

**THE LAW
ON
THE CENTRAL BANK OF THE REPUBLIC OF TURKEY**

Law No. 1211

Date of Acceptance: January 14, 1970

PART I

Establishment, fundamental duties and powers, capital

Establishment and title

Article 1- (As amended by Law No. 3985 of April 21, 1994)

A bank, under the title of the "Central Bank of the Republic of Turkey", is hereby established as a joint stock company having the exclusive privilege of issuing banknotes in Turkey and the powers and duties set forth in this Law.

The Bank shall be subject to the provisions of private law in cases where the Law is not explicit.

The Central Bank of the Republic of Turkey is hereinafter referred to as the "Bank" in this Law.

Head Office and branches

Article 2- The Head Office of the Bank is in Ankara.

The Bank may, by Board decision, establish a banknote printing works and open branches in cities within the country where deemed necessary. Similarly, the Bank may maintain correspondents both within the country and abroad.

(As amended by Statutory Decree No. 703 of July 2, 2018) The decisions of the Bank in this regard shall be conveyed to the Presidency of the Republic.

(As amended by Statutory Decree No. 703 of July 2, 2018) The Bank may also establish representative offices in foreign countries by Board decision and with the consent of the President of the Republic.

Memberships and participations

Article 3- (As amended by Statutory Decree No. 703 of July 2, 2018)

The Bank may, by Board decision, become a member of international financial, economic and professional organizations in which central banks participate and may participate in such organizations as a shareholder with the consent of the President of the Republic.

Fundamental duties and powers

Article 4- (As amended by Law No. 4651 of April 25, 2001)

The primary objective of the Bank shall be to maintain price stability. The Bank shall determine on its own discretion the monetary policy that it shall implement and the monetary policy instruments that it is going to use in order to maintain price stability.

The Bank shall, provided that it shall not conflict with the objective of maintaining price stability, support the growth and employment policies of the Government.

The fundamental duties and powers of the Bank shall be as follows:

I- The fundamental duties of the Bank shall be:

a) to carry out open market operations,

b) to take necessary measures in order to protect the domestic and international value of the Turkish Lira and to establish the exchange rate regime to determine the parity of the Turkish Lira against gold and foreign currencies jointly with the Government, to execute spot and forward purchase and sale of foreign exchange and banknotes, foreign exchange swaps and other derivatives transactions in order to determine the value of the Turkish Lira against foreign currencies,

c) (As amended by Law No. 7186 of July 17, 2019) to determine the procedures and principles of reserve requirements and liquidity requirement by taking into consideration the deemed appropriate on-balance sheet items or off-balance sheet items of banks and other financial institutions to be deemed appropriate by the Bank,

d) to conduct rediscount and advance operations,

e) to manage the gold and foreign exchange reserves of the country,

f) (As amended by Law No. 6493 of June 20, 2013) to regulate the volume and circulation of the Turkish Lira, to establish payment, securities transfer and settlement systems, to ensure the uninterrupted operation and oversight of the systems established and to be established and to make necessary regulations, to determine the methods and instruments including electronic environment that shall be used for payments,

g) to take precautions for enhancing the stability in the financial system and to take regulatory measures with respect to money and foreign exchange markets,

h) to monitor the financial markets,

i) to determine the terms and types of deposits in banks and the terms of participation funds in special finance houses.

II- Fundamental powers of the Bank:

a) The privilege of issuing banknotes in Turkey shall rest exclusively with the Bank.

b) The Bank shall determine the inflation target together with the Government and shall, in compliance with this, adopt the monetary policy. The Bank shall be exclusively authorized and responsible in the implementation of the monetary policy.

c) The Bank shall, with the objective to maintain price stability, be authorized to use the monetary policy instruments described in this Law and to directly determine and implement other monetary policy instruments that it deems appropriate as well.

d) The Bank shall, under extraordinary conditions and in cases when the resources of the Savings Deposits Insurance Fund are insufficient, be authorized to grant advance to this Fund in accordance with the procedures and principles that it shall determine.

e) The Bank shall, as the lender of last resort, carry out the operations of extending credit to banks.

f) The Bank shall, in accordance with the procedures and principles that it shall determine, be authorized to request from banks the interest rates which they will charge in credit operations and deposit-taking.

g) The Bank shall, in order to monitor financial markets, be authorized to request necessary information and to gather statistical information from banks, other financial institutions and from establishments and institutions assigned to regulate and supervise these. **(Added by Law No. 7186 of July 17, 2019)** The Bank's requests shall be covered in real-time and instantly. In order for these requests to be covered, access systems may be installed to data processing systems of establishments and institutions by the Bank. All types of procedures and principles pertaining to implementation shall be determined by the Bank.

III- Main advisory duties of the Bank:

a) **(As amended by Statutory Decree No. 703 of July 2, 2018)** The Bank shall be the financial and economic advisor, the fiscal agent and the treasurer of the Government. The relation of the Bank with the Government shall be maintained through the President of the Republic or also through a minister that he/she shall appoint.

b) The Bank shall present its views to the Government, on the issues to be requested with respect to financial system.

c) **(As amended by Statutory Decree No. 703 of July 2, 2018)** The Bank may convey its opinions and observations regarding banks and other financial institutions that it shall deem appropriate to the Presidency of the Republic and to institutions authorized to regulate and supervise these establishments and institutions.

The Bank shall be assigned and authorized to make and implement regulations regarding the duties and powers entrusted to it by this Law and legislation, and shall be assigned and authorized to supervise the compliance with these regulations and the accuracy of the information sent to it, with these establishments and institutions subject to the said regulations.

The Bank shall enjoy absolute autonomy in exercising the powers and carrying out the duties granted by this Law under its own responsibility.

The Bank shall participate to the bankrupt's estate as a privileged creditor for the amount of its claims and the interest pertaining to them, in the event of bankruptcy of the bank, person or institution with whom the Bank undergoes a transaction during the course of implementing monetary policy instruments.

Actions for damages resulting from the performance by the Bank staff members of their duties shall only be filed against the Bank. The right of recourse of the Bank shall be reserved.

Capital and shares of the Bank

Article 5- (As amended by Statutory Decree No. 703 of July 2, 2018)

The capital of the Bank shall be TL 25,000,000 and shall be divided into 250,000 shares, each with a value of TL 100. This capital may be increased with the approval of the President

of the Republic. The nominal values of the shares shall be TL 100, 200, 500, 1,000, 5,000 and 10,000.¹

Type of shares

Article 6- The shares of the Bank shall be registered.

Classes of shares

Article 7- The shares shall be divided into (A), (B), (C) and (D) classes.

Class (A) shares

Article 8- Each class (A) share shall consist of at least 100 shares. This class of shares shall belong solely to the Treasury and shall not fall below fifty one percent of the capital.

Class (B) shares

Article 9- Class (B) shares shall be allocated to the national banks operating in Turkey.

Class (C) shares

Article 10- A maximum of 15,000 shares shall be allocated as class (C) shares to the banks other than the national banks and to privileged companies.

Class (D) shares

Article 11- Class (D) shares shall be allocated to Turkish commercial institutions and to legal and real persons of Turkish nationality.

Change in the classes of shares

Article 12- The Bank shall immediately conclude the requests for the conversion of shares from one class to another. No commission shall be charged for the conversion of shares from one class to another.

