

**REGULATION ON PROCEDURES AND PRINCIPLES  
REGARDING INVESTOR COMPENSATION AND  
GRADUAL LIQUIDATION OF INVESTMENT FIRMS**

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**FIRST CHAPTER  
Purpose, Scope, Grounds and Definitions**

**Purpose**

**ARTICLE 1 – (1)** The purpose of this Regulation is to determine and set down the procedures and principles regarding investor compensation regulated by Articles 82, 84 and 85 of the Capital Markets Law no. 6362 dated 06.12.2012 and regarding gradual liquidation process of investment firms regulated by Article 86 of the same Law.

**Scope**

**ARTICLE 2 – (1)** This Regulation covers the procedures and principles with regard to compensation of investors of investment firms and gradual liquidation process of investment firms.

**Grounds**

**ARTICLE 3 – (1)** This Regulation has been prepared and issued in reliance upon Articles 85 and 86 of the Capital Markets Law no. 6362 dated 06.12.2012.

**Definitions and Abbreviations**

**ARTICLE 4 – (1)** For the purposes of this Regulation:

- a) **“BİAŞ”** refers to for Borsa İstanbul Anonim Şirketi (Istanbul Stock Exchange Inc.);
- b) **“Association”** refers to the Turkish Capital Markets Association;
- c) **“Law”** refers to the Capital Markets Law no. 6362;
- ç) **“PDP”** refers to the Public Disclosure Platform;
- d) **“Board”** refers to the Capital Markets Board;

- e) “**CRA**” refers to Merkezi Kayıt Kuruluşu Anonim Şirketi (Central Registry Association Inc.);
- f) “**Takasbank**” refers to İstanbul Takas ve Saklama Bankası Anonim Şirketi (Istanbul Settlement and Custody Bank Co., Inc.);
- g) “**Investment firm**” refers to investment firms as defined in Article 3 of the Law;
- h) “**ICC**” refers to the Investor Compensation Centre.

## **SECOND CHAPTER**

### **Investor Compensation**

#### **Compensation Decision and its Announcement**

**ARTICLE 5 – (1)** The Board shall decide to compensate investors if and when it is detected that an investment firm fails or will in a short time fail to perform and satisfy its obligations to make cash payments or to deliver capital market instruments arising out of its investment services and activities or its ancillary services. This decision shall be taken within a period of three months after detection of said failure.

(2) In order for the Board to take a compensation decision about banks under the first paragraph, the Banking Regulation and Supervision Agency shall be consulted.

(3) An investor compensation decision taken about an investment firm shall be notified in the day it is taken by the Board to the relevant investment firm, ICC, CRA, BİAŞ, Takasbank, the Association and the trade repository, and if and when deemed necessary, also to the Banking Regulation and Supervision Agency, the Banks Association of Turkey, and the Participation Banks Association of Turkey.

(4) In order to enable investors to file an application to ICC with documents of proof of their rights, the process regarding announcement of compensation decisions within the frame of Article 32 shall be completed by ICC within three business days. Period of application of investors to ICC, compensation process and principles shall also be indicated in said announcement.

(5) In the event that the Board, together with its investor compensation decision, decides to impose an injunction on the assets of the investment firm, in reliance upon the third paragraph of Article 83 or third paragraph of Article 97 of the Law, this injunction shall also be described in said announcement.

#### **Powers of Disposition of ICC**

**ARTICLE 6 – (1)** If and when deemed necessary by ICC, it may also be decided to stop all payments of the investment firm about which an investor compensation decision is taken by the Board, and to allow only ICC to dispose of all of its assets.

(2) Should the decision referred to in the first paragraph be taken by the Board, all assets of the relevant investment firm may be disposed of only by ICC. All payments to the investment firm shall be made only to ICC. Blockages imposed by investors on their accounts held with CRA shall be removed by CRA upon demand of ICC.

(3) The provisions of this Article are applicable to banks in terms of their obligations to make cash payments or to deliver capital market instruments arising out of their capital market activities.

