

**COMMUNIQUE ON PRINCIPLES REGARDING REGISTRATION OF
ASSET BACKED SECURITIES WITH THE BOARD AND PRINCIPLES
REGARDING THE ESTABLISHMENT AND ACTIVITIES OF GENERAL
FINANCIAL COMPANIES**

1- (Published in the Supplementary Edition of Official Gazette dated 31.07.1992 numbered 21301)

2-(Supplementary Communiqué on Communiqué on Principles Regarding Registration of Asset Backed Securities With The Board and Principles Regarding The Establishment and Activities of General Financial Companies Serial: III, No: 15 was published in the Supplementary Edition of Official Gazette dated 9.11.1992 numbered 21400.)

3-(The Communiqué, Serial III No: 17 on Amending the Communiqué on Principles Regarding Registration of Asset Backed Securities With The Board of Asset Backed Securities and Principles Regarding The Establishment and Activities of General Financial Companies was published in the Official Gazette dated 27.12.1994 numbered 22154)

4-(The Communiqué, Serial III No: 18 on Amending the Communiqué on Principles Regarding Registration of Asset Backed Securities With The Board of Asset Backed Securities and Principles Regarding The Establishment and Activities of General Financial Companies was published in the Official Gazette dated 10.1.1995 numbered 22167)

5-(The Communiqué, Serial III No: 21 on Amending the Communiqué on Principles Regarding Registration of Asset Backed Securities With The Board and Principles Regarding The Establishment and Activities of General Financial Companies was published in the Official Gazette dated 14.6.1996 numbered 22666)

6-(The Communiqué, Serial III No: 25 on Amending the Communiqué on Principles Regarding Registration of Asset Backed Securities With The Board and Principles Regarding The Establishment and Activities of General Financial Companies was published in the Official Gazette dated 8.11.1998 numbered 23517)

7-(The Communiqué, Serial III No: 29 on Amending the Communiqué on Principles Regarding Registration of Asset Backed Securities With The Board and Principles Regarding The Establishment and Activities of General Financial Companies was published in the Official Gazette dated 7.7.2004 numbered 25515)

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Purpose and Scope

ARTICLE 1 – Principles regarding registration of asset backed securities, of which the backing asset will be receivables, regulated in articles 13/A and 22/c of Capital Market Law No: 2499 amended by Law No: 3794, with the Board and principles regarding the establishment and activities of general financial companies regulated in articles 22/c and 39 of Capital Market Law No: 2499 amended by Law No: 3794 are regulated by this communiqué.

Definitions

ARTICLE 2 – For the purposes of this communiqué, the following definitions shall apply:

Law : Capital Market Law No: 2499 amended by Law No: 3794,

Board : Capital Markets Board,

TCC : Turkish Commercial Code,

Issuer : (Amended by the Communiqué Serial III No: 25) According to article 5 of this communiqué general finance corporations, banks, consumer finance companies, leasing companies and real estate investment companies,

Receivables Portfolio : Negotiable instruments, agreements and other instruments which represent receivables backing asset backed securities regulated with this Communiqué

Intermediary Institution : (Supplemented by the Communiqué Serial: III, No: 29) Brokerage houses and banks authorized to sale capital markets instruments either by issuing or public offering.

SECTION I GENERAL PRINCIPLES REGARDING ASSET BACKED SECURITIES BACKED BY RECEIVABLES

Definition and Legal Characteristics

ARTICLE 3 - Asset backed securities regulated by the Communiqué are negotiable instruments backed by receivables of the issuers' (set out by the Communiqué) own commercial facilities or receivables acquired within the framework of the Communiqué's provisions.

According to provisions of this Communiqué, asset backed securities which shall be sold by public offer must have the qualifications listed in article 6 of this Communiqué. Provisions about negotiable instruments in TCC and common provisions shall be applied in case no provisions in this Communiqué is applicable.