The number of class (C) shares shall in no event exceed the amount set forth by this Law.

PART II Organization and organs of the Bank

Organs

Article 13- (As amended by Law No. 4651 of April 25, 2001)

Organs of the Bank shall be as follows:

- a) General Assembly,
- b) Board,
- c) Monetary Policy Committee,

- d) Audit Committee,
- e) Office of the Governor,
- f) Executive Committee.

CHAPTER I

The General Assembly

Right to vote

Article 14- The shareholders who are registered in the share book of the Bank shall constitute the General Assembly of the Bank. The General Assembly shall convene each year on the date indicated by the Articles of Association of the Bank. Each person owning ten shares or representing this number of shares shall be entitled to one vote.

Duties and powers of the General Assembly

Article 15- The General Assembly shall have the following duties and powers:

1. to examine the annual report submitted by the Board and the report of the Audit Committee;
2. to examine the balance sheet and the income statements of the Bank and decide thereon;
3. to discharge the Board members and the Audit Committee;
4. to increase the capital;
5. to make amendments in the Articles of Association;
6. to render a decision concerning the liquidation of the Bank.

Articles of Association of the Bank and liquidation

Article 16- a) (As amended by Statutory Decree No. 703 of July 2, 2018) The Articles of Association of the Bank shall become effective with the approval of the General Assembly and by a decree of the President of the Republic. Amendments to be made in the Articles of Association shall also be subject to this provision.

b) (As amended by Statutory Decree No. 703 of July 2, 2018) Decisions to be taken for the liquidation of the Bank before the end of the period set forth in Article 1 shall be valid with the approval of the President of the Republic provided that the commitments assumed by the Bank are fully performed under the Law.

A two-thirds majority shall be required in the General Assembly both to make amendments in the Articles of Association and to decide on the liquidation.

Chairmanship

Article 17- The Governor shall chair the General Assembly.

Representation

Article 18- Those who are not shareholders may not represent more than one vote by proxy at the General Assembly.

(Added by Law No. 6456 of April 3, 2013.) The last sentence of the first paragraph of Article 414 and Article 428 of the Turkish Commercial Code No. 6102 of January 13, 2011 shall not be applicable to the Bank.

CHAPTER II **The Board and the Monetary Policy Committee** (As amended by Law No. 4651 of April 25, 2001)

Composition

Article 19- The Board shall be composed of the Governor and six members to be elected by the General Assembly.

(As amended by Statutory Decree No. 703 of July 2, 2018) The duties of the members may not be reconcilable with any other duty outside the Bank whether of a legislative, official or private nature unless based on a special law or Presidential Decree. Furthermore, these members may not engage in trade, nor may they become shareholders of banks or companies. Duties in charitable associations and in foundations with charitable, social and educational purposes and partnership in non-profit cooperative companies are excluded from this provision.

Members of the Board shall be required to have received a higher education and to have knowledge and experience in banking or in the fields of economics and public finance.

The Governor shall be the Chairman of the Board.

(As amended by Statutory Decree No. 703 of July 2, 2018) Salaries and remuneration of Board members shall be determined by the President of the Republic. Travel expenditures to be incurred to attend Board meetings by those residing outside where the Head Office is located shall be paid by the Bank.

Term of office

Article 20- The term of office of Board members shall be three years.

One-third of Board members shall be renewed each year. Members who are to leave the Board at the end of the first and second years shall be designated by drawing names.

Re-election of the members whose terms of office have terminated is permissible.

Meetings, decisions and withdrawal from voting

Article 21- Members of the Board shall neither participate in discussions nor cast votes on credit issues concerning themselves or persons with whom they have a link of interest or kinship in the degrees stated in sub-paragraph 3 of Article 245 of the Code of Civil Procedure.

Board meetings shall be held in Ankara. When necessary, the meetings may also be held elsewhere. The meetings shall be held at least once a month upon the call of the Governor. The agenda shall be drawn up by the Office of the Governor. Items requested to be discussed by members that are not in the agenda, shall be included therein and discussed at the same meeting if also supported by the Governor; otherwise, a decision may be taken to include them in the agenda of the next meeting.

The Board shall convene with the participation of at least two thirds of the members and render a decision by the majority of the members present. In the event of a tie, the proposal of the party supported by the Governor shall be considered adopted.

Vice Governors may attend Board meetings in a non-voting capacity.

Duties and powers of the Board

Article 22- (As amended by Law No. 4651 of April 25, 2001)

The duties and powers of the Board shall be as follows:

- a) to take decisions concerning monetary policy that may be implemented and monetary policy instruments which may be used in compliance with the monetary policy strategy and inflation target,
- b) to make regulations and to take decisions on issues concerning the replacement, withdrawal from circulation and destruction of banknotes in circulation,
- c) to determine the procedures and principles and to make necessary regulations regarding open market operations, foreign exchange and banknote operations, rediscount and advance operations, rediscount and advance interest rates, reserve requirements and liquidity requirement, other monetary policy operations and instruments, management of gold and foreign exchange reserves of the country,
- d) to take decisions on the issues laid out in paragraphs (I) and (III) of Article 40,
- e) (As amended by Law No. 6493 of June 20, 2013) to take decision on the establishment of payment, securities transfer and settlement systems under the conditions that shall promote their soundness and effectiveness, to determine the procedures and principles of payment methods and instruments, to make regulations regarding the oversight of clearing houses,
- f) (As amended by Law No. 6111 of February 13, 2011) to determine the procedures and principles on requesting information and collecting statistical information,
- g) to make regulations and render decisions on issues pertaining to opening branches, maintaining correspondents, establishment of representative offices and bureaus, and to the Banknote Printing Works,
- h) to take decisions on issues concerning provisions and reserves and to determine the procedures and principles regarding the transfer of the balance to the Treasury remaining after the allocation of profit,
- i) to prepare the budget, annual report, balance sheet, income statements and the agenda of the General Assembly of the Bank,
- j) to submit proposals to the General Assembly for increasing the capital and making amendments in the Articles of Association,
- k) to approve the regulations prepared with respect to the administration, organization, services and personnel of the Bank,
- l) to take decisions on the purchase or acquisition of real property for the need of the Bank; when necessary, on the sale, barter and donation of real property owned by the Bank and on other transactions,
- m) to make decisions on donation, amicable settlement, release, waiver and cancellation of the amounts and values which are not within the scope of powers that the Bank shall delegate to its other organs,

n) to approve the personnel cadres of the Bank,

o) to take decisions and make regulations on other issues to be submitted by the Office of the Governor for examination and approval, apart from those subject to the decision of the Monetary Policy Committee pursuant to this Law.

(Added by Law No. 6111 of February 13, 2011.) The Board, when necessary, may delegate part of its powers to other organs provided that the limits thereof shall be determined explicitly in writing.

The Monetary Policy Committee

Article 22/A- (Added by Law No. 4651 of April 25, 2001.)

(As amended by Statutory Decree No. 703 of July 2, 2018) The Monetary Policy Committee shall, under the chairmanship of the Governor, be composed of Vice Governors, a member to be elected by and from among the Board members and a member to be appointed on the recommendation of the Governor. The Deputy Minister of Treasury and Finance or a unit chief to be designated by the Minister may participate to the meetings in a non-voting capacity. Monetary Policy Committee membership of those, whose office as Governor, Vice Governor and Board member comes to an end, shall terminate as well.

