

**DRAFT OF THE BILL OF**  
**THE ACT ON MICRO-FINANCING INSTITUTIONS**

**FIRST PART**  
**General Provisions**

**Purpose and scope**

**Article 1-** The purpose of this Act is to lay down the principles regarding the establishment, management, operations, liquidation and supervision of micro-financing institutions to be established and founded for the purpose of financing the micro entrepreneurs, with the overall intention of fighting against poverty, increasing wealth and reducing unemployment.

Micro-financing institutions, which accept and collect deposits or do not accept and collect deposits, to be established in Turkey are subject to and governed by the provisions of this Act.

All and any issues on which this Act remains silent shall be subject to and governed by the general law provisions.

**Definitions**

**Article 2-** For the purposes of this Act, the following terms shall have the following meanings:

“Agency” means the Banking Regulatory and Supervisory Agency stated in the Banks Law No. 4389;

“Board” means the Banking Regulatory and Supervisory Board stated in the Banks Law No. 4389;

"Micro Entrepreneur" refers to a natural person entrepreneur whose economic activity depends on labor rather than cash capital and who cannot earn his living or earns his living only at the minimum subsistence level and who intends and plans to engage in an income- yielding activity for the purpose of improving his economic and social wealth;

“Deposit Collecting Micro-Financing Institution” refers to the institutions which are established with the name "deposit collecting micro-financing

institution" and are engaged in provision of cash credits to micro entrepreneurs and to non-deposit collecting micro-financing institutions under and in accordance with this Act;

“Non-Deposit Collecting Micro-Financing Institution” refers to the institutions which are established with the name "non-deposit collecting micro-financing institution" and are engaged in provision of finance to micro entrepreneurs without collecting and accepting any deposit from them under and in accordance with this Act, also including the enterprises that may be founded by non-governmental organizations;

“Union of Micro-Financing Institutions” refers to a union of the institutions active in the micro-financing field;

“Micro-Financing Assurance Fund” refers to the insurance fund of the deposit accounts held with the deposit collecting micro-financing institutions;

“Micro Credit” refers to a small capital fund provided and made available to the needy for income-yielding activities;

“Micro Finance” refers to micro credits, including insurance;

“Customer” refers to and stands for micro entrepreneurs and non-deposit collecting micro-financing institutions in the deposit collecting micro-financing institutions, and for micro entrepreneurs in the non-deposit collecting micro-financing institutions;

“Branch” refers to all local organization units of deposit collecting and non-deposit collecting micro-financing institutions such as branches, agencies and stationary or mobile offices, except for their units solely composed of electronic transaction devices; and

“Own funds” refers to total sum of share capital and contributory capital reduced by deductibles from capital, for both deposit collecting and non-deposit collecting micro-financing institutions, to be calculated in accordance with the principles, components and ratios to be determined and identified by the Board.

## **SECOND PART**

### **Deposit Collecting Micro-Financing Institutions**

## **Principles of Establishment and Start of Operations of Deposit Collecting Micro-Financing Institutions**

**Article 3-** Establishment of a deposit collecting micro-financing institution will be permitted by a decision of the Board to be taken by affirmative vote of minimum five members of the Board.

A deposit collecting micro-financing institution shall be founded as a joint stock company, having issued all of its capital shares against payment in cash, having issued all of its capital shares as registered shares, having an own fund not being less than its paid capital and containing a minimum capital of one trillion lira paid in cash free from all and any collusions, and having an articles of association drafted in strict compliance with provisions of this Act, and its founders should:

- a) not have been declared bankrupt or not have entered into composition with their creditors; and
- b) not own or hold, directly or indirectly, a share of ten percent or more in any bankers, banks, insurance companies or other institutions trading in money and capital markets which are in the process of liquidation or in any banks transferred to the Saving Deposits Insurance Fund; and
- c) not own or hold, directly or indirectly, either a share equal to or more than 10 percent of the capital or a share which is less than this proportion, but gives to its holder the privilege of nominating members of board of directors or board of auditors, in a bank against which legal actions and proceedings have been commenced pursuant to Article 14 of the Banks Law No. 4389; and
- d) not have been sentenced to heavy imprisonment or to imprisonment for more than five years, even if pardoned later on, except for the negligent offences, or not have been convicted of breach of provisions of Article 22 of the Banks Law No. 4389 and the Capital Markets Law No. 2499, or of infamous crime, such as simple or qualified embezzlement, peculation, bribery, theft, swindling, forgery, breach of trust and fraudulent bankruptcy, or of smuggling, except for smuggling for personal consumption, or of sedition or fraudulency in official tenders and purchases, or money laundering, or disclosure of State secrets, or tax evasion, or attempt for or being an accomplice in tax evasion.

The political parties, societies, foundations, unions, professional organizations, cooperatives, associations and local governments, as well as their direct or indirect subsidiaries or affiliates, are not allowed to hold or own capital shares or interests in micro-financing institutions directly or indirectly or under any name whatsoever. This provision of prohibition also applies for press, media, television and radio institutions, and their direct or indirect shareholders or partners, and their relatives in the degrees set out in paragraph (3) of Article 245 of the Turkish Civil Procedures Code No. 1086, and for those who are wage-earners or employed with similar payments in press, media, television and radio institutions.

Resources derived out of the donations granted to a deposit collecting micro-financing institution by natural or legal persons resident at home or abroad with a prior consent of the Agency, without any condition precedent for utilization thereof and without any repayment demand will be considered and treated as a component of share capital in calculation of the own funds of the deposit collecting micro-financing institution.

Having received an establishment license, the deposit collecting micro-financing institution is further required to receive an operation license from the Board before start of its operations. Principles and procedures with respect to the applications to the Agency for an establishment license and the information and documents to be requested from the applicants and the granting of an operation license shall be set forth in a regulation to be issued by the Board.

An establishment license shall become null and invalid if and when the licensee fails to start operations within one year after the date of license.

### **Amendments to Articles of Association, Change of Control, and Share Transfers**

**Article 4-** Any amendment to the articles of association of a deposit collecting micro-financing institution shall require an approval of the Agency. A proposed amendment not approved by the Agency can not be discussed in the general assembly meeting of shareholders and can not be recorded or registered in the Trade Registry.

