating agencies that are established in Turkey and authorized by the Board in order to conduct rating activities within the framework of the Board's regulations on rating activities and rating agencies in capital markets, as well as international rating agencies which have been approved by the Board to conduct rating activities in Turkey,
- d) Financial leasing companies and finance corporations: shall mean the financial leasing companies and finance corporations as regulated under the Law on Financial Leasing, Factoring and Finance Corporations dated 21/11/2012 and numbered 6361,
- e) Fund: shall mean the asset finance fund or housing finance fund,
- f) Intermediary institution with a broad scope of authority: shall mean the intermediary institutions authorized to perform any of portfolio brokerage activities, general custody services or underwriting activities within the framework of Board's regulations on investment services,

- g) MBS: shall mean the mortgage-backed securities that are issued and backed by the assets that will be acquired by the housing finance fund or mortgage finance institution,
- ğ) Issuer's pool account: shall mean the pool account of the fund or the mortgage finance institution that is kept at the Central Registry Agency.
- h) Mortgage finance institution, MFI: shall mean the joint stock companies defined in the first paragraph of Article 60 of the Law numbered 6362,
- ı) Law: shall mean the Capital Markets Law dated 6/12/2012 and numbered 6362,
- i) Public Disclosure Platform (PDP): shall mean the electronic system through which the information that has to be disclosed to public pursuant to applicable legislation is submitted with electronic signature and disclosed to the public,
- j) Originator: shall mean the legal entities, institutions and organizations that will transfer their assets to the fund portfolio or to MFI,
- k) Housing finance fund (HFF): shall mean the fund, without a legal entity, established on account of MBS holders, by using the proceeds collected from the issuance of MBS, in accordance with the fund statutes, based on the principle of fiduciary ownership,
- l) Founder: shall mean the banks, financial leasing and financing corporations, MFI and intermediary institutions with a broad scope of authority,
- m) Board: shall mean the Capital Markets Board,
- n) CRA: shall mean the Central Registry Agency,
- o) Commercial loans: shall mean the loans extended by banks and financing corporations to legal entities and loans extended for the purpose of financing of production of goods and provision of services, financing of movable and immovable assets for commercial purpose including sea, air and land vehicles, and financing of working capital,
- ö) TOKİ: shall mean Housing Development Agency of Turkey,
- p) Total liabilities: shall mean the aggregate of liabilities arising from ABS or MBS and, if any, the derivative instruments included into the fund portfolio,
- r) TTRG: shall mean the Turkish Trade Registry Gazette,
- s) Consumer loans: shall mean the consumer loans as regulated in the Law on Protection of Consumers dated 7/11/2013 and numbered 6502,
- ş) Derivative instruments: shall mean swap, forward, future and option contracts entered into, for the purposes of hedging currency and interest rate risk of the HFF portfolio,

- t) Asset: shall mean the receivables, loans, rights, collaterals and other assets which may be included into the fund portfolio as mentioned in first paragraph of Article 15,
- u) Asset finance fund (AFF): shall mean the fund, without legal entity, which has been established on account of ABS holders, by using the proceeds collected from the issuance of ABS, in accordance with the fund statutes, based on the principle of fiduciary ownership,
- ü) ABS: shall mean the asset-backed securities that are issued and backed by the assets that will be acquired by the AFF or MFI,
- v) AMBS: shall mean the ABS or MBS,
- y) Investor: shall mean the holders of ABS or MBS.

## **PART TWO**

### **General Principles**

#### **Fund and AMBS:**

**ARTICLE 4- (1)** AMBS shall be issued by being backed by the assets that will be acquired by the fund or the MFI. If the issuance is to be made by the fund, it is mandatory to establish AFF to issue ABS, and it is mandatory to establish HFF to issue MBS. The funds that are established by financial leasing companies and financing corporations may only issue AMBS by way of acquiring the assets in the balance-sheets of their founders. The funds that are established by Banks, MFI and intermediary institutions having a broad scope of authority may issue AMBS by way of acquiring the assets in the balance-sheets of their founders as well as assets of other originators.

**(2)** The fund has to be established in Turkey. The fund shall be established for a definite or indefinite term. The Fund cannot be established or used for purposes other than issuance of AMBS.

**(3)** The funds established by the same founder shall be named in a way to allow investors to differentiate them. The title of the fund cannot be a name that is excessively similar to a title of a fund established by another founder; or cannot resemble the name of an institution or person not associated with the fund; or cannot refer to unverifiable characteristics of the founder or the originator; or cannot include similar subjective statements which imply that the fund is superior to other funds or that will cause the investors to be misled in a similar manner.

**(4)** In respect of funds that are not established within the scope of this Communiqué, the terms “asset finance fund”, “housing finance fund”, “AFF”, “HFF” shall not be used; and for capital market instruments that are not issued within this scope, the terms “asset-backed securities”, “mortgage-backed securities”, “ABS”, “MBS” or equivalent terms may not be used.

**Fund Statute:**

**ARTICLE 5- (1)** The fund statutes constitute an adhesion contract between the investors, the founder and the fund board, destined to ensure that the fund portfolio is kept in accordance with the principles of fiduciary ownership and is managed in accordance with principles applicable to agency agreements.

**(2)** The fund statute standards shall be determined by the Board. The minimum requirements for fund statutes are provided under Annex-1.

**Property of Fund:**

**ARTICLE 6- (1)** The property of the fund is segregated from the properties of the founder, servicer and the originator.

**(2)** Until the issued AMBS are redeemed, the property of the fund may not be disposed of, for any purposes whatsoever, even if the management or supervision of the founder, servicer or the originator are transferred to public authorities; and may not be attached, made subject to interim injunction or included in a bankruptcy estate even for the purposes of collecting public receivables.

**(3)** Fund property may not be designated as collateral or pledged, for purposes other than obtaining loans, engaging in derivative transactions or conducting similar transactions, provided that such transactions are conducted on account of the fund and the fund statutes include provisions to this effect.

**PART THREE****Principles regarding Establishment of Fund and Issuance of AMBS****Applications for Establishment of Fund and Issuance of AMBS:**

**ARTICLE 7- (1)** In principle, the application for the establishment of a fund should be evaluated together with the application for approval of the prospectus or issue document of AMBS. However, upon the request of the founder, such applications may also be evaluated separately.

**(2)** If the application for fund establishment and the application for approval of the prospectus or the issue document of AMBS are evaluated together:

**(a)** The Founder shall apply to the Board along with the documents specified in Annex 2 and Annex 3.

**(b)** The applications shall be finalized by the Board within twenty days following submission of necessary documentation in full.

**(c)** If the submitted information and documents are incomplete or additional information and documentation is required, the applicant shall be notified within ten business days following the application date. Requested information and documents are required to be submitted within the period of time to be determined by the Board. In such case, the period

specified in paragraph (b) shall commence as of the date on which such information and documents are submitted to the Board.