### **Notification Requirement**

**ARTICLE 7** (1) Members of the board of directors or managers of the investment firm in office as of the date of the investor compensation decision taken about the firm shall be under obligation to provide ICC within seven days following the date of announcement of said investor compensation decision with a full and complete report indicating all existing assets and liabilities, commitments, off-balance sheet liabilities, ongoing contracts and legal disputes, information on the existing situation of the investment firm, including all kinds of data and information thereabout, whether included in its records or not. If deemed necessary, ICC may, with prior consent of the Board, extend this reporting period.

(2) After an investor compensation decision is taken, in order to enable ICC to make payments to investors, the directors and personnel of the investment firm shall be obligated to submit all kinds of documents and information requested by ICC, held in possession of the firm headquarters and decentralised organization units also including those kept in electronic media, and to perform all other tasks that may be assigned by ICC in connection therewith.

(3) In case of failure in performance of any one of the obligations defined in this Article, a notification shall be sent by ICC to the Board, whereupon the Board may implement the provisions of Article 111 of the Law about related parties.

### **Application for Compensation**

**ARTICLE 8** – (1) Investors shall file their applications in writing to ICC within the period of time stated in the announcement, together with documents of proof of their rights. Right to claim compensation shall be time-barred as of the end of one year following the date of announcement of the investor compensation decision.

### **Determination of Eligible Investors and Amounts of Outstanding Debts**

**ARTICLE 9** – (1) ICC shall determine the beneficiaries, and the amounts of outstanding debts and receivables, in reliance upon the records of the Board, CRA, Taksabank, investment firm, trade repository and central custody institution, as well as the documents of proof submitted by creditors in their applications, and other information and documents found reliable by ICC.

(2) Cash funds and capital market instruments which are not shown in the investor account as of the date of the relevant investor compensation decision, but are nevertheless determined by a final court judgment or by ICC to belong to the relevant investors shall also be taken into consideration in the course of determination to be made under the first paragraph.

### **Register of Creditors**

**ARTICLE 10 – (1)** For use in the cash payments and in the deliveries of capital market instruments, a register of creditors indicating both the creditors and the amounts of their claims arising out of failure of the relevant investment firm in performance of its cash payment and capital market instruments delivery obligations arising out of its capital market activities, as well as the debtors and the amounts of their outstanding debts, shall be prepared within no later than three months following the date of the investor compensation decision. This period may, if deemed necessary, be further extended by approval of the Board upon a suggestion of ICC.

(2) Information with respect to places where register of creditors or its contents may be accessed, period and procedures for objections, and principles of distribution of capital market instruments held in custody accounts and of payments to be effected by ICC as a part of compensation process, and starting dates of payments, as well as principles of repayment of outstanding debts by relevant investors shall be made public by ICC under Article 32. An objection may be raised by related parties to ICC against the register of creditors with respect to their own claims within a period of thirty days following the date of announcement thereof. In case of objections sent by mail, the mailing date shall be taken into account.

(3) Applications filed for claims not included in the register of creditors shall be taken into account within the one-year period of limitation following the date of announcement of the investor compensation decision. Expenses arising out of any delay therein shall be borne by the related creditor. Creditors may also be requested to pay said expenses in advance. In case ICC accepts the applications, a new register shall be issued in addition to the register of creditors, and ICC shall announce this additional register as well under Article 32. Applications filed after the end of said one-year period shall not be accepted.

### **Distribution of Capital Market Instruments Held in Custody Accounts**

**ARTICLE 11 – (1)** Capital market instruments kept in custody in the name of investors shall be primarily distributed to the eligible investors. The capital market instruments distributed as above shall then be set off on the basis of each account they are kept in and particularly for non-performed clearing obligations. To this end, the capital market instruments contained in the investor account shall be compared by individual accounts.

(2) Distribution of capital market instruments belonging to investors who fail to repay their outstanding debts by the end of the time stated in the announcement published pursuant to the second paragraph of Article 10 shall be deferred to the closing of the investor compensation process due to the probability of use by the investment firm of its right of retention and lien on

these instruments in accordance with general law provisions, and the actions to be taken in connection therewith shall be clearly stated in the closing decision.