(As amended by Statutory Decree No. 703 of July 2, 2018) The member to be appointed shall be required to have, studies in monetary policy matters and an academic degree in one of the fields of economics, business administration, banking and finance, and shall be required to have worked in his/her field of office for at least ten years and to have adequate experience and knowledge. The term of office of this member shall be five years.

The prohibitions stipulated in Article 19 shall also be applicable to the appointed member. However, academic posts in universities shall not be in the scope of this provision. The appointed member shall have the same financial and social rights as the Board members.

(As amended by Law No. 6770 of January 18, 2017) Monetary Policy Committee meetings shall be held at least eight times a year upon the call of the Governor. Other provisions of the second paragraph of Article 21 and its third paragraph shall also be applicable to the Monetary Policy Committee meetings.

The Monetary Policy Committee shall have the following duties and powers:

a) to determine the principles and strategy of monetary policy in order to maintain price stability,

b) to determine the inflation target together with the Government within the framework of the monetary policy strategy,

c) to provide information to the public in line with the principles that it shall set forth, and provide information to the Government within specified periods by preparing reports regarding monetary policy targets and its implementations,

d) to take necessary measures in order to protect the domestic and international value of the Turkish Lira and to establish the exchange rate regime to determine the parity of the Turkish Lira against gold and foreign currencies jointly with the Government.

The Monetary Policy Committee shall determine the issues that it shall announce, together with the procedure of their announcement. The issues requested by the Monetary Policy Committee to be published in the Official Gazette shall be published without delay.

Monetary Policy Committee decisions shall be executed by the Governor and shall be submitted for the information of the Board.

CHAPTER III The Audit Committee

Composition, term of office and qualifications²

Article 23- (As amended by Law No. 6456 of April 3, 2013)

The Audit Committee shall be composed of four members to be elected by the General Assembly. In the event that a member of the Audit Committee leaves the membership, the other members of the Audit Committee shall elect in his place a person who meets the requirements for election to hold office until the first meeting of the General Assembly.

The terms of office of the Audit Committee members shall be two years.

The ones to be elected for the membership of the Audit Committee shall be required to have received a higher education and to have knowledge and experience in the fields of banking and accounting.

Duties and prohibitions

Article 24- (As amended by Statutory Decree No. 703 of July 2, 2018) The Audit Committee shall audit all the operations and accounts of the Bank. The Office of the Governor shall be obliged to furnish all the information and documents to be requested by the Audit Committee. The Audit Committee, having no administrative power, shall submit its opinions in writing to the Board and shall also present a copy thereof to the Presidency of the Republic. The Committee shall submit the report that it shall draw up on the operations and accounts at the end of the year to the General Assembly.

Members of the Audit Committee may not share in the profits of the Bank.

(As amended by Statutory Decree No. 703 of July 2, 2018) Remuneration of the Audit Committee members shall be determined by the President of the Republic. Travel expenditures to be incurred by those residing outside where the Head Office is located shall be paid by the Bank.

CHAPTER IV The Office of the Governor

(A) Governor

Appointment, qualifications and term of office

Article 25- (As amended by Law No. 3670 of October 25, 1990)

(The first paragraph is repealed by Statutory Decree No. 703 of July 2, 2018).

The Governor shall be required to have received a higher education and to have knowledge and experience in the fields of public finance, economics and banking.

Duties, representation and powers

Article 26- The Governor shall, in the capacity of the highest executive officer, administer and run and represent the Bank within the country and abroad.

The Governor shall be entrusted with the following powers:

1. to ensure the enforcement of the provisions of this Law and the decisions to be taken by the Board;
2. to take appropriate measures for the performance of the duties with which the Bank is entrusted by this Law, and to make proposals to the Board thereon where he/she deems necessary.

(As amended by Statutory Decree No. 703 of July 2, 2018) The Governor may, in the case of his/her dissent from the decisions of the Board, postpone the execution of the decision and may demand it be reconsidered at the next meeting. In urgent circumstances, the Board shall convene upon the call of the Governor and reconsider the issue in dispute. In the event of a disagreement between the Governor and the Board, the President of the Republic shall act as an arbitrator.

Prohibitions

Article 27- **(As amended by Statutory Decree No. 703 of July 2, 2018)** The post of Governorship may not be reconcilable with any other duty outside the Bank whether of a legislative, official or private nature unless based on a special law or Presidential Decree. Furthermore, the Governor shall not be allowed to engage in trade, nor shall he/she become a shareholder in banks or companies. Duties in charitable associations and in foundations with charitable, social and educational purposes and partnership in non-profit cooperative companies are excluded from this provision.

It shall not be considered a violation of the provisions of the first paragraph if the Governor assumes duties at inter-ministerial committee meetings held at the level of ministers and undersecretaries.

Temporary absence and excuse from duty

Article 28- During the temporary absence of the Governor, the Vice Governor designated by him/her shall act on his/her behalf.

The Governor may be excused from duty through the same procedure applied for his/her appointment, only when the prohibitions stated in Article 27 are violated and there is no longer any possibility for him/her to perform the duties entrusted by this Law.

In case of vacancy in the Governor's post, a Vice Governor, who shall be elected as acting Governor by the Board to convene under the chairmanship of the most senior member shall perform the duties and exercise the powers of the Governor.

(B) Vice Governors

Qualifications, appointment, duties and prohibitions

Article 29- **(As amended by Statutory Decree No. 703 of July 2, 2018)**

Four Vice Governors shall be appointed to assist the Governor. Vice Governors shall be appointed from among persons who have received a bachelors or a masters degree and have adequate knowledge and experience either in one of the fields of law, public finance,

economics, business administration, banking, finance, engineering, public administration, political science, international relations and statistics or in faculties of economics and administrative sciences. The first paragraph of Article 27 and second paragraph of Article 28 shall also be applicable to Vice Governors.

CHAPTER V
The Executive Committee

Composition, duties

Article 30- The Executive Committee shall be composed of the Vice Governors under the chairmanship of the Governor. In cases when the Governor is unable to chair, the Vice Governor designated by him/her shall preside over the Executive Committee.

The duties of the Executive Committee shall be as follows:

1. to prepare proposals to be submitted to the Board, by examining in advance the issues subject to Board decision, when deemed necessary by the Governor;
2. to draw up regulations on the administration, organization and services of the Bank;
3. to render decisions on issues left by regulations to the decision of the Executive Committee;
4. to ensure coordination in the operations of the Bank;
5. to perform duties such as appointment, determination of the salaries, dismissal and retirement of the personnel other than those appointed by the Board.

Decisions at the Executive Committee meetings shall be taken by a majority of all the members. In the event of a tie, the proposal supported by the Governor shall be considered adopted.

CHAPTER VI
Organization of branches

Composition, duties

Article 31- The organization and duties of the Bank's Head Office and Branches and the Banknote Printing Works, as well as the composition and duties of the Executive Committees of the Branches and Banknote Printing Works shall be determined by regulations.

PART III
Provisions concerning Bank personnel

Status of the personnel

Article 32- The Bank personnel shall consist of the Bank's officers as well as the workers of the Banknote Printing Works.