Any transfer of shares that results in the direct or indirect acquisition of shares representing ten percent or more of the capital by one person, or in the direct or indirect acquisition of shares of a shareholder representing ten percent or more of the capital, or cause the direct or

indirect shareholding of one shareholder exceed ten percent, twenty percent, thirty-three percent or fifty percent of the capital, or cause the shareholding of one shareholder fall below these percentages in a deposit collecting micro-financing institution shall be subject to a prior consent of the Board. Share transfers executed without such consent and share transfers causing the total number of shareholders fall below five shall not be recorded in the share book. Any records made in the share book in breach of the foregoing provision shall be null and void. The provisions of this paragraph shall also apply to the acquisition of voting rights and the pledging of shares and the grant of usufruct on the shares. Assignment of privileged shares granting the right of nominating a member to board of directors or board of auditors shall be subject to a prior consent of the Board, irrespective of the percentage limits defined above.

A shareholder owning at least ten percent and more of the capital or owning privileged shares, even if below the foregoing percentage limit, granting the right of nominating a member to board of directors or board of auditors, is required to bear qualifications sought for the founders.

### **Management Bodies of Deposit Collecting Micro-Financing Institutions**

**Article 5-** Majority of members of the board of directors and the general manager of a deposit collecting micro-financing institution must have at least a bachelor's or postgraduate degree in any one of the fields of engineering, law, economics, business management, public administration, finance or banking, and at least half of the deputy general managers thereof must have at least a bachelor's or postgraduate degree in any one of the fields listed above, and general manager must possess a minimum professional experience of seven years in the field of finance or business management, and deputy general managers must possess a minimum professional experience of five years in their fields of assignment.

Nominees to be appointed to the position of general manager or deputy general manager must be notified to the Agency before the appointment date, together with the documents proving that they satisfy the requirements stated in this Article. They may, however, be appointed to such positions only upon approval of the Agency.

Nominees to be appointed to the position of chairman of the board, member of the board, auditor, general manager or deputy general

manager or as an officer with first degree signature authority in a deposit collecting micro-financing institution must bear the qualifications sought for the founders as set forth in Article 3. Signature authority of those who no longer meet these requirements shall be promptly revoked by the deposit collecting micro-financing institution.

The foregoing officers shall be subject to provisions of the Law no. 3628 dated 19/04/1990. Principles and procedures for declaration of property shall be set forth by the Board.

### **Branches of Deposit Collecting Micro-Financing Institutions**

**Article 6-** The opening of branches by the deposit collecting micro-financing institutions is subject to prior consent of the Agency. Principles and procedures as regards to consenting to the opening of branches shall be set forth by an implementation regulation.

### **Loans of Deposit Collecting Micro-Financing Institutions**

**Article 7-** The deposit collecting micro-financing institutions can extend and make available cash credits and loans to the micro entrepreneurs and to the non-deposit collecting micro-financing institutions by a decision of the board of directors. The board of directors can delegate this power to the head office or branches within the framework of principles to be set down by the board of directors, provided, however, that delegation of powers does not relieve the board of directors from its pertinent liabilities.

The amount and conditions of cash credits to be extended and made available to a micro entrepreneur will be determined by mutual agreement of the micro-financing institution and the relevant micro entrepreneur. The deposit collecting micro-financing institutions can extend loans and credits to the groups comprised of more than one micro entrepreneur, against joint and several guarantee of each micro entrepreneur included in the group. The amount and guarantees of credits to be extended and made available to a non-deposit collecting micro-financing institution will be evaluated, decided and determined by the deposit collecting micro-financing institution itself.

Total amount of loans and credits extended and made available by the micro-financing institution cannot exceed its own funds. Total amount of loans and credits to be extended and made available by the micro-financing institution cannot exceed two percent of its own funds for the

credits to a micro entrepreneur, and ten percent of its own funds for the credits to a non-deposit collecting micro-financing institution.

Deposit collecting micro-financing institutions are liable to set aside general and special provisions for losses which have resulted or are expected to result from loans and other receivables thereof, the total amount of which can not be determined. Types of such credits, loans and other receivables, and principles and procedures relating to provisions will be as set out in regulations to be issued by the Board. All special provisions set aside by the micro-financing institution pursuant to this paragraph shall be deemed as an expenditure item for the purpose of calculation of corporate income tax base in the current year.

### **Acceptance and Collection of Deposits**

**Article 8-** The deposit collecting micro-financing institutions may be granted the power of acceptance and collection of deposits upon their application, by a decision of the Agency taken by affirmative votes of at least five members of the Board. Principles and procedures related to the said applications to be made to the Agency for a license of collection of deposits, and to the information and documents required to be filed and submitted therein, and to the granting of a license of collection of deposits, shall be set forth in a regulation to be issued by the Board.

Maximum limit of the total sum of deposits that may be accepted and collected by a deposit collecting micro-financing institution according to its own funds will be determined by the Agency separately for each deposit collecting micro-financing institution, up to two times its own funds.

The deposit collecting micro-financing institutions are under obligation to separate the saving deposit accounts opened by natural persons under this name, which are not subject to any commercial transactions, from other types of deposit accounts and to classify deposit accounts according to terms and types thereof, as will be determined by the Agency.

Without prejudice to the provisions of the Turkish Civil Code No. 4721 dated 22/11/2001 pertaining to pledges, and the provisions of the Code of Obligations No. 818 dated 22/04/1926 pertaining to the transfer of debts and the assignment of receivables and the powers granted and the obligations imposed by other pertinent laws, the right of depositors to withdraw their deposits may in no case be limited or restricted. The

conditions agreed upon by and between the depositor and the deposit collecting micro-financing institution with regard to maturity and notice period are, however, reserved.

Deposits accepted and collected by the deposit collecting micro-financing institutions shall not be under cover of the deposit insurance regulated by the paragraph (6) Article 15 of the Banks Law No. 4389.

The deposit collecting micro-financing institutions are liable to hold liquidity in cash or in the form of state internal borrowing instruments in an amount equal to fifteen percent of the total amount of deposits collected and held by them in their own accounts or in accounts opened in the local banks or special financial institutions.

All types of deposits, safe custody accounts and receivables held with the deposit collecting micro-financing institutions and not transacted or claimed for a period of ten years following the date of last demand or last transaction thereon or the date of last written instruction of the depositor thereof shall be time-barred, and the deposits, safe custody accounts and receivables time-barred as above shall be appropriated by the Agency, in accordance with the principles and procedures to be determined by the Board.

