PUBLIC PRIVATE PARTNERSHIPS Q&A and LEGISLATION in TURKEY
PUBLIC PRIVATE PARTNERSHIPS Q&A and LEGISLATION in TURKEY
**TABLE OF CONTENTS**

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISCLAIMER</td>
<td>6</td>
</tr>
<tr>
<td>PREFACE</td>
<td>9</td>
</tr>
<tr>
<td>Q&amp;A ON PPP PROJECTS IN TURKEY</td>
<td>11</td>
</tr>
<tr>
<td>PPP LEGISLATION IN TURKEY</td>
<td>27</td>
</tr>
<tr>
<td>LAW NO. 2709 ON THE CONSTITUTION OF THE REPUBLIC OF TURKEY</td>
<td>28</td>
</tr>
<tr>
<td>LAW NO. 3996 PERTAINING TO OUTSOURCING OF SOME INVESTMENTS AND SERVICES WITHIN THE FRAMEWORK OF BUILD-OPERATE-TRANSFER MODEL</td>
<td>30</td>
</tr>
<tr>
<td>THE LAW NO. 4046 ON THE PRIVATIZATION PRACTICES</td>
<td>55</td>
</tr>
<tr>
<td>LAW NO. 4706 ON UTILIZATION OF IMMOVABLE PROPERTIES BELONGING TO THE TREASURY AND AMENDING THE VALUE ADDED TAX LAW</td>
<td>80</td>
</tr>
<tr>
<td>LAW NO. 3065 ON THE VALUE ADDED TAX</td>
<td>105</td>
</tr>
<tr>
<td>LAW NO. 4749 ON REGULATING PUBLIC FINANCE AND DEBT MANAGEMENT</td>
<td>106</td>
</tr>
<tr>
<td>REGULATION ON THE DEBT UNDERTAKING TO BE PERFORMED BY THE MINISTRY OF TREASURY AND FINANCE</td>
<td>138</td>
</tr>
<tr>
<td>LAW NO. 6015 PERTAINING TO MONITORING AND SUPERVISION OF STATE AIDS</td>
<td>145</td>
</tr>
<tr>
<td>LAW NO. 4501 ON THE PRINCIPLES THAT NEED TO BE OBSERVED IN CASE OF APPLICATION TO THE ARBITRATION IN DISPUTES ARISING FROM CONCESSION TERMS AND CONTRACTS RELATED TO THE PUBLIC SERVICES</td>
<td>153</td>
</tr>
<tr>
<td>LAW NO. 5396 ON ADDING AN ADDITIONAL ARTICLE TO THE HEALTH SERVICES FUNDAMENTAL LAW</td>
<td>156</td>
</tr>
<tr>
<td>LAW NO. 6428 ON CONSTRUCTION, RENOVATION OF FACILITIES AND PROCUREMENT OF SERVICES BY THE MINISTRY OF HEALTH UNDER THE PUBLIC-PRIVATE PARTNERSHIP MODEL, AND AMENDING CERTAIN LAWS AND DECREES</td>
<td>158</td>
</tr>
<tr>
<td>IMPLEMENTATION REGULATION PERTAINING TO HAVING FACILITIES BUILT AND RENewed, AND SERVICES RECEIVED ACCORDING TO PUBLIC-PRIVATE PARTNERSHIP MODEL BY THE MINISTRY OF HEALTH</td>
<td>173</td>
</tr>
<tr>
<td>LAW NO. 6446 ON THE ELECTRICITY MARKET</td>
<td>224</td>
</tr>
<tr>
<td>LAW NO. 4283 ON ESTABLISHMENT AND OPERATION OF ELECTRICAL ENERGY GENERATING FACILITIES AND REGULATION OF ENERGY SALES UNDER THE BUILD-OPERATE MODEL</td>
<td>267</td>
</tr>
<tr>
<td>REGULATION ON ESTABLISHMENT AND OPERATION OF ELECTRICAL ENERGY GENERATING FACILITIES AND REGULATION OF ENERGY SALES UNDER THE BUILD-OPERATE MODEL</td>
<td>271</td>
</tr>
<tr>
<td>LAW NO. 5346 ON THE UTILIZATION OF RENEWABLE ENERGY RESOURCES FOR THE PURPOSE OF GENERATING ELECTRICAL ENERGY</td>
<td>287</td>
</tr>
<tr>
<td>LAW NO. 3096 ON THE AUTHORIZATION OF ENTERPRISES OTHER THAN ELECTRICITY AUTHORITY OF TURKEY FOR ELECTRICITY GENERATION, TRANSMISSION, DISTRIBUTION AND TRADING</td>
<td>298</td>
</tr>
<tr>
<td>LAW NO. 6001 ON THE SERVICES OF THE GENERAL DIRECTORATE FOR HIGHWAYS</td>
<td>302</td>
</tr>
<tr>
<td>LAW NO. 3465 ON THE AUTHORIZATION OF ENTERPRISES OTHER THAN THE GENERAL DIRECTORATE OF HIGHWAYS FOR CONSTRUCTION, MANAGEMENT AND OPERATION OF ACCESS CONTROLLED HIGHWAYS (MOTORWAYS)</td>
<td>303</td>
</tr>
<tr>
<td>REGULATION ON THE APPLICATION OF THE LAW NO. 3465 ON THE AUTHORIZATION OF ENTERPRISES OTHER THAN THE GENERAL DIRECTORATE OF HIGHWAYS FOR CONSTRUCTION, MANAGEMENT AND OPERATION OF ACCESS CONTROLLED HIGHWAYS</td>
<td>306</td>
</tr>
<tr>
<td>LAW NO. 6461 ON LIBERALIZATION OF RAILWAY TRANSPORT OF TURKEY</td>
<td>327</td>
</tr>
<tr>
<td>LAW NO. 5335 ON THE AMENDMENT OF CERTAIN LAWS AND DECREE LAWS</td>
<td>335</td>
</tr>
<tr>
<td>REGULATION ON THE CONSTRUCTION OF EDUCATIONAL AND TRAINING FACILITIES IN RETURN FOR LEASING AND RENOVATION OF SERVICES AND AREAS OUTSIDE THE EDUCATIONAL AND TRAINING SERVICE AREAS IN THE FACILITIES IN RETURN FOR OPERATING SUCH SERVICES AND AREAS</td>
<td>337</td>
</tr>
<tr>
<td>DECREE LAW NO. 652 ON THE INSTITUTIONS PROVIDING SPECIAL HOUSING SERVICES AND SOME REGULATIONS</td>
<td>365</td>
</tr>
<tr>
<td>LAW NO. 351 ON HIGHER EDUCATION CREDIT AND DORMITORY SERVICES</td>
<td>366</td>
</tr>
<tr>
<td>LAW NO. 6200 ON THE SERVICES CONDUCTED BY THE GENERAL DIRECTORATE OF STATE HYDRAULIC WORKS</td>
<td>368</td>
</tr>
<tr>
<td>LAW NO. 5957 ON THE REGULATION OF THE TRADE OF VEGETABLES AND FRUITS AND OTHER GOODS WITH SUFFICIENT SUPPLY AND DEMAND DEPTH</td>
<td>369</td>
</tr>
<tr>
<td>LAW NO. 6831 ON THE FOREST</td>
<td>371</td>
</tr>
<tr>
<td>LAW NO. 4458 ON THE CUSTOMS</td>
<td>373</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>374</td>
</tr>
</tbody>
</table>
After the change of Turkish Constitution in 2018, Republic of Turkey switched to the presidential system. With this new system, Turkey introduced a new and more dynamic, much more efficient investment environment, removing the bureaucratic obstacles and speeding up the investment procedures. With the presidential system, the PPP projects are much more accessible than ever. With the constitutional change and establishment of the Presidential System, certain administrative bodies have changed their formation as well as their names (refer to the table below). Hence, references to previous institutions in the legislation should be considered to be made to the restructured institutions.

<table>
<thead>
<tr>
<th>Previous Institution</th>
<th>Change</th>
<th>Current Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council of Ministers</td>
<td>Converted with the amendment in Constitution</td>
<td>Presidential Cabinet</td>
</tr>
<tr>
<td>High Planning Council</td>
<td>Duties regarding PPP projects have transferred to the Presidency of the Republic of Turkey, some other duties have been transferred to the following institutions</td>
<td>Presidency of the Republic of Turkey</td>
</tr>
<tr>
<td></td>
<td>Ministry of Treasury and Finance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economic Policies Board of the Presidency of the Republic of Turkey</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Policies Boards of the Presidency of the Republic of Turkey</td>
<td></td>
</tr>
<tr>
<td>Ministry of Customs and Trade</td>
<td>Merged with Ministry of Economy</td>
<td>Ministry of Trade</td>
</tr>
<tr>
<td>Ministry of Development (former State Planning Organization)</td>
<td>Converted to Presidency of Strategy and Budget, Duties regarding regional development are transferred to Ministry of Industry and Technology</td>
<td>Ministry of Trade</td>
</tr>
<tr>
<td></td>
<td>Presidency of Strategy and Budget</td>
<td></td>
</tr>
<tr>
<td>Ministry of Economy</td>
<td>Merged with Ministry of Customs and Trade</td>
<td>Ministry of Trade</td>
</tr>
<tr>
<td>Ministry of Environment and Forestry</td>
<td>Environment and Forestry departments have been split off</td>
<td>Ministry of Environment and Urbanization</td>
</tr>
<tr>
<td></td>
<td>Ministry of Agriculture and Forestry</td>
<td></td>
</tr>
<tr>
<td>Ministry of European Union</td>
<td>Merged under Ministry of Foreign Affairs with a Presidential Decree</td>
<td>Ministry of Foreign Affairs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Previous Institution</th>
<th>Change</th>
<th>Current Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance</td>
<td>Merged with Undersecretariat of Treasury</td>
<td>Ministry of Treasury and Finance</td>
</tr>
<tr>
<td>Ministry of Food Agriculture and Livestock</td>
<td>Merged with Ministry of Forestry and Water Affairs</td>
<td>Minister of Agriculture and Forestry</td>
</tr>
<tr>
<td>Ministry of Forestry and Water Affairs</td>
<td>Merged with Ministry of Food Agriculture and Livestock</td>
<td>Minister of Agriculture and Forestry</td>
</tr>
<tr>
<td>Ministry of Public Works and Settlement</td>
<td>Reorganized with the Decree Law</td>
<td>Ministry of Environment and Urbanization</td>
</tr>
<tr>
<td>Ministry of Science, Industry and Technology</td>
<td>Obtained duties regarding regional development and reorganized</td>
<td>Ministry of Industry and Technology</td>
</tr>
<tr>
<td>The Ministry of Transportation</td>
<td>Reorganized with the Presidential Decree</td>
<td>Ministry of Transport and Infrastructure</td>
</tr>
<tr>
<td>Ministry of Transport, Maritime Affairs and Communications</td>
<td>Reorganized with the Presidential Decree</td>
<td>Ministry of Transport and Infrastructure</td>
</tr>
<tr>
<td>Prime Ministry</td>
<td>Merged under the Presidency of the Republic with the amendment in Constitution</td>
<td>Presidency of the Republic</td>
</tr>
<tr>
<td>Privatization High Council</td>
<td>Duties are transferred to the Presidency of the Republic of Turkey</td>
<td>Presidency of the Republic</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>Reorganized</td>
<td>Directorate General of Public Health</td>
</tr>
<tr>
<td>Public Health Agency of Turkey</td>
<td>Reorganized</td>
<td>Directorate General of Public Hospitals</td>
</tr>
<tr>
<td>Ministry of Health</td>
<td>Reorganized</td>
<td>Directorate General of Public Health</td>
</tr>
<tr>
<td>State Planning Organization (SPO)</td>
<td>Converted to the Ministry of Development and accordingly Presidency of Strategy and Budget</td>
<td>Presidency of Strategy and Budget</td>
</tr>
<tr>
<td>TEAS [Turkey Electricity Generation-Transmission Joint Stock Company]</td>
<td>Reorganized through the medium of split off</td>
<td>Turkey Electricity Transmission Joint Stock Company (TEIAS)</td>
</tr>
<tr>
<td></td>
<td>Electricity Generation Joint Stock Company (EUAS)</td>
<td>Turkey Electricity Trading and Contracting Joint Stock Company (TEIAS)</td>
</tr>
</tbody>
</table>
This guide has been prepared in cooperation with Grata International. The information provided about Public Private Partnerships (PPP) does not constitute a legal advice. Even though the authors and the editors have shown necessary caution for accurate information, neither the authors nor the publisher accepts any responsibility for the potential inaccuracies or omissions in the guide. Financial, legal, and tax advice must be sought before taking action based on the information provided. For queries and questions, you can contact the authors of this guide.

<table>
<thead>
<tr>
<th>Previous Institution</th>
<th>Change</th>
<th>Current Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>TETAS (Turkey Electricity Trading and Contracting Joint Stock Company)</td>
<td>Rights and duties have been transferred.</td>
<td>Electricity Generation Joint Stock Company (EUAS)</td>
</tr>
<tr>
<td>TUDEMSAS</td>
<td>TUDEMSAS, TULOMSAS and TUVASAS are merged under TURASAS</td>
<td>Turkish Railway Vehicles Industry Joint Stock Company (TURASAS)</td>
</tr>
<tr>
<td>TUVASAS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undersecretariat of State Planning Organization (SPO)</td>
<td>Converted to the Ministry of Development and accordingly Presidency of Strategy and Budget</td>
<td>Presidency of Strategy and Budget</td>
</tr>
<tr>
<td>Undersecretariat of Treasury</td>
<td>Merged with Ministry of Finance</td>
<td>Ministry of Treasury and Finance</td>
</tr>
<tr>
<td>Undersecretariat of Treasury and Foreign Trade</td>
<td>Treasury and Foreign Trade departments have been split off</td>
<td>Ministry of Treasury and Finance (for Treasury) and Ministry of Trade (for Foreign Trade)</td>
</tr>
</tbody>
</table>

This guide is prepared in order to inform individuals and organizations planning to invest in Public Private Partnership (PPP) projects by providing information on legal and administrative structure in Turkey as well as implementation details. The guide answers the questions that interested parties might have about main parties, tender processes, financing and funding of projects, available incentives and guarantee mechanisms, risk allocation structure, default, termination and dispute settlement conditions. In Turkey, there is no single PPP framework law; instead, the model relies on the constitution itself and multiple relevant legislations. The guide also includes the translations of the relevant legislation regarding PPP system.

It is a well-known fact that the existence of developed infrastructure systems in a country is crucial in terms of sustainable economic development. Indeed, it is proven that new infrastructure projects provide important contributions to the economic growth of countries. Hence, infrastructure investments consume a large part of the traditional public funds allocated for investments in today’s world. The need for financing new investments has significantly increased in recent years especially for emerging markets like Turkey. Parallel to growing need, PPP model has started to play increasing role in realization of new investments as a financial and managerial model.

Turkey has been benefiting from PPP model since 1986. With the introduction of Law No. 3996 in 1994, PPP model has become widespread and been successfully implemented in many different sectors from highways to airports, marinas and customs gates. In addition to BOT model, several energy projects, mostly electricity generation plants, has been realized with Built-Operate (BO) mechanism in 1990s. With the beginning of new millennia, several investments reached to end of their operation period and transferred back to government. Operating rights of these investments has been given to private sector once again in exchange for a concession fee. Turkish Government not only gained significant amounts from Transfer of Operating Rights (ToR) fees but also continued to benefit from operational effectiveness and dynamism of its private partners. In 2013, PPP system has gained a new dimension with introduction of Law No. 6428 enabling the use of Built-Lease-Transfer (BLT) model in procurement of city hospital projects. Although, there is no active project yet, legal framework regarding use of BLT model in education facilities and dormitories has also been amended. As the end of 2020, total of 249 PPP projects with contract value of USD 156 billion has been realized under 4 main models, BOT, BO, BLT, and ToR.

Turkish Government would like to build upon this vast experience and intend to use PPP model as a complimentary to public investments. There are several projects waiting in the pipeline to be realized in near future. Hence, we hope this guide will help firms, executives and individuals who are interested in investing these projects.

Ahmet Burak Dağlağlu
Investment Office President
I. GENERAL

1. Definition of the Public Party
   A. Which organization is the ‘Public’ party in PPP Projects in Turkey?
   B. Depending on the sector, it can be central government institutions, local administrations (i.e. municipalities) and/or state economic enterprises.

2. Definition of the Private Party
   A. Who/which can be a ‘Private’ party in PPP Projects in Turkey?
   B. There are different definitions of the ‘Private’ party in Turkish legislation.

In the Law No. 6428 on the Construction of Facility, Renewal and Service Provided by the Ministry of Health with Public Private Partnership Model, and Amendments in Some Laws and Decrees, bidders (in PPP Projects) can be both real persons and legal entities regardless of their nationality. After the PPP tender awarded, the successful bidder/s shall establish a special purpose company (in the form of a joint stock company) which will sign the PPP Project Agreement as the ‘Private Party’ with the relevant administration.

According to the article 5 of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, the foreign companies can also be a ‘Private’ party in the BOT Model Agreements in Turkey.

In practice, ‘Private’ party in PPP Projects in Turkey, can be a joint venture or a Specific Purpose Vehicle in the form of joint stock company (‘Anonim Şirket’) incorporated by real persons and/or legal entities who/which are successful bidders in the relevant PPP Tenders issued by the relevant state authority acting as the ‘Public’ party.

3. Foreign Investment
   A. Can ‘Foreign Investors’ take part in PPP Projects in Turkey?
   B. There is not any restriction or limitation for foreign investors to take part in PPP Projects in Turkey in terms of development and/or operation.

Additionally, Turkish Legislation such as Law No. 4875 on the Foreign Direct Investment purpose of which is to encourage foreign direct investments and to protect the rights of foreign investors, is promoting foreign investors to take part in PPP Projects.

4. PPP Sectors
   A. Which areas PPP models are commonly used in Turkey?
   B. PPP models have been generally preferred for the investment, construction and operation of major infrastructure facilities such as motorways, airports, ports, hospitals and power plants in Turkey.

Based on the information published in the website of Presidency of Strategy and Budget distribution of PPP Projects by sector is as follows:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Volume (by number)</th>
<th>Volume (by ratio)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorway</td>
<td>61</td>
<td>16.47%</td>
</tr>
<tr>
<td>Airport</td>
<td>18</td>
<td>7.23%</td>
</tr>
<tr>
<td>Marina</td>
<td>18</td>
<td>7.23%</td>
</tr>
<tr>
<td>Railway</td>
<td>1</td>
<td>0.40%</td>
</tr>
<tr>
<td>Culture and Tourism</td>
<td>1</td>
<td>0.40%</td>
</tr>
<tr>
<td>Border Gate</td>
<td>19</td>
<td>7.63%</td>
</tr>
<tr>
<td>Industrial Facility</td>
<td>2</td>
<td>0.80%</td>
</tr>
<tr>
<td>Health Facility</td>
<td>20</td>
<td>8.03%</td>
</tr>
<tr>
<td>Energy</td>
<td>97</td>
<td>38.96%</td>
</tr>
<tr>
<td>Port</td>
<td>23</td>
<td>9.24%</td>
</tr>
<tr>
<td>Mining</td>
<td>8</td>
<td>3.21%</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>1</td>
<td>0.40%</td>
</tr>
</tbody>
</table>

*Data from [https://koi.sbb.gov.tr](https://koi.sbb.gov.tr) as of 01.03.2021, for the updates you may visit [www.sbb.gov.tr](http://www.sbb.gov.tr).*

Starting from the 1980s, Turkey has developed numerous PPP Projects in various sectors. In addition to the conventional sectors such as energy and motorways, Turkish Government realized PPP Projects in healthcare and aviation sectors. Additionally, current PPP legislation has the necessary legal infrastructure for the realization of PPP projects in other major sectors such as education and railway.

5. PPP Models
   A. What are the common PPP models are used in Turkey?
   B. Four main models have been used in PPP Projects in Turkey.

Build – Operate – Transfer ("BOT") was the first and most used PPP model in Turkey in the energy (for the construction of power plants) and motorway sectors (for highway constructions) since 1980s. In BOT model a facility is built, financed and operated by the private parties and accordingly the subject facility is transferred to the relevant public authority after expiration of such private party’s operation term.

Transfer of Operating Rights ("ToR"), as the second most used PPP model in which the public authority transfers the operating right of a certain infrastructure facility to the private sector for a certain period, in return for an agreed price. This PPP model is commonly preferred in power plant facilities, airports and ports.

Build – Lease – Transfer ("BLT") was introduced in Turkish PPP practice in 2013 with the Law No. 6428 on the Construction of Facility, Renewal and Service Provided by the Ministry of Health with Public Private Partnership Model, and Amendments in Some Laws and Decrees (aka. ‘City Hospitals Law’). In this PPP model, a hospital is constructed by a private party on a land of Treasury in consideration of a right of construction (‘üst hakkı’) granted to such private party for up to 30 years and accordingly the private sector leases the hospital to the Treasury for up to 30 years and also operates such hospital during this period. At the end of agreed term, the hospital (all facility) will be transferred to the Treasury.

Build – Operate ("BO") model is generally preferred in the power plant facilities where the private sector built and operate the facility without the obligation of the transfer of the ownership to the public authority.

Based on the information published in the website of Presidency of Strategy and Budget, distribution of PPP Projects by...
Legislation on BOT Model:
- Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model,
- The Decision Regarding the Implementation Procedures and Principles of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model,
- Law No. 3096 on the Authorization of Enterprises other than Electricity Authority of Turkey for Electricity Generation, Transmission, Distribution and Trading,
- Law No. 3465 on the Authorization of Enterprises other than the General Directorate of Highways for Construction, Management and Operation of Access Controlled Highways (Motorways),

Legislation on ToR Model:
- Law No. 4046 on the Privatization Practices,
- Law No. 5335 on the Amendment of Certain Laws and Decrees,
- Law No. 4458 on the Customs,
- Law No. 576 on the Concessions Regarding the General Benefit,
- Law No. 4483 on the Approval of the Agreement Regarding the Equipment with the Concession of İzmır Tramvay ve Elektrik Türk Anonim Şirketi and its Operation,
- Law No. 4501 on the Principles that Need to be Observed in case of Application to the Arbitration in Disputes arising from Concession Terms and Contracts related to the Public Services,
- Law No. 406 on Telegram and Telephone,
- Law No. 5809 on the Electronic Communications.

Legislation on BLT Model:
- Law No. 6428 on the Construction of Facility, Renewal and Service Provided by the Ministry of Health with Public Private Partnership Model, and Amendments in Some Laws and Decrees,
- Law No. 5396 on Adding of an Additional Article in the Health Services Fundamental Law,
- Implementation Regulation Pertaining to Having Facilities Built and Renewed, and Services Received According to Public-Private Partnership Model by the Ministry of Health,
- Law No. 351 on the Higher Education Credit and Dormitories Institution,
- Decree Law No. 652 on the Institutions Providing Special Housing Services and Some Regulations,
- Regulation on the Construction of Educational and Training Facilities in Return for Leasing and Renovation of Services and Areas Outside the Educational and Training Service Areas in the Facilities in Return for Operating Such Services and Areas,
- Law No. 2918 on the Highways Traffic,
- Law No. 6446 on the Electricity Market.

**PPP model is as follows:**

<table>
<thead>
<tr>
<th>PPP Model</th>
<th>Volume (by number)</th>
<th>Volume (by ratio)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOT</td>
<td>115</td>
<td>46.18%</td>
</tr>
<tr>
<td>ToR</td>
<td>109</td>
<td>43.78%</td>
</tr>
<tr>
<td>BLT</td>
<td>20</td>
<td>8.03%</td>
</tr>
<tr>
<td>BO</td>
<td>5</td>
<td>2.01%</td>
</tr>
</tbody>
</table>

*Data from [https://koi.sbb.gov.tr](https://koi.sbb.gov.tr) as of 01.03.2021, for the updates you may visit [www.sbb.gov.tr](http://www.sbb.gov.tr).*

6. **PPP Figures in Turkey**

Q: What is the volume of PPP Projects in Turkey in terms of investment and sectors?

A:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Investment Volume (in USD)</th>
<th>Investment Volume (by ratio)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorway</td>
<td>23,577,702,544,87</td>
<td>30.11</td>
</tr>
<tr>
<td>Airport</td>
<td>19,076,622,299,53</td>
<td>24.36</td>
</tr>
<tr>
<td>Energy</td>
<td>18,232,740,149,74</td>
<td>23.28</td>
</tr>
<tr>
<td>Health Facility</td>
<td>11,594,889,372,24</td>
<td>14.81</td>
</tr>
<tr>
<td>Port</td>
<td>2,119,083,011,80</td>
<td>2.71</td>
</tr>
<tr>
<td>Industrial Facility</td>
<td>1,465,022,801,84</td>
<td>1.87</td>
</tr>
<tr>
<td>Marina</td>
<td>1,257,960,690,60</td>
<td>1.61</td>
</tr>
<tr>
<td>Border Gate</td>
<td>529,436,428,00</td>
<td>0.68</td>
</tr>
<tr>
<td>Railway</td>
<td>278,796,501,00</td>
<td>0.36</td>
</tr>
<tr>
<td>Culture and Tourism</td>
<td>144,050,185,45</td>
<td>0.18</td>
</tr>
<tr>
<td>Solid Waste</td>
<td>30,589,498,97</td>
<td>0.03</td>
</tr>
</tbody>
</table>

*Data from [https://koi.sbb.gov.tr](https://koi.sbb.gov.tr) as of 01.03.2021, for the updates you may visit [www.sbb.gov.tr](http://www.sbb.gov.tr).*

II. **LEGAL FRAMEWORK**

7. Laws and Regulations

Q: Which Laws and Regulations are governing the PPP Projects in Turkey?

A: The Turkish Constitution sets general principles in its articles 47, 125 and 155 for protecting the private parties in PPP Projects.

There is not a framework Law addressing or covering all PPP models and/or PPP projects in Turkey.

On the other hand, there are numbers of Laws and Regulations governing the PPP projects in different sectors and for different PPP models.

Laws and Regulations in Turkey regulating the PPP Projects are as follows:
**Legislation on BO Model:**
- Law No. 4283 on Establishment and Operation of Electrical Energy Generating Facilities and Regulation of Energy Sales under the Build-Operate Model,
- Regulation on Establishment and Operation of Electrical Energy Generating Facilities and Regulation of Energy Sales under the Build-Operate Model.

**Other Related Legislation:**
- Law No. 4749 on the Regulation on the Public Finance and Debt Management,
- Law No. 3065 on the Value Added Tax,
- Law No. 4706 on Utilization of Immovable Properties Belonging to the Treasury and Amending the Value Added Tax Law,
- Law No. 6461 on the Liberalization of Turkish Railway Transportation,
- Law No. 4686 on the International Arbitration,
- Law No. 2577 on the Administrative Procedural Law No. 5216 on the Municipality,
- Law No. 2575 on the State Council,
- Regulation on the Debt Undertaking to be performed by the Ministry of Treasury and Finance.

**8. Regulatory Authorities**
- Is there a principal regulatory body for PPP or a PPP Authority in Turkey?
  - A: In the past, there was no centralized PPP authority in Turkey. However, with the transition from the parliamentary system to the new presidential system in Turkey, administrative powers have been centralized under the Presidency of the Republic of Turkey in order to speed up the bureaucracy mechanisms.

Under the article 104 of the Constitution of the Republic of Turkey, the President of the Republic of Turkey has powers to issue presidential decrees on the matters regarding executive power and to issue by-laws in order to ensure the implementation of laws.

In this respect, the powers of the High Planning Council ("HPC") which has been playing important role in both PPP Projects in Turkey in terms of determining the strategies and authorizing the projects have been transferred to the Presidency of the Republic of Turkey.

The President of the Republic of Turkey himself with its powers and duties under the Constitution of the Republic of Turkey, can be named as central decision maker related with the PPP Projects.

In practice, in case of need of a PPP Project, upon the request of a relevant public authority, after satisfactory feasibility determining the public benefits, the Presidency of the Republic of Turkey can issue a Decree for the implementation of the subject PPP Project.

Additionally, with the implementation of the presidential system, the President of the Republic may ask opinions of the Presidency of Strategy and Budget of the Presidency of the Republic of Turkey ("PoSB") and Ministry of Treasury and Finance regarding the proposed PPP project.

Implementing agencies conducting tenders for PPP Projects are; Ministry of Energy and Natural Resources, Ministry of Transport and Infrastructure, Ministry of Health, Ministry of National Education, Privatization Administration, Directorate General of State Airports, General Directorate of Highways and General Directorate of State Railways.

**9. Role of the Investment Office of Presidency of Turkey**
- Is there any expected major change in the PPP Legislation in Turkey?
  - A: As stated in the 11th Development Plan approved by The Grand National Assembly of Turkey on 18.07.2019, the prospective PPP Law is being designed as a framework regulation to ensure effectiveness, efficiency and value for money in PPP implementations in Turkey.

The Investment Office, as its proactive structure, regularly collect information from the relevant public authorities about their contemplated projects. Those information about the contemplated projects will be converted to the project teasers by the Investment Office in order to share with interested private investors.

The Investment Office also plays a key role in facilitation of organizing ad-hoc B2G meetings, functioning as a bridge between the public administrations, private sector investors and finance providers. In this respect, the Investment Office assists with the initial introductory connections and meetings with potential investors and Ministry of Treasury and Finance (mainly for potential creditors and EPC+ F investors) as well as public administrations acting as the implementing agencies such as Turkish Railways Authority (TCDD) or General Directorate of Infrastructure Investments (AYGM).

**10. Changes in PPP Legislation**
- What are the evaluation criteria for PPP proposals?
  - A: There are different procurement procedures determined under the relevant PPP laws such as open bidding and bargaining, closed bidding among all bidders and closed bidding among predetermined bidders.

One of the most important procedure which is applied for most of the PPP tenders, is the preliminary approval of the Presidency of the Republic of Turkey required for the relevant public authority to carry out the implementation of the subject PPP procurement process.

Like the procurement procedures, selection criteria are also determined in the relevant PPP legislation. For example, tenders are awarded to the bidders which propose the shortest operation period or maximum benefit to the public authority (i.e. maximum lease amount to be paid by the private party to the public authority) in BOT Projects. For BLT Projects, private parties proposing the maximum amount of benefit (i.e. minimum lease amount to be paid by the public authority) are awarded for the PPP agreement.
Q&A ON PPP PROJECTS IN TURKEY

12. Unsolicited Proposals

Q: Are unsolicited proposals allowed in Turkish PPP context?
A: In principal unsolicited proposals cannot be considered by the public authority in PPP Project tenders. The only exception can be seen in for Large-Scale Projects such as Intergovernmental Agreement (IGA) and Host Government Agreement (HGA) Projects.

PPP Project Tenders are issued by the public authorities under the relevant legislation which set statutory tendering rules. Despite the statutory rules, relevant tender legislation grants some flexibility to the public authorities to accept some unsolicited proposals on certain tender requirements in order to increase the number of participants for the public benefit. In this respect, bidders can apply to the tenderer public authority to make a revision (‘Zeyilname’) in the terms and conditions of the tender or tender specification by explaining the ground for their request. If the subject administration accepts the request and finds that the grounds are reasonable and for the benefit of the public, then the administration will issue an amendment (‘Zeyilname’) to the tender specifications and declare to all bidders and the public.

13. Compensation of the Unsuccessful Bidders

Q: Does the government compensate unsuccessful bidders?
A: Unsuccessful bidders cannot claim any right or compensation from the administration even if the tender is cancelled without an award.

14. Alterations or Amendments after the Tender

Q: Can the public authority ask for alterations or amendments on the project/facility/service after the contract is awarded?
A: As a matter of general principle of the Turkish Laws, contracts can be asked to be amended due to the unforeseeable changes in the economic conditions or circumstances beyond the control of the parties.

In practice, the public authorities explicitly keep their rights to amend or vary the project with specific provision as set out in the PPP project agreements. Such amendments are generally limited with a certain percentage between 10 to 20% of the investment cost.

IV. FINANCING, INCENTIVES AND GUARANTEES

15. Types of Source of Funding

Q: Which type of source of funding are applicable in Turkish public investment system?
A: The following three types of public investments are applicable for the source of funding in Turkish public investment system. For all types, the first requirement is that inclusion of related public investment in Yearly Public Investment Program prepared by Presidency of Strategy and Budget (‘PoSB’).

i. EPC of a Public Investment Project: This is the most traditional and preferred type for the public administrations acting as the implementing agencies. Following the PoSB’s approval of a project submitted by the relevant public administration, the funds for construction period are allocated in the budget and relevant public authority is allowed to conduct a tender for the subject project. In this type, preferred bidder is only responsible for EPC and gets progress payments from the relevant public administration. Information regarding newly budgeted projects can be seen from Annual Investment Program published every January of each year. Projects which will be tendered including all public projects procured via Law No. 4734 on Public Procurement can be followed from Electronic Public Procurement Platform (EKAP) at https://ekap.kik.gov.tr/EKAP/Ortak/IhaleArama/index.html.

ii. Financing of a Public Investment Project: Depending of the type of some public investment projects in Turkey, some foreign governments, international financial institutions and commercial lenders frequently express their desire to provide financing. In such cases, these institutions communicate with related public authorities acting as the implementing agencies and convey their unsolicited proposals for a specific project. In case the related public authority seeks a public benefit on the subject unsolicited proposal for external credit allocation, the following process will be initiated:

- Relevant public authority applies Ministry of Treasury and Finance (‘MoTF’) for “External Credit Approval”,
- MoTF asks official opinion of PoSB,
- Upon positive opinion of PoSB, financial analysis is conducted by MoTF and negation process begins. Financial terms of the proposal as well as the credit agreement itself is negotiated with the lender,
- After the approval of the credit agreement by the MoTF, subject investment is listed as “External Credit Project” in the Annual Investment Program,
- Accordingly, relevant public administration conducts the tender and select the preferred bidder at the end of bid process,
- Credit agreement is signed after tendering process is concluded,

In this type of financing, depending of the agreement between the parties, MoTF can be act either as guarantor or borrower. In cases where the MoTF acts as a borrower, a loan agreement between the finance provider and the MoTF is signed. In cases where the MoTF acts as a guarantor, a guarantee protocol between the finance provider and MoTF is signed.

iii. EPC and Financing of a Public Investment Project: The third type of source of funding is for the private party investors who/which both can undertake EPC and bring own financing for a project. Following the approval process of tendering the project through international credit allocation, interested parties will submit their bids including financing term sheets and price proposals to the relevant public authority performing the subject tender.

After tender is concluded, relevant public authority forwards financing documents of the awarded bidder to MoTF for conducting negotiation with the awarded bidder on behalf of the related public authority. In case the parties come to a mutual agreement regarding financing terms, MoTF grants a year period to awarded bidder to secure financing and begin construction. This time limit can be extended based on general economic conditions.

16. Protection Against Economic Incidents

Q: Are payments under PPP projects protected against inflation or exchange rate fluctuations?
A: The regulations do not prevent such protection mechanisms. In practice the PPP agreements include clauses for the protections against inflation and/or currency fluctuations.

Those protection mechanisms can be different depending on the sector or a project. For instance, in motorway PPP Projects, contract amounts are determined in foreign currencies such as USD or EUR. In this respect, toll rates are indexed to contract’s currency in order to enable private parties to find easier foreign finance and mitigate their risks arisen from the possible currency fluctuations. Additionally, toll rates are increased periodically based on CPI of the contract’s currency.

In the healthcare PPP projects (named as City Hospital Projects in Turkey) the average of CPI and PPI increases are reflected to the availability payments and service payments. Therefore, the payment mechanism applied for the private

18

19
party contractors in city hospital projects, provides protection against Turkish Lira depreciations. This protection also increases the confidence of the banks involved in the financing of City Hospital Projects.

17. Incentives for the PPP Projects
- What are the incentives for PPP Projects in Turkey?
  - Tax incentives: In accordance with the legislation, most of the PPP projects are exempt from value added tax and stamp tax related to the transactions during the investment periods. In general, there is not any tax incentive granted during the operation period.

Incentives related with usage of domestic equipment: In some certain sectors or PPP projects, incentives such as making additional/highest payments or tax incentives are granted to the private parties. For example, Law No. 5346 on Renewable Energy provides incentives for the projects in which the domestic equipment is used.

Other Incentives: Decree No. 2012/3305 concerning State Aid for Investments and the Communiqué No. 2012/1 issued under such Decree grant incentives to the investors such as customs land allocation, interest rate support, duty exemption, tax reduction, social security premium support, and income tax withholding allowance are provided by the public authorities, depending on some certain factors such as type, sector, location and volume of the projects. According to the Communiqué regarding the Application of Turkish Citizenship Law, real person investors (or the foreign shareholders of the legal entity investors) who will make a minimum fixed capital investment of USD 500,000. - or equivalent foreign currency or Turkish Lira or who/which employed at least 50 employees in Turkey can also apply for Turkish Citizenship.

18. Guarantees for the PPP Projects
- What are the types of guarantees provided by the public authorities for PPP projects in Turkey?
  - The main types of guarantees provided by the State are as follows:
    - Treasury Investment Guarantees: Public administrations can provide Treasury Investment Guarantees for the investors for their financing facilities. For instance, in electricity generation projects, a Treasury Guarantee may be given to the investor company for the payment obligations of the public administration arising from the provisions of the Project agreement regarding energy sales. A one-time guarantee fee up to one percent (1%) of the guaranteed amount is charged to the beneficiaries for the Treasury Investment Guarantees.
    - Debt Assumption Guarantee: Terms and conditions of debt assumption by the State are determined in the Law No. 4749 on the Regulation on the Public Finance and Debt Management. In PPP Project agreements, guarantees can be provided to the creditors of the private party by the Treasury on behalf of the relevant public administration for the main debt and related derivative costs, if the subject agreement is terminated and the facility is taken over by the relevant public authority.

There are mechanisms stipulated in the Law No. 4749. Article 8/A of the Law No. 4749 states that BOT projects with a minimum investment cost of TRY 1,000,000,000.00 and BBT health and education projects with a minimum investment cost of TRY 500,000,000.00 may be undertaken by the Ministry upon the decision of the President of the Republic of Turkey. According to the Regulation on Debt Assumption to be Performed by the Ministry of Treasury and Finance issued for the implementation of the Law No. 4749, in case of termination of the contract for any reason, the liability of the contractor on the payment of the main debt and related derivative costs can be undertaken by the Ministry, provided that the contractor has fulfilled the requirements determined in the mentioned Regulation (i.e. bringing equity in the ratio of 30% of the investment cost).

- Demand / Traffic Guarantee: e.g. for airport projects, certain number of passengers; for roads, certain number of vehicle usage.
- Purchase Guarantee: For the electricity sector PPP Projects, according to the features and location of the electricity generation facility to be established, a purchase guarantee can be given by the public administration for the energy (electricity generation amount) to be produced in the relevant electricity generation facility by considering the supply-demand balance in the conditions of the national electricity system.

19. Protective Measures for Finance Providers
- What are the securities for Finance Providers in PPP Project financing in Turkey?
  - In practice, it is common and permissible for finance providers to establish securities over the shares of a special purpose vehicle (in the form of joint stock companies) established by the private parties of the PPP Project only for the realization of the relevant PPP Project.

Additionally, in the PPP agreements (or direct agreements signed by and between the public authorities, private parties and the finance providers), the parties by a mutual agreement can determine some protective measures for the interests of the finance providers, such as step-in rights, substitution rights and reinstatement test procedures.

Depending on the projected revenue streams of a PPP Project, public authorities may provide minimum revenue guarantees to the private parties in order to attract the interests of their finance providers.

Some of the recent Turkish PPP Legislation have set some protective measures for finance providers. According to the Law No. 6428, in case of any default of the contractor in PPP project, the public authority shall also notify the financial providers of project financing and coordinate with those finance providers to seek a solution to secure their funding.

20. Benefits of Refinancing
- If the cost of financing of the PPP Project is reduced by refinancing, who benefits from such cost saving?
  - Actually, this depends on some factors such as type of project, related legislation or agreement of the Parties.

For example, according to the article 56 of the Regulation on the Application of the Law No. 6428 (for PPP projects in Health Care Sector) any cost benefit by refinancing shall be equally shared among the contractor and the public authority. The procedure for such sharing shall be determined in the relevant PPP Agreement. Relevant clauses are included in other type of PPP agreements.

21. Revenue Limitations
- Are there any limitations on the private party’s return? If the private party generates more revenue than the projected revenue, is the private party obliged to transfer such additional revenue to a public authority?
  - In general, there is no limitation on private party’s revenues including a minimum return or a maximum cap.

On the other hand, payment guarantees provided by the public authority might be subject to a specific pricing formula and/or testing procedures. For instance, in healthcare PPP Projects, service fees are updated with a market testing to be performed in every five years details of which determined in the relevant PPP Agreement.

In healthcare PPP Agreements, there are special calculations for the determination of the Net Present Value for availability payments, which are expected to fluctuate between preset base and ceiling limits. Since the bidders give their bids based on 70% patient occupancy rate, discounts for unit prices of services will be applied in accordance with the subject pricing formulas determined in the relevant PPP Agreements for the exceeding occupancy.
V. PERFORMANCE OF THE PPP AGREEMENTS

22. Acceptance of the Project
Q: What is the procedure for the acceptance of the facilities?
A: The acceptance is performed in two stages which are temporary acceptance and final acceptance.

The acceptance procedure is mostly conducted by the relevant public authority. In certain PPP projects such as health PPPs, an independent technical consultant company is involved in the process. Such a consultant company issues a report for the attention of the public authority whether the construction of the facility is completed as per the technical specifications imposed by the relevant PPP agreement.

Even though the public authority is not bound with it, it is still required to obtain such a report. Besides, in practice the public authority takes such reports in consideration while making the acceptance.

23. Reinstatement Test Practice
Q: Is there any obligation or requirement for private parties to refurbish the facilities at the end of operation term?
A: There is not such kind of obligation and requirement. However, private parties have to keep (during the operation term) and deliver the facilities in proper condition for using and working.

24. Un-insurability Concept
Q: Does the Public Authorities accept ‘un-insurability’ concept for the PPP Projects in Turkey?
A: In general, Public Authorities require private parties to obtain necessary insurance coverage to secure the potential risks that might be affect the PPP Project. However, in some reasonable circumstances such as the project has potential un-insurable risk or unavailability of insurance on some risk factor, the relevant Public Administration accepts ‘un-insurability’ concept limited to those circumstances in the relevant PPP project contracts.

25. Market Testing Procedure
Q: Is the market testing procedure applicable under the legislation or the PPP agreements in order to test insurance proceeds in terms of reinstating the facilities and/or repayment of the loans provided by the financial institutions?
A: The market testing procedure is not determined in the Turkish PPP legislation. However, it is possible to determine such procedures in the PPP agreements.

26. Delivery Conditions
Q: Is there any obligation or requirement for private parties to refurbish the facilities at the end of operation term?
A: There is not such kind of obligation and requirement. However, private parties have to keep (during the operation term) and deliver the facilities in proper condition for using and working.

VI. DEFAULT, TERMINATION AND DISPUTE SETTLEMENT

27. Set-Off from the Payments
Q: Can the State set-off any items from the payments to be made to the private party?
A: The main approach of the PPP Authorities in Turkey that the private party shall bear full responsibility for the financing, establishment and operation of the subject PPP Project. Therefore, PPP project agreements must include clauses about the compensation of the damages to be incurred by the public authority if the private party does not fulfill its obligations stipulated in the relevant agreement.

In practice, in case of non or poor performance, default, or delay, the deductions can be made by the public authority by imposing penalties. Generally, these penalties are limited to certain percentage (may vary from 10% to 20%) of the contract value.

For instance, on the poor performance, in the healthcare PPP Projects, the Ministry of Health has the right to deduct 10% of the availability payments and 20% of the service payments for the deficiencies in the provision of services.

In case of delays on the completion of the construction and/or commencement of the operation, the public authorities have right to stop the payments.

28. Rights of Public Authorities and Finance Providers upon Default of the Private Party
Q: If the project company (private party) is in default, what rights do the public authority and/or the finance provider of the project have?
A: The regulations generally determine a framework, but does not provide specifics. In other words, regulations state what provisions a PPP project agreement should include but do not mention details. The consequences of default are one of the mentioned issues that a PPP project agreement shall determine. It can be said that the regulations do not impose any restrictions on these rights that a finance provider or the relevant public authority may have. This is more a matter of contract negotiations.

In practice, the finance providers are generally given right to intervene to the management of the private party, transfer of the project agreement etc.

In the event that the contractor fails to fulfill its commitments within the scope of the contract during the fixed investment period after the construction contract is signed, the public administration sends a notice of default by granting a defect repair period and also notifies the financiers of the project. In the event that the contractor fails to fulfill its commitment at the end of the defect correction period determined by the public administration, the public administration and the financial providers may agree to ensure that the work is done in the contractor’s partnership structure.

Alternatively, especially in health projects, in case of default, the Public Administration shall notify the contractor, and the public administration shall make the remaining work on behalf and account of the contractor and recourse to the contractor, without giving the contractor a fault correction period.

In the event that the Contractor goes into default during the performance period (Example: stays below the performance score), the contract may be terminated by the public administration and accordingly the public administration and the financial providers can make an agreement on the change of contractor’s partnership structure.

With the Law No. 6428 on the Construction of Facility, Renewal and Service Provided by the Ministry of Health with
Public Private Partnership Model, and Amendments in Some Laws and Decrees, Finance providers’ step-in right on the default of the private parties, is granted for healthcare PPP projects.

In practice, most of the PPP project agreements (or direct agreements signed by and between the public authority, the private party and the finance providers) provide step-in and substitution rights of the finance providers. The step-in right permits the finance providers to take control of the management of the project by taking measures such as changing the members of the board of directors of the private party. In case step-in measures are not sufficient to rectify the situation, the substitution mechanism (transferring the project to another investor) may also be applicable if the finance providers and the relevant public authority agree on.

Public authorities may also have step-in rights in cases where the private party infringes the laws and regulations to a degree that will result in non-performance of the public services. Step-in right of the public authorities mainly consists of the assumption of the private party’s duties and is generally conducted in coordination with the finance providers.

29. Step-in Rights

Q: Is there any possibility to re-arrange the partnership structure or are there any step-in rights granted (especially for the finance providers) in PPP Projects in Turkey?

A: Some of the Turkish Legislation (i.e. Law No. 6428) have provisions designating the re-arrangement of the partnership structure, in case of private parties as the contractor is unable to fulfill its undertakings under the PPP agreement. In such cases, Public Authority (required in Law No. 6428) informs finance providers financing the private party in default to deal with the Public Authority to substitute the private party or re-arrange the partnership structure.

Depending of the scope of PPP Project, substitution clauses or step-in clause can also be included in PPP agreements, since they are private law contracts prepared under the principality of ‘Freedom of Contract’. In practice, it is very common that the provisions regarding the rights of the finance providers on substitution and step-in are placed in the PPP agreements or direct agreements signed by and between the public authorities, private parties and the finance providers.

30. Political and Legal Risks

Q: Can private parties mitigate or avoid from the political or legal risks in PPP Projects in Turkey?

A: It is rarely but sometimes possible that political risks (such as expropriation) or legal risks (such as change in legislation or adverse court decisions) might occur and have negative influence on PPP projects. Most of those risks, because of their nature, are under the control of the State or can be attributed to the relevant public authority. Therefore, those risks are generally undertaken by the public parties of the PPP agreements.

In the event of such kind of risk, the public authorities provide some kind of remedies like adjustment of the payments of the private party or extension of contract period.

On the other hand, some of the guarantees provided by the State such as Treasury Investment Guarantee and Debt Assumption Guarantee mitigate the political and legal risks in PPP Projects in Turkey.

Even if those remedies cannot compensate the private party or cannot hold the project to continue, relevant public authority compensates the suffering private party for its losses including but not limited to its costs.

As a last resort, foreign investors can apply to the ICSID Arbitration against the State for actions of the relevant public authority or the risk which can be attributed to the relevant authority.
LAW NO. 2709 ON THE CONSTITUTION OF THE REPUBLIC OF TURKEY

E. Nationalization and privatization

Article 47 - Private enterprises with the characteristics of a public service can be nationalized in cases where the public interest requires it.

Nationalization shall be carried out on the basis of real value. The methods and procedures for calculating real value shall be prescribed by law.

(Paragraph added on August 13, 1999; Act No. 4446) Principles and rules concerning the privatization of enterprises and assets owned by the State, state economic enterprises, and other public corporate bodies shall be prescribed by law.

(Paragraph added on August 13, 1999; Act No. 4446) Those investments and services carried out by the State, state economic enterprises and other public corporate bodies, which could be performed by or delegated to real persons or legal entities through private law contracts shall be determined by law.

B. Judicial review

Article 125 - Judicial remedy shall be available against all actions and acts of the administration. (Sentences added on August 13, 1999; Act No. 4446) In concession, conditions and contracts concerning public services and national or international arbitration may be suggested to settle the disputes arising from them. Only those disputes involving an element of foreignness may be submitted to international arbitration.

(Sentence added on September 12, 2010; Act No. 5982) Judicial remedy shall be available against all decisions taken by the Supreme Military Council regarding expulsion from the armed forces except acts regarding promotion and retiring due to lack of tenure.

Time limit to file a lawsuit against an administrative act begins from the date of written notification of the act.

(As amended on September 12, 2010; Act No. 5982) Judicial power is limited to the review of the legality of administrative actions and acts, and in no case may it be used as a review of expediency. No judicial ruling shall be passed which restricts the exercise of the executive function in accordance with the forms and principles prescribed by law, which has the quality of an administrative action and act, or which removes discretionary powers. A justified decision regarding the suspension of execution of an administrative act may be issued, in case of existence of the implementation result in damages which are difficult or impossible to compensate for and, at the same time, the act would be clearly unlawful.

(As amended on April 16, 2017; Act No. 6771) The law may restrict the issuing of an order on suspension of execution of an administrative act in cases of state of emergency, mobilization and state of war, or on the grounds of national security, public order and public health.

The administration shall be liable to compensate for damages resulting from its own actions and acts.

C. Council of State

Article 155 - The Council of State is the last instance for reviewing decisions and judgments given by administrative courts and not referred by law to other administrative courts. It shall also be the first and last instance for dealing with specific cases prescribed by law.

(As amended on August 13, 1999; Act No. 4446; on April 16, 2017; Act No. 6771) The Council of State shall try administrative cases, give its opinion within two months on the conditions and the contracts under which concessions are granted concerning public services, settle administrative disputes, and discharge other duties prescribed by law.

(As amended on April 16, 2017; Act No. 6771) Three of four of the members of the Council of State shall be appointed by the Council of Judges and Prosecutors from among the first category administrative judges and public prosecutors, or those considered to be of this profession, and the remaining one of four by the President of the Republic from among officials meeting the requirements designated by law.

The President of the Council of State, Chief Public Prosecutor, deputy presidents, and heads of departments of the Council of State shall be elected by the General Assembly of the Council of State from among its own members for a term of four years by secret voting and by an absolute majority of the total number of members. They may be re-elected at the end of their term of office.

The organization and functioning of the Council of State, the qualifications and procedures of election of its President, Chief Public Prosecutor, deputy presidents, heads of departments, and members, shall be regulated by law in accordance with the principles of specific nature of the administrative jurisdiction, and of the independence of the courts and the security of tenure of judges.
**LAW NO. 3996 PERTAINING TO OUTSOURCING OF SOME INVESTMENTS AND SERVICES WITHIN THE FRAMEWORK OF BUILD-OPERATE-TRANSFER MODEL**

**Official Gazette:** 13.06.1994 / 21959

**No. 3996**

**Date of Enactment:** 08.06.1994

**Validity Date:** 13.06.1994

**Date of Latest Amendment:** 11.03.2021

**Purpose**

**Article 1**

The purpose of this Law is to have some investments and services, which require advanced technology or high-value resources, made and performed by public institutions and establishments (including public economic enterprises), outsourced within the framework of the build-operate-transfer model.

**Scope**

**Article 2**

This Law applies to the procedures and principles about the assignment of investments and services – involving building, operating, and transferring of bridges, tunnels, dams, facilities for the treatment of irrigation, potable and utility water, sewages, communication, convention centers, culture and tourism investments, commercial buildings and facilities, sports facilities, student hostels, theme parks, fishing ports, silos and storage facilities, geothermal and waste heat facilities, heating systems, electricity generation, transmission, distribution, and trade operations, mining and mining operation, factories and similar facilities, anti-pollution investments, motorways, heavy traffic roads, railways and rail systems, terminals and railway stations, cableway and chairlift facilities, logistic centers, underground and aboveground carparks, airports and ports for civilian use, loading ports, embarkments, and marinas, istanbul channel and similar waterways, border crossings and customs facilities, national parks (excluding those covered by a specific law), natural parks, planned structures and facilities in natural conservation zones and wildlife protection and development areas, wholesale food markets and similar investment and services and their operation – to corporations and foreign companies within the framework of the build-operate-transfer model.

**Definitions**

**Article 3**

The following terms used in this Law have the following meaning:

a) **Build-Operate-Transfer Model:** It is a special financing model, developed to carry out the projects that need advanced technology or high-value resources, and according to which the investment value (including the profit that would be made) is paid to the corporation or the foreign company by purchasing the goods or services, produced by the company during the operation period, by the administration or by those who benefit from such services.

b) **Corporation:** A joint-stock company that had been or would be established according to the laws of the Republic of Turkey, and where necessary, public institutions and establishments (including public economic enterprises) become shareholders of, and which meet the conditions stated in the Decree of the President of the Republic that is mentioned in the article 4 of this Law.

c) **Foreign Company:** The organization which is allowed to operate in Turkey as per the provisions of Law No. 6224 on Promoting Foreign Capital.

d) **Administration:** The institutions and establishments (including public economic enterprises and funds), authorized by High Planning Council to make contracts with corporations and foreign companies for making and performing the investments and services stated in this Law, which are the rightful owners of such services.

e) **Contribution:** The payment, decided by considering the consumption and usage amounts of those who benefit from the goods or services, and made by the administration, to the contracted company in full or in part, in the case of outsourcings of the investments, for which those who benefit from such goods or services provided by the contracted company, cannot fully or partly pay.

**Authorization**

**Article 4**

The procedures and principles on making and performing the investments and services provided in the article 2 of this Law within the framework of the build-operate-transfer model by corporations and foreign companies will be put into effect by the President of the Republic, by also citing the qualifications these companies should have, the scope of the contract, the criteria that would apply when deciding the price of the goods and services to be provided as the result of this investment, and the other principles regarding this matter.

Any administration that wants to have the investments and services made and performed according to the build-operate-transfer model will apply to the High Planning Council and can be authorized by that Council to have such investments and services made and performed.

Implementation contracts for the investments and services that would be made and performed according to the build-operate-transfer model will be signed with the corporation or the foreign company, with the approval of the Minister to which the authorized administration reports to or is associated in or relation with.

**Contract**

**Article 5**

The provisions of private law apply to the contracts, signed between the administrations selected by the High Planning Council, and the corporations or foreign companies.

**Responsibilities and compensation**

**Article 6**

The responsibility for making the project of the investment and/or service within the set time, for financing, carrying out, and operating it, belongs to the corporation or the foreign company. The stipulations on the compensation of the loss that the administration might incur should these companies fail to fulfill their contractual obligations must be included in the contracts.

Stipulations on the interest that would apply when the payments, which the administration would make, are delayed can also be included.
Term

Article 7

When, in the contracts that would be made, the length of time of the investment and services undertaken by the corporation or the foreign company is specified, the time within which the investment value (including the profit that would be made) and the provided credits would be repaid, as well as type of the project, the amount of the capital, and the operational principles will be taken into consideration. The contract term cannot exceed 49 years.

Price

Article 8

The prices or the contributions that will be paid for the goods and services to be produced as the result of the investment, made under the build-operate-transfer model as provided in this Law, will be decided by the Minister to whom the administration reports or affiliated, according to the procedures and principles that would be put into force by a Decree of the President of the Republic under Article 4.

The contributions in the contracts of the public administrations within the scope of the government budget are paid out of the appropriated fund that would be included in the year budget of the concerned administrations. The sum of the investments with contribution payments to be contracted in one year, according to this subparagraph, cannot exceed fifty percent of the capital expenses of the government budget of that year. The sum of the contribution to be paid out of that year’s budgets, on the other hand, cannot exceed twenty percent of the capital expenses of the year government budget. The President of the Republic is authorized to increase these ratios up to two times or decrease them to as low as zero. The procedures and principles about the implementation of this paragraph will be laid down by a Decree of the President of the Republic.

The administration can guarantee demand for the goods and services that would be produced by the contracted company. However, stipulations as to the way the proceeds would be shared in the event the demand is higher than the guaranteed level of the goods and services will be included in the demand-guaranteed contracts.

In the case of build-operate-transfer model projects, the investment value of which can be paid by the administration or those who benefit from the service, the payment obligations of the government public administration that is a party to the contract, and which might arise within the scope of the guarantee they had undertaken within the term of the operation, will be paid out of that administration’s budget, without being subject to the limits mentioned in the second paragraph of this article.

Provisions that pertain to the price do also apply to the contributions. Different prices might apply for the various food and service types or the quantities in which they are consumed or used, or according to the quality, safety, and other assessment criteria. Prices can be set in groups, for ranges according to the lower and upper consumption and usage quantities.

Transfer

Article 9

Investments made and services (given) by any corporation or foreign company according to this Law will, upon expiry of the contract, automatically be transferred to the administration, free of any debts and commitments, in a well maintained, operational, and usable state.

Expropriation

Article 10

Expropriations that are necessary for the investments and services under this Law will be made by the administration in accordance with the provision of Expropriation Law No. 2941. Ownership of the expropriated immovable property will belong to the administration. Payment of the expropriation price entirely or partly by the corporation or the foreign company can be stipulated in the contract that would be made between the administration and such company.

Guarantees

Article 11

In the event the prices of the goods and services that public institutions and establishments as well as their subsidiaries and the local administrations would buy, and the production inputs that had been promised to such companies could not be provided on behalf of the administration, to the corporations or foreign companies, for the investment projects within the framework of the build-operate-transfer model project, the authority to give a guarantee for the payment obligations that might emerge under the related contract, to give guarantees for the public institutions and establishments as well as the funds, to provide guarantees, as necessary, for the provision of bridging loans within the framework of the conditions in the agreements related to the projects, or to give repayment guarantees for these credits that would be provided and, whereas in the event the shares of the facility that is based on the build-operate-transfer model and/or of the company are bought in accordance with the conditions in the agreement related to the said projects, to give guarantees to the financing establishments for the public institutions and establishments that would undertake the obligation as well as their subsidiaries and the local administrations belongs to the President of the Republic.

Undertaking the Credit

Article 11/A

If according to the contract made with the contracted company, there is a provision allowing termination of such contract and transfer of the service to the concerned administration before the term of the investment and service ends, provisions allowing undertaking of the funding that had been obtained from abroad, and corresponding to the part of the investment and the service that had been made or performed, and if any, undertaking of the financial obligations, including those that originate from the derivatives, for obtaining such funds can be entered and; provisions to the effect that the part of the investments and services that had not been made and performed could be used by the administration if demanded can be included.

If, in the contracts for the investments and services made and performed by the public institutions and establishments as well as the associates and local administrations, which are not included in the government budget, their termination before the contract term and the transfer of the facility to the concerned administration is provided, such administration will be authorized to undertake the funding obtained from abroad for the investment and services, as well as the financial obligations, including those that originate from the derivatives, if any. In the event such administration is within the scope of a special budget, the authority to decide that such obligations would, upon the proposal of the Ministry to which it reports, be undertaken by that administration, to designate the scope, elements, and payment terms of the undertaken financial obligations, and to lay down the procedures and principles regarding their confirmation belongs to the President of the Republic.

The contracts that the public administrations with a special budget sign to undertake the debts will, if a later date is not agreed upon in the contract, take effect on the date they are signed.

The undertaking of debts by the Undersecretariat of Treasury will be carried out according to article B/A of Law No: 4749 on the Regulation on the Public Finance and Debt Management, dated 28/3/2002.
Exemptions
Article 12
All acts and transactions between the administration and the corporation or the foreign company regarding the matters mentioned in the article 2 and within the framework of the build-operate-transfer model are exempted from the stamp tax, levied according to Law No. 488, dated 1.1.1964, and the charges levied according to Law No. 492, dated 2.7.1964.

The concerned administrations can, for the build-operate-transfer model projects, procure consultancy services for the duration of building and operating (activities), without having been subject to Public Procurement Law No. 4734, dated 4/1/2002. The principles and procedures pertaining to the purchase of such services will be laid down by the concerned ministries.

Reserved provisions of law
Article 13

However, should the concerned administration wish, dealings that are subject to Laws No. 3096 and 3465 will take advantage of the articles 5, 11, 12, and 14.

Provisions of law that will not apply
Article 14
Investments mentioned in the article 4, which will be made according to the Decree of the President of the Republic, will not be subject to State Procurement Law No. 2886, dated 8.9.1983.

Addendum Article 1
Usage price or revenue share will not be charged for immovable properties, title to which belongs to public institutions and establishments (including public economic enterprises) and the Treasury, and that would be made available to the contracted company, as well as the immovable properties that have been expropriated upon having their price paid by the administration and registered to the name of the administration, or the Treasury, or the entry for which in the land register is canceled, and for those which are owned by the State, if that is for the investments and services to be made or performed under the scope of this Law.

Addendum Article 2
The Ministry of Culture and Tourism can, under the scope of this Law, and subject to the provision in the third paragraph of the article 4, directly contract out cultural and touristic investments and services in Yassıada and Sivriada to the professional organizations or umbrella organizations with public institution status.

The professional organizations or umbrella organizations with public institution status can make and perform the investments and services under this article either itself or have them made and performed by other companies. Having undertaken build-operate-transfer model projects before will not be considered as a reason for these companies for not undertaking a new project.

The provisions of Coast Law No. 3621, dated 4/4/1990, and the restrictions and procedures in other legislations do not apply in Yassıada, and to the planning, development and construction work, and other arrangements.

Provisional Article 1
The projects and work that had been started according to the build-operate-transfer model before this Law took effect will be concluded according to the procedures and principles that apply to them.

However, the Council of Ministers can – if the contracted company or the corporation applies within one month starting from the date the Law is published, upon application of the concerned administration – decide to have the provision of the article 5 of this Law applied to the project and work, mentioned in the first paragraph as well as to those that are subject to the Law No. 3096 on the Authorization of Enterprises other than Electricity Authority of Turkey for Electricity Generation, Transmission, Distribution and Trading, dated 4.12.1984, and to Law No. 3465 on the Authorization of Enterprises other than the General Directorate of Highways for Construction, Management and Operation of Access Controlled Highways (Motorways) to Establishments other than the General Directorate of Highways, dated 28.5.1988. In this eventuality, the contract that had been made between the administration and the contracted company or corporation will, within a maximum three months’ time after the resolution of the Council of Ministers is published, be made again according to the provisions of private law, by also taking into consideration the international fund provision criteria and the current similar implementation contracts of the administration. This period can be extended for a maximum of three months, with the agreement of the parties.

Provisional Article 2
The principles and procedures stated in the second paragraph of the article 8 will be drafted by the Undersecretariat of State Planning Organization and submitted to the Council of Ministers within one month after this article takes effect.

Provisional Article 3
The provisions of the article 11/A of this Law will also apply to the build-operate-transfer model projects, the application contracts of which had been signed, but the funding activities have not been concluded yet.

Provisional Article 4
Within the scope of build-operate-transfer projects whose tenders have been performed after 15/3/2020 but their implementation contracts have not been signed yet on the date of this article takes effect and which are planned to be financed from abroad, the Ministry of Transport and Infrastructure can also be a party to the debt undertaking agreements to be signed in accordance with the article 11/A by the public administrations with a special budget affiliated to the Ministry of Transport and Infrastructure without being subject to the provisions of the articles 4 and 8/A of Law No. 4749, in order to ensure the fulfillment of the obligations of the relevant administration arising from the debt undertaking agreement.

Validity
Article 15
This Law takes effect on the date it is published.

Enforcement
Article 15
The provisions of this Law are enforced by the Council of Ministers.
THE DECISION REGARDING THE IMPLEMENTATION PROCEDURES AND PRINCIPLES OF THE LAW NO. 3996 PERTAINING TO OUTSOURCING OF SOME INVESTMENTS AND SERVICES WITHIN THE FRAMEWORK OF BUILD-OPERATE-TRANSFER MODEL

Official Gazette: 11.06.2011/27961 1st Duplicate
No.: 2011/1807
Authority: Council of Ministers
Date of Adoption: 26.04.2011
Validity Date: 11.06.2011
Date of Latest Amendment: 05.12.2012

Enforcement of the attached “The Decision Regarding the Implementation Procedures and Principles of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model” was decided by the Council of Ministers on 26/4/2011, upon the letter by the Ministry of State dated 25/4/2011 and numbered 1693, in accordance with the articles 4 and 8 of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model.

The Decision Regarding the Implementation Procedures and Principles of Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model

SECTION ONE
Purpose, Scope, Basis, and Definitions

Purpose
Article 1
(1) The purpose of this Decision is to regulate the implementation procedures and principles of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model.

Scope
Article 2
(1) This Decision covers the principles, and other relevant principles related to the subject matter, to be applied in the determination of procedures and principles regarding the assignment of capital companies within the framework of the build-operate-transfer model, as well as the features to be sought in these companies, the scope of the contracts, the duration of the contract, the price of the goods and services to be put out as a result of the investment, in the areas of commissioning, operating and transfer of bridges, tunnels, dams, irrigation, drinking and utility water, treatment plant, sewage, communication, power generation, transmission, distribution and trade, mines and mining businesses, factories and similar facilities, investments to prevent environmental pollution and, within this scope, waste collection-separation, recycling, recovery, incineration and disposal facilities, highways, high-traffic highways, railways, railway stations, logistics centers, underground and aboveground car parks, and airports and ports for civilian use and, in this context, terminals and complementary facilities for passenger and cargo transportation within the airports and airfields, cargo and/or passenger and marina complexes, border posts, buildings and facilities stipulated in the plans in national parks, nature parks, nature protection areas and wildlife protection and development areas excluding those with special laws, wholesale markets and similar investments and services.

(2) The realization of the investments and services stipulated in the first paragraph by capital companies in accordance with this Decision constitutes an exception to the performance of these investments and services by the relevant public institutions.

Basis
Article 3
(1) This Decision has been prepared based on the articles 4 and 8 of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model.

Definitions
Article 4
(1) The following terms used in this Decision have the following meaning:

a) Main loan: The loan that is foreseen in the law and obtained by the contracted company from the financing institutions without the Treasury investment guarantee for the exclusive purpose of financing investments and services,

b) Minister: The minister whom the administrations are affiliated with, related to or associated with,

c) Other agreements: Agreements that are signed in accordance with the implementation agreement and that do not contain provisions contrary to the provisions of the implementation agreement,

c’) SPO: State Planning Organization,

d) Assignment: The process that shows the work has been awarded to one of the bidders and that is completed with the approval of the competent authorities within the scope of the procedures and principles written in this Decision,

e) Contracted company: The joint-stock company meeting the requirements stipulated by this Decision which is established under the Laws of the Republic of Turkey with the participation of the bidder that has been assigned under this Decision and which public institutions and agencies, including state economic enterprises, may also be shareholders of,

f) Treasury investment guarantee: The guarantees enumerated in the article 11 of the Law No. 3996,

g) Administration: The Ministry or public institutions and organizations, including state economic enterprises and funds that are the principal owner of the service and authorized by the High Planning Council to conclude an agreement with the contracted company in order to get the investments and services stipulated in the Law done within the framework of the BOT model,

h) Bidder: Capital companies or joint ventures established by and between them that are willing to take on the work under this Decision,

i) Law: Law No. 3996 and dated 8/6/1994 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model,

i’) Contribution: The payment made by the administration to the contracted company in whole or in part, in assignments to be made for investments in which the price of the goods or services produced by the contracted company cannot be fully or partially paid for by those who benefit from the goods or services, taking into account the consumption or usage amounts of those who benefit from the goods or services,
i) Bridge loan: The loan obtained from any external financing source under the conditions determined within the framework of the implementation agreement and in cases other than the contracted company fault, for the purpose of meeting the unexpected financing needs of the project, when necessary;

j) Pre-feasibility study: The report that analyses the technical, financial, economic, environmental, social and legal feasibility of the project planned to be realized under the BOT model, that contains risk analyses and sharing, including the projected contribution and guarantees, and that lays out the reason for the realization of the investment under the BOT model, instead of traditional procurement methods, through comparative economic and financial analyses;

k) Capital company: The joint-stock company established or to be established under the laws of the Republic of Turkey, in which public institutions and organizations, including state economic enterprises, may also be shareholders, and which meets other requirements stipulated by this Decision, or the company operating in Turkey under the provisions of the Law No. 4875 dated 6/5/2003 on Foreign Direct Investments;

l) Specifications: Document or documents showing general, special, technical and administrative procedures and principles related to the assignment;

m) Demand guarantee: Guarantee given by the administration for the goods or services produced by the contracted company;

n) Implementation agreement: The agreement concluded between the administration and the contracted company or capital company in accordance with the provisions of private law regarding the realization of investments and services;

o) Fee: The price or cost to be paid in return for the goods or services to be produced as a result of the investment to be made under the BOT model;

o') Senior executive: In the implementation of this Decision, it refers to the undersecretary in ministries, mayor in municipalities, governor in the provincial special administrations, general director in the state economic enterprises, top administrator in other public administrations;

p) Build-Operate-Transfer (BOT) model: It is a special financing model developed to be used in the realization of projects that require advanced technology or high financial resources, and refers to payment of the investment cost, including the profit to be obtained, to the company through the purchase of the goods or services produced by the company during the operating period by the administration or those benefiting from the service;

r) HPC: High Planning Council.

SECTION TWO
Authorization and Assignment

Authorization
Article 5
(1) The administration, which wants to have the investments and services stipulated in this Decision done through the BOT model, sends its requests signed by the Minister to the HPC together with the pre-feasibility study regarding the project. Local administrations apply to the HPC through the Ministry of Interior; higher education institutions apply to the HPC through the Ministry of National Education.

(2) At the end of the application, HPC can determine the authorized administration, the investment and services to be made, the principles and principles of risk sharing, whether the contribution and demand guarantee will be provided, and, if they are to be provided, the upper limits thereof when necessary, and authorize the administration accordingly. Before the authorization decision is made by the HPC, the opinion of the Ministry of Finance, the Undersecretariat of SPO, the Undersecretariat of Treasury and other relevant institutions is obtained when necessary. These organizations convey their opinions to the HPC within thirty days at the latest. The processes before the HPC decision are completed within sixty days. In case of any deficiency in the pre-feasibility study and other relevant information and documents, this period does not run until the deficiencies are corrected.

(3) Implementation agreements for investments and services to be realized through the BOT model within the scope of this Decision are signed with the contracted company or capital company, with the approval of the Minister. In local administrations and higher education institutions, implementation agreements are signed with the contracted company or capital company, with the approval of the top administrator of the authorized administration.