(3) During this distribution, any probable mistakes detected in investor accounts and caused by operational factual errors and deficiencies of the investment firm shall also be corrected.

### **Disputed Claims and Receivables**

**ARTICLE 12 – (1)** In relation to payments to be made, only final court judgments with respect to disputed claims and receivables shall be taken into account. Provided, however, that if objections of investors raising an objection against the register of creditors are not found appropriate and acceptable, then, capital market instruments covered by said objections and held in custody accounts of the relevant investor shall be kept blocked in the same account until the end of the fourth month following the date the register of creditors is announced. Claims and receivables not covered by any objection shall be paid to investors. Unless investors inform ICC within this period of time about a petition filed to the competent courts with respect to blocked capital market instruments, the blocked capital market instruments shall be included in the assets of the investment firm. However, if ICC is informed about a petition filed to the competent courts in connection therewith, the subject blockage shall not be removed until a final court judgment is issued thereon.

(2) Payments regarding investor accounts restricted by an attachment and/or an injunction shall not be made until removal of said attachment or injunction, and payments regarding investor accounts restricted by a pledge shall not be made until termination of such right of pledge.

(3) Disputed claims and receivables of investors who file an application of dispute to BİAŞ, the Association or the arbitration authority shall become payable only upon finalization of a decision taken on the dispute.

(4) Receivables of investors arising out of transactions executed by the investment firm in BİAŞ shall be met firstly out of collateral, if any, of the investment firm in the relevant exchange markets.

### **Calculation of Compensation Amount**

**ARTICLE 13 – (1)** Compensation requests of investors shall be calculated over the non-performed cash payment and capital market instruments delivery obligations of the investment firm. Amount of compensation shall be determined by also considering the offset, deduction and similar other counterclaims of the investment firm in accordance with legal and contractual terms and conditions pertaining thereto.

(2) In calculation of the value of capital market instruments to be compensated, the valuation principles described in regulations of the Board pertaining to capital adequacy of investment firms shall be applied. Said calculation shall be made as of the date of underlying investor compensation decision.

(3) Cash funds arising out of capital increase through bonus issues, coupon payments or similar other transactions executed during the time from the date of the investor compensation decision regarding capital market instruments to be delivered in kind pursuant to this Article to the date of distribution shall also be delivered.

(4) Outstanding debts of the same individual shall be set off against receivables covered by compensation. Net amount of receivables found after offset shall be taken into account in calculation of the amount of compensation payable.

### **Compensation**

**ARTICLE 14 – (1)** Payments covered by compensation shall be executed within three months following the date of announcement of the register of creditors. In case of necessity, this period of time may be further extended by maximum three months with a prior approval of the Board.

(2) Joint accounts shall be treated as a single account. In the case of payments to joint account holders, each investor holding a share in the subject account shall be paid over their share therein, but if these shares cannot be determined, each investor shall be paid at an equal rate.

(3) No interest is applicable on cash receivables of investors for the period from the date of the investor compensation decision and the date of actual payment to investors.

### **Amount of Compensation**

**ARTICLE 15 – (1)** Maximum amount of compensation payable to each eligible investor is TL 103,930. This amount shall be increased every year by the revaluation rate specified under the Tax Procedures Code for the previous year. However, total amount of compensation may be increased up to five times by a decree of the Council of Ministers upon a proposal of the Board. This limit covers all of outstanding claims of an investor from the same investment firm, regardless of the number, type and currency of accounts. If and to the extent a portion remaining above the maximum amount payable by ICC is transferred by an investor to another investor for payment purposes, then payment shall not made to the transferee by ICC.

(2) Investors who appear to have outstanding receivables from the investment firm and are detected to act in concert shall be paid only up to the total amount stated in the preceding paragraph.

(3) Cash funds and capital market instruments available in the investor account and therefore distributed in kind shall not be taken into account in calculation of the compensation amount.