**(c)** If the decision with regard to the application is affirmative, the fund statute, as approved by the Board, shall be registered with the trade registry, where the head office of the founder is located, and shall be announced in the TTRG within six business days following receipt of Board approval by the founder. Upon registration of the fund statutes, the fund establishment procedures shall be deemed complete.

**(d)** The prospectus or the issue document approved by the Board shall be given, following submission of documents evidencing that the fund statute have been registered with the trade registry; and agreements executed, as set forth under this Communiqué, to the Board. Such documents and agreements are required to be sent to the Board within ten business days following registration of the fund statute with the trade registry.

**(3)** If the application for fund establishment and the application for approval of the prospectus or the issue document of AMBS are evaluated separately:

**(a)** The founder shall apply to the Board requesting authorization to be granted for establishment of the fund, with the documents specified in Annex 2.

**(b)** The application for fund establishment shall be finalized by the Board within twenty business days following the complete submission of required documentation to the Board.

**(c)** If the submitted information and documentation are incomplete or additional information and documentation is required, the applicant shall be notified within ten business days following the application date. Requested information and documentation shall be submitted within a period of time to be determined by the Board. In such case, the period specified in paragraph (b) shall commence as of the date of submission to the Board.

**(c)** If the decision is affirmative, the fund statute approved by the Board, shall be registered with the trade registry, where the head office of the founder is located, and shall be announced in the TTRG within six business days following receipt of the Board decision by the founder. Upon registration of the fund statute, the fund establishment procedures shall be deemed complete.

**(d)** The founder or the fund board shall, within six months following registration of the fund statute with the trade registry, submit the application for approval of the prospectus or the issue document of the AMBS to the Board, along with the documents listed in Annex-3. If no application is filed during such period, the fund statutes shall be deregistered from the trade registry by the founder as soon as possible and related documents shall be submitted to the Board within six business days. If the Board deems appropriate, the six-month period may be extended once for an additional period of three months on reasonable grounds.

**(4)** If the applications are not approved as a result of the review, conducted in accordance with the second and third paragraphs, this decision and reasons related to such decision shall be notified to the applicant.

**(5)** The Board may require submission of the application for fund establishment and the application for approval of the prospectus or the issue document of AMBS, along with an application form which shall be determined by the Board.

**(6)** The amendments to the fund statute shall be approved within the framework of subparagraphs (b), (c) and (ç) of the third paragraph, following the submission of the application to the Board and shall be registered with the trade registry and announced in the TTRG by the fund board.

**(7)** AMBS may be issued by a public offering or be sold to qualified investors solely or be sold by private placement provided that the unit nominal value is minimum TL 100,000.

**(8)** If there's no applicable provision in this Communiqué, the provisions on contents, preparation, approval, publication, registration and announcement of the prospectus or the issue document in relation to AMBS, the amendments to the prospectus, the announcements and advertisements that will be made by the fund or the founder and other principles regarding issuance and sale of AMBS of the No: 11-5.1 Prospectus and Issue Document Communiqué published in the Official Gazette dated 22/6/2013, numbered 28685 and the No: 11-5.2 Communiqué on Sale of Capital Market Instruments published in the Official Gazette dated 28/6/2013, numbered 28691 shall be applicable, to the extent relevant. Within this framework, if the issuance is carried out by the fund, the fund shall be deemed as issuer for the purpose of implementation of such regulations of the Board, and the responsibilities of the issuer shall be fulfilled by the fund board.

**(9)** The Board shall determine an issue ceiling of the AMBS which will be issued without public offering or abroad, in which case, the following principles shall apply:

**(a)** AMBS may be sold in tenors within the time frame and the issue ceiling set by the Board.

**(b)** More than one fund may be established for AMBS issuances within the issue ceiling or a previously established fund may be used, provided that the previously issued AMBS are redeemed and the fund statutes are tailored to comply with the new AMBS issuance.

**(c)** The issue ceiling applicable within the period of time by the Board may not exceed two times the total value of assets provided under the latest annual financial statements of the originator.

**(ç)** The fund board or the founder shall apply to the Board, within the period determined by the Board, for approval, at least ten days before the sale of each AMBS tenor.

**(10)** In case of issuance by public offering, AMBS issuance should be made as a single issuance, and the prospectus shall be prepared as a single document.

**(11)** Unless the AMBS issued by the fund is fully redeemed, a new tenor of AMBS may not be issued through the same fund within the period determined by the Board. Following the redemption of AMBS, fund board or the founder may apply to the Board for approval of the prospectus or the issue document for a new tenor of AMBS to be issued by a fund which has fully redeemed its previously issued AMBS.

(12) It is required for AMBS which will be offered to public to be traded at the stock exchange, and that an application to be filed with the Stock Exchange for this reason in addition to the application for approval filed with the Board.

(13) The Board may require that the sale is made solely to qualified investors in AMBS issuances.

(14) For AMBS issuances made by MFIs without establishment of a fund, a new tenor of AMBS may not be issued unless the issued AMBS have been fully redeemed.

#### **Qualifications of Founders of Funds:**

**ARTICLE 8 – (1)** The founders of the funds are required to:

(a) meet the qualifications set forth under their own special legislation and/or capital markets legislation and there should be no decisions taken on restriction or cessation of their activities in whole or in certain fields of their operation permanently or temporarily for a period of 1 month or more during the last one-year term,

(b) not have any due payable tax obligations.

(2) If the founder is a bank, a financial leasing company or a financing corporation, the affirmative opinion of the BRSA shall be obtained.

#### **Principles Regarding Issuance of AMBS:**

**ARTICLE 9 – (1)** According to the principles set out in Part Five, the fund portfolio shall be set up with the AMBS proceeds collected from the investors following the issuance. The payments that will be made to investors regarding the AMBS issuance, shall be covered by the cash flow deriving from the assets of the fund. In order to cover the cash flows, the founders and legal entities qualified as founders may provide partial or full guarantee while the insurance companies defined under Insurance Law dated 3/6/2007 and numbered 5684 may provide insurance coverage prior to the issuance prior to the issuance.

(2) It is possible to form AMBS tranches offering different rights according to the criteria provided below, within the same tenor:

- (a) maturity of the assets,
- (b) principal or interest payment dates of the assets,
- (c) type of interest or return to be obtained from the assets,
- (c) priority claims in principal, interest or revenue payments,
- (d) rights relating to liquidation procedures,
- (e) credit risks, and

- (f) other criteria as may be deemed appropriate by the Board.
- (3) The rating agencies are required to provide credit rating for each tenor of AMBS, and if any, for AMBS tranches, that will be offered to the public. The credit ratings should be reviewed on a regular basis in the event any updates are required according to Board regulations on rating activities in capital markets and rating agencies.
- (4) The Board may require the payment obligations related to AMBS to be guaranteed by a bank located within the country or a third party legal entity.
- (5) AMBS shall be redeemed in accordance with the principles set forth in the prospectus or the issue document.