Announcement
Article 6
(1) Investments and services that are wished to be made in accordance with the BOT model are announced at least once in the Official Gazette and in two newspapers of high circulation that are distributed throughout Turkey, at least thirty days prior to the application deadline determined for prequalification or bidding. In cases where the nature of the work requires, the announcement is made abroad at least forty-five days before the application deadline.

Qualifications of bidders
Article 7
(1) The bidder or, if the bidder is a joint venture, each one of the companies included in this venture must prove, within the scope of this Decision, that they have a sound financial structure through their balance sheets certified by independent audit firms.

(2) The requirements to be sought in the bidder or, if the bidder is a joint venture, in the companies involved in this venture are specified in the specifications that are prepared/commissioned by the administration, considering the properties of the investment or services requested.

Specifications
Article 8
(1) Specifications are prepared or commissioned by the administration in a way to indicate the characteristics of the investment or services covered by the assignment.

(2) In addition to the special and technical conditions to be set according to the nature of the assignment, specifications should in general include the following matters:

a) Nature, type and scope of the assignment;

b) The rates and conditions of the bid bond and performance bond;

c) Place of assignment, terms and conditions of delivery and receipt;

c') Dates of commencement and completion of work covered by the assignment, sanctions to be applied in case of delay.
d) Requirements sought in companies and documents required.

e) Feasibility report, work schedule, cash flow statement and similar documents related to the subject matter of the assignment to be requested from companies for evaluation.

f) That the administration is free whether or not to make the assignment and to determine the appropriate offer.

g) Procedures and principles for bid preparation, submission, evaluation and assignment.

g') Cases where bids are considered invalid.

h) The period within which the assignment decision will be approved or canceled from the date it is taken.

i') Who will cover all expenses.

i) Circumstances and conditions in which time extension can be granted.

j) Fee determination methods.

k) Whether the contracted company will participate in the expropriation price, and, if so, the amount to be participated in, and whether the land consolidation will be made, and the party that would cover the price.

l) Mandatory permissions required by legislation and by whom these permissions will be obtained.

m) Resolution of disputes.

n) Whether a contribution will be made and methods for determining contribution.

o) Whether the demand guarantee will be given, and, if so, its amount and duration.

o') Whether a Treasury investment guarantee is stipulated.

Issuance of specifications

Article 9
(1) The specifications and attachments for the assignment can be viewed free of charge in the administration. Specifications and attachments are given to bidder for a fee to be determined by the administration.

Prequalification

Article 10
(1) The administration is free whether to make a prequalification assessment or not. A prequalification commission is established if the administration decides on the implementation of the sealed bidding procedure and prequalification evaluation among certain bidders. The establishment and working procedures of the commission and the characteristics to be sought in the bidders are determined by the administration.

Assignment commission

Article 11
(1) An assignment commission is established with the approval of the top manager of the administration that will make the assignment. Administrative and technical staff can be assigned as required to assist the commission, provided that they do not participate in the assignment decisions.

(2) The establishment and working procedures of the commission are regulated by the administration.

Assignment procedures

Article 12
(1) In making the assignments within the scope of this Decision;

a) Sealed bidding procedure among all bidders,

b) Sealed bidding procedure between certain bidders,

c) Negotiated tendering procedure,

may be implemented.

(2) The administration determines the procedure to be implemented according to the requirements of the assignment. When necessary, HPC can decide on the assignment procedure according to the nature of the investment and services.

Sealed bidding procedure among all bidders

Article 13
(1) The sealed bid procedure among all bidders is a procedure where all bidders can bid. The administration determines the procedures and principles regarding preparation and submission of bids, opening envelopes, evaluating the bids and concluding the assignment. These principles and procedures are specified in the specifications.

Sealed bidding procedure among certain bidders

Article 14
(1) The sealed bid procedure among all bidders is a procedure where all bidders can bid. The administration determines the procedures and principles regarding preparation and submission of bids, opening envelopes, evaluating the bids and concluding the assignment. These principles and procedures are specified in the specifications.

(2) The administration determines the procedure to be implemented according to the requirements of the assignment. When necessary, HPC can decide on the assignment procedure according to the nature of the investment and services.

Negotiated tendering procedure

Article 15
(1) In case assignments cannot be made by sealed bidding procedure among all bidders or by sealed bidding procedure among certain bidders, assignment can be done with negotiated tendering procedure.
(2) For the assignments to be made with the negotiated tendering procedure, it is obligatory to receive the offers in writing. The offers are evaluated by the commission established by the administration, according to the nature and requirements of the work, in accordance with the principle of determining the fees for the investments and services specified in the specification. In this evaluation, other issues contained in the specifications are also taken into consideration. The assignment is concluded through the negotiation. Announcement is not obligatory for assignments made according to this procedure.

(3) The way in which the negotiation was conducted, what kind of offers were made, and the reason why the company assigned was preferred are indicated in the assignment decision.

Common principles to be complied with in assignment
Article 16
(1) In the assignments to be made within the scope of this Decision, it is essential to apply the sealed bidding procedure among all bidders. In case the administration decides to implement sealed bidding procedure among certain bidders or negotiated tendering procedure, the reason for this decision is specified in the announcement or specifications of the assignment.

(2) In the event that the bids made by two or more bidders are the same and it is understood that they are suitable proposals, the bidder who will put the relevant administration and/or the Treasury under minimum financial liability is assigned.

(3) The assignment decision taken by the assignment commission is approved or canceled by the Minister, and, by the top manager in local administrations and higher education institutions.

(4) In cases where there were no bidders or offers were deemed unsuitable, the administration is free to re-apply any one of the procedures stipulated in this Decision for the same investment and services.

Matters relating to the contracted company
Article 17
(1) A separate company is established for each BOT project, following the assignment of the bidder for which the assignment decision was made. The BOT project is specified as its field of activity in the articles of association of this company. The percentage of equity to be brought in by the company for the investments and services to be realized within the scope of this Decision cannot be less than twenty percent of the total proposed fixed investment amount.

(2) The requirement to establish a separate company is not sought if the administration deems it appropriate according to the nature of the work, provided that at least one of the shareholders of the company to be established is a public professional institution or a higher institution, that it has a share of at least fifty-one percent in the capital of the company, and that the projects are in the same field of activity.

(3) The administration may terminate the implementation agreement if the shareholder, which has been involved in activities related to the investment or business and has the technical competence, changes its share in the company’s founding capital during the investment period, without the permission by the Minister or top manager in local administrations and higher education institutions. The administration may also terminate the implementation agreement if the shareholder, which has been involved in activities related to the investment or business and has the technical competence, changes its share in the company’s founding capital during the investment period, without the permission by HPC in projects that have been contracted with HPC approval.

SECTION THREE
Scope of the Implementation Agreement and the Principles Regarding the Scope
Matters to be contained in the agreement
Article 18
(1) The implementation agreement is prepared in accordance with this Decision, the authorization decision of the HPC, and the specifications.

(2) The following matters are included in the implementation agreement:

a) Parties.

b) Subject matter of the agreement.

c) Term.

c’) General principles of investment and services.

d) Standard and quality of goods and services.

e) Performance criteria and conditions for keeping investments and services available in assignments.

f) Financing.

g) Determining the fee and contribution, if any.

g’) Whether Treasury investment guarantee and/or demand guarantee will be given, if any, its amount and duration.

h) Investment period, date of acceptance and commissioning.

i’) Delays and cost changes in the completion of the work during the investment period.

i) Expropriation and/or land consolidation.

j) Permits required to be taken in accordance with the legislation.

k) Guarantee.

l) Monthly and annual activity reports.

m) Supervision.

n) Security, safety and environmental measures.

o) Force majeure.
o) Insurance.

p) Maintenance and repair.

r) Transfer of the assignment.

s) Termination.

s') Transfer of the facility at the end of the term.

t) Transfer before the end of the period.

u) Loans.

ü) Liability and compensation.

v) Whether default interest will be applied or not.

y) Training.

z) Applicable law and settlement of disputes.

aa) By whom the agreement costs will be paid.

bb) Notice.

cc) Agreement language.

cc') Changes in the agreement.

dd) Other agreements.

ee) Effective date of the agreement.

ff) Other matters.

Parties

Article 19

(1) The parties to the agreement are the administration and the capital company or contracted company signing the implementation agreement.

Term

Article 20

(1) Starting from the effective date specified in the implementation agreement, the total duration consisting of the investment period and the operating period is the term of agreement. This period cannot exceed forty-nine years in any way, including force majeure cases and situations caused by the administration.

(2) In the determination of the duration of the investment and service to be undertaken by the capital company in the agreements to be made, the repayment period of the investment cost including the profit to be obtained and the loans provided for the investment, the nature of the project, the amount of the capital and the operating principles are taken into consideration.

Financing

Article 21

(1) The agreement contains the total investment amount which the contracted company is obliged to provide financing for in full and the escalations to be applied, if any, and the formulas to be applied to them, the situations where bridge loans will be used if they will be used, additional costs and how these will be met, and the matters regarding any loan to be used.

Determining the fees and contribution

Article 22

(1) The procedures and principles regarding the determination of the fee to be paid in return for the goods or services to be produced as a result of the investment to be realized under the BOT model in accordance with the law are included in the implementation agreement.

(2) Different fees may be applied based on the types of goods or services or their consumption or usage amounts, or quality, safety and other evaluation criteria. Fees can be determined collectively in intervals according to the lower and upper limits of consumption or usage amounts. The criteria for these are included in the specifications and implementation agreements.

(3) Regulations related to fees also apply to the contribution.

Delays and cost changes in the completion of the work during the investment period

Article 23

(1) Provisions regarding the delay and cost changes in the completion of the work during the investment period and their consequences are included in the implementation agreement.

Guarantee

Article 24

(1) The administration obtains a bid bond together with the offer in an amount to be determined by the administration according to the investment amount of the project, and a performance bond of one percent of the investment amount with the signing of the agreement. If the guarantees are provided as a letter of guarantee, the bid bond is issued for an indefinite period and the performance bond is issued to be valid for the duration of the contract in the currency offered.

(2) Values to be accepted as guarantee are:

a) Turkish Currency in circulation.

b) Letters of guarantee issued by banks.

c) State debt securities issued by the Undersecretariat of Treasury and documents issued in place of these bills.
Supervision
Article 25
(1) The administration can supervise all the activities, documents and records of the contracted company covered by
the agreement at all stages or have them supervised.

(2) The party responsible for the audit expenses and how they will be covered are stated in the implementation agree-
ment.

Force majeure
Article 26
(1) Force majeure cases and the provisions to be applied in such cases are clearly stated in the implementation agree-
ment.

Transfer of the assignment
Article 27
(1) The contracted company may transfer all its rights and obligations arising from the implementation agreement during
investment and operating periods to another company, with the same conditions and in accordance with the procedures
and principles specified in this Decision, with the consent of the administration and the approval of the Minister.

(2) In assignments where approval of the implementation agreement has been made by the HPC, the transfer of assign-
ment is possible with the consent of the administration and the decision by the HPC.

(3) In the event of transfer of assignment in this way, other agreements are deemed to have been transferred.

Termination
Article 28
(1) Implementation agreement may be terminated by the administration before its term in cases where contracted com-
pany fails to fulfill its obligations or breaches the terms of implementation agreement, goes bankrupt, declares adminis-
tration, falls into payment difficulties. The provisions regarding the termination, consequences of termination, and the fate
of other agreements are regulated in the implementation agreement.

Transfer of the facility at the end of the term
Article 29
(1) At the end of the implementation agreement, investments and services automatically turned over to the administra-
tion free of charge, free of all debts and commitments, in a well-maintained, functional and usable condition. Whether the
investment and services have these conditions and other matters included in the implementation agreement during the
transfer phase is determined by a handover commission to be formed. The provisions regarding the establishment of this
commission, its working procedures and principles, elimination of deficiencies and errors determined by the commission
and performance of repairs are included in the implementation agreement.

Transfer before the expiration of term
Article 30
(1) The matters regarding the acquisition of the facility or the contracted company shares before the term specified in the
implementation agreement due to force majeure or the unilateral termination of the agreement by the administration are
included in the subject agreement.

Liability and compensation
Article 31
(1) The contracted company is obliged to prepare the project for the investment and service within the specified period,
provide financing, build and operate the facility, ensure its maintenance and repair, and transfer the facility to the admin-
istration in a well-maintained, working and usable condition free of all debts and commitments at the end of the period.
Contracted company is responsible for any damages it may cause to third parties during the investment and operation
period, whether it is faulty or not.

(2) Provisions regarding the liability, responsibility of the administration and contracted company, and compensation of
damages are contained in the implementation agreement.

(3) Provisions regarding default interest to be applied in the case of delay of payments to be made by the administration
may also be included in the agreements.

Settlement of disputes
Article 32
(1) Legal disputes that may arise during application of the implementation agreement and other agreements concluded
by the contracted company with public institutions and agencies are subject to the legislation of the Republic of Turkey,
and the courts in the Republic of Turkey are tasked with and competent in the settlement of disputes.

(2) However, the parties may agree in the implementation agreement that disputes can be resolved by arbitration. In this
case, the rules of Turkish substantive law apply to the merits of the dispute.

Agreement language
Article 33
(1) Implementation agreement and other agreements concluded by the contracted company with public institutions and
establishments are prepared in Turkish; if the contracted company or its shareholder is a foreigner, they are prepared in
both Turkish and English languages. In case of any conflict, the text in Turkish is valid.

Other agreements
Article 34
(1) Other agreements required to be concluded according to the nature of the investments and services specified in the
Law are mentioned in the implementation agreement.

Entry into force of the agreement
Article 35
(1) The entry into force of the Implementation Agreement is possible with the signing of the other agreements specified in
the agreement.

(2) In assignments deemed appropriate to grant Treasury investment guarantees, the effective date of the implementation
agreement cannot be determined as a date before the signing of the letter of guarantee.
SECTION FOUR

Fee determination methods

Section 36

1. In the event that the bid evaluation of the assignment to be made by the administration within the framework of the BOT model is based on the principle of determining fee and/or contribution, the following methods are applied:

   a) Cost plus profit method, taking into account the international sectoral internal rate of return.

   b) Fee cap method.

2. When required, HPC may decide to apply one or both of the above-mentioned fee methods depending on the nature of the business and the nature of the investment and service.

3. In cases where a decision is not made by the HPC in accordance with the second paragraph, the administration may choose in the specifications one or both of the fee determination methods specified in the first paragraph, depending on the nature of the investment and service. In this case, bidders submit their bids according to the method or methods determined by the administration. The administration is free to choose any one of the methods for the evaluation of the bids.

4. In case the HPC decides that the methods specified in this article are not appropriate, considering the nature of the investments and services within the framework of the BOT model, the investment and service considerations determined by the administration are finalized by applying the assignment procedures specified in this Decision.

Principles to be considered in the cost-plus method

Section 37

1. It is essential in the cost-plus method that the cost determination be made in accordance with the standards and principles contained in the General Communiqué on Accounting System Application, that international accounting standards be used in cases where these principles are insufficient, and that the principles be adapted in the agreements to be concluded for the application of the same criteria in businesses that are the same in terms of their fields of activity.

2. The principles regarding the rates at which the cash items (excluding the loan principal, interest, taxes and equity repayments) that make up the fee in Turkish Lira can be escalated during the operating period are included in the implementation agreement.

3. In cases where fee offers are received in foreign currency, changes in input prices, except for variable cost items, are not reflected in the fee during the operating period. Variable cost items are included in the implementation agreement.

Fee cap method

Section 38

1. In the fee cap method, the offer by the person who provides the highest discount from the fee level established in the market and undertakes to maintain this throughout the operating period is preferred.

2. In cases where the fee created in the market does not reflect the real costs or an equivalent fee has not yet been formed, the offer by the person who undertakes to maintain the lowest fee during the operating period may be preferred.

3. Contracted company may increase the fee that it would apply by a rate (CPI - X) that it would find out by subtracting a coefficient (X) from the Consumer Price Index (CPI) based on the initial fee. According to the nature of the investment and service, the index to be found out through the weighted average of the Consumer Price Index and the price increase (M) in a cost item, which is the main input of the goods and services produced, can be used as the coefficient X to be subtracted. Here, the formula \( [a \times CPI + (1 - a) \times M] - X \) is used. In this formula, coefficient (a) is a value between zero and one that is determined by the company according to the nature of the industry and the features of the investment and service.

4. The coefficient X is proposed by the company, taking into account the productivity increase anticipated in the production of goods and services and the decrease in costs that will occur with the growth of the market. The fee in the previous period is considered the starting fee of the next period. In this escalation method, it is not necessary to apply to the administration. The new fee determined is notified to the administration in writing periodically.

5. The fee can be reviewed at intervals specified in the implementation agreement for at least three years, taking into account the characteristics of the sector and the operating period.

6. In the event that multiple goods or services are produced, the fee cap can also be determined as the weighted average of the fees for the important items of such goods and services. During the operating period, the contracted company can change the fees for goods and services or their sub-items, provided that the fee cap is not exceeded.

7. Contracted company may sell goods and/or services for a fee lower than the fee cap that is calculated in each period, taking into account the demand conditions, or apply price differentiation by considering the costs. The company informs the administration in writing about the reasons for this practice.

SECTION FIVE

Expropriation and Use of Immovables

Expropriation

Section 39

1. The expropriation procedures required for the investments and services stipulated in the Law are carried out by the administration in accordance with the provisions of the Expropriation Law No. 2942 dated 4/11/1983. The ownership of the expropriated immovable belongs to the administration. The issue of the payment of the expropriation fee in whole or in part by the contracted company can be decided in the implementation agreement between the administration and the contracted company.

Use of Immovables

Section 40

1. For the investments and services stipulated in the Law, immovables owned by public institutions and agencies (including public economic enterprises), immovables belonging to the Treasury and places under the jurisdiction and disposal of the State, and immovables that are registered under the title deed, and immovables on which the title deed is in the name of the administration or the Treasury or deleted from the title deed by being expropriated with the consideration paid by the administration or contracted company are made available for use by the contracted company, and availability payments and revenue shares, including easement right and availability permit payments, are not collected for them.

2. Provided that it is included in the implementation agreement, an independent and permanent right of superstructure may be established in favor of the contracted company on immovables belonging to the Treasury by the Ministry of Finance, and on immovables owned by public institutions and agencies (including state economic enterprises) by the civil administration. Such immovables are made available for use by the company free of charge during the agreement.
period. For the places that have been deleted from the title deed by being expropriated with the consideration paid by the administration or the contracted company, the contracted company may be granted the permission to use by the administration by taking the opinion of the Ministry of Finance, free of charge for the term of the agreement, and for other places under the jurisdiction and disposal of the State, the Ministry of Finance can give the contracted company the permission to use them.

(3) If there is a provision in the implementation agreement that a bridge loan will be provided from public resources; first row of the first mortgage is left blank for mortgages to be established on the rights of superstructure to be established in favor of the contracted company on the immovable specified in this article. If a bridge loan is used within the framework of the conditions of the Implementation Agreement, a mortgage is established in favor of the Treasury in the first row of the first mortgage.

(4) In the event that the implementation agreement expires for any reason, the superstructure rights and usage permissions automatically expire. In this case, all the buildings and facilities on the immovable made available for the use of the contracted company are transferred to the administration without payment of any compensation or consideration, in a well-maintained, working and usable condition, free from any debts and commitments. For this reason, no rights can be claimed or demands made by the contracted company or by third parties.

SECTION SIX
Principles on Guarantees, Loans and Contribution Shares

Treasury investment guarantee

Article 41

(1) Upon the opinion of the Undersecretariat of Treasury and the proposal by the Minister who is reported to, the Council of Ministers is authorized to provide guarantees for the costs of the goods and services to be purchased for the companies, on behalf of the administration, by public institutions and agencies, their subsidiaries and local administrations according to the properties of the investment and service, and for the payment obligations that may arise within the framework of the relevant agreement in case the production inputs pledged to these companies by public agencies cannot be provided; to provide guarantees in favor of public institutions and agencies and funds that are financially liable in accordance with the provisions of the agreement; to give guarantees, when necessary, for the provision of bridge loans or repayment of such loans to be obtained within the framework of the conditions in the agreements related to the project; to provide Treasury investment guarantees, within the framework of the Law No: 4749 on the Regulation on the Public Finance and Debt Management and the relevant legislation, to financing institutions in favor of public institutions and agencies, their subsidiaries and local administrations that will assume foreign credit debts, in the event that the facility based on the BOT model and/or company shares are purchased in accordance with the conditions in the agreements relating to the projects in question; and to amend the terms of the guarantees provided.

(2) Specifications containing Treasury investment guarantees (before they are announced) and implementation agreements (before they are signed) are submitted to the Undersecretariat of Treasury for approval.

(3) In the event of a change made in the issues concerning the Treasury investment guarantees in the implementation agreement and other agreements, the Treasury investment guarantees given are re-evaluated and the evaluation results are submitted to the Council of Ministers for approval.

Demand guarantee and revenue sharing

Article 42

(1) A demand guarantee can be given by the administration for the goods and services produced by the contracted company. The issue of how the revenue sharing will be made in case demand is realized above the guaranteed goods and service level is regulated in the agreements for which demand guarantees are to be given.

(2) In the BOT projects where the investment cost is possible to be paid by the administration or by the beneficiaries of the service, the payment obligations that may arise within the scope of the guarantee undertaken by the contracting general-budget agencies within the operating period are covered from the administration budgets without being subject to the limitations specified in the article 45 of this Decision.

Bridge loans

Article 43

(1) A bridge loan can be used within the scope of the project for financing all kinds of losses and damages arising from the relevant administration, financing the damages caused by force majeure, and financing the amendments to be made to the implementation agreement with the agreement of both parties.

(2) The insurance indemnity to be obtained within the scope of the first paragraph is used in the repayment of the bridge loan.

(3) The bridge loan can be provided by the administration or contracted company. Those who will provide the bridge loans, areas in which they will be used, and the method of repayment are stated in the implementation agreement.

(4) The amount of the bridge loan to be used within the scope of the relevant project is limited to the contracted company’s equity. The Council of Ministers is authorized to determine the bridge loan limit above the equity limit. Except for the changes to be made with the agreement of both parties within the framework of the implementation agreement, no additional bridge loan is provided to the contracted company with bridge loan limits exhausted.

(5) Damages arising from the fault of the contracted company, taxes and withholding tax cannot be financed by a bridge loan in any way.

(6) The financial terms of the bridge loan to be provided to the contracted company within the scope of projects related to investments and services carried out by public administrations with general and special budget are negotiated by the Undersecretariat of Treasury.

Undertaking of loans

Article 44

(1) In the event that there is a provision, in the implementation agreements regarding the investments and services realized by the public administrations within the scope of the general budget, covering the takeover of the facility by the relevant agencies through the termination of the agreements before the end of the term, the Council of Ministers is authorized to regulate the procedures and principles, upon the opinion of the Undersecretariat of Treasury and the proposal by the Minister who is reported to, for deciding on the assumption by the Undersecretariat of Treasury of the financing provided from abroad for the investments and services in question, including also the liabilities arising from the financial guarantees for this financing and from derivative products, if any, related to obtaining financing, as well as for determining and confirming the scope, elements and payment terms of the financial obligations covered by the undertaking.

(2) In the event that there is a provision, in the implementation agreements regarding the investments and services realized by the public institutions and agencies not covered by the general budget, subsidiaries, and local administrations, covering the takeover of the facility by the relevant administrations through the termination of the agreements before the end of the term, the administrations in question is authorized to assume the financing provided from abroad for investments and services, including the financial obligations for this financing and the liabilities arising from derivative products, if any, for obtaining the financing. In the event that this administration is within the scope of the special budget, the
Council of Ministers is authorized to decide on the assumption of these obligations by the relevant administration upon the proposal of the Ministry which the relevant administration reports to, or by the Undersecretariat of Treasury upon the request by the Minister to whom the relevant administration reports to and the proposal by the Minister to whom the Undersecretariat of Treasury reports to, and to lay out the procedures and principles for determining and confirming the scope, elements, and payment terms of the financial obligations covered by the undertaking.

(3) Following the termination of the implementation agreements for investments and services that have been realized by public administrations within the scope of the general and special budget and that were foreseen to be undertaken in accordance with the provisions of this article, the financial conditions regarding the unused portion of the financing provided from abroad for the investments and services in question are negotiated by the Undersecretariat of Treasury.

(4) In the event that the financing provided from abroad within the scope of this article is undertaken, including the financial obligations related to this financing and liabilities arising from derivative products, if any, for obtaining the financing, the contracted company is liable to the administration or the Undersecretariat of Treasury for the principal and default interest overdue as of the date of undertaking and other financing costs within this scope, except for the cases arising from force majeure or the administration’s fault.

(5) The consent of the Undersecretariat of Treasury is obtained before the tender specifications for the investment and services foreseen to be undertaken by the Undersecretariat of Treasury according to the provisions of this article are posted and the implementation agreements are signed.

Contribution shares

Article 45

(1) The method of making contributions can be applied exceptionally in BOT projects. In projects to be realized with contribution, the annual contribution and the total contribution amount to be paid during the project’s life and the related analyses are included in the pre-feasibility study at the application stage to the HPC. No provisions for making contributions can be included in the implementation agreement of the projects without a contribution required in its pre-feasibility study.

(2) The total of the investments with contributions to be contracted in a year cannot exceed fifty percent of the total capital expenditures of the relevant year’s central government budget. The total of the contributions to be paid from the relevant year’s budgets cannot exceed twenty percent of the total capital expenditures of the central government budget for the year.

(3) Administrations and the Ministry of Finance observe budgetary balances and budget sizes in the contributions spread over the coming years.

(4) The opinion of the Ministry of Finance is obtained before the authorization decision is made by the HPC for the BOT projects with a contribution.

(5) The equivalent of the contributions contracted by the public administrations within the scope of the central government budget is included in the annual budgets of the relevant administrations as an allowance.

(6) The amount of contributions made in the previous year on the basis of projects is notified by the Ministry of Finance to the Undersecretariat of SPO by the end of January.

SECTION SEVEN

Miscellaneous and Final Provisions

Monitoring, evaluation and coordination

Article 46

(1) In the implementation of this Decision, without prejudice to its duties and powers under the relevant legislation;

a) The Undersecretariat of SPO; carries out activities related to taking measures to ensure the compatibility of the BOT project stock with development plans, programs, industrial strategies, monitoring and evaluating the BOT projects, and ensuring coordination between the parties.

b) The Undersecretariat of Treasury; performs the tasks and procedures related to evaluating the risks and their sharing by calculating the possible financial burden to the public of the commitments made by the administrations to the assigned companies.

c) The Ministry of Finance; takes the measures to ensure that the public’s financial obligations are in line with the central government budget by monitoring and evaluating the financial obligations undertaken by the public administrations within the scope of the Central Government Budget, including contributions within the scope of BOT projects.

(2) Administrations monitor and evaluate the BOT projects they carried out and provide the information and documents requested by the Ministry of Finance, the Undersecretariat of SPO and the Undersecretariat of Treasury to monitor and evaluate the projects.

Exemptions

Article 47

(1) All works and transactions done by the administration and the capital company or contracted company regarding the investments realized within the framework of the BOT model under the law is exempt from the stamp tax collected according to the Stamp Tax Law No. 488 dated 1/7/1964 as well as the fees charged under the Law on Fees No. 492 dated 2/7/1964.

(2) Within the scope of the works and transactions specified in the first paragraph, transactions related to the following and the documents issued due to such transactions are exempt from stamp tax and fees:

a) Of the bid bonds the bidders will submit to the administration, only the bid bond provided by the contracted company, performance bond, and other related collaterals and guarantees, and assignment decisions,

b) The implementation agreement concluded between the contracted company and the administration and other agreements made with public institutions and agencies based on the provisions of this agreement,

c) Expropriations to be realized by the administration relating to the investment and the registrations and annotations placed in favor of the contracted company in the land registry of the immovables that have been expropriated,

c’) Investment loans obtained by the contracted company to be used during the investment period and purchases of goods and services,

d) Following the completion of the investment, the operation between the administration and the contracted company and the transfer process at the end of this period.
(3) In projects to be made under the BOT model, consultancy services can be procured by the relevant administration during the construction and operational periods without being subject to the Public Procurement Law No. 4734 dated 4/1/2002. The procedures and principles regarding the subject service procurement are determined by the relevant ministries.

Provisions annulled and ongoing businesses

Article 48

(1) The Decision Regarding the Implementation Procedures and Principles of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, which was put into effect by the Decision of the Council of Ministers No. 94/5907 dated 6/8/1994 has been annulled.

(2) The obligations assumed and the rights acquired by the parties within the framework of the agreements concluded on the basis of the Decision annulled pursuant to the first paragraph are reserved.

Enforcement

Article 49

(1) This Decision takes effect on the date of publication.

Execution

Article 50

(1) The provisions of this Decision will be executed by the Council of Ministers.

THE LAW NO. 4046 ON THE PRIVATIZATION PRACTICES

Official Gazette: 27.11.1994/22124
No.: 4046
Adoption Date: 24.11.1994
Effective Date: 27.11.1994
Last Amendment Date: 25.07.2019
Effective Date of This Version: 25.07.2019

Purpose and scope

Article 1

The purpose of this Law is to lay out the principles regarding the privatization of the following with one of such reasons as increasing productivity in the economy, decreasing public expenses, generating revenue for the public by utilizing the immovable properties owned by the Treasury;

A) Specified in this article and referred to as “establishment” in the implementation of the Law;

b) Despite not having the status of state economic enterprises, public shares in for-profit organizations, whose capital is fully or majority owned by the state and/or other public legal entities, and the establishments, subsidiaries, businesses, business units and assets belonging to these organizations, public shares in their affiliates,

c) Public shares and Treasury shares in other affiliates of the State,

d) Assets and shares in affiliates that are not directly related to the public services delivered by general and annexed budget administrations and establishments with revolving funds affiliated to them, and public economic enterprises among the state economic enterprises, and their shares in their affiliates,

e) For-profit establishments belonging to municipalities and special provincial administrations and their shares in all of their affiliates, regardless of the size of their stake,

f) The units of the general and annexed budget administrations and their revolving fund organizations which produce goods and services and their assets (dams, ponds, highways, inpatient treatment institutions, ports and similar other goods and services production units), and the operating rights of the units of public economic enterprises producing goods and services in accordance with their basic establishment purposes.

B) This Law contains the provisions regarding the following for the purpose stated above;

a) [Repealed]

b) Establishment of “Privatization Fund” and “Public Partnership Fund” and determination of the sources and usage areas of these funds,

c) “Privatization practices”,

d) Utilization of the monies collected in the “Employee Savings Incentive Account”,

e) Providing financial and social rights to those personnel working on the basis of an employment contract in the institutions included in the privatization who may be unemployed as a result of the privatization practices,

f) Personal and social rights of the public personnel working in organizations covered by privatization.

Principles

Article 2

Principles to be taken as basis in privatization practices are:

a) Providing “Job Loss Compensation” in addition to the indemnities stipulated in the existing laws and/or collective labor agreements in relation to decreases in employment that may arise,

b) Determining privatization methods according to the characteristics of the establishments and the conditions they are in,

c) Preparing privatization methods according to the characteristics of the establishments and the conditions they are in,

d) Preventing the negative effects of a monopolistic structure that may occur,

e) Providing a group of partners who can assume management responsibilities and powers, in addition to expanding ownership,

f) Ensuring rapid privatization of state-owned banks by first including them in the establishments to be privatized on a priority basis within the framework of privatization practices,

g) Creating privileged shares to be owned by the state in strategic matters,

h) Privatization of natural resources by granting only the right to operate for a certain period of time,

i) Public execution of privatization process, including value determination,

j) Not allowing, in privatization applications, for transfers to public institutions and establishments, organizations and educational institutions with public legal personality and local administrations, except when required by national security and public interest.

In the decisions to be taken in line with the above-mentioned objectives and principles, the priorities and the principles and procedures regarding the privatization practices to which they will be subject to are determined by the Privatization High Council, taking into account the characteristics of the establishments and the conditions required by the national economy.

The Privatization High Council and its duties

Article 3

The duties of the Council are as follows:

a) Deciding on the inclusion of the establishments listed in the article 1 of this law in the “Privatization Scope”, the financial and legal “preparation for privatization” of those included in the scope of privatization, which cannot be privatized due to their current status, the inclusion in the “privatization program” of those whose preparatory processes have been completed, following the completion of these processes, and of those who did not require the preparatory processes, directly, and determining the time for the completion of the privatization processes for the establishments included in the scope of privatization,

b) Deciding on the return, to their former status, of those establishments included in the scope of privatization which have been deemed necessary by taking them out of the privatization scope, and/or preparing for privatization those establishments included in the scope of privatization which have been deemed necessary,

c) Determining the method for the privatization of establishments out of such privatization methods regarding the transfer of establishments as sale, lease, transfer of operating rights, establishment of real rights of property other than ownership, and other legal acts appropriate to the purpose,

d) Approving the final decisions made by the tender commissions as a result of the tenders made for the transfer, to real and/or private law legal entities, of the establishments included in the privatization program through the methods of “sale, lease, transfer of operating rights, establishment of real rights of property other than ownership, and other legal acts appropriate to the purpose,

e) Deciding on the downsizing, temporary or permanent cessation of activities, closure or liquidation of those establishments included in the scope of privatization which have been deemed necessary,

f) Deciding on privatization methods out of such privatization methods regarding the transfer of establishments as sale, lease, transfer of operating rights, establishment of real rights of property other than ownership, and other legal acts appropriate to the purpose,

g) Deciding, when deemed necessary, on purchasing and reselling the stocks of the establishments in the privatization program and any securities and other negotiable instruments belonging to these establishments,

h) Discussing and approving the revenue and expenditure programs of the Privatization Fund and the Privatization Administration,

i) Evaluating the practices of the Privatization Administration during the year and the programs for the next year, and taking the measures to eliminate the problems, if any,

j) Deciding on matters given by laws and other legislation.

The Council may authorize the Privatization Administration on the matters written in subparagraphs (d) and (g) of this article, in cases where it deemed beneficial for the performance of the service, provided that the financial limits and procedures and principles are clearly determined.
Personnel system

Article 6
The President and Vice Presidents are subject to the provisions applicable to the presidents [heads] of the departments operating within the Presidency and the general directors of the ministry in terms of salaries, additional indicators, raise and compensation, and their status.

The personnel working in the state economic enterprises and their subsidiaries, and in the establishments included in the scope of privatization, whose services are needed by the administration, can be assigned to this administration by the decision of the administration, provided that their salaries and personal rights are covered by their own establishment. These personnel are deemed to have paid leave in their establishments while they are on duty in the administration.

Prohibitions and penal provisions

Article 7
The chairman and members of the board of directors, auditors, other personnel of those establishments in the privatization program, which are covered by the Capital Markets Law and whose shares are traded on the stock exchange, and the Privatization Administration staff cannot disclose the information, not yet publicly available, that they have learned about the accounts and transactions of these establishments and their businesses due to their duties. They cannot trade securities related to these establishments on the stock exchange or elsewhere, using this information for the benefit of themselves or third parties, for obtaining material benefits in a way that disrupts the equality of opportunity among those trading in the capital markets. Chairs and members of the board of directors, auditors, general managers, administrative staff of the establishments included in the privatization program and majority owned by the public, and chair and members of the Council cannot be a party as direct or indirect beneficiaries to the privatization transactions of the shares or assets of the establishments in the privatization program that would be carried out through the methods of sale, lease, transfer of operating rights, establishment of real rights of property other than ownership, income sharing model, and other legal acts. This prohibition also covers the spouses and children of the persons specified in this article. The President of the Privatization Administration, Vice-Presidents, Heads of Departments, Legal Counsels, and the Chair and Members of the Value Assessment Commission cannot take on duties in the privatized establishments for two years from the date of privatization.

Those who violate these prohibitions are sentenced to imprisonment from six months to two years and a judicial fine of up to ten thousand days. However, the amount of the judicial fine to be imposed cannot be less than three times of the unfair earnings that have been gained.

The personnel working at the Privatization Administration and in the establishments included in the privatization program as well the personnel employed under contract are considered public officers for crimes they have committed in connection with their duties, and the provisions regarding the crimes mentioned in the Book Two, Chapter Three, Section Four and the Chapter Four, Section One of the Turkish Criminal Code are applied against these personnel for the crimes committed by them against the funds of the privatization and their money-like papers and bills and their assets, and the offenses they committed on the balance sheet, minutes, reports and all kinds of documents and books, as well as for the crimes arising from their duties.

Administration Budget

Article 8
The expenses of the administration are covered by the Administration budget determined by the Council, not exceeding 5% (five percent) of the Privatization Fund. The authorizing officer of the Administration budget is the Chairman.

Privatization Fund and its resources

Article 9
All revenues obtained as a result of privatization applications, dividends obtained from establishments transferred to the Administration, and revenues from the sale of all kinds of securities and other negotiable instruments to be issued within the framework of privatization practices, revenues obtained from the funding provided to the establishment that has been transferred to the Administration, and resources allocated by other legislation and other revenues, are collected in the Privatization Fund to be established at Ziraat Bankası, outside the budgets of the relevant establishments.

Utilization Areas of the Privatization Fund

Article 10
The Privatization Fund is used in;

a) Payments to be made from privatization revenues in amounts to be determined by the Council to the account to be opened in order to pay job loss compensation and to provide vocational development, skills training and apprenticeship training services to be given due to job loss, as well as in transfers to be made to this account when necessary,

Amended subparagraph: Law no. 5398 dated 03.07.2005, a.4

b) Payments to be made pursuant to the article 22 of this Law,

c) Payments to be made pursuant to the article 24 of this Law,

d) Meeting the expenses required for the preparation works for privatization to be made in order to bring the establishments within the scope of privatization in a state of being privatizable,

e) Covering the expenses required by the administrative, financial and legal arrangements to be made in the establishments transferred to the administration,

f) Participating in capital increases of companies in which the administration is a shareholder,

g) Purchasing, when necessary, the stocks of the establishments in the privatization program and any negotiable instruments belonging to this establishments,

h) Purchase of all kinds of goods and services required for the fulfillment of privatization applications,

Amended subparagraph: Law no. 5398 dated 03.07.2005, a.4

i') Providing financing as debt to the establishments transferred to the administration within the framework of the principles and procedures to be determined by the administration,

i) Allocation of amounts required for the administration’s budget,

j) Liquidating the remaining debts of the privatized establishments,

k) Fulfilling other duties assigned to the administration by legislation and areas to be determined by the Council regarding privatization.

In the use of revenues collected in the Privatization Fund, priority is given to payments for job loss compensation and delivery of other services, and meeting the expenses required by the administrative, financial and legal regulations to be made in order to prepare the establishments within the scope of privatization.
The cash surplus of the privatization fund is transferred to the accounts of the Treasury Internal Payments Accounting Unit by the Fund and recorded as revenue on the schedule (B) of the general budget. No transfers are made from the Privatization Fund to any other fund.

The principles and procedures for the account and usage of the fund and the utilization of the fund balances are determined by a regulation to be prepared by the administration and approved by the Council.

Inapplicable provisions
Article 12
The provisions of the State Procurement Law No. 2886 and the General Accounting Law No. 1050 and the provisions of the Court of Accounts Law No. 832 regarding permission and registration shall not apply to the works envisaged in this Law.

Determination of strategic issues and establishments and preferred rights
Article 13
Regarding the establishments included in the privatization program, the Council is authorized;

a) To determine the issues and establishments to be considered strategic,

b) In the event that the public share in strategic establishments to be determined in accordance with the subparagraph (a) falls below 50%, to determine, in order to protect the national interest in relation to economy and security, including the prevention of monopolization, the amount of shares that will give the right to speak and to approve in the decisions to be taken in the competent boards of these establishments, as well as the preferred rights that the State will have based on these shares, to change the amount of preferred shares and the preferred rights related to them, and to exclude those identified as strategic issues and establishments from this scope.

However, if it is determined to privatize more than 49% of the capital of the establishments listed below, it is obligatory to establish preferred shares in these establishments;

- Türk Hava Yolları A.O., (Turkish Airlines)
- T.C. Ziraat Bankası, (Ziraat Bank)
- Türkiye Halk Bankası A.Ş., (Halk Bank)
- T.M. O. Alkolud Mıssessesi, (T.M.O. Alcoholic Establishment)
- Türkiye Petrolleri A.O., (Turkish Petroleum)

Real estate sales to foreigners
Article 14
The sale and transfer of real estate to foreign real and legal persons within the framework of privatization practices to be conducted in accordance with the provisions of this Law are subject to the provisions of the current legislation, taking into account the principles of reciprocity.

Privatization of public services
Article 15
Granting or leasing operating rights and privatizing by other methods, other than transfer of ownership, of:

a) The goods and services producing units and assets of general and annexed budget administrations and their associated revolving fund establishments (dams, ponds, highways, inpatient treatment institutions, ports and similar other goods and services production units),

b) The state economic enterprises specified in the subparagraph (B) of the article 35 of this Law, which produce goods and services of monopolistic nature as public service, and their establishments, subsidiaries, businesses and business units,
C. The Council decides on the admission, to the privatization program, of the goods and services producing units and assets, specified in the subparagraph (a) of the article 15, of the general and annexed budget administrations and the establishments with revolving funds affiliated with them, and state economic enterprises and their establishments, subsidiaries, businesses and business units and assets. The privatization processes of these to be made by methods other than the transfer of ownership are carried out by the administration. However, their status and ownership continue to belong to the public institutions and/or establishments they are affiliated with without change.

D. Those of the establishments included in the scope of privatization which have been deemed necessary to be excluded from the privatization scope, taking into account the changing conditions over time, are returned to their former status with the decision of the Council.

E. The prices and tariffs of the goods and services produced and/or sold by the establishments in the privatization program which are joint stock companies, are determined by the board of directors of these establishments, and, in others, by their authorized bodies.

F. The decisions regarding the inclusion of establishments in the privatization program and the approval of the final transfer process as a result of the privatization applications are published in the Official Gazette.

Privatization methods, valuation, tender procedures

Article 18
The privatization methods, value determination and tender procedures regarding the privatization of establishments included in the privatization program are given below.

A) Tender procedures
The establishments taken into the privatization program are privatized by applying one or more of the following methods together.

a) Sale; It is the partial or complete transfer, in return for a consideration, of the ownership of the goods and services producing units and assets of the establishments, or the transfer, in return for a consideration, of all or part of their shares in these establishments, considering the conditions of establishments, through public offering, block sales to real persons and/or legal entities, block sales involving delayed public offering, sales to employees, sale by regular and/or special order in the stock exchange, sale to securities investment funds and/or securities investment partners or through their application together, at home and abroad.

b) Leasing; It is the granting of the right to use the assets of the establishments partially or completely in return for a consideration and for a certain period of time.

c) Granting the operating right; It is the granting of the right to operate the establishments as a whole or the goods and services producing units in their assets - without prejudice to the ownership right - in return for a consideration, for a certain time and on certain conditions.

d) Establishment of real rights other than ownership; It is the establishment of rights by consenting to some acts regarding the owner’s right to use the goods and services producing units and assets of the establishments, or resulting in the owner to waive exercising its ownership-related rights, in the form and conditions stipulated in the Turkish Civil Law, provided that the ownership remains with the relevant establishment.

e) Revenue Sharing model and other legal acts appropriate for the job; They are the other methods aside from the above-mentioned privatization methods, which have been specified in general provisions and special laws, considering the characteristics and structures of the establishments. The Council decides which of the above-mentioned privatization methods will be applied according to the requirements of the job.

B) Valuation
Valuation studies of the establishments included in the Privatization Program are carried out by valuation commissions established in the administration according to this Law.

a) Setting up the Value Assessment Commission: It is composed of the following five members meeting under the chairmanship of the head of the project group responsible for the privatization of the establishment to be privatized, a specialist working in the department of the project group responsible for the operations of the establishment to be privatized, the Head of the Project Evaluation and Preparation Department or an expert working in this department, the Head of the Financial Fund Management and Capital Markets Department or a specialist working in this department, and the Head of the Project Group responsible for real estate transactions or an expert working in this department. The commission starts working with the proposal of the Chairman of the Administration and the approval of the Minister it is affiliated with. The same number of alternate members are appointed in the commission by the same procedure, provided that they work in the above-mentioned units.

b) Working of the Commission: The commission convenes with the total number of members and decides by absolute majority. Decisions cannot be abstained from. If deemed necessary by the commission, a sufficient number of local and/or foreign consultants may be appointed by the administration to assist in valuation studies, on the condition that they do not participate in decisions.

c) Duties of the Commission: The commission executes valuation studies by applying at least two of the methods of internationally recognized discounted cash flows (net present value), book value, net asset value, amortized replacement value, liquidation value, price/earnings ratio, market capitalization value, market value/book value, appraised value, price/cash flow ratio, considering the nature of the establishment to be privatized, the nature of the service it renders, its future cash flow potential, characteristics of the industry and market it operates in, its industrial, commercial and social facilities, machinery, tools and equipment, materials and raw materials, semi-finished and finished goods stocks, all kinds of movable and immovable properties, their characteristics and current status, all receivables and debts with and without a bill, all rights and obligations, and the privatization method to be applied to the establishment to be privatized. The valuation results are announced to the public after the obligations in the transfer agreement are fulfilled, following the completion of the privatization process of the establishment. In the event that the establishment in the privatization program carries out the privatization procedures in accordance with the last paragraph of the article 4 of this Law, valuation procedures are carried out within the framework of the principles specified in this subparagraph by a commission to be formed under the chairmanship of the payment authority of the establishment by the decision of the authorized decision-making bodies of the relevant establishment.

C) Formation of Tender Commissions and Tender Procedures and Transactions
The tender procedures regarding the implementation of the privatization methods specified in the subparagraph (A) of this article are carried out by the tender commissions established in accordance with this Law.
a) Formation of the Commission:
The commission is composed of five members, including the head of the relevant project group, the expert assigned in this project, the Head of Tender and Consultancy Services Department or an expert working in this department, and a legal counsel or attorney working in the legal department, meeting under the chairmanship of the vice president of the project group responsible for the privatization of the establishment to be privatized, and starts working upon the pro-
posal of the president of the administration and the approval of the Minister it is affiliated with. Substitute members are ap-
pointed for the commission in the same number and by the same procedure, provided that they are assigned in the above-mentioned units.

b) Working and Duties of the Commission:
The commission convenes with the total number of members and decides by absolute majority. Decisions cannot be ab-
stained from. The member who opposes the decision is obliged to write the reason for the dissenting vote below the
decision and sign it. The meetings of the commission and every meeting held with the bidders are recorded by the com-
misson in minutes. Minutes are signed by commission members and/or bidders who were present.

c) Tender Procedures:
Tenders are conducted by the procedures of sealed bidding, negotiated bidding, public auctioning, and sealed bidding
among certain bidders.

Sealed bidding procedure: In the sealed bidding method, bids are received in writing. After the bid letter is put in an
envelope and closed, the name, surname and full address of the bidder for notification are written on the envelope. The
contented part of the envelope is signed or sealed by the bidder. This envelope is placed into a sealed envelope together
with the receipt for the guarantee or bank letter of guarantee and other documents requested and the envelope is closed.
The name and surname and full address of the bidder and the job that the bid relates to are written on the outer envelope.
It is obligatory that the bid letters be signed by the bidder and that it be mentioned that the specifications and its annexes
have been fully read and accepted, and that the offered price be written clearly in numbers and letters. Bids that do not
comply with any of these or have scrapings, deletions or corrections on them are rejected and deemed not made at all.
The bids are given to the administration against the receipts with consecutive numbers until the date and time specified
in the announcement. Other matters are specified in the tender specifications. Bids submitted cannot be withdrawn for
any reason. Following the opening of the bids at the specified date and time, the number of bids submitted is stated in a
report, the outer envelopes are opened in the order of receipt in front of the bidders that are present, and it is checked
whether or not the documents requested and the bid bonds have been provided in full. The receipt sequence number on
the outer envelope is also written on the inner envelope. The inner envelopes of the bidders whose documents and guar-
antees are not suitable and incomplete are not opened and returned to them or their representatives together with other
documents without any further processing. These persons cannot participate in the tender. Before the inner envelopes
with the bids are opened, persons other than those who will take part in the tender shall be removed from the tender
room. After that, the envelopes are opened in numerical order, the proposals are read by the head of the commission or
someone else designated by him, and a list is made. This list is signed by the head and members of the commission. Bid
letters that do not comply with the specifications or have other conditions are not accepted. If the same price is offered
by several bidders and it is understood that they all are suitable, if the bidders making the same bid are present during this
session, a second written offer is received from these bidders and this process is maintained until the equality is bro-
ken. In tenders made by the sealed bidding method, in case there is no bidder or the bid is not deemed suitable by the
commission, the tender is conducted again in the same way, or, if the commission deemed it to be in the public interest,
the tender is concluded by negotiated bidding or public auctioning method.

Negotiated bidding procedure: Tenders can be started on the condition that offers are received from multiple bidders
in a sealed envelope. The requirement to get multiple bids is not sought in the privatization of the shares of the affilia-
tes

cases deemed necessary by the commission, the tender can be concluded through public auctioning with the participation of the bidders with ongoing negotiated bidding talks. This issue is specified in the an-
ouncement and/or the specifications. The negotiations are recorded by the commission with a report and it is signed by
the commission members and bidders.

Public Auctioning Procedure: Bidders who have provided the required collateral and who are determined by the com-
misson to have fulfilled the necessary conditions stated in the tender announcement to be able to participate in the ten-
der can take part in the public auctioning tenders. The initial value that is requested and the minimum amount that can be
increased in bids to be given at every stage of public auctioning are determined by the commission. The duration of the
public auctioning is determined by the commission and announced to the bidders in attendance before starting public
auctioning. In cases deemed necessary by the commission, the period may be increased for once only and not exceed-
ing half of the previous period at most. These procedures and the bidding order to be determined by the commission are
recorded by the commission in a report in the presence of the bidders. If the bidders make an offer as much as or
above the initial value that would be the basis for public auctioning, public auctioning is maintained. Bidders make new
offers by increasing the previous bid. If a new offer is not received in public auctioning held in this way, the head of the
commission announces that the tender will be completed on the last offer and this announcement is made three times. If
no offer is received despite this, public auctioning is terminated. Transactions regarding public auctioning are recorded in
a report. The report is signed by the commission members and bidders.

Bidding procedure among certain bidders: If no results are obtained from the tender that was conducted, the tender can
be held through the bidding procedure among certain bidders, provided that the approval of the Council is obtained.
In the bids to be taken for the tenders to be made in this way, the requirements to be sought in terms of technology,
investment, production and employment will be sought and other principles are stated in the tender specifications to
be prepared. Bids containing the projects and commitments are received from the bidder(s) within the framework of the
tender specifications to be prepared. After the receipt of the offers, the tender commission decides on whether to hold
talks with the bidder(s) one-on-one or jointly. As a result of the negotiations to be held, tender results are presented to
the Council by the administration for decision to be taken.

d) Sealed bidding, negotiated bidding or public auctioning procedure is applied in tenders related to privatization
applications to be conducted through asset sales. The administration decides which procedure will be applied, taking
into account the nature of the asset and the valuation results. In tenders to be held by the sealed bidding method, the
commission may decide to continue the bidding through negotiated bidding or public auctioning, taking into account
the valuation results and the offers received, following the receipt of the offers. Negotiated bidding method is applied in
tenders for privatization applications to be made through block sale of shares.

e) In tenders related to privatization applications conducted by methods other than sales management, the administra-
tion determines which one of the negotiated bidding and public auctioning methods is to be applied, taking into account
the nature of the asset belonging to the establishment to be privatized, the nature of the service it renders, its structure,
legal status and the valuation results.

f) Privatization of shares on domestic and foreign markets through public offering, stock exchange sales, or sales to
securities mutual funds or securities investment trusts are subject to capital markets legislation.
g) Negotiated bidding procedure is applied in tenders for the selection of consultants, by taking written offers from at least three consultants identified as a result of the research made by the administration according to the nature of the work covered by the tender and the nature of the industry, taking into account their experience and qualifications. The tender is finalized with the approval of the president of administration. Tender commission for the selection of advisors consists of the following five members: the Head of Tender and Consultancy Services Department, an expert working in this department, the group head or department head responsible for the project covered by the consultancy service or a specialist working in these units, and a lawyer working in the legal department meeting under the chairmanship of the vice president whom the Tender and Consultancy Services Department reports to. Alternate members are appointed in the same number and by the same procedure. This commission starts working with the approval of the president of the administration.

The decisions made by the tender commission as a result of the bidding process are submitted to the approval of the Council by the administration (except for the tender results for the selection of advisors) and the results are publicly announced following the approval of the Council. In the event that the establishment in the privatization program carries out its privatization process in accordance with the last paragraph of the article 4 of this Law, bidding process is carried out by the commission to be formed under the chairmanship of the authorizing officer of the establishment by the decision of the bodies of the relevant establishment that are authorized to take decisions, within the framework of the principles stated above. Tender results are approved by the Council.

The authorizing officer of the establishment is the general manager or the deputy general manager to whom he will transfer his authority for this work.

Infusion of capital in kind and transfer of treasury immovables

Article 19

The following provisions apply regarding the immovables of the establishments included in the privatization program;

A) In the event that the establishments are converted to a joint stock company, company immovables may be invested as capital in kind for the entire capital of the company. The valuation of the capital in kind to be provided in the initial phase of the privatization is made by the Administration. Shares to be issued against capital in kind are deemed to have been transferred to the Administration free of charge. The articles 285, 299, 392 and 404 of the Turkish Commercial Law and the phrase “end of the fiscal period” and the subparagraph 5 in the first paragraph of the repeating article 298 of the Tax Procedure Law, and the provisions of the Banking Law and the Capital Markets Law concerning the infusion of capital in kind are not applied to these matters.

B) Without prejudice to the provisions of the articles 43, 168 and 169 of the Constitution, regarding the transfer, to the establishments which have been included in the privatization program and which have a public share of more than 50% of the Treasury-owned immovable properties used by these establishments, and of the immovable properties under the rule and possession of the State, except for those whose registration is not possible due to their special legislation, and/or the establishment of real rights other than ownership in favor of these establishments;

a) The ownership of the immovable properties used by the establishments, which have the status of a joint stock company and/or have been converted into a joint stock company, and which are wholly or majority owned by the State, is transferred to the relevant establishment without payment, in order for their considerations to be invested as capital in kind at the establishment of the company or in the capital increase to be made. The shares to be issued in return for the capital in kind that is formed in this way are deemed to have been transferred to the Administration without payment of a consideration.

b) The ownership of the immovable properties used by the establishments, which have not been converted into a joint stock company is transferred to these establishments without a consideration. These immovable properties are regarded as assets by the Administration during the evaluation of the establishment’s assets.

c) [Repealed]

d) For the immovable properties specified in the first paragraph of the subparagraph (B) of this article, accrued fees are not demanded, excluding those which have been finalized by decision by the date of registration in the title deed, and those collected are not returned.

e) The Treasury-owned immovable properties used by the establishments which have been included in the privatization program and which have a public share of more than 50% in their capital, and the immovable properties under the rule and possession of the State, except for those which cannot be registered due to their special legislation, can be transferred to these establishments and/or transferable real rights other than ownership can be established in favor of these establishments.

C) The problems that may arise in the application of this article as well as in the transfer and allotment of immovable properties between establishments in the privatization program and other public institutions and establishments, transfer and liquidation of easement, usufruct, operating and rental rights, and in the transfer of immovable properties that must be transferred with payment are resolved by the Ministry of Finance upon the opinion of the administration. The restrictions in the Zoning Law No. 3194 are not applied in the allotment of immovable properties that need to be transferred within the scope of this article.

D) Until the public share in the capital of those establishments in the privatization program which have the joint stock company status decreased below 50%, and, in others, until the transfer date as a result of privatization applications, the arrangements regarding the allotment and unification of immovable properties belonging to these establishments and the transactions required by these arrangements are done by the Administration. Upon notification of the results of the transactions regarding the allotment and unification of the immovable properties specified in this subparagraph by the Administration, the registration and deletion procedures are carried out by the relevant land registry office without the need for any further processing. The results of the registration process are notified to the relevant municipality and governorship by the land registry office. The articles 15 and 16 of the Zoning Law No. 3194 are not applicable to transactions regarding the allotment and unification of immovable properties covered by this sub-paragraph.

Conversion of establishments into a joint stock company, transfer of their rights and obligations

Article 20

Regarding the establishments taken into the privatization program;

A) Bringing the articles of association of the establishments that currently have the status of a joint stock company in compliance with the provisions of this Law, preparing the articles of association of those without the status of a joint stock company which have been deemed necessary, and converting them to a joint stock company, the complete or partial transfer of the assets of the establishments with the status of a joint stock company, the capital of which is fully owned by the Administration, and the properties of the establishments without the status of a joint stock company to another joint stock company or establishment, which is included in the privatization program and which is fully owned by the Administration, with or without a consideration, the division of those with the status of a joint stock company through the establishment of a new company/companies by investing some of their assets as capital in kind, or their merger into a new company or their merger by dissolution without liquidation are decided by the Administration, and their articles of association are approved by the Administration. The relevant articles of the Turkish Commercial Law are not applicable to the transactions specified in this subparagraph.

B) All rights and properties and debts that were in the possession and/or at the disposal of the establishments before their inclusion in the privatization program will continue as they are after they are taken into the privatization program and privatized. In the event that the establishments businesses and business units are converted to joint-stock companies
separately, the Administration shall decide which of the rights and obligations of the establishments they were affiliated with will be transferred to this establishment which was converted to a joint-stock company.

C) The conditions regarding the establishment of a company that are contained in the Turkish Commercial Law, the Capital Markets Law and other relevant laws are not sought in the conversion of the establishments deemed necessary out of those included in the privatization program into a joint stock company and during the period of the privatization program of those converted into a joint stock company. The provisions of the Turkish Commercial Law relating to the general assembly meetings are not applied to the establishments in the privatization program which have the status of a joint stock company and which are fully owned by the State.

D) State guarantee may continue. The Council is authorized to lay out the terms of this and other matters. The Minister whom the Undersecretariat of Treasury and Foreign Trade reports to is authorized to guarantee the purchase prices stipulated in the purchasing contracts to be made to purchase goods and services by establishments within the scope of privatization.

Shareholding rights of real and legal persons arising from the Turkish Commercial Law are reserved.

Payment of job loss compensation and provision of other services

Article 21

Job loss compensation is paid in addition to the compensation arising from laws and applicable collective bargaining agreements to those paid employees, who work on the basis of an employment contract for the establishments (except for affiliates) included in the scope of privatization according to this Law, and who had their contracts expired in accordance with the Labour Laws and collective labor agreements they are subject to, in a manner to be entitled to compensation, due to the preparation for privatization, privatization, downsizing or partial or complete cessation of the activities, temporary and permanent closing or liquidation of these establishments. In addition, the training expenses related to their professional development, training in a profession or acquisition of a profession and the expenses to be incurred in order to contribute to their efforts to find a new job are covered by the Privatization Fund. Disabled personnel (I, II and III degrees stipulated by the relevant laws) are paid job loss compensation twice the amount specified in this article. The process related to job loss compensation payments and other services that can be provided is carried out by the General Directorate of State Staff Department of Turkey.

While working under the Labour Laws for establishments that have been included in the scope of privatization, those who lose their jobs as a result of the termination of their employment contracts by the employer without just cause or termination by themselves for just cause, within one year from the time when the public share in the capital of these establishments has fallen below 50% due to their preparation for privatization, privatization, downsizing, cessation of their activities, closing or liquidation, and, from the handover date for those which have not been converted to a joint stock company, benefit from the compensation and other services specified in this Law.

Amounts to be set aside from the Privatization Fund revenues to pay job loss compensation or to cover expenses arising from other services are primarily used for job loss compensation. The resources of special allocation to be obtained domestically and/or from abroad for payment of job loss compensation and in order to meet the expenses related to other services are deposited to a bank majority owned by the state, to be determined by the Council, in the “Privatization Connected Job Loss Compensation and Other Services Account” to be opened on behalf of the General Directorate of State Staff Department of Turkey. The General Directorate of State Staff Department of Turkey is in charge of and authorized to use and manage this account. If urgent and compulsory expenditures cannot be made due to insufficient cash situation, the Administration is authorized to make transfers to the “Privatization Connected Job Loss Compensation and Other Services Account”, upon request by the General Directorate of State Staff Department of Turkey, to be offset against the transfers to be made from the Privatization Fund.

Job loss compensation is twice the daily net minimum wage. Of the employees covered by this article, those with an employment contract with the same employer that has been in force continuously for at least 550 days as of the end of the employment contract are provided with job loss compensation for a period of 90 days. The period is 120 days for those who have been working for 1100 days, 180 days for those who have been working for 1650 days, and 240 days for those who have been working for 2200 days. Those who were entitled to benefit from the compensation in question and other services are required to apply to the State Staff Department of Turkey within 30 days from the date of termination of their employment contracts in order to take advantage of such compensation and services. In the event that the State Staff Department of Turkey finds after the applications by rights holders that job loss compensation has been entitled, by concluding the necessary investigations within 30 days at the latest, it starts to pay job loss compensation on a monthly basis, within 10 days from the conclusion of the examination and related procedures, effective from the date of termination of the employment contract.

Beneficiaries of job loss compensation and other services shall cease to be entitled to compensation and other services if they are placed in a job or find a job themselves. Procedures and principles regarding the provision of job loss compensation and other services are determined by the protocol to be made between the Administration and the General Directorate of State Staff Department of Turkey.

Social security institutions’ deductions for the periods when the job loss compensation is actually paid will be paid to the relevant institutions by the General Directorate of State Staff Department of Turkey from the account to be opened separately in accordance with this article on behalf of the right holders.

The compensation amounts to be paid to those who have been entitled to compensation due to job loss that will arise as a result of privatization applications to be made in accordance with the article 26 of this Law are calculated by the relevant municipality or special provincial administration within the framework of the principles and procedures stipulated in this article. The compensation amounts calculated in this way are paid to the right holders by the relevant municipality or special provincial administration, to be covered from the revenues collected in a special account in accordance with the article 26.

Transfer of staff in the establishments

Article 22

In case of determination of redundant personnel by the relevant establishment or the Administration in the establishments (excluding affiliates) taken into the privatization program or termination, transfer, downsizing, cessation of activities, closure, liquidation of the public legal entity due to sale of these establishments in whole or in part, those who have been working in these establishments subject to the Civil Servants Law No. 657 or under contract as of the date of their inclusion on the program, and the personnel working through appointment to the positions titled general manager, deputy general manager, head of the auditing board, chairman of the board, head of department, manager of the enterprise, region, factory, business and branch, auditor and deputy auditor, consultant and chief expert, who do not benefit from the provisions of collective labor agreement although they work subject to Labour Laws, are notified by the Administration to the State Staff Department of Turkey to be transferred to public institutions and establishments within fifteen days from the completion of the above-mentioned processes. Those who accept to be appointed to the positions established by the Administration and governed by the Labour Laws while working in a cadre or a position with the right to transfer, and those who have been appointed to the establishment by transfer or direct appointment after the establishment was included in the privatization program cannot benefit from the right to transfer introduced by this article. The administration is authorized to cancel the vacancies among the cadres and positions within the scope of the right to transfer at the establishments in the privatization program, and to change the positions of the cadres and positions among companies or workplaces within the same establishment. The personnel of any establishment in the privatization program can be assigned and authorized in the establishments to be privatized by the Administration.
The appointment of the personnel that are subject to transfer is proposed by the State Staff Department of Turkey within forty-five days to the positions identified by the Department referred to out of the vacant positions of the public institutions and establishments covered by the Decree No. 190, provided that they are not lower than salary rank that has been entitled to according to the Civil Servants Law No. 657. Appointment proposals can be made in line with the needs to the existing vacant cadres or positions of public institutions and establishments (except establishments within the scope of privatization) outside the scope of the Decree No. 190. The appointment proposals for those, among such personnel, who are employed in the positions in the Schedule (1) annexed to the Decree Law No. 399, dated 22/1/1990, and for the personnel working in other positions with the titles listed here are realized to the cadres with the title of researcher or, if they wished, to the cadres related to the titles they have acquired in terms of their educational status, except for the titles included in the Schedule (1) annexed to the Decree Law No. 399, provided that they have previously been employed in cadres or positions related to these titles and that the title of the position to be appointed to is included in the schedules annexed to the Decree Law No. 190. However, included in the schedule no.

(1), appointment proposals of those who entered the profession by a special competitive examination and who were appointed after a special qualification exam following a certain period of on-the-job training are realized to the cadres suitable for the job title in question. Appointment procedures must be fulfilled by the public institution and establishment that will make the appointment, within thirty days after the transfer of the appointment proposal letter sent by the State Staff Department of Turkey to such institution and establishment. Provisions of provisional article 9 are taken into consideration for the personnel who are assigned through transfer.

In the event that the establishment is sold or transferred, after the appointment of the transferable personnel who have been working at this establishment was made according to the provisions above, and the appointment order is notified to the relevant personnel by the institution or establishment that appointed, and the appointment order to be issued for the redundant employee is notified by the establishment in accordance with the provisions of the Notification Law No. 7201. The public institution and establishment making the appointment is responsible for the implementation of the provisions of the articles 62 and 63 of the Civil Servants Law No. 657 regarding the time periods for the personnel to start working and the actions to be taken in case of failure to start working. The institutions and establishments inform the State Staff Department of Turkey within fifteen days at the latest of the results of the appointment and induction process. In case of request, the personnel who started working for their new agency can be appointed, upon request, by their agencies to the positions suitable for their former cadres or positions, provided that there are vacant cadres and that it complies with the relevant legislation. For those who have been performing their military service, the above periods start from the beginning of the month following their discharge. Cadres and positions vacated due to transfers to be made to other public institutions and establishments in accordance with this article are deemed to have been canceled without any action from the date they were vacated.

Salaries, wages, bonuses, and other financial rights related to salaries, if any, belonging to former cadres or positions of the personnel notified to the State Staff Department of Turkey to be transferred to other public institutions and establishments according to the first paragraph of this article, regarding the period from the date the establishment’s public legal entity ended to the beginning of the month following the date when they will take office in their new institutions, and social rights and benefits (per diems, healthcare expenses, funeral expenses and death aid) during the time that will pass until the date when they will take office in their new institutions are paid from the Privatization Fund, and those personnel who are subject to the Retirement Fund of Turkey continue to be connected with the Fund during this period. No debts are issued for salaries and other financial rights received from the former place of duty and no settlement is made between institutions. Increases in the salaries and wages of the personnel during the time that will pass from the date they have been notified to the until the date they start working in their new positions are not taken into account in the implementation of the fifth and sixth paragraphs. Retirement bonuses, office, duty and representation compensations, and death benefits paid by the Retirement Fund of Turkey to those personnel who retired during the transfer process are paid by the Treasury to the Retirement Fund of Turkey against their invoices, within two months following their payment. Of those personnel who have been determined as redundant personnel due to privatization practices while working as personnel with the right to transfer under the Labour Laws, the employment contracts of those who declare that they have given up their right to transfer within ten days starting from the date of notification of the decision are deemed to have been terminated and their notice and severance payments are covered by the Privatization Fund. The employment contracts of the personnel subject to Labour Laws with the right to transfer who have notified the establishment where they worked in writing that they had given up their right of transfer, within ten days after the publication in the Official Gazette of the decision regarding the approval of the final transfer transactions of the establishment as a result of the privatization application, are also deemed to have been terminated and their notice and severance payments are covered by the Privatization Fund. Of the personnel whose names have been notified to the State Staff Department of Turkey to be transferred to other public institutions and establishments, the severance pays of those whose employment contracts have expired during the transfer process in a way to entitle them to severance pay is also paid from the Privatization Fund. Severance pay is not paid to the personnel transferred to other public institutions and establishments in accordance with this article while working subject to Labour Laws, and their employment periods which the severance pay is based on, except for the periods for which severance pay was paid previously, are considered in the calculation of retirement bonuses according to the provisions of the Law No. 5434 on the Retirement Fund of Turkey.

In the event that the total net amount of payments (this amount is taken as a fixed value) made to the contracted personnel transferred to other public institutions and establishments according to the provisions of this article and the personnel covered by Labour Laws, under such names as contract fee, wage (excluding overtime pay), bonus, banking compensation, additional pay, additional payment, incentive payment, and the like that they have been getting as of the date of notification, in connection with their cadres and positions on the date they were notified to the State Staff Department of Turkey, are more than the total net amount of salary, additional indicators, bonuses, all kinds of raise and compensation (including additional compensation and banking compensation), office compensation, representation compensation, duty compensation, contract fee, wage, additional wage, additional payment, incentive payment, revolving fund share that are made in relation to the cadres or positions in the institution or establishment to which they were transferred, and all kinds of payments made under similar names (excluding overtime pay, additional course fee paid for the actual courses given), the amount of difference in between is also paid as compensation until the difference is eliminated, without being subject to any tax or deduction. The payment of difference compensation is ceased to those who have voluntarily changed their cadre titles or positions in the establishment they were assigned to and those who transferred to other institutions.

The salary, additional indicator, raise, special service compensation, office compensation, representation compensation, duty compensation that the personnel who were transferred while working in the positions specified in the schedule No. (1) attached to the Decree Law No. 399 (including the personnel in the establishments that were combined as a joint stock company according to this Law) have been getting in relation to their positions on the date they were notified to the State Staff Department of Turkey, as of the date of notification, are reserved as a whole for three years, effective from the beginning of the month following the date they started working, and the periods in which person-specific right was enjoyed are taken into account in the calculation of the periods specified in the additional articles 68 and 73 of the Law No. 5434 (including those transferred earlier). Increases in indicators, points, rates and coefficients, which had existed for their former positions and were within the scope of reserved rights before the date the relevant persons are appointed to their new positions, are considered as an increase in person-specific rights. However, any financial and social rights, assistance and other payments created after this date for the former positions are not considered within the scope of person-specific rights. Increases in rank or advances in level in the assigned position do not result in raising the rank or advancing the level of the former position for which reserved person-specific rights were paid, in payments other than monthly indicator and additional indicator. In the event that the total net amount of the salary, additional indicators, bonuses, all kinds of raise and compensation (including additional compensation and banking compensation), office
compensation, representation compensation, duty compensation, wage, additional wage (excluding overtime pay), additional payment, and similar payments (this amount is taken as a fixed value) that such personnel (including the personnel in establishments that were combined as a joint stock company according to this Law) have been getting as of the date of notification, in connection with their cadres and positions on the date they were notified to the State Staff Department of Turkey are more than the total net amount of salary, additional indicator, raise, special service compensation, office compensation, representation compensation, duty compensation payments that are made by the institution and establishment to which they are transferred as a person-specific right, and all kinds of payments made under the name of bonuses, wages, additional fees, additional payments, additional compensation, incentive payments, revolving fund shares and similar names (except for overtime pay, additional course fee paid for the actual courses given) that are made outside of the person-specific rights, the amount of difference in between is also paid as compensation until the difference is eliminated, without being subject to any tax or deduction. The payment of difference compensation is ceased to those who have voluntarily changed their cadre titles or positions in the establishment they were assigned to and those who transferred to other institutions.

