

## **COMMUNIQUE ON PRINCIPLES REGARDING REGISTRATION WITH THE CAPITAL MARKETS BOARD OF BANK BILLS AND BANK GUARANTEED BILLS**

1- (Published in the Reiterated Official Gazette dated 14.07.1992 numbered 21284)

2- (Supplementary Communiqué on the Communiqué on Principles Regarding Registration with the Capital Markets Board of Bank Bills and Bank Guaranteed Bills, Serial: III, No: 16 was published on the Official Gazette dated 20.12.1994 numbered 22147.)

3- (Communiqué Amending the Communiqué on Principles Regarding Registration with the Capital Markets Board of Bank Bills and Bank Guaranteed Bills, Serial: III, No: 22 was published on the Official Gazette dated 31.03.1997 numbered 22950.)

**Serial** : III  
**No** : 12

### **Scope**

ARTICLE 1 - Characteristics of bank bills and bank guaranteed bills that are issued by development and investment banks in order to raise funds via capital markets and principles on issue of bank bills and bank guaranteed bills are regulated by this Communiqué on the basis of the authority attributed by articles (3/b), (4), (13) (22/a, b) of Capital Market Law No: 2499 amended by Law No: 3794.

### **Definitions**

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

Law : Capital Market Law as amended by Law No: 3794,  
Board : Capital Markets Board,  
Corporation : Joint Stock Corporation,  
TCC : Turkish Commercial Code,  
Bank : Development and Investment Banks,  
Bill : Bank Bills and Bank Guaranteed Bills.

Bank Bills are negotiable instruments in the form of order or bearer certificates that are issued by debtor banks according to this Communiqué after registration with the Board.

Bank guaranteed bills are negotiable instruments that are issued after registration with the Board and representing the creditor bank's own guarantee on promissory notes that are submitted by debtors to the creditor bank as collateral.

## **PART I GENERAL PRINCIPLES**

### **Legal Characteristics of Bills**

ARTICLE 3 - Bills that are issued according to this Communiqué are deemed to be securities in the Turkish capital markets practices.

It is obligatory for the bank bills that are in the form of order or bearer certificates to have the elements required in article 15 of this Communiqué and bank guaranteed bills that are endorsed in favor of receiver to have the elements required in article 688 of TCC. The provisions in this communiqué shall apply to abovementioned bills. In cases this Communiqué includes no applicable provision, the provisions of TCC referring to negotiable instruments and general provisions shall apply.

### **Procedure Prior to Application to the Board**

ARTICLE 4 - The resolution to issue bills shall be reached at the general assembly in private banks and by the board of directors in publicly held banks according to their own legal framework. This resolution should state sale and circulation limits, while authority to determine other terms of issue may be delegated to bank's board of directors.

Decision making authority on issue of bills can be transferred to the board of directors if it is stated in the articles of association.

### **Application to the Board for Registration and Gradual Formation**

ARTICLE 5 - Banks, intending to issue bills based on the authority stated in the 4th article and within the limits stated in the 7th and 8th articles of this Communiqué, shall apply to the Board with a petition indicating their sale and circulation limits.

The following are attached to the petition:

- a) Bank's articles of association,
- b) Resolution of the authorized body on issue of bills,
- c) Bank's last balance sheet that is approved by the bank's authorized body (Also, if three months have passed since the balance sheet date, last quarterly balance sheet that is prior to registration application should also be submitted),
- d) Tables indicating issuer bank's liabilities and credit payments' terms that will fall due within a 2-year-term,
- e) Persons authorized to sign the bills and signature circulation,
- f) Bill specimen (Bills are required to be drawn up in accordance with the form in Annex/1),
- g) Prospectus and circular sample, of which the scope is determined by the Board ( Samples can be obtained from the Board),

h) Certified Public Accountant or Sworn-in Certified Public Accountant report related to issuer bank's paid in capital, which is drawn up according to Tax Procedural Law,

i) Special-purpose independent auditing report that is drawn up according to the Board's regulations,

j) Other information and documents requested by the Board.

(Annexed by the Communiqué Serial: III, No: 16) Board may ask the opinion of Under Secretariat of Treasury about the issuer bank.

Prospectus and investors' circular shall not be drawn up if bonds are to be issued without public offering. Also, a list about buyer of the bills, sales period less than 1 month following registration with the Board and declaration that the unsold bills will be cancelled within 6 days after the end of sales period shall be added to the petition.

### **Registration with the Board**

ARTICLE 6 - Bills to be issued must be registered with the Board. This registration is made in order to determine sale and circulation limits.

The Board registers the bills following the evaluation whether the prospectus contains necessary information related to bills as well as the bank and determination of the maximum amount of bills to be sold (sale limit) and circulation limit by taking into account the bank's proposal. .

The Board can suspend issue and sale of bills according to article (22/b) of the Law.

### **Circulation Limit**

ARTICLE 7 - (Amended by the Communiqué Serial: III, No: 16) Circulation limit refers to the maximum amount of bills, sold according to provisions of this Communiqué, that can circulate at any time..