The term "Bank officer" shall refer to the persons appointed to serve continuously for the main and permanent duties that the Bank services entail.

Provisions of Law No. 624 on the Unions of Civil Servants shall apply to the unions which the Bank officers have already established or shall establish. The prohibition under Article 20 of Law No. 275 of July 15, 1963 shall also apply in the services of the Bank.

The Bank personnel shall be subject to the provisions of this Law and of the regulation to be drawn up by the Board.

Native and foreign experts may be employed on a contractual basis by Board decision.

Remuneration regime

Article 33- (As amended by Statutory Decree No. 703 of July 2, 2018) The salaries and the representation allowances of the Governor and Vice Governors of the Bank shall be determined by the President of the Republic.

The Board shall determine the additional remuneration to be paid to the Chairman and Members of the Executive Committee and to the Chairmen and Members of the Executive Committees of the Branches and of the Banknote Printing Works for their duties, provided that the amount may not exceed two-thirds of their salaries.

Salaries of other officers shall be fixed by the Board and by the Head Office Executive Committee empowered to appoint them by taking into consideration the above- mentioned salaries. The principles to be observed in this regard, as well as the payments for business trips of the officers and all other issues shall be specified in the regulation referred to in Article 32.

Retirement of personnel

Article 34- (As amended by Law No. 6456 of April 3, 2013) The provisions of subparagraph (c) of the first paragraph of Article 4 of Social Insurances and Universal Health Insurance Law No. 5510 of May 31, 2006 shall apply to staff members of the Bank with the exclusion of workers and to Board members.

The retirement contributions of those employed at the Bank on the effective date of this Law shall be deducted from their salaries subject to these contributions fixed by Law No. 5434. The provision of the second sub-paragraph of paragraph (B) of Article 15 of the same Law shall apply to such persons with respect to their monthly pay increases. Provisions of the same Law shall also apply to personnel employed on a contractual basis, whose previous posts are subject to retirement benefits.

Salaries subject to retirement contributions of the persons to be appointed after the effective date of this Law shall be determined in accordance with the provisions of paragraph (B) of Article 15 of Law No. 5434.

(As amended by Statutory Decree No. 562 of July 6, 1995) In terms of retirement, the "supplementary salary indicator" and the "executive compensation" determined for Undersecretaries and Deputy Undersecretaries of the Ministries shall apply to the Governor and Vice Governors respectively; and the "executive compensation" determined for similar duties as specified in the ranks they may enter according to the Law on Civil Servants in respect of the duties they perform, shall apply to other personnel. The period of time they have served in these posts shall be considered as served in the duties entailing the payment of executive compensation pursuant to Supplementary Article 68 of the Law on Pension Fund No. 5434.

Secrecy and responsibility

Article 35- Staff members of the Bank shall be obliged to observe the secrecy of matters pertaining to the Bank or to persons and institutions dealing with the Bank which they acquire within their official capacities and due to their duties, and not to disclose these secrets, in any manner whatsoever, to those other than the authorities entitled by law.

This obligation shall continue to be binding even after they leave the Bank.

Staff members of the Bank shall be subject to the provisions on tort in the Code of Obligations for the damages they cause to the Bank in connection with their duties.

PART IV Duties and powers of the Bank

CHAPTER I Issuance of banknotes

Issuance of banknotes and obligatory circulation

Article 36- a) The circulation of banknotes already issued and to be issued by the Bank shall be compulsory and they shall have unlimited capacity of payment.

b) (As amended by Law No. 4651 of April 25, 2001) The Bank shall also have the power to issue banknotes in connection with the operations stipulated in Articles 45, 52 and 53.

Replacement of banknotes

Article 37- a) The Bank may replace the banknotes in circulation with new issues, when it deems necessary.

The old banknotes withdrawn from circulation shall fall into statute of limitations after ten years beginning from the date the replacement process commences.

The date on which the replacement process shall commence as well as the duration of the compulsory circulation of old banknotes within this ten years' period shall be determined by the Board and be published in the Official Gazette.

b) (As amended by Statutory Decree No. 703 of July 2, 2018) Based on the principles to be determined between the Presidency of the Republic and the Bank and in accordance with the "Gabarit" (quadrant scales method) to be set forth by regulation, old and worn out banknotes shall be replaced by the Bank with the banknotes kept in reserve.

c) Principles related to the cancellation and destruction of banknotes withdrawn from circulation, and banknotes replaced due to becoming old, worn out or mutilated shall be specified by regulation.

Coins

Article 38- (Repealed by Law No. 1264 of May 28, 1970.)

CHAPTER II
Duties and powers pertaining to the protection of the stability of the
Turkish currency

Matters to be announced

Article 39- (As amended by Law No. 3098 of December 6, 1984)

The Bank shall announce the rates of rediscount, discount and interest applicable to its operations and the conditions of the open market policy, to be determined by the Board from time to time.

The buying and selling prices of gold and foreign exchange, to be determined by the Board in accordance with Article 4, as well as the decisions taken in conformity with subparagraphs (3) and (5) of Article 22 shall be published in the Official Gazette.

Duties and powers of the Bank in money and credit issues

Article 40- I- a) (As amended by Law No. 4651 of April 25, 2001) The Bank may, as the lender of last resort, provide intraday or end-of-day credit facilities to the system against collateral so as to eliminate the technical payment problems which may obstruct the efficient functioning of the financial markets, and the temporary liquidity shortages that may cause interruption in the payment system.

b) (Repealed by Law No. 5411 of October 19, 2005.)

c) (As amended by Law No. 4651 of April 25, 2001) The Bank may extend credit to the banks that are the subject of uncertainty and lack of confidence in the event of acceleration of fund withdrawals and uncertainty and lack of confidence in the banking system, in the amount to cover the withdrawal of funds, the conditions of which shall be determined by the Bank. In the event of bankruptcy of banks to which the Bank extends credit in accordance with this provision, the Bank shall participate to the bankrupt's estate as a privileged creditor for the amount of the credit extended and the interest pertaining to it.

II- (As amended by Law No. 5411 of October 19, 2005)

(As amended by Law No. 7186 of July 17, 2019) Banks and other financial institutions to be deemed appropriate by the Bank including those issuing electronic payment instruments shall, by taking into consideration their on-balance sheet items or off-balance sheet items deemed appropriate, maintain reserve requirements in cash, at the accounts to be opened with the Bank. All types of procedures and principles pertaining to implementation including the scope of on-balance sheet items or off-balance sheet items deemed appropriate which are subject to reserve requirements, the ratio of reserve requirements, their establishment period and interest rate to be applied to those requirements when necessary, the transactions to be executed in extraordinary withdrawals from deposit or participation funds and in mergers, acquisitions and divisions shall be determined by the Bank.

(As amended by Law No. 7186 of July 17, 2019) The qualification and the ratio of the liquidity requirement to be maintained by the above-mentioned institutions shall be determined by the Bank when necessary.

When it is required according to the regulation to be issued by the Bank that, the reserve requirements are kept blocked in the accounts with the Bank, reserve requirements kept in the blocked accounts shall not be utilized to finance any purpose or issue, shall not be assigned or attached.