Retirement
Article 24
Retirement bonuses are paid more than 30% (thirty percent) of what they are to those personnel working in the establishments included in the privatization program, subject to the Law No. 5434 on Retirement Fund of Turkey, who have been entitled to retirement in terms of their service periods under the provisions of the Retirement Fund of Turkey Law. If they wanted to retire within two months from the date they gained this right, for those who had gained the right to retire before the establishment they work for was taken into the privatization program, payment is made if they wanted to retire within two months from the date this establishment was taken into the privatization program. The amount of 30% (thirty percent) to be paid in addition to the retirement bonus is covered by the Privatization Fund upon request by the General Directorate of Retirement Fund of Turkey following the payment.

Privatization practices in Local Administrations
Article 26
The privatization process of for-profit establishments belonging to municipalities and special provincial administrations, and their shares in all kinds of their affiliates, regardless of the amount of their shareholding, is determined and executed by their authorized bodies in accordance with the principles in this Law.

The revenues obtained in this way are collected in a special account by the relevant municipality or special provincial administration. Revenues collected in this special account are used first of all for compensation payments to be made by the relevant municipality or provincial special administration due to job loss that may arise as a result of privatization, and for the expenditures required by the administrative, financial and legal arrangements to be made in other establishments to be privatized, when necessary by the relevant municipality or provincial special administration in accordance with this article. The amount remaining after deducting the priority expenditures mentioned above from the privatization revenues to be obtained in accordance with this article is recorded as revenue in their budgets by the relevant municipality or special provincial administration.

Consultancy, research, marketing and technical services related to subjects requiring special expertise within the framework of the privatization applications to be carried out by municipalities or special provincial administrations may be provided by the Administration upon request by the relevant municipality or special provincial administration.

Establishment of commercial enterprises to operate for commercial purposes by municipalities and other local administrations and the unions set up by them, and contribution of capital to companies that exist or to be set up are subject to the permission by the President of the Republic.

Exemption
Article 27
a) Transactions regarding privatization practices to be carried out in accordance with the provisions of this Law (including contracts for purchases of consultancy services and final transfer transactions) are exempt from all kinds of taxes, duties and charges except Value Added tax. The Administration is exempt from all fees in cases and proceedings to which the Administration is a party. Administrative cases related to privatization practices are heard at the Council of State as a court of first instance.

b) The phrase “23 - Privatization Administration and Privatization Fund” has been added as a subparagraph to the article 7 of the Corporate Tax Law No. 5422.

c) No fees are collected in the form of taxes, duties, fees, contributions and the like in the trade registry registration process and Capital Markets Board registration procedures for capital increases in the establishments in the privatization program. Pursuant to the decisions made by the Competition Board regarding privatization practices, division and transfer transactions before or after the transfer of the establishment are exempt from all kinds of taxes, duties and fees.

Miscellaneous Provisions
Article 37
Regarding privatization applications;
a) Establishments included in the privatization program in accordance with the provisions of this Law are subject to the provisions of private law, and the provisions contrary to this Law that are contained in their own establishment laws, if any, and in other laws, and the provisions of the Decree no. 233 are not applicable. However, the provisions of the Law No. 815, dated 04.19.1926, on Sea Transport Along Turkish Coast (Cabotage) and Engaging in Arts and Trading at the Ports and in Territorial Waters, and the provision of the article 823 of the Turkish Commercial Law No. 6762 dated 29.6.1956 are reserved. Privatization cannot be made of the ports by transfer of ownership.

b) The practices to be carried out in accordance with the provisions of this Law and the principles regarding the tender procedures are determined by the regulations to be issued by the Administration. The principles and procedures regarding the consultancy services to be obtained are determined by the regulation to be issued by the Administration upon the assent of the Public Procurement Authority. These regulations come into force on the date they are published in the Official Gazette following the approval by the Council.

General provisions shall apply in cases where there are no provisions in this Law, without prejudice to the provisions in the subparagraphs of (a) and (b) of this article.

Provisions that have been repealed
Article 42
The subparagraph (c) of the article 1 of the Law No. 6224 dated 18.1.1954, the first and fourth paragraphs of the article 14 and the first paragraph of the article 17 of the Law No. 3291 dated 28.3.1986 have been repealed.

Additional Article 1
Project Group Heads working in the Administration are subject to the provisions applicable to the Department Heads in the Administration in terms of their salaries, additional indicators, raise and compensation and status.

Additional Article 2
Public institutions and establishments (including public institutions, boards, higher boards and establishments set up by private law) freely and urgently examine, decide and finalize the transactions related to privatization that are transferred to them.
Additional Article 4
The posts in the attached list (1) have been canceled, removed from the section belonging to the Privatization Administration in the schedule annexed to the Decree no. 190, the cadres contained in the attached list (2) have been created, and added to the section belonging to the Privatization Administration in the schedule annexed to the Decree that was referred to.

Additional Article 5
The President of the Republic is authorized to take decisions regarding the works and processes to be carried out in relation to the postponement or rescheduling, without additional charges, and implementation of the debts owed by the farmers who suffered due to natural disasters to Sugar Factories Corp. of Turkey that was included in the privatization scope and program.

Additional Article 6
The posts in the attached list (1) have been canceled and removed from the section belonging to the Privatization Administration of the schedule (I) annexed to the Decree No. 190 on General Cadres and Procedures dated 13/12/1983, and cadres contained in the attached schedule (2) have been created and added to the section belonging to the Privatization Administration of the schedule (I) annexed to the Decree Law No. 190.

Provisional Article 1
The cadres in the attached list (2) have been created and added to the schedules attached to the Decree No. 190 as the section of the Privatization Administration.

Provisional Article 2
All personnel and all kinds of vehicles, securities, real estate, vehicles, equipment, materials, flooring and fixtures transferred to the Directorate of the Privatization Administration, while belonging to the Directorate of the Public Partnership Administration, as a result of the transformation of this Administration to the Privatization Administration by the Decree No. 530, which was canceled by the Constitutional Court, have been transferred to the Directorate of the Privatization Administration set up by this Law.

Salaries, additional indicators, all kinds of raises and compensations, contractual wages, bonuses and the overtime pay included in the amended article 31 of the Law No. 3056 dated 10.10.1984 and other personal rights that are paid, as per the Decree No. 530, to the personnel deemed to have been transferred to the Privatization Administration in accordance with the first paragraph of this article, who were the personnel of the Public Partnership Administration or the Privatization Administration before the effective date of this law, are paid in accrual according to the same principles and procedures for the period that passed between the date of publication in the Official Gazette of the cease order issued by the Constitutional Court for the enforcement of the Decree Law No. 530 and the date this Law came into force. However, the payments made for the period in question will be deducted.

Those with positions removed are assigned to jobs appropriate to their situation until they are appointed to a new position. The salaries, additional indicators and all kinds of raises and compensations, contractual wages, bonuses and other personal rights belonging to their former positions are reserved specifically for them until they are appointed to a new position.

The contractual rights of non-permanent contracted personnel continue exactly. Of these personnel, those who are transferred to civil service are appointed to positions that are appropriate to their situation by determining their ranks and levels by taking into account the additional provisional articles 1, 2 and 3 of the Civil Servants Law No. 657 and the provisions of the Decree No. 458, provided that they do not exceed the ceiling that they can be promoted according to their education status. In the event that the net amount of the monthly contractual wages of these personnel (including the amount of the bonus for a month, excluding overtime pay) is more than the monthly net amount of the position which they have been assigned to, including the salary, additional indicator, all kinds of raise and compensation rights and overtime pay, it is paid as compensation without any deduction until the difference in between is eliminated.

In line with the new regulations made by this Law, “The Principles of Employment Contract for Contracted Personnel to be Employed in the Privatization Administration” shall be issued by the Council of Ministers within two months from the effective date of this Law.

Provisional Article 3
The process of preparing public banks for privatization (excluding Central Bank of Turkey, Ziraat Bank, T. Halk Bank and Eximbank) shall be completed within two years from the effective date of this Law.

Provisional Article 4
Unless otherwise decided by the Council, the decisions of the High Planning Council and the High Council of Public Partnership, which do not contradict the provisions of this Law, will continue to be implemented as Council decisions.

The goods and services production activities of the Public Economic Establishments, which were in line with their basic establishment purposes and whose monopolistic quality has been abolished by the relevant laws before the effective date of this Law, are exempted from the article 15 of this Law.

Provisional Article 5
Until the reorganization is made in accordance with this Law, the duties assigned to the units established in the administration continue to be carried out by the units that were previously performing these duties.

Provisional Article 6
The management of the Public Partnership Fund and the related documents and records, and the documents and records regarding the Employee Savings Incentive Account created in accordance with the Law No. 3417 and the utilization of the money collected in this account are deemed to have been transferred to the Undersecretariat of Treasury and Foreign Trade as of 1.1.1995. The due diligence protocol regarding this transfer is signed between the administration and the Undersecretariat of Treasury and Foreign Trade.

The transactions for the management of the Public Partnership Fund and the management and usage of the Employee Savings Incentive Account and increasing the monies collected in this account are carried out by the administration until 31.12.1994, and by the Undersecretariat of Treasury and Foreign Trade from the date of 1.1.1995.

a) The portion of the amounts in the Privatization Revenue Account and the dividend account held by the Public Partnership Fund on the date of 1.1.1995, which was previously allotted to the Public Partnership Fund managed by the Public Partnership Administration pursuant to the decisions of the High Planning Council is transferred to the Privatization Fund, and

b) The amounts, as of the date of 1.1.1995, which were previously contained in the Employee Savings Incentive Account that had been opened on behalf of the Public Partnership Administration, are transferred to the Employee Savings Incentive Account to be opened on behalf of the Undersecretariat of Treasury and Foreign Trade in accordance with this Law. The amounts transferred to the Privatization Fund, which had been opened in accordance with the annulled Decree No. 530, under the provisions of the aforementioned Decree Law, are transferred to the Privatization Fund established pursuant to this Law.
Provisional Article 7
The expenditures in 1994 of the administration established by this Law are covered by the budget of the Public Partnership Administration approved by the competent authorities in accordance with the legislation before this Law.

References made to the High Council of Public Partnerships, the Directorate of the Public Partnership Administration, the Director of Public Partnership Administration and the Public Partnership Fund by the Law No. 2983 dated 29.2.1984 and other legislation are considered to have been made to the Privatization High Council, the Privatization Administration, the Director of the Privatization Administration, the Privatization Fund, the Undersecretariat of Treasury and Foreign Trade, the Undersecretary of Treasury and Foreign Trade, and the High Planning Council established by this Law, according to their relevance and the nature of the service.

Provisional Article 9
Employment periods spent in contractual status (including the personnel outside the scope) by those who were transferred to the status of Civil Servant through transfer to the administrations that are subject to the Civil Servants Law No. 657 pursuant to the article 22 of this Law, while working under the contractual status in State Economic Enterprises and their subsidiaries, are evaluated in determining the salaries, ranks and levels that they have been entitled to without seeking the requirement of position, provided that they do not exceed the limit they can rise to according to their education level, according to the additional provisional articles 1, 2 and 3 of the same Law, considering also the provisions of Decree No. 458. This article and the provisions in the article 22 of this Law regarding the compensation stipulated to be paid as a difference are applied to the officers and contracted personnel assigned to other public institutions and establishments from the establishments that were included in the scope of privatization before the effective date of this Law.

Provisional Article 10
In the event that the personnel employed at the establishments included in the Privatization Program, subject to the Retirement Fund of Turkey, on the date this Law entered into force, and those contracted personnel working subject to the Retirement Fund of Turkey who have been entitled to retirement, benefit from the provision of the article 24 if they wanted to retire within two months from the effective date of this Law.

Provisional Article 11
Establishments transferred to the Public Partnership Administration for privatization in accordance with the legislation in force prior to the effective date of this Law are deemed to have been included in the privatization program as of the date of transfer. The transactions that had been carried out previously by the Public Partnership Administration and the Privatization Administration in relation to the privatization of these establishments are valid, and the privatization procedures are from now on continued in accordance with the provisions of this Law. However, if necessary, the Council decides, upon the proposal of the Administration, on which of these establishments will be subjected to the preparatory work for privatization and which will be excluded from the privatization scope, within 3 months from the effective date of this Law.

Provisional Article 12
The transactions made in accordance with the legislation previously in effect as the Public Partnership Administration or Privatization Administration before the effective date of this Law, and personnel transfer and assignment transactions carried out by the relevant establishments in accordance with the article 5 of the repealed Decree No. 531, and adjustment and difference compensation transactions made pursuant to the Provisional article 2 of the Decree No. 546 are valid.

Provisional Article 13
Those personnel working in establishments privatized before the effective date of this Law, with the status specified in the article 21 of this Law, who had their employment contracts terminated due to the reasons stated in the aforementioned article, are also provided with vocational development, skills training and apprenticeship training services within the framework of the principles and procedures specified in the article 21, if they apply to the General Directorate of the State Staff Department of Turkey within 30 days from the effective date of this Law.

Provisional Article 14
The personnel currently working at the Hereke Carpet and Silk Weaving Factory and Yıldız Tile and Porcelain Industry Enterprises subject to the Civil Servants Law No. 657 are appointed, along with their cadres, to the cadres established by the article 25 of this Law and allocated to the Presidency of the G.N.A.T. [Grant National Assembly of Turkey], with respect to the personnel employed under contract or permanent worker status, those deemed appropriate by the Presidency of the G.N.A.T. among the personnel who have applied in writing to gain civil servant status within 30 days from the effective date of this Law, are appointed to the cadres at the G.N.A.T. mentioned above. The provisions of the article 22 of this Law on compensation and the provisional article 9 of this Law shall apply to them. Those who did not apply to be transferred to civil service and those who were not appointed, are assigned to other units of the General Directorate of Sümer Holding Corp. together with their positions.

Provisional Article 16
The two-year period envisaged for the preparatory procedures for privatization of public banks specified in the provisional article 3 of this Law has been extended for two years as of the end of the two-year period.

Provisional Article 17
Retirement bonuses, office, representation and duty compensations and death benefits, paid before the effective date of this Law, to those who left the institutions and establishments that had been privatized, ceased to operate, reduced, closed or liquidated institutions due to retirement, disablement, and death, and those who were provided with pensions for themselves or their widows and orphans by the Retirement Fund of Turkey, are paid to the General Directorate of the Retirement Fund of Turkey by the Treasury in return for their invoices within two months from the effective date of this Law. However, the provisions of the agreement made between the Privatization Administration and the buyers who have taken over regarding establishments that have been privatized or transferred are reserved.

Provisional Article 18
Concerning the persons to be employed as temporary staff in other public institutions and establishments in 2004, in accordance with the provisions of the article 4/C of the Law No. 657 dated 14.7.1965, because their employment contracts have been terminated due to the privatization, closing, liquidation of the establishment they worked for, as of 1.1.1992, or other reasons, while working at the establishments included in privatization program, or because their employment contracts were terminated by the employer in the privatized establishments within six months from the privatization date, wages and other personal rights in this context of such persons are transferred from the Privatization Fund’s Job Loss Compensation allowance to the relevant establishments until the date of 31.12.2004. The amounts to be transferred for wages and other personal rights of those employed in establishments with general and annexed budgets are deposited into the account of the Ministry of Finance Central Accountancy Directorate and recorded in the budget as revenue. Payments to be made are paid from the sections, existing or to be added, of the general and annexed budget administration budgets. The principles and procedures for payment are determined by the Ministry of Finance.

Concerning the workers working for those companies with public share of more than 50% privatized through sales within the framework of privatization applications, which were declared bankrupt before the date of the publication of this Law, those who could not receive their compensation for the time they worked in the public sector and who had their
receivables arisen in this regard registered with the bankruptcy court; receivables of severance pay of those who have applied to the Privatization Administration with the required documents within six months from the date of publication of this decision, which are determined by the Ministry of Labor and Social Security for the time spent in the public service, over the wages at the time when the establishment was privatized, are paid from the Privatization Fund. The portion corresponding to the payment made by the Privatization Fund of the amount registered with the bankruptcy court as receivables on behalf of the workers is followed up and collected by the Privatization Administration.

Provisional Article 19
Lawsuits filed before the effective date of the amendment made to the article 27 of this Law regarding the ongoing privatization practices are finalized by the courts where they are heard.

Provisional Article 20
The amendments made in the fourth paragraph of the article 21 are not taken into account for those who continue to receive job loss compensation on the effective date of the amendment made to the article 21 of this Law and the previous provisions will continue to be applied to them.

Provisional Article 21
Transfer rights are reserved of the personnel who have been working subject to Labour Laws for the establishments included in the privatization program, in the cadres and positions that are outside the scope, with the right to transfer, before the date the amendment made to the article 22 of this Law came into effect, if they continue to work in the same cadres or positions.

Provisional Article 22
In the payment of the difference compensation made and the rights reserved as person-specific according to the fifth and sixth paragraphs of the article 22 for those personnel who had their transfer process completed among those notified to the State Staff Department of Turkey to be transferred to other public institutions and establishments, before the amendment to the article 22 of this Law came into effect, the date on which the relevant persons were dismissed from their former institutions is taken as basis. The person-specific rights of the personnel whose person-specific rights are reserved for three years from the date of 15.8.2003 pursuant to the provisional article 2 of the Law No. 4971 dated 1.8.2003 expire on the date of 14.8.2006. The person-specific rights of the personnel who have been transferred between the date of 15.8.2003 and the date of the amendment made to the article 22 of this Law and who benefited from the person-specific rights are reserved for three years, effective from the beginning of the month following the date on which they started working for their new institutions and in the determination of the person-specific rights of the personnel who were transferred before the effective date of this article and in the payment of the difference compensation, the provisions of the article 22 amended by this Law are applied exactly, except for the provisions of this paragraph.

The provisions of the article 22 that were amended by this Law are exactly applied to the personnel whose transfer procedures have not been completed as of the effective date of this article.

Provisional Article 25
The Tobacco Support Balance Sheet managed by the Real Estate Corp. in connection with the support purchases carried out on behalf of the Treasury, pursuant to the repealed Law No. 196 on Supporting the Planter Tobacco Sales Markets dated 2/1/1961 and the Council of Ministers’ resolutions put into effect on the basis of this Law, is liquidated by transferring the balance sheet items to the balance sheet of the Company in question.

Following the transfer and liquidation procedures, support receivables from the Treasury included in the assets of the balance sheet of Real Estate Corp. and debts included in the trade payables item in the liabilities of the Tobacco Support Balance Sheet before the transfer transaction are mutually canceled.

Income and expenses arising from the transactions made within this scope are not taken into account in determining the corporate income. Transactions made due to transfer and cancellation transactions are exempted from fees, and the papers issued are exempt from stamp duty.

Provisional Article 27
The provision of the third sentence in the second paragraph of the article 22 that was amended by the Law establishing this article can also be applied to those appointed to Researcher positions within the framework of the provisions of the article 22 who have applied to their institutions in writing within thirty days.

Provisional Article 29
The works being carried out by the Privatization High Council as of the effective date of this Decree are finalized by the President of the Republic or the authority to be authorized by him.

Enforcement
Article 43
This Law takes effect on the date of its publication.

Execution
Article 44
The provisions of this Law are executed by the Council of Ministers.
LAW NO. 4706 ON UTILIZATION OF IMMOVABLE PROPERTIES BELONGING TO THE TREASURY AND AMENDING THE VALUE ADDED TAX LAW

Official Gazette: 18.07.2001/24466  
No.: 4706  
Date of Adoption: 29.06.2001  
Effective Date: 18.07.2001  
Last Amendment Date: 17.11.2020  
Effective Date of This Version: 17.11.2020

Purpose

Amended title line: Law No. 4916 dated 03.07.2003 a.1

Amended article: Law No. 4916 dated 03.07.2003 a.1

The purpose of this Law is to bring immovables belonging to the Treasury into the economy in a shorter time. The term Ministry used in this Law refers to the Ministry of Finance.

Removal of the allocation and sale by Decree of the President of the Republic

Amended title line: Decree Law No. 700 dated 02.07.2018 a.136

Amended article: Law No. 4916 dated 03.07.2003 a.2

The President of the Republic may also decide to annul the allocations of those immovables belonging to the Treasury which have been allocated in order to bring them into the economy. These immovables are sold on a priority basis.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a.136

Including those which are actually used in public services among the immovables owned by the Treasury or public administrations, which have been allocated to a public administration but are needed by another public administration for the performance of public services, the President of the Republic is authorized to determine which public administration needs the immovable property more, and make the final decision on administrative disputes on the allocation of them to the public administration in need through removal of their allocations.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a.136

For the purpose of bringing into the economy those holiday villages, thermal facilities, training and recreation camps, education, recreation and sports facilities, guesthouses and other social facilities that are in the possession and at the disposal of public administrations under the central government, except for local administrations, revolving funds, funds, other public administrations established by private law or Presidential Decree, except for professional organizations that qualify as public institutions, state economic enterprises and their subsidiaries and establishments and other partnerships and companies with more than fifty percent of their capital owned by the State, the President of the Republic can decide on the utilization of such facilities by the owners themselves, the Ministry, the Privatization Administration or by the Directorate of Housing Development Administration through sale, building construction against the floor / land, by establishing limited real rights of them or by other methods under the legislation of the administration that will carry out the utilization process and according to the procedures specified in this legislation, and on the administration that will make the utilization and the method by which it will be made.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a.136

The revenues obtained from the monetization of the immovables within the scope of the third paragraph are transferred to the central accounting unit accounts of the relevant administration in administrations under the general budget and recorded as special income. The Ministry of Finance is authorized to include an allowance in the administration’s budget in order to meet the investment needs exclusively against this amount recorded as special income. In special budget administrations, these revenues are transferred to the accounting unit’s accounts and recorded as revenue in their budget. The administrations use these revenues exclusively to meet their investment needs by adding allowances within the framework of the provisions of the relevant legislation. In others, the revenues obtained are transferred to the accounting unit’s accounts according to their own legislation and recorded as revenue in their budgets and used exclusively to meet investment needs according to the relevant legislation. The costs incurred for the immovables whose appraisal processes have been carried out by administrations other than the administrations that own them are deducted from the revenues to be transferred.

Addendum paragraph: Law No. 6456 dated 03.04.2013 a.36

The Ministry is authorized to determine the procedures and principles regarding the implementation of this article, to direct and monitor the implementation, and to eliminate hesitations that may arise in the practice.

Addendum paragraph: Law No. 6456 dated 03.04.2013 a.36

Places taken out of forest boundaries on behalf of the Treasury

Article 3: Repealed article: Constitutional Court Decision E. 2001/382 K. 2002/21 dated 23.01.2002

Direct selling

Article 4

Immovable properties belonging to the Treasury can be sold directly at their current values to;

a) Foreign states, provided that they are reciprocal, the positive opinion of the Ministry of Foreign Affairs is obtained and they are used for diplomatic purposes,

b) Beneficiaries upon request, if limited real rights have been established on them in favor of individuals for various purposes, the ground and the part of the buildings and facilities on it that should be transferred to the Treasury,

Amended subparagraph: Law No. 4916 dated 03.07.2003 a.3

c) Their shareholders who make a request, provided that the share percentage does not exceed forty percent or the number of shares does not exceed four hundred square meters within the boundaries of the implementation development plan, and four thousand square meters outside of them,

Amended subparagraph: Law No. 6009 dated 23.07.2010 a.32

d) Users of the immovable property belonging to the Treasury, located outside the boundaries of the municipality and adjacent areas, within the settlement area of villages and hamlets and with a surface area of up to five thousand square meters,
Soil Conservation and Land Use can be sold directly to their shareholder or, if there multiple shareholders, through a joint sale. An annotation is placed in the land registry allocated for this purpose as well, the managing company in technology development zones, and to the Directorate of Housing Development Administration in order to produce mass housing. An annotation is placed in the land registry that the places sold in accordance with the provisions of this paragraph and the places sold included in the article 63 of the Law No. 492 on Fees to cooperatives established for this purpose and public institutions and organizations according to the subparagraph (i) shall be registered ex officio in the name of the Treasury as no-cost and independent places allocated to public service areas as a result of the zoning application to be made regarding the immovables sold on them exclusively for educational or health purposes, the sales price is half of the value which is the basis for the fee included in the article 63 of the Law No. 492 on Fees. Those who will buy the immovables mentioned in subparagraph (d) or their legal and contractual successors must be registered with the population registry of the village where the immovable is located or have resided in that village since 31.12.2000. An annotation shall be placed in the declarations section of the land registry that the places sold in accordance with the provisions of this paragraph and the places sold in accordance with subparagraphs (e), (f) and (i) shall not be used for purposes other than their sales purposes. The places allocated to public service areas as a result of the zoning application to be made regarding the immovables sold according to the subparagraph (i) shall be registered ex officio in the name of the Treasury as no-cost and independent parcels.

Immovables belonging to the Treasury can be sold directly at the value which is the basis for the fee specified in the article 63 of the Law No. 492 on Fees to cooperatives established for this purpose and public institutions and organizations to be built as a small industrial site, commodity exchanges to be built as an exchange, public institutions and organizations and professional organizations that qualify as public institutions, to be used as free zones, including immovables allocated for this purpose as well, the managing company in technology development zones, and to the Directorate of Housing Development Administration in order to produce mass housing. An annotation is placed in the land registry stating that these places cannot be used outside of their purposes.

In the sale of agricultural lands owned by the Treasury, immovables subject to the restrictions in the Law No. 5403 on Soil Conservation and Land Use can be sold directly to their shareholder or, if there multiple shareholders, through negotiation among the shareholders, without being subject to the restrictions in the subparagraph (c) of the first paragraph of this article.

Amended paragraph: Law No. 6009 dated 23.07.2010 a.32

Except for those used by personnel conducting defense, security, justice and intelligence services, public residences that are in the possession or at the disposal of the public administrations under the central government, revolving funds, funds, other public administrations established by private law or the Presidential Decree, except for professional organizations that are qualified as public institutions, state economic enterprises and their subsidiaries and enterprises, and other public partnerships and companies that are majority owned by the State, are brought into the economy. In the execution of all kinds of works and transactions related to this, the relevant administrations are authorized for the housings belonging to the local administrations, and the Ministry is authorized for the others.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a.136

The President of the Republic is authorized to bring the public housings used by the personnel carrying out defense, security, justice and intelligence services into the economy after being assessed according to the paragraph 5, provided that the assent of the relevant ministries is obtained.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a.136

Public residences with freehold flat ownership or construction servitude are sold as independent sections, and immovables with public housing on which freehold flat ownership or construction servitude have not been established are sold as a whole with the buildings on them through a tender within the framework of the provisions of the State Procurement Law No. 2886. The revenues obtained from the sale of immovables are transferred to the central accounting unit’s accounts of the relevant administration in general budget administrations and recorded as special income. In return for this amount recorded as special income, the Minister of Treasury and Finance is authorized to include an appropriation in the investment budget of the administration in order to meet the housing needs of its personnel. In special budget administrations, these revenues are transferred to the accounting unit’s accounts and recorded as revenue in their budgets. The administrations use these revenues primarily to meet the housing needs of their personnel by adding allowances within the framework of the provisions of the relevant legislation. In other public administrations, these revenues are transferred to the accounting unit’s accounts according to their own legislation and recorded as revenue in their budgets and are used primarily to meet the housing needs of their personnel according to the relevant legislation. Expenses incurred for immovables during the appraisal process are deducted from the revenues to be transferred.

Amended paragraph: Law No. 7153 dated 29.11.2018 a.20

Those who reside, on the date of the tender, in public residences with duty, order and service allocation and with freehold flat ownership or construction servitude have the priority to purchase the public housing they reside in. The tender price can be paid in cash in advance or in installments by the holder of the priority purchase right, a ten percent discount is applied if paid in cash.

Amended paragraph: Law No. 7153 dated 29.11.2018 a.20

The tender price generated as a result of the tender conducted is notified to those who have priority right to purchase. In the event that the holder of the priority purchase right wants to purchase the public residence he/she lives in at this price and pays the tender price in cash within fifteen days from the notification or makes an installment sales contract by
In transactions related to bringing public housing into the economy, the institutions and organizations concerned are obliged to provide all kinds of information and documents requested by the Ministry, to take all kinds of measures to facilitate the transactions to be carried out, and to perform the works and transactions that will be requested by the Ministry.

Amended paragraph: Law No. 7061 dated 28.11.2017 a. 58

In bringing public houses into the economy, the relevant administrations are authorized for the residences belonging to the local administrations, and the Ministry is authorized for others to determine the procedures and principles regarding the installment period of the tender price, number of installments, interest rate to be applied and other issues, and to eliminate the hesitations that may arise.

Amended paragraph: Law No. 7153 dated 29.11.2018 a. 20

Among those leaseholders who have leased the agricultural lands belonging to the Treasury, which are located within the boundaries of the municipality and adjacent areas as of 26/4/2012 and which do not have a zoning plan or allocated for agricultural purposes in the development plan, for at least three years for agricultural purposes as of 30/3/2014 and who have who have their lease agreement still ongoing, or users or stakeholders who have used these lands for agricultural purposes for the same period and whose use has been determined to be continuing currently, those who applied to directly purchase these lands until 31/12/2019 and accepted the determined and communicated price without objection or litigation shall be deemed right holders according to this paragraph. Structures of agricultural purposes and agricultural lands on which there are permanent residences on the condition that the essential element is agricultural activity are also considered within the scope of this paragraph. If the agricultural lands sold are allocated for non-agricultural purposes in the development plan scaled 1/5000 or 1/1000 within thirty years from the date of sale, the difference between the current sales price and the price updated by increasing it on the basis of the CPI (change compared to the same month of the previous year) from the date of sale is collected from the last registered owner according to the provisions in the paragraph. In the event that the agricultural lands are not used for agricultural purposes for three years in a row, the sale transaction is cancelled, the real estate is registered ex officio in the name of the Treasury, and the amount paid is returned to the registered owner without interest. Necessary indication is made in the land registry in these matters. In sales to be made under this paragraph, the provisions, regarding the sale of land owned by the Treasury, of the Law No. 6292 dated 19/4/2012 on Supporting the Development of the Forest Villagers and Utilization of Places Taken out of Forest Boundaries on behalf of the Treasury, and on the sale of the agricultural lands belonging to the Treasury are applied by analogy for sales price, payment method, installment period and number, interest rate to be applied and other issues.

Amended paragraph: Law No. 7181 dated 04.07.2019 a. 16

The provision of the paragraph 5 of the article 5 is not applicable to the revenues obtained from the sale of public housings and agricultural land owned by the Treasury.

Amended paragraph: Law No. 7061 dated 28.11.2017 a. 58

Payment in installments, sharing of the sales price, transfer to municipalities

Article 5

Amended article: Law No. 4916 dated 03.07.2003 a. 4

The sale price of immovables belonging to the Treasury can also be paid in installments. In the case of payment in installments, at least one fourth of the sales price is paid in cash, the remainder is paid in installments in a maximum of two years together with the legal interest. In the sale of immovables belonging to the Treasury on which limited real rights have been established, at least thirty percent of the sales price is paid in cash, the remainder is paid in five years, in ten installments and with the legal interest.

Amended paragraph: Law No. 7061 dated 28.11.2017 a. 59

In installment sales, the immovable property is transferred to the buyer in the event that a letter of final and indefinite bank guarantee is given to cover the installment amount and legal interests, or a legal mortgage is established in favor of the Treasury on the immovable property that was sold in accordance with the provisions of the Turkish Civil Law No. 4721. In case the obligations are not fulfilled by the buyer in installment sales of immovables for which ownership was not transferred in the name of the buyer, the amount corresponding to the bid band received during the tender out of the amounts collected is recorded as a revenue for the Treasury and the remaining amount is returned to the buyer.

Amended paragraph: Law No. 5228 dated 16.07.2004 a. 52

The Ministry is authorized to determine the amount to be excluded from the installment and the duration and number of installments in terms of village boundaries or the boundaries of the municipalities and adjacent areas.

If the price is paid in installments in sales made according to the Law No. 4070 dated 16.2.1995, no interest will be charged for the portion to be paid in installments.

10% of the collected portion of the sales prices of the immovables belonging to the Treasury within the boundaries of the municipality and adjacent areas is transferred to the fund account of the relevant municipalities established in accordance with the provisions of the Law No. 775 dated 20.7.1966, on the condition that they are used in the liquidation of the buildings that cannot be preserved in place. Of the remaining part, a share of 30% is given to the relevant municipality and 10% to the metropolitan municipality, if any. A share of 25% of the collected portion of the sales price of the Treasury immovables located in the villages outside the municipal adjacent areas is given to the provincial special administrations, one fourth of which to be paid to the relevant village legal entity and the remainder to be used in services to be brought to other villages. These shares are transferred to the accounts of the relevant administrations until the twentieth day of the month following their collection. No share is given out of the income from sales and transfers to municipalities or village legal entities and from sales revenues recorded as special appropriations. Ten percent of the lease income collected from the leaseholders of the agricultural lands within the village boundaries that are owned by the Treasury or under the jurisdiction and possession of the State, are recorded in escrow accounts to be transferred to the account of the village legal entity from which these revenues were obtained within the month following the collection, on the condition that that they be used in the duties specified in the Village Law No. 442. The Ministry of Finance is authorized to increase this percentage up to twofold.

Amended paragraph: Law No. 6009 dated 23.07.2010 a. 33
Among the immovables belonging to the Treasury that are within the boundaries of the municipality and adjacent areas and determined by the Ministry, those with structures built before 30/3/2014 are transferred to the relevant municipalities free of charge, regardless of the date of registration in the name of the Treasury, to be sold first of all to the building owners and their legal or contractual successors or to be utilized according to general provisions. The immovables transferred in this way cannot be attached and no limited real rights in favor of third parties can be established on them. These immovables are sold by the municipalities directly to the building owners and their legal or contractual successors at their current value, upon their request. In the sale of the buildings and facilities transferred to the Treasury within the scope of the sixth paragraph of this article, the building and facility price is calculated as five percent of the approximate unit cost of the building. In sales to be made in this way, the sales price can be divided into installments up to five years, with at least ten percent paid in cash. Half of the legal interest rate is applied to the installment amounts. Municipalities are authorized to determine the base price for sale in installations and the duration and number of installments.

Amended paragraph: Law No. 7181 dated 04.07.2019 a. 17

First of all, zoning maps or zoning applications are made for the necessary ones from these immovables. In the sales made by the municipalities over the cadastral parcel without the zoning plan and / or zoning application made, an annotation is put in the land registry that 20% of the area of the land sold before the readjustment was made can be set aside for educational and health facilities and other official facility areas, in addition to the readjustment partnership shares, on the condition that they be deducted from the sales price at the same rate and that the areas reserved for this purpose will be registered ex officio in the name of the Treasury at no cost as detached parcels.

Amended paragraph: Law No. 5228 dated 16.07.2004 a. 59

Immovables that have not been requested to be purchased within one year from the date of written notification or that are without structures built, and that have been transferred under this article may be sold by the municipality according to general provisions. Immovables that cannot be sold by the municipality within three years from the date of transfer are registered ex officio in the name of the Treasury without the consent of the municipalities and without the need for a verdict. This period can be extended up to 5 years by the Ministry.

Amended paragraph: Law No. 6009 dated 23.07.2010 a. 33

Sales prices of immovables sold by the municipality are deposited by the buyers into the accountancy account to be determined by the Ministry. These costs cannot be attached in any way. A share is set aside from the collected amounts according to the fifth paragraph.

In the event that immovables transferred to the relevant municipalities free of charge in accordance with the sixth paragraph of this article are sold directly to the building owners and their legal or contractual successors, no unjust occupancy fees are charged from the date of the transfer to the fiscal directorate or financial office of the requests of the relevant municipalities regarding the transfer. However, if the immovables are monetized according to the general provisions, such a fee is charged.

Addendum paragraph: Law No. 6009 dated 23.07.2010 a. 33

After the effective date of this article, all kinds of buildings and facilities built on immovables belonging to the Treasury shall be transferred to the Treasury without the need for any further action.

Annulment: The second sentence of the paragraph was annulled by the Constitutional Court Decision E. 2014/9 K. 2014/121 dated 03.07.2014.

Immovable properties in protected areas

Article 6 Repealed article: Law No. 5838 dated 18.02.2009 a. 32

Obligations of public institutions and establishments and other provisions

Article 7

Information and documents requested by the Ministry for the utilization of immovable belonging to the Treasury are sent on a priority basis by the public institutions and establishments and the opinion letters are answered within two months at the latest. If no answer is given within this period, a positive opinion is deemed to have been given. The allotment, unification, registration and determination procedures are carried out within two months following the request by the relevant institutions without requesting any fee, price and expense.

Annulment: The phrase “… without being subject to the restrictions in the zoning legislation and …” was annulled by the Constitutional Court Decision. E. 2009/13 K. 2011/23 dated 20.01.2011

The Ministry is authorized to determine the principles and procedures regarding the implementation of this Law, as well as the places where the provisions of the article 3, the subparagraph (d) of the article 4, and the sixth paragraph of the article 5 are not applicable, and the principles and procedures regarding the monetization of those immovable properties owned by the Treasury which will be determined by the President of the Republic together with real estate investment firms or other real or legal persons, in return for the promise to sell real estate or against share of land by signing a construction contract on a revenue-sharing basis.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a. 136

In cases where there is no provision in this Law, the provisions of the State Procurement Law No. 2886 are applied.

The sales and transfer transactions of immovable property belonging to the Treasury and the documents issued during these transactions are exempt from taxes, duties and fees. Real estate properties sold are not subject to property tax for five years from the year following the date of sale.

Tender commissions take all kinds of measures to ensure that the tender is held in accordance with the principles of competition and transparency, including monitoring of the sales transactions by the press and media organizations when necessary. Approved tender decisions are posted separately on the internet in order to inform the public.

Addendum paragraph: Law No. 4916 dated 03.07.2003 a. 6

In the sale, lease of immovables belonging to the Treasury or establishment of limited real rights on them, appraisal companies subject to the Law No. 2499 dated 28.7.1981 may be employed to get the current value determined, without being subject to the Law No. 4734 dated 4.1.2002. In this case, the current value determined by the appraisal firms and the Ministry of Finance central audit staff and the Finance Experts is regarded as the estimated value. In addition, services can be purchased for such issues as advertising, advertising or marketing.

Amended paragraph: Decree Law No. 666 dated 11.10.2011 a. 5

Article 7 A

Addendum article: Law No. 4916 dated 03.07.2003 a. 7

Bid bonds up to 30%, not to be less than 3% of the estimated price, can be obtained in the tenders for lease, sale, establishment of limited real right or granting of preliminary permit for the places that are in private ownership of the Treasury or under the jurisdiction and disposal of the State.
Nothing is charged for easement rights and usage permits and no revenue shares are collected in the easement rights established on the immovables under the private ownership of the Treasury and the usage permits granted on the places under the jurisdiction and disposal of the State for the highway investments realized or to be realized by the General Directorate of Highways within the scope of the Law No. 3996 dated 8/6/1994 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model and the Law No. 3465, dated 28/5/1988, on the Authorization of Enterprises other than the General Directorate of Highways for Construction, Management and Operation of Access Controlled Highways (Motorways).

Addendum paragraph: Law No. 6001 dated 25.06.2010 a.45

Nothing is charged for easement rights and usage permits and no revenue shares are collected in the easement rights established on the immovables under the private ownership of the Treasury and the usage permits granted on the places under the jurisdiction and disposal of the State for the highway investments realized or to be realized by the General Directorate of Highways within the scope of the Law No. 3996 dated 8/6/1994 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, no revenue shares are collected in the easement rights to be established or usage permits to be given in favor of those concerned on immovables that have been registered in the name of the Treasury or deleted from the land registry through expropriation after payment of expropriation price by those concerned in accordance with their specific laws.

Addendum paragraph: Law No. 6009 dated 23.07.2010 a.34

In cases where an application is made by investors who have easement rights established in their favor or usage permit granted in their names for the purpose of investments in a shipyard, boat building facility and boatyard (excluding those for yachts) to be made on immovables owned by the Treasury or under the jurisdiction and disposal of the State, provided that the cost of easement right and/or usage permit arising from the contract are paid together with the default charges, that the lawsuits filed against the Ministry, if any, are waived unconditionally through assumption of all trial expenses and the relevant original documents are submitted to the Ministry, a revenue share of one thousandth of the total annual revenue is collected from the date of 18/4/2013, whether or not there is a provision regarding the collection of revenue share and its rate in their contracts, including the transfer of contracts, rather than applying those provisions, and the cost of easement right and/or usage permit and unjust occupation fees and participation share are not collected additionally in the event that preliminary permit is given, easement right established and/or usage permit granted for areas that have project integrity with the existing facility and are used without permission.

Adopted without change: Law No. 7071 dated 01.02.2018 a.27

Amended paragraph: Decree Law No. 678 dated 31.10.2016 a.28

In cases of a request to make investments in a new shipyard, boat building facility and boatyard (excluding for those for yachts) on immovables owned by the Treasury or under the jurisdiction and disposal of the State, an auction is held to the participation share to be received for once for these immovables. At the end of the auction, the participation share is collected from the investor who made the highest bid, and an independent and permanent easement right is established for forty-nine years and/or usage permit is granted. After the completion of the investment, the easement right and/or the usage permit may be transferred with the assent of the Ministry of Transport, Maritime Affairs and Communications and the permission of the Ministry. A share of one thousandth is taken from the total annual revenues of these investors, but no fees are charged for easement right and/or usage permit.

Adopted without change: Law No. 7071 dated 01.02.2018 a.27
If requested by investors who have an easement right established or usage permit granted in order for all kinds of coastal structures except shipyard, boat building facility and boatyard to be constructed on immovables under the private ownership of the Treasury or under the rule and disposal of the State, easement right and/or usage permit agreements for the main areas and areas given in addition to the main areas are converted into a single agreement over the total fee for easement right and/or usage permit that need to be taken while preserving the provisions regarding the share that needs to be collected out of the total annual revenue according to these contracts and other provisions, and those related to shipyards, boat building facilities and boatyards (except for those for yachts) are converted into a single agreement on the basis of a share of one thousandth of the total annual revenue, whether or not there is a provision in their contracts regarding the collection of a revenue share and its rate, without obtaining easement right and/or usage permit fee.

The transactions within the scope of the fifth and seventh paragraphs of this article are exempt from the fees collected within the scope of the Law No. 492 on Fees dated 2/7/1964.

Addendum: Law No. 6456 dated 03.04.2013 a.37

Addendum Article 3

Provided that there are no parcels available in the organized industrial zones within the boundaries of the district where the immovable property requested in relation to the investments within the scope of the article 32/A of the Corporate Tax Law No. 5520 dated 13/6/2006 is located, which can be allocated for these investments, and that the total amount of the investment to be made is not less than the current value to be determined by the administrations owning the immovables that were requested for agricultural, animal husbandry and educational investments, twice the current value for tourism investments, and thrice the current value for other investments, An independent and permanent easement right for forty-nine years may be established on the land or plots belonging to the Treasury, special budget administrations, special provincial administrations or municipalities. Except for the areas subject to the Forest Law No. 6831 dated 13/8/1956, a forty-nine-year usage permit can be granted under the same conditions on immovables that were requested for agricultural, animal husbandry and educational investments, amounting to at least fifty million USD in Turkish Lira, in a way to employ at least one hundred people, and totaling at least three times the current value of the real estate, on the basis of the value that is the basis for the fee included in the article 63 of the Law No. 492 on Fees. An annotation is put in the land registry stating that these places will not be used for other purposes.

The Ministry of Finance is authorized to determine the procedures and principles regarding the implementation of this article and to differentiate and reduce up to zero the amount specified in the second paragraph in terms of regions to be determined by the President of the Republic.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a.136

Addendum Article 4

Amended article: Law No. 6770 dated 18.01.2017 a.22

A free easement right may be established for forty-nine years on immovables owned by the Treasury or public institutions and establishments that are needed by the Red Crescent Society of Turkey, Green Crescent Society of Turkey and Green Crescent Foundation of Turkey, Presidency of Darulcece, Darussafaka Society, and Turkish Aviation Society to be used in accordance with their purposes of establishment, in favor of the aforementioned Associations, Foundations, Presidencies, Societies, and Institutions. A free usage permit can be issued to those mentioned above on the places under the jurisdiction and disposal of the State. No revenue share is collected from them. An annotation stating that the immovable properties on which easement rights have been established cannot be used outside of its purpose is placed in the land registry.

A free easement right may be established for forty-nine years on immovables owned by the Treasury or public institutions and establishments in favor of those foundations and non-profit associations with tax exemption provided by the President of the Republic, which are engaged in activities to provide students with educational and dormitory services, and which have met the conditions determined jointly by the Ministry of Youth and Sports, the Ministry of Finance and the Ministry of National Education, to be used in accordance with the purposes of their establishment. A free usage permit can be issued to them on the places under the jurisdiction and disposal of the State. No revenue share is collected.
from them in addition. All of the income obtained by the said foundations and associations from immovable properties for which easement rights have been established or usage permit given, are used exclusively for the construction, maintenance, repair, operational and similar expenses of educational institutions or dormitories for students. An annotation stating that the immovables for which easement rights have been established cannot be used for other purposes is placed in the land registry.

Amended paragraph: Decree Law No. 700 dated 02.07.2018 a.136

Addendum Article 5
Addendum article: Law No. 7103 dated 21.03.2018 a.52

The immovables belonging to the Treasury can be leased directly to agricultural cooperatives, agricultural sales cooperatives, and agricultural producer unions and their higher organizations for use in agricultural production for a period of twenty years over one percent of the value that is the basis for the fee stated in the article 63 of the Law No. 492.

The Ministry of Finance is authorized to determine the procedures and principles regarding the implementation of this article.

Addendum Article 6
Addendum article: Law No. 7143 dated 11.05.2018 a.17

Among the users who have been determined by the Ministry before 31/12/2017 that they had been using the agricultural lands belonging to the Treasury that had no zoning plan or allocated for agricultural purposes in the zoning plan for agricultural purposes for at least three years, and whose use has been determined to be continuing as of the application date, those who apply for direct lease of these lands within six months from the date of entry into force of this article can lease those lands directly for up to ten years over half of the current year’s unjust occupation charge, provided that they do not have any such debts outstanding.

Lessees who are determined to have fulfilled their obligations at the end of the lease term and who make a request can get their lease term extended or these lands can be sold directly to their lessees following ten years of use within the framework of the contract provisions. In the sale of these lands, the twelfth paragraph of the article 4 of this Law is applied for the lands within the borders of the municipality and adjacent areas as of 26/4/2012; and for the lands outside the borders of the municipality and adjacent areas as of this date, the provisions of the Law No. 6292 regarding the sale of agricultural land belonging to the Treasury are applied by analogy.

The Ministry of Finance is authorized to determine the procedures and principles regarding the implementation of this article.

Provisional Article 1
The amount to be paid in installments in the year 2001 according to the first paragraph of the article 5 of this Law is applied as fifty billion liras for immovable properties within the boundaries of the municipality adjacent area and as ten billion liras for those outside of it.

Provisional Article 2 Repealed article: Law No. 5917 dated 25.06.2009 a.47

Provisional Article 3
The provisions of this Law are also applied to immovable properties which have been sold by the Treasury before the entry into force of this Law, but whose transfer procedures have not been completed at the land registry office.

Provisional Article 4
Addendum article: Law No. 4916 dated 03.07.2003 a.9

Immovables belonging to the General Directorate of Foundations or registered foundations and public institutions and establishments which have collective structuring built on the property can be swapped with immovables belonging to the Treasury. The procedures and principles regarding the swap are determined by the protocol to be drawn up between the property owner or the Ministry to which the public institution or establishment that manages and represents the property is related to, affiliated with or reports to and the Ministry of Finance; in this determination. 20 percent more of the values of immovables covered by the swap to be calculated according to the first paragraph of the article 63 of the Law No. 492 on Fees dated 2/7/1964 is taken as the basis, and lawsuits filed for preventing an intervention and for dismantling structures built on the property as well as enforcement proceedings with regard to immovables within the scope of swap stop until the swap transactions are concluded with the signing of the protocol.

Amended paragraph: Law No. 5793 dated 24.07.2008 a.27

The immovables registered in the name of the Treasury within the scope of this article are first transferred to the metropolitan municipalities in metropolitan cities, then to the relevant municipalities in the absence of the request of the metropolitan municipalities, and to the relevant municipalities in other places. The sale of these immovables to the building owners and their evaluation according to general provisions are made according to the article 5 of this Law.

Amended paragraph: Law No. 6009 dated 23.07.2010 a.35

Provisional Article 5
Addendum article: Law No. 4916 dated 03.07.2003 a.9

Pursuant to the Resolution No. 6/12421 dated 22.9.1969 by the Council of Ministers, the lawsuits filed pursuant to this decision against the investors who had an easement right established or a usage permit granted in their favor on the immovables privately owned by the Treasury and the places under the rule and disposal of the State that are located in the Tuzla district of Istanbul province, which has been determined as the Shipbuilding Industrial Zone, through allocation of public land in their names for the establishment of shipyards and similar facilities, and who have carried out transactions subject to the consent of the relevant ministries without permission or who violated their agreements before the effective date of this article, are waived, on the condition that they pay at once one percent of the value calculated on the basis of the minimum tax values per square meter of the property tax for the real estate subject to the allocation and the litigation expenses, fulfill their contractual financial obligations, renounce the lawsuits filed by the investors and sign a new agreement with the relevant ministries. Provided that these conditions are fulfilled, a lawsuit is not filed for those who need to be sued and their allocations continue. Except for those that are movable, the buildings out of the buildings and facilities established or to be established for shipyard-building purposes on the immovables in the private ownership of the Treasury and the places under the jurisdiction and disposal of the State, based on the easement right or usage permits are transferred to the Treasury upon the termination of the agreement.

Amended paragraph: Law No. 5335 dated 21.04.2005 a.28

The procedures and principles regarding the implementation of this article are determined by the Ministry of Finance, taking the opinion of the relevant ministries.
Provisional Article 6
Addendum article: Law No. 5228 dated 16.07.2004 a.53

The immovables belonging to the Treasury, located in areas reserved as small industrial sites in the zoning plans approved in the provinces within the scope of subparagraph (b) of the article 2 of the Law No. 5084 dated 29.1.2004 before the effective date of this article can be sold directly to cooperatives and public institutions and establishments that have been set up for this purpose over the value that is the basis for the fee specified for lands in the article 63 of the Law No. 492 on Fees. An annotation is placed in the land registry stating that these places cannot be used for other purposes.

Provisional Article 7
Addendum article: Law No. 5793 dated 24.07.2008 a.29

Provisions regarding a proportional share to be paid to the Treasury from the proceeds to be obtained from the loading and unloading of third-party cargoes and the port usage fees in the agreements for the easement rights established and usage permit granted exclusively for the purpose of building a port or immovables owned by the Treasury and under the jurisdiction and disposal of the State are changed to one percent, effective from the date of the conclusion of the new agreement, provided that an application is made until the date of 31/12/2012 and contractual financial obligations are fulfilled, that, if there are lawsuits filed against the Ministry due to the right of easement or usage permit, these cases are waived unconditionally by assuming all legal expenses, and that a new agreement is made over the easement right or usage permit price to be determined on the basis of the current value. However, the Treasury continues to receive a fifteen percent share from the persons who have had an easement right established or a usage permit granted in their favor in order for the construction of facilities such as filling, piers, platforms, pipelines, dolphins, buoys, pumping stations in front of their facilities so that they can bring the raw materials they need and dispatch the products they produce, out of the revenues they obtained in return for the utilization of these facilities in loading and unloading third party cargoes and port use. The Ministry of Finance is authorized to determine the procedures and principles regarding the implementation of this article.

Amended paragraph: Law No. 6353 dated 04.07.2012 a.24

The existing agreements are adapted according to the exemptions and deductions in the second paragraph of the addendum article 2, provided that an application is made by the beneficiaries of the holders of the right of easement or usage permit within the scope of the second paragraph of the addendum article 2 of this Law and contractual financial obligations are fulfilled, within four months at the latest from the effective date of this article, that, if there are lawsuits filed against the Ministry due to the right of easement or usage permit, these cases are waived unconditionally by assuming all legal expenses, and that a new agreement is made over the easement right or usage permit price to be determined on the basis of the current value.

Provisional Article 8
Addendum article: Law No. 5793 dated 24.07.2008 a.29

The duration of easement right and usage permit agreements is changed to forty nine years from the start date of the right, provided that an application is made within four months at the latest from the effective date of this article and contractual financial obligations are fulfilled, that, if there are lawsuits filed against the Ministry due to the right of easement or usage permit, these cases are waived unconditionally by assuming all legal expenses, and that a new agreement is made over the easement right or usage permit price to be determined on the basis of the current value, by the investors who had an easement right established or a usage permit issued in their favor for a period of less than forty-nine years on immovables under the private ownership of the Treasury and places under the jurisdiction and disposal of the State located in the direction of sea (on the shore) of the coastal line, and on areas obtained by filling or drying in the sea, lakes and rivers, in order for the construction of shipyards, marinas, cruise ports, dolphins, piers embankments, docks, pipelines, buoys, platforms and similar coastal structures.

Annulment: The phrase “…except for special arrangements…” has been annulled by the Constitutional Court Decision E: 2013/22 K. 2013/73 06.06.2013.

Provisional Article 9
Addendum article: Law No. 5793 dated 24.07.2008 a.29

Among the immovables that are privately owned by the Treasury and allocated to or made available for use by the Directorate General of State Airports Authority (DHMI) or actually used by this General Directorate, those which have been deemed appropriate by the Ministry of Finance and which have no legal and actual obstacles to their transfer are transferred free of charge by the Ministry of Finance to the General Directorate of DHMI together with the buildings and facilities on them.

Except for those whose registration is not possible according to the provisions of special legislation and the forests, among those immovables under the jurisdiction and disposal of the state, which are in use by the Directorate General of DHMI for airport management, those which have been deemed appropriate by the Ministry of Finance and which had no legal or actual obstacles to their transfer are transferred to this General Directorate free of charge, upon the request by this General Directorate, together with the buildings and facilities on them, after having been registered by the Ministry of Finance in the name of the Treasury, to be used for the purposes of establishment.

Among those immovables under the jurisdiction and disposal of the state, which are not possible to be registered in the land registry in the name of the Treasury, but must be used in the services carried out as required by the articles of association of the Directorate General of DHMI, those which have been approved by the Ministry of Finance and which had no legal and actual obstacles to their allocation are allocated by the Ministry of Finance to the General Directorate referred to, together with the structures and facilities on the property and facilities, to be used for its establishment purposes.

Among those immovables, those assigned to the Ministry of National Defense and those which are in the inventory of the Turkish Armed Forces and used jointly with the Directorate General of DHMI are not covered by this article.

Before the transfer of the immovables within the scope of this article, restrictions in the zoning legislation and other legislation are not applied, to be limited to registration, parceling, allotment, unification and cancellation.

The registration, transfer and allocation processes of those immovables actually used by the Directorate General of DHMI which are covered by the Law No. 2863 on the Protection of Cultural and Natural Properties dated 21/7/1983 and the Pasture Law No. 4342 dated 25/2/1998 are carried out in accordance with the laws referred to and the provisions of this article.

The transfer, registration and other transactions to be carried out within the scope of this article are exempt from taxes, duties and fees.

The fees for unjust occupation that have been accrued in the name of the Directorate General of DHMI but yet to be collected due to the use, until the effective date of this article, of the immovables to be registered and allocated in the name of Directorate General of DHMI at the land registry as required by this article are deleted regardless of the stage they are at. Fees that have been collected are not refunded.
Regarding those immovables which have been leased out to third parties by the Directorate General of DHMI, the fees for unjust occupation that have been accrued in the name of the lessees but yet to be collected due to their use until the effective date of this article are deleted regardless of the stage they are at, provided that the lease amounts have been collected by this General Directorate. Fees that have been collected are not refunded.

Provisional Article 10
Effective date of this provision: 01.01.2009

Addendum article: Law No. 5793 dated 24.07.2008 a.29
Among the immovables owned by the Treasury;

a) The Ministry of Finance is authorized to record the revenues to be obtained from the sale of those assigned to or in use by the General Directorate of Highways which have been determined with the approval of the President of the Republic on the date of entry into force of this article, on the one hand, as revenues on the schedule (B) of the general budget, and, on the other hand, as an appropriation in the budget of the General Directorate of Highways, to be used in the construction, maintenance and expropriation services for divided roads or State and provincial roads. Capital appropriations are associated with the year’s investment program.

Amended subparagraph: Decree Law No. 700 dated 02.07.2018 a.136
b) The Ministry of Finance is authorized to record the revenues to be obtained from the sale of those assigned to or in use by the General Directorate of State Hydraulic Works which have been determined with the approval of the President of the Republic, on the one hand, as revenues on the schedule (B) of the general budget, and, on the other hand, as an appropriation to the budget of the General Directorate of State Hydraulic Works to be used in the construction, maintenance and expropriation services of dams, irrigation and potable water facilities. Capital appropriations are associated with the year’s investment program.

Amended subparagraph: Decree Law No. 700 dated 02.07.2018 a.136

Provisional Article 11
Addendum article: Law No. 5838 dated 18.02.2009 a.24

The documents issued for the immovables that remained in the areas where a definite construction ban was introduced due to declaration as a protected area pursuant to the Law No. 2863 on the Protection of Cultural and Natural Assets dated 21/7/1983 before the publication date of this article which have not been used or partially used until 31/12/2011 are canceled and a new one is not issued.

Provisional Article 12
Addendum article: Law No. 6009 dated 23.07.2010 a.36

a) The municipalities are given an Addendum period of two years, if requested, for the utilization, for the same purpose, of those immovables among the immovables transferred to the municipalities according to the article 5 of this Law before the effective date of this article which must be registered directly in the name of the Treasury due the fact that they could not be sold by the municipalities within three years from the date of transfer.

b) Among the owners or their legal or contractual successors of the buildings on the immovables transferred to the municipalities according to the article 5 of this Law before the effective date of this article, those who have not applied within the six-month period stipulated in the same article and those who have not fulfilled their obligations are allowed to benefit from the provisions of the same article, if they apply within six months from the effective date of this article.

c) Receivables for unjust occupation fees accrued from the date on which the requests by the relevant municipalities regarding the transfer reached the fiscal directorate or financial office for immovables transferred to municipalities according to the article 5 of this Law before the effective date of this article and sold directly by municipalities to building owners and their legal or contractual successors, are deleted regardless of the stage they are at, and the fees collected are deducted from the sales price.

Provisional Article 13
Addendum article: Law No. 611 dated 13.02.2011 a.174
An additional period of up to 3 years can be given to investors who have failed to realize the investment committed to within the period given for immovables that had been transferred free of charge to real or legal persons in order to make investment on them under the Law No. 4325 dated 21/1/1998 on Creating Employment and Encouraging Investments in the State of Emergency Region and in Priority Development Regions, the repealed article 8 of the Law on the Amendment of the Income Tax Law No. 193, and the repealed article 5 of the Law No. 5084 dated 29/1/2004 on the Encouragement of Investments and Employment and Amendment of Certain Laws.

Provisional Article 14
Addendum article: Law No. 6353 dated 04.07.2012 a.25

Regarding the immovables which have been transferred to real or legal persons free of charge or which have been granted an indelible usage permit to, according to the repealed article 8 of the Law No. 4325 and the repealed article 5 of the Law No. 5084, in order for investments to be made on them;

a) The annotations placed in the title deed registers or agreements are deleted without the need for further action if the investors applied within six months from the effective date of this article, after the collection of three percent of the current value of the immovable property on the date of the removal of the annotation by the administration concerned in accordance with the general provisions, provided that all of the investment committed or stipulated in the investment incentive certificate, if any, is realized within two years, that fifty percent of the number of employment, in the event that at least one month for each person is ensured, is realized out of the total for five years, on the condition that it is not less than the minimum numbers of employment stipulated in the aforementioned laws, that production is started completely or partially, and that the necessary permissions are obtained from the relevant administrations.

b) The annotations placed in the title deed registers are deleted if the investors applied within six months from the effective date of this article, after the collection of half of the current value of the immovable property on the date of the removal of the annotation by the administration concerned in accordance with the general provisions, provided that a minimum investment of up to sixty percent of the investment committed or stipulated in the investment incentive certificate, if any, is realized within two years, and it is determined that forty percent of the number of employment, in the event that at least one month for each person is ensured, is realized out of the total for five years, on the condition that it is not less than the minimum numbers of employment stipulated in the aforementioned laws, and that production has started partially.

c) The annotations placed in the title deed registers are deleted if the investors applied within six months from the effective date of this article, after the collection of the current value of the immovable property on the date of the removal of the annotation by the administration concerned in accordance with the general provisions, regardless of the number of employment, in the event that a minimum investment of up to thirty-five percent of the investment committed or stipulated in the investment incentive certificate, if any, was realized within two years. The provisions of this article are also applied, in case the immovables have met the above-mentioned conditions on the effective date of this article, to the immovables which have been transferred to the investors free of charge and registered or wanted to be registered in the land registry in the name of the administration that had owned them formerly, through
cancellation of the transfer transaction due to non-fulfillment of the liabilities, but whose lawsuits are ongoing due to the litigation and which have had no actions taken by the administration about them.

**Provisional Article 15**

Addendum article: Law No. 6353 dated 04.07.2012 p.26

The preliminary permit periods granted to investors free of charge and extended for investments to be made on immovable properties according to the repealed article 5 of the Law No. 5084, and the period for completing the investment in the rights of easement established or the usage permits granted for forty-nine years can be extended, if requested by investors, by granting an additional period of up to three years from the end of the prescribed periods, in the event that the obligations have not been fulfilled for reasons stemming from the public and/or acceptable to the relevant administrations that owned the property, except for the fault of the investor, and if these reasons have been deemed appropriate by the same administrations.

Despite the fact that the investment committed to on the immovables which had an easement right or a usage permit established free of charge for forty-nine years has been made partially or completely, the five-year period specified in the law is initiated if requested by the investors who could not fully meet the investment and employment conditions that have been foreseen, in the event that at least fifty percent of and investment and the committed employment, which is not to be lower than the minimum employment requirement stipulated by the law, is obtained, and that the necessary permissions are obtained from the relevant administrations. The number of employments is evaluated on the five-year average, with a minimum of one month for each person.

If requested by the investors who have realized at least fifty percent of the investment committed to on the immovable for which a right of easement has been established for forty-nine years free of charge, the immovable with the right of easement can be sold directly to the investor over the ground price of the immovable and the market value of the part of the buildings and facilities on it which should pass on to the administration owning the property.

The provisions of this article are also applied to investors who have met the above-mentioned conditions on the effective date of this article about those immovables with such transactions cancelled due to the non-fulfillment of the obligations by the investors who have had an easement right established or a usage permit granted in their favor free of charge for a period of forty-nine years, which have been litigated and had their cases still ongoing, and which had no actions taken by the administration against them.

**Provisional Article 16**

Addendum article: Law No. 6528 dated 01.03.2014 p.8

An independent and permanent right of easement can be established for up to twenty five years through negotiated tendering procedure according to the subparagraph (g) of the first paragraph of the article 51 of the State Procurement Law No. 2886 dated 8/9/1983, in favor of those prep schools with applications made to the Ministry of National Education, which have been operated by the same shareholders in terms of the majority share for the same real person or legal entities, for at least three years as of the effective date of this article, according to the Law No. 5580 dated 8/2/2007 on the Private Education Institutions, and which maintain their activities within the same provincial borders, which have made a commitment to be transformed into a private school until 1/9/2015 through inclusion in the transformation program according to the provisional article 5 of the Law No. 5580, for the purpose of educational facilities to be built on the Treasury immovables, over the amount, for the first year, of five per thousand of the minimum unit value square meter that is the basis for the property tax of the real estate covered by the investment.

Annulment: The phrase “… in the event that the lawsuit filed against the Ministry in question regarding the implementation of the article of the Law referred to, if any, are waived unconditionally by assuming all legal expenses…” has been annulled by the Constitutional Court Decision E. 2014/88 K. 2015/68 13.07.2015.


In the event that there are multiple bidders meeting the conditions specified in the first paragraph, an auction is held among these bidders over the participation share to be received for once, apart from the price in the first paragraph. At the end of the auction, an easement right may be established in favor of the investor who has offered the highest participation share.

The revenue share laid out in the Addendum article 2 of this Law cannot be obtained from the easement rights to be established within the scope of this article.

In the event that there are multiple requests for the establishment of easement right for the same immovable property, the requests for easement rights received from the prep schools included in the transformation program according to the provisional article 5 of the Law No. 5580 are evaluated on a priority basis.

In case of an application made for the same immovable property by the company legal entities established jointly by the founders of multiple prep schools operating in the same province without being a branch office of another prep school, their applications are considered with priority. In the event that multiple requests fulfilling these conditions are received, the provisions of the third paragraph are applied.

All or part of the school buildings on immovables owned by the Treasury and allocated to the Ministry of National Education and their additions and integral parts can be leased by the Ministry of National Education for use in educational and training activities, over the amount of one percent of the minimum unit value per square meter that is the basis for the property tax calculated, for the first year, according to the provisions of the Statute on the Determination of the Tax Values to be the Basis for Property Tax that has been published pursuant to the articles 29 and 31 of the Law No. 1319 dated 29/7/1970 on Property Tax, by negotiated tendering procedure for up to ten years with the conditions mentioned above, according to subparagraph (g) of the first paragraph of the article 51 of the Law No. 2886.

Lease agreements for canteens, halls, open spaces and similar places in schools and educational institutions under the scope of this article that are managed by the Ministry of National Education and leased within the framework of the provisions of the relevant legislation are terminated by collecting the fees for the periods before the termination date without a compensation collected, as of the end of the educational period determined by the Ministry of National Education. In this case, no claims can be made by the school-parents association and the operators.

The immovables owned by the public administrations and local administrations included in the schedule (II) annexed to the Public Financial Management and Control Law No. 5018 dated 10/12/2013 can be evaluated within the scope of this article upon request by the Ministry of National Education. However, the assent of the Ministry of National Defense is sought for the immovables used by the Directorate of Fuel Supply and NATO POL Facilities as allocated to the Ministry of National Defense and for immovables owned by the Undersecretariat of Defense Industry.

The procedures and principles regarding the implementation of this article and the persons covered by the provisional article 5 of the Law No. 5580 who will benefit from the right of easement and the lease stipulated in this article, and the conditions under which they will be made to benefit are determined by a regulation jointly prepared by the Ministry of National Education and the Ministry.

**Provisional Article 17**

Addendum article: Law No. 6639 dated 27.03.2015 p.16

The easements rights established or usage permits granted for a price or lease transactions made in favor of Red Crescent Society of Turkey and Green Crescent Society of Turkey on the places under the State’s sovereignty and disposal and on the properties owned by the Treasury, public institutions and establishments before the date of entry into force
of this article are converted into free easement or usage permit for forty-nine years without receiving a revenue share if requested within one month from the effective date of this article. The receivables for unjust occupation fees and amount of lease, preliminary permit, usage permit and easement rights and revenue shares that have been determined and appraised, notified or accrued in relation to the use of immovables under this article and other immovables actually used by the aforementioned Societies are not collected and those collected are not refunded.

Provisional Article 18
Addendum article: Law No. 6645 dated 04.04.2015 a.29

The immovables located within the boundaries of the municipality and adjacent areas of the district of Ceylanpinar in the province of Sanliurfa and registered in the name of the Treasury at the land registry, which were applicable before the effective date of the Law No. 6360 dated 12.11.2012 on the Establishment of Metropolitan Municipalities and Twenty-Seven Districts in Fourteen Provinces and Amending Certain Laws and Decree Laws, and the places under the jurisdiction and disposal of the State that have been excluded from registration are, first of all, registered in the name of the Treasury at the land registry by making a cadastral survey of them by subdividing and/or combining in accordance with their actual status, without making any other announcements, except for the announcement for public disclosure specified in the article 11 of the Cadastral Law No. 3402 dated 21/6/1987, by determining their possessors or actual users on the date of entry into force of this article and by indicating in the declarations section of the cadastral record those who owned the structures built on them later on, if any, and those who have been using them and the usage time involved, and the information in the declarations section of the cadastral record is also transferred to the declarations section of the land registry exactly.

Among the persons shown in the declarations section of the land registry as the possessor/user of the immovable property and/or the owner of the structures built on it later on or their legal or contractual successors, those who have applied to the district fiscal office to purchase these immovables within the time limit and who have accepted the sales price determined by the district fiscal office without objection and litigation are deemed to be the right holder according to this article. Cadastral works to be carried out within the scope of this article are not considered as second cadastral.

The immovables within the scope of this article and places excluded from registration can be subdivided and/or combined at the request of the Ministry of Finance by the General Directorate of Land Registry and Cadastre, taking into account their actual use cases, regardless of whether they have been registered in the name of the Treasury in the land registry before or whether they have been excluded from registration.

The cadastral works and other works and transactions of the immovables within the scope of this article and the places excluded from registration are carried out in accordance with the provisions of the Addendum article 4 of the Law No. 3402.

Among the immovables registered in the land registry in the name of the Treasury according to this article, those which had no issues in their sale to the right holders are sold with the exclusion of those allocated for public services in the zoning plan and those actually used in public services, to the right holders in the event that they apply to the district fiscal office within two years from the date of the finalization of the cadastral procedures over their value that is the basis for the fee to be calculated according to the article 63 of the Law No. 492 on Fees.

Of these immovables, those which cannot be sold as detached parcels by being subdivided and/or combined in accordance with their actual condition can be sold to the right holders on a share basis, and the immovables with multi-storey buildings on them can be sold by establishing freehold flat easement/ownership, or on a share basis, if this is not possible.

In the event that the right holders are persons who have previously received a title deed allocation certificate by paying the full land value in accordance with the provisions of the Law No. 2981 dated 24/2/1984, or who have applied to the competent authority to obtain a title deed allocation certificate but have not yet finalized the transactions, the part of these immovables up to the amount specified in the title deed allocation or application documents is sold according to the provisions of the Law No. 2981, and the part exceeding this amount is sold at the value that is the basis for the fee to be calculated according to the article 63 of the Law No. 492 on Fees. For the parts of the immovables sold which has been specified in the title deed allocation or application documents and whose land price has been paid in full, no fee is charged from the right holders other than the cadastral fee. The land prices paid partially by the beneficiaries for these immovables are updated by applying the statutory interest until the date of the sales transaction and deducted from the transfer amount. Regarding the right holders who have not paid the price of the land at all, the sales transaction is made on the value that is the basis for the fee according to this article.

Trees and other content belonging to the right holder on the immovable property are not taken into consideration in the determination of value.

The sale price of the property can be paid in cash or in installments. If it is paid in installments, one fourth of the sales price is paid within thirty days from the notification to be served by the district fiscal office, and the remainder is paid in four equal installments at the most in twenty-four months, together with the legal interest.

Unless the installment amount and interests are paid, the immovable property is not registered in the land registry in the name of the transferee.

In the allotments to be made according to this Law, the provisions of the Zoning Law No. 3194 and the Implementation Regulations are not applied.