### **Prohibited Activities and Transactions of Deposit Collecting Micro-Financing Institutions**

**Article 9-** The deposit collecting micro-financing institutions may not carry out any commercial or industrial operations except for those stated in this Act. Within this framework, the deposit collecting micro-financing institutions are not allowed to:

- a) extend or make available cash or non-cash loans and credits to any natural or legal person, other than micro entrepreneurs and non-deposit collecting micro-financing institutions; or
- b) issue credit cards, or open check accounts, or give checkbooks; or
- c) extend and make available loans and credits in foreign currency; or
- d) establish any partnership or participate in an existing partnership; or
- e) acquire real estates in excess of the number and size allowed by the Agency for their own needs.



The partnership shares and interests, commodities and real estates acquired due to non-payment of receivables, and the capital market instruments issued pursuant to the provisions of the Capital Markets Law No. 2499, cannot be considered and treated in the scope of prohibitions under this Article.

Principles and procedures relating to disposal of the partnership shares and interests, commodities and real estates acquired due to non-payment of receivables shall be set forth in a regulation to be issued by the Agency.

### **Written Contract Obligation of Deposit Collecting Micro-Financing Institutions**

**Article 10-** The contracts regulating credit relations of the deposit collecting micro-financing institution with the micro entrepreneurs and the non-deposit collecting micro-financing institutions shall be valid and effective only if made in writing and in a certain format.

The deposit collecting micro-financing institution shall present a copy of the contract to be signed with its customers and give detailed information on the provisions thereof to the Agency upon demand of the latter. Provisions of the contract shall be formulated in a clear, understandable and easily readable format. All clauses of the contract relating to the monetary obligations such as all types of interest rates, including the default interest rate, and penalties, fees, charges and commissions, and all clauses pertaining to renewal and termination of the contract shall be based on certain formal principles that are easily understandable by the parties thereto. The customers shall in no case be requested to pay any interest, commission or charge or other moneys under any name whatsoever, other than those clearly stated in the contract. The clauses and provisions of the contract signed by and between the parties cannot be amended or changed to the detriment of customers during the term of the contract.

### **Accounting and Recording System, Financial Statements and Audit in Deposit Collecting Micro-Financing Institutions**

**Article 11-** Deposit collecting micro-financing institutions are under obligation to keep and publish and to present to the relevant authorities their accounts, records and financial statements in accordance with the principles and procedures to be laid down by the Board.

The financial statements of a deposit collecting micro-financing institution to be submitted to its general assembly shall have been audited and approved by an independent audit firm authorized to audit the banks, in accordance with the principles and procedures to be laid down by the Board.

The Board is authorized to determine the standard ratios relating to financial structure and utilization of resources of the deposit collecting micro-financing institutions, as well as the principles and procedures of publishing of these ratios if and when deemed necessary. The deposit collecting micro-financing institutions shall be obliged to comply with the determined ratios.

In order to keep implementation of this Act under review, the Agency is authorized to request from the deposit collecting micro-financing institutions all and any information, statements, reports and financial statements prepared in conformity to the formats and procedures to be set forth by the Agency. The deposit collecting micro-financing institutions are obliged to submit such information, statements and reports to the Agency.

It is the duty of the Agency to audit and inspect all kinds of operations of the deposit collecting micro-financing institutions, and to determine and analyze the relations, ratios and balances between their assets, liabilities, receivables, own funds, profit and loss accounts, as well as all other factors affecting their financial structure, and to conduct the required investigations and examinations in relation therewith.

The Sworn Bank Auditors and their Assistants are authorized to request all kinds of information from, and to audit and inspect all and any books, records and documents of, the deposit collecting micro-financing institutions and the associated natural and legal persons if and when deemed necessary in the course of implementation of the provisions of this Act, and such institutions and persons are under obligation to give the requested information and to make their books, records and documents available for inspection and audit upon demand. All of the public entities and administrations, the Turkish Central Bank and similar other organizations and the Risk Center will provide the Sworn Bank Auditors and their Assistants with all kinds of information, even if they are confidential, that may be requested in connection with performance of their duties.

## **Revocation of Operation License of a Deposit Collecting Micro-Financing Institution**

**Article 12-** Upon occurrence of any one or more of the following events as will be determined by the Agency, the Board will be authorized to revoke and withdraw the operation license of a deposit collecting micro-financing institution by a decision to be taken by affirmative votes of at least five members of the Board:

- (a) If the deposit collecting micro-financing institution fails to perform any of its obligations on due date thereof;
- (b) If the total amount of its liabilities exceeds the total amount of its assets;
- (c) If continuation of its activities jeopardizes the rights and interests of depositors;
- (d) If it is determined that the thresholds specified in Article 8 are exceeded, and if the deposit collecting micro-financing institution fails to remedy its failure within the period to be granted by the Agency;
- (e) If it is determined that the deposit collecting micro-financing institution has been engaged in the prohibited activities and operations listed in Article 9, and if the deposit collecting micro-financing institution fails to liquidate such prohibited activities and operations within the period to be granted by the Agency;
- (f) If it is determined that the deposit collecting micro-financing institution has failed to perform its obligations specified in Article 11, and if the deposit collecting micro-financing institution fails to remedy such non-conformity or failure within the period to be granted by the Agency; or
- (g) If it is determined that the deposit collecting micro-financing institution has taken any action in violation of the legislation on prevention of money laundering.

A deposit collecting micro-financing institution whose operation license is revoked and withdrawn as above shall be liquidated and wound up in accordance with the general law provisions. In the case of liquidation, the receivables payable to the deposit account holders shall be paid in

priority. The Agency is authorized to supervise and audit the liquidation process, and to request all kinds of information and documents from the relevant persons if and when deemed necessary.

Should it be determined that the chairman and members of the board of directors, or internal auditors, or general manager or deputy general managers, or authorized signatories of a deposit collecting micro-financing institution have caused implementation of the provisions of this Article on the deposit collecting micro-financing institution through and due to their decisions and acts in contradiction with the applicable laws, then and in this case, the said persons may be held personally liable to the extent of the losses caused to the deposit collecting micro-financing institution, and the competent court may adjudge such persons bankrupt in reliance upon a decision of the Board and upon demand of the liquidation committee to be formed in accordance with the general law provisions pertaining thereto. If and to the extent such decisions or acts are taken with the intention of providing or conferring benefits to the shareholders holding the control of management and supervision of the deposit collecting micro-financing institution, the same provisions shall be applicable also on such shareholders to the extent of the benefits so obtained.