### **Scope of Compensation**

**ARTICLE 16 – (1)** Compensation shall cover claims arising out of failure in performance of cash payment or capital market instrument delivery obligations regarding cash funds or capital market instruments owned by investors and kept in custody or managed by the investment firm

in the name of investors in relation with its investment services and activities or ancillary services.

(2) Compensation relating to capital market instruments issued abroad and to holders of accounts held with decentralised organization units located abroad of investment firms resident in Turkey covers only cash payment and capital market instrument delivery obligations the central custody or margin retention processes of which are handled by CRA and Takasbank. Over-the-counter derivative transactions shall also be included in the scope of compensation if ICC subscriptions for these instruments have been paid by the relevant investment firms.

(3) Investors of investment firms about which an investor compensation decision is taken are entitled to claim compensation pursuant to Article 84 of the Law. Losses of investors arising out of investment advice activities or the fluctuations in market prices are not included in the scope of compensation.

(4) Claims of investors who have been convicted of offences described in Articles 106 and 107 of the Law or of the offence of laundering of proceeds of crime shall also be excluded from the scope of compensation, solely to the extent of receivables related to said acts and offences. Payments to be made to individuals against whom a criminal complaint is filed for the aforesaid offences shall be suspended for the period from the starting date of investigation on said offences to the date of finalization of a court judgment pertaining thereto.

(5) Cash payment obligations treated as deposits or participation funds under banking legislation are also not included in the scope of compensation.

### **Persons and Entities Not Included in Scope of Compensation**

**ARTICLE 17 – (1)** The following persons and entities are not included in the scope of, compensation:

**a)** Members of the board of directors, managers and personally liable shareholders, and shareholders holding five percent or more of capital, and members of audit committee of investment firms about which an investor compensation decision is taken, or individuals working in the same or similar positions in other companies included in the same group with said investment firms, and spouses and blood relatives and relatives by marriage of said individuals up to second degree, as well as third parties acting on behalf of said individuals;

**b)** Other companies included in the same group with investment firms about which an investor compensation decision is taken;

**c)** Companies where natural persons and legal entities referred to in subparagraph (a) hold twenty-five percent or more of capital;

ç) Individuals who are held liable or who have derived benefits from incidents that cause the investment firm to have financial distress or that have significant effects on the deterioration of financial status.

### **Decision to Close the Compensation Process**

**ARTICLE 18 – (1)** Upon receipt of a notice from ICC after completion of the compensation process, the Board shall decide to close the compensation process. ICC shall then present to the Board the results of the compensation process, together with its reasoned suggestion as to whether it will be suitable to request bankruptcy or gradual liquidation of the investment firm about which an investor compensation decision was taken. A gradual liquidation or bankruptcy decision shall not prevent the compensation process. ICC shall be the successor to the rights of investors up to the amount of compensation actually paid to them.

**(2)** Closure of the compensation process shall be reported by the Board to the authorities and institutions mentioned in the third paragraph of Article 5 and shall be announced by ICC under Article 32.

### **Eligibility for Restarting of Activities**

**ARTICLE 19 – (1)** An investment firm the investors of which were fully or partially compensated may restart its investment services and activities only if and after it repays to ICC all of the payments and expenses arising out of compensation process and paid by ICC in its name, together with principal sum and legal interest thereof, without prejudice to the other conditions sought for by relevant legislation in connection therewith.

## **THIRD CHAPTER Gradual Liquidation**

### **Gradual Liquidation Decision and its Announcement**

**ARTICLE 20 – (1)** With respect to investment firms about which an investor compensation decision is taken, with the exception of banks, the Board may, together with its decision on the closure of compensation process, also take a decision for gradual liquidation or directly request bankruptcy.

**(2)** The Board may decide on compensation and gradual liquidation of investment firms simultaneously as well. In such case, first of all provisions of this Regulation pertaining to compensation shall be implemented.

**(3)** With respect to investment firms about which a gradual liquidation decision is taken, the gradual liquidation processes shall be carried out by ICC.