Where reserve requirements and liquidity requirements are not established within the specified period or are established deficiently, the Bank, in accordance with the procedures and principles that it shall determine, shall be authorized, for the deficient portion, to either request interest-free deposit to be kept in the accounts with the Bank or impose penalty interest. The accrued penalty interest claims shall be collected in accordance with Law No. 6183 on the Procedure of Collection of Public Claims. The penalty interest so collected shall be registered as revenue to the Savings Deposits Insurance Fund.

III- (As amended by Law No. 4651 of April 25, 2001)

a) Within the framework of the powers delegated to the Bank by legislation for the execution of its fundamental powers and duties, banks shall notify the Bank of the interest rates to be charged in credit operations and deposit-taking in accordance with the principles to be determined.

b) The Bank shall determine the terms and types of deposits in banks and the terms of participation funds in special finance houses.

CHAPTER III
Relations between the Bank and the Government
and relevant duties

Acting as financial and economic advisor and fiscal agent

Article 41- (As amended by Law No. 6111 of February 13, 2011)

The Bank shall be the financial and economic consultative organ of the Government. In this capacity, the Bank shall submit opinions concerning the matters, on money and credit policy, examination of which is requested by the Government.

The Bank may be assigned as the fiscal agent for the Government in the international financial and economic relations of the State.

(As amended by Statutory Decree No. 703 of July 2, 2018) The Bank may be entrusted with carrying out the financial servicing of all types of domestic borrowing notes, the exchange control and the implementation of foreign trade regime or with similar operations in accordance with special laws, Presidential Decrees or decisions based thereon. The Bank may not be held liable by third parties for the operations it shall perform in this capacity.

The Bank shall, upon the request of the Undersecretariat of Treasury, execute or have executed collections and disbursements of the State and all the Treasury operations both within the country or abroad, and domestic and foreign money transfers and remittances of all types. The charges to be applied for these operations shall be determined by the Bank.

The procedures and principles regarding payment of interest on the deposits belonging to the Undersecretariat of Treasury shall be set forth jointly by the Bank and the Undersecretariat of Treasury.

Special audit and disclosure to public

Article 42- (As amended by Law No. 4651 of April 25, 2001)

(As amended by Statutory Decree No. 703 of July 2, 2018) The President of the Republic may have the operations and accounts of the Bank audited. The Presidency of the Republic may request any information in this regard from the Bank.

The Bank may have the balance sheet and the income statements audited by independent auditing institutions.

(As amended by Statutory Decree No. 703 of July 2, 2018) The Governor shall submit a report to the President of the Republic on the activities of the Bank and the monetary policy followed and to be followed, each year in April and October. The Bank shall furnish information regarding its activities to the Planning and Budget Commission of the Grand National Assembly of Turkey twice a year.

The Bank shall prepare periodical reports concerning monetary policy targets and implementations and disclose these to public. In what periods the reports shall be prepared and the scope and disclosure procedure of the reports shall be determined by the Bank. In the event of incapability to achieve the determined targets in due time published or of the occurrence of the possibility of not achieving them, the Bank shall submit information to the Government in writing and inform the public disclosing the reasons and the measures to be taken thereof.

CHAPTER IV

Request for information

(As amended by Law No. 6111 of February 13, 2011)

Authority to request information, the balance sheets and reports of banks

Article 43- (As amended by Law No. 4651 of April 25, 2001)

All banks, special finance houses, and other financial institutions deemed appropriate by the Bank, operating in Turkey shall be obliged to submit their annual balance sheets and income statements along with the reports of their boards of directors and that of auditors to the Bank, at the latest within one month, after their general assembly meetings and the reports of independent auditing institutions after the date of preparation.

The Bank shall be authorized to request, in accordance with the procedures and principles that it shall determine, all kinds of information and documents from the establishments and institutions cited in the first paragraph in order to be able to perform its duties assigned by this Law and other legislation. The establishments and institutions indicated in the first paragraph shall be obliged to submit the information requested within the period specified by the Bank. The Bank may, when necessary, suspend or restrict the operations authorized by this Law, of the establishments and institutions cited in the first paragraph, who fail to provide the required information accurately and in a timely manner to the Bank.

(As amended by Statutory Decree No. 703 of July 2, 2018) The Bank, concerning the issues that fall within the scope of its powers and duties, may request information from establishments and institutions assigned to regulate and supervise the establishments and institutions referred to in the first paragraph. The Bank may, when necessary, convey its opinions and observations regarding the establishments and institutions referred to in the first paragraph, to the Presidency of the Republic, Banking Regulation and Supervision Agency and to other establishments and institutions authorized to regulate and supervise the said.

The Bank may, in collecting statistical information, cooperate with public establishments and institutions, Undersecretariat of Treasury, State Institute of Statistics and the authorities of other countries entitled to collect statistical information and with international institutions. The Bank shall be authorized to directly request and collect, all statistical information relating to the financial system and other statistical information that shall be deemed necessary for the surveillance of developments in the economy and the balance of payments, from banks, other financial institutions and persons. The ones from whom

information is requested shall be obliged to submit this information accurately in accordance with the procedures and principles to be determined by the Bank. The Bank shall be authorized to investigate and supervise the accuracy of this information with the concerned parties, and to request additional information and documents.

The Bank may publish the statistical information that it deems necessary. However, the Bank may not publish or disclose the statistical information having a private and personal nature nor may it submit these to any official authority or private body other than the Banking Regulation and Supervision Agency. This information shall not be used for purposes other than those of statistical nature nor as means of evidence.

Authority to request information from real and legal persons

Article 44- (The redrafted Article 44 by Law No. 7061 of November 28, 2017, which was repealed by Law No. 6111 of February 13, 2011)

The Bank shall, in order to monitor the operations of real and legal persons which affect their foreign exchange position, be authorized to request all kinds of information and documents from real and legal persons that it shall determine. The procedures and principles, including also the scope, collection and monitoring methods, supervision of the accuracy and sharing of the information and documents to be requested and provision of outsourcing services, shall be determined by the Bank.

In the implementation of this article, the provisions of Article 35 and sub-paragraph (a) of paragraph (II) of Article 68 of this Law shall also apply to employees of outsourcing institutions.

PART V

Operations to be performed by the Bank

CHAPTER I

Operations with credit institutions

Acceptance of bills and documents for rediscount and advance

Article 45- (As amended by Law No. 4651 of April 25, 2001)

(As amended by Law No. 6745 of August 20, 2016) The Bank may, within the scope of principles that it shall determine, accept commercial bills and documents to be presented by banks for rediscount, provided that they bear at least two signatures of solvent persons. The types of commercial bills to be accepted for rediscount and all other issues shall be stipulated by the Bank. The maximum amount of loans to be extended in accordance with this article and their limits as per credit types shall be determined by the Bank by taking monetary policy principles into consideration.

The Bank may also grant advances against the bills that it may accept for rediscount.

Medium term rediscount and advance operations

Article 46- (Repealed by Law No. 4651 of April 25, 2001.)

Maximum amount of bills to be accepted for rediscount or advance

Article 47- (Repealed by Law No. 4651 of April 25, 2001.)

Advance against bonds

Article 48- (Repealed by Law No. 4651 of April 25, 2001.)

Discount Committees of the Head Office and of the Branches

Article 49- (Repealed by Law No. 4651 of April 25, 2001.)