Types of Receivables That May Be Subject to the Process

ARTICLE 4 – Receivables may be subject to the process of issuing of the asset backed securitization, are defined as follows:

a) (Amended by the Communiqué Serial: III, No:17) Consumer Credits: Credits extended by banks to real persons to finance their purchase of goods and services on condition that not to use for commercial purpose or credits extended by consumer financial companies to real persons and legal entities within the framework of their own regulations,

b) Housing Credits: Individual credits extended by banks within the framework of Law numbered 2985 and regulations backed by this Law to persons for purchase of completed houses according to provisions of contract made with the Collective Housing Administration Directorate; individual housing credits against mortgage extended by banks and credits extended by banks which have State Owned Enterprise status authorized to credit granting to housing sector within the framework of their own regulations.

c) Receivables from Financial Leasing Agreements: Receivables from financial leasing agreements made by corporations authorized to financial leasing activity within the framework of the Financial Leasing Law numbered 3226 and related regulations.

d) (Amended by the Communiqué Serial: III, No:18) Receivables from Export Transactions: Credits, extended for the purposes of creditors to export actually, by banks and private finance houses and receivables acquired by factoring companies in return for export transactions,

e) Other Receivables: Notes Receivables from installment sales of goods and services producing joint stock companies other than banks and State Owned Enterprises including those to be privatized according to related regulation,

f) (Supplemented by the Communiqué Serial: III, No: 15) Notes Receivables of T.C. Ziraat Bankası (State owned bank to agriculture) related to the bank's individual credits extended for the purposes of mediation of Agricultural Credit Cooperatives,

g) (Supplemented by the Communiqué Serial: III, No: 18) Special credits extended by T. Halk Bankası (State owned bank to finance trade men and artisans) to tradesmen, artisans and small enterprises,

h) (Supplemented by the Communiqué Serial: III, No: 25) Real estate investment companies' Notes Receivables from real estate sales or agreements representing a promise to sell .

Issuing and Issuers

ARTICLE 5 – Asset backed securities can be issued directly or indirectly by acquiring the receivables.

(Second paragraph amended by Communiqué Serial: III, No: 25) Banks can issue asset backed securities directly against to credits set out by subparagraphs (a), (b) and (c) of the article 4 of this Communiqué. Consumer Finance Companies can issue those securities directly against to credits extended according to their own regulations set out by subparagraph (a) of the article. Financial leasing companies can issue them directly against to receivables set out by subparagraph (c) of it and the real estate investment companies can issue them directly against to receivables from their own transactions set out by subparagraph (h) of it.

Banks and General Financel Companies, whose principles of establishment and activities set out by this Communiqué, can issue asset backed securities by acquiring receivables set out by the article 4 of this Communiqué.

Compulsory Components

ARTICLE 6 – Following components are required in the text of asset backed securities:

- a) The phrase of asset backed security,
- b) Types of receivables backing issued securities,
- c) Issuer's commercial title and central office address,
- d) Unconditional stipulation of payment for a certain amount
- e) Place of issue,
- f) Date of issue,
- g) Maturity,
- h) Place of payment,
- i) Sequence number,
- j) For instruments in bearer form expression of to be bearer; for instruments in registered form the name and the corporate name of the first beneficiary,
- k) Type of yield,
- l) Custody firm,
- m) Guarantor Bank(This component is not required for the asset backed securities issued by the banks)

SECTION II ESTABLISHMENT AND AUTHORIZATION OF GENERAL FINANCE COMPANIES

Conditions of Establishment

ARTICLE 7 – For permission of general financial companies' establishment, in accordance with the article 13/A and subparagraph (c) and (o) of the article 22 of the Law, it is required to apply to the Board for public offering activating of asset backed securities against acquired receivables exclusively set out in the article 4 of this Communiqué and;

- It should be established in the form of joint stock company in the framework of TCC's provisions about gradual incorporation,

- Paid capital should not be less than 10 billion Turkish Liras,

- Shares should be issued for cash and wholly in registered form,

- The phrase of "General Finance Company" is required in the commercial title,

- Articles of association should be in conformity with provisions of TCC, Law and this Communiqué,

- It should be confirmed that all founders have not been bankrupted and convicted because of an infamous crime

Application to the Board for Establishment Procedure

ARTICLE 8 – The founders of general finance companies apply to the Board for public offering activating of asset backed securities against acquired receivables exclusively set out in the article 4 of this Communiqué by fulfilling the following conditions, together with the letter of application with the documents shall be requested in the framework of this Communiqué:

- Articles of association of general finance companies shall be regulated according to provisions of TCC, Law and this Communiqué and the signatures of founders shall be certified by public notary,

- Feasibility report for activity shall be prepared,

- It shall be documented that all founders have not been bankrupted and have not been convicted from infamous crimes such as embezzlement, defalcation, malversation, bribery, abuse of trust, falsification, theft, cheating, smuggling and violation of the Law by related bankruptcy office and related Public Prosecutor, respectively,

- Founders should not to be persons confirmed among the responsible persons for the case required sanction at the institutions of which at least one of the activity licenses has been cancelled temporarily or permanently by the Board within the framework of Board regulations about capital markets activities or which have been dismissed temporarily or permanently from the Stock Exchange membership (Related persons make a public notary certified declaration about holding this qualification).

