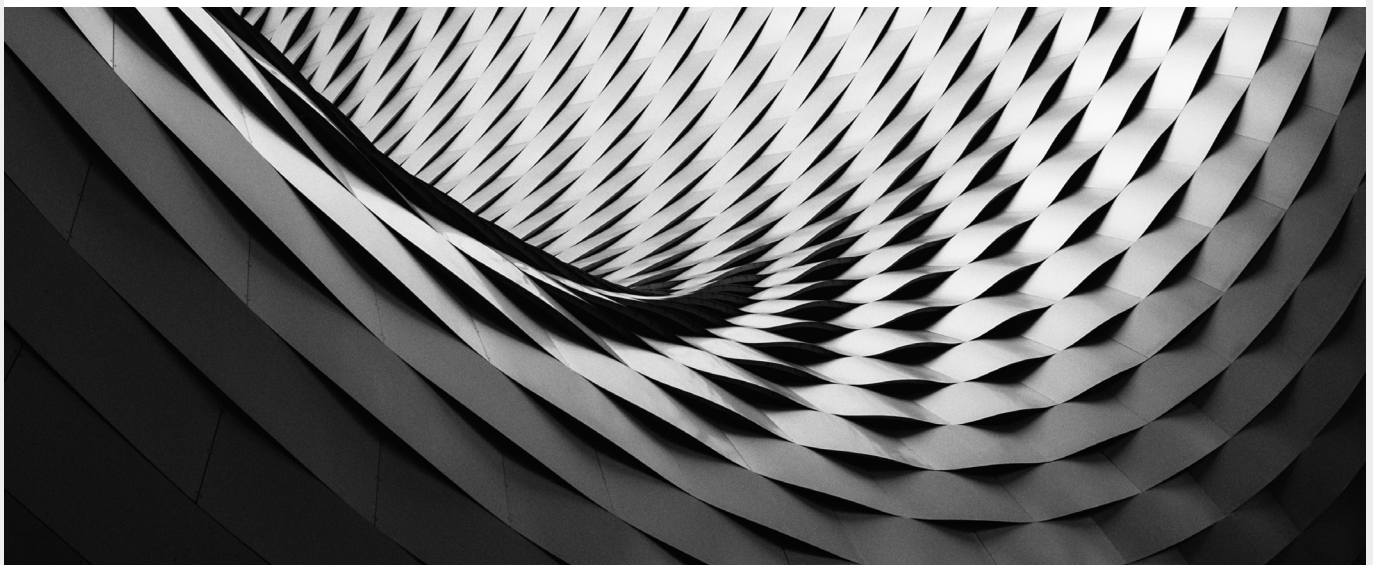


Asset Management Companies – New Draft Regulation

April 2021



Dear Clients, Colleagues and Friends,

As part of the economy reforms published by the Ministry of Treasury and Finance on 12 March 2021, the Banking Regulation and Supervision Agency (the “**BRSA**”) has published the draft of the new AMC regulation “*Regulation on Establishment and Activities of Asset Management Companies and Procedures Regarding Receivables to Be Acquired*” (the “**Draft Regulation**”) on its website for public opinions.

The Draft Regulation, if issued, will abolish (i) the existing AMC regulation (the *Regulation on Establishment and Activities of Asset Management Companies*) (the “**AMC Regulation**”) and (ii) the Regulation on Sale of Receivables by Public Banks and their Financial Institution Affiliates to Asset Management Companies.

The Draft Regulation covers the establishment and governance of asset management companies (“**AMCs**”) as well the purchase of loans (including NPLs) by AMCs in detail. We provided below highlights in connection with the purchase of loans;

- The relevant clauses of the Draft Regulation regulate tender requirements for sales of loans, information sharing requirements, collection & enforcement and protections available to consumer debtors.
- Loans can only be sold by way of tender, which should be notified to all AMCs with prior notice. Tender should be held in a fair, competitive and transparent manner. Performing Loans and Non-Performing Loans cannot be bundled and be sold as part of the same portfolio.
- AMCs can acquire loans from cross-border lenders. AMCs can also transfer loans (other than consumer loans) to cross-border lenders.

- Transfer of loans to AMCs should be made on a non-recourse basis. In revenue sharing model, no further obligation, whether conditional or not, can be assumed by transferors.
- The transferor should provide the purchasing AMC with extensive information and documentation in connection with the loan and the debtor.
- The Draft Regulation limits loans that may be provided by AMCs with 1% of their paid-up capitals. Currently, there is no such limit under the AMC Regulation.

In addition to the above, Draft Regulation reduces the requirement the approval of the BRSA for any share transfer from 50% and above to 10% and above. Any share transfer below 10% will need to be notified to the BRSA.

Please do not hesitate to contact us for any further information on this briefing.

Kind regards,



Sera Somay

Partner

ssomay@paksoy.av.tr



Soner Dađlı

Senior Associate

sdagli@paksoy.av.tr

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