Circulation limit can not exceed the amount that is found by adding the paid-in capital in the quarterly balance sheet of the bank drawn up according to article 56 of the Banking Law No: 3182\* and approved by independent auditing firm and revaluation fund in the last balance sheet of the bank that is approved by the bank's general assembly or other authorized body and subtracting losses-if any.

If the quarterly balance sheet drawn up by the bank has been approved by the bank's general assembly or other authorized body, then the circulation limit refers to the remaining amount after adding the paid-in capital and revaluation fund and subtracting losses-if any in the balance sheet.

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\* The Banking Law No: 3182 and its amendments have been overruled by the new Banking Law No: 4389 published on the Official Gazette dated 23.06.1999 numbered 23734. Because of this, above statement shall be as the following: "circulation limit can not be over the amount that is found by adding the paid-in capital in the quarterly balance sheet of the bank prepared according to article 13 of the new Banking Law No: 4389..."

Circulation limit for publicly held banks is calculated by taking into account the reserves within the principles of the above mentioned calculation.

Circulation limit can be increased within the principles stated in Council of Ministers decisions taken according to article 13 of the Law.

### **Sale Limit**

ARTICLE 8 - Sale limit refers to the nominal amount of bills that a bank is authorized to sell after registration with the Board. Sale of bills within the sale limits must also satisfy the circulation limit. Furthermore, determination of a circulation limit exceeding sale limit does not mean that, the circulation limit can be exceeded at any time. If the sale amount of bills registered with the Board reaches the sale limit via the sale of bills and if the bank wants to sell further bills, these new bills must be registered with the Board and nominal amount of the new bills to be sold constitutes the new sale limit.

### **Face Amount of Bills**

ARTICLE 9 - The nominal value of the bills to be issued according to this Communiqué can not be less than Turkish Lira 5.000.000,-.

### **The Principles of Drawing Up Prospectus and Circular and Changes in the Issues Disclosed to Public**

ARTICLE 10 - After the registration of the bills with the Board, the prospectus approved by the Board shall be registered at the Trade Registry within 15 days following the date of the Board's registration document and shall be announced in TTRG. Within 1 week following the registration of the prospectus, the circular shall be published in a newspaper circulated throughout the country in order to invite the public to purchase the bills.

Amendments of prospectus shall also be announced in accordance with the principles laid down.

The same principles apply to changes in prospectus and circular.

### **Sale of Bills**

ARTICLE 11 - After the circular is approved by the Board and published in daily newspapers, sale of bills can start at the date stated in Board's registration document and the prospectus.

The Board may determine a new sale limit for the bank, before the previously given limit is reached. In this case, the bank publishes the circular approved by the Board in a newspaper circulated throughout the country

related to public offer of new bills. New bills can be offered to the public after the circular is published in daily newspapers.

### **Principles Related to Sale of Bills**

ARTICLE 12 - Bills are sold at a discounted price which is determined by the issuer bank according to appropriate discount rates. The appropriate discount rates used in sale of bills should be annualized and announced everyday in places where the sale is made or published in daily newspapers. The Board is authorized to determine the discount method and the explanations related to the discount rates.

### **Principles Related to Announcements and Advertisements**

ARTICLE 13 - Advertisements related to sale of bills are subject to the Board's related communiqué provisions and they shall be submitted to the Board at least 10 days before the date of publication for review. The Board may require amendments in the advertisements from the issuer bank if deemed necessary.

## **PART TWO SPECIFIC PROVISIONS REGARDING BANK BILLS**

### **Maturity of Bank Bills**

ARTICLE 14 - (Amended by the Communiqué Serial: III, No: 22) Maturity of bank bills, which must be between 60 and 720 days, is determined during sales and written on the bills at time of arrangement.

### **Compulsory Components**

ARTICLE 15 - Bank bills must be printed in accordance with the form in Annex and include the following:

- a) Expression of "bank bill",
- b) Commercial title of the issuer bank,
- c) Authorized representatives' names, surnames and signatures of the issuer bank (signatures on the bills are required to be signed by hand)
- d) Absolute payment commitment of a designated amount,
- e) Place of arrangement,
- f) Date of arrangement,
- g) Maturity,
- h) Payment place of bank bill,

- i) Ordinal number of bank bill,
- j) Real person's name and legal person's commercial title for payment if bank bill is order; expression of bearer if bank bill is bearer.

### **Papers used for publishing Bills**

ARTICLE 16 - The issuer bank is responsible for taking necessary precautions to avoid altered or fake copies of bills to be published during printing process.

## **PART THREE SPECIFIC PROVISIONS REGARDING BANK GUARANTEED BILLS**

### **Maturity of Bank Guaranteed Bills**

ARTICLE 17 - (Amended by the Communiqué Serial: III, No: 22) Bank guaranteed bills must have 60 to 720 days to maturity by the time of the sale.