**Risk Retention Liability:**

**ARTICLE 10 – (1)** The originator or founder is required to repurchase AMBS corresponding to 5% of the nominal value of the AMBS issued and retain this value until the end of maturity. If AMBS is issued in classes, this requirement shall be applicable:

(a) when the AMBS classes do not have credit rating or have the same credit rating, on a *pari passu* or pro rata basis from each class or

(b) from the class or classes having the lowest credit rating, if there are different AMBS classes with different credit ratings.

- (2) The Board is authorized to vary the ratio specified in the first paragraph depending on the type of assets or to increase on the basis of originators or founders provided that the ratio will not exceed 10%.
- (3) The risk retention liability may be shared between the originator and the founder.

**PART FOUR**  
**Principles Regarding Operation of Fund**

**Fund Board and Fund Operations Manager**

**ARTICLE 11 – (1)** The founder shall appoint 3 persons to the fund board of each fund, through a board decision. At least one fund board member should be an independent member with the qualifications set forth in the regulations of the Board regarding corporate governance, and at least one member should hold the Capital Market Activities Advanced Level License certificate within the framework of the regulations of the Board regarding licensing. If more than one fund is established by the same founder, the fund committees may be comprised of the same persons.

- (2) (a) The fund board member has to have a post-graduate degree, at least five years of experience in capital markets or banking, and the necessary reputation as required for being a fund board member,



**(b)** The fund board members or the enterprises in which they are shareholders with unlimited liability, should have not been declared bankrupt or be subject to a declaration of *konkordato*,

**(c)** The fund board member should not have declared bankruptcy or a concordat or there should be no bankruptcy decisions rendered against the fund member,

**(ç)** The fund member cannot be one of the persons to be held liable for sanctions imposed to a company in which the operation licenses have been cancelled by the Board,

**(d)** The fund board member cannot be a person, convicted of the crimes set forth in the Law,

**(e)** There should be no liquidation decisions rendered against fund board member or the enterprises in which the fund board members are shareholders pursuant to the Decree Regarding Transactions of Insolvent Bankers dated 14/1/1982 and numbered 35 and annexes thereof,

**(f)** Even if the periods set forth in Article 53 of the Turkish Criminal Code dated 26/9/2004 and numbered 5237 have expired; the fund board members should not have been subject to imprisonment for a period of five years or for a malevolent offense, or should not have been convicted of crimes committed against the security of the state, constitutional order and operation of such order, embezzlement, corruption, bribery, theft, fraud, counterfeiting, abuse of faith, fraudulent bankruptcy, crimes of conspiring rig to bids and discharge of undertakings, crimes of prevention and distortion of information systems, destroying or changing data, misuse of bank or credit cards, laundering the asset values obtained through crime, smuggling, tax evasion or unjust enrichment,

**(g)** The fund board member cannot be a person, convicted of an offense under the of Banking Law, of violation of the provisions of the Banking Law dated 25/4/1985 and numbered 3182 and the repealed Banking Law dated 18/6/1999 and numbered 4389 which require imprisonment, and

**(ğ)** The fund board member cannot be a person, sentenced for offenses regulated under the Law on Combat with Financing of Terrorism dated 7/2/2013 and numbered 6415.

**(3)** The founder is responsible for filing an application for establishment of the fund, determining the fund board members and preparing the fund statutes.

**(4)** The fund board shall be responsible for the following items:

**(a)** preparing the amendments to the fund statutes, preparation, registration and announcement of the documents in relation to issuance,

**(b)** constituting, valuating the fund portfolio, and preserving, depositing, recording the fund assets, keeping and tracking records accurately in accordance with the provisions of this Communiqué, establishing a documentation system and preserving the information and documents,

**(c)** representing, managing the fund, and inspecting the supervision of the fund, in such manner that the rights and interests of the investors shall be protected, in accordance

with the principles and methods set out in the relevant legislation, regulations of the fund, the prospectus, the issue document and other documents related to issuance,

(c) opening accounts with banks in the name of the fund, ensuring that the payments are made to investors accurately, ensuring that the other payments made from the fund are consistent with the provisions of this Communiqué,

(d) issuing and presenting investors' reports, in accordance with relevant provisions of the Communiqué,

(e) ensuring that the servicer fulfils its duties in accordance with the Communiqué and the servicer is replaced in case it fails to fulfil its obligations set forth in the service agreement, and

(f) other obligations arising from the law and related legislation or as may be required by the Board.

(5) All the decisions that will be given by the fund board shall be written into the decision book of the fund board after certification of the book by the notary public.

(6) The fund board may appoint a fund operation manager in order to fulfill the duties other than those set out in subparagraph (e) of the fourth paragraph, without prejudice to the responsibilities entrusted upon it under this Communiqué. Fund operation manager may be a bank or an intermediary institution with a broad scope of authority meeting the criteria set forth in the first paragraph of Article 8.

#### **Internal Control System and Auditor of Fund:**

**ARTICLE 12 – (1)** Internal control system comprises of the principles and methods that ensure the effectiveness and efficiency of the fund operations; timely attainability and reliability of the information regarding financial and administrative issues; execution of the fund operations in accordance with the related legislation, relevant agreements, regulations of the fund, documentation related to issuance; determination and prevention of improper actions, mistakes and frauds; completeness and accuracy of the accounting records and timely preparation of financial information in a truly and sufficient manner. The procedures regarding the internal control system of the fund and other principles and procedures must be set forth in writing in a fund board decision.

(2) Internal control system of the fund shall be established in a manner to ensure at least the following:

(a) The requirements set forth in the Law, this Communiqué, the fund statutes, the prospectus, the issue document or other documents related to issuance are met on the issuance date of the AMBS and periodically throughout the operation period of the fund,

(b) The servicer performs its duties in accordance with the provisions of the service agreement and this Communiqué,

(c) Payments to the investors and related parties from the fund accounts are performed pursuant to the provisions of this Communiqué,

(c) The fund assets are managed, added to and removed from the fund portfolio according to the provisions of this Communiqué,

(d) Fund assets shall be preserved, kept separately from the assets of the founder and the originator and the accounting, documentation and registration system are operated effectively according to the Communiqué, and

(e) Other obligations as may be required by the fund statutes, the prospectus, the issue document and other documents related to issuance or arrangements of the Board are performed.

(3) The internal control system of the HFF, which will be party to derivative instrument transactions, is required to, in addition to those specified in the second paragraph, also include risk management procedures for development of a risk measurement mechanism that will enable defining the basic risks that the fund may encounter, reviewing the risks on a regular basis and updating the risk definitions in compliance with significant developments, and evaluation of the exposed risks in a consistent manner. Risk management procedures shall be set up and followed up by a separate unit personnel holding Capital Market Activities Advanced Level and Derivative Instruments Licenses under the organization of the internal control system.