### **Administrative Fines Relating to Deposit Collecting Micro-Financing Institutions**

**Article 13-** The following administrative fines may be imposed on a deposit collecting micro-financing institution by a decision of the Board specifying the reasons thereof:

- (a) a fine of five billion lira in the event of breach of the provisions of Article 4;
- (b) a fine of ten billion lira in the event of an appointment in breach of the provisions of second paragraph of Article 5 or in the event of assignment of the persons identified in third paragraph to the prohibited positions, and in addition, a fine equal to ten percent of the said fine for each day of delay after the end of the granted period of time, if the said breach or non-conformity is not remedied within ten business days after receipt of the notice of fine;
- (c) a fine of eight billion lira in the event of opening of a branch in breach of the provisions of Article 6;

- (d) a fine equal to ten percent of the amount in breach, but in any case not less than five billion lira, in the event of breach or violation of the crediting limits prescribed in the second paragraph of Article 7;
- (e) a fine equal to two per thousand of the amount of provisions required to be set aside, but in any case not less than three billion lira, in the event of failure in setting aside all of the provisions prescribed in the third paragraph of Article 7, and in addition, a fine equal to three percent of the amount of provisions required to be set aside, in the event of failure in remedying the default or breach by the end of the period to be granted by the Agency, not being less than three months;
- (f) a fine equal to one percent of the amount in breach, but in any case not less than ten billion lira, in the event of breach or violation of the thresholds or limits prescribed in the second paragraph of Article 8;
- (g) a fine of two billion lira in the event of breach or failure in performance of obligations prescribed in the third paragraph of Article 8;
- (h) a fine equal to two per thousand of the amount of reserves required to be held, but in any case not less than three billion lira, in the event of failure in performance of the obligations prescribed in the sixth paragraph of Article 8, and in addition, a fine equal to three percent of the amount of reserves required to be held, in the event of failure in remedying the default or breach by the end of the period to be granted by the Agency, not being less than three months; or
- (i) a fine of ten billion lira in the event of breach or violation of the provisions of the second and third paragraphs of Article 11.

Prior to imposition of any administrative fine, the relevant deposit collecting micro-financing institution shall be given the opportunity to defend itself. If the deposit collecting micro-financing institution fails to file a defense within one month after receipt of the notice of defense, it will be deemed to have waived from its right of defense.

Upon recurrence of the events or acts requiring imposition of an administrative fine as above, except for the fines that are subject to lapse of a certain period of time or are proportional, the amount of

administrative fine will be doubled, and upon second and other subsequent recurrences, the amount of administrative fine will be tripled. If the same act requiring imposition of an administrative fine as above is not repeated within two years following the date of the administrative fine, the provisions of the preceding sentence will not be applicable. Any fine so imposed shall be notified to the relevant deposit collecting micro-financing institution, and shall be collected in accordance with the provisions of the Law No. 6183, and appropriated by the Agency.

The right to impose a fine pursuant to this Article shall be subject to a prescription time of five years from the date of occurrence of the breach. Acts requiring a judicial penalty or punishment will not further and separately be punished with an administrative fine.

Upon opening of a branch in breach of the provisions of Article 6 of this Act, not only the provisions of sub-paragraph (c) of the first paragraph hereof shall be applied, but also the branch may be closed temporarily or permanently by the relevant governorship upon demand of the Agency.

## **Judicial Penalties and Punishments Applicable on Deposit Collecting Micro-Financing Institutions**

**Article 14-** A natural person or the officers of a legal entity who are engaged in the business of financing the micro entrepreneurs without a license required to be obtained pursuant to this Act or who use the phrase "deposit collecting micro-financing institution" in their company name or trade name, stationery, documents, advertisements or public statements or who use words and expressions that may create the impression of financing the micro entrepreneurs will, depending on the degree of their personal liability in commission of such act, be sentenced to imprisonment from three to five years and a heavy fine from fifteen billion to twenty-five billion lira. In addition, upon demand of the Board, the competent court may order the closing of the business place of such persons either permanently or temporarily up to one year, and the stoppage of their advertisements and promotions, or the recall of their advertisement and promotional materials.

Without prejudice to the provisions of the forth paragraph of Article 8 of this Act, the relevant officers or employees of a deposit collecting micro-financing institution who deliberately prevent withdrawal of deposits by the depositors shall be sentenced to imprisonment from six months to two years and a heavy fine of five billion lira.

If and when the chairman and members of the board of directors or the other officers of a deposit collecting micro-financing institution embezzle the money or other properties of the deposit collecting micro-financing institution which are entrusted to them for performance of their duties or are under their custody, control or responsibility, they will not only be sentenced to heavy imprisonment for a period from six to twelve years, but also be ordered to indemnify the damages incurred by the deposit collecting micro-financing institution due to such embezzlement. Should it be proven that the offense described in this paragraph is committed through all and any kinds of fraudulency aiming at deceiving the deposit collecting micro-financing institution and concealing such offense, then and in this case, the offender shall be sentenced to heavy imprisonment for a period not less than twelve years and a heavy fine equal to three times the amount of losses or damages so incurred. Furthermore, if the damages incurred by the deposit collecting micro-financing institution are not duly indemnified, the competent court shall ex officio order payment of such indemnity. Where total amount of the damages is indemnified fully to the deposit collecting micro-financing institution prior to start of the legal prosecution, the penalties shall be reduced by half, or where

the indemnification is made prior to the court judgment thereon, the penalties shall be reduced by one-third thereof.

A natural person or the officers and employees of a legal entity who do not give the requested information and documents to the official authorities and auditors or inspectors identified in this Act or who preclude the auditors or inspectors from performing their duties shall be sentenced to imprisonment from one year to three years and a heavy fine from five billion to fifteen billion lira.

For the untrue and misleading statements in the publications and the documents filed by a deposit collecting micro-financing institution to the authorities named in this Act or the auditors, courts and other governmental bodies and agencies, and for the unrecorded transactions, and for the accounting of transactions contrary to the underlying facts, the officers or employees of the relevant deposit collecting micro-financing institution who sign such documents or the underlying documents will, depending on the degree of their personal liability in commission of such act, be sentenced to imprisonment from one year to three years and a heavy fine in an amount not being less than fifteen billion lira.

Persons in charge of enforcement of this Act or supervision of enforcement hereof shall keep confidential, and cannot disclose the secrets relating to deposit collecting micro-financing institutions and their customers which may come to their knowledge during performance of their duties hereunder, to any third person other than those who have the right of access to such information pursuant to this Act and other special laws, nor can they use such information in their own interests. This confidentiality obligation will survive termination of their employment contract. One who violates this confidentiality obligation will be sentenced to heavy imprisonment from one year to three years and a heavy fine in an amount not being less than ten billion lira.