### **Restrictions**

ARTICLE 18 - The amount of bills, submitted to a bank by a joint stock corporation, that is sold or will be sold by the bank with an expression of guarantee can not exceed the total amount of credit installments becoming due within a period of maximum 720 days (principal and interest). .

Bank bills can not be issued for the part of the credit that is financed by the Central Bank of the Republic of Turkey.

### **Responsibility of Bank**

ARTICLE 19 - Banks are deemed as guarantors for the financial obligations deriving from the bank guaranteed bills they have issued.

This guarantee has some legal consequences within the framework of TCC. The expression of guarantee is written on the front side of the bank guaranteed bill in the following format and is signed by bank's authorized persons under the bank's common seal. The following commentary can be printed as well.

"We, as a co-obligor and a joint-warrantor, guarantee that the amount of this bill will be paid by our bank at the headquarters/..... branch on the maturity date."

The legal status of the debtor joint stock corporation, whose bills have been issued by the bank, is not affected from this transaction with respect to the Law.

### **Provisions of Bank Guarantee**

ARTICLE 20 - Sale of bank guaranteed bills is done by endorsement of the bill by "blank endorsement" according to TCC provisions, which only includes the bank's commercial title and authorized signatures, and delivery of the bill to the buyer.

The expression on the bank guaranteed bill makes the guarantor bank responsible on equal terms and conditions with the debtor. The holder of the bank guaranteed bill can directly ask for payment from the guarantor bank within the prescription time without a need to make a protest.

## **PART FOUR OTHER PROVISIONS**

### **Secondary Market Operations and Payment of Bill Amounts Back**

ARTICLE 21 - Trading of the bills in the secondary market is free. This provision also applies for issuer banks.

For circulation, the order bank bills and bank guaranteed bills must be delivered with a blank endorsement on the back side.

The face value of issued bills shall be paid by the issuer banks on the maturity date at predetermined places.

### **Inspection by the Board and Notification**

ARTICLE 22 - The Board audits the issuer bank's accounts and transactions related to bills according to the Law.

The issuer bank is required to draw up a table in conformity with the one in Annex/2, which shows the related month's bill transactions separately, for both of bank bills and bank guaranteed bills within 15 days following the end of every month and submit a copy to the Board.

The Board may also ask for any further information or document from the bank for the purposes of monitoring issuer banks' financial health.

### **The Registration Fee**

ARTICLE 23 - Banks are required to pay a fee corresponding to three per thousand of the face value of the bills to be sold upon registration with the Board to the Board's account at Ankara Branch of the Central Bank of the Republic of Turkey according to article 28 of the Law.

**PROVISIONAL ARTICLE 1** - For the bills sold prior to the date this Communiqué enters into force, the provisions that were effective prior to this Communiqué apply until the maturity comes and the payment process is completed.

**PROVISIONAL ARTICLE 2** - The bills that have been or will be offered to the public within the sale limit, for which the date of the Board's permission is before the date this Communiqué enters into force, are deemed to be registered with the Board.

### **Repealed Provisions**

ARTICLE 24 - Communiqué Serial: III, No: 3 published on the Official Gazette dated 15.03.1986 numbered 19048 and its annex and amendments are overruled by the time this Communiqué enters into force.

### **Entry Into Force**

ARTICLE 25 - This communiqué will enter into force on the day of its publication.



**ANNEX 1**

(FRONT SIDE)

Sequence Number :

Date of Arrangement:  
Date of Maturity :

..... Inc.  
BANK BILL  
Amount: ..... TL

We shall absolutely pay the amount as written above  
..... TL against this bill (bearer) / (or order  
to.....).

In any case of disagreement we accept that the Court and the Bailiff's  
Office in.....are authorized.

Payment Place  
The.....Branch of  
.....Inc.  
(Address)

The Arranger Bank  
The Commercial Title:  
Address :  
The Signatures of  
Authorized Persons :

(REVERSE SIDE)

**INFORMATION ABOUT THE BILL OF BANK**

This Bill of Bank is issued for public offering after the Board's  
registration dated ..... and numbered..... accordance with The  
Law No 2499 Amended by The Law No 3497 and The Communiqué Serial  
:.....No:.....

However, the registration does not mean that our bills or our Bank are  
guaranteed by the Board or the State.

**ANNEX 2**

**THE TABLE OF MONTHLY DECLARATION  
OF BANK BILLS AND BANK GUARANTEED BILLS**

THE TITLE OF BANK	:
DECLARATION PERIOD	:
LIMITS	:
Circulation Limit	:
Selling Limit	:
Cumulated Selling Limit	:
MOVEMENTS OF THE BILLS	:
Transferred from Last Month	:
Sold during the Month	:
Paid during the Month	:
Remainder at the end of the Month	:
(†) TOTAL CUMULATIVE SALES AT THE END OF THE MONTH:	:
DISCOUNT RATIOS APPLIED DURING THE MONTH	:
Minimum	:
Maximum	:

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† Total sales from the Bills' beginning date of the sale to the end of the month.