(4) The fund auditor shall supervise whether the activities of the fund are in compliance with the principles and procedures of the internal control system.

(5) The fund board shall appoint a fund auditor who is not actively engaged in operational activities of the fund and possesses the qualifications required under the second paragraph of Article 11. The fund auditor is required to possess the Capital Market Activities Advanced Level License certificate. If the fund auditor holds also the Derivative Instruments License, the duty set forth in the third paragraph may also be fulfilled by the fund auditor.

(6) The reports containing the findings and the audit results of the fund auditor shall be submitted to the fund board within three months following the calendar year. The fund board shall decide on the precautions to be undertaken in relation to the report results. These reports should be kept for at least five years.

(7) If the fund auditor, while performing his duties, discovers any violations of the Law, this Communiqué or the fund statutes or determines that the fund is in financial difficulty in repaying, he shall submit the audit report that he will prepare to the fund board within the shortest possible time.

(8) The fund board and the fund operations manager are required to provide the fund auditor all the books, records and documents of the fund, including the documents related to the assets included in the fund portfolio, financial statements of the fund, internal control and risk management procedures, reports prepared within the scope of this Communiqué, inspection and independent audit reports and reports prepared by the servicer.

**Servicer:**

**ARTICLE 13 – (1)** The day-to-day management of the assets included in the fund portfolio shall be performed by a servicer. The founder, the originator or another enterprise with founder status may act as the servicer.

**(2)** Duties and responsibilities of the servicer shall be determined in a service agreement entered into between the fund board and the servicer and the service agreement shall include at least the following:

**(a)** collection of receivables in relation to the assets in the fund portfolio and their remittance to the fund accounts in a timely manner,

**(b)** execution of insurance, tax and similar administrative procedures in relation to the assets in the fund portfolio,

**(c)** monitoring the repayment capability of debtors and making necessary notifications to debtors for late payment or non-payment,

**(c)** reporting to the fund board on a monthly basis with the information on all cash flows arising from receivables, including the time of payments and outstanding balances,

**(d)** in addition, with respect to the assets, which are included in the fund portfolio:

**(1)** If there is a provision in the agreement of the underlying loan, timely collection of the taxes from the borrower/debtors in relation to the assets, for the financing of which the loan was extended, and their due payment to the tax authorities,

**(2)** If provided under the service agreement, executing the follow-up procedures for the nonperforming receivables as defined under the “Regulation on Principles and Procedures for Determination of the Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside” published in the Official Gazette dated 1/11/2006 and numbered 26333 and transferring part of earned revenue corresponding to the share of the fund to the fund account, and

**(e)** other tasks as may be determined by the Board.

**(3)** Cash collected in order to be transferred to the fund within the scope of the agreement entered into between the fund board and the servicer is included into the fund property, and shall be transferred to a bank account opened in the name of the fund, which is separate from the servicer’s own accounts, without delay.

**(4)** If the servicer fails to fulfill its obligations set forth in the service agreement or if the servicer’s operating license is cancelled as per special legislation concerning servicers; the service agreement shall be terminated by the fund board and another agreement shall be executed with another servicer.

**(5)** Upon termination of the service agreement, the servicer shall transfer all of the fund’s books, documents and records, whether they are kept in electronic or written form, and all cash and bank accounts related to the assets included in the fund portfolio, to the fund board or to the successor servicer, without any deductions. All of above mentioned issues shall also be addressed in the agreements.

(6) The activities of the servicer under the service agreement as mentioned above in the second paragraph and information on whether it preserves its fund assets shall be reviewed by an independent audit firm that is authorized to conduct independent audit activities on capital markets information systems in accordance with the International Service Standard Concerning Agreed-Upon Procedures in relation to Financial Data numbered 4400 published by the International Auditing and Assurance Standards Board, as of six-month accounting periods. The findings reached as a result of the inspection shall be notified to the fund board and the founder in the form of a report within thirty days following the end of the relevant six-month accounting period. In carrying out such inspection and preparing the report, the principles mentioned in Annex 4 shall be complied with.

**Confidentiality:**

**ARTICLE 14 – (1)** The fund board, fund auditor, fund operations manager or servicer may not disclose the confidential information about the related parties and third parties, obtained while executing the duties entrusted to them under this Communiqué, to persons other than those who have been authorized under this Communiqué and pursuant to special legislation, or may not use the such information for their own benefit.

**PART FIVE**  
**Provisions Regarding Fund Portfolio**

**Assets That Can Be Included Into The Fund Portfolio and Transfer Agreement:**

**ARTICLE 15 – (1)** Provided that it is indicated in the prospectus or the issue document:

- (a) The following may be included into the AFF portfolio:
- 1) Receivables of banks and financing corporations arising from consumer loans and commercial loans,
  - 2) Receivables arising from financial leasing agreements entered into pursuant to the Law numbered 6361,
  - 3) Receivables arising from sale of real estate property by the Housing Development Agency of Turkey, based on installments and contracts,
  - 4) Commercial receivables attached to deeds or collaterals, arising from invoiced sales by joint stock companies engaged in production of goods and provision of services to their customers, excluding financial institutions,
  - 5) Short-term deposits with maturity of less than three months, participation accounts, reverse repo transactions, money market funds, funds for short-term debt securities and Central Clearing Institution (Takasbank) Bank Money Market transactions, destined to invest the cash originating from the assets available in the fund portfolio,
  - 6) Assets in the reserve accounts as defined in Article 19, and

7) Assets, other than the capital market instruments, as may be approved by the Board.

(b) The following may be included into the HFF portfolio:

- 1) Receivables of banks and financing corporations, arising from housing finance as defined under the first paragraph of Article 57 of the Law, which have been secured by establishing mortgage at the relevant registry,
- 2) Receivables arising from financial leasing agreements entered into within the framework of the Law numbered 6361, provided that such arise from housing finance as defined in the first paragraph of Article 57 of the Law,
- 3) Commercial loans and receivables of banks, financial leasing companies and financing corporations, which have been secured by establishing mortgage at the relevant registry,
- 4) Receivables based on installments and contracts, which result from house sales by the Housing Development Agency of Turkey,
- 5) Assets within the scope of subsections (5), (6) and (7) of subparagraph (a), and
- 6) Rights and obligations arising from derivative instruments.

From the receivables mentioned in the subparagraph numbered (1), those which originate from housing finance loans as defined in the first paragraph of Article 57 of the Law, but which are not secured by establishing mortgage, may be included into the HFF portfolio pursuant to the first subparagraph, provided that they are attached to another collateral that is deemed appropriate by the Board.

(2) The fund shall acquire the assets listed in the first paragraph within the framework of an agreement to be executed. As a result of such acquisition, all rights of ownership and title of the relevant assets shall be transferred to the fund and this will be stated in the agreement to be executed.