Provisional Article 19
Addendum article: Law No. 6704 dated 14.04.2016 a.15

Payment periods of rent, final permit, final allocation, easement right, usage permit costs and revenue shares to be collected in the period between 1/1/2016 and 31/12/2016 from the investors and operators certified by the Ministry of Culture and Tourism, which have been allocated public lands in their name by the relevant ministries in accordance with their laws for tourism facilities to be built, regardless of whether an easement right has been established or usage permit granted, and of the unjust occupation costs that needed to be collected within the same period from the investors and operators of tourism facilities certified by the Ministry of Culture and Tourism due to their unauthorized use of Treasury immovables because of such activities are postponed for one year without requiring an application. Deferred receivables are collected in three years from the end of this period, in three equal installments, without any increase or interest. Installments not paid on time are collected by applying an increase or interest in accordance with the relevant legislation.

Amended paragraph: Law No. 6745 dated 20.08.2016 a.49

Of the fees and shares deferred pursuant to the first paragraph, those collected before the effective date of this article are deducted from the amounts that need to be collected after the expiry of the postponement period, if requested by those concerned.

Amended paragraph: Law No. 6745 dated 20.08.2016 a.49

Outstanding unjust occupation debts of the debtors within the scope of the first paragraph that have not been paid although they were due as of the effective date of this article and default charges to be calculated until the effective date of this article (excluding this date) are paid in three equal installments without any increase or interest applied during the installment period, with the first installment to be paid in September 2017, and the following installments to be paid in the same month of the following years, provided that they apply to the relevant collection offices until the end of the fourth month following the effective date of this article. However, the installments not paid on time are followed up and
collected in accordance with the provisions of the Law No. 6183 on the Procedure for Collection of Public Receivables dated 21/7/1953, by applying a default charge to the period after the installment payment period. Borrowers who wish to benefit from the provisions of this paragraph must not file a lawsuit, waive the lawsuits already filed and not resort to legal remedies in addition to the conditions specified in the paragraph. Amounts collected before the effective date of this article are not refused or refunded.

The Ministry of Finance is authorized to determine the procedures and principles regarding the implementation of this article.

Provisional Article 20
Addendum article: Decree Law No. 678 dated 31.10.2016 a.29

Adopted without change: Law No. 7020 dated 18.05.2017 a.14

The part of the Treasury immovables up to seven thousand square meters located in the old village settlement areas of Sayalar, Danamandira and Cayirdere villages of Silivri district and Hallacli, Gümüşpinar, Aydınlar, Karamandere and Yaylakık villages in Catalca district of Istanbul province and in the settlement area of Binkılıç Neighborhood of Catalca district that had joined their district municipality as a neighborhood through abolishment of their legal personality by the Law No. 6360 can be sold directly to their users or their legal successors, in the event that an application is made to the administration until 31/12/2019, provided that they were started to be used before the date of 19/7/2003 and that the use is still ongoing. In the sales to be made within the scope of this article, the provisions of the Law No. 6292 regarding the Sale of Agricultural Lands Belonging to the Treasury are applied by analogy for the sales price, payment method, installment period and number of installments, interest rate to be applied and other issues. Amended paragraph: Law No. 7181 dated 04.07.2019 a.18

Provisional Article 23
Addendum article: Law No. 7061 dated 28.11.2017 a.60

Final allocation, final permission, right of easement or usage permit periods of the investors and operators with a final allocation made by the Ministry of Culture and Tourism in their names, a final permission granted in their names by the Ministry of Forestry and Water Affairs, or an easement right established or a usage permit granted by the Ministry of Finance can be extended to forty-nine years by concluding a new agreement, from the date the agreement was concluded, in the event that the lawsuits filed, if any, in relation to the final allocation, final permission, easement right or usage permit in question are waived unconditionally by assuming all legal expenses, that there is no debt that needs to be paid and that an application is made within one year from the effective date of this article. In addition, the lease agreements of the investors and operators who had leases granted by the Ministry of Forestry and Water Affairs for up to twenty-nine years in order for tourism investments to be realized for accommodation purposes in national parks and nature parks may be extended to twenty-nine years or to forty-nine years by converting them to the right of easement in case the conditions specified in this paragraph are met. Immovable properties with a final allocation made or an easement right established may also be monetized by selling them to investors and operators. However, the total duration, including the extended periods, of the camping and daily use facilities (excluding the mechanical facility lines and daily use facilities of these lines) and the recreation areas with accommodation facilities cannot exceed twenty years from the date the new agreement was concluded. This provision shall also apply to agreements for which an application have been made to the aforementioned Ministries within the time limit before the entry into force of the article that created these sentences, but whose transactions have not yet been concluded.

Amended paragraph: Law No. 7201 dated 21.12.2019 a.9

The issues regarding the type and quantity of the buildings and facilities that can be built on the area covered by the agreement are evaluated upon request by the investor or operator and the agreement price is re-determined, on the condition that the rights and obligations in the previous agreement be included in the new agreement to be concluded regarding final allocation, final permission, right of easement or usage permit, and that the necessary permissions be obtained from the relevant administrations.

The procedures and principles regarding the determination of the agreement price, method and duration of payment, rights and obligations of the investor and/or the operator, type and quantity of the buildings and facilities that can be built on the area covered by the agreement, and other issues relating to the implementation of this article are determined jointly by the Ministry of Finance, Ministry of Culture and Tourism, Ministry of Forestry and Water Affairs and the Ministry of Transport, Maritime Affairs and Communications, depending on the case.
Provisional Article 24
Addendum article: Law No. 7061 dated 28.11.2017 a.61

The investors who could not realize the investment committed to within the period given for immovable properties which had been transferred to real or legal persons free of charge or provided with an indefinite usage permit according to the repealed article 8 of the Law No. 4325 and the repealed article 5 of the Law No. 5084, are made to benefit from the provision of the mentioned article in the event that they apply until the date of 31/12/2017 and fulfill the conditions specified in the provisional article 14 of this Law within two years from the date of application.

Provisional Article 25
Addendum article: Law No. 7226 dated 25.03.2020 a.42

Payment periods of rent, final permit, final allocation, easement right, usage permit, beneficial usage, additional beneficial usage costs and revenue shares needed to be collected in the period between 1/4/2020 and 30/6/2020 from the investors and operators certified by the Ministry of Culture and Tourism, which have been allocated public lands in their name by the relevant ministries in accordance with their laws for tourism facilities to be built, regardless of whether an easement right has been established or usage permit granted, and of the unjust occupation costs that needed to be collected within the same period from the investors and operators of tourism facilities certified by the Ministry of Culture and Tourism due to their unauthorized use of Treasury immovables because of such activities are postponed for six months without requiring an application and these receivables are collected until the end of the period that was deferred without any increase or interest applied.

The Ministry of Environment and Urbanization is authorized to determine the procedures and principles regarding the implementation of this article.

Provisional Article 26
Addendum article: Law No. 7256 dated 11.11.2020 a.29

Payment periods of rent, final permit, final allocation, easement right, usage permit, beneficial usage, additional beneficial usage costs and revenue shares that need to be collected in the period between 1/7/2020 and 31/12/2020, including those deferred under the provisional article 25, from the investors and operators certified by the Ministry of Culture and Tourism, which have been allocated public lands in their name by the relevant ministries in accordance with their laws for tourism facilities to be built, regardless of whether an easement right has been established or usage permit granted, and of the unjust occupation costs that needed to be collected within the same period from the investors and operators of tourism facilities certified by the Ministry of Culture and Tourism due to their unauthorized use of Treasury immovables are postponed for one year without requiring an application and these receivables are collected until the end of the period that was deferred without any increase or interest applied. The fees collected for this period are not refunded.

The Ministry of Environment and Urbanization is authorized to determine the procedures and principles regarding the implementation of this article.

Effective date
Article 9
This Law takes effect on the date it is published.

Enforcement
Article 10
The provisions of this Law are enforced by the Council of Ministers.
LAW NO. 4749 ON REGULATING PUBLIC FINANCE AND DEBT MANAGEMENT

Official Gazette: 09.04.2002/24721
No.: 4749
Date of Enactment: 28.03.2002
Validity Date: 09.04.2002
Date of Latest Amendment: 16.10.2020

SECTION ONE
Purpose, Scope and Definitions

Purpose
Article 1
The purpose of this Law is to lay out, taking into account the development goals of the country, maintaining the confidence and stability in the markets, and considering the macroeconomic balances, the procedures and principles for the State's internal and external borrowing, getting grants, providing loans and grants, executing the cash management in coordination with fiscal and monetary policies, effectively managing and monitoring the guarantees to be given, the financial receivables arising from these borrowings and guarantees, and the State internal and external debt, regulating the financial relations between the Undersecretariat of Treasury and the administrations included in the article 2, and the repayment of any financial obligations undertaken by the Undersecretariat, including these matters, and recording in the relevant budget accounts, and reporting them.

Scope
Article 2
This Law covers the public administrations within the scope of central government, social security agencies, state economic enterprises, entities that are subject to private law provisions, in which more than fifty percent of the capital is held by the public, funds, state-owned banks, investment and development banks, metropolitan municipalities, municipalities and their affiliated organizations and other local administrative institutions, administrations whose payment obligations have been guaranteed by the Undersecretariat of Treasury within the scope of the projects envisaged to be realized within the framework of such financing models as build-operate-transfer, build-operate and transfer of operating rights, and the like, and non-governmental organizations provided that they are limited to grants.

Definitions
Article 3
Included in this Law, the terms below mean as follows;

Minister: The Minister who directs the Undersecretariat of Treasury,
Undersecretariat: The Undersecretariat of Treasury,
Undersecretary: The Undersecretary of Treasury,
Debt servicing: Principal and interest payments arising from State domestic debt and State foreign debt, and discounting expenses and fees and other payments related to these debts,

State debt: Any kind of financial obligations that the Undersecretariat is a party to or has undertaken on behalf of the Republic of Turkey in the capacity of debtor,
State foreign debt: Financing facilities obtained by the Undersecretariat from any external financing source to be repaid according to a specific amortization plan and any financial obligations undertaken within the scope of debt undertaking and Treasury guarantees,
State domestic debt: State debt securities issued domestically by the Undersecretariat, borrowings made by the Treasury from domestic markets to meet temporary cash needs, and any financial obligations undertaken by the Undersecretariat, regardless of whether they are linked to bonds or not,
State domestic debt securities: Debt securities issued domestically by the Undersecretariat,
State bond: State domestic debt securities with a term of one year (364 days) and longer as of the date of issue,
Transfer of foreign debt: Transfer of foreign financing facilities obtained by the Undersecretariat from any foreign financing source to public administrations covered by the general budget and the public institutions and establishments other than the Council of Higher Education, universities and high technology institutes, and banks in order to ensure development and/or to meet financing needs in various sectors of the economy, together with the financial conditions of the agreement, provided that these institutions would be the principal debtor,
Allocation of foreign debt: Extension, by adhering to the purpose in the agreement, of foreign financing facilities obtained by the Undersecretariat from any foreign financing source to public administrations covered by the general budget and the public institutions and establishments other than the Council of Higher Education, universities and high technology institutes, and banks in order to ensure development and/or to meet financing needs in various sectors of the economy, without being bound by the financial terms of the agreement, when necessary.
Foreign financing: State foreign debt, secured facility and grant obtained from any foreign financing source, or individually each of them,
Foreign financing sources: Foreign countries, unions formed by countries, official financing funds, international and regional organizations, and banks, including investment banks operating in international capital and financial markets that provide foreign financing, institutions and companies that provide sellers or buyers with loans, or individually each one of them,
Foreign facility: The financing facility and grant obtained by the institutions covered by this Law from any foreign financing source on its behalf without Treasury guarantees,
Other Treasury receivables: Receivables other than Treasury receivables that arise from transactions to which the Undersecretariat is a party representing the legal entity of the State,
Guarantee fee: The fee received from the guaranteed party once only for each guarantee to be provided due to Treasury guarantees,

Guaranteed facility: Treasury guarantees provided under this Law,

General expenses: Listing and registration expenses made for the execution and management of State debt, fees paid to credit rating agencies, attorney’s fees, consultancy fees, exchange rate differences, commission payments, default interest and penalties, State domestic debt securities printing and announcement expenses and all similar costs and expenses, and fees, expenses, commissions and similar expenses paid by the Undersecretariat for the works, transactions and other services performed within the scope of cash, debt, receivables and other treasury transactions,

Treasury receivables: The claims of the Treasury that occur in relation to Treasury guarantees given for financing facilities obtained from any foreign financing source or the extension of these facilities through lending or, although being outside them, any payments undertaken by the Treasury arising from the transactions stemming from the relevant legislation and/or State domestic debt securities issued on-lent by the Treasury,

Treasury bond: State domestic debt securities with maturities less than one year (up to 364 days) as of the date of issue,

Treasury guarantees: Treasury repayment guarantees, Treasury investment guarantees, Treasury counter-guarantees, and Treasury country guarantees or individually one of them,

Treasury repayment guarantee: Guarantees given in favor of public economic enterprises, entities that are subject to private law provisions, in which more than fifty percent of the capital is publicly owned, funds, public banks, investment and development banks, metropolitan municipalities, municipalities and their affiliated organizations and other local government organizations, the administrations contained in the schedule No. II/B of the Law No. 5018 for the repayment of foreign debts obtained by these organizations from foreign financing resources,

Treasury investment guarantee: Guarantees given within the scope of build-operate-transfer, build-operate and transfer of operating rights and similar financing models, based on the provisions of the relevant law and limited to these models,

Treasury counter-guarantee: Guarantees provided, within the framework of guarantee programs created by any foreign financing source, against the guarantee given by a foreign financing source for the financing facilities to be obtained from international markets in the capacity of the borrower by public economic enterprises, entities that are subject to private law provisions, in which more than fifty percent of the capital is publicly owned, funds, public banks, investment and development banks, metropolitan municipalities, municipalities and their affiliated organizations and other local government organizations, and guarantees provided against a guaranty given from a foreign financing source, within the framework of guarantee programs created by any foreign financing source, in relation to the projects to be realized within the scope of build-operate-transfer, build-operate and transfer of operating rights, and similar financing models, to be limited to Treasury guarantees stipulated in the legislation, and with conditions to be negotiated by the Undersecretariat,

Treasury country guarantee: Guarantees given for the repayment of financing to be provided by foreign countries from any foreign financing source,

Treasury accounting office: Each one of the State Debt, Domestic Payments, and Foreign Payments Accounting Offices of the Undersecretariat,

Grant: Cash and/or in-kind aid obtained by the Republic of Turkey from any foreign financing source without an obligation to repay, and the cash and/or in-kind aid provided by the Republic of Turkey to foreign countries, institutions of foreign countries, international agencies, and international aid consortia to be set up,

Issue size: The value of each security calculated by multiplying the sales price with the nominal amount,

Lending fee: The fee collected just once due to the lending of foreign debt from the party that is lent to over the amount that is lent,

Memorandum of Understanding: Memorandum of Understanding on the Establishment of the National Fund, deemed fit for approval by the Law No. 4802 dated 30/1/2003 and approved by the Council of Minister’s Resolution No. 2003/5313 dated 24/2/2003,

Cash State domestic debt securities: State domestic debt securities that provide cash to the Treasury in return,

Net debt utilization: The amount obtained by deducting the principal payments due during the year from the domestic and foreign borrowings made during the year,

State domestic debt securities of special arrangement: State domestic debt securities issued in accordance with the relevant year’s budget law and the relevant legislation with no corresponding cash inflow obtained,

Money market cash transactions: Borrowings with a maximum maturity of thirty days made by issuing State domestic debt securities that are not physically printed or using money market instruments to meet the short-term cash needs of the Treasury,

Market making: The system involving the granting of some rights and duties by the Undersecretariat to banks selected according to predetermined criteria in order to increase efficiency in State domestic debt securities auctions and secondary market transactions of securities in question,

Market maker: The bank selected according to predetermined criteria in order to increase efficiency in State domestic debt securities auctions and secondary market transactions of securities in question,

Program loan: The financing facility obtained by the Undersecretariat from any foreign financing source in order to meet the financing needs of the public within the framework of the macroeconomic programs of the country, either directly or under the Treasury guarantee,

Project: Projects included in annual investment programs, national defense projects, projects that are not subject to the annual investment program by nature, and projects realized within the framework of build-operate-transfer, build-operate, transfer of operating rights, and similar financing models or individually each one of them,

Project loan: The financing opportunity obtained from any foreign financing source for the realization of projects,

Risk Account: The account created at the Central Bank of the Republic of Turkey in line with the relevant provisions of this Law,

Non-governmental organization: Non-profit organizations with legal personality that are not part of the state organization, that have their own administrative and financial independence, and that have been determined by the Decree of the President of the Republic to serve the public interest,
Strategic benchmark: Indicators and criteria expressing general risk/cost targets that will be taken as basis in debt, cash and risk management.

Swap: A financial instrument that allows the exchange of cash flows related to State debt, directly or indirectly, between the two parties, provided that one of the parties is the Undersecretariat.

Single treasury institutions account: The account managed by the Undersecretariat, where the financial resources of public administrations, excluding the Unemployment Insurance Fund, are collected to be recorded as receivables from the Treasury, without being associated with the income and expense accounts of the budget.

Derivative product: All kinds of financial instruments used in domestic or international capital markets for the purpose of effective management of State debt and risk management.

National Fund: The unit defined in the Memorandum of Understanding to which European Union funds are transferred within the Undersecretariat of Treasury.

National authorizing officer: The official who heads the National Fund according to the Memorandum of Understanding.

Implementation unit: Units responsible for the use of funds obtained from the European Union by bidding, making contracts and payments, carrying out accounting and reporting procedures.

Beneficiary: Private or public institutions and establishments that carry out programs and/or projects within the scope of European Union financial cooperation.

SECTION TWO
Authority

Authority

Article 4
The Minister is authorized to obtain State domestic debt and State foreign debt on behalf of the Republic of Turkey, to provide Treasury repayment guarantees and Treasury counter-guarantees and to amend the terms of the guarantees provided, to give permission to get foreign financing, to receive grants, to extend foreign financing facilities through assignment of foreign debt, lending of foreign debt, allocation of foreign debt, by adhering to the financial terms of the agreement and to create new financial obligations, and to manage these debts and obligations and the Treasury receivables arising from them.

The Minister may delegate this authority and any authority to fulfill the duties assigned to him by this Law to the Deputy Minister to be effective in the relevant budget year. Transfer of authority does not remove the responsibility of the Minister.

The Minister is authorized to exercise the economic and financial rights and powers arising from the economic and financial agreements concluded with the unions formed by the countries, international and regional organizations.

The President of the Republic is authorized to provide Treasury investment guarantees and Treasury country guarantees, to change the terms of the guarantees given; to make loans and grants; to determine the projects that are urgent and essential to be realized and, when necessary, to decide on their utilization in such projects identified through lending of foreign debt, without being bound by the terms in the agreements for foreign financing obtained on behalf of the Republic of Turkey.

Bond issues to be made by local administrations covered by the general government, their affiliates and economic enterprises in domestic markets are subject to the permission of the Undersecretariat. Granting this permission does not mean that the Treasury guarantee has been provided. The procedures and principles regarding the permission process in question are determined by a regulation to be prepared by the Undersecretariat. Provisions of the capital markets legislation are reserved.

The Undersecretariat cannot be held liable in any way for the borrowings made by the institutions listed in the article 2, without the Treasury being a party to the relevant agreements in any way.

The entity is obliged to comply with the legislation it is subject to regarding projects, including the tender legislation, and the fact that the permission to obtain foreign financing has been granted does not remove the entity’s responsibility in this regard. All responsibilities regarding the project, including its technical and economic feasibility, belong entirely to the relevant entity. The authority and responsibility of the Undersecretariat is limited to the obtaining and finalizing the foreign financing that has been requested.

SECTION THREE
Borrowing, lending and guarantee limits

Effective date of this provision: 01.01.2009

Article 5
During the fiscal year, net debt usage can be made as much as the difference between the sum of initial appropriations specified in the budget law for the year and the estimated revenues, taking into account the principles stated in the article 1 and financial sustainability as well.

The borrowing limit cannot be changed. However, this limit can be increased by a maximum of five percent during the year, taking into account the needs and development of debt management. In cases where this amount is also not sufficient, an additional amount of five percent can only be increased by the Decree of the President of the Republic. In the event that the budget is balanced, borrowing can be increased up to a maximum of five percent of the payment of principal.

State domestic debt securities of special arrangement, which are issued on-lent based on various laws, except those paid in cash at their maturity, are not considered in the calculation of this limit. The limit of the State domestic debt securities of special arrangement to be issued on-lent within the fiscal year is determined each year by budget laws.

The limits for the guaranteed facility and lending of foreign debt to be provided during the fiscal year are determined by the budget law for the year.

Effective date of this provision: 01.01.2009
SECTION FOUR

Domestic and Foreign Borrowing and Issuance of Lease Certificates

Domestic Borrowing

Article 6

The Minister is authorized to determine all the principles for types, sales methods, interest conditions, terms, printing and payments of State domestic debt securities and other conditions related to them.

The State domestic debt securities of special arrangement, except for those issued on loan, can only be issued provided that there is sufficient allowance to meet them in the relevant year’s budget law. For developments that arise during the year and are not foreseen, State domestic debt securities of special arrangement can only be issued by making transfers among appropriation items. The provisions of this paragraph are not applicable to State domestic debt securities of special arrangement to be issued against debts deemed appropriate to be undertaken by the Treasury within the framework of the procedures and principles specified in the paragraph (c) of the provisional article 2 of the Law No. 4572 dated 1.6.2000.

The term, interest and other terms of the lending agreement to be drawn up in case the State domestic debt securities of special arrangement are issued on-lent are determined by the Minister. In the event that Treasury receivables arising from the bills issued on loan are deleted within the framework of the relevant legislation, these amounts are recorded as expense in the budget provided that an appropriation is added to the annual budget. The provision of this paragraph does not apply to the receivables of the Undersecretariat of Treasury from the Savings Deposit Insurance Fund.

Procedures and principles to be applied to State domestic debt securities printing expenses, commission and bank transaction taxes to be paid to the financial institutions participating in the sale, and the repayment by the Treasury to the financial institutions of all kinds of expenses, taxes, duties and fees to be incurred by the financial institutions participating in the sale as well as in the printing or on-record issuing of the bonds are determined by the financial service agreement to be concluded between the Undersecretariat and the Central Bank of the Republic of Turkey, without applying the provisions of the Public Accounting Law No. 1050.

Foreign Borrowing

Article 7

The Minister is authorized to obtain State foreign debt from any foreign financing source on behalf of the Republic of Turkey and to determine its conditions, including financial terms, and to enter into financial obligations under such conditions. All kinds of preparations, contacts and negotiations regarding the agreements for the State foreign debt in question and related documents are carried out and concluded by the Undersecretariat.

Agreements, other than those relating to bond issuance, that the Republic of Turkey is a party to in the capacity of the borrower enter into force as of the date they are signed by the Decree of the President of the Republic, unless a later date agreed upon in the agreement. Agreements on bond issuance enter into force as of the date they are signed, unless a later date is agreed upon in the agreement.

The Minister is authorized to amend the terms of the agreements concluded by the Republic of Turkey as a debtor.

The Undersecretariat may transfer the foreign financing facilities obtained from foreign financing resources to public administrations covered by the general budget and to public institutions and establishments other than the Council of Higher Education, universities and high technology institutes, and to investment and development banks through a loan agreement. In case of lending of foreign debt, a lending fee of up to one percent of the amount that is lent is collected just once from the relevant administrations. The Minister is authorized to increase this rate up to five times.

The Decree of the President of the Republic is required to be received in order to stipulate, in the protocols and financing agreements for the projects to be realized with foreign financing obtained within the framework of bilateral cooperation protocols, that different tender procedures and principles will be applied outside of the provisions of the Public Procurement Law, provided that they are based on the principle of competition.

Issuance of lease certificates

Article 7/A

The Minister is authorized to establish asset leasing companies with private law legal personality or to appoint administrations of public capital to establish asset leasing companies with private law legal personality, without being bound by the provisions of the Turkish Commercial Law No. 6102 dated 13/1/2011 concerning establishment, registration, auditing, capitalization, liquidation, and operation in order to carry out purchase, sale, buyback, leasing, leaseback, assignment with or without a consideration, building and similar transactions, by taking the opinions of the relevant institutions, without being subject to the formal rules contained in the legislation and to conduct these transactions subject to the same procedure, regarding commodities traded on national and international stock exchanges and securities and movable and immovable belongings to non-public institutions and establishments within the scope of this Law, and intangible assets such as use, utilization, operation, and other rights. Under this article, asset leasing companies whose capital is fully owned by the Ministry may have the assets listed within the scope of this article built as a contractor, make construction agreements with subcontractors, take over the privilege rights related to these assets, develop these assets, manage the assets in the capacity of manager, and transfer the assets to those which they have taken over or to other institutions and administrations to ensure that the assets transferred to them are used for the purpose of issue, including financing of public investment projects. The articles of association and its amendments of the assets leasing companies which are decided to be established by the Minister and which is wholly owned by the Undersecretariat of Treasury are published in the Trade Registry Gazette of Turkey. These companies are exempt from all kinds of trade registry fees, including commercial enterprise pledges, which are set forth in the section titled “C) Trade Registry fees” of the tariff number (1) related to the Law on Fees no. 492 dated 07.02.1964 as well as the announcement fees for all types of announcements to be made in the Trade Registry Gazette Ankara Commercial Courts of First Instance are competent in disputes between the company and real and legal persons regarding the lease certificates issued by these companies domestically. These companies may issue lease certificates in domestic and foreign markets, based on the movable and immovable and intangible assets in question, in order to transfer the proceeds to the Ministry or to make transactions in national and international stock markets, other liquid markets, and outside the stock market. No legal action can be taken on the assets covered by these issuances during the maturity of the issue in violation of the conditions of the issue. This matter is annotated in the land registry of the relevant immovable property. Relevant institutions carry out all kinds of transactions needed, including changes in the land registry, exclusively upon the written application of the Undersecretariat in order to ensure that asset leasing companies within the scope of this article take action on movable and immovables, rights and other intangible assets covered by this article. Maintenance, repair, operation, construction and similar works and transactions related to the use of public assets covered by the transactions within the scope of this paragraph are carried out by the relevant institutions and administrations, and the related expenses are covered by their own budgets. Lease certificates covered by this paragraph are subject to the procedures and principles contained in the relevant regulation related to securities issued by the Undersecretariat with regard to the Law No. 1211 dated 14.01.1970 on the Central Bank of the Republic of Turkey. These certificates are accepted as guarantee in the implementation of the Public Procurement Law No. 4734 dated 4/1/2002.

Asset leasing companies decided to be established by the Minister and fully owned by the Undersecretariat of Treasury are audited under the supervision of the Undersecretariat of Treasury. These companies are exempt from bookkeeping and other obligations pursuant to the Law No. 6102, the Tax Procedure Law No. 213 dated 4/1/1961, and other relevant legislation. The provisions of the Law No. 5174 dated 18.5.2004 on the Chambers and Stock Exchanges Union of Turkey and Chambers and Commodity Exchanges, the Decree No. 233 dated 08.06.1984 on Public Economic Enterprises, and the Decree No. 399 dated 01.22.1990 Regarding the Regulation of the Personnel Regime of Public Econo-
ic Enterprises and the Repeal of Certain the articles of the Decree No. 233 are not applicable to these companies. All kinds of immovables belonging to the asset leasing companies established within the scope of this article are not subject to the compulsory earthquake insurance established by the Disaster Insurance Law No. 6305 dated 9/5/2012. The properties and all kinds of assets belonging to the asset leasing companies established within the scope of this article are subject to the provisions of the state property in terms of the application of other relevant legislation, especially penal and prosecutorial law. Lease transactions to be made pursuant to this article are not subject to the provisions of the Turkish Code of Obligations No. 6098 dated 11/1/2011 regarding lease agreements, and the provisions of the agreement to be concluded between the parties pursuant to this article are applied for the transactions in question. Effective date of this provision: 29.06.2012

The works and transactions in the first paragraph of this article and the works and transactions carried out within the scope of State domestic debt, State foreign debt and cash management are not subject to the provisions of the State Procurement Law No. 2886 and the Public Procurement Law No. 4734, dated 8/9/1983.

The procedures and principles regarding the implementation of this article are determined by the Minister.

SECTION FIVE

Treasury guarantees and Debt Assumption

Treasury guarantees and obtaining permission for unsecured debts

Article 8

Any preparations, contacts and negotiations regarding the provision of Treasury guarantees and amending the terms of Treasury guarantees provided are conducted and finalized by the Undersecretariat.

Agreements regarding treasury guarantees and agreements for amending their terms enter into force as of the date they are signed, unless otherwise provided.

A guarantee fee of up to one percent of the guaranteed amount is charged just once for Treasury guarantees and for each guarantee to be given by the guaranteed party. The Minister is authorized to increase this rate up to five times.

With regard to granting Treasury guarantees, the procedures and principles for the related issues, including determining the guarantee fee, evaluating the guarantee, budgeting, limiting and sharing the risk, disclosing the information regarding the guarantee to the public and determining the amount guaranteed, are determined by the regulation to be prepared by Undersecretariat.

Special provincial administrations, metropolitan municipalities, and municipalities are severally responsible for all kinds of liabilities regarding the foreign financing facilities obtained from foreign financing sources under the Treasury guarantee by the legal entities belonging to them and/or entities with public legal personality and a separate budget that are affiliated to them, and special administration companies in which more than half of assets belonging to them, the subsidiary entities with public legal personality, and the municipal economic institutions as well as the repayment of the Treasury receivables that have arisen or may arise as a result of the failure to meet these liabilities. Until all repayment obligations arising from foreign loan agreements concluded within this scope are fulfilled, the borrowing institution is responsible for the repayment of the debt, regardless of any administrative changes and new assignments that may occur during the repayment of the debt.

Borrowing institutions are obliged to allocate with priority the amount required for repayments related to foreign loans provided under the Treasury guarantee in their annual budgets.

Those who are determined to have caused disruption in the payment of foreign debts are demanded payment to the extent of the loss arising from this failure.

The Treasury cannot give guarantees or sureties for borrowings from domestic markets to be made by public and/or private institutions and organizations.

Treasury guarantees may be granted in whole or in part in accordance with the principles set out in the articles 1 and 2 of this Law.

Except for the state-owned deposit banks and private investment and development banks, Turkish Sovereign Wealth Fund Management Incorporated Company and Turkey Wealth Fund and the funds and companies to be established by them for the purpose of getting financing, all kinds of foreign facilities to be obtained by the organizations covered by this Law and the guarantees to be given in favor of other institutions and administrations are subject to the permission of the Undersecretariat. Foreign facilities with a term of one year or less to be provided by state-owned investment and development banks are not subject to this permission. Granting this permission does not mean that the Treasury guarantee has been provided. The procedures and principles regarding permission are set out in a regulation.

Debt Assumption

Article 8/A

In the implementation agreements for the investments and services, which are planned to be realized by the public administrations within the scope of the general budget and the administrations with a special budget under the build-operate-transfer model according to the provisions of the Law No. 5996 dated 8/6/1971 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model and which are stipulated to have a minimum amount of one billion Turkish Liras, and in the implementation agreements for the investments and services, which are planned to be realized under the build-lease-transfer model and which are stipulated to have a minimum amount of five-hundred million Turkish Liras, according to the provisions of the Law on Building and Renewal of Facilities and Procurement of Services by the Ministry of Health under the Public-Private Partnership Model and the Law Amending Certain Laws and Decrees, and the Decree No. 652 dated 25/8/2011 on the Organization and Duties of the Ministry of National Education, the President of the Republic is authorized to decide on the assumption by the Undersecretariat of the financing obtained from abroad for the investments and services in question, and of the financial obligations, if any, including those stemming from the derivative products for the provision of this financing, and to lay out the procedures and principles regarding the determination and confirmation of the scope, components, and payment terms of the financial obligations covered by the undertaking, in the event that the takeover of the facility by the relevant administrations through the termination of the agreements before the end of the term is stipulated. The debt assumption agreements come into effect on the date they are signed, unless a later date is agreed in the agreement. Assent of the Undersecretariat is obtained before the tender specifications are published and the agreement is signed after the tender, according to the provisions which contained in the draft implementation agreement regarding the investment and services foreseen to be undertaken pursuant to the provisions of this article and which are directly related to the undertaking. A debt undertaking commitment can be made partially or completely. The limit of the debt undertaking to be committed to in the fiscal year within the scope of this article is determined by the Central Government Budget Law. The President of the Republic is authorized to increase the limit up to one-fold. The debt undertaking amounts realized by the Undersecretariat under the provisions of this article are recorded as capital expense in the budget of the relevant Ministry in the event that the agency executing the project is covered by the general budget, and, in its own budget if the agency has a special budget. The appropriation required for the recording of the expenditure in question is directly met through the reserve appropriation set in the budget of the Ministry of Finance, without being covered by the current capital expenditure allowance of the relevant agency. Debt undertaking amounts realized by the Undersecretariat are recorded as State foreign debt but not included in the limit set in the first paragraph of the article 5. In debt undertakings arising from
the projects carried out by the administrations other than the administrations to which allocation of foreign debt can be made, the relevant agency is charged in the amount undertaken by the Undersecretariat and, if the Treasury receivables within this scope are not paid on due date, the provisions of the Law no. 6183 dated 21/7/1953 on the Procedure for the Collection of Public Receivables are applied. The Undersecretariat is authorized to request all kinds of information and documents from the parties within the scope of debt undertaking. The provisions regarding pre-tender Undersecretariat opinion as to draft implementation agreements, partial undertaking commitment, and debt assumption limit are not applied with respect to the projects whose tenders have been announced as of the effective date of this article. The procedures and principles regarding the implementation of this article are laid out by a regulation.

SECTION SIX
Grants

Article 9

Except for the grants from the European Union, the Minister is authorized to get grants from any foreign financing sources on behalf of the Republic of Turkey, to conclude the agreements related thereto and to determine the principles and conditions of such agreements, and to make such grants obtained available for use by the institutions and administrations contained in the article 2 of this Law. All kinds of preparations, contacts and negotiations regarding the grant agreements in question are carried out and concluded by the Undersecretariat. The agreements in question enter into force from the date of signature, provided that there is no contrary provision in the agreement. The Minister is authorized to make changes in the agreements for obtaining grants.

The President of the Republic is authorized to provide cash grants and to appoint representatives of the Republic of Turkey to sign the agreement in this respect. The aforementioned grant amounts are covered by the appropriation to be allocated to the budget of the Undersecretariat for this purpose. Preparation, contacts and negotiations of cash grant agreements are carried out by the Undersecretariat and concluded in consultation with the Ministry of Foreign Affairs. The Minister is authorized to make changes in the terms of the agreements for providing cash grants. The preparation, contacts and negotiations of the agreements regarding provision of in-kind grants are carried out and concluded by the relevant institutions. The President of the Republic is authorized to provide in-kind grants and to appoint the representatives of the Republic of Turkey to sign the agreements in this respect. The relevant Minister is authorized to amend the agreements for in-kind grants. Agreements regarding provision of grants come into force with the Decree of the President of the Republic as of the date of signature, provided that there is no contrary provision in the agreement. The provisions of this paragraph do not apply to grants for defense and security purposes.

The President of the Republic or the individuals and organizations to be determined by the Decree of the President of the Republic are authorized to conduct negotiations and sign agreements relating to the grants and aid to be provided on behalf of the Republic of Turkey to foreign countries and organizations for defense and security purposes. Grants and aid to be given to foreign countries for this purpose are covered by the funds to be included in the budgets of the Ministry of National Defense and the Ministry of Interior. The agreements in question come into force with the Decree of the President of the Republic. The cash grants and aid specified in the agreement are recorded in the budget as expense and transferred to the account to be opened in foreign currency on behalf of the relevant country at the Central Bank of Turkey. Payments are made from the relevant account within the framework of the terms of the agreement and within the principles to be determined by the Ministry of Finance.

The Minister of Finance is authorized to record in the budget the Turkish Lira equivalents of the facilities to be obtained from foreign sources as a grant during the year as income or income-appropriation-expense, as may be the case, upon the proposal by the Undersecretariat, to record the equivalent of the taxes and duties related to freight and import of all kinds of materials that will come from foreign sources or through donations and loans through international agreements into the items existing or to be newly included in their relevant budgets as allowance in order for the payment of such expenses, and to carry out the necessary transactions, and to record the costs of materials and goods to be obtained from foreign states through military aid or other means for the needs of the Ministry of National Defense, Gendarmerie General Command and Coast Guard Command on the schedule (B) of the general budget as income and their equivalents in the special items to be included in these budgets as allocations and expenses.

SECTION SEVEN
Lending

Article 10

The President of the Republic is authorized to lend, on behalf of the Republic of Turkey, to foreign countries, organizations of foreign countries, international organizations, international aid consortia to be created, to determine the principles and conditions of this debt, and to restructure the debts given and to appoint the representatives of the Republic of Turkey for the signing of the agreements in this respect. The amount of debt to be given in this context is covered by the appropriation to be allocated to the Undersecretariat’s budget for this purpose. All preparations, contacts and negotiations regarding these debt agreements are carried out and concluded by the Undersecretariat. Lending agreements enter into force with the Decree of the President of the Republic as of the date of signature, provided that there is no contrary provision in the agreement.

The President of the Republic approves the Country Limits List set out by the Supreme Advisory and Credit Steering Board of the Export Credit Bank of Turkey in its annual program in relation to the cash and non-cash, officially-supported export loans for foreign countries and insurance transactions with a maturity of two years and longer. The Minister is authorized to lay out the principles and financial provisions of the cash and non-cash officially supported export loans to be extended by the Export Credit Bank of Turkey to the countries listed in the Country Limits List and to the banks and other institutions in these countries in relation to sales agreements for goods and/or services with a term of two-years and longer or financial leasing transactions that are equivalent to such agreements as well as the insurance support to be provided for two years and more. The Minister may delegate this authorization to the Board of Directors of the Export Credit Bank of Turkey within the framework of the limits to be determined by the President of the Republic.

The Export Credit Bank of Turkey may be tasked by the President of the Republic with the extension of low-interest and/or low-premium and/or long-term cash and non-cash officially supported concessional export loans to the organizations of special importance for our country. The revenue losses to be incurred by the Bank due to the concessional cash and non-cash officially supported export loans to be extended by the Bank within the scope of this paragraph are covered by the Treasury.

Losses of the Export Credit Bank of Turkey that may arise from credit, guarantee and insurance transactions due to political risks are covered by the Treasury. The procedures and principles regarding the payment by the Treasury of the loss of income that the bank will incur due to the officially supported export loans and the losses that may arise from credit, guarantee and insurance transactions due to political risks are determined by the President of the Republic.

Agreements regarding the restructuring of the receivables of the Export Credit Bank of Turkey with a maturity of three years or more relating to concessional and/or non-concessional cash and non-cash officially supported export loans that it extended to foreign countries and the banks and other institutions in these countries, and the receivables related to insurance transactions with a maturity of two years or more that it made are approved by the President of the Republic. The Minister is authorized to lay out the principles and financing provisions regarding the restructuring of the receivables
arising from these loans and insurance transactions for a period of less than three years. The Minister may delegate this authority to the Board of Directors of the Export Credit Bank of Turkey within the amount and/or time limits to be determined by the President of the Republic.

Collection and management of Treasury receivables

Article 11

The Minister is authorized to determine the terms, collection, follow-up and management through the use of all kinds of financial techniques, of the receivables arising as a result of the portions of the loans extended through lending of foreign debt and State domestic debt securities issued on-lent that have not been paid at maturity to the Undersecretariat by the borrowing organizations, and from those Treasury guarantees undertaken by the Undersecretariat, and from the debts given on behalf of the Republic of Turkey to foreign countries, organizations in foreign countries, international organizations, and international aid consortia to be formed.

In case the receivables arising as a result of the portions of the loans extended through lending of foreign debt which have not been paid at maturity to the Undersecretariat by the borrowing organizations, and from those Treasury guarantees undertaken by the Undersecretariat, and the State domestic debt securities issued on-lent are not paid by the debtor, the provisions of the Law No. 6183 on the Collection Procedure of Public Receivables apply for such receivables.

A default surcharge is applied to Treasury receivables not paid on due date in accordance with the provisions of the Law No. 6183.

The provisions in the fifth paragraph of the article 8 of this Law are also valid regarding the lending of foreign debt.

The Undersecretariat is authorized to audit the accounts, information and documents of the institutions listed in the article 2 of this Law due to the transactions made within the scope of Treasury guarantees, resources made available through lending of foreign debt, and this Law. The Treasury Controllers Board also performs the independent audit duty referred to in the lending, loan and grant agreements signed pursuant to this Law, in accordance with internationally accepted auditing standards.

In the transfers to be made from the general budget to organizations other than the public administrations covered by the general budget, the Minister or the Minister of Finance, depending on their relevance, is authorized for the collection of Treasury receivables at source.

Except for the exceptions to be brought due to natural disasters, a Foreign Debt Repayment Account is created with the general budget, the Minister or the Minister of Finance, depending on their relevance, is authorized for the collection of Treasury receivables.

The Undersecretariat is authorized to request all kinds of information and documents from the institutions listed in the section.

Procedures and principles regarding the recording of other Treasury receivables are determined by the Undersecretariat.

SECTION EIGHT

Cash, Debt, and Risk Management

Cash, Debt and Risk Management

Article 12

The Undersecretariat is competent under the authorization given by the Minister on behalf of the Republic of Turkey to take actions, if necessary, to change the debt structure and to strengthen the necessary infrastructure for this in order to manage cash flows in line with fiscal and monetary policies by considering macroeconomic balances and to create a borrowing structure that will provide the most affordable cost in the medium and long term within the framework of a reasonable risk level. Interest payments required by the management of cash flows, payments arising from the use of financial techniques within the scope of debt and risk management, cash, debt, receivables and other Treasury transactions, and fees, expenses, commissions and similar amounts to be paid for works and transactions made and other services received within the scope of a single treasury institutions account is covered by the allocation to be included in the Undersecretariat’s budget for this purpose.

The Undersecretariat is authorized to establish the market making system, to determine the operating principles of the system and take any measures regarding its functioning, or to remove the system.

The Minister is authorized to make cash transactions and/or have them made in the money market or to meet short-term cash needs in order to make timely payments under the general budget and the single treasury institutions account, to prevent negative impact of seasonal variations among cash flows on payments, and to carry out transactions to utilize the cash surplus that will occur in the Treasury accounts in the Central Bank of Turkey or in other public banks to ensure that they are exploited, and to receive and provide collateral for those purposes. The procedures and principles related with utilization will be determined jointly between the Undersecretariat and the Central Bank of Turkey or any other state-owned bank, depending on relevance. The money market cash transactions stock cannot exceed two percent of the total initial appropriations of the budget for the relevant year. The Minister is authorized to increase this rate up to twofold. Administrations covered by the general budget other than the Undersecretariat of Treasury collect any financial resources in their own budgets or under their control in the accounts to be opened with the Central Bank of Turkey or its correspondent. State-owned banks, Turkish Sovereign Wealth Fund Management Incorporated Company and Turkey Wealth Fund and funds and companies to be established by them to get financing, registered foundations, professional organizations qualifying as public institutions that have been established under private law and higher organizations, special-budget administrations except for bail and charity funds, social security administrations, other public administrations, boards, supreme councils and organizations established by a special law or Presidential Decree, revolving funds, funds, municipalities, special provincial administrations, public economic enterprises and subsidiaries, establishments, and businesses of those listed in this article keep all kinds of financial resources within their budgets or under their control in the accounts they will open in their own names in the Central Bank of Turkey or in the banks domiciled in Turkey within the principles to be determined by the President of the Republic’s approval. The institutions mentioned in this article make all their accrued payments through these accounts. Income determined to have been obtained from the utilization of public resources through the provisions of this article are recorded as revenue in the general budget. Officials of the relevant public institutions and establishments and the accounting officers are personally and severally responsible for the fulfillment of the above-mentioned provisions. The President of the Republic is authorized to make exceptions to the above-mentioned provisions. The President of the Republic is authorized to make exceptions to the matters covered in this paragraph and to determine the principles regarding implementation. The President of the Repub-
lic is authorized to determine those of the institutions mentioned above whose financial resources will be utilized under the single treasury institutions account.

The Undersecretariat determines, by a regulation, the principles and procedures for the operation of the single treasury institutions account and the bank accounts to be opened in conjunction with it, notification to the Undersecretariat of the cash demands from the Undersecretariat by, and the payment and collection estimates of, the institutions and administrations covered by the single treasury institutions account, meeting of the cash demands by the Undersecretariat, performing debiting and crediting transactions arising from the operation of this account, and for the determination, as well as for sharing and other issues, of the yield, which would be obtained as a result of the utilization of the resources collected in the single treasury institutions account, the utilization of the resources taken into the single treasury institutions account of the municipalities, special provincial administrations, state economic enterprises as well as the subsidiaries, establishments, enterprises and unions of the administrations in question, to be seventy percent of the weighted average deposit interest rate applied to time deposits with a maturity of up to one month by the banks specified by the Central Bank of Turkey.

The income obtained from the utilization of the resources within the scope of the single treasury institutions account is recorded as income on the schedule (B) of the general budget. The income shared by the Undersecretariat with the municipalities, special provincial administrations, state economic enterprises as well as the subsidiaries, establishments, enterprises and unions of the administrations in question is recorded as expense in the items to be included in the Undersecretariat’s budget for this purpose and paid to the relevant institutions. Any obligations occurring between the Undersecretariat and public institutions and establishments within the scope of the single treasury institutions account are fulfilled by the relevant parties without interest.

The Minister is authorized to use derivative products including swaps, to take and evaluate collateral in the form of cash and domestic and foreign securities, to provide guarantees and, for this purpose, to purchase securities from abroad, when necessary, to buy back bonds previously issued in international capital markets, to exchange with other bonds, and to make agreement for similar transactions for the purpose of managing the obligations of the Treasury arising out of the State foreign debt through various financial instruments available in international capital markets. The agreements in question enter into force as of the date they are signed unless there is a contrary provision in the agreement. Contacts and negotiations on these agreements are carried out and concluded by Undersecretariat.

State domestic debt securities, previously issued for debt and risk management purposes, can be redeemed by paying amounts of lending, principal collection made from lending of foreign debt and from State domestic debt securities that have been issued on-lent, the collaterals arising from derivative products and money market cash transactions, and the amounts to be transferred to the Undersecretariat within the scope of the article 7/A, and the repayments to be made by the Undersecretariat regarding the transactions mentioned in the article in question.

The Undersecretary presides over the meetings of the Debt and Risk Management Committee on monitoring the implementation in relation to the management of the Treasury’s financial assets and liabilities, increasing efficiency, improving infrastructure and other issues. The Debt and Risk Management Committee meets at least once a month.

The unit responsible for risk management carries out the secretarial work of the Debt and Risk Management Committee. Meetings are held with the agenda determined by the Chair upon the recommendation of the risk management unit.

Risk account

Article 13

All amounts paid by the Undersecretariat within the scope of Treasury guarantees and payments that cannot be foreseen in advance within the scope of risk management are covered by the risk account of the Undersecretariat established at the Central Bank of Turkey. Except for the cases specified in this Law, the account cannot be used.

The sources of the risk account are:

a) Lending fees.

b) Guarantee fees.

c) Repayments made by the relevant institutions in return for payments made from the account, and all kinds of payments collected, including default charges.

d) Benefits obtained in accordance with the last paragraph of this article.

e) Allowances envisaged to be transferred to the risk account by Budget Laws.

The appropriation included in the annual budget for this purpose cannot be transferred to another item. In the event that the allowances foreseen to be transferred to the risk account in the annual budget are insufficient, the Minister of Finance is authorized to transfer appropriations to the relevant item. Amounts in the account are utilized to get income. The conditions for utilization are determined jointly by the Undersecretariat and the Central Bank of Turkey.

SECTION NINE

Budgeting State Debt

Budgeting, accounting and reporting of State debts

Article 14

The Minister is authorized to monitor in special accounts outside the budget the principal payments to be made for State domestic and foreign debt securities, including derivative products, and the domestic and foreign borrowing amounts to be paid during the fiscal year, amounts of borrowing that the Treasury will make to meet short-term cash needs and amounts of lending, principal collection made from lending of foreign debt and from State domestic debt securities that have been issued on-lent, the collaterals arising from derivative products and money market cash transactions, and the amounts to be transferred to the Undersecretariat within the scope of the article 7/A, and the repayments to be made by the Undersecretariat regarding the transactions mentioned in the article in question.

State domestic and foreign debt interest and discount expenses, general expenses, interest on guarantees arising from debts, including derivative products, that have been made by any means, and interests on borrowing to be made from money markets to meet the short-term cash needs of the Treasury are covered by sufficient allowances to be included in the budget for this purpose. The provision of the third paragraph of the article 21 of the Law No. 5018 dated 10/12/2003 is not applicable to these allowances. The Minister of Finance is authorized, upon the proposal of the
Minister, to add appropriations of up to five percent to State domestic and foreign debt interest and discounting expenses arising from debts made, including derivative products, interest on collaterals, and initial allowances set by the budget law for the year in the items related to the interest on the borrowing to be made by the Treasury from money markets in order to meet the short-term cash needs. No transfer can be made from these allowances to other budget items.

In order to ensure accurate and timely transfer of domestic and foreign liabilities of the Undersecretariat to the accounting and statistical records, all public institutions and establishments that are users and debtors are obliged to give to the Undersecretariat, within the framework of the procedures and principles determined, the information on lending and loans allocated and agreements for foreign loans they obtained from any foreign financing source with or without the Treasury guarantee and usage under such agreements and all kinds of payments, and other information and documents required by the Undersecretariat, the confirmation information regarding their use recorded as foreign debt and the information on usage made from the grants provided under the Law; the institutions and organizations that intermediate the loan are obliged to give all kinds of information requested to be provided on the loans in question; public institutions and establishments which have cash transferred by Undersecretariat are obliged to give all kinds of information requested by the Undersecretariat; and banks and other financial institutions must give information regarding all kinds of assets and obligations belonging to public institutions and establishments.

Sufficient allowance is allocated in the budget of the relevant year for the amounts to be used from the project loans, taking into account the usage periods and amounts envisaged in the loan agreements, depending on the request of the user organization. However, in the event that there is no domestic resource for the equivalent of the value added tax and special consumption tax arising from foreign project loans and grants, the Minister of Finance is authorized for adding appropriations and budgeting, not to exceed the specified taxes and cost increases, to the items that exist or to be newly included in the budgets of public administrations within the scope of the general budget, the Council of Higher Education, universities and high technology institutes, upon revisions to be made in the year’s investment program to cover these taxes and cost increases arising from exchange differences, for recording as continuing allowance in the next year’s budget the amount not spent due to incompletion of the accrual procedures as a result of the disputes arising from the progress payments within the year, and for cancelling the portion of the amounts recorded as allowance which can no longer be used due to the completion of the project.

All kinds of investment expenditures to be made by public administrations covered by the general budget, the Council of Higher Education, universities and high technology institutes within the scope of loans extended and allocated and Treasury guarantees provided are associated with the relevant items of the year’s budget. It is essential that all kinds of facilities to be used as project loans by these entities are budgeted before use. In addition, it is essential to record all kinds of facilities to be used as project loans by organizations other than these entities as appropriations and expenses within the organizations’ own budgets and accounting systems before use.

Regarding foreign project loan utilization, the Undersecretariat has the responsibility only for the recording of foreign debt and recognition of the foreign debt record, and the responsibility for the uses, including the appropriateness of the use, belongs to the using administrations.

Except for the payments made to the risk account, the installment amounts other than the principal paid to the Undersecretariat as well as default interest and penalties are recorded as income in the budget for financing facilities provided through lending of foreign debt and State domestic debt securities issued on-lent.

Any use from foreign financing facilities obtained from any foreign financing source for the entities listed in the article 2 shall be notified to the Undersecretariat to be registered as foreign debt. Information on the amounts recorded as foreign debt is notified to the Ministry of Finance by the Undersecretariat. The principles and procedures for registering foreign debt are determined by the Undersecretariat. The principles and procedures for budgeting and accounting of these uses are determined jointly by the Ministry of Finance and the Undersecretariat.

Debt servicing of foreign financing facilities made available through allocation of foreign debt is performed by the Undersecretariat.

Within the scope of the transactions initiated under this Law by the Undersecretariat in the capacity of a debtor or guarantor for any foreign financing or derivative product, the Minister is authorized to pay commission fees, commitment fees, guarantee fees, default interest and the like that need to be paid in advance, before the signing of the relevant agreements or until the completion of the statutory regulations that will ensure the enforcement of the signed agreements or the agreements that amended previously signed agreements. The commission fees, commitment fees, guarantee fees, default interest and similar obligations in question can be paid regardless of the signing or enforcement of the relevant agreements or the agreements that amend previously signed agreements. The obligations in question are covered by the allowance to be included in the Undersecretariat’s budget for this purpose.

In cases where the appropriation related to State domestic debt and State foreign debt, which will incur default interest if not paid on due date, is in the budget of the year but the accrual procedures could not be completed, the payments can be made by the Undersecretariat by associating them with the payments account to be offset against the budget.

Commissions, fees and expenses related to bond issues in international capital markets can be deducted from the issue amount within the framework of the provisions of the agreement on bond issuance by associating them with the budget allocations for the year.

The Minister of Finance is authorized, upon the proposal of the Undersecretariat, to register the in-kind and cash grant amounts provided for use by the public administrations covered by the general budget, the Council of Higher Education, universities and high technology institutes as special income and special allowance.

Sufficient allowance is provided in the budget of the year as domestic money and tax provisions for all payments and transactions stipulated in the borrowing agreements regarding and related to State foreign debt obtained from a foreign financing source by the Undersecretariat, and in any agreements made for the purpose of debt and risk management, for materials and equipment imported to be financed from grants provided by the Undersecretariat. No transfers can be made from these allowances to other budget items.

Income to be obtained from the consultancy services provided by the Undersecretariat to foreign countries, institutions and administrations in these countries and international organizations, and the income to be obtained from software and similar assets, legally owned by the Undersecretariat, that are made available for use by and/or sold to foreign countries, institutions and administrations in these countries and international organizations for a fee are recorded as revenue in the budget.

The implementation results of the State debt and Treasury guarantees are prepared by the Undersecretariat and sent to the Ministry of Finance to be included in the Treasury general account together with the final statement of account the relevant year. The Public Debt Management Report, which contains information on domestic and foreign financing facilities obtained in the relevant budget year, Treasury guarantees provided, risk account, grants received and given, information on transfer of foreign debt, lending of foreign debt and allocation of foreign debt, and evaluations on financial markets and debt management are sent on a quarterly basis to the President of the Grand National Assembly of Turkey to be transferred to the Plan and Budget Commission, the President of the Republic, the Ministry of Finance, the Turkish Court of Accounts, and Undersecretariat of the State Planning Organization. The Minister informs the Plan and Budget Commission of the Grand National Assembly of Turkey in a meeting to be held with a special agenda at least once a year. In addition, the Commission may request an additional meeting for information if it seems necessary.
Those who work as Treasury Specialists in the staff of the Undersecretariat of Treasury can be appointed as Accounting Officer or Deputy Accounting Officer in the accounting units of the Undersecretariat of Treasury, and the provisions of sub-paragraph (b) and (c) of the first paragraph of the article 62 of the Law No. 5018 are not applied in the assignments within this scope.

Effective date of this provision: 01.01.2006

Administrative fines
Article 14 / A
Referring to this Law, in cases below where;

a) The permission as required by the paragraph five of the article 4 is not obtained from the Undersecretariat,

b) The lending fee specified in the paragraph four of the article 7 within the period requested by the Undersecretariat is not paid,

c) The guarantee fee specified in the paragraph three of the article 8 within the period requested by the Undersecretariat is not paid,

d) The amount required for the repayment of foreign loans obtained under the Treasury guarantee is not allocated as priority in the annual budgets as required by the paragraph six of the article 8,

e) Permission from the Undersecretariat as required by the paragraph ten of the article 8 is not obtained,

f) The obligations related to the responsibility and joint liability specified in the paragraph five of the article 8 of the Law regarding the foreign debt extended on-loan is not fulfilled as required by the paragraph for of the article 11,

g) The information and documents specified in the paragraph nine of the article 11 is not submitted within the framework of the procedures and principles requested by the Undersecretariat,

h) The principles set out in the relevant legislation and agreements are not complied with in the establishment and operation of the Foreign Debt Payment Account to be established as required by the paragraph seven of the article 11,

i) All kinds of information and documents to be requested as required by the paragraph four of the article 14 are not submitted within the framework of the procedures and principles that have been determined,

j) The obligation, specified in the paragraph six of the article 14, to associate with items of the budget of the year, budgeting, and recording as appropriations and expenses is not fulfilled, an administrative fine of 750 New Turkish Liras will be imposed on those who fail to fulfill these obligations.

In case of repetition of the acts requiring administrative fines within three years, the fine imposed is doubled, and in case of a second and subsequent repetition within the same period, the fine is by tripled.

Administrative fines are paid to the relevant agency within one month from the date of notification.

SECTION TEN
Miscellaneous Provisions
Exemption from taxes, duties, fees, and funds
Article 15
Expenses, transactions, and documents related to interest and principal payments of the State domestic debt securities issued by the Undersecretariat and the payments to be included in the financial service agreement mentioned in the last paragraph of the article 6, and money market cash transactions specified in the third paragraph of the article 12 and other State domestic debts are exempt from all kinds of taxes, duties, fees and funds, without prejudice to the provisions of the Income Tax Law No. 193 and the Corporate Tax Law No. 5520 dated 13/6/2006.

Provided by the Undersecretariat in the capacity of the borrower or with Treasury guarantees, the following is exempt from all taxes, duties, fees and funds;

a) Procedures and documents regarding the provision, lending, transfer, amendment or extension of program loans and project loans,

b) Payments, transactions and documents stipulated in borrowing agreements to be made with financing instruments used in international capital markets and securities issued in these markets,

c) Transactions and documents stipulated in agreements for the management or restructuring of State foreign debts through all kinds of financial instruments, including derivative products used in international capital markets,

d) All payments and transactions stipulated in loan agreements regarding State foreign debts (including payments to be made within the framework of foreign project loans, excluding the use of loans) are exempt from any fees, funds and taxes.

Transactions and documents regarding the procurement, transfer, amendment and use of grants obtained under this Law and grants from the European Union also benefit from the above exceptions.

Transactions to be carried out within the scope of the article 7/A and transactions and documents related to lease certificates to be issued and the issuance of lease certificates are exempt from stamp duties and fees, as well as from fees received under revolving fund and other names by public administrations covered by the central government and by entities affiliated with or established by these administrations.

Effective date of this provision: 29.06.2012

Issuing regulations, consultancy services and safeguarding agreements and related documents
Article 16
The principles and procedures regarding the implementation of borrowing, lending and guarantee limits, domestic and foreign borrowing, transfer, lending and allocation of foreign debt, providing and getting grants, Treasury guarantees, granting permission for unsecured public debts, Treasury receivables, other Treasury receivables, cash, debt and risk management, functioning of the risk account, the granting permission for obtaining foreign financing, special tender procedures and other issues that are covered by this Law are determined by the regulations to be issued.

Any amendment regarding the matters within the scope of this Law can only be made by adding a provision to this Law or amending this Law. Provisions included in other laws regarding the matters contained in this Law are not applicable for the implementation of this Law.

The Undersecretariat’s asset is sought for any regulation outside the provisions of this Law that may put the Undersecretariat under cash or non-cash obligations.
The Undersecretariat may provide consultancy services relating to cash, debt and risk management at home and abroad for a fee or free of charge. In this context; software, licenses and similar assets whose legal rights belong to the Undersecretariat can be made available for use, sold for a fee or donated by the Undersecretariat.

With regard to the matters covered by this Law, the originals of the agreements and related documents signed by the Undersecretariat on behalf of the Republic of Turkey are kept by the Undersecretariat.

The Minister is authorized to exclude from the accounts the securities registered in the accounts of the accounting units within the Undersecretariat, which are not legally enforceable or have no economic value. The securities removed from the accounts are sent to the General Directorate of State Archives without being subject to the periods specified in the Law No. 3473, dated 28/9/1988 on the Amendment and Adoption of the Decree on the Law About the Destruction of Documents and Materials That Do Not Need to be Kept.

Of the non-convertible foreign currencies transferred to public institutions and establishments, banknotes are sent to The Central Bank of Turkey, and coins to the General Directorate of the Mint and Security Printing House on a weekly basis. The Central Bank of Turkey and the General Directorate of the Mint and Security Printing House are authorized to take all kinds of actions related to the money transferred to them under this paragraph.

Provisions that have been amended, repealed and inapplicable

**Article 17**

A) The following statement has been added to come after the expression “to manage and benefit” in the paragraph (a) of the article 2 of the Law No. 4059 dated 20.12.1994 on the Organization and Duties of the Undersecretariat of Treasury and the Undersecretariat of Foreign Trade:

To make all kinds of analysis and risk assessment related to the public debt portfolio, Treasury guarantees and Treasury receivables, to determine borrowing policies, principles and strategies in cooperation with other Undersecretariat units, to prepare long-term and annual borrowing programs, to determine the measures to be taken within the scope of risk management, evaluate and report the implementation,

B) The provisions of the Law No. 1173 dated 5.5.1969 on the Execution and Coordination of International Relations and the Law No. 244 dated 31/5/1963 on the Conclusion, Enforcement and Publishing of the International Treaties and the Authorization of the Council of Ministers for Concluding Certain Treaties, and the relevant year budget laws that are contrary to this Law do not apply.

Contained in the sub-paragraph (2) of the additional article 4 of the Law No. 2380 dated 2.2.1981 on the Allocation of General Budget Tax Revenues to Municipalities and Special Provincial Administrations, the phrase “and debts arising from other foreign loan payments that are paid to their creditors by the Undersecretariat of Foreign Trade with the approval of the Minister, to which the Undersecretariat of Treasury and Foreign Trade reports, observing the foreign credit reputation of the country” has been repealed and the following paragraph has been added to the same article.

Making deductions in accordance with sub-paragraphs (1) and (2) does not prevent legal proceedings for the collection of the debt.

C) According to the provisions of this Law,

1) Credit, guarantee and grant agreements regarding financing obtained for defense and security purposes, grant agreements signed in accordance with the article 9 of this Law, and lending and restructuring agreements signed pursuant to the article 10 of this Law,

2) Loan and guarantee agreements signed on behalf of the Republic of Turkey relating to the financing obtained foreign countries, unions established by foreign countries, official financing funds, any foreign financing sources other than international and regional organizations, and debt undertaking agreements signed by the Undersecretariat pursuant to the article 8/A of this Law and those signed by the relevant administrations in accordance with the article 11/A of Law No. 3996,

3) Loan and guarantee agreements setting out the financing obtained on behalf of the Republic of Turkey for program or project loan purposes from foreign countries, unions established by foreign countries, official financing funds, international and regional organizations as well as the repayment of principal, interest and other financing expenses, and other issues related to this financing are not published in the Official Gazette.

Apart from the above-mentioned agreements, other agreements concluded according to the provisions of this Law are published in the Official Gazette.

**Transfers to be made to funds**

**Additional Article 1**

The President of the Republic determines the upper limit and quality of the resource to be committed by the Undersecretariat to the legal entities and venture capital funds providing financing to equity firms, and parent funds set up to provide financing to mutual funds that provide co-financing to venture capital firms invested by individual participation investors or the funds that provide financing to equity firms and/or projects as well as the selection criteria for the parent fund or funds, sub-funds linked to the parent funds and mutual funds to which resources will be transferred, the areas to be invested in, auditing, the upper limits of any fees and expenses arising from the amount committed, and other issues regarding the implementation.

The Minister is authorized to determine and transfer the amount to be paid to the parent fund or fund periodically out of the amount committed. Payment for the resource commitment is paid out of the appropriation included in the Undersecretariat’s budget.

In the event of the liquidation or termination of the parent fund, sub-fund and funds, the balance amount of the resources transferred to the parent fund or fund by the Undersecretariat is recorded as revenue in the general budget. The remaining amounts arising from the shares transferred to the parent funds or funds by other public administrations as grants are also transferred by the parent fund or funds to the relevant account of the Undersecretariat to be recorded as revenue in the general budget.

The Minister is authorized to eliminate the hesitations that may arise regarding the implementation of this article.

**Use of the National Fund**

**Additional Article 2**

Co-financing to be provided by Turkey within the framework of the agreements concluded with the European Union bodies and duly put into effect, and the financing requirements that may arise from refunds to be made to the European Commission, exchange rate difference, default interest and similar reasons are met by the beneficiaries. The financing under this paragraph is transferred to the National Fund by the beneficiaries at the request of the national authorizing officer within thirty days at the latest. Amounts transferred to the National Fund are made available for use within the framework of the provisions of the Memorandum of Understanding and other agreements signed with the European Commission and duly put into effect.

In the event that the beneficiaries do not fulfill their obligations under the first paragraph on time, the amounts that need to be transferred to the implementation units in connection with the contracted projects and the resources needed for the payments to be made to the European Commission by the National Fund on behalf of the beneficiaries are transferred to the National Fund from the appropriation allocated for this purpose in the annual budget of the Undersecretariat. In the collection of receivables arising from payments made on behalf of beneficiaries within the scope of this paragraph,
the provisions of the Law No. 6183 dated 21/7/1953 on the Collection Procedure of Public Receivables are applied for institutions that are outside the scope of the subparagraph (b) of the first paragraph of the article 3 of the Public Financial Management and Control Law No. 5018 dated 10/12/2003, and for the institutions included in the schedules (II) and (III) attached to the Law No. 5018, the provisions of the Law No. 3533 dated 29/6/1938 on the Settlement through Arbitration of the Disputes Between Administrations and the Municipalities Managed by the Public, Annexed and Special Budgets and the Administrations and Establishments Whose Capital is Fully Held by the State, Municipalities or Special Administrations are applied.

In case of delay experienced in the transfers of the funds allocated by the European Commission to the National Fund, the resource needed for the mandatory transfers related to the projects contracted by the implementation units within the framework of the agreements is transferred to the National Fund from the appropriation allocated for this purpose in the annual budget of the Undersecretariat. Following the transfer to the National Fund by the European Commission, these funds are recorded as revenue in the general budget.

The amounts transferred, within the scope of the first paragraph, by the institutions cited in the schedule (I) attached to the Law No. 5018 to the National Fund accounts but not used, are recorded as revenue in the general budget after the related program is closed. Amounts transferred and unused by other institutions and administrations are returned to the relevant institution.

The amounts, including the default charges, that are collected from the contractors by the implementation units during the implementation of programs and projects within the scope of financial cooperation, are recorded as income in the general budget following the completion of the programs and projects in question.

Income obtained from accounts other than the European Union contribution accounts opened on behalf of the National Fund are recorded as revenue in the general budget at the end of each financial year.

The procedures and principles regarding the implementation of this article are laid out by the regulation to be prepared by the Undersecretariat.

Making dividend payments and profit transfers through assignment of real estate

Additional Article 3

Dividend payments, as well as the profit transfers arising from their legislation, to be made to the Undersecretariat or the Privatization Administration by the undertakings within the scope of the Decree No. 233 dated 8/6/1984 on the State Economic Enterprises and by the administrations, companies, enterprises and banks in which the Treasury or the Privatization Administration is a shareholder can also be realized, aside from cash payments, by transferring to the Treasury the ownership of the immovable properties owned by the enterprises, organizations, companies, businesses, and banks in question. In the event that the request in this regard by the enterprises, establishments, companies, businesses, and banks is deemed appropriate by the Undersecretariat or the Privatization Administration, depending on the case, the Minister of Finance is authorized to transfer the ownership of these immovables to the Treasury based on the current values to be determined by the Ministry of Finance upon the assent of the Minister or the Minister whom the Privatization Administration reports to, depending on the case.

The current values to be determined by the Ministry of Finance are taken into account as the equivalent value in the implementation of the article 267 of the Tax Procedure Law No. 213 dated 4/1/1961.

In the event that dividend payments and profit transfers are made through the transfer of the ownership of the immovables to the Treasury within the scope of this article, the provision of the article 9 of the Law No. 4046 dated 24/11/1994 on Privatization Practices is not applicable.

The Minister is authorized to lay out the issues regarding the implementation of this article and to eliminate hesitations.

Additional Article 4

The President of the Republic may decide on the implementation of the provisions set out in this Law on the matters of transfer of foreign debt, lending of foreign debt, and Treasury repayment guarantee to the Turkish Sovereign Wealth Fund Management Incorporated Company decided to be established under the Law No. 6741 dated 19.08.2016 on the Establishment of Turkish Sovereign Wealth Fund Management Incorporated Company, and the Amendment of Certain Laws, to companies and sub-funds to be established by Turkey Wealth Fund and the entities decided to be transferred to the Turkey Wealth Fund within the framework of the article 4 of the Law No. 6741 and other legislation, provided that more than fifty percent of their capital belongs to the public, and by the Turkish Sovereign Wealth Fund Management Incorporated Company, on the condition that more than fifty percent of their capital belongs to the public and/or Turkish Sovereign Wealth Fund Management Incorporated Company and Turkey Wealth Fund.

The provisions of the Law No. 6183 on Collection Procedure of Public Receivables dated 21/7/1953 apply to Treasury receivables to arise within the scope of the transfer of foreign debt, lending of foreign debt, and Treasury repayment guarantees.

Additional Article 5

To be limited to the defense and security services sectors, the entities under the special budget that carry out the project may provide foreign facilities without being subject to the provisions of the paragraph ten of the article 8 of this Law, if the final user is from the public administrations within the scope of the general budget.

Additional Article 6

Foreign financing obtained through loan agreements signed for financing the projects included in the investment program of the General Directorate of Forestry before the effective date of this article is deemed to have been extended as allocated to the General Directorate and continues to be used as allocated. Foreign financing to be obtained after the effective date of this article can be made available as allocated to the General Directorate. Regarding the credits allocated within the scope of this article, the provisions of the paragraphs five and six of the article 14 of this Law regarding the institutions included in the schedule (I) annexed to the Law No. 5018 are not applied to the institution that allocated the loan.

SECTION ELEVEN

Provisional and Final Provisions

Provisional Article 1

The necessary arrangements for the implementation of the applications brought by the article 12 of this Law and the establishment of the technical infrastructure for the risk management are completed by the Undersecretariat until 31.12.2002. The principles and procedures regarding the budgeting and recognition of the uses specified in the paragraph eight of the article 14 of this Law are put into effect with a regulation to be prepared within three months from the publication date of this Law.

Provisional Article 2

The receivables arising in the event of assumption of the borrowings, which have been made by public institutions and establishments with Treasury guarantee and/or surety provided on the domestic markets prior to the entry into force of this Law, are deemed to have arisen from public services and relations, and the Minister is authorized to determine the terms of these receivables and their collection, follow-up and management through use of all kinds of financial techniques.
Provisional Article 3
The amount of default interest and penalties calculated against Treasury receivables existing as of the effective date of this Law are notified to those concerned until the end of the fourth month from the effective date of this Law. In this notification, it is stated that the debtor can request for reconciliation within two months from the date of notification. The institutions and organizations that requested reconciliation within this period are notified by the reconciliation commission of the day the reconciliation meeting will be held. This period cannot exceed two months. For reconciliation, those concerned must apply in writing to the Undersecretariat through the highest-level authority.