Officers and employees of a deposit collecting micro-financing institution shall keep confidential, and cannot disclose the secrets relating to the deposit collecting micro-financing institution and its customers which may come to their knowledge during performance of their duties hereunder, to any third person other than those who have the right of access to such information pursuant to the applicable laws. This confidentiality obligation will survive termination of their employment contract. One who violates this confidentiality obligation will be sentenced to heavy imprisonment from one year to three years and a heavy fine in an amount not being less than five billion lira.



If any person referred to in the sixth and seventh paragraphs above discloses secrets and confidential information in his own interests or in the interests of a third person, that person shall not only be sentenced to heavy imprisonment from three to five years and a heavy fine in an amount not being less than fifteen billion lira, but also be temporarily or permanently banned from working in institutions covered by this Act, depending on the severity of breach.

Without prejudice to the provisions of the Turkish Commercial Code no. 6762 pertaining to liabilities, if any act or action considered and treated as an offense under this Act is punishable also by and under other laws, the offender shall be punished by and pursuant to the law provision imposing the heaviest penalty.

Prosecution of the offenses punishable by and under this Act may start only upon a written complaint of the Agency to the Office of the Attorney General. By filing this complaint, the Agency becomes an intervener in the process. If the Public Prosecutor decides to drop the investigation and prosecution, the Agency will have the right to object against such decision to be notified to the Agency pursuant to the Criminal Procedures Code No. 1412 dated 4/4/1929. The relevant persons and entities reserve their right of action with respect of the offenses referred to the third, seventh and eighth paragraphs of this Article. Legal actions and proceedings to be commenced pursuant to and under this Article will be in the jurisdiction in venue of the courts of the city of the head offices of the relevant deposit collecting micro-financing institution and will be governed by the provisions of the Law on Trial Procedures of Flagrate Delicto, no. 3005, dated 8/6/1936. The fines defined in this Act shall be collected by the tax departments in accordance with the provisions of the Law on Procedures of Recovery of Public Receivables, no. 6183 dated 21/7/1953. Liability of legal entities with respect to fines will be determined pursuant to the provisions of Article 65 of the Turkish Commercial Code no. 6762 dated 29/6/1956.

### **Monetary Amounts in Deposit Collecting Micro-Financing Institutions**

**Article 15-** Each of the monetary amounts and limits specified in this Act may every year be increased partially or fully by a decision of the Board up to the amounts and limits corresponding to twice the yearly wholesale prices index published by the State Statistics Institute. The fixed fines referred to in Articles 13 and 14 of this Act shall, with effect from January

every year, be applied in amounts and rates increased by the revaluation rate to be determined pursuant to Article 298(bis) of the Tax Procedures Code no. 213.

### **Inapplicable Provisions and Exceptions for Deposit Collecting Micro- Financing Institutions**

**Article 16-** The provisions of Article 40 of the Turkish Central Bank Law no. 1211 will not be applicable on deposit collecting micro-financing institutions.

The documents to be issued and the proceedings to be carried out by the deposit collecting micro-financing institutions in accordance with this Act are exempted from:

- (a) stamp taxes payable in accordance with the Stamp Tax Law No. 488, and public fees and charges payable in accordance with the Public Charges Law no 492, and
- (b) the bank and insurance transactions tax payable in accordance with the Expenditure Taxes Law no. 6802, and
- (c) the resource utilization support fund.

Donations made to deposit collecting micro-financing institutions pursuant to Article 3 hereof are exempted from the provisions of Inheritance and Succession Tax Law no. 7338 dated 8/6/1959, and will be recognized and treated as an expense item in assessment of the corporate and income tax liability of the donator.

**THIRD PART**  
**Non-Deposit Collecting Micro-Financing Institutions**  
**(Micro-Financing Institutions Which do Not Collect Deposits)**

**Non-Deposit Collecting Micro-Financing Institutions**

**Article 17-** Establishment of non-deposit collecting micro-financing institutions will be permitted by a decision of the Board. No minimum capital requirement is sought for start of operations of non-deposit collecting micro-financing institutions.

A non-deposit collecting micro-financing institution shall be founded as a joint stock company or a limited liability company, depending on its size as referred to in the regulation, and shall have an articles of association drafted in strict compliance with provisions of this Act, and its founders should:

- a) not have been declared bankrupt or not have entered into composition with their creditors; and
- b) not own or hold, directly or indirectly, a share of ten percent or more in any bankers, banks, insurance companies or other institutions trading in money and capital markets which are in the process of liquidation or in any banks transferred to the Saving Deposits Insurance Fund; and
- c) not own or hold, directly or indirectly, either a share equal to or more than ten percent of the capital or a share which is less than this proportion, but gives to its holder the privilege of nominating members of board of directors or board of auditors, in a bank against which legal actions and proceedings have been commenced pursuant to Article 14 of the Banks Law No. 4389; and
- d) not have been sentenced to heavy imprisonment or to imprisonment for more than five years, even if pardoned later on, except for the negligent offences, or not have been convicted of breach of provisions of Article 22 of the Banks Law No. 4389 and the Capital Markets Law No. 2499, or of infamous crime, such as simple or qualified embezzlement, peculation, bribery, theft, swindling, forgery, breach of trust and fraudulent bankruptcy, or of smuggling, except for smuggling for personal consumption, or of sedition or fraudulency in official tenders and purchases, or money laundering, or disclosure of State

secrets, or tax evasion, or attempt for or being an accomplice in tax evasion.

The political parties are not allowed to hold or own capital shares or interests in micro-financing institutions directly or indirectly or under any name whatsoever. This provision of prohibition also applies for press, media, television and radio institutions, and their direct or indirect shareholders or partners, and their relatives in the degrees set out in paragraph (3) of Article 245 of the Turkish Civil Procedures Code No. 1086, and for those who are wage-earners or employed with similar payments in press, media, television and radio institutions.

The associations and societies organized and active in accordance with the provisions of the Law on Associations, no. 2908, dated 6/10/1983, and the foundations organized and active in accordance with the provisions of the Turkish Civil Code, no. 4721, dated 22/11/2001, and the cooperatives and units organized and active in accordance with the Law on Cooperatives, no. 1163, dated 10/05/1969, may establish and found non-deposit collecting micro-financing institutions for the purpose of financing the micro entrepreneurs, with a prior license received from the Agency.