**(4)** Purpose of gradual liquidation is to repay both remaining receivables of investors unpaid during the compensation process and receivables of ICC arising out of its succession to investors by using and allocating the proceeds of assets in kind or upon liquidation thereof of



the investment firm about which a gradual liquidation decision is taken. In gradual liquidation decisions and proceedings, the provisions of the Turkish Commercial Code no. 6102 dated 13.01.2011 and the Execution and Bankruptcy Code no. 2004 dated 09.06.1932 and other current laws and regulations pertaining to liquidation are not applicable.

(5) Gradual liquidation decisions taken about investment firms shall be notified by the Board to the firms listed in the third paragraph of Article 5 in the day these decisions are taken, and said gradual liquidation decisions shall then be announced by ICC under Article 32.

### **Status of Legal Bodies**

**ARTICLE 21 – (1)** After a gradual liquidation decision is taken, all tasks and authorities of legal bodies of the subject investment firm shall be exercised by ICC until the gradual liquidation process is completed. As of the date of announcement of completion of the gradual liquidation process, all legal bodies of the investment firm on duty immediately before the date of gradual liquidation decision shall reassume their existing tasks and authorities automatically without need for any further action. Any actions subject to a condition of registration shall be duly registered and announced upon demand of ICC, exempt from any public fees and duties.

### **Protection of Assets**

**ARTICLE 22 – (1)** With the exception of actions that may be taken by the Board and by ICC in connection with the gradual liquidation process, any assets of the investment firm about which a gradual liquidation decision is taken may not be transferred, pledged, provided as guarantee, be subject to an injunction or attached during the time from the date of the decision of the Board as to withdrawal of authorisations to the date of announcement of completion of gradual liquidation process, or if bankruptcy is requested directly or following completion of gradual liquidation process, to the date of judgment of the competent court on merits of the bankruptcy request. All attachments levied and all injunctive reliefs applied on them shall be forfeited and foreclosed, and all pending execution and insolvency proceedings shall be automatically stopped, and the periods of limitation and prescription which may be interrupted by a legal proceeding shall be suspended.

(2) A gradual liquidation decision shall be reported, immediately upon determination by ICC of all movable and immovable properties in assets of the investment firm about which gradual liquidation decision is taken, in writing by ICC to land registries and traffic departments where said properties and assets are registered, and to banks and other financial institutions where the investment firm holds accounts, and if there is a pending execution proceeding against the investment firm, to the relevant execution offices, and if there is a pending lawsuit against the investment firm, to the relevant courts and to all other relevant entities.

(3) All payments of the investment firm about which gradual liquidation decision is taken shall be stopped, and its assets may be disposed of only by ICC. All payments due and payable to the investment firm shall be made only to ICC, and any payments other than those made

directly to ICC shall not settle related debts. Any blockages imposed by customers in customer accounts of the investment firm held with CRA shall be removed by CRA upon demand of ICC.

### **Transfer of Management of Portfolios and Independent Audit Requirement**

**ARTICLE 23 – (1)** The Board may decide on the transfer to another firm of management of portfolios under management of the investment firm about which gradual liquidation decision is taken.

(2) Unless otherwise decided by the Board, the independent audit requirement arising out of capital market legislation of the investment firm about which gradual liquidation decision is taken, shall be terminated. Existing contracts of the investment firm relating to independent audit services and other services requiring specialization shall be terminated, and the Board shall be informed thereof. New contracts may be entered into by ICC in the name of investment firm solely for the purposes and duration of the gradual liquidation process.

### **Protection Measures**

**ARTICLE 24 – (1)** ICC shall request shareholders holding management and audit control directly or indirectly, alone or jointly in an investment firm about which a gradual liquidation decision is taken together with a compensation decision, and natural person shareholders holding more than five percent of shares of its legal entity shareholders to submit without delay a statement of assets indicating real properties and participations, attachable movables, rights and receivables, securities and all kinds of revenues and income of themselves, their spouses and children under their custody, as well as real properties, attachable movable properties, rights, receivables, and securities acquired or transferred by them onerously or gratuitously within the last two years prior to the date of announcement of the gradual liquidation decision. Aforesaid statement of assets is required to be delivered to ICC within seven days at the latest following the date of notification of said request of ICC to the related persons. Pertinent provisions of the Execution and Bankruptcy Code no. 2004 are applicable with respect to effects and consequences of this statement of assets.