CHAPTER II

Operations with the Treasury and public institutions

Short-term advances to the Treasury

Article 50- (Repealed by Law No. 4651 of April 25, 2001.)

Credit to public institutions

Article 51- (Repealed by Law No. 4651 of April 25, 2001.)

CHAPTER III

Open market operations

Article 52- (As amended by Law No. 4651 of April 25, 2001)

The Bank may, with an aim to effectively regulate the money supply and the liquidity in the economy within the framework of monetary policy targets, conduct open market operations against the Turkish Lira such as outright purchase and sale of securities, repurchase and reverse repurchase, lending and borrowing securities and lending and borrowing of the Turkish Lira deposits, and act as an intermediary in these operations. The open market operations to be carried out by the Bank and their procedures and principles, and the instruments bearing high liquidity and low risk levels which shall be subject to open market operations shall be determined by the Bank.

The Bank, within the scope of open market operations, may issue liquidity bills whose maturity shall not exceed 91 days, and that shall be tradable in the secondary markets, for its own account and behalf. However, the matters such as the prevention of the liquidity bills from being a permanent alternative investment tool, and the limitation of the issuance of the said bills merely with the aim to promote the effectiveness of open market operations shall be taken into consideration. The agreement period of repurchase, reverse repurchase and the Turkish Lira deposit transactions of the Bank shall not exceed 91 days; the initiation of the period shall be the value date of the transactions.

The Bank shall be authorized to designate establishments and institutions related to the operations falling within the scope of this article, from among banks and intermediary institutions specified in Law No. 2499 on Capital Markets, by taking the nature of the operation into consideration.

Open market operations shall be conducted only for monetary policy purposes and shall not be conducted to provide credit to the Treasury, to public establishments and institutions, or to other establishments and institutions.

CHAPTER IV

Operations on gold and foreign exchange

Article 53- (As amended by Law No. 4651 of April 25, 2001)

a) In order to determine the value of the Turkish Lira against foreign currencies, the Bank may, within the framework of its monetary policy, execute spot and forward purchase and sale of foreign exchange and banknotes, and may execute foreign exchange swaps and other derivatives transactions provided that the conditions thereof shall be determined beforehand.

b) The Bank shall manage the gold and foreign exchange reserves of the country consistent with the monetary policy targets and practices. The Bank may, with this objective and in compliance with the procedures and principles that it shall determine, perform all kinds of banking activities in the domestic and international markets covering spot or forward purchase and sale of gold, foreign exchange, securities and derivatives products, as well as lending and borrowing operations, by taking into consideration the safety, liquidity and return priorities respectively.

Loan limits

Article 54- (Repealed by Law No. 4651 of April 25, 2001.)

CHAPTER V

Other operations

Article 55- The Bank may perform banking operations and services to be determined by the Board.

The Bank shall supervise the operations of interbank clearing houses which already exist or which shall be established in the future in places where the branch offices are located.

PART VI

Operations prohibited for the Bank

Article 56- (As amended by Law No. 4651 of April 25, 2001)

The Bank may not, grant advance and extend credit to the Treasury and to public establishments and institutions, and may not purchase debt instruments issued by the Treasury and public establishments and institutions in the primary market.

The Bank may not extend credit and grant advance except for the operations authorized by this Law, and the credit to be extended and the advance to be granted may not be unsecured or without cover, and in any manner whatsoever the Bank may not, be a guarantor or provide security except for the transactions directly related to itself.

PART VII
**Accounts and balance sheet of the Bank, bulletin, exceptions,
exemptions and miscellaneous provisions**

CHAPTER I

Accounts of the Bank and accounting period of the balance sheet

Article 57- The accounting period of the Bank shall be the calendar year.

Balance sheet and report

Article 58- (As amended by Statutory Decree No. 703 of July 2, 2018)

The Bank shall, prior to the meeting of the General Assembly, submit to the Presidency of the Republic the balance sheet and the income statement along with the annual report to be prepared as of the end of each calendar year and shall have the balance sheet published in the Official Gazette.

Provisions and special reserves

Article 59- Provisions, in the amounts to be deemed appropriate by the Board, may be set aside from the gross annual profit of the Bank in order to cover certain risks which may occur in the following years due to the operations exclusive to the Bank.

Banknotes whose statute of limitations has expired as well as the differences arising from replacement in accordance with paragraph (b) of Article 37 shall be included in special reserves.

Allocation of the profit

Article 60- The annual net profit of the Bank shall be allocated in the following order:

- a) **(Repealed by Law No. 7186 of July 17, 2019.)**
- b) 6 percent of the nominal value of its share capital to the shareholders as the first dividend;
- c) **(As amended by Law No. 7186 of July 17, 2019)** After deducting the above-stated percentage; a maximum of 5 percent of the remaining amount to the staff members of the Bank in an amount not to exceed the sum of two months' of their salaries and 10 percent to the reserve fund;
- d) A second dividend to the shareholders in the ratio of a maximum of 6 percent of the nominal value of its share capital by a decision of the General Assembly.

The balance shall be transferred to the Treasury after this allocation.

(Added by Law No. 7186 of July 17, 2019.) Accumulated reserve funds, excluding the reserve fund set aside from the profit of last year, may be allocated by being added to the profit every year.

Valuation differences

Article 61- (As amended by Law No. 6009 of July 23, 2010)

The valuation differences, arising from the valuation of foreign exchange and banknotes, other assets and obligations in terms of foreign currency, and gold in the assets and liabilities of the Bank due to changes in the value of Turkish currency against foreign currencies and changes in the price of gold in international markets, shall be monitored in a separate account.

Unrealized valuation differences accrued in favor of the Bank as the result of the valuation of foreign exchange and banknotes, and other assets and obligations in terms of foreign currency, and gold in the assets and liabilities of the Bank due to changes in the value of Turkish currency against foreign currencies and changes in the price of gold in international markets, shall not be included in the profit of the valuation period and not be recognized as income in corporate tax assessment. Unrealized valuation differences accrued against the Bank, on the other hand, shall not be deducted from the profit of the valuation period and not be recognized as expense in corporate tax assessment.

The provision of Article 280 of Tax Procedure Law No. 213 shall not apply to the valuation to be made under this article.

Liquidation

Article 62- In the event of liquidation of the Bank, the principles applicable to the liquidation shall be laid down by a law. The value of the shares shall firstly be paid out from the net assets originating from the liquidation. Of the amount remaining after the payment of the shares at par, 80 percent shall be paid to the Government, and 20 percent to the shareholders.

CHAPTER II

Bank bulletin

Article 63- The Bank shall issue a bulletin briefly showing the statement of account as of the end of each week and shall also publish it in the Official Gazette.

The Bulletin shall contain the cash balance, gold holdings, foreign exchange position, the aggregate of the domestic bills to be paid, the Bank's deposits in foreign countries, and other claims on one hand; and the capital of the Bank, its reserves, the amount of banknotes in circulation, the deposits with the Bank, and other debts on the other hand; as well as the current rediscount, discount and interest rates applicable to the Bank's operations.

This bulletin shall be sent to the institutions to be deemed necessary and to foreign central banks.