The reconciliation commission consists of a president and three members appointed by the Minister from among the personnel responsible for the administration, follow-up, collection and auditing of Treasury receivables, and one representative each from the Ministry of Finance, the Undersecretariat of State Planning Organization, and the Turkish Court of Accounts. The commission decides by majority vote. The lower limit of the amount that the commission can reconcile and the general principles of the term structure are determined by the Minister and notified in writing to the commission before the settlement negotiation. Reconciliation negotiations are concluded within ten working days after the notification of the first meeting was held. In the event that settlement is reached, the situation is determined with a report to be signed by the parties and following the approval of the Minister, it is ensured that the receivable is structured within the framework of new conditions. If the settlement does not take place within the period in question, the situation is determined by a report signed by the parties and the necessary procedures are initiated for the follow-up and collection of the Treasury receivables within the framework of the provisions of Law No. 6183. If settlement cannot be reached, a new settlement request cannot be made for the same receivables.

If the obligations regarding the settled amounts are not fulfilled by the debtor on time, the settlement is deemed to have not been settled and the Treasury receivables are litigated and collected in accordance with the provisions of the Law No. 6183. Necessary procedures are initiated for the collection and litigation of Treasury receivables, owed by the institutions and administrations that have not requested reconciliation within the application period of settlement, within the framework of Law No. 6183.

However, regarding the amounts agreed on under this article, in case the institutions and administrations, which have defaulted on settlement installments since the settlement date, paid their debts arising from the settlement and the default interest and penalties until 31/12/2008, their settlements are not be canceled.

Provisional Article 4
The Minister whom the Undersecretariat of Treasury reports to is authorized to allocate free of charge, to public institutions and establishments other than public administrations covered by the general budget, the loans obtained and to be obtained for this purpose by the Republic of Turkey in the capacity of the borrower, for the financing of emergency aid and reconstruction and rehabilitation projects in earthquake zones after Marmara and Duzce earthquakes, from the World Bank, European Investment Bank, Council of Europe Development Bank, Islamic Development Bank, and relevant financial institutions of the countries of the Gulf Cooperation Council, as well as from foreign governments, credit institutions of foreign countries, and international institutions for the same purpose.

Provisional Article 5
Provisions of the article 11 of this Law apply to Treasury receivables that have arisen or will arise due to loans made available through lending by concluding "Transfer Agreements", "Loan Agreements" or similar agreements before the effective date of this Law.

Provisional Article 6
The President of the Republic is authorized, within the scope of the Baku-Tbilisi-Ceyhan Pipeline Project, a) To sign the documents and other documents related to the host country agreement, turnkey construction agreement, government guarantee agreement that have been concluded and other agreements to be concluded under this project,
b) to decide, with respect to the fulfillment of all kinds of payment, completion, performance, and other obligations, which have been committed to by the Republic of Turkey and all relevant public institutions and establishments under the agreements specified in paragraph (a) and other relevant documents and agreements and other documents, on providing the parties stipulated in the relevant agreements with guarantees as well as on guaranteeing, on behalf of the Republic of Turkey, all kinds of the payment obligations that will arise in the event that the commitments in question are not fulfilled partially or completely as stipulated in and required by the agreements,
c) to determine and authorize the relevant public institutions and establishments that have signed and will sign the agreements specified in the subparagraphs (a) and (b) and other relevant documents and agreements and other documents.

Provisional Article 7
The payments that have arisen and must be made within the scope of the abolished Foreign Loans Exchange Rate Differences Fund are covered by the allowances to be included in the budget for this purpose.

The Council of Ministers is authorized to increase the amount in the paragraph (h) of the article 26 of the 2003 Fiscal Year Budget Law No. 4833, dated 29.3.2003 by up to twofold.

Provisional Article 8
The loans, which have been obtained by the Republic of Turkey in the capacity of the borrower from any foreign financing source for financing the projects to be established for the purpose of preventing the damages likely to occur due to the earthquake risk to which the city of Istanbul is exposed, and for precaution and preparation against earthquake, and, which have been allocated to the Istanbul Special Provincial Administration free of charge by the Council of Ministers, are continued to be made available as allocated to the Governorship of Istanbul following the abolition of the legal personality of the Istanbul Special Provincial Administration, without being included in the investment program of the year.

The President of the Republic is authorized to allocate to the Istanbul Governorship new loans that the Republic of Turkey will obtain in the capacity of the borrower from any foreign financing sources for the financing of projects in the first paragraph, without being included in the investment program for the year.

The provisions of the paragraphs five and six of the article 14 of this Law regarding public administrations within the scope of the general budget and the Council of Higher Education, universities and high technology institutes do not apply to the loans covered by this article.

Provisional Article 9
Within the scope of the transactions initiated, prior to the entry into force of this article, by the Undersecretariat in the capacity of borrower or guarantor pursuant to this Law in relation to any foreign financing or derivative product, the provisions of the amended paragraph ten of the article 14 of this Law are applied, regardless of the signing or entry into force of the relevant agreements or the agreements amending previously signed agreements, about the commissions, commitment fees, guarantee fees, default interest and similar obligations that have arisen and needed to be paid in advance before the signing of the relevant agreements or the agreements amending previously signed agreements or before the completion of the legal steps that will enable the signed agreements to enter into force.
Provisional Article 10
The President of the Republic is authorized to allocate free of charge the loans, which the Republic will obtain from any foreign financing sources in the capacity of the borrower, for the financing of the projects, which are contained in the investment program of the Republic of Turkey General Directorate of State Railways and which have been permitted by the Undersecretariat to get foreign financing for, but with no funding studies finalized yet; as well as for the projects included in the Investment Program for the year 2006, to the aforementioned Directorate General without being associated with budget income and expense items. Provisions of the paragraphs five and six of the article 14 regarding public administrations included in the schedule (I) annexed to the Law No. 5018 dated 10/12/2003 are not applicable to the loans to be provided pursuant to this article.

Provisional Article 11
Effective date of this provision: 01.01.2006
Upon the Minister’s proposal, the Minister of Finance is authorized to cancel, without being associated with income and expense accounts of the budget, the receivables from the relevant institutions herein, which have arisen as a result of the utilization made until the effective date of this article but not yet turned into a loan agreement, out of the loans obtained from the World Bank, European Investment Bank, relevant financial institutions of the countries of the Gulf Cooperation Council, and the National Westminster Bank for the financing of Flood and Earthquake Disaster Emergency Assistance Project, Marmara Earthquake Emergency Reconstruction Project, Turkey Infrastructure and Urban Reconstruction Project, Road Connectivity Project of Permanent Housing, Cinarcik-Tesvikiye-Kocadere-Esenköy-Armutlu Sewerage Project, Kaynarca-Golkent-Fenizli-Sinanoglu-Şağafül Potable Water Projects and Akyazı-Hendek Sewerage Project, Social Risk Mitigation Project and Privatization Social Support Project, Industrial Technology Project, and TUBITAK - Bilten Research Satellite Project. The loans in question and the usage amounts, without a lending agreement concluded yet, that will be made after the effective date of this article out of the loans, which have been obtained or to be obtained within the scope of the provisional articles 4 and 8 of this Law, are deemed to have been allocated free of charge to the relevant institutions without being associated with the income and expense accounts of the budget. Regarding the loan amounts allocated in this way, the provisions of the paragraphs five and six of the article 14 regarding the institutions included in the schedule (I) annexed to the Law No. 5018 are not applied to the institution that has allocated the loan.

Provisional Article 12
Effective date of this provision: 01.01.2006
The Loans obtained within the framework of foreign credit agreements signed before 1/1/2006 for the financing of the projects included in the annual investment program of the institutions contained in the section (A) of the Schedule (II) annexed to the Public Financial Management and Control Law No. 5018 are continued to be made available for use as allocated to the institutions cited. Regarding the loans to be made available pursuant to this article, the provisions of the paragraphs five and six of the article 14 regarding the institutions included in the schedule (I) annexed to the Law no. 5018 are not applied to the institution that has allocated the loan.

Treasur-y guaranteed foreign debts, which have been provided to the universities included in the section (A) of the schedule (II) annexed to the Law no. 5018 under the agreements signed before the date of 1/1/2006 and which have payments ongoing, are made available for use as allocated to the institutions referred to. The Minister of Finance is authorized, upon the proposal of the Minister, to delete the balance amount, not paid as of the effective date of this article, of the Treasury receivables arising from the undertakings made by the Undersecretariat regarding the Treasury-guaranteed loans for the universities that have been signed before the date of 1/1/2006 and from the loans of the aforementioned institutions as well as the Treasury receivables of the aforementioned institutions under settlement.

Provisional Article 13
Effective date of this provision: 01.01.2006
The Council of Ministers is authorized, upon the proposal of the Minister, to allocate the loans, which the Republic of Turkey will obtain in the capacity of the borrower from any foreign financing sources for the financing of the programs and/or projects to be created under the Social Assistance and Solidarity Fund, to the Fund in question without being associated with the income and expense items of the budget. Regarding the loans to be provided pursuant to this article, the provisions of the paragraphs five and six of the article 14 regarding the institutions included in the schedule (I) annexed to the Law No. 5018 are not applied to the institution that allocated the loan.

Provisional Article 14
State domestic debt securities of special arrangement are issued by the Undersecretariat of Treasury to the Savings Deposit Insurance Fund for the realization of any kind of payments to be made by the Savings Deposit Insurance Fund for the collected by the Imar Bank of Turkey on the secondary market under the name of State domestic debt securities sales, despite the absence of corresponding State domestic debt securities. The provisions of the second paragraph of the article 6 of this Law are not applied for the State domestic debt securities of special arrangement to be issued in this context.

Provisional Article 15
Tenders can be put out and commitments made in 2008 by the Undersecretariat of Treasury for the organization expenses to be realized in 2009 for the World Bank Group and International Monetary Fund Meeting to be held in Istanbul in 2009 and for the procurement of goods and services to be made in this context, without being subject to the provisions of the paragraph five of the article 3 and the last sentence of the paragraph (b) of the article 62 of the Public Procurement Law No. 4734 dated 4/1/2002, and the articles 26 and 27 of the Public Financial Management and Control Law No. 5018 dated 10/12/2003. These expenses are covered by the appropriation allocated to the Undersecretariat’s budget for the year 2009 for this purpose.

Provisional Article 16
The Minister of Finance is authorized, upon the Minister’s proposal, to delete the Treasury receivables consisting of principal, interest, expense and default interest arising from undertakings made by the Undersecretariat of Treasury out of the Treasury-guaranteed loans of the General Directorate of State Railways Administration of the Republic of Turkey that have been overdue as of the effective date of this article as well as from the loans extended through lending, by offsetting against the receivables of the State Railways of the Republic of Turkey from the Ministry of Transport corresponding to road maintenance and repair costs, and, in case of debt balance of the Administration remaining after the transaction in question, to offset this amount against the unpaid capital of the Administration.

Provisional Article 17
Deletion of the Treasury receivables consisting of the principal, interest, expenses and default charge, which have arisen and/or will arise from the State Domestic Borrowing Securities of special arrangement given to the Savings Deposit Insurance Fund until the date of 31/12/2007 is fulfilled by the Minister of Finance upon the proposal of the Minister. This transaction does not eliminate the rights and powers of the Savings Deposit Insurance Fund regarding the pursuit and collection of its receivables arising from banks whose operating licenses have been revoked or whose management and control has been transferred to the Fund.

Savings Deposit Insurance Fund transfers the amount remaining after deducting the current and possible resolution expenses and the compulsory payments to be made to other administrations from the cash revenues that it has obtained or will obtain from all kinds of goods, rights and receivables of the banks whose operating licenses have been revoked or whose management and control have been transferred to the Fund, to the recent accounts of the Undersecretariat within the framework of the procedures and principles determined by the Undersecretariat, except for those which
consist of the incomes cited in the article 130 of the Banking Law No. 5411 dated 19/10/2005 and which are kept as insurance reserve. In the event that additional resources are needed for resolution expenses due to the transfer of these resolution revenues, the Minister is authorized for the issuance of State Debt Securities of special arrangement by the Undersecretariat to the Savings Deposit Insurance Fund without resorting to the insurance reserve.

Provisional Article 18
Regarding the payments to be made to the beneficiaries pursuant to the paragraph three of the article 4 of the Law No. 5664 dated 22/5/2007 on Payments to be Made to Right Holders of Housing Acquisition Support, State domestic debt securities can be issued on-lent to Emlak Konut Real Estate Investment Company by the Undersecretariat for the liability of Emlak Konut Real Estate Investment Company for the portion that exceeds the liability of Emlak Konut Real Estate Investment Company the Undersecretariat may issue State domestic debt securities of special arrangement to Emlak Konut Real Estate Investment Company. In this context, the provisions of the paragraph two of the article 6 of this Law are not applicable for the State domestic debt securities of special arrangement to be issued.

Provisional Article 19
In order to meet the financing deficit of the General Directorate of Turkish Grain Board in 2009, State domestic debt securities of special arrangement can be issued by the Undersecretariat to the General Directorate of Turkish Grain Board to be offset against its duty-loss receivables from the Treasury and unpaid capital. The Minister of Finance is authorized to add up to 1 billion Turkish Liras to the relevant items of the Undersecretariat’s Budget for the State domestic debt securities of special arrangement to be issued within this scope.

Provisional Article 20
The Minister is authorized to transfer cash resources of up to TL 50 billion and/or issue State domestic debt securities of special arrangement to loan guarantee institutions that provide loan guarantees to real and legal persons and commercial enterprises in order to improve financing opportunities and contribute to the effective functioning of the credit system. The Minister of Finance is authorized to add an allowance of up to 50 billion Turkish Liras to the items of the Undersecretariat budget that exist or to be added newly for cash transfer and/or the State domestic debt securities of special arrangement to be issued.

Regarding the shares owned by banks in loan guarantee institutions that provide loan guarantees that are supported by the Undersecretariat by transferring cash resources and/or issuing State domestic debt securities of special arrangement, the articles 25, 48, 49, 50, 53, 54, and 56 of the Banking Law No. 5411 dated 19/10/2005 are not applicable. The Council of Ministers is authorized to determine the procedures and principles for the determination of the loan guarantee institutions that will get cash resources and/or State domestic debt securities of special arrangement transferred to within the scope of this article, the utilization of the resource to be transferred, and the balance amount of the surety that can be provided by these institutions, not exceeding 10 times the amount specified in the first paragraph of this article, based on the amount in question.

Provisional Article 21
State domestic debt securities of special arrangement may be issued on-lent by the Undersecretariat of Treasury in order to meet the financing deficit of the General Directorate of Turkish Grain Board for the 2009 campaign period.

Provisional Article 22
The net debt utilization laid out in the article 5 is applied for the year 2009 as five times the net amount of debt utilization that was increased by the Minister and the Council of Ministers, effective from 1/1/2009.

Provisional Article 23
The debt of TL 753.50 (the principal amount in 1977), which has been received from the Undersecretariat of Treasury by the State Investment Bank (since 08/21/1987 Export Credit Bank of Turkey) as off-balance advances and loans and made available as a loan to the General Directorate of Coal Enterprises of Turkey (TKI), and which was closed by TKI in the period 1977-1996 through payment to the State Investment Bank but not transferred to the Treasury by the State Investment Bank or the Export Credit Bank of Turkey, and which is currently followed up in 140- Receivables from Persons account as Other Treasury Receivables is closed by payment over the amount in 1977.

Provisional Article 24
Foreign loans obtained through loan agreements signed to finance the projects included in the investment program of the General Directorate of Highways before the entry into force of this article are continued to be made available as allocated to the General Directorate.

Provisional Article 25
Foreign loans obtained through loan agreements signed for the purpose of financing the projects included in the investment program of the General Directorate of State Hydraulic Works before the entry into force of this article, continue to be made available as allocated to the General Directorate, effective from 1/1/2012. With respect to the loans allocated within the scope of this article and the provisional article 24, the provisions of the paragraphs five and six of the article 14 regarding the institutions included in the schedule (I) annexed to the Law No. 5018 do not apply to the institution that allocated the loan.

Provisional Article 26
The President of the Republic is authorized to allocate the loan, which the Republic of Turkey will obtain in the capacity of the borrower from any foreign financing sources for the financing of the projects contained in the Investment Program for the 2014-2018 Years of the General Directorate of State Railways of the Republic of Turkey, to the capital of the General Directorate on account or free of charge. Within the scope of this article, the Minister of Finance is authorized to add appropriations to the budget of the Undersecretariat of Treasury, provided that they do not exceed the amounts allocated to its capital on account or free of charge.

Provisional Article 27
Upon the proposal of the Minister, the Minister of Finance is authorized to cancel the balance amount unpaid, as of the effective date of this article, of the Treasury receivables arising from the loan agreement dated 7/8/1991 of the Turkish Standards Institute.

Provisional Article 28
The debits of the Directorate of Housing Development Administration to Türkiye Emlik Bankası Joint Stock Company Under Liquidation arising from the debt securities that it issued within the scope of the Decision by the High Planning Council pursuant to the Council of Ministers’ Decision No. 2001/2202 dated 03.28.2001 are transferred to the Undersecretariat over the amount determined based on the date of entry into force of this article.

The Undersecretariat performs the offsetting transaction by swapping, with the amount transferred within the framework of the first paragraph, the debts of the Türkiye Emlik Bankası Joint Stock Company Under Liquidation to the Undersecretariat, which are within the scope of the provisional article 3 of the Law No. 4603 dated 15.11.2000 on Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Halk Bankası Joint Stock Company, and Türkiye Emlik Bankası Joint Stock Company, and which are monitored under other Treasury receivables.
The procedures and principles regarding the payment of the balance amount after the transfer, swap and offsetting transactions to be made within the scope of the above paragraphs are determined by the Minister and this amount is covered by the appropriation to be added to the Undersecretariat's budget.

Türkiye Emlak Bankası Joint Stock Company Under Liquidation and the Directorate of Housing Development Administration make necessary corrections in their balance sheets after the transfer, swap and offsetting transactions carried out within the scope of this article.

The Minister of Finance is authorized to get the transfer, swap and offsetting transactions to be carried out within the scope of this article recorded in the relevant Government accounts according to their nature, without being associated with the income and expenditure accounts of the budget, upon the proposal of the Minister.

Provisional Article 29
The net debt utilization amount set out in the article 5 is applied for the year 2007 by adding thirty-seven billion Turkish Liras to the net debt usage amount increased by the Minister and the Council of Ministers, effective from 1/1/2007.

Transfer of Vakıfbank Shares

Provisional Article 30
The lease certificates issued in exchange for the transfer price to be paid for the class (A) and (B) shares, managed and represented by the General Directorate of Foundations, out of the shares of the Foundations Bank of Turkey, except for those belonging to other affiliated foundations, are not included as debt in the net debt usage account determined in the first paragraph of the article 5 of this Law. The allowance requirement specified in this Law is not required for lease certificates issued in return for transfer fee.

State domestic debt securities of special arrangement issued as a transfer fee in return for the transfer to the Treasury of the class (C) shares belonging to the Foundation of Officers and Servants Retirement and Health Aid Fund of the Foundations Bank of Turkey are not included as borrowing in the net debt usage account specified in the first paragraph of the article 5 of this Law. Moreover, the provisions of the paragraph two of the article 6 of this Law do not apply for State domestic debt securities of special arrangement issued in exchange for the transfer to the Treasury of the class (C) shares that are owned by the Foundation of Officers and Servants Retirement and Health Aid Fund of the Foundations Bank of Turkey.

Provisional Article 31
The net debt utilization amount set out in the article 5 is applied for the year 2009 by adding seventy billion Turkish Liras to the net debt utilization amount increased by the Minister and the President of the Republic, effective from 1/1/2019.

Provisional Article 32
The limit of the State domestic debt securities of special arrangement to be issued on-lent within the fiscal year that is determined in accordance with the paragraph two of the article 12 of the Central Government Budget Law No. 7197 of 21/12/2019, is applied for the 2020 up to five percent of the initial allowances determined in the sub-paragraph (s) of the paragraph one of the article 1 of the Law No. 197.

Provisional Article 33
The Minister of Treasury and Finance is authorized for the deletion of the Treasury receivables that are overdue and will be due, arising from loans made available to local administrations through lending of foreign debt within the framework of the foreign loan agreements signed with the European Investment Bank on the dates of 09/02/2000, 06/11/2000 and 02/04/2003 under the Turkey Earthquake Rehabilitation and Reconstruction Assistance Program (TERRA), as well as the undue Treasury receivables arising from these loans of the above-mentioned institutions that have been settled and structured in accordance with the relevant laws, together with the interest, default interest and other ancillary charges as of the effective date of this article, without being associated with the income and expense accounts of the budget. In this context, no refund is made from collections made from local administrations.

Provisional Article 34
The net debt usage amount set out in the article 5 is applied for the year 2020 as twice the net debt utilization amount increased by the Minister and the President of the Republic, effective from 1/1/2020.

Enforcement
Article 18
Of this Law,

a) The article 5, first, third and fourth paragraphs of the article 6, third and fourth paragraphs of the article 8, second paragraph of the article 9, the article 13, and the fifth, sixth, thirteenth and sixteenth paragraphs of the article 14 come into force on the date of 1.1.2003,

b) The second paragraph of the article 6, on the date of 1.1.2004,

c) Other articles, on the date of publication it comes in to effect.

Execution
Article 19
The provisions of this Law are executed by the Council of Ministers.
REGULATION ON THE DEBT UNDERTAKING TO BE PERFORMED BY THE MINISTRY OF TREASURY AND FINANCE

Official Gazette: 19.04.2014/28977
No. 2014/6217
Authority: Council of Ministers
Date of Adoption: 06.03.2014
Validity Date: 19.04.2014
Date of Latest Amendment: 25.12.2019

The title of this regulation is amended by the article 1 of the regulation, published in the 30989th issue of the Official Gazette, dated 25.12.2019, to read “Regulation on the Debt Undertaking to be Performed by the Ministry of Treasury and Finance.”

SECTION ONE
Purpose, Scope, Basis and Definitions

Purpose and scope

Article 1

(1) The purpose of this Regulation is to lay down – where in the at least one billion Turkish Lira worth investment and service contracts that are planned to be implemented by the government budget public administrations as well as by the special budgeted administrations, according to the build-operate-transfer model, as per Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, dated 8.6.1994, as well as in the at least five hundred million Turkish Lira worth investment and service contracts that are planned to be implemented, according to the build-lease-transfer model, as per Law No. 6428 on Construction, Renovation of Facilities and Procurement of Services by the Ministry of Health Under the Public-Private Partnership Model, and Amending Certain Laws and Decrees, dated 21.2.2013, and as per Legislative Decree Law No. 652 on the Institutions Providing Special Housing Services and Some Regulations, dated 25.8.2011, there is a provision on termination of the contract, according to the provisions of the debt assumption agreement; – the procedures and the principles on taking legal action for and collection of the Treasury claims that originate from the assumption and payment, in part or entirely, of the financial obligations, including the main loan obtained for such investments and services and, if there are any, those that arise from the derivative products intended for the provision of the main loan, and from such debt assumption.

Basis

Article 2

(1) This Regulation is prepared according to article 8/A and to the first paragraph of the article 16 of Law No. 4749 on the Regulation on the Public Finance and Debt Management, dated 28.3.2002.

Definitions

Article 3

(1) In respect to the implementation of this Law, the following terms will have the following meanings.

a) Main loan: Financing obtained by the company from abroad for the investments and services defined in the article 1, and which does not include the equity undertaken by the company as per the relevant contract;

b) Ministry: The Minister of Treasury and Finance;

c) Ministry: The Ministry of Treasury and Finance;

c') Debt assumption agreement: The agreement that regulate the debt assumption, and which is signed among the Ministry, the company and the parties associated with the main loan that is provided under the project;

d) Debt assumption protocol: The protocol that is signed between that Ministry and the administration, and which regulates the Treasury claims arising from the debt assumption;

e) Debt assumption undertaking: The debt assumption agreement and the undertaking by the Ministry;

f) Debt assumption undertaking limit: The limit for the annual debt assumption undertaking by the Ministry, and that is set by the government budget law for the relevant year;

g) Debt assumption: Where in the contract its termination and taking over of the facility by the administration before the contract term [expires] is provided, assumption and payment of the financial obligations – including the main loan obtained by the company and, if there are any, those that arise from the derivative products intended for the provision of the main loan – by the Ministry as per the maturity date and the procedure provided in the debt assumption agreement;

h) Notice of the cause for termination: The notice that is sent in writing by the administration, the company or the creditor to the parties to the contract, and in which the occurrence of the cause for termination as provided in the contract, is stated;

i) Causes for termination: The causes that are provided in the contract as well as in the other agreements that are signed between the concerned parties with reference to the contract, and which constitute the reasons for the termination of the contract;

i') Financing cost: Provided that the derivative cost limit is not exceeded, the financial obligations – including those that originate from derivative products – that are defined in the Debt assumption agreement, and which would be assumed by the Ministry;

j) Administration: The public administration under the general budget as well as the special budgeted administration that executes the project;


k) Ultimate amount of the assumption: The total amount that can be assumed by the Ministry after the termination of the contract, according to the provisions of the debt assumption agreement;

l) Project: The investments and services mentioned in the article 8/A of the Law;

m) Project: The implementation contract for the execution of the project which is signed between the administration and the company in accordance with the relevant legislation;

n) Company: The company that is contracted for the execution of the project;
o) Cost of the derivative: The financial obligations that emerge upon termination of the derivative product agreements, in the event the agreement is terminated before expiration;

p) Derivative cost limit: The top limit of the cost of the derivative that might apply to the Ministry’s debt assumption;

r) Derivative product: The financial product that is purchased by the company for [protection] against the currency and/or interest rate risk with the purpose of obtaining the main loan, and which constitute the subject matter of the debt assumption within the framework of the derivative cost limit stated in the debt assumption agreement;

s) Assumption date: The date on which the contract is legally terminated.

Subparagraph “c” has been added by the article 3 of the Regulation on the Amendment of the Regulation Pertaining to Debt Assumption by the Undersecretariat of Treasury, issued in the 30989th issue of the Official Gazette of 25.12.2019, and the following subparagraphs have been renumbered in sequence.

SECTION TWO
Giving the Debt Assumption Undertaking

Procedure and principles that will apply

Article 4

(1) A debt assumption undertaking can be given for any build-operate-transfer project that is implemented by the administration, and the minimum investment amount of which is one billion Turkish Lira and, for any build-lease-transfer project that is implemented by the Ministry of Health and the Ministry of National Education, and the minimum investment amount of which is five hundred million Turkish Lira. The worth of the investment is the worth of the investment stated in the feasibility report that constitute the basis for the decision of the High Planning Council regarding the project and; where no High Planning Council decision is taken, it is the worth of the investment stated in the feasibility report that constitute the basis for the tender specifications. In the event the worth of the investment is stated in foreign currency, its Turkish Lira equivalent calculated by taking the average exchange rate mentioned in the investment program for the relevant year will be taken into account.

(2) Debt assumption undertaking will be given in such a manner that would cover the credit amount and the entire financing costs associated with it. The ratio of the equity capital that the company will appropriate for the investment and services it would make and perform cannot be less than thirty percent of the total value of the investment.

(3) Derivative cost limit will be set by the Ministry at an amount not to exceed 10% of the main loan, by taking the maturity date of the main loan and the composition of the derivative instrument into account. The cost of the derivative included in the financing costs cannot exceed the derivative cost limit. The default interest that would accrue between the date on which the contract is legally terminated and the composition of the derivative instrument into account. The cost of the derivative included in the financing costs cannot exceed the derivative cost limit. The default interest that would accrue between the date on which the contract is legally terminated and the maturity date stated in the agreement, or at once, cannot be included in the debt assumption agreement.

(4) The shareholders of the company must – regardless of the reason for the termination of the contract – give to the Ministry a joint and several guarantee for a sum not less than 10% more of the principal amount unpaid on the maturity date because of the fault of the company as well as of the default interest, despite the administration’s performance of its own contractual payment obligations, if there are any and; in order to include the other financing costs within this framework into the assumed debt, of the highest installment payment to the creditor by the company within the scope of the main loan.

(5) Repayment of the main loan and the financing costs that becomes due between the date of delivery of the notice for the cause of termination reaches to the Ministry, and the date of the [debt] assumption, are included in the assumed (debt)

(6) Provisions that restrict the Ministry’s right to choose to pay the ultimate amount of the assumption in accordance with the maturity date stated in the agreement, or at once, cannot be included in the debt assumption agreement.

(7) The payment periods mentioned in the debt assumption agreement cannot, where payment at once is selected, be less than two months starting from the date the creditor is notified that payment would be made at once.

(8) The loans that the company would use for financing the equity it has pledged to use for the project, and the loans that would be obtained for the cost increases that would arise because of the company’s fault or because of the need for financing, are not included in debt assumption.

(9) The authority to decide in the matter assumption of the financing [liabilities] – which would be obtained by the company, with the purpose of changing or novation of the entire or part of the main loan included in the debt assumption – by the Ministry belongs to the President of the Republic.

(10) The following are required in order to give debt assumption undertaking:

a) Provision – in the contract annexed to the tender specifications – of the termination of the contract before it expires and taking over of the facility by the administration as well as of the debt assumption;

b) Absence of any overdue liability to the Ministry, by the requesting administration;

c) Remaining within the debt assumption undertaking limit;

c1) Inclusion of the matters mentioned in the second, third, fourth, eighth and ninth paragraphs in the draft agreement, which would be prepared by the administration.

Process for giving debt assumption undertaking

Article 5

(1) Administrations will – before the publication of the tender specifications regarding the projects for which debt assumption undertaking by the Ministry is requested – deliver their demand in writing, in the case of public administrations under the government budget, along with the concerned minister’s offer, and for the administrations with special budget, along with the offer of the minister to which that administration reports, as well as the draft contract, to the Ministry.

(2) The Ministry will assess the provisions contained in the draft agreement, and which directly concern the debt assumption, and will give its approval should it deem them as appropriate.

(3) Authorization of the Ministry as the empowered agency for debt assumption, and for negotiating the aspects that pertain to the scope, factors and payment conditions of the financial obligations regarding debt assumption will be submitted to the President of the Republic. Obtaining of the Decree of the President of the Republic does not mean that the debt assumption undertaking is given.
(1) A copy of the termination notice given regarding the termination of the agreement is notified to the Ministry by the administration. The notice period is determined in the debt assumption agreement and cannot exceed thirty days. Should, where the termination notice is drafted by the company or the creditor, the administration fails to deliver the copy to the Ministry, the copy of the termination notice that the company or the creditor communicates to the Ministry will produce the result it would have had it been sent by the administration.

(2) The final assumption amount to be referred as the basis of the payment will be reported by the creditor to the Ministry.

(3) The Ministry will make an external debt entry for as much as the amount reported to it, and pay the subject amount on the dates stated in the debt assumption agreements.

(4) Other procedures and principles regarding the payments that would be affected as per the debt assumption will be determined in the debt assumption agreement signed between the Ministry and the creditor.

Monitoring and reporting

Article 8

(1) When it reaches the phase of use of the main loan, the company will apply in writing to the Ministry and obtain a Foreign Financing Number.

(2) The company will send the Credit Monitoring Form in Attachment 2, regarding credit use and repayment to the Ministry and the administration, within ten business days following the use and repayment.

(3) A signed copy of each one of the main credit agreements as well as of the agreements that pertain to derivative products, which bring cost under the scope of debt assumption agreement, will be sent to the Ministry.

(4) The Ministry can require the administration or the company (to submit) all kinds of information and documents regarding the debt assumption other than those mentioned above. The Ministry must keep that information and these documents confidential from third parties, unless [their disclosure] is ordered by law.

Obligations of the administration

Article 9

(1) The administration must carry out the matters, including but not limited to the following, and that would be specified in the debt assumption agreement:

a) To send the signed copy of the contract to the Ministry, within fifteen business days after it is signed;

b) To follow up the matter regarding the timely and complete repayment of the loan provided within the scope of the project, by the company to the creditors;

c) Where issues that may result in the termination of the agreement before it expires, to urgently report this situation to the Ministry;

d) To deliver the necessary information and documents to the Ministry, to ensure the necessary coordination with the Ministry as well as regular flow of documents;

e) In the determination of the final undertaking amount, to control whether the said amounts are offset in case of offsetting with priority from the guarantee and insurance claims.

(2) Administration will take the measures to ensure compliance of the actual use of the loan as well as the investment and services with the standards and quality stipulated in the agreement.

(3) After the information and documents about the amounts assumed by the Ministry within the scope of the debt assumption agreement are sent by the Ministry to the administration, the administration will enter such amounts in the budget and accounts in accordance with the relevant legislation.

Follow-up and collection of Treasury’s claims

Article 10

(1) In the case of debt assumptions that originate from the projects run by administrations, other than the administrations to which external loans can be appropriated, a sum that is equal to the amount assumed by the Ministry will be debited to the concerned administration’s account, as per a protocol between the Ministry and the debtor administration.

(2) Legal action will be taken for the amounts assumed under the scope of the first paragraph, and which are not paid on the maturity date, and they will be collected, as per the provisions of Law No. 6183 on the Procedure for the Collection of Public Debts, dated 21.7.1953.
Amendments made after signing of the debt assumption agreement

Article 1
(1) After the debt undertaking agreement is signed, all kinds of amendments to the scope and cost of the obligations of the Ministry and on the procedures and principles pertaining to the performance of such obligations in any agreement signed between the Ministry, the creditor and the concerned parties under the scope of the financing of the project, will made by the Decree of the President of the Republic.

Exception
Provisional Article 1
(1) The provisions of the Ministry’s opinion, partial undertaking commitment and debt assumption limit before the tender regarding the draft implementation contracts are not applied for the projects that have been announced as of the effective date of the article 8 / A of the Law.

Obtaining of foreign financing for existing debt assumption agreements

Provisional Article 2
(1) For the debt assumption agreements that were signed before the publication date of this Regulation, the concerned company will apply to the Ministry, within fifteen business days following the publication of this Regulation, and obtain a Foreign Financing Number according to the first paragraph of the article 8.

Provisional Article 3
(1) The amendment to the second paragraph of the article 4 by the Regulation amendment that created this article will – excluding the projects, the tender announcements of which had been made before article 8/A of the Law took effect – also apply to the new debt assumption agreements that will be signed for the other projects for which debt assumption commitments were obtained before the date this article had taken effect.

Validity
Article 12
(1) This Regulation will take effect on the date it is published.

Execution
Article 13
(1) The provisions of this Regulation will be executed by the President of the Republic.

LAW NO. 6015 PERTAINING TO MONITORING AND SUPERVISION OF STATE AIDS

Official Gazette: 23.10.2010/27738
No.: 6015
Date of Enactment: 13.10.2010
Date of Entry into Force: 23.10.2010
Date of Latest Amendment: 09.07.2018
Effective Date of This Version: 09.07.2018

Purpose and scope
Article 1
(1) The purpose of this Law is to lay down the provisions on state aids in accordance with the agreements between Turkey and the European Union and to determine the procedure and the principles pertaining to monitoring and supervision of the supports by specifying the principles for reporting to the concerned authorities.

(2) The provisions of this law do not apply to the state aids in agricultural, fishery, and service sectors.

Definitions
Article 2
(1) With regard to the implementation of this Law, the following terms will have the following meanings:

a) Minister: The Minister to whom the Undersecretariat of Treasury reports.

b) State aid: To the extent it affects the trade between Turkey and the European Union, all kinds of measures, introduced in any way by the public [authority] or via public resources, which distort or constitute a threat to distort competition by granting privileges to certain enterprises or for the production of certain products, and provide financial advantage to the beneficiary.

c) Concerned party: The real or legal person, institution, enterprise, union or professional organization, affected from [the beneficiary’s] use of the state aid.

c') Unlawful state aid: The state aids that are put into effect without observing the provisions of this Law.

d) Board: Monitoring and Supervision of State Aids Board.

e) Separate support: The state aids that are not within the scope of any support program.

f) Undersecretariat: The Undersecretariat of Treasury.

g) Enterprise: Real or legal persons that produce, market, or sell goods in the market.

g') Support program: Procedures that include the broadly defined conditions and qualities regarding the provision of state aid.

h) Receiver of support: Real and legal persons that receive state aid.
i') Support provider: The institutions and organizations that provide support by using public resources.

i) Misuse of the support: Use of the support by the receiver in a way that does not comply with the purpose and conditions stated in the legislation.

Compliant state aid

Article 3

(1) The state aids listed below are deemed compliant with this Law:

a) Social supports, provided to retail consumers without making any discrimination between the origins of the products and services.

b) Supports that are intended to make good the losses caused by natural disasters or extraordinary incidents, and not exceeding the magnitude of the loss.

(2) The state aids listed below are compliant with this Law, and their scope and the rules that apply to them will be specified by the Board.

a) Supports that are given to ensure economic development in the regions where the living standard is, compared to the level in the European Union, extremely low, or the unemployment rate is very high.

b) Supports, intended for meeting the structural harmonization requirements between Turkey and the European Union.

c') Supports, intended to protect the cultural heritage and natural assets, provided that they do not affect the terms of the trade between Turkey and the European Union unfavorably, contradicting the common interests.

d) Supports, intended to ensure the materialization of an important project that serves the common interests of Turkey and the European Union.

e) Supports that are intended to overcome the serious problems of Turkey's economy.

f) Other supports that would be specified by Turkey-European Union Association Council.

(3) The procedure and principles on granting group exemption to the state aids of a certain type, and to the effect that the state aids given to an enterprise in a way not to exceed a certain amount in a certain period and that does not significantly distort competition are compliant with this Law, and need not be reported to the Board, will be specified in the regulations taking effect pertaining to the implementation of this Law.

(4) Economic and financial measures of general nature that apply to all enterprises without discrimination will not be considered state aid.

(5) Any state aid cannot be given except where allowed by this Law.
c) If it identifies findings indicating that it is not an appropriate state aid; to start an examination.

The support provider will be notified about the decision.

(4) If an examination should be started as per subparagraph “c” of the third paragraph, the Board will notify the support provider about its preliminary assessment on the nature of the state aid, also including its findings on the practical and legal aspects of the matter and their effects on competition. The Board can, for assessments regarding the examination, consult other concerned parties. If requested, their opinions can also be communicated to the support provider, provided that such consulted party’s identity is not disclosed. The support provider will inform the Board about its opinion and, if any, objections. The decision will be taken after the process of receiving all information, documents, and opinion from the support provider and the other concerned parties are concluded.

(5) After the examination, the Board can, about the state aid outlined in the draft legislation and within the scope of this Law, decide as follows:

a) The state aid is appropriate;

b) The state aid is inappropriate;

c) That if some provisions are drafted by the support provider, it would become appropriate state aid or would cease to be a state aid, or

c') To have it applied conditionally.

(6) The examination will be concluded upon having taken one of these decisions, and the support provider will be informed about it. The support provider is obligated to act according to this Board decision.

Withdrawal of application

Article 8

(1) The support provider can withdraw the application it had made within the scope of the article 7 before the Board takes a decision within the scope of the same article. The preliminary assessment or examination about the withdrawn application will be terminated.

Reversal of decision

Article 9

(1) Should the Board establish, as the result of its ex officio assessment or an assessment it makes upon a complaint or a tip-off, that the information on which it had based the decision it had taken according to article 7, was not true, it will reverse its previous decision by also consulting to the support provider and start a new examination. The support provider is obligated to submit the necessary information to the Board. The support provider does not give the information asked by the Board, the decision will be taken based on the available information. The examination will be concluded according to the provisions of the article 7 by taking a new decision. The support provider is obligated to execute the decision.

Unlawful state aid and withdrawal of support

Article 10

(1) The Board can, regarding any state aid that is or suspected to be unlawful, start an examination as per article 7 by informing the support provider as well. The support provider is obligated to submit the necessary information to the Board.

(2) The Board can, upon deciding to start an examination, also choose to have the state aid that is suspected to be unlawful stopped until a final decision is taken. After having been notified about the decision by the Board to have the support, which is suspected to be unlawful, stopped, the support driver must stop the actions on that matter.

(3) If the Board decides that the support is inappropriate, it asks the support provider to take all measures to withdraw such support. The support provider will then be obligated to withdraw the support.

(4) The interest rate that will be taken as the basis regarding the withdrawal of the state aid will be calculated for the time that elapses between the date such support is actually received and the date of the decision for the, by taking the weighted average of the interest rates of the Turkish Lira discount domestic government bonds, issued by the Undersecretariat. The support provider must take the actions for the withdrawal of that support at the latest within one month.

(5) The administration that provides that support is authorized to make agreements allowing for the reimbursement of the support in installments. However, the public administrations under the general budget cannot, after notification of the tax offices, make reimbursement agreements for the repayment of the support. In the case of repayment in installments, the interest rate to apply for each installment term will be determined by taking the interest rates of the Turkish Lira discount domestic government bonds, latest issued by the Undersecretariat, as the basis. If the withdrawal does not occur, one-month time will be allowed for the repayment by applying a late fee – starting from the date on which the decision for withdrawal is served, at the rate in the pertinent legislation, if specified, applicable to the support to be withdrawn, and if none is specified, at the rate stated in the article 51 of Law No. 6183 dated 21/7/1953 on the Procedures Pertaining to the Collection of Public Claims – to the principal amount of each support as well as the amount of interest that would have been calculated according to the fourth paragraph. For the supports not repaid in time, a late fee will, according to article 51 of Law No. 6183 on the Procedures Pertaining to the Collection of Public Claims, be calculated starting from the last date for such payment (excluding that date) until the date of collection as per the provisions of Law No. 6183. Legal action for the supports not repaid within such time, as well as for their accessories, will be taken, and such amounts will be collected – if they had been given by public administrations under the general budget – according to the provisions of Law No. 6183 by the tax offices of the Ministry of Finance; if they had been given by other institutions and organizations, according to Law No. 6183 by those that take legal action for their claims and collect them according to the provisions of that law, and according to Enforcement and Bankruptcy Law No. 2004, dated 9/6/1932, by those that take legal action for their claims and collect them according to the general provisions.

(6) The procedure and principles pertaining to the implementation of this article will be laid down in a regulation that will be put into effect upon consulting to the Ministry of Finance.

Statute of limitations for withdrawal of support

Article 11

(1) Withdrawal of unlawful state aid is subject to a statute of limitations of ten years, starting from the date the support is actually given. However, when the Board makes a preliminary assessment and starts an examination or stops the support, the statute of limitations stops running. The maximum time allowed for the examination that causes stopping of the statute of limitations is six months.

Misuse of state aid

Article 12

(1) Where, according to the information obtained by the Board, the state aid is understood to have been misused by the receiver of such support, the Board will ask the support provider to establish the facts about this, to take all necessary measures stated in the relevant legislation, and to inform the Board.
Annual report

Article 13
(1) Support providers will give the information on all kinds of state aid they provide within the year, at the latest within three months following the end of the year, to the Board, within the framework of the procedure and principles specified by the Board. The annual report prepared based on this information will be approved by the Board and handed over to the concerned authorities by the end of June. This report will also be submitted to the Plan and Budget Commission of the Grand National Assembly of Turkey. The Minister will, at least once a year, inform the Plan and Budget Commission about the state aids applying to the sectors that are included in or excluded from this report.

Regulation

Article 14
(1) The procedures and principles pertaining to the implementation of this Law and the deadlines for the actions to be taken will be specified in the regulations that will be prepared by the Board and issued with the approval of the Minister.

Article 15
(This) pertains to the Law on the Organization and Duties of the Undersecretariat of Treasury and the Undersecretariat of Foreign Trade, dated 9/12/1994 and numbered 4059, and inserted in where it belongs.

(1) The phrase in the article 1 of the Law on the Organization and Duties of the Undersecretariat of Treasury and the Undersecretariat of Foreign Trade, dated 9/12/1994 and numbered 4059 that reads “eight, composed of […] and the General Directorates of Economic Studies” is amended to read “nine, composed of the General Directorates of Economic Studies and State aids.”

Article 16
(This) pertains to the Law on the Organization and Duties of the Undersecretariat of Treasury and the Undersecretariat of Foreign Trade, dated 9/12/1994 and numbered 4059, and inserted in where it belongs.

(1) The following subparagraph is added to article 2 of Law No. 4059.

“(7) The duties of the General Directorate of State aids are to perform the secretariat services of the Monitoring and Supervision of State aids Board; to follow the applicable legislation of the European Union and the other applicable international legislation; to perform researches and studies to specify the principles on state aid; to prepare draft legislations to be submitted to the Board; to monitor and assess the state aids and to submit them to the Board to be accessioned by it; to carry out and follow, in addition to the preliminary assessment and examination operations based on the Board’s decision, the other operations, based on the other decisions of the Board; to obtain all kinds of information and documents about state aids, directly from the public institutions and organizations as well as from real and legal persons; to carry out the preparatory work for the annual report, based on the information obtained from the organizations that provide state aid, and to submit it to the Board; to communicate the annual report, approved by the Board, to the European Commission and other authorities as needed, and contact international organizations and take part in the discussions with them; to advise on institutional rules and regulations and statutory legislations; to obtain all kinds of information and documents that do not fall under the scope of Law Pertaining to Monitoring and Supervision of State Aids from the from the public institutions and organizations as well as from real and legal persons, with the purpose of reviewing them and, to perform other duties that will be given by the Undersecretariat.

Article 17
(1) The staff-positions on the annexed list 1 are created and added to the section – which belongs to the Undersecretariat of Treasury – of schedule 1 of the Legislative Decree Pertaining to Staff in General and Procedure, dated 12/12/1983 and numbered 190.
(2) The Board will conclude its preliminary assessment within sixty workdays after the application of the support provider. If, as the result of the assessment, it discovers findings indicating that the support is not lawful, the Board may ask the support provider to stop the state aid until a final decision is taken, and this will be notified to the support provider in five workdays. Where the Board decides to have the state aid stopped, the support provider cannot, starting from the date it is informed about this, expand the scope and extend the duration of such state aid it provides and cannot take action upon new applications. The support provider will notify the Board about its views regarding the matter in ten days after it is informed about this. Should the support provider request it, and where deemed necessary, additional ten workdays can be allowed by the Board.

(3) The Board will, based on all information obtained, take its final decision about the support in thirty workdays and have it served to the support provider in five workdays. If the Board decides that support is not lawful, it will ask the support provider to make the necessary changes.

(4) Out of the supports that are being given as of the date the regulations, made as per provisional article 1 but which becomes unlawful supports, or which the Board decides to be inappropriate, those that are given in response to the applications made after the date such regulations take effect will be withdrawn within the framework of the provisions in the article 10. Without having their scopes and the terms changed, the supports that are given in response to the applications submitted before the date the regulations, made as per provisional article 1, takes effect, and the supports given in response to the applications submitted before the decision to stop is taken according to the second paragraph of this article will not be withdrawn.

Preparing first annual report
Provisional Article 4
(1) The first annual report for the year that follows the year when the regulations pertaining to reporting, monitoring, and supervision of state aids takes effect will be prepared as per the procedure and principles stated in the article 13. The first annual report will cover the information about the implementations in the year when the said regulations take effect and in the year that follows.

Considering some investment as completed
Provisional Article 5
(1) Among the investment incentive certificates issued before 31/12/2001 and whose investment period expired, those canceled before the effective date of this Law, except those regulated for investments made within the scope of the Build-Operate-Transfer model and those containing Resource Utilization Support Premium, others are deemed to have been completed without any action. No export commitment is required in these documents. In the event that a situation that requires the partial or complete cancellation of the incentive certificate occurs or is detected later, the Undersecretariat of Treasury takes the necessary actions within the framework of the relevant legislation.

Effective date
Article 18
(1) This Law takes effect on the date it is published.

Enforcement
Article 19
(1) The provisions of this law are enforced by the Council of Ministers.
Resolution of Disputes which have a Foreign Element by International Arbitration

Article 3

It can be agreed to have the disputes arising from contracts, which have a foreign element, resolved as follows:

(a) By an arbitrator or an arbitration board that would meet in Turkey and decide according to Turkish or foreign law;

(b) By an arbitrator or an arbitration board that would meet in a foreign country and decide according to Turkish or foreign law;

(c) By an international arbitration organization that has its own arbitration procedure.

Principles Pertaining to Arbitration

Article 4

If arbitration is set forth, the arbitration agreement can be made by including an arbitration clause in the contract or in the form of a separate arbitration contract. The arbitration contract will be subject to the same procedure, which applies to putting the contract into effect.

In the arbitration clause or contract, the following matters will be provided in detail: the disputes that will be resolved by arbitration; the rules of arbitration, application of which are desired; the place of application; the selection and the number of arbitrators or the arbitration board members; jurisdiction of the arbitration board; the trial procedure of the arbitration board; the language of arbitration; selection of the substantive law that will apply to the merits of the dispute; adducing of evidence by the parties; selection of expert witnesses; the method of notification of the dispute to the other party; notification period; the duration of arbitration; the arbitration board’s authority to gather evidence and the procedure for gathering it; arbitration fee; attorneys’ fees and similar aspects.

Recognition, Exequatur and Appeal of Arbitration Awards

Article 5

The appeals against the arbitration awards pertaining to the contract will be heard by the Court of Appeals and, they will be recognized, and the exequatur decision on their enforceability will be taken by civil courts of the first instance.

Absence of any provisions

Article 6

Where there is no provision in this Law and in the international agreements that have duly taken effect, the provisions of the Civil Procedure Law No. 1086, dated 18.6.1927, and the International Private Law and Procedure Law No. 2675, dated 10.5.1982, related with the arbitration will apply.

Article 7

The second paragraph of Provisional article 1 of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, dated 8.6.1994, is amended as follows.

However, the Council of Ministers can – if the contracted company or the corporation applies within one month starting from the date the Law is published, upon application of the concerned administration – decide to have the provision of the article 5 of this Law applied to the project and work, mentioned in the first paragraph, except for those that had been canceled by a final court order.

Validity

Article 8

This Law takes effect on the date it is published.

Enforcement

Article 9

The provisions of this Law are enforced by the Council of Ministers.
LAW NO. 5396 ON ADDING AN ADDITIONAL ARTICLE TO THE HEALTH SERVICES FUNDAMENTAL LAW

Official Gazette: 15.07.2005/25876
No.: 5396
Date of Enactment: 03.7.2005
Effective Date: 15.07.2005

Article 1
The following additional article has been added to the Health Services Fundamental Law No. 3359, dated 7.5.1987.

Additional Article 7
The health facilities, which the High Planning Council decided that such facilities need to be built, can be constructed by real persons or private legal entities to be determined by a tender, on the immovables owned by them or by the Treasury, within the framework of the preliminary project and the basic standards determined by the Ministry of Health in consideration of a certain lease period provided that it does not exceed forty-nine years and fee.

For this purpose, the Ministry of Finance may transfer immovables owned by the Treasury to real persons or private legal entities free of charge. An annotation is registered on the land registry records stating that these immovables cannot be used for purposes other than their intended purpose and cannot be transferred without the permission of the Ministries of Finance and Health.

Criteria such as whether the immovable property belongs to real persons or private legal entities, whether Treasury immovable has been transferred for free or not, the cost of the investment, whether the medical equipment will be provided by these persons, whether the operation of the services and areas other than medical services in the leased property and the health facilities will be awarded to the tenant are taken into consideration while determining the lease fee and period.

The rental fees for the leasing transactions to be made in this way are paid by the Revolving Fund Enterprises affiliated with the Ministry of Health.

Renewal of the health facilities used by the Ministry of Health in line with the project to be envisaged and the principles to be determined, can be contracted to the real persons or private legal persons in consideration of the operation of services and areas outside the medical service areas in the facilities.

All kinds of works and transactions between the Ministry of Health and real persons or private legal entities and the documentation to be issued, regarding the investments to be made within the scope of this article, are exempt from the stamp tax levied in accordance with the Stamp Tax Law and the fees levied in accordance with the Law No. 492 on Fees, dated 2.7.1964, provided that the period does not exceed thirty-six months and is limited to the construction period specified in the contract.

The works and transactions to be made pursuant to this article are not subject to the State Procurement Law No. 2886, dated 8.9.1983 and the Public Procurement Law No. 4734, dated 4.1.2002.
LAWS AND DECREES

Purpose, Scope and Definitions

Article 1

The purpose of this Law is to determine the principles and procedures to have the existing facilities renovated and to get the facilities built that need to be built by the Ministry of Health and its affiliated entities, according to the provisions of private law through tenders, under the public-private partnership model; within the framework of preliminary project, pre-feasibility report and basic standards to be determined, through establishment of an independent and continuous special-purpose company and the administration in the construction works, and between the contractor and the administration, the contractor as a component of the consideration in return for the cost of maintenance, repair and similar services for keeping the facilities and equipment ready for use, and the provision of services that can be provided through service procurement according to the relevant legislation, for five years or subject to the amount included in the contract in the optional service areas.

Other contracts: Contracts signed between the contractor and third parties in connection with the contract that do not contain provisions contrary to the contract.

Periodic investment amount: The amount that the contractor will allocate for the construction works in the periods to be determined in the contract.

Service payment: The consideration updated with periodic market test, which is paid by the administration to the contractor according to market prices.

Administration: The relevant unit of the central organizations of the Ministry and its affiliated organizations and the health institutions and organizations belonging to the provincial organizations.

g) Tender document: Administrative specifications, technical specifications, draft contract, and other necessary information and documents related to the subject matter of the tender.

Optional commercial service areas: All kinds of service areas to be made in the campus according to the principles determined by the administration with the tender document, apart from the mandatory commercial service areas.

Bidder: Real persons or private law legal entities or joint ventures set up by them that bid for the tender put out by the administration.

Operating period management plan: The plan that includes the operating and managerial organization model, showing how the services to be provided by the contractor will be rendered.

Final project: The project prepared by the contractor and approved by the administration following the signing of the contract according to the preliminary project of the facility provided by the administration, with land and ground investigations made, building elements dimensioned, construction systems and equipment and technical specifications specified, adhering to the tender document and the basic standards document.

Availability payment: The fee specified in the contract, which is paid by the administration to the contractor periodically as a component of the consideration for the use of the facilities.

Mandatory commercial service areas: The service areas specified in the tender document that meet the needs of those who are in the campus and who benefit from the service, in return for the fee determined by the administration and the contractor according to market prices.

Joint venture: The business venture set up by the contract made between multiple real persons or private law legal persons to participate in the tender.

Pre-feasibility report: The report analyzing the technical, financial, economic, environmental, social and legal feasibility of the project foreseen to be realized within the framework of the provisions of this Law, containing the risk analyzes and sharing including the anticipated availability payment, service payment and guarantees, and revealing the rationale for the realization of the investment with the public-private partnership model, instead of traditional procurement methods, through comparative economic and financial analyzes.

Preliminary project: The project in which information is taken from existing maps by carrying out necessary ground and land surveys according to the requirements program of the facility, which includes one or more solutions in which plans, sections and views prepared based on environmental impact assessments, if any, are presented, and in which the concept and basic design elements of the facility, the list of requirements and other service areas are determined.

Special-purpose company: The joint stock company which will be the party to the contract to be signed with the administration as a result of the tender and established by the contractor awarded the tender.

Contract: The contract and its annexes concluded according to the provisions of private law between the special-purpose company and the administration in the construction works, and between the contractor and the administration for the procurement of renovation works and research, development, consultancy services needed or some services requiring advanced technology or high financial resources within the framework of this Law.

Official Gazette: 09.03.2013/28582
No. 6428
Date of Enactment: 21.02.2013
Validity Date: 09.03.2013
Date of Latest Amendment: 19.07.2019
p) Contract price: The sum of the availability payment and the mandatory service payment to be paid to the contractor throughout the operating period within the scope of the contract, calculated over their net present values within the framework of the regulation,

r) Basic standards: The standards determined by the Ministry regarding the project design, construction, maintenance of the facility and the mandatory commercial service areas, and the services to be performed by the contractor,

s) Facility: Buildings and structures built by the contractor in accordance with the provisions of the contract and that the Ministry and its affiliates will use to fulfill their duties and powers as defined by law or Presidential Decree,

s') Commercial service areas: Mandatory commercial service areas and optional commercial service areas,

t) Total fixed investment amount: The total investment amount specified in the contract regarding the construction or renovation works to be carried out by the contractor in accordance with the terms of the contract and/or medical equipment requiring advanced technology or high financial resources,

u) Application project: The project prepared by the contractor regarding the facility and commercial service areas, showing all the details of the structure according to the final project, and approved by the administration,

u') Right of construction contract: The contract and its annexes to be concluded in order to establish an independent and continuous right of construction for the facilities and commercial service areas to be built on the immovables privately owned by the Treasury in favor of the contractor free of charge on these immovables, on the condition that it does not exceed thirty years, excluding the fixed investment period specified in the contract,

v) Renovation or construction works: The fulfillment, according to the terms of the contract, of the works for renovating the existing facilities within the framework of the project to be stipulated and the principles to be determined by the Ministry in cases where the necessity of renovation arises, and for constructing the facility decided to be built by the High Planning Council, and the procurement of all equipment undertaken by the contractor, including the material, equipment and medical equipment, if any, specified in the tender document within the subject facility,

w) Campus: The entire facility and commercial service areas within the framework of the contract,

x) Contractor: The bidder who was awarded the contract and who the contract was signed with, and the special-purpose company.

The sub-paragraph (p) has been added to the second paragraph of the article 1 of the Law to come after the sub-paragraph (o'), and the other sub-paragraphs have been sequenced accordingly.

Construction, renovation and service procurement works

Article 2

1) The Ministry and its affiliates can have facilities built, in return for the price to be determined in the contract, on the immovables under the private ownership of the Treasury within the framework of the preliminary project, pre-feasibility report, basic standards, and tender document and the terms of the contract, under the terms specified in the contract for the independent and continuous right of construction to be established free of charge by the Ministry of Finance in favor of the contractor. The pre-feasibility report regarding the construction works and other documents related to the project are submitted to the approval of the High Planning Council with the signature of the Minister of Health. The tender of the construction works is carried out after the authorization decision of the High Planning Council is obtained.

2) The Ministry and its affiliates may have the renovation works of the facilities that they use done in line with the project to be envisaged and the principles to be determined, in return for provision of certain services in the facilities and/or operation of the commercial service areas, and/or payment of the price.

3) Research, development, project and consultancy services for the works to be carried out within the framework of this Law can be procured through the tender procedures set out in this Law.

4) In the tenders to be put out according to this Law, the tender authority is the top director of the relevant unit in the central organization of the Ministry and its affiliated organizations, and, for the works decided to be done by the provincial units with the approval of the Ministry, it is the top director of the relevant provincial unit. During the operating period of the facility, the authority and responsibility of executing the contract and the spending authority belong to the top director of the relevant provincial unit. Spending authority in the expenditures to be made from the revolving fund resources within the scope of this Law may be transferred to the deputies or the closest lower-level managers within the limits determined by the Ministry.

Tender principles, procedures and rules

Article 3

1) It is essential in tenders to ensure transparency, competition, equal treatment, reliability, confidentiality, public scrutiny, efficient use of resources, and meeting needs in appropriate conditions and on time.

2) The Ministry and its affiliates prepare the preliminary project, pre-feasibility report, feasibility report, basic standards document, and the tender document, or have them prepared for each project, to be used in tender works and procedures.

3) If deemed necessary, multiple facility construction or renovation works can be done in a single tender.

4) In tenders, the offer that provides the highest benefit with the least cost according to the nature of the work on a project basis is considered to be the most economically advantageous offer.

5) The open bidding procedure, tendering procedure among certain bidders or negotiation method of tendering can be applied in the renovation or construction works of the facilities under this Law.

6) The open bidding procedure is the tender where all bidders can bid. In the open bidding procedure, the tender is finalized by examining the financial and technical competence criteria specified by the administration, which determine the capacity of the bidders to perform the work covered by the tender, and whether they comply with the conditions specified in the tender document, and by excluding the bids determined to be unsuitable from the evaluation.

7) The tender procedure involving certain bidders is the tender procedure where the bidders invited as a result of pre-qualification evaluation can bid. This tender is conducted according to the principles stated below:

   a) Pre-qualification evaluation is made according to the evaluation criteria specified in the pre-qualification announcement and the pre-qualification document in a way that does not prevent competition.

   b) Sealed project and price proposals are received from the pre-qualified bidders.

   c) On the day determined by the administration, offers are opened in the presence of bidders and the session is closed to evaluate the proposed projects and their prices. First of all, the proposed projects are quantitatively examined for their suitability to the preliminary project. Bidders whose projects are not deemed suitable in this review are excluded from evaluation; those found appropriate are ranked according to technical quality and price.
c') According to this order, the project based on the proposal is determined by developing the project with the number of bidders specified in the tender document. A sealed price quotation is received from bidders for the specified project. Bids are opened in the presence of bidders on the predetermined day and open underbidding is held immediately afterwards.

d) The final negotiating phase is started with the bidder that makes the lowest bid as a result of open underbidding in line with the administration's feasibility. If the bidder's offer is found suitable as a result of the final negotiations, the contract is awarded to this bidder. If the first bidder's proposal is not found suitable by the administration, the final negotiation is continued with the bidder that has the second most economically advantageous offer. If the final price of the second bidder is lower than the price of the first bidder, the contract is awarded to the first bidder if the first bidder accepts this price. Otherwise, the second bidder is awarded the contract. The administration is free to cancel the tender according to the tenth paragraph after the negotiation.

(8) Negotiation method of tendering can be applied in the following cases:

a) Absence of proposals as a result of open bidding or bidding held with certain bidders

b) The necessity of putting the tender out urgently due to sudden and unexpected events such as the danger of natural disasters, epidemics, loss of life or property

c) Inability to determine the technical and financial characteristics of the work covered by the tender due to its unique and complex nature

c') Completion works to be done on behalf of the contractor under this Law

d) Works with an estimated cost of up to six times of the threshold value determined in sub-paragraph (f) of the first paragraph of the article 21 of the Public Procurement Law No. 4734 dated 4/1/2002

(9) It is not obligatory to make an announcement for the works to be done according to the sub-paragraphs (a), (b) and (c') of the paragraph 8. It is obligatory to make an announcement at least one week in advance for the works to be done according to other sub-paragraphs. In cases where no announcement is made, at least three bidders shall be invited.

(10) The administration is free to cancel the tender if it does not find the offered price suitable to its feasibility as a result of the tender that was conducted. No responsibility by the administration arises towards the bidders due to the cancellation of the tender.

(11) The tenders conducted under this Law through open bidding procedure or bidding procedure involving certain bidders are announced at least once in the Official Gazette and in two newspapers of high circulation that are distributed throughout Turkey, and, in cases where required by the work, in a newspaper abroad, at least thirty days prior to the date of application determined for the pre-qualification or bidding.

(12) In tenders held within the framework of this Law, a bid bond of at least three percent, a performance bond of three percent, and a guarantee of one and a half percent in the operating period after the completion of the fixed investment are obtained based on the total fixed investment amount or bid price. The amount of guarantee in the operating period is increased each year by the rate of increase in the domestic producer price index determined by the Turkish Statistical Institute.

(13) The bid bond of the contractor, who did not sign a contract within the time limit although the contract was awarded to it, is deposited with the Treasury as revenue.

(14) In the tenders to be carried out according to this Law, a tender commission consisting of an odd number of administration personnel, at least five people, and shall be appointed by the tender authority, one of whom being the chair, two persons being experts in the subject matter of the tender and one person being an expert in accounting and financial affairs. In addition, an inspection and acceptance commission consisting of at least three persons are assigned by the administration. The working procedures and principles of the commissions are set out by a regulation.

(15) Those who cannot participate in tenders according to the Law No. 4734 cannot participate in tenders within the scope of this Law as well.

(16) At least twenty percent of the medical equipment included in the fixed investment in the works to be done under this Law must be produced domestically. The domestic production rate in the products to be used, conditions and principles for being a domestic product are specified in the tender document.

(17) In case of missing documents in the documents requested from bidders in the tenders within the scope of this Law, those which can be asked to be completed later shall be determined by a regulation.

Contract Article 4

(1) The contract is subject to the provisions of private law and its term is determined by the administration, not exceeding thirty years excluding the fixed investment period specified in the contract, depending on the facility's features and the feasibility report.

(2) The contractor is responsible for the project study for the construction works and provision of financing of the facility and commercial service areas, construction, maintenance and repair, execution of the services left to the contractor and the operation of the commercial service areas, and the transfer of the campus to the Ministry free from all kinds of debt and commitment and in a well-maintained, working and usable condition at the end of the contract term. The Contractor is responsible for any damages it may cause to third parties throughout the contract. In the event that the contractor does not fulfill its obligations stipulated in the contract, the provisions regarding the compensation of the damages to be incurred by the administration and the penalty terms are included in the contract.

(3) The provisions regarding the default interest, and its terms, to be applied in the event that the administration is delayed in paying the fee stated in the contract to the contractor, are included in the contract.

(4) The administration audits the contractor’s activities covered by the contract at all stages or gets them audited. The Ministry can establish an auditing and management system regarding the performance audit of the contractor and the management of the work. Necessary information and documents regarding the determination of economic and financial competencies and professional and technical competencies are requested from the those to be authorized for auditing. For this purpose, the documents to be obtained from the banks regarding the financial status of the bidder, its balance sheet required to be published pursuant to the relevant legislation or the required parts of its balance sheet, if they are not available, its documents equivalent to them, the total turnover showing the business volume or the documents showing the amount of work undertaken and completed relating to the tender’s subject matter, and other documents specified in the tender document and in the announcement or invitation documents for the tender or pre-qualification are requested to be used in the qualification assessment are requested depending on the nature of the work. In the event that the contractor authorized for auditing does not fulfill its commitment in accordance with the provisions of the tender document
and the contract or does not complete the work on time, if the same situation continues despite the notice of at least ten days served by the administration with reasons clearly stated in order for the default penalty to be applied at the rate specified in the tender document, the performance bond and additional performance guarantees, if any, are recorded as revenue without a need to enter a protest. and the contract is terminated and the account is liquidated according to the general provisions. The contractor authorized for the audit is responsible for fifteen years for the damages that may arise due to the wrong and misleading information and opinions in the reports it has prepared, the damages it will cause to administration and third parties due to its activities within the scope of the contract, and the accuracy and compliance of the information and documents, financial and technical statements and reports that it would submit to the administration regarding the audit with the contract and the relevant legislation, as well as for their auditing according to the generally accepted audit principles and principles.

(5) The Contractor may transfer all of its rights and obligations arising from the contract to another real or private law legal entity that has the conditions specified in this Law on the same conditions, with the approval of the administration. In the event of such transfer of the contract, other contracts are also deemed to have been transferred to the real person or private law legal entity that took over.

(6) In the event that the contractor fails to fulfill its commitments within the scope of the contract during the fixed investment period after the construction contract is signed, the contractor is given a time appropriate to the nature of the work, excluding the immediate termination cases specified in the contract, by expressing the condition with a written notice to be served by the administration through a notary public in order for the contractor to take the action required. In addition, the situation is also notified to the financial providers who fund the project. The time that is given does not affect the duration of the contract, nor does it prevent the implementation of the penalty terms arising from default. In the event that the commitment is not fulfilled at the end of the period specified by the notice, the financial providers may ensure that the work is done by changing the shareholding structure of the contractor by agreeing with the administration. If this cannot be achieved, the contract is terminated by the administration.

(7) In the event that the contractor fails to fulfill its commitments within the scope of the contract during the operating period, the contractor is given a time appropriate to the nature of the work, excluding the situation where health services become unsustainable, by expressing the condition clearly with a written notice to be served by the administration through a notary public in order for the contractor to take the action required. In addition, the situation is also notified to the financial providers who fund the project. The time that is given does not affect the duration of the contract, nor does it prevent the implementation of the penalty terms arising from default. In the event that the contractor does not comply with the instructions in the written notice within the given time, the contractor is notified to the contractor to do the work through negotiation method on behalf of the contractor and deducts from the price to be paid to the contractor. In the event that the health services become unsustainable, the condition is notified to the contractor with the fastest means and the work is contracted out by the administration on behalf of the contractor. The situations related to the unsustainability of health services and the notification procedures are determined by a regulation. If the contractor fails below the performance score specified in the contract during the operating period, the contract is terminated by the administration. The right of the financial providers to change the shareholding structure of the contractor by agreeing with the administration is reserved in these cases as well.

(8) In the renewal, research and development, consultancy and service procurement contracts, in the event that the contractor fails to fulfill its commitments within the scope of the contract, the contractor is given, except for the situation where health services become unsustainable, a time appropriate to the nature of the work by expressing the condition clearly with a written notice to be served through the notary public in order for the contractor to take the action required. The time that is given does not affect the duration of the contract, nor does it prevent the implementation of the penalty terms arising from default. The contract is terminated if the contractor fails to comply with the instructions in the written notice within the time given. The contract is immediately terminated if healthcare services become unsustainable due to failure to fulfill the commitment.

(9) Amendments can be made by the parties to the contract and its annexes with the approval of the Minister of Health in the event of force majeure, state of emergency or the occurrence of a situation affecting the implementation of the contract and its annexes, or if the provisions in the contract and its annexes are conflicting to ensure the applicability or clarity of the contract, provided that the contract fee is not increased. In amendments to the contract within this scope, the availability payment or service payment can be changed by increasing or decreasing provided that the contract fee is not increased. Contract fee is determined by considering the net present value and the principles regarding the calculation of net present value are included in the regulation. If deemed necessary by the administration, the lower and upper limits in Turkish lira or foreign currency for the availability payment payments to be made to the contractor can be determined in accordance with the regulations for amending the contract. In the event that it is understood that the work cannot be completed under the conditions stipulated in the contract due to force majeure, extraordinary situations or reasons not caused by the contractor’s fault in the construction works, the price is updated based on the date of the final bid submitted in the tender and the necessary arrangements are made in the contract accordingly with the approval of the Minister. In the event that there is a change in the pre-feasibility report or projects regarding the construction works that exceeds the limits foreseen in the investment cost in the tender document after the authorization decision by the High Planning Council, the feasibility report or projects that have changed and other related documents are re-submitted to the High Planning Council, and necessary amendments are made in the draft contract and its annexes based on the new authorization of the High Planning Council. Matters regarding the mutual termination of the contract by the parties or the amendments to the contract are determined in the contract. In case the contract is terminated, the performance bond is returned and the account of the works covered by the contract is made according to the general provisions.

(10) In the event of termination of the contract, the account of the works subject to the contract is made according to the contract and general provisions, and the contractor’s relationship with the administration is terminated. The right of construction established by the Ministry of Finance on the immovable property under the private ownership of the Treasury in favor of the contractor is canceled without seeking any judicial decision and is deleted directly by the land registry office. In this case, all the structures and facilities on the immovable property are transferred to the Treasury in good working order. In the event that the property or the building, facility and outbuilding on it are damaged by the contractor, the cost of the damage is also collected from the contractor. No claims or demands can be made by the beneficiary of the right or third parties arising from the right of construction in such a case. On the termination date of the Contract, the current status of the works is determined by a delegation to be assigned by the administration, together with the contractor or its representative, and a report is drawn up to determine the situation. If the contractor or its representative is not present on the previously announced day, the report is drawn up in the absence of the contractor and the situation is stated in the report. The compensation and penalty terms to be paid by the faulty party in case of termination of the contract are included in the contract. In case of termination of the contract due to a reason arising from the contractor, the performance bond of the contractor is recorded as revenue to the Treasury. The performance bond recorded as revenue is not offset against the debt of the contractor, and the contractors cannot claim any right, price or compensation for the performance bond.