(2) ICC is further empowered to request the competent court to order cautionary injunction or cautionary attachment, without any guarantees, on the properties and assets of shareholders holding management and audit control directly or indirectly, alone or jointly in the relevant investment firm, and to take all kinds of other protective measures deemed fit for interests of creditors of said investment firm, including imposition of an international travel ban on relevant persons.

(3) If no lawsuit is brought forward or no execution or bankruptcy proceedings are initiated within six months following the injunction and attachment decisions issued pursuant to the provisions of the second paragraph, these decisions shall automatically terminate.

(4) In the case of events mentioned in Articles 278, 279 and 280 of the Execution and Bankruptcy Code no. 2004, a suit of nullity may be brought forward by ICC without submission of a certificate of insolvency.

### **Determination of Properties**

**ARTICLE 25 – (1)** ICC shall determine and enumerate the existing assets and liabilities of the relevant investment firm. The rights and obligations of related persons arising out of their contracts to become due after the date of the gradual liquidation decision shall also be determined as of their due dates. Collateral provided pursuant to relevant legislation shall also be taken into account in calculation of assets.

(2) ICC shall determine the beneficiaries covered by the liquidation and their outstanding claims and debts, in reliance upon the information and documents collected in the course of compensation.

(3) The receivables of ICC arising out of its being successor to investors upon investor compensation, and the gradual liquidation costs incurred by ICC shall also be taken into account as eligible receivables of ICC in determination of assets and liabilities.

(4) Guarantees provided pursuant to relevant legislation following a gradual liquidation decision shall be liquidated and paid to ICC by the relevant institution within ten business days, upon demand of ICC. However, collateral of investment firm held with exchanges and clearing and custody institutions according to relevant legislation as of the date of the gradual liquidation decision as well as the current amount of outstanding receivables of investors being the subject matter of pending disputes shall be transferred to ICC through blocking by the relevant exchange or clearing and custody institution.

### **Principles of Liquidation**

**ARTICLE 26 – (1)** Without prejudice to the provisions of second paragraph of Article 13, capital market instruments included in assets of an investment firm being the subject of an ongoing gradual liquidation process shall, if traded in exchanges and other organized markets, be sold in the relevant exchange or organized market, or if not traded in exchanges and other organized markets, be sold over their current market price.

(2) Principles for liquidation of movable and immovable properties other than capital market instruments shall be determined by ICC with prior consent of the Board.

(3) Without prejudice to the provisions of relevant legislation, employees of the Board, ICC, CRA, BİAŞ and Takasbank and their spouses and blood relatives and relatives by marriage up to and including third degree, and individuals having direct or indirect relations with any of them, shall not be allowed to purchase any items in such sales, other than sales made in exchanges and other organized markets.

### **Collection of Receivables**

**ARTICLE 27 – (1)** All legal proceedings with regard to collection of overdue receivables and foreclosure of mortgages, if any, shall be handled by ICC. For the undue receivables, as a rule, it is required to wait until the due date thereof. However, such receivables may also be collected earlier than the due date through mutual agreement of the parties.

**(2)** If and when it is understood that collection proceedings will cause delays in the liquidation process, the existing assets and funds shall be distributed before the end of collection proceedings.

### **Balance of Proceeds of Liquidation, and Distribution List**

**ARTICLE 28 – (1)** Balance of proceeds of liquidation shall be comprised of cash funds of the investment firm in liquidation and of its properties liquidated by ICC. Balance of proceeds of liquidation shall be used for payment of remaining receivables of eligible investors whose claims had not been paid fully during the investor compensation process, and of public receivables, receivables of ICC, and if any, receivables of other creditors.