CHAPTER III

Exemptions, exceptions and miscellaneous provisions

Exemption from taxes, duties and charges

Article 64- The capital of the Bank, its reserves, profits accrued in respect of class (A) shares as well as gold bullion or gold coins to be imported by the Bank; the imports to be

effected for the Banknote Printing Works and its installations shall be exempt from all kinds of taxes, duties and charges.³

The Bank shall be exempt from stamp duty as well as from duties and charges of any kind to be paid in connection with all the documents, announcements and other similar items associated with its own banking operations.

Tariffs applicable to the transportation of valuables

Article 65- Weight-based freight tariffs shall apply to the transportation of all kinds of gold coins, gold bullion and the Turkish Lira banknotes, as well as bonds, bills and foreign banknotes belonging to the Bank by the vehicles of Türk Hava Yolları A.O., Türkiye Cumhuriyeti Devlet Demir Yolları İşletmesi, Denizcilik Bankası T.A.O. and D.B. Deniz Nakliyatı T.A.Ş..

Nature of the books and records of the Bank

Article 66- All kinds of documents, records, books and bills of the Bank and the statements of account based thereupon shall be considered official documents.

Domicile of the debtor

Article 67- The address given by the debtors or by their guarantors during the conduct of a transaction with the Bank shall be considered their legal domicile. Subsequent changes shall not alter the jurisdiction of the court or enforcement power.

Penal provisions

Article 68- (As amended by Law No. 5728 of January 23, 2008)

I- a) Any officer or relevant person of banks and of other financial establishments and institutions, who does not comply with the regulations set forth by the Bank within the framework of the powers granted to it through the fourth paragraph of Article 4 and Article 52 on open market operations, of this Law, and who fails to establish in due time or who establishes deficiently the ratios fixed for reserve requirements and liquidity requirement pursuant to paragraph (II) of Article 40 of this Law, shall be sentenced to a judicial fine of two hundred to four hundred days.

b) (As amended by Law No. 6111 of February 13, 2011) Any officer or relevant person of banks and of other financial establishments and institutions, who fails to furnish the documents and information specified in the first and second paragraphs of Article 43 of this Law, or who provides inaccurate information and documents, or who obstructs the audit set forth in the fourth paragraph of Article 4 of this Law, shall be sentenced to a penalty of imprisonment for a term of one to three years and a judicial fine of four hundred to eight hundred days.

The commencement of an investigation and prosecution in connection with the offences described in this paragraph shall be subject to the filing of a petition by the Banking Regulation and Supervision Agency with the Office of the Chief Public Prosecutor either upon the request of the Bank or after obtaining the Bank's opinion. In this case, the provisions of Article 162 of the Banking Law shall apply.

II- a) Any staff member of the Bank who violates the first and second paragraphs of Article 35 of this Law shall be sentenced to a penalty of imprisonment for a term of one to three years and a judicial fine which shall not be less than hundred days.

Any staff member of the Bank who discloses confidential information in order to obtain benefits for himself or other persons shall be sentenced to a penalty of imprisonment for three to five years and a judicial fine of one thousand to ten thousand days.

b) Any staff member of the Bank who embezzles, for the benefit of himself or another, the money, or the documents or bills which substitute for money, or other goods, which he is obliged to keep and supervise or possession of which is delivered to him by reason of his office, shall be punished with a penalty of imprisonment for six to twelve years and a judicial fine of up to five thousand days and also be sentenced to indemnify the damage incurred by the Bank.

Where the offence is committed by conducting fraudulent acts to ensure that the embezzlement shall not be discovered, the offender shall be sentenced to a penalty of imprisonment which shall not be less than twelve years and a judicial fine of up to twenty thousand days; however, the amount of the judicial fine shall not be less than three times the damage incurred by the Bank. Furthermore, if the damage occurred has not been indemnified, the court shall, on its own initiative, render a judgment for the payment.

In the event that the money, or the documents or bills that substitute for money, or other goods, which are embezzled, are returned in their original state or the damage incurred is totally indemnified, prior to the initiation of the investigation, two thirds of the penalty to be imposed shall be reduced.

If, prior to the commencement of the prosecution, the embezzled money, or such documents or bills that substitute for money, or other goods, are voluntarily returned in their original state or the damage incurred is totally indemnified, the penalty to be imposed shall be reduced by one half. In case this happens before the judgment is rendered, the penalty to be imposed shall be reduced by one third.

Where the value of the money, or of the documents or bills that substitute for money, or of other goods, which are the subject matter of the offence of embezzlement, is minimal, the penalty to be imposed shall be reduced by one third to one half.

(As amended by Statutory Decree No. 703 of July 2, 2018) The commencement of an investigation and prosecution, against the Bank personnel in connection with the offences described in this paragraph and their actions during the performance of their duties specified in the Law, shall be subject to the filing of a petition by the Board with the Office of the Chief Public Prosecutor, and the commencement of an investigation and prosecution against other staff members of the Bank who are in office by appointment and election shall be subject to the filing of a petition by the President of the Republic with the Office of the Chief Public Prosecutor.

III- a) Anyone who intentionally takes an action which may tarnish the reputation or damage the credibility or assets of the Bank or who disseminates and publishes false information to that effect shall be sentenced to a penalty of imprisonment for one to two years and a judicial fine which shall not be less than hundred days.

b) Any real person or any responsible person of a legal entity, who fails to furnish the documents and information in the fourth paragraph of Article 43 of this Law accurately in accordance with the procedures and principles specified, shall be sentenced to a judicial fine of thirty to sixty days.

The commencement of an investigation and prosecution in connection with the offences described in this paragraph shall be subject to the filing of a petition by the Office of the Governor with the Office of the Chief Public Prosecutor.

IV- (Added by Law No. 7061 of November 28, 2017.) Any real person or any officer or relevant person of a legal entity, who fails to furnish, who furnishes inaccurately or who furnishes inconsistently with the determined procedures and principles, the information and documents requested by the Bank pursuant to Article 44 of this Law, shall be sentenced to a judicial fine of one thousand to two thousand days.

Supplementary Article - (Added by Law No. 3098 of December 6, 1984.)

The terms "Minister of Finance" and "Ministry of Finance" referred to in Law on the Central Bank of the Republic of Turkey No. 1211 of January 14, 1970 are amended to read as "Prime Minister" and "Prime Ministry" respectively.

Provisional Article 1- The Board of Directors of the Bank shall be transformed into Board as of the effective date of this Law; the duties of the members shall continue until the end of their respective terms of office. The duties of the member of the Board of Directors representing the personnel shall terminate on the effective date of this Law.

Provisional Article 2- As of the effective date of this Law, the General Director of the Bank shall be designated as "Governor" and the Assistant General Directors of the Bank as "Vice Governors", and their duties shall continue until the end of their respective terms of office.

Provisional Article 3- Those who are auditors on the effective date of this Law shall continue to perform their duties as members of the Audit Committee until the end of their terms of office.

Provisional Article 4- The duties of other persons employed in the Bank on the effective date of this Law shall continue.

Provisional Article 5- Treasury bills held in the portfolio of the Bank on the effective date of this Law shall be liquidated in accordance with the principles and conditions to be determined by the Ministry of Finance and the Bank; and the advance account which has been extended to T. Emlak Kredi Bankası against Treasury guaranteed bonds shall be liquidated in accordance with the principles and conditions to be determined by the Ministry of Finance, the Bank and the institution concerned.