Taking Permission from Ministry of Industry and Trade and the Confirmation of Court

ARTICLE 9- The founders of the general finance company should apply to the Ministry of Industry and Trade with documents required according to TTC for permission of establishment with preliminary permission of establishment taken after application to the Board.

The founders request confirmation of establishment by applying to the Commercial Court, where general finance company's central office is, in 15 days after taking permission of establishment.

General Finance Company is registered to the Trade Registry and announced in Turkish Trade Registry Gazette.

Restrictions

ARTICLE 10 – The scope of activities of general finance companies is exclusively public offering of asset backed securities against acquired receivables set out in the article 4 of this Communiqué and performing activities defined in this Communiqué in the framework of article 15. Except for the aforementioned activities, they can not be involved in any other line of activity or become shareholder of companies established or will be established.

General finance companies can not borrow by any means except issuing asset backed securities.

It is required that all subjects raised in above paragraphs shall be included in the article of association.

Transaction Limit

ARTICLE 11 – The total amount of receivables portfolio acquired by general finance companies for purposes of issuing asset backed securities can not exceed 20 times of its equity capital.

SECTION III
PERMISSION OF OPERATION AND PRINCIPLES OF ACTIVITY

Permission of Operation

ARTICLE 12 – General finance companies apply to the Board for taking permission of operation in one month after permission of establishment and banks apply for same purpose after the decision of authorized organ.

The certificate of authorization representing permission of operation is granted by Board given that operational permission of general finance company and bank have been confirmed in the framework of the Board regulations,.

General finance companies which the Board decides not to grant certificate of authorization representing operational permission or which fail to satisfy required conditions of operation and therefore its certification of authorization is canceled must make amendments to their articles of association such that all provisions regarding capacity to operate as general finance company except line of activity shall be amended in 3 months from the date of announcement.

In the event that general finance companies fail to complete aforementioned amendments, they are deemed to be dissolved in accordance with the paragraphs (2) and (6) of the article 434 of TCC.

Assignment of the Receivables

ARTICLE 13 – General finance companies and banks can acquire the receivables set out in the framework of article 4 of this Communiqué, in conformity with provisions about acquiring receivables in related articles of The Turkish Code of Obligations. However, transfer of the receivables against bills of exchanges has to be made according to provisions on special transfers regulated in TCC.

Acquired receivables can not be transferred to third parties.

Assignment Agreement

ARTICLE 14 – Assigning the receivables shall be substantiated by an agreement between associations assigning their receivables and general finance company or bank.

Assignment of agreement is required to have at least following points:

a) The names, commercial titles and workplaces' addresses of the contractors of the agreement,

b) The types and inventory of the receivables subject to agreement,

c) The provision about receivables' assignment to the general finance company or the bank with interest and individual and collateral guarantee as a whole,

d) Provision on commitment of the party assigning the receivables about its responsibility of receivables' existence, obligors' delay in payments, in following form,

"We shall pay the amount of unpaid debt to the general finance company or bank, requiring no warning, denouncement, protest, enforcement proceeding or lawsuit substitution to obligors, in the event that debt is not paid of in three days following the maturity date."

e) The procedure that will be followed in the case of dispute,

f) The procedure that will be followed in the cases of warnings and denouncements in accordance with the agreement,

g) Principles on payments that shall be made by general finance companies or banks to the association that transfers its receivables.

The Principles of Proxy Relationship

ARTICLE 15 – In the process of receivables' assigning, it is required to make a proxy agreement including warning, denouncement, protest, prosecution, collecting and other services that shall be made because of receivables portfolio and asset backed securities' redemption on the maturity date by the following parties:

a) In the event that the receivables are assigned by banks, between general finance company and the bank assigning the receivables,

b) In the event that the receivables are assigned by associations other than banks' , between general finance company and the bank determined by the association assigning the receivables,

c) In the event that corporations authorized to financial leasing activities make public offering of asset backed securities, between the corporation and the bank determined by this corporation,

If the issuer is a bank, all above services are fulfilled by the same bank.

The bank acting as a proxy is obliged to transfer the amount of assigned receivables paid on the maturity date to accounts of its client associations, immediately.

This responsibility and services shall be offered and their fees are required to be stated clearly in the proxy agreement.