The unions, professional organizations, local governments and all and any companies founded by them or all and any direct or indirect affiliates and subsidiaries of them and all and any pension funds and similar other funds affiliated to them may also establish and organize non-deposit collecting micro-financing institutions. The principles and procedures relating to grant of an operation license will be determined and regulated by the Board. If and when a licensed institution is no longer in compliance with the conditions of licensing, the operation license will be revoked and withdrawn in accordance with the same procedures and such revocation will be duly notified to the relevant authorities. The activities and operations in this scope are not subject to the provisions of this Act.

With regard to their activities of financing micro entrepreneurs, these institutions are under obligation to provide the Agency with all kinds of data, information, documents, schedules, reports and financial statements that may be demanded by the Agency in the formats and in accordance with the principles to be determined by the Agency.

The activities of the institutions for financing micro entrepreneurs will be audited by a self-employed accountant and financial advisor or a sworn

financial advisor, depending on their size, once a year in accordance with the principles set down in the regulation, and the resulting audit report will be delivered to the Agency by the end of March every year.

Resources derived out of the donations granted to a non-deposit collecting micro-financing institution by natural or legal persons resident at home or abroad with a prior consent of the Agency, without any condition precedent for utilization thereof and without any repayment demand will be considered and treated as a component of share capital in calculation of the own funds of the non-deposit collecting micro-financing institution.

Having received an establishment license, the non-deposit collecting micro-financing institution is further required to receive a “non-deposit collecting micro-financing institution operation license” from the Board before start of its operations.

Principles and procedures with respect to the applications to the Agency for an operation license and the information and documents to be requested from the applicants and the granting of an operation license shall be set forth in a regulation to be issued by the Board.

An establishment license shall become null and invalid if and when the licensee fails to start operations within one year after the date of license.

### **Amendments to Articles of Association, Change of Control, and Share Transfers in Non-Deposit Collecting Micro-Financing Institutions**

**Article 18-** Any amendment to the articles of association of a non-deposit collecting micro-financing institution will be subject to a prior consent of the Agency and to compliance with the applicable pertinent laws and regulations.

### **Management Bodies of Non-Deposit Collecting Micro-Financing Institutions**

**Article 19-** Management bodies of non-deposit collecting micro-financing institutions will be determined in accordance with the principles and provisions of their articles of association.

### **Branches of Non-Deposit Collecting Micro-Financing Institutions**

**Article 20-** The opening of a branch by the non-deposit collecting micro-financing institutions is subject to compliance with the applicable pertinent laws and regulations, and the start of its operations is subject to a prior consent of the Agency.

### **Loans of Non-Deposit Collecting Micro-Financing Institutions**

**Article 21-** The non-deposit collecting micro-financing institutions can extend and make available credits and loans to the micro entrepreneurs by a decision of the board of directors. The board of directors can delegate this power to the head office or branches within the framework of principles to be set down by the board of directors, provided, however, that delegation of powers does not relieve the board of directors from its pertinent liabilities.

The amount and conditions of credits to be extended and made available to a micro entrepreneur will be determined by mutual agreement of the non-deposit collecting micro-financing institution and the relevant micro entrepreneur.

The non-deposit collecting micro-financing institutions can extend loans and credits to the groups comprised of more than one micro entrepreneur, under conditions to be mutually agreed upon by the parties thereto.

If and to the extent the non-deposit collecting micro-financing institutions capitalize their operating income to their own funds, they will be exempted from income and corporate taxes.

### **Prohibited Activities and Transactions of Non-Deposit Collecting Micro-Financing Institutions**

**Article 22-** The non-deposit collecting micro-financing institutions may not carry out any commercial or industrial operations except for those stated in this Act. Within this framework, the non-deposit collecting micro-financing institutions are not allowed to:

- a) extend or make available cash or non-cash loans and credits to any natural or legal person, other than micro entrepreneurs; or
- b) issue credit cards, or open check accounts, or give checkbooks; or
- c) extend and make available loans and credits in foreign currency; or

- d) acquire real estates in excess of the number and size allowed by the Agency for their own needs; or
- e) establish any partnership or participate in an existing partnership.

The partnership shares and interests, commodities and real estates acquired due to non-payment of receivables, and the capital market instruments issued pursuant to the provisions of the Capital Markets Law No. 2499, cannot be considered and treated in the scope of prohibitions under this Article.

Principles and procedures relating to disposal of the partnership shares and interests, commodities and real estates acquired due to non-payment of receivables shall be set forth in a regulation to be issued by the Agency.

### **Written Contract Obligation of Non-Deposit Collecting Micro-Financing Institutions**

**Article 23-** The contracts regulating credit relations of the non-deposit collecting micro-financing institution with the micro entrepreneurs shall be valid and effective only if made in writing and in a certain format.

The non-deposit collecting micro-financing institution shall present a copy of the contract to be signed with its customers and give detailed information on the provisions thereof to the Agency upon demand of the latter. Provisions of the contract shall be formulated in a clear, understandable and easily readable format. All clauses of the contract relating to the monetary obligations such as the cost of services, and all types of interest rates, including the default interest rate, and penalties, fees, charges and commissions, and all clauses pertaining to renewal and termination of the contract shall be based on certain formal principles that are easily understandable by the parties thereto.

The customers shall in no case be requested to pay any interest, commission, service cost or charge or other moneys under any name whatsoever, other than those clearly stated in the contract. The clauses and provisions of the contract signed by and between the parties cannot be amended or changed to the detriment of customers during the term of the contract.

## **Accounting and Recording System, Financial Statements and Audit in Non-Deposit Collecting Micro-Financing Institutions**

**Article 24-** Non-deposit collecting micro-financing institutions are under obligation to keep and publish and to present to the relevant authorities their accounts, records and financial statements in accordance with the principles and procedures to be laid down by the Board.

The financial statements of a non-deposit collecting micro-financing institution shall have been audited and approved by a self-employed accountant and financial advisor or by a sworn financial advisor, depending on its size, in accordance with the principles and procedures to be laid down in a regulation to be adopted and issued by the Board of the Agency.

The Board is authorized to determine the standard ratios relating to financial structure and utilization of resources of the non-deposit collecting micro-financing institutions, as well as the principles and procedures of publishing of these ratios if and when deemed necessary. The non-deposit collecting micro-financing institutions shall be obliged to comply with the determined ratios.