Provisional Article 6- The banknotes issued in accordance with the Law No. 1715 and which circulate on the effective date of this Law shall remain in circulation under the provisions of this Law until they are replaced by a new issue.

Provisional Article 7- All the decisions taken by the Committee for the Regulation of Bank Credits shall continue to be valid after the effective date of this Law unless otherwise decided by the Bank.

Provisional Article 8- The aggregate of the shares corresponding to the TL 10 million increase in the capital which was raised from TL 15 million to TL 25 million in accordance with Article 5 of this Law, shall be allocated to class (A).

The amount corresponding to the TL 10 million shares in question shall be covered all at once from the available provisions with the Bank until the first meeting of the General Assembly after the effective date of this Law.

Provisional Article 9⁴- (Added by Law No. 3985 of April 21, 1994.)

The amounts accumulated as to 1994 and the previous periods in the advance account specified in Article 50 and the amounts to be utilized between 1995 and 1998 shall be liquidated in accordance with the principles to be determined between the Prime Ministry and the Bank.

Provisional Article 10- (Added by Law No. 6111 of February 13, 2011.)

According to the result of the oral examination-interview held between 25/8/2009 and 28/8/2009, the rights relating to the result of the examination, of the assistant specialists appointed to the Central Bank of the Republic of Turkey whose employment has been terminated without their request, shall be reserved. The education and the apprenticeship of these nominees shall continue from where they stopped. With a view to benefit from the provisions of this Article, it shall be required to apply to the Bank within ten working days as of the effective date of this Article.

Provisional Article 11- (Added by Law No. 6456 of April 3, 2013.)

Audit Committee members who are on duty on the effective date of this Article shall continue to perform their duties until the end of their terms of office.

Provisional Article 12- (Added by Law No. 7186 of July 17, 2019.)

All of the reserve funds which are set aside until the effective date of this article, and all of the accumulated extraordinary reserve funds excluding its part set aside from the profit of last year, shall be transferred to the Treasury without seeking the decision of the General Assembly.

Laws repealed

Article 69- Law on the Replacement of Banknotes by Their Reserves No. 1514 of 2.6.1929, and Law on the Central Bank of the Republic of Turkey No. 1715 of 11.6.1930, together with the Laws, which amend or are annexed to this Law, No. 3133 of 12.2.1937; No. 4431 of 12.6.1943; No. 5167 of 4.2.1948; No. 5256 of 8.7.1948; No. 5377 of 2.5.1949; No. 6544 of 27.4.1955; No. 6571 of 18.5.1955; No. 6758 of 25.6.1956; No. 260 of 24.2.1961; No. 142 of 3.1.1963; No. 583 of 21.4.1965 and Articles 33 and 47 of Banks Act No. 7129; paragraph 2 of Article 9, as amended by Law No. 302, of Law No. 2279 on Loans, are repealed.

(Added by Law No. 6111 of February 13, 2011.) The provision of sub-paragraph (c) of Article 14 of Law No. 3624 dated 12/4/1990 on the Establishment of the Small and Medium-sized Industry Development Organization shall not apply to the Bank.⁵

The third paragraph of Article 4 of Law No. 468⁶ of May 12, 1964 is amended to read as follows:

"The Central Bank of the Republic of Turkey shall not be deemed as Public Economic Enterprise and shall not be subject to the audit set forth by this Law. Auditing of this Bank by the Grand National Assembly of Turkey shall be conducted through the examination of the national budget as referenced in Article 94 of the Constitution."

The final paragraph of Article 4 of Law No. 468 dated May 12, 1964 is amended to read as follows:

"The administrations, institutions and public professional organizations stated in paragraphs 1 and 2 shall be deemed as public corporate bodies for the purposes of paragraph 1."

Provisions of current laws in force which do not comply with this Law shall not apply to the Bank.

Effective date

Article 70- This Law shall become effective on the date of its publication.

Enforcement

Article 71- The Council of Ministers shall be entrusted with the enforcement of this Law.

Articles of Law No. 4651 of April 25, 2001, which may not be inserted to this Law, are as follows:

Provisional Article 1- The provision pertaining to the terms of office stipulated in Article 29 of Law No. 1211 which is amended by Article 5 of this Law shall not be applicable to the Vice Governors who shall be in office on the effective date of this Law.

Provisional Article 2- The amounts accumulated at the advance account described in Article 50 of Law No. 1211 which is repealed by Article 16 of this Law shall be liquidated in accordance with the principles determined by the Bank and the Treasury; credits extended to public establishments and institutions pursuant to Article 51 shall be liquidated to be paid back in compliance with the extension procedures.

The Bank may purchase debt instruments issued by the Treasury in the primary market as well for a period of six months beginning from the effective date of this Law.

The Article of Law No. 6009 of July 23, 2010, which may not be inserted into this Law, is as follows:

Provisional Article 2- The provision of Article 61, as amended by this Law, of Law No. 1211 on the Central Bank of the Republic of Turkey, shall also apply to the unrealized valuation differences accrued in favor of and against the Bank as the result of valuation made from 5/5/2001 to the effective date of this Law, on the foreign exchange and banknotes, other assets and obligations in terms of foreign currency, and gold which are in the assets and liabilities of the Bank, due to changes in the value of the Turkish currency against foreign currencies and changes in the price of gold in international markets.

¹ By Decision of the General Assembly of April 28, 1988 and the Decree of the Council of Ministers on Amending Certain Articles of the Articles of Association of the Bank No. 88/13075 of June 24, 1988 the capital is increased to TL 25,000,000,000 (TL 25,000 under the Law on the Currency Unit of the Republic of Turkey No. 5083 dated January 28, 2004); the nominal values of the shares are increased to TL 100,000, 200,000, 500,000, 1,000,000, 5,000,000 and 10,000,000 (Kr 10, Kr 20, Kr 50, TL 1, TL 5, TL 10 respectively under Law No. 5083).

² In accordance with Article 60 of Law No. 6456 dated April 3, 2013, the effective date of this Article is set forth as May 1, 2013.

³ Provisions pertaining to all kinds of tax, duty and charge exemption applicable to importation are repealed by Article 1 of Law on the Repeal of Customs Exemptions Granted by Certain Laws No. 3283 dated May 6, 1986

However, by the Decree of the Council of Ministers No. 95/7536 which is issued in accordance with Article 2 of the same Law and published in the Official Gazette No. 22513 dated January 4, 1996, it is so decided that any machine, equipment and supply to be imported by the Banknote Printing Works so as to be utilized in the production of banknotes and negotiable instruments shall be exempted from customs duty and Housing Development Fund.

⁴ In accordance with Article 6 of Law No. 3985 dated April 21, 1994, the effective date of this Article is set forth as January 1, 1995.

⁵ In accordance with sub-paragraph (i) of first paragraph of Article 215 of Law No. 6111 dated February 13, 2011, the effective date of this paragraph is set forth as January 1, 2012.

⁶ Law No. 468 dated May 12, 1964 is repealed by Law on the Audit of State-Owned Economic Enterprises and Funds by the Turkish Grand National Assembly No. 3346 of April 2, 1987. See Article 2 of Law No. 3346.