Related provisions of The Turkish Code of Obligations shall be applied to rights and responsibilities stemming from proxy agreement

Guarantee

ARTICLE 16 – (Amended by the Communiqué Serial: III, No:21) It is required to provide bank guarantee, if deemed necessary by the Board, for the asset backed securities issued by the issuers other than banks.

Custody Agreements

ARTICLE 17 – Receivables portfolio against asset backed securities that will be offered to public should be kept in custody in a bank until maturity date of these securities, according to principles determined in the custody agreement signed by the following parties:

a) In the event that the receivables are assigned by banks, between general finance company and the bank assigning the receivables,

b) In the event that the receivables are assigned by associations other than banks', between general finance company and the bank determined by the association assigning the receivables,

c) (Amended by the Communiqué Serial: III, No: 21) In the event that corporations authorized to financial leasing activities or consumer finance companies make public offering of asset backed securities, between the corporations and the bank determined by these corporations a custody agreement should be signed and securities offered to public should be kept by this custody bank according to provisions of custody agreement. Consumer credit agreements are exempt of this provision. If the issuer is a bank, custody service should be fulfilled by this bank.

Except for fulfilling the services defined in the article 15 and provisions of the paragraph (4) and (5) of the article 24 of this Communiqué are set aside, receivables portfolio kept in custody can not be used for any reason.

Establishment of the Fund

ARTICLE 17/A- (Supplemented by the Communiqué Serial: III, No:21) For the asset backed securities having no bank guarantee and issued by the

issuers other than banks, the board may require 10% of the total nominal value of the asset backed securities that will be issued to be deposited in a particular account in a bank in by the issuer and require the surplus amount of the interest, from the receivables related to these asset backed securities, over the payments to the investors during the term of the asset backed securities. The fund account may not be use for other purposes until the asset backed securities are redeemed.

SECTION IV THE PRINCIPLES REGARDING REGISTRATION OF ASSET BACKED SECURITIES WITH THE BOARD

Issue Limit

ARTICLE 18 – For the each serial, the total nominal value of the asset backed securities issued accordance with the provisions of this Communiqué backed by receivables,, can not exceed the %90 of the total amount of the receivables portfolio backing the very serial on the date of issue.

Application to the Board for Registration and Required Documents

ARTICLE 19 – Asset backed securities backed by the receivables are required to be offered to the public. Corporations intending to offer these securities to the public shall apply to the Board with the following documents supplemented to a petition:

- a) The articles of association of the issuer corporation ,
- b) The tables showing distribution of backing receivables of asset backed securities in respect to the characteristics such as amount, maturity date, e.g.,
- c) If the issuer is a bank or a general finance company, a certified copy of the assignment agreement given in the article 14 of this Communiqué,
- d) A certified copy of the proxy agreement given in the article 15 of this Communiqué,
- e) A certified copy of the guarantee document given in the article 16 of this Communiqué,
- f) A certified copy of the Custody agreement given in the article 17 of this Communiqué,
- g) Addresses of sales centers and the place of payments related to the security,

- h) The circular of signature of the persons authorized to sign securities,
- i) A specimen of the security,
- j) A copy of the prospectus and the circular that will be released in public offering (Examples of which the scope is determined by the Board can be obtained from the Board before application),
- k) Underwriting agreement, if any,
- l) Other documents and information that may be requested by the Board.

Registration with the Board

ARTICLE 20 – Asset backed securities should be registered with the Board for the public offering.

The Board registers the securities that will be offered to the public after assessing whether the prospectus contains the required information.

As a result of the assessment, if the explanations are found to be insufficient, not reflecting the truth and causing public abuse, the Board may refrain from registration of the securities subject to the application by submitting justification.

The registration of the Board do not mean that the securities offered to the public and related associations are guaranteed by the Board or State and these cannot be used for advertising purposes.

In the prospectus and circular related to public offering defined in the article 6 of the Law and in all announcements and advertisements, clear or indirect statements causing the interpretation of the Board registration as the guarantee of the Board or State can not be used.

In accordance with the article (22/b) of the Law, the Board may temporarily stop the sale procedure by intervention the sale of asset backed securities offered to the public.

Missing Documents

ARTICLE 21 – The documents required to be supplemented to the application should be delivered fully and completely. In the event that documents are absent or incomplete, application becomes cancelled in accordance with Law if full and complete documents are not submitted by the applicant. Applications should be concluded in 30 days, however, time

granted by The Board for completion of documents shall not be taken into account in calculation of this thirty day period.