**(2)** Following liquidation of the properties and assets of investment firm, a distribution list indicating unpaid receivables of investors shall be prepared. Places where this list is accessible, principles of payments to be made, and dates and venues of payments shall be announced under Article 32.

### **Principles of Distribution of Balance of Proceeds of Liquidation**

**ARTICLE 29 – (1)** Balance of proceeds of liquidation shall be used for payment of receivables of investors. If this balance is not adequate to cover these in full, then, pro rata payments shall be made by taking into consideration the rate found by dividing balance of proceeds of liquidation by the total sum of said receivables.

**(2)** Payments to be made for disputed receivables shall be relied upon final court judgments pertaining thereto. However, any receivables being the subject of lawsuits notified to ICC pursuant to the first paragraph of Article 12, shall also be taken into consideration in calculation of total sum of receivables of investors. A portion of the balance corresponding to these receivables shall be blocked until finalization of a court judgment thereon. If pro rata payments shall be made under the first paragraph, only a portion of the proportionate amount payable to the relevant investor adequate for the subject of dispute shall be blocked.

**(3)** Out of the portion remaining after full repayment of all investor receivables, first of all, pro rata payments for public receivables shall be made, and out of the balance, payments made by ICC pursuant to Article 85 of the Law and receivables of ICC arising out of liquidation expenses shall be reimbursed. The balance, shall be allocated to repayment of other receivables, including the workers' receivables. Pursuant to the provisions of Article 2 of the Law on Legal Interest and Default Interest no. 3095 dated 04.12.1984, legal default interest shall be applied to

receivables of ICC starting from the date the compensation payments are made by ICC, and to liquidation expenses starting from the date such expenses are incurred.

### **Closing of Gradual Liquidation and Request of Bankruptcy**

**ARTICLE 30 – (1)** Upon an application of ICC, the Board shall decide to close the gradual liquidation. In the event that it is determined that the assets of an investment firm about which a gradual liquidation decision is taken are not adequate to compensate outstanding debts owed to the eligible beneficiaries covered by the purpose of liquidation, and payments made as a part of the compensation, and liquidation expenses, then, ICC may, with prior consent of the Board, also request bankruptcy of the persons mentioned in the first paragraph of Article 24. This event shall be announced under Article 32 and notified to the authorities mentioned in Article 5.

**(2)** The eligible beneficiaries named in the register of creditors shall, if they request, be provided by ICC a certificate showing the consequences of liquidation concerning them.

### **Liquidation Expenses**

**ARTICLE 31 – (1)** Expenses incurred due the conduct of the gradual liquidation process shall be paid directly out of ICC assets, regardless of whether the investment firm is a party to contracts or not, and shall be taken into account as gradual liquidation expenses in determination of ICC receivables as for the payments to be made to ICC out of the balance of proceeds of liquidation.

### **Principles of Announcement**

**ARTICLE 32 – (1)** Announcements required to be made under this Regulation shall be published by ICC in at least two nationwide daily newspapers, in the Turkish Trade Registry Gazette, in PDP, and in other places deemed appropriate by ICC. Format and contents of announcement shall also be determined by ICC.

## **FOURTH CHAPTER Transitional and Final Provisions**

### **Transitional Provision**

**TRANSITIONAL ARTICLE 1 – (1)** The liquidation process of institutions the gradual liquidation of which has been started prior to the publication date of the Law pursuant to Transitional Article 4 of the Law shall be carried out by CRA under the provisions of the Regulation on the Procedures and Principles of Gradual Liquidation of Intermediary Institutions published in the Official Gazette edition 24439 on 21.06.2001. These processes shall be exempt from public fees and stamp duties pursuant to the sixth paragraph of Article 86 of the Law.

### **Effective Date**

**ARTICLE 33 – (1)** This Regulation shall become effective as of the date of its publication.

**Enforcement**

**ARTICLE 34 – (1)** The provisions of this Regulation shall be enforced and executed by the Capital Markets Board.