In order to keep implementation of this Act under review, the Agency is authorized to request from non-deposit collecting micro-financing institutions all and any information, statements, reports and financial statements prepared in conformity to the formats and procedures to be set forth by the Agency. The non-deposit collecting micro-financing institutions are obliged to submit such information, statements and reports to the Agency.

It is the duty of the Agency to audit and inspect all kinds of operations of non-deposit collecting micro-financing institutions, and to determine and analyze the relations, ratios and balances between their assets, liabilities, receivables, own funds, profit and loss accounts, as well as all other factors affecting their financial structure, and to conduct the required investigations and examinations in relation therewith.

The Sworn Bank Auditors and their Assistants are authorized to request all kinds of information from, and to audit and inspect all and any books, records and documents of, the non-deposit collecting micro-financing institutions and the associated natural and legal persons if and when deemed necessary in the course of implementation of the provisions of this Act, and such institutions and persons are under obligation to give



the requested information and to make their books, records and documents available for inspection and audit upon demand. All of the public entities and administrations, the Turkish Central Bank and similar other organizations and the Risk Center will provide the Sworn Bank Auditors and their Assistants with all kinds of information, even if they are confidential, that may be requested in connection with performance of their duties.

## **Revocation of Operation License of a Non-Deposit Collecting Micro-Financing Institution**

**Article 25-** Upon occurrence of any one or more of the following events as will be determined by the Agency, the Board will be authorized to revoke and withdraw the operation license of a non-deposit collecting micro-financing institution by a decision of the Board:

- a) If the non-deposit collecting micro-financing institution fails to perform any of its obligations on due date thereof;
- b) If the total amount of its liabilities exceeds the total amount of its assets;
- c) If it is determined that the non-deposit collecting micro-financing institution has been engaged in the prohibited activities and operations listed in Article 22, and if it fails to liquidate such prohibited activities and operations within the period to be granted by the Agency;
- d) If it is determined that the non-deposit collecting micro-financing institution has failed to perform its obligations specified in Article 24, and if it fails to remedy such non-conformity or failure within the period to be granted by the Agency; or
- e) If it is determined that the non-deposit collecting micro-financing institution has taken any action in violation of the legislation on prevention of money laundering.

A non-deposit collecting micro-financing institution whose operation license is revoked and withdrawn as above shall be liquidated and wound up in accordance with the general law provisions. In the case of liquidation, the receivables payable to the deposit account holders shall be paid in priority. The Agency is authorized to supervise and audit the liquidation process, and to request all kinds of information and documents from the relevant persons if and when deemed necessary.

Should it be determined that the chairman and members of the board of directors, or internal auditors, or general manager or deputy general managers, or authorized signatories of a non-deposit collecting micro-financing institution have caused implementation of the provisions of this Article on the non-deposit collecting micro-financing institution through and due to their decisions and acts in contradiction with the applicable

laws, then and in this case, the said persons may be held personally liable to the extent of the losses caused to the non-deposit collecting micro-financing institution, and the competent court may adjudge such persons bankrupt in reliance upon a decision of the Board and upon demand of the liquidation committee to be formed in accordance with the general law provisions pertaining thereto.

If and to the extent such decisions or acts are taken with the intention of providing or conferring benefits to the shareholders holding the control of management and supervision of the non-deposit collecting micro-financing institution, the same provisions shall be applicable also on such shareholders to the extent of the benefits so obtained.

### **Administrative Fines Relating to Non-Deposit Collecting Micro-Financing Institutions**

**Article 26-** The following administrative fines may be imposed on a non-deposit collecting micro-financing institution by a decision of the Board specifying the reasons thereof:

- (a) a fine of three billion lira in the event of breach of the provisions of Article 18; or
- (b) a fine of five billion lira in the event of opening of a branch in breach of the provisions of Article 20; or
- (c) a fine of five billion lira in the event of breach or violation of the provisions of the second and third paragraphs of Article 24.

Prior to imposition of any administrative fine, the relevant non-deposit collecting micro-financing institution shall be given the opportunity to defend itself. If the non-deposit collecting micro-financing institution fails to file a defense within one month after receipt of the notice of defense, it will be deemed to have waived from its right of defense.

Upon recurrence of the events or acts requiring imposition of an administrative fine as above, except for the fines that are subject to lapse of a certain period of time or are proportional, the amount of administrative fine will be doubled, and upon second and other subsequent recurrences, the amount of administrative fine will be tripled. If the same act requiring imposition of an administrative fine as above is not repeated within two years following the date of the administrative fine, the provisions of the preceding sentence will not be applicable. Any

fine so imposed shall be notified to the relevant non-deposit collecting micro-financing institution, and shall be collected in accordance with the provisions of the Law No. 6183, and appropriated by the Agency.

The right to impose a fine pursuant to this Article shall be subject to a prescription time of five years from the date of occurrence of the breach. Acts requiring a judicial penalty or punishment will not further and separately be punished with an administrative fine.

### **Judicial Penalties and Punishments Applicable on Non-Deposit Collecting Micro-Financing Institutions**

**Article 27-** A natural person or the officers of a legal entity who are engaged in the business of financing the micro entrepreneurs without a license required to be obtained pursuant to this Act or who use the phrase "non-deposit collecting micro-financing institution" in their company name or trade name, stationery, documents, advertisements or public statements or who use words and expressions that may create the impression of financing the micro entrepreneurs will, depending on the degree of their personal liability in commission of such act, be sentenced to imprisonment from one year to three years and a heavy fine from five billion to ten billion lira.

In addition, upon demand of the Board, the competent court may order the closing of the business place of such persons either permanently or temporarily up to one year, and the stoppage of their advertisements and promotions, or the recall of their advertisement and promotional materials.

If and when the chairman and members of the board of directors or the other officers of a non-deposit collecting micro-financing institution embezzle the money or other properties of the non-deposit collecting micro-financing institution which are entrusted to them for performance of their duties or are under their custody, control or responsibility, they will not only be sentenced to heavy imprisonment for a period from six to twelve years, but also be ordered to indemnify the damages incurred by the non-deposit collecting micro-financing institution due to such embezzlement.

Should it be proven that the offense described in this paragraph is committed through all and any kinds of fraudulency aiming at deceiving the non-deposit collecting micro-financing institution and concealing such offense, then and in this case, the offender shall be sentenced to heavy

imprisonment for a period not less than twelve years and a heavy fine equal to three times the amount of losses or damages so incurred. Furthermore, if the damages incurred by the non-deposit collecting micro-financing institution are not duly indemnified, the competent court shall ex officio order payment of such indemnity. Where total amount of the damages is indemnified fully to the non-deposit collecting micro-financing institution prior to start of the legal prosecution, the penalties shall be reduced by half, or where the indemnification is made prior to the court judgment thereon, the penalties shall be reduced by one-third thereof.