(11) Turkish Laws are applicable to the legal disputes that may arise between the parties during the implementation of the contract, and the courts of the Republic of Turkey are competent in the settlement of disputes. However, the parties may decide that the dispute can be resolved within the framework of the International Arbitration Law No. 4486, dated 21/6/2001, provided that Turkish Law is applied to the merits of the dispute.

(12) The contract to be signed between the administration and the contractor is prepared in Turkish. However, the contract can be prepared in two languages, Turkish and English, upon request by the contractor. In case of any contradiction between texts, the Turkish text is taken as basis.

(13) Matters related to the implementation of this article and other issues to be included in the contract are determined by a regulation.
Consideration
Article 5
(1) In determining the consideration and the term of contract, such issues as the cost of the investment and the nature of the project, whether the equipment and medical equipment will be provided by the contractor, the profit of the contractor, whether the operation of the services and commercial service areas in the property and facility covered by the investment will be given to the contractor are taken into account. The availability payment is increased by half of the sum of the increase in the periodic Producer Price Index and the Consumer Price Index as determined by the Turkish Statistical Institute at the end of the period. In the event that a loan is obtained by the Contractor in a foreign currency and that the change in the relevant exchange rate on the date when the availability payment is to be re-determined is higher or lower than half of the sum of the increase in the Producer Price Index and the Consumer Price Index, the exchange rate difference is calculated by the administration through the correction coefficient to be calculated in accordance with the principles specified in the regulation, and is added to or subtracted from the availability payment at the rate of borrowing in the foreign currency.

(2) No consideration can be paid in any way before the completion of the construction work. However, the provisions of the contract, which include the arrangements for partial acceptance by the administration in case of stage completion and partial commissioning, are reserved.

(3) The procedures and principles regarding the calculation and payment of the service payments to be paid to the contractor in return for the services provided by the contractor are included in the tender document and contract.

(4) In case of a decrease in the total debt amount specified in the financial statement of the contractor during the contract, excluding its equity, by refinancing and/or debt restructuring, the decrease in the debt amount is divided equally between the administration and the contractor and reflected on the availability payment. Refinancing and/or debt restructuring principles are set out in the contract.

(5) The consideration is paid out of the revolving fund budget of the Ministry or affiliated organizations and/or from the central government budget.

Minimum equity
Article 6
(1) The contractor is obliged to provide all necessary financing for the works covered by the contract. The rate of equity to be allocated by the contractor for the construction works to be carried out under this Law cannot be less than twenty percent of the periodic investment amount specified in the contract during the investment period.

Transfer
Article 7
(1) At the end of the construction contract signed between the administration and the contractor under this Law, the campus is automatically transferred to the administration free of charge, free of any debt and commitment, in a well-maintained, working and usable condition. The current status of the campus at the end of the contract period is determined by a delegation to be appointed by the administration, together with the contractor or its representative, and a report is drawn up to determine the situation. If the contractor or its representative is not present at the specified time, the report is issued in the absence of the contractor and this situation is stated in the report. Deficiencies and malfunctions determined in the situation report are completed by the contractor within the time to be given by the administration. In case of non-completion, the amount to cover the deficiencies and malfunctions is deducted from the payments to the contractor, if any, and/or covered through its guarantee. If it cannot be met in this way, it is compensated by the contractor.

Making and approving zoning plans
Article 8
(1) The zoning plans of the places where the public-private partnership projects to be realized under this Law are made, arranged to be made, and approved by the Ministry of Environment and Urbanization, if requested by the Ministry.

Exceptions
Article 9
(1) All kinds of works and transactions to be carried out between the administration and real persons or private law legal entities and the documents to be issued in relation to the investments to be made within the scope of this Law are exempt from the stamp duty collected in accordance with the Stamp Duty Law No. 488, dated 1/7/1964 and the fees charged pursuant to the Law No. 492 on Fees, dated 2/7/1964, provided that they are limited to the investment period.

Regulation
Article 10
(1) The procedures and principles regarding the implementation of this Law are set out by a regulation to be issued by the President of the Republic.

Provisions that will not be applied
Article 11
(1) The works and transactions to be carried out in accordance with the provisions of this Law are not subject to the State Procurement Law No. 2886, dated 8/9/1983 and the Law No. 4734.

Provisions that have been repealed
Article 12
The additional article 7 of the Health Services Fundamental Law No. 3359, dated 7/5/1987 has been repealed. References that are made to the additional article 7 of the Law No. 3359 in the legislation are deemed to have been made to this Law.

The third sentence in the second paragraph of the article 1 of the Law No. 4924, dated 10/7/2003 on Employing Contracted Health Personnel in Places with Difficulties in Recruiting Staff and Amending Certain Laws and Decrees has been repealed.

Article 13
It is related to the Law No. 4749 on the Regulation of Public Finance and Debt Management dated 28/3/2002 and has been included in the place required. The last paragraph of the article 4 of the Law No. 4749 on the Regulation of Public Finance and Debt Management dated 28/3/2002 has been repealed, the title of the chapter five has been changed to “Treasury Guarantees and Debt Assumption”, and the following article 8/A has been added to the Law.

Debt assumption
Article 8/A In the event that the takeover of the facilities by the relevant administrations through the termination of the contracts before the end of the term is foreseen in the implementation contracts for investments and services, which are planned by the public administrations covered by the general budget and the administrations with a special budget to be realized through the build-operate-transfer model, and which are stipulated to have a minimum amount of one billion Turkish liras, under the provisions of the Law No. 3996, dated 8/6/1994 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, and in the implementation contracts for investments and services, which are planned to be realized through the build-lease-transfer model, and which are
stipulated to have a minimum amount of five-hundred million Turkish Liras, under the provisions of the Law on Construction, Renovation of Facilities and Procurement of Services by the Ministry of Health Under the Public-Private Partnership Model, and Amending Certain Laws and Decrees, and the Decree No. 652, dated 25/8/2011 on the Organization and Duties of the Ministry of National Education, the Council of Ministers is authorized, for public administrations covered by the general budget upon the proposal of the Minister, and for public administrations with a special budget upon the request by the relevant Minister and the proposal of the Minister, to decide on the assumption by the Undersecretariat of the financing obtained from abroad for the investments and services in question as well as the financial obligations, if any, including also those arising from derivative products for the provision of this financing, and to lay out the procedures and principles for determining and confirming the scope, components, and payment terms of the financial obligations covered by the undertaking. Debt assumption contracts come into force on the date they are signed, unless a later date is agreed on in the contract. Consent of the Undersecretariat is obtained before the tender specifications are published and the contract is signed after the tender, for the provisions, which are contained in the draft implementation contract regarding the investments and services foreseen to be undertaken according to the provisions of this article, and which directly concern the undertaking. A debt assumption commitment can be made partially or in full. The limit of undertaking to be committed to during the fiscal year within the scope of this article is determined by the Central Government Budget Law. The Council of Ministers is authorized to increase the limit in question up to one-fold upon the proposal of the Minister. The debt assumption amounts realized by the Undersecretariat under the provisions of this article are recorded as capital expense in the budget of the Ministry to which the administration executing the project belongs to, if the administration is covered by the general budget; if it is a special-budget administration, they are recorded in its own budget. The appropriation required for the recording of the expenditure in question is directly met from the reserve appropriation set in the budget of the Ministry of Finance, without being covered by the current capital expenditure allowance of the relevant administration. The debt assumption amounts realized by the Undersecretariat are recorded as government foreign debt, but are not included in the limit specified in the first paragraph of the article 5. In debt undertakings arising from the projects executed by the administrations other than those foreign debt can be allocated to, the relevant administration is charged with the amount undertaken by the Undersecretariat, and if the Treasury receivables within this scope are not paid on time, the provisions of the Law No. 6183, dated 21/7/1953 on the Collection Procedure of Public Receivables are applied. The Undersecretariat is authorized to request all kinds of information and documents from the parties under debt undertaking. The provisions regarding the Undersecretariat’s opinion prior to the tender relating to the draft application contracts, partial undertaking commitment and debt assumption limits are not applied for the projects that have been announced for tender as of the effective date of this article. The procedures and principles regarding the implementation of this article are set out by a regulation.”

Article 14
It is related to the Law No. 4749 on the Regulation of Public Finance and Debt Management dated 28/3/2002 and has been included in the place required.
The phrase “and debt undertaking contracts signed by the Undersecretariat in accordance with the article 8/A of this Law and by relevant administrations in accordance with the article 11/A of the Law no. 3996,” has been added to the end of the sub-paragraph (2) in the paragraph (C) of the article 17 of the Law No. 4749, the phrase “within the framework of economic and commercial contracts signed with the organizations” in the sub-paragraph (3) has been replaced with the phrase “from the organizations”, the phrase “repayment” replaced by the phrase “repayment and other matters related to this financing”, and the phrase “exclusively” has been removed from the text.

Article 15
It is related to the Law No. 3996 dated 8/6/1994 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model and has been included in the place required.
The article 11/A of the Law No. 3996, dated 8/6/1994 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model has been changed as follows.

Article 11/A
If there is a provision, in the contract to be made with the contracted company, for the takeover of the investments and services by the relevant administration before the end of term through the termination of the contract, provisions can be included for the assumption by the administration of the part of the financing obtained from abroad which corresponds to the investments and services that have been realized, and the financial obligations, including those arising from the derivative products, if any, related to the provision of this financing, and for the usability of the part relating to the unrealized investments and services, depending on the request by the administration.

In the event that the takeover of the facilities by the relevant administrations before the end of term through the termination of the contract is foreseen in the contracts for the investments and services carried out by public institutions and establishments not covered by the general budget, their subsidiaries, and local administrations, the administration in question is authorized to assume the financing obtained from abroad to finance investments and services, and the financial obligations, including those arising from the derivative products, if any, related to the provision of this financing. If this administration is within the scope of a special budget, the Council of Ministers is authorized to decide on the assumption of such obligations by the relevant administration upon the proposal of the Ministry which the relevant administration reports to, and to lay out the procedures and principles for determining and confirming the scope, components, and payment conditions of the financial obligations to be covered by the undertaking.

Debt undertaking contracts to be signed by public administrations with a special budget enter into force as of the date they are signed, unless a later date is agreed in the contract.

Debt undertaking by the Undersecretariat of Treasury is carried out within the framework of the article 8/A of the Law No. 4749, dated 28/3/2002 on the Regulation of Public Finance and Debt Management.

Article 16
It is related to the Law No. 209 dated, 4/1/1961 on the Revolving Fund to be Given to Health Institutions and Rehabilitation Facilities Affiliated with the Ministry of Health and has been included in the place required.
The phrase “obtained with the contribution of the personnel” in the first paragraph of the article 5 of the Law No. 209, dated 4/1/1961 on the Revolving Fund to be Given to Health Institutions and Rehabilitation Facilities Affiliated with the Ministry of Health and the phrase “obtained with the contribution of the relevant personnel” in the second paragraph have been removed from the text, and the second sentence of the third paragraph has been changed as follows.

“Donations, interest and rental income of the second and third rank healthcare facilities of the Public Hospitals Authority of Turkey cannot be used in the distribution of additional payments, and the total additional payments to be made to the staff working in these units cannot exceed forty-five percent of the revenue from medicines and all sorts of medical supplies, which is billed separately from the service cost of the related unit in the current year, and fifty percent of the other revenues of the revolving fund.”

Article 17
It is related to the Law No. 209, dated 4/1/1961 on the Revolving Fund to be Given to Health Institutions and Rehabilitation Facilities Affiliated with the Ministry of Health and has been included in the place required.
The following provisional article has been added to the Law No. 209.

Provisional Article 7
No debt is issued for additional payments made to the staff, prior to the effective date of this article, by including medicines and medical supplies and rental income within the scope of the article 5, and debt follow-up is terminated by giving up the collection of debt amounts.
Article 18
It is related to the Civil Servants Law No. 657, dated 14/7/1965 and has been included in the place required. The phrase “Educational and training services class” in the first paragraph of the sub-paragraph (B) in the article 68 of the Civil Servants Law No. 657, dated 14/7/1965 has been changed to “Educational and Training Services Class and Healthcare Services and Auxiliary Healthcare Services Class.”

Article 19
It is related to the Civil Servants Law No. 657, dated 14/7/1965 and has been included in the place required. The following provisional article has been added to the Law No. 657.

Provisional Article 40
Among the staff included in the Healthcare Services and Auxiliary Healthcare Services Class, those who have been appointed to the positions with the 1st, 2nd, 3rd and 4th ranks by the application of the sub-paragraph (B) of the article 68, before the effective date of this article, continue to benefit from the rights stipulated for the aforementioned ranks as long as they remain in the positions with the same title of the same administration and until their entitled salary ranks increase to the position ranks they have been assigned to.

Article 20
It is related to the Decree on General Staff and Procedures No. 190, dated 13/12/1983 and has been included in the place required. The phrase “Appointments to be made in accordance with the additional articles 1 and 6 of the Healthcare Services Fundamental Law No. 3359, dated 7/5/1987,” has been added to the second paragraph of the additional article 7 of the Decree on General Staff and Procedures No. 190, dated 13/12/1983 to come after the phrase “appointments to assistant positions,”; the phrase “Of the general and special budget public administrations covered by the central government budget law, the transfers to be made by the administrations between themselves, excluding those working in the revolving fund positions of the relevant ministry and its affiliated organizations and the institutions affiliated with the same ministry,” has been added to come after the phrase “Appointments to be made in accordance with the additional article 1 of the Social Services Law No. 2828”; and the sentence “In case of a need, the number of appointments can be specified in the approval in question as the total number for the relevant ministry and its affiliates.” has been added to the fourth paragraph of the same article, to come after the first sentence.

Article 21
It is related to the Decree on General Staff and Procedures No. 190, dated 13/12/1983 and has been included in the place required. The following provisional article has been added to the Decree No. 190.

Provisional Article 12
Except for the Ministry of Health and its affiliated organizations, the number of staff transferred from other public administrations, institutions and organizations to the affiliated ministry or other organizations affiliated to the same ministry in 2012 is taken into account in the calculation of the number of appointments stipulated in the Central Government Budget Law of 2013 for the relevant public administration.

Article 22
Contained in the sections of the schedules attached to the Decree No. 190, which relate to the Ministry of Health, Public Health Agency of Turkey, Public Hospitals Authority of Turkey, Pharmaceuticals and Medical Devices Agency of Turkey, and Directorate General of Healthcare Services for Borders and Coasts of Turkey, among the staff belonging to the “Healthcare Services and Auxiliary Healthcare Services (SH) Class”, the ranks of those with the titles of Chief Physician, Deputy Chief Physician, Training Officer, Specialist (TUTG), Specialist Physician, Chief Assistant and Specialist Dental Physician have been changed to (1-7); ranks of those with the title of Assistant, Physician, Dental Physician, Veterinarian, Pharmacist, Psychologist, Biologist, Physiotherapist, Healthcare Psychologist, Dietician, Child Development Specialist, Occupational Therapist, Perfusionist, Language and Speech Therapist, Anthropologist and Social Worker to (1-8); ranks of those titled Medical Technologist to (1-9); ranks of those with the title of Healthcare Technician to (1-10); ranks of those with the title of midwife, nurse and healthcare officer to (1-12); ranks of those titled Healthcare Technician, Dental Prosthesis Technician and Laboratory technician to (3-12), and the ranks of those titled Assistant Nurse to (5-12).

Article 23
The positions contained in the list (1) that is attached have been created and added to the sections, related to the Ministry of Health and Pharmaceuticals and Medical Devices Agency of Turkey, of the schedule (I) that is attached to the Decree No. 190.

Article 24
It is related to the Decree No. 663, dated 11/10/2011 on the Organization and Duties of the Ministry of Health and its Affiliates and has been included in the place required.

The phrase “obtained with the contribution of the staff” that is contained in the first paragraph of the article 33 of the Decree No. 663, dated 11/10/2011 on the Organization and Duties of the Ministry of Health and Affiliated Institutions has been changed to “excluding donations, interest and rental income”.

Article 25
It is related to the Decree no. 663 dated 11/10/2011 on the Organization and Duties of the Ministry of Health and its Affiliates and has been included in the place required.

The second paragraph of the article 51 of the Decree No. 663 has been changed as follows.

“(2) Personnel assigned for this purpose are not given per diem during their duties abroad, and monthly payments are made in the amount determined by the decision of the Council of Ministers according to their titles, not exceeding the monthly salary paid abroad to the professional officials who work permanently in the countries they visit and who receive monthly salary from the first level of the ninth rank. In addition, this staff can benefit from all kinds of financial and social rights including revolving fund additional payments. Of the staff assigned for this purpose, the time period spent in duties abroad by those with a public service obligation are deducted from their public service obligations.”

Current tenders and regulation
Provisional Article 1
(1) The works for which the tender process has been started through announcement prior to the effective date of this Law, within the framework of the additional article 7 of the Law No. 3359, which has been repealed by this Law, are finalized in accordance with the current tender specifications. However, the provisions of this Law regarding the establishment of right of construction and the seventh paragraph of the article 3 and the ninth paragraph of the article 4 are also applied to the ongoing tenders and the works whose contract has been signed.

(2) The provisions in the specifications of the works whose tender process was completed or ongoing within the framework of the additional article 7 of the Law No. 3359 prior to the effective date of this Law, stating that the immovable properties other than the healthcare campus to be built by the contractor can be given to the contractor to be operated as a commercial area are not applied, and the immovable properties other than the healthcare campus are not given to the contractor; tender works and transactions and the contracts that have been concluded are carried out without validity of these provisions.
(3) The requirements of the decisions made by the administrative judicial authorities in the lawsuits filed, before the entry into force of this paragraph, within the framework of the additional article 7 of the Law No. 3359 are fulfilled by making the necessary arrangements in the existing tender document and in the contracts, and the works are carried out accordingly.

(4) The regulation stipulated in the article 10 of this Law is put into effect within six months.

Provisional Article 2

(1) In the works that constitute the subject matter of the contracts that have been concluded as of the date of entry into force of this article, if new needs have arisen during the investment period and this need could not be met within the limits of the change of work stipulated in the contract, the change of work to be made may be allowed just once, upon the request of the Ministry of Health, by the President of the Republic or by the board or authority to be determined by the President of the Republic. The consent of the contractor is also obtained for the additional work outside the contract limits to be carried out.

Provisional Article 3

(1) The provision of the change made in the ninth paragraph of the article 4 by the Law that created this article is also applied to the contracts concluded before the effective date of this article.

Enforcement

Article 26

(1) Of this Law;

a) The article 1–3 and the provision regarding the debt assumption limit of the article 8/A that is added to the Law No. 4749 come into force on 1/1/2014,

b) The article 13 and the provision other than those for the debt assumption limit of the article 8/A that is added to the Law No. 4749, and the article 14 and the arrangements made in the article 17 of the Law No. 4749 come into force on the date of publication, to be valid from the date of 1/12/2012,

c) Other provisions come into force on the date of publication.

Execution

Article 27

(1) The provisions of this Law are executed by the Council of Ministers.

IMPLEMENTATION REGULATION PERTAINING TO HAVING FACILITIES BUILT AND RENEWED, AND SERVICES RECEIVED ACCORDING TO PUBLIC PRIVATE PARTNERSHIP MODEL BY THE MINISTRY OF HEALTH

Official Gazette: 09.05.2014/28995
No. 2014/6282
Authority: Council of Ministers
Date of Adoption: 21.03.2014
Validity Date: 09.05.2014
Date of Latest Amendment: 25.01.2020

Putting into force of the attached “Implementation Regulation Pertaining to Having Facilities Built and Renewed, and Services Received According to Public-Private Partnership Model by the Ministry of Health” has been decided by the Council of Ministers on the date of 21/3/2014, upon the letter of the Ministry of Health, dated 19/3/2014 and 2660077, and according to article 10 of Law No. 6428, dated 21/2/2013.

Implementation Regulation Pertaining to Having Facilities Built and Renewed, and Services Received According to Public-Private Partnership Model by the Ministry of Health

SECTION ONE
Purpose, Scope, Basis, and Definitions

Purpose

Article 1

(1) The purpose of this Regulation is to lay down the procedures and principles pertaining to having the facilities, which the Ministry of Health and its affiliated establishments need, built by tender, as per the provisions of private law, within the framework of the public-private partnership model and a preliminary project, preliminary feasibility report, and the basic standards, by constituting construction rights of independent and continuous nature on the immovable properties that are under the private ownership of the Treasury, for a period not to exceed thirty years, excluding the fixed investment term and, pertaining to the renovation of the existing facilities as well as to the consultancy, research and development, and some services that require high-cost resources, which will be purchased.

Scope

Article 2

(1) This regulation covers the actions and transactions regarding the construction, renovation, and purchase of service stated in the article 1.

Basis

Article 3

(1) This Regulation is made based on article 10 of Law No. 6428 on Construction, Renovation of Facilities and Procurement of Services by the Ministry of Health Under the Public-Private Partnership Model, and Amending Certain Laws and Decrees, dated 21/2/2013.
Definitions

Article 4

(1) In respect to the implementation of this Law, the following terms will have the following meanings:

a) Phase completion: Acknowledgment of the completion of each phase of the building works in accordance with the contract provisions upon approval of the administration.

b) Minister: Minister of Health.

c) Ministry: Ministry of Health.

c') Price: The sum of the prices that will be paid to the contractor for the use of the facilities it would make and the provision of certain services in these facilities.

d) Consultant: Real and legal persons from whom consultancy services regarding the work that would be done within the framework of the Regulation will be received.

e) Consultancy/Purchase of service: Assessment and consultancy services that will be received in the fields of research-development, making and implementing projects, management, law, technology, etc., regarding the work that would be performed under the scope of this Regulation.

f) Other contracts: Contracts that are signed in connection with the contract between the contractor and third persons and which do not include provisions that do not comply with the contract.

g) Periodic investment amount: The amount that the contractor will appropriate for construction work at periods determined in the contract.

g') Exchange rate: The value that is calculated according to the foreign currency type and the debt weight in the financing agreements, at the buying rate of exchange, announced by the Central Bank of the Republic of Turkey.

h) Spending official: The top executive of the Ministry’s or its affiliated establishment’s central organization unit for which allowance is appropriated, and in the case of works to be performed by the provincial organization with the approval of the Ministry, during the period such facility is operated, the top executive of that provincial unit.

i') Services: Maintenance, repair, and similar services for ensuring that the facility and equipment kept ready for use as well as the services, which according to the applicable legislation, can be outsourced.

i) Service payment: It is a component of the price paid by the administration to the contractor for the rendering of the services, and which is updated according to the periodic market test, not to exceed five years, and to the contract provisions.

j) Administration: The related units of the central organizations of the Ministry and its affiliated establishments as well as the health institutions and establishments of the provincial organizations.

k) Tender document: Administrative specifications, technical specifications, draft contract, and the necessary information and documents about the work to be tendered.

I) Optional services: Cleaning, security, car park, laboratory, camera [surveillance], and other similar services – as mentioned in the tender document – which can be outsourced, and which is up to the administration to decide whether they would or would not be commissioned to the contractor.

m) Optional commercial service areas: All kinds of service areas – other than the mandatory commercial service areas – that would be built on the campus, according to the principles to be laid down by the administration in the tender document.

n) Applicant: Real or private law legal persons or the joint ventures set up by them, which bid for the tender that is called by the administration.

o) Operating period management plan: The plan that shows how the services commissioned to the contractor will be provided and includes the operational and management organization model.

o') Business partnership: The joint venture set up between more than one real or private law legal persons by agreeing among themselves to bid for the tender.


r) Final Project: The project for which the land and soil surveys are made according to the tender document and the basic standards, in compliance with the facility’s preliminary project that is obtained by the administration; the structural elements for which are measured; the construction system and equipment as well as the technical properties of which are specified and; which, after the signing of the contract, is prepared by the contractor and approved by the administration.

s) Availability payment: The price – which is a component of the price – that is specified in the contract and paid periodically by the administration to the contractor for the use of the facilities.

s') Mandatory services: The services for maintaining the facility and its equipment ready for use, such as facility and estate, land and garden care, extraordinary maintenance and repair services, as specified by the administration in the tender document, and performance of which by the contractor are mandatory.

t) Mandatory commercial service areas: Service areas where those at the campus and who use the services purchase their needs at prices set by the administration and the contractor with reference to the current prices, and which are, with respect to the properties of the facility, specified in the tender document as mandatory.

u) Final bid: In the event of construction works, the second sealed offer submitted by the contractor before the reverse auction.

u') Preliminary feasibility report: The report which – concerning the renovation and construction works that are to be performed within the framework of the provisions of this Regulation – analyzes the technical, financial, economic, environmental, social, and legal feasibility of the project and; incorporates the risk analysis and sharing, including the projected availability payment, service payment, and guarantees, and exhibits, by way of comparative economic and financial analysis, the reasons for making the investment according to the public-private partnership model instead of the traditional procurement models.
v) Preliminary project: The project that the administration prepares for renovation and construction works by making the land and soil surveys according to the needs of the facility and retrieving the information from the existing maps, which includes one or more solutions showing the plans and the sectional views that are prepared with reference to the environmental impact assessments, if any and which designates the guiding concept and the basic design elements of the facility; the requirements list, and the other service areas.

y) Special-purpose company (special-purpose vehicle): It is a joint-stock company that is established by the contractor that wins the tender and is a party to the contract to be signed with the administration when it is awarded, and the field of activities of which is limited to the subject matter of the contract.

2) Lead partner: In joint ventures, the partner, authorized to represent the business partnership.

aa) Market test: The process of selecting – by taking into consideration the technological developments and new needs upon ensuring competition and transparency – the economically most advantageous prices at certain periods for all kinds of equipment, furnishings and services, including the medical equipment that the contractor undertakes to supply.

bb) Contract: The contract that is made according to the provisions of the private law, and the annexes to it that are, in the case of construction works, made between the special-purpose company and the administration and, for renovation works and commissioning of some research, development, consultancy services, or some services that require large financial resources, and which are needed within the framework of this Regulation, between the contractor and the administration.

c) Facility: All kinds of buildings and structures that will be constructed by the contractor as per the stipulations of the contract, and which the Ministry and its affiliated establishments will use to carry out the activities that are associated with their duties and powers defined in the laws.

d) Commercial service areas: The mandatory commercial service areas, and the optional commercial service areas.

e) Total fixed investment amount: The total amount of the investments, stated in the contract, for the construction and renovation works to be performed by the contractor as per the provisions of the contract as well as for the medical equipment that require advanced technology or large financial resources.

ff) Application project: The project for the facility and the commercial service areas, which is prepared by the constructor, and to make the project, construct, and maintain the facility and the mandatory service areas.

gg) Construction right contract: The contract that would be made to constitute, free of charge and for the benefit of the contractor, a construction right of independent and continuous nature for a period not to exceed thirty years, excluding the fixed investment term, on the immovable properties that are under the private ownership of the Treasury to build the facility, the requirements list, and the other service areas.

hh) Renovation and construction works: Works for the renovation of the existing facilities as necessary, according to the project and the principles that would be set forth by the administration; for the construction of the facility as decided by the High Planning Council and, for the procurement of all equipment, undertaken by the contractor, including the materials and equipment of the facility as well as the medical equipment mentioned in the tender document.

ii) Campus: The entire facility and the commercial service areas to be built under the scope of the construction rights mentioned in the contract.

iii) Contractor: The applicant and the special-purpose company that wins the tender and with which contract is signed.

jj) Financing agreements: All agreements and documents that the Contractor signs for the financing of the works under the scope of the contract.

kk) Calculation period: Every quarterly period in any calendar year, from the beginning of January until the end of March, from the beginning of April until the end of June, from the beginning of July until the end of September, and from the beginning of October until the end of December.

ll) Calculation date: One workday after the announcement of the consumer price index (CPI) [TUFE] and domestic producer price index (D-PPI) [YI-UFE] for the last month of the previous calculation period, for the calculation period in question, by the Statistical Institute of Turkey [TURKSTAT].

mm) Net present value (NPV) [NBD]: The value that is calculated according to the procedure in Annex-3.

nn) Contract price: The total of the net present values of the availability payment plus the mandatory service payment – calculated according to the procedure in Annex-3, and which will be paid to the contractor according to the contract, throughout the operating period – as of the calculation period.

SECTION TWO
Basic Principles and Tender Preparations

Basic Principles
Article 5
(1) In the tenders that will be lodged, the following principles will be observed:

a) In principle, transparency, equal treatment, reliability, confidentiality, public opinion scrutiny, efficient use of the resources, satisfying the needs under suitable conditions, and in a timely fashion must be ensured.

b) The bid, which depending on the nature of the business, yields the highest project-based return at the lowest cost, will be deemed the most advantageous one.

c) Open tender procedure and the procedure for tender among certain applicants are the essential procedures. The negotiated tendering procedure will apply to the special cases stated in this Regulation.

c') Tender or prequalification or invitation for bid will not be announced without preparing, in the case of an open tender procedure and the negotiated tendering procedure, the tender document, and in the case of tender among certain applicants, without preparing the prequalification and tender document.
d) In construction tenders, the optional services as well can be awarded to the contractor, and this will be specified in the
tender document. Where they are not tendered as a part of the construction tender, these services will be purchased
according to the public-tender legislation.

Deciding on construction and renovation work and purchase of services

Article 6
(1) The Ministry and its affiliated establishments can – within the framework of the preliminary project, preliminary fea-
sibility report, the tender document, and the contract provisions, and as per the conditions stated in the contract on the
construction right of independent and continuous nature that would be constituted free of charge and for the benefit of
the contractor by the Ministry of Finance for a period not to exceed thirty years, excluding the fixed investment term –
have facilities built on the immovable properties that are under the private ownership of the Treasury. The preliminary
feasibility report and the other documents about the project will be submitted to the High Planning Council by the Min-
istry, with the signature of the Minister. The tender for the construction works will be called after having been authorized
by the High Planning Council.

(2) In construction works, optional services, the operation of the commercial service areas, the provision of all equipment
and furnishings, as well as the medical equipment, if any, included in the tender document, can be commissioned to the
contractor. In that case, the price will be calculated by taking into account the services and commercial areas (operation
of which) are commissioned to and the equipment and furnishings that are supplied by the contractor.

(3) The administration can contract the renovation of the facilities – which are used by them – according to the project
that would be made prepared and the principles that would be laid down in exchange for the provision of some services in
the facilities and/or operation of the commercial service areas and/or a price.

(4) Regarding the construction and renovation of the facilities, the administration will decide the term of the contract to
be signed with the contractor, the fixed investment amount and price, before the tender, according to the findings in the
feasibility report that would have been prepared. The contract term cannot, excluding the fixed investment period,
be signed with the contractor, the fixed investment amount and price, before the tender, according to the findings in
the feasibility report. Where they are not tendered as a part of the construction tender, these services will be purchased
according to the public-tender legislation.

(5) Where it is technically and/or economically more advantageous, one tender can be called for multiple construction
and renovation works.

(6) For the works that would be performed under this Regulation, the research-development, project and consultancy
services and some services that require advanced technology and large financial resources can be procured according
to the tender procedures in this Regulation.

(7) The procedures defined in this Regulation will apply to the market tests for the equipment, furnishings, and other ser-
ices that fall under the scope of the Contract.

Preliminary preparations and authorization

Article 7
(1) The administration will prepare a preliminary project, preliminary feasibility report, approximate cost, basic standards
report, and tender document to be used for tender process and transactions, or have them prepared, for every work.

(2) The Ministry will submit, with the signature of the Minister, the construction works projects it had designated within the
framework of the plan, program, and policies, and selected on the basis of certain criteria, together with the preliminary
feasibility reports and the recommendations for the provisions of the plot or land, to the High Planning Council for ap-
proval. The High Planning Council will review the recommended projects and make a decision, and after this decision,
the tender for the construction will be called.

(3) Renovation works and service procurements will not be submitted to the High Planning Council for approval. How-
ever, for any work to be performed under the scope of this Regulation, except for the work that would be commissioned
on behalf of the contractor according to subparagraph “c” of the second paragraph of the article 19, the Minister’s
approval has to be obtained.

(4) The authority to call a tender belongs to the top executive of the central organizations of the Ministry and its affiliated
establishments, and for works to be performed by the provincial units with the approval of the Ministry, to the top exec-
utive of that provincial unit. The authority and responsibility for the execution of the contract and spending at the time the
facility is operated belong to the top executive of that provincial unit. In the case of expenses under this Regulation that
will be made out of the revolving capital resources, the authority to spend can, for the limits that would be decided by the
Ministry, be transferred to the deputies or the immediate subordinate executives.

(5) The units that belong to the central organizations of the Ministry and its affiliated establishments, and which would
be authorized for construction or renovation works and the procedures and principle on the transfer of authority to the
provincial organization for construction or renovation works will be specified by the Ministry.

Preliminary feasibility report and approximate cost

Article 8
(1) The preliminary feasibility report and the information on the approximate cost will not be included in the prequalifi-
cation announcement, and this information will not be disclosed.

(2) The preliminary feasibility report will be signed by those who prepare the approximate cost calculation sheet and the
summary table and will be annexed to the tender approval certificate.

(3) Where the components that constitute the cost in the preliminary feasibility report are outdated between the time they
are first calculated and the time the tender is announced and called, they will be updated by taking monthly the domestic
producer price index (YI-UFE) that is published by the Statistical Institute of Turkey [TURKSTAT] as the basis.

(4) When determining the price and the contract term, the cost of the investment and the nature of the project, whether
all kinds of equipment, including the medical equipment and the furnishings, would or would not be supplied by the
contractor, the contractor’s profit, as calculated by referring to the international industry-specific internal rate of return
and, whether the operation of the optional services and the commercial service areas in the facility would or would not
be commissioned to the contractor, will be taken into account.

SECTION THREE

Rules on Participation in the Tender

Rules on qualification for participation in the tender

Article 9
(1) Each one of the applicants or the real or legal person partners of a joint venture, who would participate in the tender,
must substantiate that they have a robust financial structure by producing their financial statements that are certified by
an independent auditor or a sworn-in financial advisor. The references that the applicants should give and the experi-
ence and financial and technical competencies they must possess will be determined by the administration and stated in
the tender announcement or the tender document.
(2) For renovation and construction works, the applicant, or where the applicant is a business partnership, at least one of the companies in the venture must, within the framework of the rules referred to in the specifications, have been engaged in at least one of the activities related to the investment or business which is the subject matter of the tender.

(3) For renovation and construction works, the following information and documents will be required from the applicants that will participate in the tender:

a) In order to establish the economic and financial qualification,
   1) Documents that will be obtained from the banks about the financial situation of the applicant;
   2) The applicant’s balance sheet that must be published as per the applicable legislation or the required sections of the balance sheet, if not, equivalent documents;
   3) The documents that show the applicant’s total revenue indicating its business volume or that shows the value of the works it had undertaken or finished.

b) To verify professional and technical competence,
   1) The documents which prove that the applicant operates as a member of the chamber it is affiliated to as required by legislation and that it is legally authorized to bid;
   2) Regarding the tendered works or similar works, undertaken by the applicant, to any public or private sector [entity] under a contract for a price,
      aa) The documents substantiating experience in construction works, which had, within the last fifteen years, been provisionally accepted and service work that is associated with construction, for which acceptance procedure had been concluded;
      bb) The documents substantiating experience in construction works, which had, within the last fifteen years, been provisionally accepted and service work that is associated with construction, for which acceptance procedure had been concluded, and the part that corresponds to 80% of the contract price of which had been audited or managed;
      cc) For construction works and service work that continues, the documents which substantiate experience in works, at least 80% of which had, within the last fifteen years – provided that the first contract price had been completed – had been flawlessly performed, audited, or managed;
      cc’) The documents substantiating experience in good and service purchases, for which the acceptance procedure had been concluded within the last five years;
      dd) Provided that in the case of works that are assigned to another entity, the part that corresponds to at least 80% of the contract price had been concluded, the documents substantiating experience in construction works, which had, within the last fifteen years, been provisionally accepted and service work that is associated with construction, for which acceptance procedure had been concluded, and experience in good and service purchases, for which the acceptance procedure had been concluded within the last five years;
   3) The documents about the applicant’s production and/or manufacturing capacity, research-development activities, and quality achievement;
   4) Information and documents regarding the organizational structure of the applicant and which shows that it employs or will employ a sufficient number of qualified personnel to perform the tendered work;
   5) Regarding the tendered service and construction works, the documents that show the educational and professional qualifications of the applicant’s management staff and the technical personnel that would do the job.
   6) The documents regarding facility, machinery, hardware, and other equipment that are necessary for the performance of the tendered works;
   7) The documents regarding the technical personnel and establishments that do or do not report directly to the applicant and that are responsible for quality control;
   8) The certificates that show compliance of the tendered works with the standards specified in the tender document, and which are given by the quality control organizations, accredited according to the international rules;
   9) The samples, catalogues and/or photographs of the goods that will be procured, the correctness of which would be confirmed as might be required by the administration.

(4) Depending on the nature of the tendered works, the information and documents mentioned in the second and third paragraphs, and which would be used for qualification assessment, will be specified in the prequalification or tender document, and the announcement and invitation for the tender and prequalification.

(5) The following will not be allowed to participate in the tender:
   a) Those that have bankrupted, are in liquidation, the affairs of which are administered by the court, have entered into composition with its creditors, have suspended its business, and are, according to the provisions of the legislation of its homeland country, in similar circumstances;
   b) Those that have bankrupted, concerning which mandatory liquidation judgment has been passed, the affairs of which are – because of their debts – administered by the court, or according to the provisions of the legislation of its homeland country, in similar circumstances;
   c) Those that have, according to the provisions of the legislation of its homeland country, confirmed social security premium debts;
   c’) Those that have, according to the provisions of the legislation of its homeland country, confirmed tax debts;
   d) Those who have, within five years before the date of the tender, been convicted because of their professional activities;
   e) Those who have, within five years before the date of the tender and when performing the works for the administration that had called the tender, been proven to have engaged in activities that are against business or professional ethics;
   f) Those that have, as of the date of the tender, been barred from engaging in professional activities by the chamber, it is affiliated to as required by legislation;
   g) Those that are discovered to have failed to produce the information and documents mentioned in this article or submitted misleading information and/or false documents;
g) Those that participate in the tender despite not having been eligible and;

h) Those that are discovered to have engaged in prohibited actions and behaviors mentioned in the article 15.

(6) In the tender document, it will be specified which of the documents required as per the third and fifth paragraphs could be submitted as “proof of” commitment. For joint ventures, these documents must be produced by each partner separately. Whether the applicant does or does not have any social security premium debt or tax debt will be determined by taking the rules and regulations of the Public Procurement Authority concerning this matter into consideration. Producing commitment letters that contain false information, or the failure of the applicant that won tender to produce the documents that substantiate the matters that have been committed by it before the contract is signed will result in disqualification from the tender, and thus the sum of its bid bond will be realized.

Those that are not eligible to participate in the tender

Article 10

(1) The persons listed below cannot, under any circumstances, directly or indirectly, or as a subcontractor or on behalf of others, participate in tenders:

a) The officials of the tendering authority, in charge of the tender, and the personnel in charge of preparing, conducting, concluding, and supervising the tender;

b) The spouses of the persons, mentioned in subparagraph (a), and their relatives by blood up to and including third degree, by marriage up to second degree, as well as their adopted children and adoptive parents;

c) The shareholders and companies of the persons mentioned in subparagraphs (a) and (b), excluding the joint-stock companies, more than 10% of the capital share of which they do not own, or in the board of directors of which they do not have any seat;

d) Those who, according to the decision of the competent authority, had fraudulently bankrupted;

e) Applicants from the foreign: countries named in the resolution that the Council of Ministers would take as per subparagraph (8) of paragraph (b) of the article 53 of Law No. 4734.

(2) The rights and responsibilities will, until the special-purpose company is established, belong to the applicant that wins the tender. The works that would be built and the work to be done within this scope will be stated as the field of activities. After the construction works tender is concluded, before the contract is signed, the contractors must separately

Article 11

(1) A business partnership can be set up by (and between) more than one real or legal persons, to perform the entire work together (by sharing) the rights and responsibilities.

(2) A bid can be placed by the business partnership. The administration will state in the tender document if more than one real or legal person can or cannot participate in the tender. At the bidding phase, business partnerships will be required to give Business Partnership Statements. In the Business Partnership Statements, the lead partner will be named.

(3) Should, in construction works tender, the tender is won a business partnership, the notarized business partnership agreement will not be required from that partnership before the contract signed, but the submittal of the documents regarding the establishment of the special-purpose company will be asked.

(4) Should the tender for renovation work or purchase of services be won by a joint-venture, the notarized business partnership contract will have to be submitted before the contract is signed. In the business partnership agreement and contract, it will be stated that the real or legal persons in the partnership are jointly and severally responsible for the performance of the commitment. The contractors of renovation work or service are not required to establish a separate and new special-purpose company.

(5) Changes to the business partnership can be made until the contract is signed – provided that financial and technical competency requirements are met.

Special-purpose company

Article 12

(1) After the construction works tender is concluded, before the contract is signed, the contractors must separately establish a new special-purpose joint-stock company. In the articles of association of this company, the project of the facility that would be built and the work to be done within this scope will be stated as the field of activities. After the tender decision and before the contract is signed, the notarized copy of the articles of association of the special-purpose company as well as a copy of the Trade Registry Gazette of Turkey, on which that articles of association is published, the documents proving tax and social security registrations, the notarized circular of the signatories, who are authorized to sign the contracts, for the special-purpose company must be submitted.

(2) The rights and responsibilities will, until the special-purpose company is established, belong to the applicant that wins the tender, and after the special-purpose company is established, to that special-purpose company.

Subcontractors

Article 13

(1) Whether subcontracting of the tendered work would or would not be allowed and, the works that would be subcontracted because of their nature and also that the contract, which would be signed with the subcontractor, would be submitted to the administration for approval will be specified in the tender document. Subcontracting of the works does not release the contractor’s responsibility for them.
Cancellation of the tender before application or bidding deadline

Article 14
(1) Wherein in the documents that the administration requires or in the prequalification document, or in the tender document, any matter that constitutes a cause for not lodging the tender and that cannot be corrected is discovered, the tender can be called off before the application or bidding deadline.

(2) In this eventuality, the cancellation of the tender will immediately be announced to the applicants by stating the reason for the cancellation. Notice of this cancellation will be served to those that had already lodged an application or had bid. In the event of cancellation of the tender, all applications and bids will be deemed to have been rejected, and the [envelopes containing them] will be returned without opening. Applicants cannot claim any right or compensation from the administration because of the cancellation of the tender.

Prohibited actions and behaviors

Article 15
(1) The following actions and behaviors are prohibited in tenders:

a) To rig to attempt rigging the bid by way of tricks, promises, threats, exerting influence, gaining benefits, collusion, embezzlement, bribery, or in other ways;

b) To make the applicant hesitate, to prevent its participation, to propose an agreement to other applicants, or to encourage them, and to engage in behavior that affects competition or the decision on the tender;

c) To fabricate, use false documents or guarantees or to attempt to do these;

c') Except where alternative bids are allowed, submittal of more than one bid for one tender by one applicant on its behalf or behalf of others directly or indirectly, acting in principal capacity or proxy for others;

d) To participate in a tender despite being aware of its ineligibility under article 10.

(2) Bids by those who carry out these prohibited actions or behaviors will be disregarded, and their bid bonds will be returned. Furthermore, should these actions and behaviors constitute a crime, they will be reported to the public prosecutor. Also, indemnification will be sought for any losses that the administration might have incurred.

SECTION FOUR
Tender Procedure and Principles, and Prequalification and Tender Document

Tender procedure

Article 16
(1) One of the following tender procedures will apply to the commissioning of the works within the scope of this Regulation:

a) Open tender procedure;

b) Tender to predetermined bidders’ procedure (selective tendering procedure);

c) Negotiated tendering procedure.

(2) Negotiated tendering can be implemented in the following cases:

a) Where no bid is submitted for the tender, lodged openly or between the applicants;

b) Where the tender must be lodged urgently because of sudden and unexpected incidents like a natural disaster, epidemic, danger to life or property;

c) Not being able to determine the technical and financial features of the tendered work because of its peculiarity and sophistication;

c') Works intended for completion, which would be commissioned on behalf of the contractor within the framework of the law;

d) Works, the estimated value of which is up to six times the threshold value specified in subparagraph (f) of the first paragraph of the article 21 of Law No. 4734.

(3) For works that would be carried out according to subparagraphs (a), (b), and (c') of the second paragraph, making an announcement is not mandatory. For works that would be carried out according to the other subparagraphs, however, an announcement must be made at least seven days before.
(4) Where any announcement is not made, at least three applicants will be invited and asked to hand in their qualification documents and price offers.

(5) Where an announcement is made, the applicants which according to the assessment criteria stated in the tender document, are found to have been qualified will submit their initial bids regarding the technical details and the performance methods without having the prices included. The tender commission will discuss with each applicant the methods and solutions that would best meet the administration’s requirements. Upon clarification of the conditions as the result of these discussions, the applicants that might meet these conditions will be asked to submit their bids that include their price offers based on the technical specifications, the conditions of which are clarified by having been reviewed.

(6) The tenders that would be lodged within the scope of this article will be concluded by receiving the last price offers of the applicants, not to exceed their initial price offers, and which will be taken as the basis when deciding the tender.

Prequalification documents

Article 20

(1) In the prequalification documents for the tenders to be lodged as per the procedure according to which predetermined bidders participate, the conditions that the candidates are expected to meet, the prequalification criteria, and the other necessary information and documents will be included. Besides, where, among those that are found to have been qualified, it is decided to invite a certain number of candidates to the tender, the number of candidates, not to be less than five, that would be included in the list according to the sorting criteria and grading method, will be specified in the prequalification document.

(2) A copy of the prequalification document, each page of which is approved, must be saved in the tender transactions file. If needed, the prequalification documents can be saved in a digital system, provided that the necessary security measures as per the principles determined by the administration are taken.

Tender document

Article 21

(1) The tender document will include, in renovation and construction works, the administrative specifications that also include the instructions to the applicants as well as the preliminary projects and the technical specifications of the works to be commissioned, the draft contract and the other necessary information and documents, whereas in purchase of services, the administrative and technical specifications that also include the instructions to the applicants.

(2) Along with the special and technical conditions that would be entered in the administrative specifications, the following should, by and large, be included depending on the nature of the work:

a) The name, kind, characteristics, scope of the facility to be built or renovated, the services to be left to the contractor, and the scope of the commercial service areas;

b) The tender procedure, that date and time of the tender, and the place where the bids would be handed in;

c) Instructions to the applicants;

c') The conditions that the applicants are expected to meet, the documents and the qualification criteria;

d) Methods for requiring and making explanation in the tender document;

e) Validity period of the bids;

f) Whether a joint venture can or cannot bid, and if a bid for the entire tendered work or a part of it can be submitted;

g) The procedure and principles that need to be followed when receiving, opening, and assessing the bids;

h) The procedure and principles which, from the time the tender decision is taken until the signing of the contract, need to be implanted and stated in this Regulation;

h) Whether the tender is open only to local applicants only;

i) Bid and performance bond rates and conditions;

j) That the administration will be free to call off the tender before the tender time;

k) That the administration will be free to reject all bids and cancel the tender;

l) Methods for determining the price, and payments periods and conditions;

m) Which party will pay the taxes, dues, and charges, and the other expenses associated with the contract;

n) For building and renovation works, the conditions on the insurance of the works and the workplace, and on building supervision and responsibility;

a) Conditions regarding supervision, examination, and acceptance processes;

a') Resolution of disputes;

p) The feasibility report for the tendered facility that would be prepared by the applicant, work program for the renovation and construction period, finance and cashflow reports for the renovation or construction and operation periods, operation period management plan and similar documents;

r) Form and conditions of the delivery and taking delivery of the plot or land, on which the facility would be built;

s) Depending on the project, the preliminary project, basic standards document, technical specifications, the renovation project;

s') In renovation projects, the matters as to what would happen to the service and/or commercial areas that would be left to the contractor in return for the renovation work, the duration for which [they] would be left for operation, and the method for calculating the price, etc.;

f) In the tenders to predetermined bidders, the number of applicants from which, upon selecting the project to be developed and taken as the basis for the bid, price offers for that selected project would be received in closed [envelope];
Considering that full turnout would be present at the meeting for the appointment of the prequalification or the tender commission, the names of the full members and the sufficient number of substitute members with the same qualifications, who would replace them, as well as the capacity in which these members would attend the commission will be stated.

(2) As many as needed administrative and technical personnel will be assigned to help the commission, without taking part in the decision-making process.

(3) The prequalification or tender commission will meet with the participation of all members, and the substitute members will attend in the place of the full members who could not attend because of an excuse. The commission will take the decisions by majority vote. Members cannot abstain from voting. The chairperson and the members of the commission are responsible for the votes and decisions. The members of the commission who vote against must enter the reason for this in writing in the resolution and affix his/her signature under it. The decisions taken and the official reports made by the prequalification or tender commission will be signed by the chairperson and members of the commission by inscribing their names, surnames, and positions titles.

(4) The prequalification or tender commission can ask for the documents and information it deems necessary to verify the authenticity of the documents that are part of the application or the bid. The Commission’s requests for this will be fulfilled within the time given by it.

Tender transaction file

Article 24

(1) A file will be prepared for the works for which tender would be called.

(2) The file for the construction works tender transactions contains the approval document that is received from the tender official, the resolution of the High Planning Council, the preliminary feasibility report, the prequalification and/or tender document, the documents and the issues of the newspapers about the announcement, the written annexes, the explanation, the applications or bids and other documents that are submitted by the candidates and applicants, the official records and the resolutions of the tender commission, and all documents associated with the tender process.

(3) The file for the renovation and service purchase tender transactions contains the approval document that is received from the tender official and the annexed approximate cost calculation schedule, the project of the work, the prequalification and/or tender document, the documents and the issues of the newspapers about the announcement, the written annexes, the explanation, the applications or bids and other documents that are submitted by the candidates and applicants, the official records and the resolutions of the tender commission, and all documents associated with the tender process.

(4) Should it be understood that there are terms and conditions, which are not technically appropriate or cannot materialize in the specifications, the commission will postpone the tender. In this eventuality, the tender will be administrated according to the specification that will be prepared and the announcement that would be made again.

(5) The tender transaction file will, with the purpose of enabling them to make the necessary examination, be made accessible to the members of the tender or prequalification commission by the administration.
SECTION SIX
Announcement of the Tender and Prequalification, and Giving the Tender Document

Announcement of the Tender
Article 25
The tenders under the scope of this Regulation, and which will be lodged according to the open tender procedure or the tender to predetermined bidders procedure will, at least thirty days before the latest application date for handing in the prequalification or the bids, and the tenders to be lodged according to the negotiated tendering procedure for which announcement(s) should be made will, at least one week before, be announced in the Official Gazette, and in two high circulation newspapers that are distributed Turkey-wide, and where it is required, in a newspaper at abroad, at least once.

(2) In the case of the tenders to be lodged according to the negotiated tendering procedure for which announcement(s) should be made, the tender announcement will, at least seven days before the tender date, be announced on the administration’s web page.

(3) Invitation letters will, at least thirty days before the tender date, be sent to the applicants that are, upon the prequalification assessment, found to have qualified.

(4) In the case of the tenders to be lodged according to the negotiated tendering procedure for which making announcement(s) is not mandatory, at least three applicants will be invited.

What the tender announcements must contain
Article 26
(1) Matters that are not stated in the tender document will not be included in the announcements.

The following must be included in the announcements:

a) The name, address, telephone and fax numbers as well as the e-mail address of the administration;

b) Name, kind, and amount of the tender;

c) The place where work would be performed;

(c') Starting and finishing dates for the work, put on tender;

d) The tender procedure, the conditions to be met to participate in the tender, and what the required documents are;

e) The criteria that will apply to qualification assessment;

f) The place where the tender document can be seen and the price for which it can be bought;

g) The place where the bids would be handed in and the last application date and time;

(g') Whether the tender is open to local and/or foreign applicants, and if price advantages apply for local applicants;

h) That bid bond, for construction works, not less than 3% of the total fixed investment amount, and for other work, of the bid price, would be given;

i') Validity period of the bids;

i) Whether joint ventures can or cannot not bid.

What the prequalification announcements must contain
Article 27
(1) Matters that are not stated in the prequalification document will not be included in the announcements.

(2) At least the following must be included in the announcements:

a) The name, address, telephone and fax numbers of the administration;

b) Name, kind, and amount of the tender;

c) The place where work would be performed;

(c') Starting and finishing dates for the work, put on tender;

d) The conditions to be met to participate in the prequalification, and what the required documents are;

e) The criteria that will apply to prequalification assessment;

f) The place where the prequalification document can be seen and the price for which it can be bought;

g) The place where the prequalification application would be handed in and the last application date and time;

(g') The place, date, and time the prequalification assessment would be made;

h) Whether the prequalification is open to local and/or foreign applicants, and if price advantages apply for local applicants;

i') Whether joint ventures can or cannot not apply for prequalification assessment.

Inappropriateness of the announcement
Article 28
(1) Announcements that do not comply with the provisions in the articles 26 and 27 will be invalid. In this eventuality, unless the announcement is repeated according to this article, the tender cannot be lodged, or the prequalification assessment cannot be made.

(2) However, except where the announcement periods are not observed, should the announcements that are made not comply with the provisions of the articles 26 and 27, the tender can be lodged, and the prequalification assessment can be made by making a correction announcement for the inaccurate parts within fifteen days following the publication of the (uncomplying) announcements.
Making amendments to and explanation about the tender or prequalification document

Article 30

(1) In principle, no amendments will be made to the tender or prequalification documents after the announcement is made. If any amendment has to be done, this will be stated by writing an official record and the matters regarding the amendment will be announced in the same way, and the time periods will be calculated with reference to the date of this announcement.

(2) However, if after the announcement is made, the administration finds material or technical mistakes or deficiencies that might affect preparing the bids or the application file, or performing of the work, or the applicants reports them in writing, amendments can be made to the tender or the prequalification document. The written annex, which is a binding part of the tender or prequalification document regarding this amendment, will be sent to all receivers of the tender document in a way that would allow them to be informed at least five days before.

(3) Where an additional time is needed because of the amendments made by a written annex to be able to prepare the bids and the application file, the administration can postpone the bidding and the latest application date, for a time not to be less than five days, until a date it would decide by a written annex. When a written annex is drawn up, the applicants, who had handed in their bids and applications before this, will be given the opportunity to withdraw their bids and applications and then to submit new bids or applications.

(4) When preparing their bids and applications, the applicants can, until ten days before the bidding or application deadline, request a written explanation about the matters in the tender or the prequalification document that needs to be explained. The explanation that would be made by the administration, should the request is considered appropriate, will be sent in writing, without naming the applicant who asked for the explanation, in a way that would enable all applicants that had until then taken the tender or the prequalification document, to be informed five days before the bidding or the application deadline.

Principles on notice and service of notice

Article 31

(1) Notices will be delivered and served by recorded delivery mail or by hand against signature. However, if the electronic mail address and/or fax number is entered in the form about having purchased the document or on the application or the bid letter, or if it is promised there that the notices sent to that address or the fax number would be accepted, notice can as well be sent via e-mail or fax.

(2) Notices via electronic post will be sent by using the official electronic mail address of the administration. In the case of notices via electronic mail or fax, the date of notification will be deemed the date of service [of that notice]. However, if any notice is received by means of electronic or any other way, the date of the document must be that of the printout or delivery of the document or the fax number, which the administration is to be notified.

(3) Notices by the administration to any joint venture will be made and served to the lead partner according to the abovementioned principles.
a) Translation of the foreign language documents submitted by local applicants and the Turkish citizen real persons and/or the business partnerships or consortiums that have legal person partners, established according to the laws of the Republic of Turkey, must be made by the translators under oath, in Turkey, and must be certified by a notary public.

b) Translation of the foreign language documents submitted by foreign applicants and the certification of these translations will be made as follows:

1) Certification of the translation means the attestation of the authenticity of the signature of the translator under oath, who had translated, and of the seal and stamp if any.

2) If the document is translated by a translator under oath in the country it had been drawn up, and the translation is apostilled, no further certification will be required for these translations. If the translation is not apostilled, the signature, and if any, the seal and the stamp on the translation must be legalized by the Consulate of the Republic of Turkey in that country, or respectively by the representation of that country in Turkey, and by the Ministry of Foreign Affairs of the Republic of Turkey.

3) If there is an agreement or convention between the Republic of Turkey and the other state(s), which contains provisions pertaining to the legalization of the signature, seal, or stamp on the documents, the translations of the documents can be legalized according to the provisions of the agreement or the convention.

4) If the documents on quality and standard will be legalized or attested as follows:

a) If the documents drawn up by the certification organizations that are accredited by the national accrediting agencies embraced by the International Accreditation Forum Mutual Recognition Agreement are submitted together with the letter of confirmation obtained from the Turkish Accreditation Agency, they will be exempted from legalization. If drawn up in a foreign language, such documents must be translated by translators under oath in Turkey and notarized.

b) Localization and translation of the documents on quality and standard, drawn up in a foreign country, and which can be submitted without obtaining a letter of confirmation from the Turkish Accreditation Agency are subject to the principles in the fourth and fifth paragraphs.

SECTION SEVEN

Submission of Prequalification Applications and Bids

Form of the letter of application and the bid

(1) Letters of application and bid will be prepared by taking the prequalification or tender documents as the basis.

A letter of bid must meet the following conditions:

a) It must be in written form.

b) It must state that the entire tender document has been read and accepted.

c) The bid price or the price must be written clearly in figures and in words and must agree with one another.

(2) The Republic of Turkey identity numbers of the Turkish citizen real persons and the tax identification number of the real persons that operate in Turkey must be stated.

e) The authorized persons must have signed it under their names and surnames or trade names.

(3) The letters of bid of the applicants that bid as a joint venture must have been signed by all of the partners or by the persons they had authorized.

(4) Nonconformity of the letters of bid in form and contents with the abovementioned attributes and with the standard form of a letter of bid will be considered a deficiency that would essentially alter the bid. Letters of bid that lack any one of the mandatory attributes cannot be changed, corrected, or complemented. The bid of any applicant, the letter of bid of which does not conform with the procedure, will be disregarded.

Drawing up, submitting, opening, and assessment of the prequalification applications

Article 34

(1) All documents that are required as the condition for participating in the prequalification assessments will be put in one envelope. If all documents required as the condition for participating in the prequalification assessments do not physically fit in one envelope, they can be put in one package that would pass as an envelope, regardless of its size. On the envelope, the applicant’s name, surname or trade name, the work for which the bid is submitted, the full address of the administration that calls the tender, and the applicant’s full address, the electronic mail address and the fax number, where the notices can be served, will be written. Where the application is submitted by business partners, the trade names and the names and surnames of all real person partners of the business partnership, and the lead partner’s full address, the electronic mail address and the fax number, where the notices can be served, will also be written on the envelope. The applicant or the lead partner will then sign and stamp the envelope on where the flap is glued.

(2) The applications will be handed in until the latest application time, stated on the prequalification document, to the administration against queue-numbered receipts. Applications handed in after that time will not be accepted and will be returned without opening. Applications can also be sent via recorded delivery post. The applications that are sent by post must reach the administration until the latest application time, stated on the prequalification document. The times of receipt of the applications that would not be considered because of the delay at the post will be stated on an official record.

(3) Applications that are handed in cannot, except for written annexes, be withdrawn or amended for any reason whatsoever.

(4) The prequalification commission will specify the number of the bids handed in on the time as indicated in the prequalification tender document, on an official record, and announce it to those present. The prequalification commission will
**PUBLIC PRIVATE PARTNERSHIPS Q&A AND LEGISLATION IN TURKEY**

PPP LEGISLATION IN TURKEY

(5) It will be checked if there are any missing among the applicants’ documents, and if there are, those applicants will be named on an official record. The official record of this procedure will be signed by the commission. At this phase, no application will be accepted or rejected; the application documents cannot be corrected or complemented. The session will be closed, so the applications would be assessed by the commission.

(6) At the next session, the assessment of the applications will start, and first of all, it will be discussed whether the applications of the applicants, the documents of whom/which, in the first session, had been understood to have been missing or to have lacked some information, would be disregarded and not assessed, or if they would be required to complement the missing documents or information. Where some documents or some information in those documents are missing, the administration can, for as long as it would not, by nature, change the essentials of the application, ask the applicants in writing to complement such information or documents within the designated time, not to be less than two workdays. The applicants that fail to complement the missing information within the designated time will be disqualified and not considered.

(7) In the event the documents, submitted by the applicants within the time allowed for complementing the missing information and documents, are drawn up on a date after the latest application date, such documents will be accepted if the applicants substantiate to have met the conditions for participating in the prequalification assessment before the deadline for the application.

(8) At the prequalification assessment session, the detailed consideration of the applicants, the application documents of whom/which are complete, or that have complemented the missing information and documents, will start. At this phase, the conformance of the applicants with the qualification criteria and conditions, which determines their capacity to perform the tendered work and that is stated in the prequalification document, will be analyzed based on a qualified/not qualified distinction. The applicants that are deemed not to have met the prequalification criteria will not be considered qualified.

(9) The prequalification findings of the commission will be notified to the applicants within seven days, and they will be invited to bid for the tender.

**Drawing up and submittal of tender bids**

Article 35

(1) All documents, including the letter of bid and the bid bond, which are required as the condition to be able to participate in the tender will be put in an envelope. If all documents required as the condition for participating in the prequalification assessments do not physically fit in one envelope, they can be put in one package that would pass as an envelope, regardless of its size. On the envelope, the applicant’s name, surname or trade name, the work for which the bid is submitted, the full address of the administration that calls the tender, and the bidder’s full address, the electronic mail address and the fax number, where the notices can be served, will be written. Where the application is submitted by business partners, the trade names of all legal person partners and the names and surnames of all real person partners of the business partnership, and the lead partner’s full address, the electronic mail address and the fax number, where the notices can be served, will also be written on the envelope. The applicant or the lead partner will then sign and stamp the envelope on where the flap is glued.

(2) The applications will be handed in until the latest application time, stated on the prequalification document, to the administration against queue-numbered receipts. Applications handed in after that time will not be accepted and will be returned without opening. Applications can also be sent via recorded delivery post. The applications that are sent by post must reach the administration until the latest application time, stated on the prequalification document. The times of receipt of the applications that would not be considered because of the delay at the post will be stated on an official record.

(3) Applications that are handed in cannot, except for written annexes, be withdrawn or amended for any reason whatsoever.

**Validity period of the bids**

Article 36

(1) The validity periods of the bids will be stated in the tender document. If needed, this period can be extended, provided that the bid and the tender document are not changed, and if the applicant accepts it.

**Guarantee**

Article 37

(1) For the construction works within the framework of this Regulation, a bid bond for not less than 3% of the total fixed investment amount, and other work, of the bid price will be taken from the applicant.

(2) For construction works, a performance bond for 3% of the total fixed investment amount will be taken from the applicants who win the tender before the contract is signed. After the fixed investment is completed, the ratio of the performance bond that would be retained will be reduced to 1.5%. For other works, on the other hand, a performance bond for 3% of the tender price will be taken. During the operation period, the value of the guarantee will be increased every year at the ratio of increase of the domestic producer price index (YI-UFE), as determined by the Statistical Institute of Turkey [TURKSTAT].

The date of validity of this provision: 05.12.2018

(3) Guarantees other than standby letters of guarantee will not be received by the tender commissions. They must be deposited with the directorates of accounting or bookkeeping. Guarantees can be changed with other acceptable assets.

(4) The bid bonds of the applicant that have won the tender and whose bid was the second most economically advantageous will be delivered to the directorates of accounting or bookkeeping. The guarantees that belong to others will be returned immediately. The guarantee that belongs to the second most economically advantageous bidder will also be returned after the contract is signed with the applicant who has won the tender.

(5) If the applicant is a joint venture, the total guarantee amount can be deposited by one or several partners, regardless of their shares.

**Assets that will be accepted as guarantee**

Article 38

(1) The assets that will be accepted as guarantee are the following:

a) Turkish currency that is in circulation;

b) Standby letters of guarantees issued by banks and participation banks and;

c) State domestic debt securities, issued by the Undersecretariat of Treasury, and the documents issued in their place.
(2) The standby letters of guarantee that would be issued by the foreign banks, which are allowed to operate in Turkey according to the applicable legislation, and the standby letters of guarantee, which the banks that operate in Turkey according to the applicable legislation and the participation banks issue against the counter-guarantees of the banks or similar financial institutions that operate abroad, can be accepted.

(3) The debt securities stated in subparagraph (c) of the first paragraph, and the certificates that are issued in their place by including the interest in the nominal value will be accepted as a guarantee at the sales value that corresponds to the principal amount.

Standby letters of guarantee
Article 39
(1) The authority to determine the scope and the form of the standby letters of guarantee that would be given under this Regulation belongs to the administration.

(2) A deadline will be stated on the bid bonds, provided that it is at least 30 days later than the validity period determined according to article 36. If the validity period of the bid is extended, the bid bond’s validity period will also be extended for the same period. The validity period of performance bonds will be determined by the administration by taking into consideration the date the tendered work would finish.

(3) Letters of guarantee not drawn up in conformity with the forms specified by the administration will not be deemed acceptable.

(4) If deemed necessary, the concerned bank’s confirmation can be obtained by the administration for the standby letters of credit.

SECTION EIGHT
Opening and Assessment of Bids
Opening of bids
Article 40
(1) The bids will be handed in to the administration until the latest time, stated in the tender document. The tender commission will determine the number of bids handed at the hour stated in the tender document and write in on an official record, announce it to those who are present, and immediately start the tender process. The tender commission will examine the envelopes of bid in the order they have been received. The envelopes that do not conform with the article 35 will be determined by making an official record and will not be assessed. The confirming envelopes will be opened in front of the applicants and those present, in the order they have been received.

(2) It will be checked if there are any missing among the applicants’ documents and if the bid bonds conform with the procedural requirements. The applicants with missing documents or bid and bid bonds that do not conform with the procedural requirements will be determined by making an official record. The applicants and their price offers will be disclosed. The official record of this process will be undersigned by the tender commission. At that phase, no bid will be rejected or accepted, and the bid documents cannot be corrected and complemented. The session will be closed for the bids to be assessed by the tender commission.

Assessment of the bids in open tender procedure
Article 41
(1) When assessing the bid, first of all it will be decided to disregard the bids of the applicants, the letters of bid and the bid bonds of which do not conform. Later, it will be discussed whether to disregard the bids of those whose letters of bid and the bid bonds conform with the procedural requirements, but some of their documents or insignificant information in them are missing, or if they should be required to complement the missing documents and information.

(2) In the event the documents, submitted by the applicants within the time allowed for complementing the missing information and documents, are drawn up on a date after the latest bidding date, such documents will be accepted if the applicants substantiate to have met the conditions for participating in the tender before the deadline for bidding.

(3) At the bid assessment [session], the detailed consideration of the bids of the applicants — the documents of whom/which are complete and the letters of bid and the bid bonds of whom/which are deemed to be in conformance, and that have complemented the missing documents and information as required by the administration — will start. At this phase, the conformity of the applicants with the qualification criteria, which determines their capacity to perform the tendered work, and the conformity of their bids with the conditions stated in the tender document will be analyzed. The bids of the applicants, the letters of bid of which are determined not to have been in conformance, will be disregarded.

(4) Upon assessing those whose letters of bid are in conformance, the tender will be awarded to the applicant that had submitted the economically most advantageous bid.

(5) In purchase of consultancy services, the tender will, upon making an assessment according to the conditions stated in the tender document, be awarded to the applicant with the highest technical and financial points.

Assessment of the bids in the tender to predetermined bidders’ procedure
Article 42
(1) When assessing the bids, the tender commission will primarily decide to disregard the bids of the applicants, whose letters of bid and the bid bonds are discovered not to have conformed with the procedure. Later, it will be discussed whether to disregard the bids of those whose letters of bid and the bid bonds conform with the procedural requirements, but some of their documents or insignificant information in them are missing, or if they should be required to complement the missing documents and information.

(2) In the event the documents, submitted by the applicants within the time allowed for complementing the missing information and documents, are drawn up on a date after the latest bidding date, such documents will be accepted if the applicants substantiate to have met the conditions for participating in the tender before the deadline for bidding.

(3) When assessing the bids, the applicants whose bids or letters of bid do not conform or that cannot complement the missing information and documents will be disqualified. At this phase, the detailed consideration of the bids of the applicants — the documents of whom/which are complete and the letters of bid and the bid bonds of whom/which are deemed to be in conformance, and that have complemented the missing documents and information as required by the administration — will start. At this phase, the capacity of the applicants to perform the tendered work and the conformity of their bids with the conditions stated in the tender document will be analyzed.

(4) The commission will shift to the phase of assessing the offered projects and prices. The offered project will primarily be analyzed for quantitative conformity with the preliminary project. The tender commission can, also, through the administration, ask the applicants to explain the unclear aspects of their bid in writing, to be used when reviewing, comparing, and evaluating the bids. Such an explanation cannot be asked by the administration to ensure the conformity of the bids.
that do not conform with the conditions in the tender document. Following these assessments and processes, the detailed analyses of the bids will start.

(5) The bids will be listed in the order of the technical and financial assessment criteria determined in the tender document. According to that order, the tender will continue with the number of applicants stated in the tender document.

(6) The project taken as the basis for the bid will be specified by having the administration improve the projects, handed in by the applicants. If the administration deems it necessary, project developments can be negotiated with the applicants, and technical commissions can be set up. Besides, the offers of the applicants about the optional services will also be considered and the administration will decide if they would or would not be commissioned to the contractors, or which of them would.

(7) The administration will ask the applicants that are selected according to the fifth paragraph to submit sealed offers for the project that is taken as the basis for the bid and the specified services.

(8) The [envelopes of] the bid will be opened on the named day by the Commission in front of the applicants, and immediately after that, the reverse auction will start. After the reverse auction, a final negotiation will be made with the applicant that gave the lowest bid. If, after the negotiation, the applicant’s final offer is deemed suitable, it will be decided to award the contract to that applicant. If the first applicant’s offer is not deemed suitable, negotiations will continue with applicant that had made the second most advantageous offer. If the second applicant’s final offer is lower than the first applicant’s price, the contract will, should the first applicant accept that price, be awarded to the first applicant or; otherwise to the second applicant. If the second applicant’s final offer is not lower than the first applicant’s price, the contract will be awarded to the first applicant. The administration is, under any circumstances, free to cancel the tender after the negotiations.

(9) In purchase of consultancy services, the tender will, upon making an assessment according to the conditions stated in the tender document, be awarded to the applicant with the highest technical and financial points.