#### **Characteristics of Assets:**

**ARTICLE 16 – (1)** The assets must fulfill the following conditions as of the date of inclusion to the fund portfolio:

(a) The bank loans have to fall within the scope of subparagraph (a) of the first paragraph of Article 4 of the Regulation on Determination of the Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside,

(b) In respect of the loans extended by financing corporations and financial leasing receivables, there must be no special provisions set aside pursuant to the provisions of the Communiqué concerning the Accounting Practices and Financial Statements of Financial

Leasing, Factoring and Financing Corporations, which was published in the Official Gazette dated 24/12/2013 and numbered 28861,

(c) In relation to the immovable property serving as the collateral of the loans and receivables which have been collateralized by establishing a mortgage:

- 1) The immovable property has to be located in Turkey,
- 2) The insurance liabilities arising from legal obligations in relation to the immovable property has to be complete,
- 3) The market price of the immovable property should have been determined by BRSA or the appraisal companies that are listed by the Board, at the stage of extension of the loan or accrual of the receivable, and

(ç) With respect of commercial loans related to sea, air and land vehicles, Hull and Machine Insurance has to be established on the sea vehicles; Air Vehicles Hull Insurance has to be established on air vehicles; Land Vehicles Insurance has to be established on land vehicles.

(2) The insurance obligations provided under subparagraphs (c) and (ç) of the first paragraph has to be completed during the term of the agreement in relation to the relevant loan and receivables.

(3) Rights and obligations arising from derivative instruments that will hedge interest or currency risk of HFF portfolio may also be included to the fund portfolio to ensure that the liabilities arising from MBS to be performed. The derivative instruments included in the fund portfolio are required to meet the following conditions:

(a) The derivative instruments have to be traded on stock exchanges or the counter-party to the derivative instrument has to be a bank, financial institution, insurance company or central clearing institution authorized by the relevant authorities of the country where it was incorporated, and it must have a long-term credit rating, which corresponding to top three degrees of the investment grade, as determined by the credit rating institutions.

(b) The rights originating from derivative instruments that are included into the fund portfolio may not exceed the nominal value of the outstanding total principal amount of all assets that are exposed to the risk; and the liabilities may not exceed the nominal value of the outstanding total principal amount of the issued MBS that is exposed to the risk.

#### **Fund Management Principles:**

**ARTICLE 17 – (1)** Fund portfolio shall be established at the latest within 1 month following the date of issuance of the AMBS and the value of the assets included to the fund portfolio shall not be less than the total liabilities of the fund.

(2) The account opened in the name of the fund shall be used for any fund payments and any expenditure payments to be made by the fund.

(3) The fund shall be managed either by pass through or by pay through methods. In the pass through method, after the deductions required under this Communiqué are made, the cash flows obtained from the assets included in the fund portfolio, which may or may not be based on a payment plan, are transferred directly to the investors without holding them in the fund. In the pay through method, after the deductions required under this Communiqué are made, the cash flows obtained from the assets included in the fund portfolio may be held in the fund in accordance with the principles set forth in the prospectus or the issue document, before they are transferred to the investors at the determined maturity dates.

(4) If the pass through method is applied, the maturity periods for the payments to be made to the investors shall be determined in conformity with the maturity periods of the assets included in the fund portfolio. If the pay through method is applied, the fund board shall determine the maturity periods for the payments to be made to investors.

(5) If an asset collateralized by mortgage is included in the fund portfolio, the mortgage or the ownership must be registered in the name of the fund with the relevant registry. If it is not possible to make such registration in the name of the fund at the relevant registry, the fact that this asset has been transferred to the fund shall be affixed to the annotations section.

(6) If vehicle loans are included in the fund portfolio; the vehicle pledges must be registered with the relevant motor vehicle registry office in the name of the founder. The founder shall submit a notarized statement to the fund board, undertaking to transfer all of the interests it will acquire as a result exercising its right of pledge, to the fund.

(7) The indemnity amounts that will be obtained from the insurance contracts to be executed pursuant to this Communiqué shall be recorded as income for the fund portfolio.

(8) The financial liabilities that may arise due to transactions performed before the assets are transferred to the fund portfolio cannot be met out of the fund portfolio. The originator shall be party to any legal disputes related to such liabilities.

(9) The prospectus for the issuance of AMBS should include the terms of use in relation to the amount cash flow deriving from the fund portfolio assets which exceeds the amount of all payments made to the investors and other disbursements by the fund, all resulting from the redemption of the AMBS.

(10) The fund is subject to a borrowing limit of 1% of their total of assets and may only borrow for the purpose of cash management.

#### **Fund Portfolio Expenses:**

**ARTICLE 18 – (1)** Provided that the prospectus or the issue document specifies the upper limit for the aggregate of all expenses that will be met by the fund according to the total value of the assets and each expense item, the expenditures listed below may be made from the fund portfolio:

- a) registration and announcement fees that are required under relevant legislation,



- b) fees to be paid to the members of the fund board and those who provide legal, accounting, operational, custody and other management services to the fund, in consideration for their services,
- c) fees to be paid to the servicer for the management of the assets,
- ç) fees paid to independent audit firms,
- d) fees paid to rating agencies,
- e) fees, commissions and other expenses that must be paid under Article 19 in order to improve the quality of the fund portfolio,
- f) underwriting and brokerage fees and commissions,
- g) deductions set aside for reserve accounts,
- ğ) legal fees paid for the issuance,
- h) tax payments for which the fund has tax liability,
- ı) costs arising from derivative instruments, and
- i) other expenses as may be deemed appropriate by the Board.

(2) No expenditure over market rate may be made from the fund property. The expenses must be documented.

**Procedures for Improving Creditworthiness of Fund Portfolio:**

**ARTICLE 19 – (1)** The following transactions may be carried out to protect the rights of the investors and prevent the risk of cash flows obtained from the assets not being sufficient to meet the payments to be made to investors; and to make other expenses by using the fund assets:

- a) The fund board may enter into a contract with the founder and/or a third party to ensure the use of insurance, guarantee, letter of guarantee or any other guarantee method,
- b) Different classes of AMBS with different rights may be issued,
- c) A portion of the assets that exceeds the total liabilities of the fund may be transferred to reserve accounts created for such purpose on the ratio or in the amount specified to be in the service agreement,
- ç) Other methods as may be found appropriate by the Board may be implemented.

(2) The founder or the originator may purchase from the AMBS classes for the purpose of improving the creditworthiness of the fund portfolio, provided that such condition is

explained in the prospectus and the issue document and without prejudice to the provisions regarding risk retention set out in this Communiqué.

#### **Removal or Replacement of Assets From Fund:**

**ARTICLE 20 – (1)** If it is determined that the assets have been transferred to the fund although they do not meet the criteria set out in the Communiqué, the prospectus or the issue document; the originator is required to replace such assets with those that meet the criteria within not more than ten days. Such condition must be included in the agreement mentioned in the second paragraph of Article 15.