A natural person or the officers and employees of a legal entity who do not give the requested information and documents to the official authorities and auditors or inspectors identified in this Act or who preclude the auditors or inspectors from performing their duties shall be sentenced to imprisonment from one year to three years and a heavy fine from five billion to fifteen billion lira.

For the untrue and misleading statements in the publications and the documents filed by a non-deposit collecting micro-financing institution to the authorities named in this Act or the auditors, courts and other governmental bodies and agencies, and for the unrecorded transactions, and for the accounting of transactions contrary to the underlying facts, the officers or employees of the relevant non-deposit collecting micro-financing institution who sign such documents or the underlying documents will, depending on the degree of their personal liability in commission of such act, be sentenced to imprisonment from one year to three years and a heavy fine in an amount not being less than fifteen billion lira.

Persons in charge of enforcement of this Act or supervision of enforcement hereof shall keep confidential, and cannot disclose the secrets relating to the non-deposit collecting micro-financing institutions and their customers which may come to their knowledge during performance of their duties hereunder, to any third person other than those who have the right of access to such information pursuant to this Act and other special laws, nor can they use such information in their own interests.

This confidentiality obligation will survive termination of their employment contract. One who violates this confidentiality obligation will be sentenced to heavy imprisonment from one year to three years and a heavy fine in an amount not being less than ten billion lira.

Officers and employees of a non-deposit collecting micro-financing institution shall keep confidential, and cannot disclose the secrets relating to the non-deposit collecting micro-financing institution and its customers which may come to their knowledge during performance of their duties hereunder, to any third person other than those who have the right of access to such information pursuant to the applicable laws. This confidentiality obligation will survive termination of their employment contract. One who violates this confidentiality obligation will be sentenced to heavy imprisonment from one year to three years and a heavy fine in an amount not being less than five billion lira.

If any person referred to in the fifth and sixth paragraphs above discloses secrets and confidential information in his own interests or in the interests of a third person, that person shall not only be sentenced to heavy imprisonment from three to five years and a heavy fine in an amount not being less than fifteen billion lira, but also be temporarily or permanently banned from working in institutions covered by this Act, depending on the severity of breach.

Without prejudice to the provisions of the Turkish Commercial Code no. 6762 pertaining to liabilities, if any act or action considered and treated as an offense under this Act is punishable also by and under other laws, the offender shall be punished by and pursuant to the law provision imposing the heaviest penalty.

Prosecution of the offenses punishable by and under this Act may start only upon a written complaint of the Agency to the Office of the Attorney General. By filing this complaint, the Agency becomes an intervener in the process. If the Public Prosecutor decides to drop the investigation and prosecution, the Agency will have the right to object against such decision to be notified to the Agency pursuant to the Criminal Procedures Code No. 1412 dated 4/4/1929.

The relevant persons and entities reserve their right of action with respect of the offenses referred to in the second, sixth and seventh paragraphs of this Article. Legal actions and proceedings to be commenced pursuant to and under this Article will be in the jurisdiction in venue of the courts of the city of the head offices of the relevant non-deposit collecting micro-financing institution and will be governed by the provisions of the Law on Trial Procedures of Flagrate Delicto, no. 3005, dated 8/6/1936. The fines defined in this Act shall be collected by the tax departments in accordance with the provisions of the Law on Procedures of Recovery of Public Receivables, no. 6183 dated 21/7/1953. Liability of

legal entities with respect to fines will be determined pursuant to the provisions of Article 65 of the Turkish Commercial Code no. 6762 dated 29/6/1956.

### **Monetary Amounts in Non-Deposit Collecting Micro-Financing Institutions**

**Article 28-** Each of the monetary amounts and limits specified in this Act may every year be increased partially or fully by a decision of the Board up to the amounts and limits corresponding to twice the yearly wholesale prices index published by the State Statistics Institute. The fixed fines referred to in Articles 24 and 25 of this Act shall, with effect from January every year, be applied in amounts and rates increased by the revaluation rate to be determined pursuant to Article 298(bis) of the Tax Procedures Code no. 213.

### **Inapplicable Provisions and Exceptions for Non-Deposit Collecting Micro-Financing Institutions**

**Article 29-** The provisions of Article 40 of the Turkish Central Bank Law no. 1211 will not be applicable on non-deposit collecting micro-financing institutions.

The documents to be issued and the proceedings to be carried out by non-deposit collecting micro-financing institutions in accordance with this Act are exempted from:

- (a) stamp taxes payable in accordance with the Stamp Tax Law No. 488, and public fees and charges payable in accordance with the Public Charges Law no 492, and
- (b) the bank and insurance transactions tax payable in accordance with the Expenditure Taxes Law no. 6802, and
- (c) the resource utilization support fund.

Donations made to the non-deposit collecting micro-financing institutions pursuant to Article 17 hereof are exempted from the provisions of Inheritance and Succession Tax Law no. 7338 dated 8/6/1959, and will be recognized and treated as an expense item in assessment of the corporate and income tax liability of the donator.

## **FORTH PART Other Provisions**

### **Provisions on Banks and Special Financial Institutions**

**Article 30-** The exemption provisions set forth in second paragraph of Article 16 shall be applicable also on the banks and special financial institutions, organized and active under the provisions of the Banks Law no. 4389, which finance the micro entrepreneurs as specified in this Act, only with respect to their business of lending to micro entrepreneurs.

### **Union of Micro-Financing Institutions**

**Article 31-** A Union of Micro-Financing Institutions, which is open to all deposit collecting and non-deposit collecting institutions active in the micro-financing business, will be established and operated in accordance with the principles and procedures to be decided and determined by the Board.

### **Micro-Financing Assurance Fund**

**Article 32-** For the purpose of providing insurance coverage for the deposit accounts held with the deposit collecting micro-financing institutions, a micro-financing institutions deposits assurance fund will be established in accordance with the principles and procedures to be decided and determined by the Board.

### **Effective Date**

**Article 33-** This Act shall become effective as of the date of its promulgation.

### **Enforcement and Execution**

**Article 34-** Provisions of this Act shall be enforced and executed by the Council of Ministers.