Extremely low bids

Article 43

(1) Where, considering the administration’s feasibility report or the approximate cost, the bids submitted for the tenders under this Regulation are deemed extremely low, the tender commission will ask a detailed written explanation about the components it regards significant within the time set by it, from the bidders.

(2) The tender commission will, by taking into account the written explanations made by substantiating,

a) The economical aspect of the manufacturing process as well as the service provided and the building method;

b) The selected technical solutions and the advantageous conditions that the applicant would make use of when procuring the goods and services or performing the construction work and;

c) The originality of the offered goods, service, and construction work,

assess the extremely low offers. After this assessment, the offers by the applicants, the explanations of whom are deemed unsatisfactory or that have not given any written explanation, will be rejected.

Cancellation of the tender

Article 44

(1) The administration is free to cancel, upon the decision of the prequalification or the tender commission, all submitted applications and bids.

(2) If, after the tender that had been called, the administration does not find the bid price suitable for its feasibility or approximate cost, it will be free to cancel the tender.

(3) The administration will not be under any responsibility towards the applicants because of the cancellation of the tender.

(4) When the tender is canceled, this will immediately be notified to all applicants. However, the reasons for canceling the tender will be told to the applicants that wish.

Deciding and approving the tender

Article 45

(1) The tender commission will submit its decision and the supporting arguments to the tender official for approval. For construction and renovation works, before the approval by the tender commission’s decision by the tender official, the Minister’s consent will be taken. In the tender commission decisions, the names and trade names of the applicants, the offered availability payment, the service payment, the total fixed investment amount, the operation period, the date of the tender, to whom and for what reason the contract is awarded, and if the tender is not made, the reasons for this will be stated.

(2) Before the decision of the tender commission is approved by the tender official, the administration must verify if the applicant that has been awarded the contract had or had not been barred from bidding for tenders and attach the document about this to the tender decision. If it is understood that the applicant had been barred or cannot, according to article 10, participate in the tender, the tender official will not approve the tender decision. In this eventuality, the contract will be awarded to the bidder who had made the second most advantageous offer, or the tender will be canceled.

(3) The tender official will approve the tender decision latest in fifteen workdays that follow the decision date or cancel the decision by explicitly stating the reason.

(4) The tender will, if the decision is approved, be applicable, and if cancelled, be null and void.

(5) Except for the bid bond, the offer and application documents, handed in by the applicants, will not be returned after the tender is concluded. However, the original and the notary public certified documents that had been handed in to the administration for the bid or the application will be returned if the candidate or the applicant asks. If so, a copy of each original or notarized copy of the returned documents, certified by the administration, must be saved in the tender transactions file.

(6) When returning the assets other than Turkish Lira that had been received as provisional guarantee, a copy of the documents on their collateral value, as certified by the administration, will be saved in the tender transactions file.

Notification of the finalized tender decisions

Article 46

(1) The tender decisions approved by the tender official will, in five days starting from the day they are approved, be notified to all applicants that had applied to or bid for the tender, including the one to whom the contract is awarded. In
the notices about the result of the tender, the reasons for disregarding or disapproving the applications or the offers will also be included.

(2) Where the tender decision is canceled by the tender official, this will also be notified to the applicants in the same way.

Invitation to sign the contract
Article 47
(1) The applicant, to whom the tender contract for construction works is awarded, will, in three days following the day after the end of the period stated in the article 46, be notified that it is required to deposit the performance bond within sixty days following such notification; to hand in the documents showing that it is not under the circumstances stated in the commitment letters, submitted as per the fifth paragraph of the article 9; to hand in the other documents asked for the tender during the contract (signing) process; to establish a special-purpose company and to hand in the notarized articles of association of that company as well as the issue of the Turkish Trade Registry Gazette in which the articles of association is published, the document substantiating the registration with the tax and social security offices as taxpayer and premium payer, the required circular of signatories, who are authorized to sign for the special purpose company, and; to sign the contract. Where needed, these periods can be extended by the administration for twice that time.

(2) The applicant, to whom the tender contract for renovation and consultancy work, and service purchase is awarded, will, in three days following the day after the end of the period stated in the article 46, be notified that it is required to deposit the performance bond within ten days following such notification; to hand in the documents showing that it is not under the circumstances stated in the commitment letters, submitted as per the fifth paragraph of the article 9; to hand in the other documents asked for the tender during the contract (signing) process, and; to sign the contract. Where needed, these periods can be extended by the administration for twice that time.

(3) For the contracts that would be drawn up according to the market test to be made during the operating period of the construction works, action will be taken as per the related contract provisions.

(4) Before the contract is signed, the administration must verify if the applicant that has been awarded the contract had or had not been barred from bidding for tenders and attach the document about this under the contract. If the applicant that has been awarded the contract is barred, the contract will not be signed.

(5) Except for the cases of force majeure, the applicant that is awarded the tender contract must perform its obligations and sign the contract. Immediately after the contract is signed, the bid bond will be returned.

(6) In the event the obligations stated in this article are not performed, the bid bond of the applicant who won the tender will, without any need for a protest or court order, be realized and recorded as revenue to the Treasury.

SECTION NINE
Drawing up the Contracts and Matters to Be Included in Them

Contract language
Article 48
(1) The contracts will be drawn up in accordance with the specifications, in the Turkish language. However, if the contractor asks it, it can be prepared in two languages, Turkish and English. Should there be any discrepancy between the two texts, the Turkish text will prevail.

Matters to be included in the contract
Article 49
(1) The following matters will be included in the contract:
   a) The parties;
   b) The subject matter and the term of the contract;
   c) In construction or renewal works, the procedures and principles on preparing and approving the final projects and the application projects;
   c') The standard and quality of the constructions, renovations, and services;
   d) In construction and renovation works, the services to be left to the contractor, the scope of and the general principles on commercial service areas, and the procedures and principles on updating of the service payments according to the contract terms and conditions and by market test not to exceed five years;
   e) For the investment and operating term, the starting and finishing time, the duration, and the conditions of work, the time to obtain funding as well as the penalties that will apply in the event of delay;
   f) For building and renovation works, the procedure and the condition for the delivery and taking delivery of the plot or land on which, the facility will be constructed, or the building that will be renovated;
   g) The price and the procedures and principles that will be applied in the event of price changes and default;
   g') For building and renovation works, the conditions and principles regarding the use of the commercial service areas by the contractor;
   h) The procedure and the principles that will be applied when the contractor performs the services that are commissioned to it, and in the event of default;
   i') The criteria for the pricing of the services and the commercial service areas, and the procedure and principles to be taken into account when calculating the price;
   i) For building and renovation works, matters regarding the properties, procurement, renewal upon market test, maintenance and repair of all kinds of equipment and furnishing, including medical equipment;
   j) For building and renovation works, the procedure and principles regarding the financing and refinancing of the investment and operational periods of the facility;
   k) The procedure and principles on commissioning, examining, and acceptance of the facility;
   l) Performance bond, and conditions for reducing its amount and returning it;
   m) Monthly and annual activity reports;
n) For building and renovation works, security and environmental measures;
a) For building and renovation works, buying insurance coverage for the works and the workplace;
a') The procedure and principles regarding the maintenance and repair services, depending on the nature of the investment and services;
p) The procedure and principles on the transfer of the facility at the end of the contract term or should the contract end before such term;
r) Provisions pertaining to the other contracts that need to be made by and between the contractor and third persons, depending on the nature of the investment and services;
s) Force majeure cases and their implications and consequences;
s') Responsibilities, audit, and resolution of disputes;
t) Matters regarding the termination of the contract, immediate termination situations as well as indemnification and responsibilities;
u) Matters regarding the payment of taxes, dues, and the other expenses associated with the contract;
v') Matters regarding notifications, the contract language, and taking effect of the contract;
v) Procedure and principles regarding the financers’ right to interfere;
y) Contractors responsibilities for the personnel it would employ for the contract works;
z) Situations where time extension can be given and its conditions;
z') Other matters that will be set forth by the administration.

(3) For construction works, the contract will take effect as of the date of signature. The contract term is, starting from the date of delivery of the site, the total of the investment period, and the operating period, including the duration of project making and the construction.

Signing of the Contract
Article 51
(1) A contract will be made for every tender. Except for the work that will be commissioned according to subparagraph (c') of the second paragraph of the article 19, the contracts under the scope of this Regulation will be signed between the administration and the contractor, with the approval of the Minister.

(2) The contract will be subject to the provisions of private law.

(3) Unless otherwise is stated in tender document, the contracts need not be registered with and certified by notary public.

Failure of the applicant that wins the tender to sign the contract
Article 52
(1) Where the applicant who has won the tender fails to hand in the documents [showing that] it is not under the circumstances stated in the commitment letter, submitted as per the fifth paragraph of the article 9, or the other documents or the performance bond, asked when the contract is signed, or else, where it does not sign the contract, the administration can, provided that the tender official finds the economically second most advantageous bid acceptable, sign the contract with that second bidder. In this eventuality, the bid bond of the applicant that do not sign the contract will be realized.

(2) However, in order to be able to sign the contract with the applicant who had made the economically second most advantageous offer, that applicant should be notified in the way, as stated in the article 46.

(3) Where neither the owner of the second most advantageous bid signs the contract, that bidder’s bid bond will be recorded as revenue to the Treasury, and the tender will be canceled.

Establishment of construction right and delivery of the site
Article 53
(1) When it is required by the Ministry, an independent and continuous construction right will be constituted free of charge,
a) On the immovable properties that are under the private ownership of the Treasury and;
b) On the places that are under the control and possession of the state, and the registration of which is not possible, and on which the Ministry decides, within the scope of this Regulation, to have a facility built, as deemed suitable by the Ministry of Finance, for the contract term, and not to exceed thirty years, excluding the fixed investment term, in favor of the special-purpose company.

(2) Provisions to the effect that any immovable property, which would be delivered to the contractor upon constituting a construction right on it, would not be used for any other purpose, and that it would not be possible to transfer this construction right, constituted in favor of the special-purpose company, without the permission of the Ministry of Finance and the Ministry will be included in the contracts.
(3) The responsibility for getting all the permissions that need to be obtained according to the legislation about the im-
movable property on which a construction right would be constituted in favor of the constructor, and for all reports that
need to be prepared, belongs to the Ministry.

(4) If any amendment to the contract necessitates any amendment to the contract on construction right as well, a copy of
the contract amendment will, within one month, be sent to the Ministry of Finance, to ensure such amendment.

Financing, minimum resources, and administration’s financial obligation

Article 54

(1) The contractor is obligated to procure, as stated and within the time mentioned in the contract, all financing that is
necessary for the total fixed investment amount and the provision of all services for the renovation or construction of the
facility for which the tender is called, and to repay it as well as the funding costs in due time. The ratio of the resources that
the contractor will appropriate to the construction works under this Regulation cannot be less than 20% of the investment
amount stated in the contract for the investment period. Information and documents about this can always be required
before the contract is signed or at every phase of the works. If the contractor cannot provide the resources it would
appropriate to the construction works fully and in a timely fashion, the provisions of the contract on default will apply.

(2) The administration will take all kinds of measures on the appropriation of sufficient resources for making payment of
the price throughout the contract term possible. In the contracts, provisions on the interest and the terms that would apply
in the event the prices are not paid fully and on time.

Examining and acceptance process

Article 55

(1) The spending official will set up examining and acceptance commissions that consist of at least three persons, experts
in the related fields depending on the nature of the work, and one of which would be the chairperson, to examine and
accept all work performed under the scope of the Regulation. If the administration does not have sufficient number of
experts in the related fields, depending on the nature of the work, assignments from other public administrations can be
made.

(2) Those who audit the work cannot be assigned as members to the examining and acceptance commissions, but they
will attend to the acceptance process along with these commissions. If the administration approves it, the representa-
tive(s) of the contractor can attend to the examining and acceptance process as observer(s).

(3) The examining and acceptance commissions will review and examine the work performed by the contractor within
the framework of the procedure and principles that are stated in the tender document, and where the nature of the work
necessitates it, carries out the management and operation tests at the sections it deems necessary. If no reason is found
for not accepting, the work will be accepted. If the defects and deficiencies discovered during acceptance are not con-
sidered as a reason for not accepting, the official record of acceptance will be drawn up. However, these defects and
deficiencies will clearly be indicated on the official record, and the time given for correcting them will be stated on that
record. A copy of these official records will be given to the contractor.

(4) The record of acceptance will be after having been approved by the spending official, and then the acceptance
process will have been completed.

(5) When performing their duties, all members of the examining and acceptance committees should be present and take
their decision by majority. Those who dissent must write the reason for not agreeing and undersign it.

(6) Objections that would be raised by the contractor against the examining and acceptance reports and the procedure
for the resolution of these objections will be indicated in the contracts.

(7) If it is included in the contract, a record of acceptance can be drawn up by an independent technical auditor.

Calculation of payments and payment procedures

Article 56

(1) Payments will be made within the framework of the provisions of the contract. The availability payments in the tenders
made according to this Regulation will be updated as per the principles specified in Annex-1. Price payments cannot,
under any circumstances, be made before the construction work is completed. That is, however, without prejudice to the
contractual provisions pertaining to the partial acceptances by the administration upon partial completion and commis-
sioning.

(2) Availability payment payments will be made in every calendar year, in amounts that correspond to the quarterly
terms, in advance. These payments will be made for the January-March period, in January; for the April-June period, in
April; for the July-September period, in July and; for the October-December period, in October.

(3) Should the amount of the total debts, indicated in the financial statement of the contractor, other than in its equity
capital, occur during the contract term, upon refinancing and/or debt restructuring, the decrease in the debt amount will
be shared equally between the administration and the contractor and reflected on the availability payment. The princi-
plies on refinancing and/or debt restructuring and the reflection of the decrease in the debt amount on the availability
payment will be provided in the contract.

(4) The price will be paid out of the revolving fund budget of the Ministry or its affiliated establishments and/or out of
the government budget.

(5) The services provided to the contractor as per the contracts made under the scope of this Regulation will be pur-
chased at periods not to exceed five years, and the equipment, at the end of the periods stated in the tender document,
upon having been updated by market test. The purpose of the market test is to specify the economically most advanta-
geous price for a service or a group of services or equipment. The service or equipment that would be subjected to the
market test, the quotation period, the quotation assessment criteria, the meeting date and place, and agenda will be
notified to the contractor company, latest one month before the meeting. They will be announced in the press and on the
Internet. The quotation assessment criteria include the economic and financial capabilities of the market test participants,
their experience in the services, and technical features that would be used during the market test. Price and quality
assessments will be made with the three firms that had made the best offer, and a final negotiation agreement will be
prepared. The administration will notify the most suitable price offer to the contractor. The contractor can, in five workdays
starting from the date it receives that notice, exercise its right of first refusal regarding procuring this service or equipment
at that suitable price. If it exercises its right of first refusal, the service or the equipment will be procured by the contractor;
if not, the contractor will deliver a certified copy of the new contract, duly made with the subcontractor that had quoted
the best price, to the administration.

(6) The procedure and the principles on the calculation of the service payments that will be paid to the contractor for the
services it provides, on their updating by periodic market tests, not to exceed five years, and on their payment will be
included in the contract.
Delay in the completion of the work and to have it done at contractor’s cost
Article 57
(1) Indemnity and penalties that will apply in the event of delays, mistakes, or adversities regarding the completion of the contract work will be included in the contract.

(2) In the event the contractor cannot perform its undertakings within the scope of the contract in the operating term, except where the health services cannot be continued, a certain time that is appropriate for the nature of the work will be allowed to it to do whatever is necessary, by sending a notice via notary public, explaining the situation in detail. Furthermore, also the financers will be notified about the situation. The time allowed will not have any effect on the contract term and will not stop the imposition of the penalty for delay. If the contractor fails to carry out the instructions in the notice, the work will be commissioned by the administration by way of negotiation at the contractor’s cost, to be deducted from the price payable to it. If the health services cannot be continued, on the other hand, the contractor will urgently be notified about the situation, and the work will be commissioned by the administration at the contractor’s cost.

Cases which prevent the continuance of health services:
a) Malfunctioning of the gas systems (oxygen, nitrogen, air, vacuum, and exhaust) and of the ventilation system for sterilization, or the suitable air filtering and conditioning, and failure to ensure hygienic conditions;
b) Not being able to perform operations due to the failure of the sterilization and disinfection services, and inability to take the safety measures in the sterilization units;
c) Not being able to perform emergency services as well as the operating room, intensive care unit, outpatient, and clinical services because of not being able to provide maintenance and repair services and the malfunction of the patient’s elevator;
d) Not being able to perform emergency imaging, laboratory, surgery, etc. services;
e) Endangering the patients’ safety because of the inability to maintain and calibrate the devices;
f) Compelling the hospital infection committee to decide that services could no longer continue as the result of the interruption of cleaning services, failure to procure the supplies, failure to observe the hygiene rules;
g) Not being able to procure or use the radioprotectors for the patients and the staff and;
g') Not being able to provide the health services for reasons that threaten the patients’ and the staff’s safety.

Audit
Article 58
(1) The administration does audit all phases of the contractor’s activities that fall under the scope of the contract and has them audited. The administration can set up an audit and management system for the supervision of the contractor’s performance and the management of the business. It can, where it needs to, outsource this service.

(2) Financers can – with the permission of the administration and to take as the basis when implementing the financing contract – set up an audit mechanism during the fixed investment period.

Force majeure cases
Article 59
(1) The cases that may be considered as force majeure are the following:
a) Natural disasters;
b) Lawful strikes;
c) Epidemic/pandemic;
c') Partial and full mobilization or war;
d) Other situations that make performance impossible.

(2) In order for the administration to be able to consider the above-mentioned cases as force majeure, a) They should not have caused as a result of the contractor’s mistake;
b) They should, by nature, impede the performance of the undertaking;
c) The contractor must have been unable to overcome the impediment despite having acted reasonably and prudently;
c') The contractor must have notified the administration about the force majeure event in writing within twenty days that follow its occurrence and;
d) Certification of the force majeure event by the competent authorities.

Assignment of the contract
Article 60
(1) The contractor can, with the approval of the administration, assign all its rights and obligations that arise from the contract, with the same conditions, to other real persons or private law entities that meet the conditions stated in the tender document. In the case of construction work that requires the establishment of a special-purpose company, it can assign only to the special-purpose company that had been established. In this eventuality, the construction right contract as well will be assigned to that assignee. Where the contract is assigned in this way, also the other contracts will have been assigned to that assignee. Where the contract is assigned to the special-purpose company, it can then assign any part of the special-purpose company that had been established. In this eventuality, the construction right contract as well will be assigned to that assignee. Where the contract is assigned in this way, also the other contracts will have been assigned to that assignee. Where the contract is assigned to another entity of the same type, any subsequent contracts will be assigned to that assignee. Where the contract is assigned in this way, also the other contracts will have been assigned to that assignee.

Amendments to the contract
Article 61
(1) In the event of a force majeure, extraordinary situations, or the emergence of a situation that affects the implementation of the contract and the annexes to it, or else in the event of any discrepancy between the provisions of the contract and the annexes to it, the parties can, with the approval of the Minister, amend the contract and its annexes for ensuring clarification and applicability, provided that the contract price is not increased. The contract price will be computed by the Ministry, based on the net current value, by using the formula in Annex-3. Before the contract is amended, the opinion
of the Ministry of Treasury and Finance will be obtained regarding the compliance of the said computations with the Regulation.

(2) In the case of construction works, should it be understood that the work could not, under the conditions provided in the contract, be finished because of force majeure, extraordinary situations, or for reasons that do not arise from the contractor’s fault, the price will be updated referring to the date the final tender bid is handed in, and accordingly, the necessary arrangements will be made in the contract with the approval of the Minister.

(3) Where there are changes in the preliminary feasibility report or the projects, and in the investment cost, stated in the tender document for the construction works, which exceed the estimated limits, after the authorization decision of the High Planning Council, the feasibility report or the projects and the other related documents will again be submitted to the High Planning Council and, the High Planning Council will make the necessary amendments to the draft contract and the annexes to it, according to its new authorization.

(4) A technical committee will be set up to deliver opinion with the purpose of making the contract amendments.

SECTION TEN
Ending of the Contract

Termination of the contract
Article 62

(1) In the event the contractor does, after the construction contract is signed, withdraw its contractual undertaking for the investment period, or fail to perform it according to the provisions of the contract, except for the causes for immediate termination that are stated in the contract, this will be explicitly stated in the administration’s written notice to the contractor via notary public, thus allowing a certain time that is appropriate regarding the nature of the affair, to do whatever is necessary. Furthermore, also the financers of the project will be notified about this. The time allowed will not affect the contract term, and neither will it stop the imposition of the penalty for delay. If the undertaking is not performed by the end of the designated time in the notice, the financers and the administration can ensure that the work is done upon changing, by agreeing between themselves, the shareholding/partnership structure of the contractor. If this cannot be achieved, the contract will be terminated without any need for a protest or court order.

(2) When the contractor does, during the operating period of the construction contract, exceed the failure rate stated in the contract, the financers can ensure the continuation of the work upon changing, by agreeing with the administration, the shareholding/partnership structure of the contractor. Otherwise, the contract will be terminated by the administration.

(3) If the contractor cannot – in the case of renovation, research and development, consultancy, and service purchasing contracts – perform its contractual undertakings, except where the health services cannot be continued, a certain time that is appropriate for the nature of the work will be allowed to it to do whatever is necessary, by a notice from the administration via notary public. The time allowed will not have any effect on the contract term and will not stop the imposition of the penalty for delay. If the contractor does not execute the instructions in the written notice within the time allowed, the contract will be terminated without any need for a protest or court order. If health services cannot be continued because of the failure to perform the undertaking, the contract will immediately be terminated.

(4) The calculations for work under the scope of the terminated contract will be made according to the general provisions, and the contractor will be dismissed. The construction right that the Ministry of Finance had constituted on the land, which is a private property of the Treasury, in favor of the contractor will be canceled at the land registry without any need for a court order. In this eventuality, title to all intact and operational structures and facilities on the immovable property will pass to the Treasury. If any damage is inflicted on the immovable property or the structures, facilities, and annexes on it by the contractor, the cost of that damage as well will be collected from the contractor. No rights or claim that originate from the construction right can, for this reason, be asserted by the beneficiaries or third persons.

(5) The state of the work on the date of approval of the termination of the contract will be determined by a committee that would be assigned by the administration, also including the contractor or its proxy, and an official [fact finding] record will be drawn up. If the contractor or its proxy does not attend on the preset date, the official [fact finding] record will be drawn up in their absence, and this will be stated on that record.

(6) In the event the contract is terminated for any reason that is attributed to the contractor, its performance bond will be recorded as revenue to the Treasury. The value of the bond that has been recorded as revenue cannot be set off against its debts, and the contractors cannot assert any right, price, or compensation for their performance bonds. Besides, it will be stated in the contract if the indemnifications and penalties that the contractor might pay to the administration, and the resources it would use for the investment, would be returned to it.

(7) In the event, the contract is terminated by the administration without the contractor’s fault, or by the contractor for reasons that originate from the administration’s fault, the way how and to what extent the losses of the contractor would be remedied will be provided in the contract. Matters pertaining to deciding for the mutual termination of the contract or contract amendments will be stipulated in the contract.

Ending of the contract mutually and liquidation of the work
Article 63

(1) Matters pertaining to the emergence of a force majeure event and the ending of the contract by the contractor and the administration by mutual agreement will be stipulated in the contract.

(2) In the event the contract is ended, the calculations for work under the scope of the terminated contract will be made according to the general provisions, and the performance bond will be returned.

(3) In the event the contract is ended, the title to the immovable property on which a construction right had been constituted by the Ministry of Finance in the contractor’s favor, as well as the structures, the facility, and annexes on it in an intact and operational state will pass to the Treasury.

Transfer of the facility upon ending of the contract
Article 64

(1) In the event the contract is terminated, the contractor cannot break or remove any of the installations in the facility without obtaining the administration’s permission; cannot take the purchased or other materials, any of the vehicles or machines of the facility to anywhere else, cannot transfer them to others, or cannot make any changes to the facility. In order to prevent any such actions of the contractor, the administration can, as it might deem it necessary, seize and expel the contractor from the facility.

(2) The campus will, at the end of the construction contract that had been signed by and between the administration and the contractor according to this Regulation, automatically pass on to the administration, at no cost, and free of any debt and encumbrance, in a maintained, operational and usable state. At the end of the contract term, the state of the campus will be determined by a committee that would be assigned by the administration, also including the contractor or its proxy, and an official [fact finding] record will be drawn up. If the contractor or its proxy does not attend on the preset date, the official [fact finding] record will be drawn up in their absence, and this will be stated on that record. The defects and failures specified in this record will be fixed by the contractor within the time to be given by the administration. If they are not fixed, the sum that will cover the [cost of these] defects and failures will be deducted from the payment that would be made to the contractor and/or set off against its performance bond. If it cannot be covered in this way, the contractor will be required to pay it.
(3) Where the construction right contract for the immovable properties, on which that construction right had been constituted by Ministry of Finance in favor of the contractor, does for any reason, end, it will be deregistered, and the annotations, encumbrances, and statements in the land registry will be canceled and removed.

(4) Matters pertaining to taking over of the facility and the other contracts because of force majeure, mutual agreement, or unilateral termination of the contract by the administration, will be included in the tender document and the contract.

(5) In all kinds of transfer of the facility, and where the services and commercial service areas are handed over to the contractor, the contracts for these areas as well will have ended, and their control and possession will pass to the administration.

SECTION ELEVEN
Miscellaneous and Final Provisions

Making and approving development plans

Article 65
(1) The development plans of the places where the public-private partnership model projects would be carried out according to this Regulation will be made, commissioned, approved by the Ministry of Environment and Urbanization upon the Ministry’s request.

Resolution of disputes
Article 67
(1) Turkish Law will apply to the legal disputes that might arise between the parties during the performance of the contract, and material and functional as well as territorial jurisdiction belongs to courts of the Republic of Turkey. However, the parties may decide that the dispute could be resolved as per International Arbitration Law, dated 21/6/2001 and numbered 4686, provided that Turkish Law will apply to the merits of the case.

Validity date of this provision: 15.04.2015

Provisions that will not apply
Article 68
(1) The work and transactions that would be performed and effected according to the provisions of this Regulation are not subject to State Procurement Law, dated 8/9/1983 and numbered 2886, and Public Procurement Law, dated 4/1/2002 and numbered 4734.

Repealed provisions
Article 69
(1) The Regulation Pertaining to Having Health Facilities Built for Lease [Rights] and Renewed for Operation of the Services and Areas other than Medical Service Areas, that had been put into effect by the Resolution of the Council of Ministers, dated 3/7/2006 and numbered 2006/10655, is repealed.

Present tenders
Provisional Article 1
(1) The works that had been announced within the framework of the repealed addendum article 7 of the Health Services Fundamental Law, dated 7/5/1987 and numbered 3339, and the tender procedure for which had started, will be concluded as according to the existing tender specifications. However, articles 42, 53, and 61 of this Regulation will apply also to the tender processes that continue and to the works the contracts for which had been signed.

(2) Where, in the case of works, the tender process for which continues as of the date of 1/3/2014 and/or the contracts had been signed, the application within the scope of the article 61 of this Regulation is filed by the contractor, within three months starting on the date this Regulation takes effect, the availability payment calculation in annex 2, associated with the contract price, will be applied with the approval of the Minister, and the necessary legislation will be prepared.

Provisional Article 2
(1) According to the amendment to the Regulation, by which this provision is included, the amendments to the first paragraph of the article 61 and to Annex-1 and Annex-2 as well as the provisions in the newly included Annex-3 and Annex-4, will also apply to the contracts that had been made before this article took effect.

Effective date
Article 70
(1) This Regulation that is prepared upon taking the opinion of the Turkish Court of Accounts will take effect on the date it is published.
Enforcement

Article 71

(1) The provisions of this Regulation will be enforced by the Ministry of Health.

The correction, published in the 28996th issue of the Official Gazette, dated 10.5.2014, and “Annex-1 and Annex-2” have been added and corrected as per the letter of the General Directorate of Laws and Resolutions of the Prime Ministry.

Annex-1

Calculation of the Availability payment

(The correction regarding the annexes was published in the Official Gazette dated 10/5/2014 and numbered 28996.)

(The phrase “If CC = 0, CC = 1” found in the “Correction Coefficient” part in Annex-1 “Calculation of Availability payment” has been removed with the article 6 of the Decree of the President of the Republic No. 2049 published in the Official Gazette dated 25/1/2020 and numbered 31019.)

Availability payment Formula

\[
AP = \left( \frac{AP_0 \times d}{365} \times \%a \times \left[ CPI_{(V-1)} + D-PPI_{(V-1)} / 2 \right] \times (1 - \text{Deductions} \%) \times CC \right)
\]

Where:
- \(AP\) = Availability payment subject to payment for the relevant period.
- \(AP_0\) = Availability payment agreed in the contract or its annexes.
- \(CPI_{(V-1)}\) = Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (CPI).
- \(CPI_0\) = Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (CPI).
- \(D-PPI_{(V-1)}\) = Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (D-PPI).
- \(D-PPI_0\) = Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (D-PPI).
- \(d\) = Number of operating days in the relevant three months period.
- \(\%a\) = Percentage of the investment cost of the part that received at the completion of the stage within the total investment cost.
- % Deductions = It is the rate that will be cut due to the usage error that occurs in the whole or any part of the health facility and prevents the use of the relevant section or sections, and will be calculated according to the formula in the contract and the parameters used in similar international works, coefficients and basic data. Unless otherwise stated in the contract, no penalty will be imposed if the usage and / or service errors are corrected within the specified periods [in the contract]. In case of the occurrence of the usage error and the service error together, the higher penalty is applied and is deducted from the service payment not to exceed 20% of the related service payment in the relevant period. If the calculated penalty is greater than 20% of the service payment, the remaining amount is deducted from the availability payment up to 10% of the availability payment.

Correction Coefficient

\[
C = \left( \frac{CCR_{(V-1)}}{CCR_0} \right) \quad I = \left( \frac{CPI_{(V-1)} + D-PPI_{(V-1)} / 2}{CPI_0 + D-PPI_0 / 2} \right)
\]

If \(C \leq 0.25\)  
\[
CC = \left( \frac{C - I}{2} \right) \times FC + 1
\]

If \(C > 0.25\)  
\[
CC = \left( \frac{C - I - 0.125}{FC} \right) + 1
\]

Where:
- \(CCR_{(V-1)}\) = The value calculated according to the currency type and borrowing weights valid in the financing agreements and based on the average of the CBRT’s [Central Bank of the Republic of Turkey] foreign exchange buying rates for the three months before the final bid date.
- \(CCR_0\) = The coefficient used to reflect the part of the change in foreign currency borrowing rate that differs from inflation to the utilization price during the maturity of the borrowing.
- \(C\) = The change in the exchange rate.
- \(I\) = The change in the inflation index.
- \(CPI_{(V-1)}\) = Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (CPI).
- \(CPI_0\) = Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (CPI).
- \(D-PPI_{(V-1)}\) = Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (D-PPI).
- \(D-PPI_0\) = Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (D-PPI).
- \(FC\) = The ratio of the Turkish Lira equivalent calculated over the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates in the last ten working days of the calculation period before the calculation date.
- \(CC\) = The coefficient used to reflect the part of the change in foreign currency borrowing rate that differs from inflation to the utilization price during the maturity of the borrowing.
- \% Deductions = It is the rate that will be cut due to the usage error that occurs in the whole or any part of the health facility and prevents the use of the relevant section or sections, and will be calculated according to the formula in the contract and the parameters used in similar international works, coefficients and basic data. Unless otherwise stated in the contract, no penalty will be imposed if the usage and / or service errors are corrected within the specified periods [in the contract]. In case of the occurrence of the usage error and the service error together, the higher penalty is applied and is deducted from the service payment not to exceed 20% of the related service payment in the relevant period. If the calculated penalty is greater than 20% of the service payment, the remaining amount is deducted from the availability payment up to 10% of the availability payment.

Annex-2
Annex-2
Calculation of the Availability payment

(The correction regarding the annexes was published in the Official Gazette dated 10/5/2014 and numbered 28996.)

(The phrase 'If C = 0, CC = 1' found in the 'Correction Coefficient' part in in Annex-2 “Calculation of Availability payment” and the phrase 'in any case (APV/CCR  ≥ UP(V-1)/CCR (V-1))' have been removed with the article 7 of the Decree of the President of the Republic No. 2049 published in the Official Gazette dated 25/1/2020 and numbered 31019.)

Availability payment Formula

\[ AP_0 = \frac{\left( AP_{0} \times \frac{d}{365} \times \%a \times \left[ CPI_{V-1} + D-PPI_{(V-1)} / 2 \right] / \left[ CPI_{0} + D-PPI_{0} / 2 \right] \times (1 – \text{Deductions} \%) \right) \times CC }{ \text{CCR}} \]

\[ AP_{v} = \text{Availability payment agreed in the contract or its annexes.} \]

\[ CPI_{V-1} = \text{Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (CPI).} \]

\[ CPI_{0} = \text{Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (CPI).} \]

\[ D-PPI_{(V-1)} = \text{Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (D-PPI).} \]

\[ D-PPI_{0} = \text{Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (D-PPI).} \]

\[ d = \text{Number of operating days in the relevant three months period.} \]

\[ \%a = \text{Percentage of the investment cost of the part that received at the completion of the stage within the total investment cost.} \]

\[ \% \text{Deductions} = \text{It is the rate that will be cut due to the usage error that occurs in the whole or any part of the health facility and prevents the use of the relevant section or sections, and will be calculated according to the formula in the contract and the parameters used in similar international works, coefficients and basic data. Unless otherwise stated in the contract, no penalty will be imposed if the usage and/or service errors are corrected within the specified periods (in the contract). In case of the occurrence of the usage error and the service error together, the higher penalty is applied and is deducted from the service payment not to exceed 20% of the related service payment in the relevant period. If the calculated penalty is greater than 20% of the service payment, the remaining amount is deducted from the availability payment up to 10% of the availability payment.} \]

Correction Coefficient

\[ C = \frac{\text{CCR}_{V-1}}{\text{CCR}_{0}} \]

\[ I = \frac{\left[ CPI_{V-1} + D-PPI_{V-1} / 2 \right] / \left[ CPI_{0} + D-PPI_{0} / 2 \right]}{\left[ CPI_{V-1} + D-PPI_{V-1} / 2 \right]} \]

\[ \text{If } C ≤ 0,25 \quad \frac{CC}{CCR} = \frac{\left[ C – I \times FC / 2 \right]}{\left[ C – I \times FC / 2 \right]} + 1 \]

\[ \text{If } C > 0,25 \quad \frac{CC}{CCR} = \left( C – I \times FC / 2 \right) + 1 \]

\[ CC = \text{The coefficient used to revise the availability payment in parallel with the change in exchange rates valid in the financing agreements and inflation.} \]

\[ C = \text{The change in the exchange rate.} \]

\[ I = \text{The change in the inflation index.} \]

\[ CPI_{V-1} = \text{Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (CPI).} \]

\[ CPI_{0} = \text{Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (CPI).} \]

\[ D-PPI_{V-1} = \text{Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the end of the month of the previous three-month period from the date of calculation (D-PPI).} \]

\[ D-PPI_{0} = \text{Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the month before the month in which the final bid date is realized (D-PPI).} \]

\[ \text{CCR}_{V-1} = \text{The value calculated according to the currency type and borrowing weights valid in the financing agreements and based on the average of the CBRT’s [Central Bank of the Republic of Turkey] foreign exchange buying rates for the three months before the final bid date.} \]

\[ \text{CCR}_{0} = \text{The value calculated according to the currency type and borrowing weights valid in the financing agreements and based on the average of the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates for the three months before the calculation date.} \]

\[ \text{CCR}_{V-1} = \text{The value calculated according to the currency type and borrowing weights valid in the financing agreements and over the average of the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates of the last ten working days of the calculation period before the calculation date.} \]

The lower and upper limits in Turkish Lira or foreign currency can be defined for the availability payment payments calculated within the framework of the procedures and principles in Annex-4. In determining the lower and upper limits in terms of foreign currency, the foreign currency type and borrowing weights valid in the financing agreements are taken into consideration.
Annex – 3
Calculation of the Net Present Value

Net Present Value shall be calculated with the below formula:

\[ NPV = \sum_{n=y+1}^{i} \frac{(AP_n + CSP_n)}{(1 + d)^n} \]

The terms found in the above formula shall have the following meanings:

- **NPV**: The total amount to be obtained as a result of discounting all availability payment and mandatory service payments as stated in the contracts and to be made in the periods after the relevant calculation period and calculated as of the calculation date,
- **AP_n**: The currency equivalent of the availability payment valid in financing agreements calculated in each subsequent calculation period after accepting the calculation period as \( n = y \), in accordance with the formulas in the Annex – 1 and Annex 2 of the Regulation and by using “ED t+n” values instead of “CPI t-1” and “D-PPI t-1 2 1” values and by using “EC t-1” value instead of “CCR V-1” in the formula based on the values obtained from the projection method described below,
- **CSP_n**: The currency equivalent of the service payment determined financing agreements to be paid in the calculation periods following the relevant calculation period by accepting the calculation period as \( n = y \), of the quarterly total mandatory service payment paid on a monthly basis in the relevant calculation period which is updated annually as specified in the contract,
- **d**: Discount rate,
- **n**: Each payment period from \( n = y + 1 \) to “i” during the remaining operating period by accepting the calculation period as \( n = y \),
- **i**: The total number of calculation periods remaining as of the calculation date.

\( AP_n \) and \( CSP_n \) will be calculated in accordance with the “V” variable, which is the basis for the availability payment for foreign currency.
Discount rate \( d \) to be applied will be calculated by the Ministry of Treasury and Finance by taking the following into consideration:
- in case of existence of the debt securities issued abroad in the same term in the relevant currency, the current levels of these debt securities in the secondary market,
- in case of there are no debt securities issued abroad with the same maturity in the relevant currency, the current levels in the secondary market and exchange rates of debt securities issued abroad for the same maturity in US dollars in the secondary market and exchange rates of debt securities issued abroad in US dollars,
- in case of both conditions are not fulfilled, the current levels and exchange rates of debt securities issued in US dollars with similar maturities in the secondary market,
- and notified to the Ministry by the Ministry of Treasury and Finance upon the request of the Ministry.

The change in the inflation index \( [IV_n] \) for the Availability payment projection, the average change between the last month of the previous calculation period and one hundred and twenty-one months ago CPI and D-PPI Indexes is calculated according to the following formula:

\[ IV_n = \left[ \frac{[CPI_n]}{[CPI_{n-121}]} \right] \]

The terms in the formula have the following meanings:

- **CPI_n**: Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] for the last month of the calculation period before the relevant calculation date \( [CPI] \),
- **D-PPI n**: Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] for the last month of the previous calculation period from before the calculation date \( [D-PPI] \),
- **CPI_{n-121}**: Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] one hundred and twenty-one months before the date of calculation \( [CPI] \),
- **D-PPI_{n-121}**: Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] one hundred and twenty-one months before the date of calculation \( [D-PPI] \),
- **i_n**: The quarterly change rate to be used for the projection of the CPI and D-PPI index values for the availability payment, \( IV_t \) \( IV_t^{[V-1]} \) The index value indicating the average of the CPI and D-PPI index values that will be based on the projection of the availability payment for the 3 months period following the current period \( n \),

\[ i_n = \frac{[CPI_n] + [D-PPI_n]}{[CPI_{n-121} + D-PPI_{n-121}]} \]

The quarterly periodic change in the exchange rate (CE) is calculated according to the following formula over average of the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates for the last ten business days before the relevant payment period and the CBRT’s [Central Bank of the Republic of Turkey] average purchase of foreign currency for the last ten business days before the quarter of one hundred and twenty one months ago according to the currency type and borrowing weight valid in the financing agreements:

\[ c = \left( \frac{[I_c]}{[I_{c-121}]} \right) \]

The terms in the formula have the following meanings:

- **I_c**: The average of the CBRT [Central Bank of the Republic of Turkey] buying rates for the last ten working days of the period before the calculation date, according to the currency types and borrowing weights valid in the financing agreements,
- **I_{c-121}**: The average of the CBRT [Central Bank of the Republic of Turkey] buying rates for the last ten working days of the one hundred and twenty-first month before the calculation date, according to the currency types and borrowing weights valid in the financing agreements,
IVt: The exchange rate calculated over the average of the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates according to the foreign currency type and borrowing weight valid in the financing agreements belongs to the last ten working days of the previous calculation period used as the basis for the availability payment for the relevant calculation period.

IV_{t+n}: The exchange rate to be used for the projection of the exchange rate for the availability payment,
c: The rate of change in the exchange rate.

For the mandatory service payment projection, the formula included in the contracts will be used, but the change in the inflation index (IVCSP) based on average change in the Consumer Prices (CPI) and Domestic Producer Prices (D-PPI) Indexes of December of the previous year and the Consumer Prices (CPI) and Domestic Producer Prices (D-PPI) Indexes of December ten years ago is calculated according to the following formula:

\[ c_{IV} = \left( \frac{CPI_{Dec-1} + D-PPI_{Dec-1}}{CPI_{Dec-10} + D-PPI_{Dec-10}} \right)^{1/10} - 1 \]

IV_{Dec+n} = IV_{Dec} X (1 + c_{IV})

The terms in the formula have the following meanings;

CPI_{Dec}: The Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] valid in December of the previous year,
D-PPI_{Dec}: The Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] valid in December of the previous year,
CPI_{Dec-10}: The Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] valid in December ten years before the date of calculation,
D-PPI_{Dec-10}: The Domestic Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] valid in December ten years before the date of calculation.

Average annual change in the minimum wage shall be calculated with the following formula:

\[ A = \frac{AW_{Dec-10}}{ AW_{Dec-1}}^{1/10} - 1 \]

\[ AW_{Dec-1} = AW_{Dec} X (1 + c) \]

The terms in the formula have the following meanings;

AW_{Dec-1}: Thirty-day gross Minimum Wage which is effective in December of the previous year before the relevant payment period and published in the Official Gazette and to be applied in contracts regarding the period in which the calculation is made.
AW_{Dec-10}: Thirty-day gross Minimum Wage which is effective in December ten years before the relevant payment period and published in the Official Gazette and to be applied in contracts regarding the period in which the calculation is made.
c: Minimum wage change coefficient.

The contract price, is calculated as follows by accepting the calculation period in which the calculation is as "n = γ":

\[ \text{Contract Price} = \sum_{n=0}^{y} \left( \frac{UP_n}{CSP_n} + \frac{UP_n + CSP_n}{1 + r} \right) \]

The terms in the formula have the following meanings;

AP: The Availability payment made from the beginning of the operating period until the relevant calculation period,
CSP: The quarterly total of the mandatory service payment payments paid on a monthly basis for the relevant calculation period which are updated annually from the beginning of the operating period.

Annex - 4
Determination of Base and Ceiling for the Availability payment

Availability payment Base:
The Contractor is obliged to submit the financing agreements and financing repayment plan for the financing it provides to the Ministry. The periodic availability payment payments of the Ministry, will be made in a way that will not prejudice the financing repayment obligations of the Company, provided that the Company does not have any fault within the scope of the contract.

Namely; in any case, the availability payment to be paid in the relevant payment period will not be less than the multiplication of the minimum debt service coverage ratio specified in the financing agreements which is included in the repayment plan proposed by the contractor. If the debt service is not performed quarterly, the debt service is calculated by proportioning the debt maturity to the quarterly debt service.

\[ \frac{UP}{CCR} \geq DS X DSCR \]

The terms in the formula have the following meanings;

UP: The Availability payment subject to payment for the relevant period.
The value calculated according to the currency type and borrowing weights valid in the financing agreements and over the average of the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates of the last ten working days of the calculation period before the calculation date.

**DSV:** The debt service amount that the company is obliged to repay, in accordance with the foreign currency and borrowing weights in the financing agreements and financing repayment plans.

**DSCRmin:** The minimum debt service coverage ratio specified in financing agreements.

The availability payment base calculated in this way will not be less than the currency equivalent of the availability payment calculated periodically as of the final bid date over the average of the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates according to the currency type and borrowing weights valid in the financing agreements.

**UPc / CCRV-1 ≥ UP0 / CCR0**

The terms in the formula have the following meanings;

**APV:** Availability payment subject to payment for the relevant period,

**CCRV-1:** The value calculated according to the currency type and borrowing weights valid in the financing agreements and over the average of the CBRT [Central Bank of the Republic of Turkey] foreign exchange buying rates of the last ten working days of the calculation period before the calculation date,

**UP0:** The availability payment determined in the contract or its annexes,

**CCR0:** The value calculated according to the currency type and borrowing weights valid in the financing agreements and based on the average of the CBRT’s [Central Bank of the Republic of Turkey] foreign exchange buying rates for the three months before the final bid date.

The Ministry is authorized to increase and decrease the availability payment base amounts. However, in case the availability payment base is decreased by the Ministry, the sum of the net present values of the base payment amounts determined by the Ministry cannot be less than the net present values of the currency equivalent calculated periodically as of the final bid date of the availability payment.

**Availability payment Ceiling:**

The availability payment ceiling is determined through the medium of updating the last availability payment paid in Turkish Lira to the Company over the foreign currency equivalent to be calculated with the average purchase rate announced by the CBRT [Central Bank of the Republic of Turkey] for the last ten working days of the previous accounting period and foreign currency inflation rate to be calculated based on the data in the Organization for Economic Co-operation and Development (OECD) in accordance with the following principles.

**FCI:** The quarterly foreign currency inflation rate to be used for the calculation of the availability payment for the foreign currency, which is valid in the financing agreements,

**FCI:** Consumer Price Index for the last month of the calculation period before the calculation date for the foreign currency valid in the financing agreements (FCI).

If the Foreign Currency Inflation Rate is below zero, the subject rate shall be taken as zero.

In case there is more than one type of currency found in the financing agreements, the foreign currency inflation rate is calculated by taking the weighted average of the inflation rates of the relevant currency types and taking into account the currency types and weights valid in the financing agreements.

The availability payment ceiling is calculated by using the following formula:

**UPceiling = \left[ \sum_{k=1}^{n} \left( \left( APV_{-1} \right) X \left( (1 + fci) \right) X d \times \left( (1 + d)^{-1} \right) \right) / \left( (1 + d)^{-1} \right) \right] - 1**

The terms in the formula have the following meanings;

**d:** Discount rate defined in Annex-3,

**APV_{-1}:** The currency equivalent of the availability payment in Turkish Lira which is calculated in the current period in foreign currency valid in the financing agreements and to be calculated with the average purchase rate announced by the CBRT [Central Bank of the Republic of Turkey] for the last ten working days of the previous calculation period,

**n:** The number of quarterly payments to be made during the remaining operating period.

The Ministry is authorized to reduce or increase the availability payment ceiling amounts calculated as specified. The total usage cost determined by the Ministry by taking the base or ceiling payments into account, cannot exceed the net present value (NPV) calculated in accordance with Annex-3 in any case.

In the event that the payments to be made exceeds APV, the increase amount in the availability payment caused by the base payment shall be offset through the medium of time deduction or availability payment decrease method.
LAW NO. 6446 ON THE ELECTRICITY MARKET

Official Gazette. 30.03.2013/28603
No.: 6446
Adoption Date: 14.03.2013
Effective Date: 30.03.2013
Last Amendment Date: 02.12.2020
Effective Date of this Version: 02.12.2020

SECTION ONE
Purpose, Scope and Definitions

Purpose
Article 1
(1) The purpose of this Law is to ensure the development of a financially sound, stable and transparent electricity market operating in a competitive environment under provisions of private law and to ensure an independent regulation and supervision of this market for the delivery of electricity to the consumers in a sufficient, good quality, continuous, low cost and environment-friendly manner.

Scope
Article 2
(1) This law covers electricity generation, transmission, distribution, wholesale or retail sales, import and export, market operation, and the rights and obligations of all real persons and legal entities directly related to these activities.

Definitions and abbreviations
Article 3
(1) In the implementation of this Law, the following terms shall have the following meanings:

a) Connection agreement: An agreement containing general and special provisions for connection of a generation company, distribution company or consumer to the transmission system or distribution system.

b) Minister: The Minister of Energy and Natural Resources,

c) Ministry: The Ministry of Energy and Natural Resources,

d) Transmission: The transport of electricity through lines of 36 kV or lower,

e) Distribution system: Electricity distribution facilities and network operated by a distribution company in the distribution area specified in its license,

f) Distribution Company: The legal entity engaged in electricity distribution in a specific region,

g) Distribution facility: Facilities and equipment equipped for electricity distribution and counters equipped or taken over by the distribution company, from the final pole after the point where the transmission facilities and switchyards belonging to the generation and consumption facilities connected at the distribution voltage level end, to the building entrance points of consumers connected at the low voltage level, excluding building entrance and counter space,

h) DSI: The General Directorate of State Hydraulic Works,

i) Control: Rights that provide the opportunity to exercise decisive influence on a legal entity’s decisions, or rights created by contracts,

j) Contracted supply company: The supply company established within the scope of legal separation of distribution and retail sales activities or authorized by the Board as the last resource procurement,

k) Bilateral agreement: Commercial agreements made between real and legal persons under the provisions of private law, without being subject to Board approval, regarding the purchase and sale of electricity and/or capacity,

l) Transmission surcharge: The fee that can be collected on behalf of the Authority over the transmission tariff,

m) Transmission system: Electricity transmission facilities and network,

n) Transmission facility: The facilities from the final pole after the generation or consumption facility switchyard to which the generation or consumption facilities are connected with at a voltage level above 36 kV to the connection points of the distribution facilities, including the medium voltage feeders of the transmission switchyards,

o) Board: Energy Market Regulatory Board,

p) Cogeneration: Simultaneous generation of heat and electrical and/or mechanical energy in the same facility,

q) EUAS: Electricity Generation Joint Stock Company [Elektrik Üretim Anonim Şirketi],

r) Control: Rights that provide the opportunity to exercise decisive influence on a legal entity individually or together, de facto or legally, a right of ownership or a right of use suitable for exercise over all or part of the assets of a legal entity, through contracts or other means or rights that provide a decisive influence on the formation of the organs of a legal entity or their decisions, or rights created by contracts,

s) Authority: Energy Market Regulatory Authority,

t) License: Permission given to legal entities pursuant to this Law to operate in the market,

u) Central settlement institution: The institution established as a central clearing institution in accordance with the Capital Market Law No. 6362 dated 6/12/2012, used to carry out financial transactions between market participants to be determined by the relevant regulation,
u) Existing contracts: The agreements, concession agreements and implementation agreements signed before the effective date of the Electricity Market Law No. 4628, dated 20/2/2001, according to the provisions of the Law No. 3096, dated 04.12.1994 on the Authorization of Enterprises other than Electricity Authority of Turkey for Electricity Generation, Transmission, Distribution and Trading, the Law No. 3996, dated 08.06.1994 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, the Law No. 4283, dated 16/7/1997 on Establishment and Operation of Electrical Energy Generating Facilities and Regulation of Energy Sales under the Build-Operate Model, and the Law No. 4501, dated 21/1/2000 on the Principles That Need to be Observed in case of Application to the Arbitration in Disputes arising from Concession Terms and Contracts related to the Public Services, as well as the relevant regulations,

v) Micro cogeneration facility: Cogeneration facility with an installed capacity of 100 kilowatts and below, based on electricity,

y) Organized wholesale electricity markets: Electricity markets such as day-ahead market, intraday market, and other electricity markets that require future physical delivery in which electricity, capacity or retail trading is realized, and which is organized and operated by a central intermediating legal entity with a market operating license, and the markets operated by Istanbul Stock Exchange Incorporation where standardized electricity contracts that are capital market instruments and derivative products based on electricity and/or capacity are traded, and balancing power market and ancillary services market organized and operated by the Turkey Electricity Transmission Joint Stock Company [Türkiye Elektrik İletim Anonim Şirketi],

z) Pre-license: Permission given for a certain period of time to legal entities who want to engage in generation activity in order to obtain the necessary approvals, permissions, licenses and the like to start their generation facility investments,

aa) Retail sales: The sale of electricity to consumers,

bb) Market: The electricity market consisting of generation, transmission, distribution, market operation, wholesale and retail sales, import and export activities and the works and transactions related to these activities,

cd) Eligible consumer: Real or legal person who has the right to choose its supplier because it has more consumption than the amount of electricity determined by the Board, or is directly connected to the transmission system, or has the legal status of organized industrial zone,

cc') System control agreement: Agreements made in accordance with the provisions of private law between Turkey Electricity Transmission Joint Stock Company [Türkiye Elektrik İletim Anonim Şirketi] or the private distribution company and the Legal entity subject to private law, which is the owner or operator of the private direct line, including provisions that ensure the stability of the transmission and distribution systems and the protection of business integrity,

dd) System usage agreement: The agreement containing the general provisions regarding the use of the transmission system or the distribution system by an electricity generation company, a company holding the supply license, or the consumer, and the terms and conditions specific to the user concerned,

ef) Supply of last source: The supply of electricity to consumers who, despite having the qualification of an eligible consumer, do not procure their electricity from a supplier other than the company with the supply license that has been authorized as the last-source supplier,

ff) Tariff: The regulations regarding the transmission, distribution and sale of electricity and/or capacity and the prices, terms and conditions of the services related to them,
SECTION TWO
Electricity Market Activities and Licenses

Electricity market activities

Article 4
(1) The activities that can be carried out in the market provided that a license is obtained in accordance with the provisions of this Law are as follows:

a) Generation activity
b) Transmission activity
c) Distribution activity
c') Wholesale selling activity
d) Retail sales activity
e) Market operating activity
f) Import activity
g) Export activity

(2) The procedures and principles that legal entities to operate in the market must comply with in their activities are set out by a regulation.

(3) Legal entities that will operate in the market subject to the provisions of private law must be established as joint stock companies or limited companies in accordance with the provisions of the relevant legislation, and the shares of joint stock companies other than those traded in the stock exchange must be registered shares. The issues that should be included in the articles of association of these companies are laid out by a regulation.

License essentials

Article 5
(1) License is the permit granted to legal entities in order for them to perform the market activities registered on it in accordance with the provisions of this Law. Without prejudice to the provisions regarding the markets specified in the paragraph ten of the article 11, the following issues regarding licenses are set out by a regulation issued by the Authority:

a) Application and evaluation procedures and principles and procedures and principles regarding the granting, amendment, termination, cancellation, terms, extension, renewal of licenses, and suspension of the rights and obligations covered by the license for a certain period
b) License fees to be determined according to the type of activity and the nature of the work
c) Provisions regarding the rights, obligations, duties, capital adequacy, qualified personnel required to be employed within the scope of the licenses of the legal entities that hold a license, and the procedures and principles regarding the assignment of the rights of the license holders whose tariffs are subject to regulation

(2) The principles that the licenses to be issued under this Law will be subject to and that the license holders are obliged to comply with are as follows:

a) Except for the exceptions in this Law, legal entities that will engage in market activities must obtain a separate license for each activity before starting their activities, and if the activities in question are to be carried out in multiple facilities, they must obtain a separate license for each facility.
b) Legal entities engaged in activities with regulated tariffs are obliged to keep separate accounts and records for each activity whose tariff is subject to regulation and for each region that is restricted under its license of this activity.
c) Licenses are granted for a maximum of forty-nine years. The minimum period valid for generation, transmission, and distribution licenses is ten years.
c') Legal entities are obliged to pay the fees for getting a license, license renewal, license amendment, getting a license copy, and annual license fees determined by the Board to the Authority.
d) Legal entities holding a license are obliged to keep their facilities, legal books and records ready for the inspection by the Authority, to open them for inspection when requested by the Authority, and to submit to the Authority all kinds of information and documents that the Authority may need in order to carry out its activities, in a timely, complete and accurate manner.
e) In addition to obtaining licenses, legal entities are obliged to fulfill the requirements of the legislation according to their field of activity.
f) Generation facilities based on the same type of renewable energy source established on the surfaces of multiple buildings or outbuildings can be evaluated within the scope of a single generation license, provided that they are connected to the system from the same point. The procedures and principles regarding the application are determined by the Authority.

(3) The following transactions of legal entities operating in the market are subject to the permission of the Board. The principles and procedures for obtaining board permission are spelled out by a regulation issued by the Authority:

a) For legal entities whose tariff is subject to regulation; changes in capital shares of five percent in publicly traded companies and ten percent or more in others, and any transaction that will result in a change in control
b) Works and transactions that result in the change of ownership or right of use of the facilities

(4) The provisions regarding the issues mentioned below for the legal entities holding a license with a regulated tariff are included in the regulation issued by the Authority:

a) Provisions specifying the real persons and legal entities to be served under the license and the types of activities to be carried out
b) Provisions that the holder of a distribution or transmission license will provide the real persons and legal entities with access to and use of the system without discrimination between equals
c) Methods for determining the pricing principles contained in this Law, determining the pricing principles to be applied within the scope of last source supply and/or in the electricity sales to non-eligible consumers, taking the market needs into account, and for applying the formulas for other adjustments to be needed in these prices, including inflation, and the provisions regarding control of them

(1) Provisions that will ensure that the license holder provides complete and accurate information to the Authority and makes purchases of electricity or capacity as a prudent merchant in terms of sales to consumers

d) Provisions containing the principles for the implementation of the rules on the reflection of service costs and the measures to minimize technical and non-technical losses

e) Provisions regarding the obligation of the license holder to comply with all instructions given by the Authority

f) Provisions regarding the activities that can be carried out within the scope of the license without the permission of the Board

g) Provisions that will ensure that the service is performed according to technical requirements

(5) Legal entities whose license applications have been rejected are notified fully and clearly.

(6) License expires automatically upon the expiry of its term; in cases where the bankruptcy of the licensed legal entity becomes final, the license holder makes a request or the conditions for granting the license are lost, license expires by the decision of the Board.

(7) A letter of guarantee not exceeding ten percent of the investment amount is obtained from the legal entity applying for the generation license, according to the nature and size of the generation facility to be established, to be recorded as revenue in case the generation facility is not established within the construction period specified in its license, following the fulfillment of the pre-license obligations. Except for force majeure cases and justifiable reasons not arising from the license holder, if the generation facility is not established within the construction period specified in its license or it is determined that it cannot be established within the remaining period, the license is revoked and the letter of guarantee is recorded as revenue. The procedures and principles regarding the receipt, quality and time extension of the guarantee are spelled out by a regulation.

(8) A legal entity whose license has been revoked, the shareholders with a shareholding of ten percent or more in this legal entity, and the chair and members of the board of directors, including those who have left office within one year before the license revocation date, cannot obtain a license, apply for a license, directly or indirectly own shares in legal entities applying for a license, serve in the boards of directors for three years following the termination of the license.

(9) Distribution license may be granted in the event that the applicant fulfills the obligations stipulated in accordance with this Law and certifies the right to operate the relevant distribution system.

(10) Notifications, reports and other documents requested from the licensed legal entities are submitted to the Authority in accordance with the procedures and principles set out in the regulations.

(11) The Authority takes the necessary measures in cases of termination or revocation of licenses in order to protect consumers and prevent market disruptions.

(12) The energy transmission facilities required for generation facilities to be established in areas of renewable energy resources are built by TEIAS in accordance with the commissioning program of the power plant units.

Pre-license Principles

Article 6

(1) The legal entity applying for the generation license is first granted a pre-license for a certain period of time in order for it to obtain the permits, approvals, licenses and similar documents arising from the legislation in order to start the generation facility investment, and to obtain the ownership or usage right of the site where the generation facility will be established. The following issues regarding the pre-license are set out by the regulation issued by the Authority:

a) The procedures and principles of application, evaluation and letter of guarantee, and the procedures and principles to be applied in cases of granting, amending, terminating, canceling, duration and extension of the pre-license

b) The terms and consequences of the cancellation and termination of the pre-license

c) The procedures and principles regarding the rights, obligations and capital adequacy of legal entities holding a pre-license within the scope of pre-license

(2) A legal entity that could not obtain the necessary permits, approvals, licenses or similar documents during the pre-license period, that could not prove that it has acquired the ownership or right of use of the area where the generation facility will be established, and that has not fulfilled the obligations specified by the Authority, is not provided with a license.

(3) The pre-license is revoked in the event of a change, directly or indirectly, in the shareholding structure of the legal entity with pre-license, the transfer of its shares or the operations and transactions made that will result in the transfer of the shares, or the failure to fulfill the obligations determined by the Authority, until the license is obtained, excluding the exceptions determined through a regulation by the Board.

(4) The principles that the pre-licenses to be issued by the Board under this Law will be subject to, and that the pre-license holders are obliged to comply with, are as follows:

a) Excluding the exceptions in this Law, if the legal entity to engage in the generation activity will carry out the activity in multiple facilities, it must obtain a separate pre-license for each facility.

b) Legal entities are obliged to pay to the Authority the fees for getting, amending, copying a pre-license, and other fees determined by the Board.

c) The legal entity holding a pre-license must provide the Authority with all kinds of information and documents that the Authority may need in order to carry out its activities.

(5) The duration of the pre-license cannot exceed twenty-four months, except in cases of force majeure. The Board may extend this period by half depending on the resource type and installed power.

(6) In the event that the pre-license is cancelled or expired for a reason not arising from the legal entity holding a pre-license, the relevant guarantee is returned.

(7) The pre-license terminates automatically at the expiry of its term unless its term is extended, upon request by or bankruptcy of the legal entity holding the pre-license.
A letter of guarantee in the amount to be determined by the regulation is obtained from the legal entity applying for a pre-license, according to the nature and size of the generation facility to be installed, to be recorded as revenue in case of failure to fulfill the obligations that it needs to fulfill within the pre-license period.

In case a separate license application is made for oil or natural gas market activities in order to operate in the location where the generation facility covered by the license application will be established, the license application that will be prioritized is decided by the Board after obtaining the opinion of the Ministry.

Building license to be obtained for nuclear energy generation facilities, and permits, approvals, licenses, and similar documents arising from other legislation relating to construction, and documents indicating that the ownership or usage right of the site, where the generation facility will be established has been acquired are submitted to the Authority within the period specified by the Board, to be affected after the generation license was granted. The generation license is canceled in case the documents requested within the period determined by the Board are not submitted to the Authority except for force majeure or just cause not arising from the license holder. In these generation facilities, the construction of structures not directly related to the generation facility can be started before the generation license is obtained, provided that the obligations arising from other legislation are fulfilled.

Generation activity  
Article 7  
(1) Generation activity can be carried out by public and private sector generation companies and the legal personality of the organized industrial zones under their own licenses.

(2) Generation company can perform the following activities under its license:

a) Sale of electricity or capacity to supply companies, eligible consumers and persons to whom it has established private direct lines

b) Electricity energy or capacity trading

c) Purchase of electricity energy or capacity to procure the electricity energy or capacity it has undertaken to supply, on the condition of not exceeding, during a calendar year, the percentage determined by the Board of the annual electricity energy generation amount included in its license.

(3) The generation realized by legal entities with a generation license to meet the needs of consumption facilities which they owned, leased, acquired through financial leasing or took over the operating rights for, is not considered as a sale to the final consumer, provided that they use the energy they generated in their facilities without entering the transmission or distribution system. The purchase of electricity for consumption in the consumption facilities is not taken into account in the calculation of the percentage specified in the subparagraph (c) of the second paragraph.

(4) The evaluation of the pre-license applications made for the establishment of electricity generation facilities based on wind or solar power is made according to the following principles:

a) In case the application is made by the owner of the site where the generation facility will be established, other applications made for the same site are not taken into consideration.

b) It is required to include in the applications the measurement data on the site where the facility will be established on the resource basin and/or measurement data of definite duration that represent the site, complying with the standards and obtained in the last eight years. Determination of the site, measurements and evaluation, obtaining the data and data security, and their documentation are set out by a regulation proposed by the Ministry and issued by the Authority. No measurement data are required in terms of generation facilities to be established in renewable energy resource areas that have been determined within the scope of the article 4 of the Law No. 5346.

c) Applications for which an appropriate connection opinion is given by TEIAS or the relevant distribution company, taking into account the effects, with respect to the network, of the technologies to be used as well, are included in the evaluated.

(1) In the event that there are multiple applications in the evaluation to connect to the same connection point and/or the same connection area, a competition is run by TEIAS, based on the principle of offering the lowest price over the prices in the schedule (I) attached to the Law No. 5346, to determine the ones, among the applications, that will be connected to the system as much as the declared capacity, to be valid for the periods when they can benefit from the RES Support Mechanism within the scope of the Law No. 5346, and without prejudice to their rights specified in the schedule (II) attached to the same Law. The issues to be applied in case of equality and the procedures and principles regarding the competition are set out by the regulation proposed by TEIAS and issued by the Authority. The procedures and principles regarding the technical evaluation of wind and solar energy license applications are set out by a regulation issued by the Ministry.

(5) Total amount of electricity generation that any real person or private legal entity can generate through generation companies under their control cannot exceed twenty percent of the total electricity generation in Turkey, published for the previous year.

(6) Legal entities that undertake electricity generation based on renewable energy resources can obtain a Certificate of Electricity Generation from Renewable Source from the Ministry stating that the source of the electricity they produce is a renewable resource. The procedures and principles regarding the issuance of the certificate in question are set out by a regulation issued by the Ministry.

(7) Capacity increase, modernization, replacement investments and modifications are allowed for licenses obtained to set up a generation facility based on renewable energy resources and/or for facilities covered by these licenses, in case the areas specified in their licenses are not overrun and the connection opinion within the scope of the modification received from TEIAS and/or the relevant distribution company is in the affirmative.

(8) The procedures and principles for granting, modifying, terminating, revoking pre-licenses and licenses of the legal entities that will engage in generation activity through multiple-source electricity generation facilities, as well as for duration, extension, renewal of such licenses, and suspension of the rights and obligations covered by the license, and for the market activities of these legal entities are set out by a regulation issued by the Authority.

Transmission activity  
Article 8  
(1) Electricity energy transmission activity is exclusively carried out by TEIAS within the scope of its license. TEIAS cannot engage in any activity other than those specified by this Law. Conducting a non-market activity that will increase efficiency in conjunction with the transmission activity is subject to the Authority’s permission. Purchasing or leasing electricity or capacity within the scope of ancillary services market to cover technical and non-technical losses of the transmission system, and the sale, due to realizations, of excess amount of the energy contracted to cover technical and non-technical losses of the transmission system, are exempt from this provision.
(2) The duties and liabilities of TEIAS are as follows:

a) To make transmission investment plans for the new transmission facilities foreseen to be established, to establish new transmission facilities and to operate the transmission system in accordance with the competitive environment in electricity generation and supply, and to invest in substitution and capacity increase in the transmission system when necessary.

b) Preparing the tariff proposals regarding the activities carried out under this Law within the framework of the principles and standards determined by the Authority and submitting them to the approval of the Authority.

c) To observe the implementation of the regulations on network, balancing and settlement and ancillary services, to carry out the necessary investigations for this purpose, to report the results to the Authority and to request the necessary measures to be taken.

c1) To perform load distribution and frequency control, to operate the ancillary services market and the balancing power market within the scope of the market operation license, to monitor real-time system reliability, to determine the necessary ancillary services to ensure the system reliability and the provision of electricity in the prescribed quality conditions, and to provide these services in accordance with the provisions of the relevant regulation.

d) To monitor system usage violations laid out in connection and system usage agreement regarding the operation of the transmission system in normal operating conditions and situations that pose a risk to the operational safety and integrity, to apply penal terms and other sanctions set out in the system usage agreement to legal entities who have been in violation.

e) To perform substitution and capacity increase in the transmission system.

f) To carry out international interconnection studies in line with the decision of the Ministry, to provide transmission and connection services to all system users, including eligible consumers connected or to be connected to the transmission system, without discrimination between equal parties in accordance with the provisions of the legislation on network operation.

(3) The ownership and operational border of TEIAS starts at the connection point to the transmission system. In the event that the connection of the generation or consumption facility to the transmission system is made over the switchyard of another generation or consumption facility, the usage right, operation and maintenance of the connected feeder belongs to TEIAS. However, TEIAS may let the related generation or consumption owners doing the operation and maintenance of such equipment in return for a fee.

(4) TEIAS, with the approval of the Ministry, can establish and operate the part of the international interconnection lines which is outside the national borders, and/or establish an international company for this purpose, and/or become a shareholder in international companies that have been established, and participate in organizations related to the operation of regional markets.

(5) In cases where it is necessary to construct a new transmission facility for the connection of generation and consumption facilities to the transmission system and new transmission lines to connect this facility to the system, in cases where TEIAS does not have sufficient financing, or timely investment planning could not be made for the construction of these facilities, the investments in question can be made or financed jointly by the legal entity or entities that requested the connection to this facility. The amount of the investment made is repaid by deducting from the transmission system usage fee through a facility agreement to be made between the relevant legal entity or entities and TEIAS within the framework of connection and system use agreements. The repayment period is at most five years for generation and consumption facilities. The procedures and principles on this subject are set out by the regulation issued by the Authority.

(6) TEIAS collects, reports the information in accordance with the procedures and principles issued by the Board for the operation of the electrical system, and publishes it within the framework of the provisions of the Turkish Statistics Institution Law No. 5429, dated 10/11/2005.

(7) TEIAS establishes and operates all kinds of communication and information systems infrastructure, including the radio system needed for the operation of the transmission system. It may let part of the fiber optic cable infrastructure be used by third parties in line with the Authority’s opinions within the framework of the relevant legislation without disrupting its own activities.

(8) Establishment of a private direct line between the generation facility, outside of the transmission network, which is in compliance with the standards applicable to the national transmission system and covered by the license of the legal entity that performs generation activity, and its customers and/or affiliates and/or eligible consumers is possible through a system control agreement to be made between TEIAS and the legal entity performing generation activity. The subparagraph (d) has been added to the second paragraph of the article 8 of the Law to come after subparagraph (c'), and the following subparagraphs have been sequenced accordingly.

Distribution activity
Article 9

(1) Distribution activity is carried out by the distribution company within the scope of its license, in the region specified in its license. The distribution company is responsible for the reading, maintenance and operation of meters in the region specified in its license. Legal entities operating in the market cannot directly buy in a distribution company, and a distribution company cannot get a stake directly in legal entities operating in the market. The distribution company cannot engage in any activity other than distribution. The procedures and principles regarding the execution of a non-market activity that will increase efficiency when executed with the distribution activity are set out by the regulation issued by the Authority. General lighting, purchasing electricity for use to cover technical and non-technical losses of the distribution system, and the sale, due to realizations, of excess amount of the energy contracted to cover technical and non-technical losses of the system, are exempt from this provision.

(2) The distribution company is obliged to operate the distribution system in the region specified in its license in accordance with the competitive environment in electricity generation and sales, renew these facilities, make investments for capacity substitution and increase, provide services to all distribution system users connected and/or to be connected to the distribution system without discrimination among equal parties.

(3) The distribution company is obliged to provide ancillary services in accordance with the provisions of the relevant regulation.

(4) The duty of preparing demand forecasts in the regions specified in the distribution license and reporting them to TEIAS belongs to the distribution company. The Board approves these demand estimates and the estimates are published by TEIAS.