**(2)** Assets may be removed from the fund portfolio or replaced in accordance with the prospectus or the issue document, in case a guarantee is provided or a guarantee agreement is put in place within the framework of Articles 9 and 19.

**(3)** Assets may not be included in or removed from the fund portfolio except for the circumstances provided under the first two paragraphs above.

**(4)** The Fund Board shall resolve on any amendments to be made within the framework of this Article, prior to such amendment.

### **PART SIX**

#### **Principles Regarding Providing Information, Financial Reporting, and Independent Audit in Funds, and Records in Relation to Assets, and Public Disclosure**

##### **Principles Regarding Providing Information and Public Disclosure:**

**ARTICLE 21– (1)** To ensure the investors are informed:

**(a)** Any amendment to the fund statutes shall be announced through the PDP and the founder's website within six business days following receipt of the Board approval by the founder; and

**(b)** If the fund board members, fund operations manager, auditor, servicer or independent audit company resign from their duties due to any reason whatsoever or no longer fulfill the conditions required under this Communiqué or the operation licence of the servicer is cancelled; such circumstances and the changes shall be announced through the PDP and in the founder's website within six business days following the occurrence of such; and

**(c)** An investors report at quarterly based on a calendar year, covering the amount of principal payments made, the cumulative principal amount paid and remaining principal balance and if there is no principal, the amount of payments made in relation to the assets, since the date of the previous report, in any, shall be announced through the PDP and in the founder's website within six business days following the end of the relevant period; and

**(d)** The facts presented in the report prepared pursuant to the sixth paragraph of Article 13 in relation to the activities of the servicer and the fund assets shall be announced

through the PDP and the founder's website within six business days following preparation of the report; and

(d) The credit ratings that are given or updated by rating agencies for AMBS shall be announced through the PDP and in the founder's website within six business days following the notification to the founder or the fund board.

(2) If the AMBS is sold through private placement or to qualified investors, the required announcements under the first paragraph shall be communicated to such investors by electronic means through CRA and shall be made available for the access of investors by publishing the same on the website of the founder. The fact that the announcement has been published on the website shall be notified to the Board within six business days following the announcement, along with the necessary access details, if any.

(3) The founder is responsible to ensure that the information and documents required to be announced through the PDP and on the founder's website are complete, accurate and up-to-date.

(4) Information regarding the date and number of the TTRG in which the fund statutes and the amendments to the fund statutes were published shall be sent to the Board within six business days following the publication.

(5) The report issued by the fund auditor within the scope of the seventh paragraph of Article 12 shall be sent to the Board within six business days following its completion.

#### **Accounting, Financial Reporting and Independent Audit Principles:**

**ARTICLE 22 – (1)** Regulations of the Board on investment funds shall apply to the accounting practices, account plans of funds, the standards that will be taken as basis in preparation of their financial statements, the obligation to prepare financial statements and independent audit of financial statements of funds.

#### **Financial Statements To Be Included In AMBS Prospectus:**

**ARTICLE 23 – (1)** The AMBS prospectus shall include the financial statements of the fund or the MFI, as set forth under the Communiqué on Prospectus and the Issue Document, which are prepared in accordance with the Turkish Accounting Standards and are subject to independent audit.

(2) If the fund or the MFI has been operating for less than one year, the AMBS Prospectus shall include the interim period financial statements, covering such period, which should have been issued in accordance with Turkish Accounting Standards and which should have been audited. If the fund has been recently established or if it has not issued AMBS since its establishment, it is not required to include financial statements in the AMBS Prospectus.

(3) The principles set forth under the relevant regulations of the Board shall apply to other matters on financial statements which shall be included in the AMBS Prospectus.

#### **Fund Assets Records:**

**ARTICLE 24 – (1)** The statutory books to be kept as per the provisions of Turkish Commercial Code dated 13/1/2011 and numbered 6102, Tax Procedure Code dated 4/1/1961 and numbered 213, and the Law, shall be kept in relation to the transactions of the fund.

**(2)** Each asset included in the portfolio and defined in subsections (1), (2), (3) and (4) of subparagraph (a), and in subsections (1), (2), (3) and (4) of subparagraph (b) of the first paragraph of Article 15 shall be given a file number. The file number of the asset must be stated in the fund's accounting records.

**(3)** The file on the assets transferred to the fund portfolio shall include at least:

**(a)** With respect to the loans extended by banks and financing corporations and receivables of Housing Development Agency of Turkey arising from the sale of immovable property: the name of the debtor(s), currency, principal amount, date on which the loan was extended, maturity, interest rate, interest calculation method, if any maximum interest rate and interest amount, index data, payment plan, insurance information,

**(b)** With respect to the receivables arising from financial leasing agreements: name of the lessee and the lessor, lease amount, payment plan,

**(c)** With respect to the commercial receivables of joint stock companies that produce goods and services: the name of the debtor, currency, principal amount, maturity, if any, interest rate, and payment plan, and

**(ç)** If any with respect to the collateral of the asset, nature of the collateral, pledge and registry details, appraisal value and insurance data.

Information on whether the asset belongs to the AFF, HFF or MFI shall be indicated explicitly in such files or the electronic media where such files are kept.

**(4)** The accounting records shall include information, with regards to:

**(a)** cash amount in the fund portfolio; the account number in which it is held,

**(b)** securities in the fund portfolio; if any, the fund code, fund number, nominal value, currency, maturity, interest rate, interest calculation method, payment plan and the account number with the custodian, and any other details as may be deemed necessary by the Board.

#### **Keeping of Information and Documents Regarding the Assets in Fund Portfolio:**

**ARTICLE 25 – (1)** All agreements entered into and correspondences made for the purpose of ensuring the fund board's performance of its duties, the financial statements and reports that need to be prepared pursuant to this Communiqué and the decisions of the fund board must be filed and kept for a period of at least 5 years as of the date on which they were issued, until the redemption of the AMBS. Those which become the subject of a lawsuit during this period must be kept until the finalization of the lawsuit and must be made available upon request by the relevant authorized institutions.

- (2) Electronic copies and back-up copies of all information and documents which are basis to the assets in the fund portfolio shall be kept by the founder or the servicer.
- (3) If the documents relating to receivables and loans are being kept by the originator or the servicer, such condition shall be specified in the service agreement.

**PART SEVEN**  
**Insolvency and Termination of Fund,**  
**Change of Fund Board Members and Parties to the Issuance Transaction,**  
**and Cancellation of Operation Licences**

**Change of Fund Board Members and Parties to Issuance Transaction, and Loss of Repeired Qualifications:**

**ARTICLE 26 – (1)** In cases where the fund board members, fund operations manager, auditor, servicer or independent audit firm,

(a) no longer fulfil the conditions required under this Communiqué, they must be dismissed from office immediately as soon as such condition was learnt, and new appointments for the relevant positions must be made urgently; and

(b) leave their duty for any reason whatsoever, the responsibilities in respect of the duties of these persons or institutions shall continue until the new appointments are made.