The Principles Regarding Drawing Up Prospectus and Circular and Amendments to the Issues Disclosed to Public

ARTICLE 22 – After the registration of the asset backed securities that are to be offered to public, issuer registers the prospectus approved by the Board at the Trade Registry and announces it in Turkish Trade Registry Gazette in 15 days following the date of the Board's registration document. In maximum of one week following the registration of the prospectus, the circular must be announced in a newspaper published throughout the country or in at least two local newspapers.

Any changes in the prospectus and circular are subject to same provisions.

Announcements and Advertisements

ARTICLE 23 – The texts of advertisements and announcements to be published due to public offering of asset backed securities, with the purpose of introducing these securities and the issuer and promote the sales shall be submitted to the Board at least 10 days before the date of publication. No information inconsistent with the information in the prospectus and circular can be included in the advertisements, announcements and any kind of releases. The Board may require that any change be made in the texts from the responsible person, if deems it necessary. The texts shall not be published unless the changes required by the Board are made.

In these texts, the places where the prospectus related the public offering can be obtained and the title and date of the newspapers that circular published for investors shall be indicated.

Before the circular is published, announcements and advertisements can not be started. If publicity through newspapers is desired, the first advertisements and announcements should be published in the same newspaper in which the circular had been published, on the same date. In this implementation, advertisements and announcements can not be published bigger than the size of circular. In the following days, advertisements and announcements can continue provided that the date of publication of the newspapers in which the circular was published first is indicated and not to exceed the size of first advertisements and announcements.

A copy of these newspapers shall be submitted to the Board within 6 working days following the first publication.

SECTION V OTHER PROVISIONS

The Principles Regarding Sale of Asset Backed Securities

ARTICLE 24 – As if asset backed securities can be sold in discount, they can be issued in types of fix and periodical or flexible interest rated.

Discount rate or interest rate and payment plan of the asset backed securities can be determined freely by the issuer by considering the maturity structure and yields of the receivables backing the issue and assuring the coherency in maturity. However, maturity date of securities shall be written on the instrument on the issue date by defining at that moment.

The principles regarding the use of the fund formed in the case of early payments of the receivables from portfolio and the residual money in the bank account or in the client association's account by the proxy bank after the payments related to asset backed securities are made shall be defined in detail in prospectus and circular published by issuer.

Asset backed securities have not been sold to public or bought by intermediary institutions are determined in existence of a public notary and cancelled.

The principles of downsizing the portfolio in proportion of asset backed securities unsold during the sale period are stated in the prospectus.

Requirement of Using Intermediary Institution

ARTICLE 24/A – (Supplemented by the Communiqué Serial: III, No: 29) It is required to sale asset backed securities and make periodical investment payments through the agency of intermediary institutions.

Secondary Market Transactions

ARTICLE 25 – The transactions of asset backed securities can be made freely in secondary markets.

Papers on Which Asset Backed Securities are Printed

ARTICLE 26 – It is required to use papers watermarked and sensitive to rubbing, wiping and distortions in printing of asset backed securities.

The Fee

ARTICLE 27 – The sale of asset backed securities is subject to fee determined pursuant to Article 28 of the Law considering the %03 of the issuance value of the securities to be sold. This fee is paid in advance before the registration of securities by the Board.

The Supervision of the Board and Notification

ARTICLE 28 – Issuers are obliged to follow receivables portfolio backing asset backed securities issued apart from their own properties and in special accounts and make bookkeeping separately.

The Board supervises the corporations' accounts, whose securities are registered, and transactions related to these securities and may request from issuers all types of information and documents if deemed necessary for monitoring purposes.

In 10 days following the end of every month, issuer corporations submit a table showing payments in that month.

PROVISIONAL ARTICLE 1 – (Supplemented by Communiqué Serial: III, No: 18) Banks' asset backed securities issues backed by consumer credits accordance with the article 4 of the Communiqué are not registered by the Board beginning from the publication of this Communiqué until the date the Board shall anticipate*.

Entry Into Forec

ARTICLE 29 – This Communiqué shall enter into force on the date of its publication.

Execution

ARTICLE 30 – The provisions of this Communiqué shall be executed by the Capital Markets Board.

* Accordance with the Board's decision published in The Weekly Bulletin of Capital Markets Board dated 12.03.2004 and numbered 2004/10, the restrictive provision about consumer credits is cancelled.