**Insolvency of Fund and Cancellation of Operation License of Founder:**

**ARTICLE 27 – (1)** If the fund falls into insolvency as a result of the failure of the fund board to fulfil the duties entrusted upon it under this Communiqué as required, the Board may request the founder to replace the fund board members.

(2) If the insolvency continues, the Board may decide for the fund to be transferred to another founder. However, if the first founder had provided a guarantee, the obligation of the founder to fully and timely pay the portion of the repayments of the issued AMBS, which cannot be met from the proceeds of the fund property, shall continue.

(3) If the operation license of the founder is cancelled or the founder no longer qualifies as a founder, the Board may decide that the fund is transferred to another founder which qualifies as a founder.

(4) The Board is authorized to decide on making payments to the new founder from the fund property in consideration for its services within the scope of the second and third subparagraphs above and to determine the principles and procedures regarding the calculation of the payment to be made.

**Termination of Fund:**

**ARTICLE 28 – (1)** The Fund shall be terminated under the following conditions:

(a) If a definite term has been stated in the Fund internal statute, upon expiry of the definite term; or

(b) If the fund has been established for an indefinite term, upon application of the fund board to the Board for termination after all obligations towards investors have been fulfilled, together with the documents evidencing the fulfilment of the obligations.

(2) AMBS may not be issued after the date on which a decision for termination of the fund has been rendered.

## **PART EIGHT**

### **Miscellaneous and Final Provisions**

#### **Board Fee:**

**ARTICLE 29** – (1) The following ratios shall be taken as basis in calculating the fee that will be deposited to the account that will be opened in the name of the Board, on the basis of the issuance value, provided that such amount is not lower than the nominal value, if any, of the AMBS that will be sold, by the founder or the originator:

- a) Five per ten thousand for those with a maturity of up to 179 days,
- b) Seven per ten thousand for those with a maturity between 180 days and 364 days,
- c) One per thousand for those with a maturity between 365 days and 730 days,
- ç) Two per thousand for those with a maturity of more than 730 days.

(2) The fees shall be calculated on a yearly basis of 365 days.

(3) For the Board fees that apply to AMBS issuances, the third, fourth, and fifth paragraphs of Article 12 of the No. II-31.1 Debt Securities Communiqué published in the Official Gazette dated 7/6/2013 numbered 28670 shall be applied *mutatis mutandis*.

#### **Special Provisions Relating to Issuances by MFI:**

**ARTICLE 30** – (1) In the event of AMBS issuances made by MFIs without the establishment of a fund; the provisions of this Communiqué regarding the founder or the fund shall be applied in for MFIs, the provisions of this Communiqué regarding fund portfolio shall be applied to the assets of MFI, and the provisions of this Communiqué regarding the fund board shall be applied to the board of directors of the MFI *mutatis mutandis*. In such case, the minimum elements to be included in the fund statute determined in Annex-1 shall be included in the articles of association of the MFI *mutatis mutandis*.

(2) The regulations of the Board regarding MFI and the issuance of AMBS by MFIs are reserved.

#### **Supervision by the Board:**

**ARTICLE 31 – (1)** All accounts and transactions of the fund, the founder, the originator, fund operations manager and the servicer relating to the fund shall be subject to supervision of the Board, without prejudice to the provisions of banking legislation.

**Issuance of AMBS in Dematerialized Form, and Obligation to Notify CRA:**

**ARTICLE 32 – (1)** The provisions set out in the Communiqué regarding Debt Securities shall be applied *mutatis mutandis* for issuances of AMBS by the Fund or the MFI in dematerialized electronic form by the CRA and the monitoring of the rights in relation thereto on the basis of the right holders.

**Other Matters:**

**ARTICLE 33 – (1)** The relevant regulations of the Board shall be complied with in determining the public disclosure obligations of the fund and for other matters that are not regulated in this Communiqué.

**(2)** The applications for approval of the prospectus and issue document of capital markets instruments that are not listed in this Communiqué and other capital markets regulations, however that shall be considered as AMBS as per their nature, shall be made through implementation of the provisions of this Communiqué *mutatis mutandis*.

**Abolished Provisions:**

**ARTICLE 34 – (1)** The Communiqué regarding the Principles related to Asset Finance Funds and Asset-Backed Securities (Serial: III, No: 35) published in the Official Gazette dated 27/8/2008 and numbered 26980 and the Communiqué regarding the Principles related to Housing finance Funds and Mortgage-Backed Securities (Serial: III, No: 34) published in the Official Gazette dated 4/8/2007 and numbered 26603 have been abolished.

**(2)** The references to the communiqués listed in the first paragraph above shall be deemed to have been made to this Communiqué.

**Finalization of Current Applications:**

**TEMPORARY ARTICLE 1 – (1)** The ongoing applications for fund establishment and for approval of prospectus and issue documents relating to AMBS, which have not yet been approved by the Board on the date of effect of this Communiqué shall be finalized pursuant to the provisions of this Communiqué.

**(2)** For AMBS, which has been approved by the Board but has not been sold as of the date of effect of this Communiqué, the legislation in force on the date of the Board decision approving issuance shall be taken as basis in calculation of the Board fees, based on the issuance value of the AMBS.

**Obligation to Notify CRA:**

**TEMPORARY ARTICLE 2 – (1)** The Fund shall inform the CRA regarding the AMBS issued abroad, which are not being monitored in dematerialized form by the CRA and are currently outstanding, within one month following the date of effect of this Communiqué.



**Delivery of Notifications to PDP, and Announcements to Investors Through CRA in Case of Sales of AMBS by Private Placement or to Qualified Investors:**

**TEMPORARY ARTICLE 3 – (1)** The obligation of delivery of notifications by the funds to PDP shall begin on the date to be announced by the institution operating the PDP after this Communiqué becomes effective. The notifications to be made until such date shall be realized by the founder instead of the fund.

**(2)** If AMBS are sold by private placement or to qualified investors, the implementation of communicating the announcements to be made to investors pursuant to Article 21 through CRA in electronic form shall begin on the date to announced by the CRA.

**Depositing of the Board Fee:**

**TEMPORARY ARTICLE 4 – (1)** The payment of the Board fee following approval of the prospectus, issue document or tenor issue document pursuant to Article 29, and before the transfer of the AMBS to the issuer's pool account shall begin with an announcement to be made after CRA determines the principles and procedures relating to such issue. Until such date, the Board fee shall be paid before delivery of the prospectus, issue document or tenor issue document are delivered to the fund or the MFI.

**Determining the Institutions That Will Inspect the Activities of Servicer and the Availability of Fund Assets:**

**TEMPORARY ARTICLE 5 – (1)** The supervision as per sixth paragraph of Article 13 shall be performed by institutions that are authorized to conduct independent audit activities in capital markets, until the list of institutions which are authorized to perform information systems supervision activities in capital markets is determined by the Board.

**Transitional Provisions:**

**TEMPORARY ARTICLE 6 – (1)** For the AMBS issued prior to the date of publication of this Communiqué, the requirement for compliance to Article 10 shall not be sought.

**Effective Date:**

**ARTICLE 35 – (1)** The Communiqué becomes effective on the date of its publication.

**Execution:**

**ARTICLE 36 – (1)** The provisions of this Communiqué shall be executed by the Board.

**ANNEX 1**

**MINIMUM ELEMENTS TO BE INCLUDED IN THE FUND STATUTE**

- 1) The trade name and term of the fund,
- 2) General principles in relation to the fund,
- 3) Method of liquidation of the fund,
- 4) Other elements to be determined by the Board.

**ANNEX 2**

**INFORMATION AND DOCUMENTS  
REQUIRED FOR ESTABLISHMENT OF FUND**

- 1) Draft fund statute prepared in accordance with the standards determined by the Board; and
- 2) Decision of the authorized body of the founder regarding the establishment of the fund; and
- 3) General introductory information regarding the founder (trade name, trade registry directorate and trade registry number, contact details, shareholding structure, information regarding the board of directors' members and subsidiaries) and notarized signature circular; and
- 4) Representation indicating that the founder meets the required criteria sought in the Communiqué for acting as a founder are met and information and documents evidencing the same; and
- 5) Representation indicating that the appointed fund board members and the auditor meet the required criteria set out in this Communiqué for acting as fund board members/auditor and information and documents evidencing the same; and
- 6) Directives regarding the internal audit system planned for the fund and information regarding the planned operation of such system; and
- 7) Other information and documents as may be required by the Board.

**ANNEX 3****INFORMATION AND DOCUMENTS THAT ARE  
NECESSARY FOR APPROVAL OF AMBS PROSPECTUS  
OR ISSUE DOCUMENT**

- 1) If the fund was established before this application, the date and number of the TTRG in which the fund statuses were registered with the trade registry; and
- 2) Chart prepared in electronic form, showing the outstanding principal amount, amount of interest that has accrued but not yet been collected in respect of the outstanding principal amount, interest rate, days to maturity, yield ratio, if any, based on the assets that will be included into the fund portfolio; and
- 3) Information regarding the fund portfolio (average maturity, interest rate, distribution of cities and regions where it was set up, information regarding the risk of concentration of receivables on the basis of risk groups, amount of assets for which no payment has been made although thirty days have passed since maturity, transactions that are planned for improving the quality of the portfolio); and
- 4) Introductory information regarding the servicer, fund operations manager, if any, independent audit firm, the enterprise that will conduct an inspection on the activities of the servicer and availability of the fund assets, custodian, and the originator, if it is different from the founder; and
- 5) Decision of the fund board regarding the issuance and the decision of the authorized body of the originator in respect of transfer of assets; and
- 6) In case guarantee is provided for the payment obligations arising from the AMBS, the letter addressed to the CMB and the fund/MFI and notarized copy of the decision of the authorized body of the legal entity that provided the guarantee on the subject; and
- 7) In respect of issuances that will be made by a public offering; intermediation contract; and
- 8) In respect of issuances that will be made by a public offering; up-to-date statements as to whether or not there are any criminal investigations and/or convictions regarding the relevant persons due to infamous crimes and any legal disputes under any lawsuits engaged in as a party in relation to company's businesses and/or finalized convictions obtained from the board of directors' members and authorized managers of the fund/MFI, founder, originator and the servicer; and
- 9) Reasons for the issuance of AMBS as well as the use of proceeds of the issuance by the founder or the originator; and
- 10) A copy of the finalised or conditional transfer contract in respect of transfer of the assets and each of the contracts entered into with the parties to the issuance due to issuance of AMBS; and

- 11) For the sales that will be made by a public offering; if issuance has taken place before the application, financial statements and independent audit reports of the fund/MFI, which will be included in the prospectus, prepared in accordance with this Communiqué; and
- 12) In respect of issuances that will be made without a public offering; if issuance has taken place before the application, latest annual financial statements and financial statements relating to the most recent interim period before the application date, if any, which have been subject to independent audit, and which have been prepared in accordance with Turkish Accounting Standards; and
- 13) In respect of sales that will be made by a public offering; prospectus prepared in accordance with the regulations of the Board; and
- 14) In respect of sales that will be made without a public offering; issue document prepared in accordance with the regulations of the Board; and
- 15) In respect of sales that will be made by a public offering, rating report in relation to the AMBS and information regarding the rating scale used by the rating agency; and
- 16) In respect of issuances that will be made in order to be sold without a public offering, the rating report in relation to the AMBS, if any; and
- 17) Notarized signature circulars of the fund/MFI, founder, originator and servicer; and
- 18) A letter issued by the Bank with which an account was opened for depositing of the AMBS issuance amounts notifying the Board of such condition; and
- 19) Other information and documents as may be required by the Board.

**ANNEX 4****PRINCIPLES REGARDING  
SUPERVISION OF OPERATIONS OF SERVICER  
AND AVAILABILITY OF FUND ASSETS**

- 1) In inspecting the activities of the servicer, it is necessary, at the minimum:**
  - a)** for the loans transferred to the fund, to check whether the loan borrowers have satisfied their payment obligations in accordance with the determined payment plan on the basis of a sample group designated with a minimum safety range of 95% and through randomized selection method and whether these payments have been transferred to the fund account, through review of the relevant bank statements and documents; and
  - b)** to check, through a review of the relevant documents, whether the insurance, tax and similar administrative procedures have been fulfilled, in relation to the assets transferred to the fund; and
  - c)** to check, through a review of the relevant documents, whether the supervision and inspection of the payment capability of the borrowers of the assets that have been transferred to the fund are performed, whether the necessary notices and/or execution proceedings are being pursued in case of late loan repayments or non-payment; and
  - ç)** to check, through a review of the relevant documents, whether or not the information regarding all cash flows arising from receivables is reported to the fund board on a monthly basis, which shall include the payment dates and outstanding amount.
- 2) In inspecting the availability of the fund assets, it is necessary, at the minimum:**
  - a)** to check the availability of the cash/deposits held with the bank, through a review of the reconciliations and bank statements, and to check the availability of the capital market instruments and other assets, through a review of the Central Registry Agency statements and similar reconciliations; and
  - b)** to check whether the loans conform with the regulations in this Communique and additional criteria specified in the asset transfer agreement/protocol, based on a sample group designated with a minimum safety range of 95% and through randomized selection method, in relation to the assets transferred to the fund, and to check the validity of the loan agreements and the statements indicating that the payments have been made by the borrowers.
- 3) The findings reached as a result of the reviews mentioned in the first and second paragraphs should be included in the report.**