(5) The tasks of preparing investment plans and submitting them to the Board for approval in line with the demand estimates approved by the Board, preparing the projects of the distribution facilities included in the investment program in accordance with the approved investment plan, making the necessary improvement and capacity increase investments, and/or building new distribution facilities belong to the distribution company operating the distribution system concerned.
(6) The ownership of the investments made to improve, strengthen and expand electricity distribution facilities after the privatization that was made within the framework of the provisions of the Law on 4046, dated 24/11/1994 on Privatization Practices belongs to the public. The Authority to approve and change in all kinds of operational and investment planning and implementation related to the privatized electricity distribution facilities and assets belongs to the Board. It is essential to make investments that will ensure that the distribution service is provided in the quality stipulated in this Law. The Authority directs, monitors and controls distribution activities. If the investments approved by the Board are not realized within the specified period and quality, the provisions of the article 16 are applied.

(7) The ownership of the counters installed for the electricity measurements of the users of the distribution system belongs to the distribution company. Counters owned by current users as of the effective date of this Law are taken over from users at a token value in return for operating and maintenance services. The procedures and principles regarding the implementation are laid out by a regulation issued by the Authority.

(8) In case the connection of the generation or the consumption facility with the distribution system is made over the switchyard belonging to another generation or consumption facility or in the form of entry into and exit from a distribution line, the switchyard that is used jointly or entered into and exited from or the switchyard owned by the generation or consumption facility connected to two separate distribution facilities by two separate lines is part of the distribution system. However, the operation and maintenance of the distribution facilities within the scope of this paragraph may be contracted out to the owners of the relevant generation or consumption facility. The procedures and principles regarding the implementation are laid out by a regulation issued by the Authority.

(9) The installation, operation and maintenance of the counters of the consumers connected from the distribution voltage level, and the acquisition of the ownership of the existing counters within a program are carried out by the distribution company. The procedures and principles regarding the implementation are set out by a regulation issued by the Authority.

(10) Establishment of a private direct line, on the site owned by the parties that will establish a direct line, between the generation facility, outside of the distribution network, which is in compliance with the standards applicable to the distribution system and covered by the license of the legal entity that performs generation activity, and its customers and/or affiliates and/or eligible consumers is possible through a system control agreement to be made between the distribution company and the generation company. Establishing a private direct line does not prevent eligible consumers from choosing their suppliers. In case the generation facility mentioned in this paragraph is connected to the transmission system, the procedures and principles regarding the system control agreement are set out by the regulation issued by the Authority.

(11) The distribution company is responsible for the general lighting and the installation and operation of the necessary measurement systems in the distribution area.

(12) In the event that meeting the connection requests made within the approved borders of a distribution region is not technically and/or economically possible, the issue of satisfying the connection requests in question by another distribution region is set out by a regulation to be issued by the Board.

(13) The operation, maintenance and repair of the part from the distribution facility boundary to the low voltage panel entrance of the distribution transformer of the lines and facilities, owned by the institutions and organizations related to national security, which are connected at medium voltage level that provide electricity to the facilities of these institutions and organizations, are made by the distribution company in the region in case the relevant institutions and organizations requested. If an investment is required in these facilities, this investment is made by the relevant institutions and organizations. The fees to be received for the services to be provided within this scope and the procedures and principles regarding the implementation are set out by a regulation to be issued by the Board.

(14) In the event that a connection is requested with the distribution system through an application made to the Authority by legal entities holding a pre-license or license, relating to the power transmission lines established and/or to be established with connection opinion obtained within the scope of the repealed provisional article 14 of the Law No. 4628, the connection request is evaluated under the current legislation. A connection agreement with the distribution company is drawn up by terminating the connection agreement made with TEIAS in this context. Energy transmission lines and other network elements established in accordance with the connection agreement made with TEIAS are taken over by the relevant distribution company or TEIAS for a token fee in return for operation and maintenance services.

Wholesale and retail sales activities

Article 10

(1) Wholesale and retail sales activities are carried out by generation companies and public and private sector supply companies under the supply license, in accordance with this Law and the regulations issued in accordance with this Law.

(2) Supply companies may engage in activities of wholesale or retail sales to eligible consumers without any regional limitations.

(3) Supply companies may engage in activities for trading electricity to and from countries with international interconnection conditions established, with the approval of the Board and in line with the approval of the Ministry. The procedures and principles regarding the implementation are set out by a regulation issued by the Authority.

(4) The retail sales activity being carried out by the distribution company is carried out by the contracted supply company. The contracted supply company sells electricity to non-eligible consumers in the relevant distribution area over retail sales tariffs approved by the Board.

(5) The contracted supply company is obliged to provide electricity as the last source supplier to consumers who do not get electricity from another supplier, although they have the qualification of eligible consumers. The region where this company will operate as the last source supplier is the relevant distribution region, and this issue is included in the supply license. The electricity tariffs to be provided in the capacity of the last source supplier are determined by the Board. In the event of the expiration or cancellation of the license of the supplier company that has the last source supply obligation, the supply company responsible for the last source supply for the relevant region is authorized by the Board. The procedures and principles regarding the last source obligations, last source supply tariffs, determination of supply time, limits and conditions, and the implementation of last source supply are set out by the regulation issued by the Authority.

(6) The amount of electricity to be purchased by private sector legal entities holding supply licenses from generation and import companies cannot exceed twenty percent of the electricity consumed in the country in the previous year. In addition, the amount of electricity that the private sector legal entities in question will sell to the final consumer cannot exceed twenty percent of the electricity consumed in the country in the previous year as well.

(7) In the event of the determination of the contracted supply company’s conduct or relationships that create an impact restricting or preventing competition in the market, the relevant supply company is obliged to comply with the measures to be stipulated by the Board. The Board takes measures including restructuring the management of this supply company or restricting or terminating the ownership or control relationship with the distribution company within a certain program.
Market operation activity and establishment of EPIAS

Article 11

(1) Market operating activity is the operation of organized wholesale electricity markets and financial settlement transactions of the activities carried out in these markets, and other financial transactions related to activities in question.

(2) A joint stock company under the trade name of Energy Markets Operation Joint Stock Company, is established by this Law, subject to the provisions of the Turkish Commercial Law No. 6102, dated 13/1/2011, excluding the provisions regarding establishment and registration, and the private law. EPIAS commences its activities upon registration and announcement in the trade registry of the articles of association to be prepared by the Authority within six months from the effective date of this Law, in a manner not contrary to the provisions of this Law and the Law No. 6102.

(3) The organizational structure and working principles of EPIAS are set out by a regulation to be issued by the Authority within six months from the effective date of this Law. The opinion of the Capital Markets Board is sought on matters concerning the markets to be operated by Istanbul Stock Exchange Incorporation.

(4) The direct and indirect total capital share of public institutions and state economic enterprises in EPIAS cannot exceed fifteen percent, excluding Borsa Istanbul Joint Stock Company. The President of the Republic is authorized to increase this rate up to two-fold. Organizations that are shareholders of EPIAS, state economic enterprises, and Istanbul Stock Exchange Incorporation are represented in the management of EPIAS.

(5) EPIAS carries out, under the market operation license, the operational activity of the organized wholesale electricity markets other than the markets operated by Istanbul Stock Exchange Incorporation and TEIAS within the scope of this Law. EPIAS carries out the financial settlement transactions of organized wholesale electricity markets operated by TEIAS within the scope of market operation license, as well as other necessary financial transactions. In line with the opinions of the Authority and the Capital Markets Board, EPIAS may become a party to the agreements within the scope of the article 65 of the Capital Market Law.

(6) Legal entities operating in organized wholesale electricity markets, which are operated or whose financial settlement and financial transactions regarding market activities are carried out by EPIAS under its license, are obliged to submit to TEIAS and EPIAS the data required for the financial settlement transactions to be carried out in accordance with the provisions of the relevant regulation. The procedures and principles for keeping the data provided confidential and sharing them with the public are set out by the regulation issued by the Authority.

(7) The rights and obligations of EPIAS are as follows:

a) To carry out studies for the establishment of new markets in the organized wholesale electricity markets covered by its field of activity, in line with the development of the market, and to present them to the Authority.

b) If deemed appropriate by the Ministry, to participate as a party in international electricity markets created or to be established in the future to operate organized wholesale electricity markets included in its field of duty, to become a shareholder in or a member of international organizations established for this purpose as electricity market operators.

c) Determining the market operating tariffs within the framework of the procedures and principles determined by the Authority and submitting them to the Authority.

(8) Matters related to emission trading and other energy market activities to be carried out by EPIAS outside the scope of market operation license are determined by the Authority by taking the opinion of the Ministry and the Capital Markets Board.

(9) Legal entities operating in organized wholesale electricity markets, which are operated or whose financial settlement and financial transactions are carried out by EPIAS, pay the fees to be determined by EPIAS to the central settlement institution in return for the fulfillment of the services determined to be provided by the central settlement institution pursuant to the relevant regulation.

(10) Istanbul Stock Exchange Incorporation is the operator of the markets where standardized electricity contracts with the quality of capital market instruments and derivative products based on electricity and/or capacity are traded. The procedures and principles for determining the licensing and operating principles for these markets, determining the standards of electricity contracts with the quality of capital market instruments and derivative products based on electricity and/or capacity to be traded in these markets, settlement transactions in these markets, operating tariffs, obligations of related persons and institutions, supervision and audit are set out by regulations jointly issued by the Authority and the Capital Markets Board.

(11) The papers issued regarding the transactions made in the organized wholesale electricity markets within the scope of this Law, and other energy markets transactions, including natural gas, that have been included in the field of activity of EPIAS within the scope of the paragraph eight of this article, and the transactions made within the body of EPIAS and/or its subsidiaries are exempt from stamp duty.

(12) EPIAS starts to carry out market operation activities by obtaining the necessary market operation license from the Authority within six months from its establishment.

(13) Until EPIAS obtains a market operation license, the relevant market operation activity continues to be carried out by TEIAS without obtaining a market operation license.

(14) In markets operated by or whose financial settlement and other financial transactions are carried out by EPIAS, the procedures and principles regarding risk management, the procedures and principles regarding the guarantees to be received from market participants for central counterparty and clearing services, and the principles and procedures regarding the default management to be applied due to the failure of market participants to fulfill their obligations and the default guarantee account to be established, are determined by the regulation issued by the Authority.

(15) The guarantees held by EPIAS and the central settlement institution and the assets in the default guarantee account that has been created in relation to the markets operated or whose financial settlement and other financial transactions are carried out by EPIAS cannot be used cannot be used for purposes other than their own purposes, seized, pledged, not affected by the liquidation decisions of administrative authorities, cannot be included in the bankruptcy estate, and cannot be imposed preliminary injunction on.

Import and export activities

Article 12

(1) The export of electricity and/or capacity to the countries where international interconnection conditions have been met, can be made by the companies holding a supply license and generation companies, in line with the consent of the Ministry, with the approval of the Board in accordance with this Law and its secondary legislation.

(2) Import of electricity and/or capacity from countries where international interconnection condition has been met, can be done by the companies holding a supply license, in line with the consent of the Ministry, with the approval of the Board in accordance with this Law and its secondary legislation.
Activities that can be carried out by organized industrial zones

Article 13

(1) Among the legal entities of organized industrial zones established according to the Organized Industrial Zones Law No. 4562, dated 12/4/2000, those who have met the conditions to be determined by the Authority by regulation may engage in generation and/or distribution activities within their approved borders, by obtaining a generation and/or distribution license from the Authority, without the condition sought for establishing a company according to the provisions of Law No. 6102.

(2) Distribution activity within the approved boundaries of the organized industrial zone, which does not hold a distribution license, is carried out by the relevant distribution company. Organized industrial zones in this situation cannot demand distribution fees from their participants, cannot prevent their participants from exercising their rights arising from being eligible consumers and from operating in electricity markets.

(3) The consumers among the participants in the organized industrial zone with a distribution license which exceed the eligible consumer limit can use their right to choose their suppliers, provided that they pay the distribution fee to the organized industrial zone legal entity.

(4) The special conditions required to be met by the legal entity of the organized industrial zone to get a generation or distribution license, the procedures and principles for obtaining the license, procedures and principles for making the electricity it produces or procures as an eligible consumer available for use by its participants, for determining the distribution prices, and the activities that the organized industrial zone legal entity can carry out under this article are set out by a regulation issued by the Authority.

(5) Ownership and operating rights of the distribution facilities within the approved boundaries of the organized industrial zone holding a distribution license which have been transferred to TEDAS for free or at a symbolic price, are transferred to the relevant organized industrial zone, within the period to be determined by the Board, over the amount to be found out by adding the financial costs of the investment amounts made since the date of transfer.

(6) Organized industrial zone legal entity is deemed to be eligible consumer regardless of the consumption amount for the purpose of meeting the electricity needs of its participants.

(7) Organized industrial zones that have fulfilled the reclamation requirements determined by the reclamation commission and that have been granted legal entity by the Ministry of Science, Industry and Technology, cannot apply for a distribution license until the term of the agreement for transfer of operating right in their regions expires. Ownership of distribution facilities established by organized industrial zones that have been transformed from reclamation and transferred free of charge or at a symbolic price is transferred at no cost or at a symbolic price to the relevant organized industrial zone at the end of the term of the agreement for operating right transfer.
within the scope of this paragraph are laid out within three months in the Regulation on the Procedures and Principles for Signing a Water Usage Right Agreement for Engaging in Generation Activity in the Electricity Market.

(6) Shares cannot be transferred, excluding the exceptions determined by the regulation issued by the Board, for energy generation facilities based on wind and solar energy that are within the scope of subparagraph (b) of the first paragraph, from the application date until the provisional acceptance of all generation facilities covered by the application is made. In case of transfer of shares, the connection agreement call letter for the relevant legal entity is canceled.

(7) Direct and indirect shareholders of distribution and contracted supply companies, legal entities under their control, persons employed in direct and indirect partnerships of these legal entities, and legal entities controlled by these persons cannot apply for generation activity based on wind and solar energy within the scope of this article, in the distribution region of the relevant distribution company and the distribution region where the relevant distribution company is a shareholder.

SECTION THREE
Audits and Sanctions

Audits

Article 15
(1) Without prejudice to the provisions of the Law No. 6362 regarding the markets to be operated by Istanbul Stock Exchange Incorporation in accordance with the paragraph ten of the article 11, inspection and auditing of persons engaged in electricity market activities without a license, except distribution companies, within the scope of this Law are done by the Authority; the audit of the electricity distribution companies is carried out by the Ministry. However, the Ministry is authorized to carry out the audit of electricity distribution companies together with the public institutions and organizations that are specialized in this field, including the Authority, as well as by delegating authority to these institutions and organizations in whole or in part to get it done The requests to be made by the Ministry from specialized public institutions and organizations on this issue are met on time. In case of delegation of authority, any expenses to be incurred for the audit by the institution or organization to which authority has been delegated or with which it will conduct an audit, are covered by the allowance included in the budget allocated to the Ministry. The audit reports issued or decided upon by the Ministry are notified to the Authority. Necessary sanctions and actions are decided by the Board according to the result of the audit report.

(2) The Ministry and Authority can purchase services in accordance with the relevant legislation relating to their audit obligations under this Law, from the companies they will authorize to conduct examination, determination, and reporting in a manner that they will not be binding for the Ministry and Authority in terms of their results and that they do not include any sanctions. The qualifications, authorization of these companies and the rights and obligations of the authorized companies and the companies to be audited, and other procedures and principles are set out by the regulations issued by the Ministry and Authority.

Sanctions and procedure for enforcing sanctions

Article 16
(1) The Board imposes the following sanctions and penalties on legal entities operating in the market:
   a) In the event of a request for information or on-site inspection by the Board, if it is determined that the information requested is provided as false, incomplete or misleading, or if no information is provided, or if the opportunity for on-site inspection is not provided, a notice is served for the information to be given correctly or the opportunity for inspection to be provided within fifteen days. An administrative fine of five hundred thousand Turkish Liras is imposed on those who maintain their contradiction despite a written notice.
   b) In the event that it is determined that action has been taken against this Law, secondary legislation or license provisions, Board decisions and instructions, a notice is served for the violation to be remedied within thirty days or not to be repeated, depending on the nature of the violation, and an administrative fine of five hundred thousand Turkish Liras are imposed on those who continue or repeat their violation despite the written notice served.
   c) After the violation of this Law, secondary legislation or license provisions was committed, in case of conduct in such a way that there would be no possibility of correction due to its nature, an administrative fine of five hundred thousand Turkish Liras is imposed without the need for a notice.
   d) In case of violating the prohibition of participation relationship during the license period, a notice is served for the correction of the affiliate relationship within thirty days. An administrative fine of nine hundred thousand Turkish Liras is imposed on those who continue violating despite the written notice.
   e) If it is determined that activities not covered by the license have been engaged in the market, a notice is served for the cessation of the out-of-scope activity or the violating activity within fifteen days. An administrative fine of one million Turkish Liras is imposed on those who continue their conduct in violation despite a written notice that was served.
   f) The license is revoked if it is determined that the conditions underlying the license issuance have ceased to exist during the validity of the license or that these conditions did not exist at all.
   g) If it is determined that there has been fraud or false statement against the law in the requests and transactions made in accordance with this Law, the license is canceled.
   (2) For the actions requiring the above fines, the Board may apply different notice periods depending on the nature of the action. Following the imposition of the fines in question, the fines are applied by increasing the fines by twice the previous fine each time, if the action subject to the fine is not remedied or repeated within the notice period. If the same action requiring administrative fines is not committed within two years from the date these penalties were given, the previous penalties are not taken as basis in repeated acts. However, the amount of the fine to be applied by increasing it when the same act is committed again within two years, cannot exceed ten percent of the gross income in the balance sheet of the legal entity subject to the penalty for the previous fiscal year. If the fines reach this level, the Board may cancel the license.
   (3) The following sanctions can be applied separately or in combination if it is determined by the decision of the Board that the violations of legislation by the distribution company operating under its license in a distribution region have disrupted, at an unacceptable level, its fulfillment of the distribution activity in accordance with the procedures and principles determined in the regulation prepared by the Authority, or that the violations of legislation reduced the nature or quality of the distribution activity at an unacceptable level, or that the distribution company has made a habit of violating the legislation, or that it has defaulted or will default:
      a) Some or all members of the board of directors of the licensed legal entity are dismissed and replaced by those appointed by the Board.
b) Financial equivalents of the services and investments not fulfilled by the legal entity holding the distribution license, which should have been fulfilled within the scope of the tariff, are collected primarily from the income generated by the company from other activities, if they prove to be insufficient, from dividend income of the current shareholders, and finally, from the assets of the registered shareholders with registered shares.

c) The works and transactions required to determine the legal entity that has the right to operate the distribution system are carried out within the framework of the first paragraph of the article 18.

c') A new license is issued to the legal entity that certifies that it has obtained the right to operate the relevant distribution system and fulfills the obligations stipulated in accordance with this Law.

d) In order to protect consumers and prevent disruption of services, every precaution is taken by the Authority until a distribution license is granted to another legal entity for the distribution region whose license has been terminated.

(4) The following sanctions can be applied separately or in combination if it is determined by the decision of the Board that the violations of legislation by an contracted supply company have disrupted, at an unacceptable level, its fulfillment of its activities that are subject to regulation in accordance with the procedures and principles determined in the regulation prepared by the Authority, or that the violations of legislation reduced the nature or quality of the regulated activities at an unacceptable level, or that it has made a habit of violating the legislation, or that it has defaulted or will default:

a) Some or all members of the board of directors of the licensed legal entity are dismissed and replaced by the Board.

b) In order to protect consumers and prevent disruption of services, every precaution is taken by the Authority until another legal entity is determined as the supplier of last resort to replace the contracted supply company whose license has been terminated.

c) A new supply license is issued by the Board to the legal entity that is determined to be the supplier of last resort.

(5) In the event that it is determined by the decision of the Board that the violations of legislation by the organized industrial zone holding a distribution license have disrupted, at an unacceptable level, its fulfillment of its distribution activity in accordance with the prescribed procedures and principles, or that the violations of legislation reduced the nature or quality of the distribution activity at an unacceptable level, or that it has made a habit of violating the legislation, or that it has defaulted or will default, its license is canceled and the distribution activity is carried out by the relevant distribution company.

(6) The Authority may cooperate with other public institutions and organizations regarding the execution of the works and transactions within the scope of the paragraph four or may purchase services from real persons or private legal entities in accordance with the provisions of the relevant legislation. Procedures and principles regarding the implementation of these provisions are set out by a regulation issued by the Authority.

(7) Lawsuits filed against the members of the board of directors of distribution companies appointed by the Board due to the performance of their duties are deemed to have been filed against the Authority, which is the relevant authority making the appointment, and the hostility is directed at the Authority in these lawsuits. In the event that the decision is made against the Authority as a result of the trial and that the Authority makes a payment due to the finalization of the decision, this amount is collected from those concerned in proportion to their faults, in the case of finalization of the court decision indicating that they were faulty. The Authority staff involved in the execution of the works and transactions within the scope of the paragraph four are subject to the Law No. 4483, dated 2/12/1999 on the Trial of Civil Servants and Other Public Officials.

(8) Electricity distribution companies are given time for the elimination of deficiencies identified, outside of their audits, within the scope of general lighting relating to armatures and/or poles that are not working or existing. The Board imposes an administrative fine of five hundred Turkish Liras for each pole or armature identified, when the failure to remedy the deficiencies within the specified periods was determined, following the notification of the Ministry to the Board. The periods to be given for the correction of the deficiencies identified and the principles for identifying deficiencies are determined by a regulation. Administrative fines imposed according to this Law are paid within one month from their notification.

(9) All administrative fines set out in this article are in no way included as a cost element in the tariffs to be prepared by the legal entity paying the relevant penalty.

The paragraph eight has been added to come after the paragraph seven of the article 16 of the Law, and the next paragraph has been continued accordingly.

SECTION FOUR
Tariffs, Consumer Support, Privatization, Expropriation and Supply Security

Tariffs and consumer support

Article 17

(1) Tariffs issued under this Law and proposed to be applied in the next period are prepared by the relevant legal entity in a way to include all costs and service charges related to the activity covered by the tariff, according to the procedures and principles determined by the Board, and submitted to the Authority for approval. The Board asks for the revision of the tariff proposals that it does not deem appropriate within the framework of the legislation, or revises and approves them ex officio, if necessary. Relevant legal entities are obliged to apply the tariffs approved by the Board.

(2) The adjustments to be made by the license holder relating to monthly inflation changes in the tariffs that it would apply each year and for other issues specified in its license are approved by the Board. Pricing formulas determined within the scope of the approved tariffs can be changed under the conditions specified in the legislation.

(3) The approved tariffs cannot include any items that are not directly related to market activities, except for all costs and service charges related to the activity, covered by the tariff, of the legal entity in question. Transmission surcharge is an exception to this provision.

(4) The terms and conditions of the Board-approved tariffs, which include all costs and service charges for the relevant activity, bind all real persons and legal entities subject to these tariffs. The procedures and principles, including also the suspension of the service in question in the event that a real person or legal entity does not make any of the payments stipulated in the tariff that it is subject to, are set out by a regulation issued by the Authority. Separate tariffs can be determined by the Board to support subscriber groups or renewable energy sources according to consumer characteristics. Consumers can benefit from the tariffs determined to support renewable energy sources, if they wish. Tariffs regulated by the Board are reflected directly on the final consumer or on the licensed legal entities that supply energy to the relevant consumer, to be reflected on the final consumer.

(5) With the issuance of a license requiring tariff approval, the tariff for the current year is also examined and approved by the Board.
(6) The tariff types regulated by the Board are as follows:

a) Connection tariffs: Connection tariffs include prices, terms and conditions based on the principle of non-discrimination between equal parties for connection to a distribution system to be included in the relevant connection agreement. The connection tariffs do not cover the network investment costs and are limited to the expenses incurred within the scope of the connection line constructed to connect the internal installation of the connected consumption facility and the switchyard of the generation facility to the distribution network. In the event that the connection line is installed by the consumer or the generation company, the connection line is transferred to the distribution company in return for operational and maintenance responsibility, and the connection fee is not collected from these consumers and producers.

b) Transmission tariff: The transmission tariff to be prepared by TEIAS includes the prices, terms and conditions to be applied to all users benefiting from the transmission of electricity that is produced, imported or exported via the transmission system without any discrimination between equal parties. Network investments and transmission surcharges to be made by TEIAS are included in the transmission tariff.

c) Wholesale tariff: The wholesale selling prices of electricity are freely determined by the parties within the scope of the principles and procedures to be determined by the Authority. The wholesale selling tariff of the electricity to be supplied from TETAS for technical and non-technical losses of the distribution companies and the electricity they would supply within the scope of general lighting, and for the electricity sales to be made to the consumers with regulated tariffs are determined by the Board, taking into account the capacity of TETAS to fulfill its financial obligations.

d) Retail sales tariffs: Retail sales tariffs to be applied to non-eligible consumers without discrimination between equal parties. Retail sales tariffs consist of prices to cover all costs and services within the scope of the conduct of the distribution activity, such as distribution system investment expenditures, system operating cost, cost of the technical and non-technical loss, cutting-connecting service cost, counter-reading cost, cost of reactive energy, etc... Target rates for technical and non-technical losses to be taken as basis for the tariffs of distribution companies are determined by the Board in a way to encourage these losses to be reduced. Costs related to technical and non-technical losses are included in distribution tariffs and reflected to consumers, provided that they do not exceed the target rates determined by the Board. The procedures and principles regarding the determination and change of target rates for technical and non-technical losses, the inclusion in the tariffs of the cost that would occur, and reflecting it to the consumers are regulated by the Board.

e) Market operation tariff: It is prepared on the basis of financial sustainability and meeting the income requirement needed for EPIAS to continue its activities.

f) Last resort supply tariff: It is prepared by considering retail sales tariffs and market prices that are in effect, at a level that would encourage consumers who do not procure their electricity from a supplier other than the supplier of last resort authorized as supplier of last resort, although they are eligible consumers, to enter the competitive market, and that allow the supplier of last resort to make a reasonable profit. However, a separate tariff can be made for consumers who consume electricity below an amount to be determined by the Board considering social and economic conditions, without being bound by these restrictions. Tariffs envisaged to be applied within the scope of last resort supply obligation are proposed separately by supply license holders. Last resort supply tariff consists of prices that would cover all costs and services within the scope of last resort supply such as active energy cost, invoicing and customer service cost, and retail service cost.

(7) When subsidies are required to support consumers for specific regions or for specific purposes, the subsidy is made without intervening in prices. The amount of the subsidy and its procedures and principles are determined by the Decree of the President of the Republic and paid from the budget of the relevant institution.

(8) Procedures and principles regarding the compensation of losses and damages caused by the poor quality or interruptions of electricity from the relevant persons are set out by a regulation issued by the Authority.

(9) Infrastructure works to be carried out by legal entities holding transmission or distribution licenses are not subject to infrastructure excavation license fee. The condition of providing a guarantee is not required for infrastructure works, including license applications. Unit prices that the determination of ground destruction costs due to infrastructure works will be based on cannot exceed unit prices published by the Ministry of Environment and Urbanization. Applications for infrastructure excavation license made by legal entities holding transmission and distribution licenses are concluded immediately by the relevant public legal entities.

Privatization Article 18

(1) The Ministry submits its suggestions and opinions to the Privatization Administration on the privatization of TEDAS, EUAS and their establishments, subsidiaries, affiliates, businesses and operating units and assets. Privatization process is carried out by the Privatization Administration within the framework of the provisions of Law No. 4046.

(2) An agreement for transfer of the operating right can be drawn up between TEDAS and the electricity distribution companies established to operate in the distribution regions specified, on the enterprises and assets which are located in the field of activity of TEDAS and which are required for distribution activity, on condition that their ownership is reserved.

(3) Even if EUAS or its establishments, subsidiaries, affiliates, operation and operation units and assets are included in the privatization program, their relationship with the ministries or institutions they are affiliated with and the legislation they are currently subject to will remain the same, as will their ownership by the institutions or organizations which they are affiliated with. Technical, financial, administrative and legal transactions for the preparation of these organizations for privatization, personnel transactions, and the works and transactions for their privatization are carried out, however, within the framework of the provisions of Law No. 4046. However, the Minister has the authority to make proposals to the President of the Republic for the appointments to be made, as well as for the processes of dismissal from such positions; for chairmanship and memberships in the board of directors, memberships in the liquidation committee, and for head office of these organizations and the new joint stock companies that may be formed within this scope, and for establishment directorates and management committees in the establishments that have been included in the privatization program separately from the organizations they belonged to, without the need to be converted into a joint stock company, and for directorates in the businesses and business units of such establishments. The President of the Republic may delegate his authority related to this article to the Minister. The powers of the Minister, whom the Undersecretariat of Treasury reports to, included in the Decree No. 233 on State Economic Enterprises, dated 8/6/1984, regarding transactions covered by this paragraph are reserved, including the powers of appointment.
(4) Financial liabilities arising from investments, which have been realized to finance the relevant electricity generation and transmission facilities within the framework of domestic and foreign loan agreements in which the Undersecretariat of Treasury is a party or the guarantor, during the process of privatization, sales and share transfer to be carried out in accordance with this Law, are determined by the protocol to be made among EUAS, TETAS, the Undersecretariat of Treasury and the Privatization Administration, to be included in the liabilities of the relevant legal entity that has taken over these facilities.

(5) In case of a request by the Ministry to privatize the assets of EUAS and its subsidiaries or the shares of these subsidiaries for the purpose of establishing electricity generation facility based on renewable energy resources or indigenous coal, in the privatization process to be carried out in accordance with this Law by the Privatization Administration, the provisions of this paragraph shall be applied together with the provisions of the Law No. 4046 that are not contrary to this article. Valuation of assets or shares is not made for the privatization tender to be held within the scope of this paragraph. The privatization tender is carried out by applying the negotiated tendering procedure specified in the Law No. 4046 in order to determine the electricity sales price that will be valid for the Electricity Sales Agreement to be signed under this article. Negotiated tendering procedure is applied by making reductions from the electricity starting sales price, which is the basis for underbidding, and if deemed necessary by the tender commission, the tender can be concluded by open underbidding with the participation of the bidders with whom the negotiations are continuing. The Electricity Sales Agreement is signed for the sale of electricity to be produced in the electricity generation facility to be set up over the electricity sales price determined as a result of the tender between the bidder or subsidiary who was awarded the contract and TETAS or EUAS, concurrently with the transfer agreement to be signed between EUAS and the successful bidder for the transfer of assets or shares, without charge, as a result of the privatization tender. The electricity starting sales price, which will be the basis for underbidding in the tender, and other procedures and principles, including the updating of the Electricity Sales Agreement price, are notified by the Ministry to the Privatization Administration before the tender announcement. These procedures and principles are specified in the tender specifications.

Real estate procurement process Article 19

(1) Regarding the acquisition of immovable properties for generation activities in the electricity market;

a) Proceedings regarding the requests, by the private law legal entities holding a pre-license or license to engage in the generation activity, for the provision of immovable properties related to their activities covered by the pre-license or license are carried out by the Authority in accordance with the provisions of the Expropriation Law No. 2942, dated 4/11/1983 and the relevant legislation. Requests for provision of real estate are evaluated by the Authority and, if deemed appropriate, a decision is made by the Board. Decisions taken in this context also serve as public interest decisions, and are not subject to the approval of any authority.

b) Ownership of the immovable properties acquired through expropriation and/or transfer, and/or limited real rights on them are registered on behalf of the relevant public institution or organization that owns the generation facilities, or in the absence of such, they are registered in the name of the Treasury. An easement right is established and/or permission to use is granted free of charge in favor of the private law legal entities holding a license, to be limited to the validity period of the license, by the public agency responsible for and in charge of the administration of the Treasury immovable properties, on the immovable properties registered in the name of the Treasury or deleted in the land registry office due to their nature. For those that cannot be subject to this process, leasing is made without charge.

c) Costs related to transactions such as expropriation, transfer, establishment of easement right, usage permit, leasing, and compensation arising from the project and other expenses related to these transactions are paid by the private law legal entities holding a pre-license or license. The provision that the validity of the contract will be limited to the validity period of the pre-license or license is included in the agreements for easement right, lease and use permit established on the immovable properties owned by the Treasury or on the locations under the jurisdiction and disposal of the State.

c') Concerning the expropriation costs paid by legal entities holding a pre-license or license, in the event that the pre-license holder cannot obtain a license or the pre-license or license expires or is canceled, and in the event that the expropriated immovable properties are made available for use by another pre-license or license holder through the establishment of an easement right on them, leasing them and/or granting permission to use them, the cost of expropriation is paid to the legal entity that has paid the expropriation cost by the pre-license or license holder who acquired the easement right on the property, leased it, and/or obtained the permission to use it.

(2) Regarding the acquisition process for immovable properties related to distribution activities in the electricity market;

a) The transactions relating to the requests by private law legal entities licensed to engage in distribution activities to obtain immovable properties for their activities covered by the license are carried out by TEDAS in accordance with the provisions of Law No. 2942 and the relevant legislation. Requests for getting immovable property are evaluated by TEDAS and if deemed appropriate, a decision is made by TEDAS. Decisions taken in this context also serve as public interest decisions, and are not subject to the approval of any authority.

b) Ownership of and/or limited real rights on immovable properties provided are registered in the name of TEDAS. Use of such immovable properties and rights belongs to the licensed private law legal entity concerned, to be limited to the license period and the distribution activity.

c) Expropriation of the immovable properties, on which distribution facilities existing, as of the privatization date, in the distribution regions where the right to operate has been obtained by private law legal entities are located, and for which expropriation decisions have not been taken or expropriation procedures have not been completed despite the expropriation decision that had been taken as of this date, is conducted by TEDAS, registered in the name of TEDAS at the land registry office, and expropriation costs and other expenses related to such transactions are paid by TEDAS.

c') Costs necessitated by immovable property procurement transactions related to new distribution facilities constructed, after the privatization date, in the distribution regions where the right to operate has been obtained by private law legal entities, and other expenses related to these transactions are paid by the relevant licensed legal entity and taken back through tariffs.

(3) In the event that the immovable property expropriated pursuant to the article 23 of the Law No. 2942 is taken back by its owner or his heirs, the price to be paid back by the immovable property owner or his heirs is paid to the legal entity that has paid the expropriation price.

d) In the event that the distribution license expires due to its expiry of its term, the costs for the procurement of immovable property that could not be taken back via tariffs are returned by TEDAS to the relevant private law legal entity.

(4) Immovable property procurement transactions related to the activities, covered by the pre-license or license, of the public legal entities holding a pre-license or license, which have the status of public legal entity and which are engaged in generation, transmission or distribution in the electricity market, are executed by these legal entities according to the provisions of the Law No. 2942 and the relevant legislation, and the ownership or of the limited real rights on the immovable properties acquired are registered in the name of these public legal entities. Within the scope of this paragraph, easement rights are established, leasing is made or permission to use are granted free of charge throughout the license period, in favor of the public legal entities holding a pre-license or license, for places that are privately owned by the Treasury or under the jurisdiction and disposal of the State.

(5) The procedures and principles regarding the matters specified in this article are set out by the regulation to be issued by the Authority.
Supply security

Article 20

1) The Ministry is responsible for monitoring the security of electricity supply and taking measures related to supply security. The duties and responsibilities regarding security of supply are as follows:

a) TEIAS is responsible for planning, establishing, operating, maintaining system reliability, and preparing the generation capacity projection and twenty-year Long-Term Electricity Generation Development Plan so as to minimize transmission constraints. TEIAS can hold a tender for the purpose of getting new generation facilities built or leasing the capacities of existing generation facilities within the scope of ancillary services agreements to maintain the system reliability and to meet the regional system needs that may arise due to insufficient capacity. The capacity leasing fee to be paid by TEIAS within the framework of tenders is met by reflecting it on the system operating price, and the cost of energy is met, depending on the purpose of use, by market participants within the framework of the balancing and settlement regulation or by reflecting it on the system operating price within the scope of commercial ancillary services agreements. Procedures and principles regarding the tender to be held by TEIAS for capacity lease within the scope of ancillary services agreements are set out by a regulation issued by the Authority.

b) The contracted supply companies must notify the Authority of their estimated electricity peak power demands, the amount of electricity they need, the contracts they have made for the supply of this amount, and additional energy or capacity needs for the next five years until the end of December each year. The procedures and principles regarding contracts to be signed with generation companies or supply companies in order to meet energy and capacity needs in question are regulated under a regulation issued by the Authority.

c) The Authority is responsible for monitoring the realization of the licensed generation facilities, taking the necessary measures within the scope of the relevant legislation for such facilities to start operating at the prescribed time, and notifying the Ministry, at regular intervals, of the licensed new generation capacity amounts that would be taken into operation in five years and considered in the supply calculation, to be used in studies for supply and demand balancing by TEIAS.

(2) Capacity mechanisms that prioritize domestic resources are established in order to create sufficient installed power capacity, including the spare capacity required to ensure security of supply, and/or to maintain reliable installed power capacity to ensure system security. Payments that would need to be made by TEIAS within the scope of these mechanisms are taken into account in transmission tariff calculations. The procedures and principles regarding the establishment of capacity mechanisms are set out by the Authority, taking the opinion of the Ministry.

(3) The following actions are taken for the monitoring and evaluation of supply security:

a) Electricity Demand Projections Report of Turkey covering the next twenty years is prepared and published by the Ministry, every two years, by taking the opinions of the Ministry of Development and the Authority.

b) Following the publication of the Electricity Demand Projections Report of Turkey, TEIAS prepares the Long-Term Electricity Generation Development Plan, to be submitted to the approval of the Ministry, for use in determining energy policies, taking into account the demand forecasts made for the next twenty years, current supply potential, potential supply possibilities, fuel sources, structure and development plans of the transmission and distribution systems, import or export opportunities, and resource diversity policies. Following the approval of this plan, it is published by the Ministry.

c) TEIAS determines the realizations and the short- and medium-term supply and demand balance according to the Long-Term Electricity Generation Development Plan, every year, to cover the next five years, within the scope of generation capacity projection, and submits it to the Ministry and the Authority.

c') The Ministry prepares the Electricity Supply Security Report, every year until December 31st, according to the results of the above-mentioned studies and the Electricity Market Development Report prepared by the Authority, considering the supply and demand balance, resource diversity, the status of the transmission and distribution system and generation facilities, and submits it to the President of the Republic. The report covers evaluations about the development and functioning of the electricity market, and the findings, problems, and solutions in terms of supply security.

SECTION FIVE

Other Provisions

Notification

Article 21

1) Regarding any notification to be made in accordance with this Law, the provisions of the Notification Law No. 7201, dated 11/2/1959 are applied, but the notifications to be made through announcement are published in the Official Gazette.

Purchase of services

Article 22

1) Licensed legal entities can purchase services related to activities covered by their licenses. However, this does not mean the transfer of the liabilities arising from the license of the relevant licensed legal entity. The activities that can be done through purchase of services are determined by the Board.

Connection opinion

Article 23

1) Each year, TEIAS and distribution companies publish regional generation facility capacities that can be connected to their systems for the next five years and the next ten years. Apart from the regional capacities published in this way, connection opinions are not given to generation facilities. If requested by the Ministry in order to ensure supply security and by the Authority to improve competition in the market, TEIAS and distribution companies increase the capacities and the number of connection points they have determined, taking into account the system conditions.

Relocation

Article 24

1) In the hydroelectric power plant projects to be realized within the scope of this Law and the Law No. 5346, and the investments to be made for electricity generation based on indigenous resources within the scope of the second paragraph of the provisional article 4 of the Law No. 4283, relocation work in cases where it is necessary to change the railway transportation route is made by the administration that manages the railway, including the projects that the water use agreements, concluded before the effective date of this law but not yet completed, relate to, by getting the expropriation price of the existing railway that will be inundated.

Taxes and fees

Article 25

1) Papers issued relating to the agreements on the water usage rights and operating principles that have been made by the DSI since the date of 26/6/2003 and that have not included joint facility investment cost repayment are exempt from stamp duty, and transactions made are exempt from charges.
Rights and obligations of EUAS

Article 26

(1) EUAS takes over the generation facilities within the DSI according to the provisions of this law, and operates the generation facilities, taken over from the abolished Turkey Electricity Generation and Transmission, Joint Stock Company but not transferred to legal entities subject to private law, by itself and/or through its subsidiaries and other public generation companies, or decommissions them when necessary.

(2) EUAS preserves the ownership of the facilities and enterprises that have been transferred to or be transferred to legal entities subject to private law provisions through the assignment of operating rights within the scope of existing contracts, and the additional, replacement and maintenance investments to be made in them.

(3) EUAS makes all kinds of improvement, capacity increase, renewal, replacement and maintenance investments regarding the existing facilities and the facilities it will take over.

(4) With the approval of the Ministry, EUAS may establish partnerships with legal entities subject to private law provisions for new generation facilities to be built.

(5) The Ministry and the Authority are authorized and obliged to take all kinds of precautions in order to ensure that EUAS creates an effective generation composition and to make sure that there is no financial burden arising from generation, by taking the opinions of the Ministry of Development and the Undersecretariat of Treasury, in a way that does not adversely affect the financial structures of other state economic enterprises operating in the energy market.

(6) EUAS performs the activities specified in the second paragraph of the article 7 within the scope of generation license.

(7) EUAS carries out the energy purchase and sales agreements signed within the scope of the existing contracts which the abolished TETAS is a party to, and may sign energy purchase and sales agreements within the scope of electricity exchange, import and export agreements and the existing concession and application agreements.

(8) EUAS concludes and executes bilateral agreements regarding the purchase and sale of electricity and capacity within the scope of this Law and the relevant legislation, and may operate in organized wholesale electricity markets.

(9) EUAS sells electricity at wholesale prices to contracted supply companies for consumers whose tariffs are subject to regulation.

(10) The prices, terms and conditions of EUAS’s electricity sales to the contracted supply companies for consumers whose tariffs are not subject to regulation are freely determined between the parties.

(11) Suppliers authorized by the Board as a supplier of last resort are obliged to procure from EUAS as much as the rate, to be determined each year by the Board, of the electricity they procure for customers covered by the supplier of last resort.

(12) Distribution companies procure from EUAS their energy needs due to their general lighting and technical and non-technical losses.

(13) In case EUAS cannot meet the electricity amount specified in the paragraphs nine, eleven, and twelve within the scope of existing contracts, it procures it from companies operating domestic coal-fired power generation plants. Other procedures and principles, including quantity, time and price determination, regarding the subject procurement are determined by the Ministry.

(14) The Ministry and the Authority are authorized and obliged to take all kinds of precautions in order to ensure that EUAS can fully meet its purchasing obligations and to make sure that there is no financial burden arising from these obligations, by taking the opinions of the relevant ministry and public institutions, in a way that does not adversely affect the financial structures of other state economic enterprises operating in the energy market.

Updating the investment costs

Article 28

(1) DSI energy participation shares specified in US Dollars in the contracts of the hydroelectric power plants under the build-operate-transfer model in the enterprise, which operates within the framework of its existing contracts and the DSI participation shares of which are paid by TETAS through tariffs, are paid to DSI at the end of each operating year in the amount contained in the contract over the foreign exchange rate on the date of payment determined by the Central Bank of Turkey.

(2) The facility cost to be taken as the basis in the calculation of the energy participation share to be paid to DSI within the framework of the provisions of the water usage right agreement signed for the hydroelectric power plants established and to be established under the Law No. 4628, if the first discovery of the facility in single- or multi-purpose facilities:

a) Contained the energy facility, the initial estimated cost of the part of the facility built by DSI cannot exceed,

b) If it did not contain the energy facility, the initial estimated cost of the joint facility cannot exceed,

thirty percent of the price determined with WPI/PPI on the date the water usage agreement was made, and if there is an amount spent by DSI on the energy facilities covered by the subparagraph (b), it is calculated with WPI/PPI and added to the energy participation share as well. In updating the initial estimated cost, the WPI/PPI value published in the month of January of the discovery year is taken as the basis in the works tendered according to the State Tender Law No. 2886, dated 8/9/1983, the basis is the WPI/PPI value used in the calculation of the price in the water usage right agreements signed if such a price was determined, and in the works tendered according to the Public Procurement Law No. 4734, dated 4/1/2002, it is the WPI/PPI values one month prior to the bidding date. As to the payments made and to be made for expropriations related to the project, the entire portion, corresponding to the energy share of the amount of such payments that was brought to the date of the water use agreement through WPI, is paid by the company.

Evaluation of applications for hydraulic resources

Article 29

(1) DSI is authorized to determine the legal entity with which the water usage right agreement will be signed in the applications made to sign a water usage right agreement in order to obtain a generation license for hydroelectric resources. In the event of multiple applications made to the DSI for the same resource, the legal entity that proposes to pay the highest amount of such payments that was brought to the date of the water use agreement through WPI, is paid by the company.

(2) Hydroelectric resource contribution fee is paid every year by the end of January to be recorded as revenue in the DSI’s budget.

(3) The procedures and principles regarding the implementation of this article are set out by a regulation to be issued by the ministry which the DSI is affiliated with.

Provisions that have been amended and repealed

Article 30

(1) The title of the Law No. 4628 has been amended as “The Law on the Organization and Duties of the Energy Market Regulatory Authority.”
2) The article 1 of Law No. 4628 has been amended as follows together with its title.

"Purpose and definitions

Article 1

The purpose of this Law is to lay out the organization, duty, authority and responsibility of the Energy Market Regulatory Authority and the principles regarding the personnel affairs of its staff.

In the implementation of this Law, the terms below mean as follows;

a) Minister: The Minister of Energy and Natural Resources,

b) Ministry: The Ministry of Energy and Natural Resources,

c) Board: The Energy Market Regulatory Board,

c) Authority: The Energy Market Regulatory Authority.”

(3) The article 9 of the Law No. 4628 has been amended as follows together with its title.

Presidency, positions, status, method of appointment, and personnel rights of the institution’s employees

Article 9

Presidency: It consists of the president, vice presidents and service units. Two vice presidents may be appointed by Board decision to assist the President in his duties regarding the presidency of the Authority. Vice Presidents are responsible for fulfilling the duties and instructions given by the President and ensuring coordination between the relevant service units.

In addition, presidential advisors may be appointed by the President, not to exceed the number of staff contained in the schedule (I) that is attached.

Authority’s service units and their duties and powers are as follows:

a) Electricity Market Department: To conduct studies on regulations regarding the electricity market, establishing competition conditions, protecting consumer rights, and examining consumer complaints that have been assigned to the Authority by this Law and other laws, to carry out all kinds of processes related to licenses, certificates, permits and certification.

b) Department of Natural Gas Market: To conduct studies on regulations regarding the natural gas market, establishing the conditions of competition, protecting consumer rights, and examining consumer complaints that have been assigned to the Authority by this Law, the Natural Gas Market Law No. 4646 dated 18/4/2001, and other laws, and to carry out the works and procedures regarding all kinds of licenses, certificates, permits and certification.

c) Petroleum Market Department: To conduct studies on regulations regarding the petroleum market, establishing the conditions of competition, protecting consumer rights, and examining consumer complaints that have been assigned to the Authority by this Law, the Petroleum Market Law No. 5015 dated 4/12/2003, and other laws, and to carry out the works and procedures regarding all kinds of licenses, certificates, permits and certification, and to conduct national marker operations.

c') Department of Liquefied Petroleum Gases Market: To conduct studies on regulations regarding the liquefied petroleum gases market, establishing the conditions of competition, protecting consumer rights, and examining consumer complaints that have been assigned to the Authority by this Law, the Law No. 3307 dated 2/3/2005 Amending the Liquefied Petroleum Gases (LPG) Market Law and the Electricity Market Law, and other laws, and to carry out the works and procedures regarding all kinds of licenses, certificates, permits and certification.
Board members and the Authority personnel are also obliged to meet the requirements specified in sub-clauses (1), (4), (5), (6) and (7) of the subparagraph (A) of the article 48 of the Civil Servants Law No. 657.

The main duties and services required by the duties assigned to the Authority are carried out by the professional staff consisting of energy experts and assistant energy experts and the personnel working in the other positions contained in the attached schedule [1]. Recruitment of assistant energy experts are determined by competitive exams, thesis preparation and qualification exams, and their appointment as energy experts are determined by a regulation to be issued by the Board within the framework of the provisions of additional article 41 of the Civil Servants Law No. 657.

The Chairman and members of the Board and the Authority personnel employed in the positions attached to this Law under an administrative service contract are deemed to have been insured, with respect to social security, under the subparagraph (c) of the first paragraph of the article 4 of the Social Insurance and General Health Insurance Law No. 5510, dated 31/5/2006. The social security rights and obligations of the Chairman and members of the Board and the personnel employed in the posts attached to this Law by an administrative service contract in the Authority are determined in accordance with the provisions of the aforementioned law, without prejudice to the provisions of the provisional article 4 of the Law No. 5510. Among those appointed as the Chairman and members of the Board while having been insured within the scope of the subparagraph (c) of the first paragraph of the article 4 of the Law No. 5510, the terms of office spent in these posts by those with term of service expired or those who requested to leave such positions are taken into consideration in the determination of the salaries, ranks, and levels that they have been entitled to. With respect to these persons, the time spent in these positions by those who have been covered by the temporary article 4 of the Law No. 5510 during their work is considered as the period for which the office compensation and representation compensation should be paid. Termination of the relationships of those appointed as Chairman and members of the Board, while having been insured in public institutions and organizations within the scope of the subparagraph [a] of the first paragraph of the article 4 of Law No. 5510, with their previous institutions and organizations does not require severance pay or end-of-work compensation to be paid to them. The service periods of such persons for which the severance or end-of-work compensation should be paid are combined with the term of service spent as the Chairman and members of the Board, and is considered as the period for which the retirement bonus will be paid.

The relationships of those who have been appointed as the Chairman and members of the Board with their previous duties are cut off as long as they serve on the Board. However, those who have been appointed as members while they served as public officials are appointed to a position in accordance with their acquisitions by the authority authorized to appoint within one month, provided that they have not lost the conditions for entering the civil service, in case their term of office expired or they requested to leave their office and applied to their former institutions within thirty days. Until the appointment is made, all kinds of payments they receive will continue to be paid by the Board. With respect to those who have been elected as the Chairman and members of the Board while not working in a public institution and who had their duties ended as stated above, any payments they have been receiving will continue to be paid by the Authority until they get any task or job, and the payment to be made by the Authority to those whose membership ended in this way cannot exceed two years.

The payments made within the scope of financial and social rights to the equivalent personnel determined in accordance with the additional article 11 of the Decree No. 375 dated 27/6/1989, including taxes and any other legal deductions, are made to the Chairman and members of the Board and the Authority’s staff within the framework of the same principles and procedures."

(4) The following provisional article has been added to the Law No. 4628.

Provisional Article 19
The current heads of the service units are deemed to have been appointed to the relevant service unit departments established by this Law, and the staff with titles that remained unchanged are deemed to have been appointed to the positions with the same titles that have been established with the ranks they currently hold, without the need for another procedure.

The personnel whose positions and job titles have changed or have been removed are appointed to appropriate positions within six months from the effective date of this article. Until the appointment is made, they can be assigned to the jobs needed by the Authority. They continue to receive payments for their old titles until they are appointed to a new position. In the event that, after the appointment for a new position, the monthly net salary they have been getting in their former positions is higher than the net salary in their new position, the difference is paid as compensation every month, without being subject to any tax or deduction, as long as they remain in the position they have been appointed to and until they are equalized with the salaries of their new position. The payment of difference compensation is terminated for those who had the title of their positions changed or who have moved to other institutions upon request by themselves.

The provisions of the legislation, including retirement legislation, in force before the date of 15/1/2012 are continued to be applied to the personnel working for the Authority as of 15/1/2012, considering the provisions of the provisional article 10 of the Decree No. 375 as well."

(5) The articles 2, 3, 11, 13 through 15, the additional article 3, the provisional articles 1 through 18 of the Law No. 4628 have been repealed.

(6) The paragraphs four and six of the article 6/C and the provisional article 4 of the Law No. 5346 have been repealed.

(7) The subparagraph (b) of the first paragraph of the provisional article 6 of the Law No. 5307 dated 2/3/2005 Amending the Liquefied Petroleum Gasas (LPG) Market Law and the Electricity Market Law has been repealed.

References and regulations
Article 31
(1) References made in other legislation to the articles of the Law No. 4628 that were abolished by this Law are deemed to have been made to the relevant provisions of this Law.

(2) Regulations that must be set out within the scope of this Law, with no timeline specified, shall be issued within six months from the effective date of this Law. Until these regulations come into force, the provisions of all general regulatory transactions such as existing regulations, communiqués and Board decisions, which are not contrary to this Law, will continue to be applied.

Additional Article 1
(1) Assignment, authorization of specialized public institutions and organizations, legal entities or private law legal entities holding distribution licenses within the scope of this Law, or purchase of services from such legal entities to carry out examination, determination, reporting, project approval and acceptance processes, regarding the obligations required for the establishment and operation of electricity generation, transmission, distribution and consumption facilities in accordance with national interests and modern technology, and the qualifications, authorization, rights and obligations of these legal entities, and sanctions to be applied to these legal entities and other issues are set out by a regulation to be issued by the Ministry.
Additional Article 2

(1) With respect to the energy transmission/distribution facilities to be built in state-owned forests covered by the Forest Law No. 6831, dated 31/8/1956 and in the areas within the scope of the National Parks Law No. 2873, dated 9/8/1983, the permits required to be taken and procedures implemented in accordance with the relevant legislation, for the areas within the safety areas and the areas required for the construction, maintenance, repair and transportation of these facilities, are concluded by the relevant institutions and organizations within sixty days from the date of application. A 50% discount is applied to the land permit fee that needs to be obtained, if there is no other discount.

(2) Permits and operations of energy generation/transmission/distribution facilities that have fulfilled all of their obligations and got their commitment notes reconciled at the end of the forty-nine-year final period of permit are extended, if requested, up to ninety nine years by increasing the most recent land permit fee that was paid by the revaluation rate determined in accordance with the Tax Procedure Law No. 210, dated 4/1/1961.

(3) The energy generation/transmission/distribution facilities without the forestry permit procedures completed within the scope of the Law No. 6831 and the Law No. 2873, although they have been established in forestry areas before 1/1/2018, are provided with a permit through payment of all fees on the date of application within the scope of the provisions of the relevant legislation, within one year from the effective date of this paragraph. No fees for the previous years are charged for these permits.

Additional Article 3

(1) Disputes arising from the implementation of the subparagraph (d) of the second paragraph of the article 8 are heard in the administrative courts.

Additional Article 4

(1) Regarding the personnel assigned to perform the works and processes stated below, the provisions set forth in the Law No. 3213 regarding the fees applicable to the personnel assigned for the examination and supervision of mining activities are applied.

a) Those assigned to supervise, examine and control the activities of electricity distribution companies within the scope of this Law

b) Those Ministry staff, including those assigned for the electricity generation and facility inspection of domestic components used in electricity generation facilities, who have been assigned for Inspection activities regarding electricity generation facilities within the scope of Law No. 5346, and audit activities carried out within the scope of the Energy Efficiency Law No. 5627, dated 18/4/2007, and for the acceptance process of electricity generation facilities

c) Among the personnel working under the subparagraphs (b) and (c) of the first paragraph of the article 3 of the Decree No. 399 for TEIAS, those assigned for the inspection, installation, maintenance or control services of open-core and closed-core transformer centers and power transmission lines

(2) These payments are not subject to any deductions other than stamp duty.

SECTION SIX

Provisional and Final Provisions

National tariff application

Provisional Article 1

(1) All public and private distribution companies and contracted supply companies are included in the price equalization mechanism that has been established in a way to partially or completely protect the consumers purchasing electricity over regulated tariffs against the price differences that exist due to cost differences between distribution regions and that the issues related to the application of which have been set out in a communiqué prepared by the Authority.

(2) The price equalization mechanism is applied until the date of 31/12/2025. Throughout the period in which the price equalization mechanism is implemented, the requirements of the national tariff implementation are taken as the basis and cross subsidy is included in the national tariff. The national tariff is prepared by the Authority and comes into effect with the approval of the Board.

(3) The President of the Republic is authorized to extend the period covered by the second paragraph up to five years.

(4) During the period in which the price equalization mechanism is implemented, all accounts are kept separated according to the relevant legislation.

Build-operate-transfer contract

Provisional Article 2

(1) In order to ensure that the companies that have concluded a build-operate-transfer agreement with the Ministry in accordance with the provisions of the Law No. 3096, but had their contracts terminated or whose contracts will be terminated before they started operating, continue their activities by obtaining a license under this Law, the Treasury immovable properties, for which easement rights have been established in favor of such companies for the establishment of build-operate-transfer facilities within the scope of the contract, can be sold directly to these companies by the Ministry of Finance over the market value, regardless of the value of the facilities on them.

Tax regulations

Provisional Article 3

(1) The gains arising from the transfer, merger, division and partial division transactions to be made until 31/12/2023 within the scope of the works for the privatization of electricity distribution companies and electricity generation facilities and/or companies are exempted from corporate tax. In case of loss occurring due to the actions to be taken within the scope of this article, this loss is not taken into account in the determination of the corporate earnings. These division transactions that have been are considered as division transactions made within the scope of the Corporate Tax Law No. 5520, dated 13/6/2006.

(2) Deliveries and services to be made within the scope of this article are exempt from value added tax. Taxes assumed relating to the performance of the deliveries and service in question are deducted from the value added tax calculated for taxable transactions. Value added tax that cannot be compensated through deduction is not refunding. The relevant provisions of the Law No. 6102 are not applicable to transactions falling under this article.

(3) Separation of distribution and retail sales activities is deemed to be a division transaction made within the scope of the Law No. 5520, provided that it is carried out on book values within the procedures and principles determined in accordance with this Law.
Regulations to ensure security of supply

Provisional Article 4

(1) The following incentives are provided to the legal entities holding a generation license that will start operating for the first time until 31/12/2015 in order to create the required supply capacity with sufficient backup in the short term. The President of the Republic is authorized to extend this period up to five years.

(a) Fifty percent discount is made from the system usage fees of the transmission system for five years from the date of commissioning of generation facilities.

(b) During the investment period of the generation facilities, the transactions carried out regarding the generation facilities are exempt from the fee, and the for the papers issued are exempt from stamp duty.

(2) Permission is granted, leasing made, easement right established, or right to use granted for a fee by the Ministry of Forestry and Water Affairs or the Ministry of Finance for those immovable properties that are forestry in nature or privately owned by the Treasury or under the jurisdiction and disposal of the State, which will be used for the facility, access roads and power transmission line up to the grid connection point, in electricity generation facilities where the mines included in the Group IV subparagraph (b) of the article 2 of the Mining Law No. 3213, dated 4/6/1985, are used as input, within the scope of electricity generation facilities based on renewable energy resources within the scope of Law No. 5346 and a mining operating license and permit issued by the Ministry.

(3) In the event that the immovable properties to be used for the purposes specified in the second paragraph are pastures, highlands, winter pastures and public pastures and meadows covered by the Pasture Law No. 4342, dated 25/2/1998, these immovable properties are registered in the name of the Treasury by changing the allocation purpose and exceptions stated in this paragraph. The President of the Republic is authorized to extend this period up to five years.

(4) A discount of eighty-five percent is applied, for ten years from the date of license, to the fees for permits, leases, easement rights and usage permits from the electricity generation facilities which will start operating from the date of publication of this Law until 31/1/2020 and in which the mines mentioned in the Group IV subparagraph (b) of the article 2 of the Mining Law No. 3213 are used as input, within the scope of a mining operation license and permit issued by the Ministry, from the access roads and the energy transmission lines, including those to be transferred to TEIAS and distribution companies, to the connection point to the system specified in their licenses. Forest Villagers Development Income and Afforestation and Erosion Control Income are not collected from them. The facilities established and to be established in the mine sites that have been tendered or contracted by public institutions or organizations for the purpose of constructing electricity generation facility before the date of the publication of this Law cannot benefit from the discounts and exceptions stated in this paragraph. The President of the Republic is authorized to extend the period covered by this paragraph up to five years.

(5) The transactions made by legal entities holding a pre-license regarding the generation facilities to be established within the scope of this pre-license within the validity period of the pre-license are exempt from the fee, and the papers issued for these transactions are exempt from the stamp duty, to be applied until the date specified in the first paragraph.

Electricity Fund

Provisional Article 5

(1) Pursuant to the Fund Agreements signed between the relevant companies and the discontinued Electric Energy Fund within the scope of the projects carried out within the framework of Law No. 3096, no interest is charged on the repayment of loans provided or to be provided by the Fund, which are projected to be repaid to the Fund, by providing additional resources to companies by reflecting on the sales tariffs of the companies.

General lighting

Provisional Article 6

(1) The lighting expenses incurred in the places illuminated within the scope of general lighting are covered from the allocation to be included in the budget of the Ministry and from the share received by the relevant municipalities and special provincial administrations from the general budget tax revenues until 31/12/2025. The President of the Republic is authorized to extend this period up to five years. The deduction to be made from the share of the general budget tax revenues of the municipalities is applied as ten percent of the lighting expenses for metropolitan municipalities and municipalities in adjacent areas, and 5 percent for other municipalities. Outside these limits, ten percent of the lighting expenses are covered by deductions made from the share of the relevant provincial special administration. The President of the Republic is authorized to double the rates covered by this paragraph.

(2) The investments required for the regions where the lighting commission consisting of representatives of the distribution company, the relevant municipality and/or the provincial special administration will make a general lighting decision under the chairmanship of the representative to be determined by the Ministry, shall be made by the distribution company.

(3) Consumption and investment expenses for border illumination made for security purposes are covered from the budget of the Ministry of Internal Affairs, and the illumination expenses related to the places of worship available for public worship free of charge are covered by the budget of the Directorate of Religious Affairs.

(4) TEDAS carries out the necessary audits in the distribution companies as to whether the consumption amounts and prices in the invoices sent by distribution companies show the real situation or not. If, as a result of the audits, it is determined that the distribution company has been overpaid, the relevant distribution company is requested to pay the amount of excess payment, within one month, together with the interest calculated, for the period between the date of payment and the date it was taken back, by taking into account the default interest rate determined in accordance with the article 51 of the Law No. 6183 dated 21/7/1953 on Collection Procedure of Public Receivables. If no payment is made within this period, the payment amount in question is deducted from the current period receivables of the distribution company. The receivables that could not be collected in this way are followed up and collected by the tax offices upon the notification of the Ministry in accordance with the provisions of the Law No. 6183. Eighty percent of the collections made due to overpayments are recorded as revenue in the general budget, and the remaining twenty percent are transferred to the relevant local administrations. The Ministry is authorized, upon the assent of the Ministry of Finance, to eliminate the doubts regarding the implementation of this paragraph and to determine the procedures and principles when necessary.

(5) The Ministry shall make the necessary arrangements regarding the payments within the scope of the first paragraph within three months from the effective date of this Law. During this period, the works and transactions regarding the payment of general lighting consumption expenses are carried out by the Undersecretariat of Treasury in accordance with the provisional article 17 of the Law No. 4628 that was repealed by this Law and the provisions of other relevant legislation. Pursuant to the provisional article 17 of the Law No. 4628 that was repealed by this Law, the processes of auditing, follow-up and collection for the payments made from the budget of the Undersecretariat of Treasury are carried out within the scope of the paragraph four.

(6) The technical principles regarding the measurement of illumination and the procedures and principles regarding payments, deductions, applications and auditing are set out by the regulation put into effect by the Ministry.
Conversion of auto producer license to generation license
Provisional Article 7
(1) The legal entities holding auto producer licenses are granted a generation license, ex officio and without the license fee, within six months from the publication date of this Law, while preserving their rights in their existing licenses. After the effective date of this Law, no auto producer license application can be made to the Authority, applications made are evaluated within the scope of generation license.

(2) The auto producer licenses issued for facilities in operation by organizations privatized before the effective date of this Law, in accordance with the provisions of the Law No. 4628 are converted into generation license, and the issues specified in the contracts for transfer sales/operating rights are included in the generation license. License holders within this scope can sell up to twenty percent of the electricity generation amount in the market within a calendar year. The Board may increase this rate, exclusively when needed in terms of supply security.

Processes regarding licenses that have not been or could not have been operational
Provisional Article 9
(1) Legal entities that could not have fulfilled their obligations to start the construction of the generation facility, within the pre-construction period included in their generation licenses, are granted a period of six months in addition to their remaining pre-construction periods, if any, and only six months, if not. The licenses of legal entities that could not have fulfilled their obligations within this period, except for force majeure, are revoked.

(2) The first paragraph does not apply to licenses given for coal field obtained from public institutions by the royalty method to establish an electricity generation facility, and the licenses for which the expropriation and railway relocation processes that must be done within the pre-construction period that had been included in the license could not be completed within this period, and which have been documented with the reasons for the Authority, and which had such justifications accepted by the Board.

(3) In case legal entities wishing to terminate their current generation or auto producer licenses or license applications apply to the Authority within one month following the effective date of this Law, their licenses or applications are terminated and their guarantees are returned.

Converting existing license applications into pre-license applications
Provisional Article 10
(1) The generation license applications that have not yet been concluded by the Authority as of the effective date of this Law are considered and finalized as pre-license applications.

Granting supply licenses
Provisional Article 11
(1) Legal entities holding wholesale and retail sales licenses are granted a supply license ex officio and free of charge, preserving the rights in their existing licenses.

Licensing of generation facilities and projects within the scope of existing contracts
Provisional Article 12
(1) Generation facilities and projects within the scope of existing contracts are licensed ex officio within one year from the effective date of this Law, provided that it is limited to the rights and obligations in the existing contracts and the contract period.

Treasury investment guarantees
Provisional Article 13
(1) Investments made for the purpose of electricity generation, transmission, distribution and trade within the framework of the provisions of the Law No. 3096, the Law No. 3996 and the Law No. 4283 are not provided with Treasury investment guarantees.

Idle hydroelectric power plants
Provisional Article 15
(1) A water usage-right agreement is signed by DSI in accordance with the relevant regulation for a fee of 1 kurus/kilowatt hour, without posting an announcement, with the right holders of hydroelectric power plants that had electricity generation activities before the effective date of the Law No. 4628, but could not have engaged in generation activity or could not have been connected to the distribution system for various reasons after the effective date of the said Law, in case they apply within six months following the effective date of this Law, and it does not overlap with existing projects.

Ongoing businesses and processes
Provisional Article 16
(1) The expropriation and transfer processes of the immovable properties required for electricity generation and distribution facilities with an expropriation decision taken by the Board before the effective date of this Law, or a transfer decision taken according to the article 30 of the Law No. 2942, are finalized by the Authority.

Provisional Article 17
Among the license applications made for generation activity based on wind energy, with respect to the legal entities, which have been deemed suitable by a Board decision for a license to be issued to, but which had their license applications rejected before the effective date of this article, due to failure to fulfill the obligations specified in the approval decision, the applications by legal entities falling under this scope are accepted as pre-license applications, and a pre-license is granted to the relevant legal entities, provided that they fulfill the obligations specified in this Law, in the event that they apply to the Authority within one month from the effective date of this article, and that it is certified by TEIAS or electricity distribution companies that their suitable connection opinions continue. The guarantees provided by the legal entities that had applied within the scope of this article, which have previously been recorded as revenue, are not refunded.
Measures to reduce losses in the distribution system

Provisional Article 18
(1) The Board is authorized to make different arrangements from those in other distribution regions, to re-determine the target loss-leakage rates, taking into account the realizations of the previous year and including subsequent implementation periods until 1/1/2016, in distribution regions where the rate of technical and non-technical losses is above the country average.

Provisional Article 19
(1) Until the regulations stipulated by the Law establishing this article are put into effect, the provisions of the current regulations, communiqués and Board decisions put into effect by the Board which are not contrary to this Law will continue to be applied.

Provisional Article 20
(1) The provisions of the article 17 are applied for all kinds of execution proceedings without judgment, lawsuits and applications regarding the distribution, counter reading, retail sales service, transmission and loss-leakage fees that have been accrued in accordance with the Board decisions.

Provisional Article 21
(1) In the event that legal entities wishing to terminate their current generation or auto producer pre-licenses, licenses or license applications apply to the Authority within two months following the effective date of this article, their pre-licenses, licenses or license applications are terminated and their guarantees are returned.

Processes regarding pre-licenses or licenses that have not realized generation

Provisional Article 22
(1) On the effective date of this article, TETAS and EUAS were merged under EUAS. All personnel working in the liquidated TETAS on the date of entry into force of this article are deemed to have been assigned to EUAS together with their cadres, positions, financial and personnel rights, without any action needed. The operating and investment budgets belonging to TETAS and all kinds of immovable and movable properties, vehicles, tools, equipment and materials, all kinds of records in written form and in electronic media, and other documents are deemed to have been transferred to EUAS on the effective date of this article. The Minister of Energy and Natural Resources is authorized to eliminate the hesitations that may arise during the transfer of the annulled TETAS to EUAS regarding the organization, personnel, staff, fixtures transfer, and similar issues.

Provisional Article 23
(1) EUAS replaces the liquidated TETAS as a party, without the need for any action, in the lawsuits and execution proceedings filed in favor of and against TETAS before the effective date of this article. The rights, receivables and obligations of the liquidated TETAS arising from the legislation and the contract are deemed to have been transferred to EUAS without the need for any action.

Provisional Article 24
(1) References made in other legislation to the article 26 and the repealed article 27 of this Law are deemed to have been made to the relevant provisions of the Law No. 6446. References made to liquidated TETAS in the legislation are deemed to have been made to EUAS.

Establishing a consumption link in unlicensed generation projects

Provisional Article 25
(1) Connection agreement periods within the scope of the activities in subparagraph (b) of the first paragraph of the article 14 of this Law are considered to have been extended automatically within thirty days from the effective date of this article for those whose consumption-generation connection has been broken from the date of the call letter until the end of the connection agreement period; they establish the subscription, which is the basis for the call letter, and an old and/or new consumption facility subscription with at least the same features and notify the relevant network operator, in a way to cover one hundred and twenty days following the notification date in question, for those whose provisional acceptance has not been made although the connection agreement period had expired, and those whose connection agreement period had not yet expired, in a way to cover one hundred and twenty days from the effective date of this article.

Extension of contract term and transfer

Provisional Article 26
Effective date of this provision: 17.01.2019
(1) The periods stipulated for the rights and obligations within the scope of the relevant contracts whose competition was run before the entry into force of this article, within the scope of the paragraph twelve of the article 5 and the relevant legislation, and which continue as of the effective date of this article, and the Transfer Agreements and Electricity Sales Agreements made for the establishment of electricity generation facility based on renewable energy resources or domestic coal, whose privatization tender has been held within the scope of the paragraph five of the article 18 and which continues as of the effective date of this article, are extended for thirty-six months from the effective date of this article. If a request is made within the period extended under this article, the relevant contract/agreement (including the transfer of shares within the project company) may be transferred. In this case, the requirements in the first competition/tender, excluding the technology provider condition, are sought with respect to those that would take over. However, restrictions and sanctions arising from the transfer are not applied. No claim can be made from the administration due to the transfer. Stamp duty is not collected from contracts to be transferred in this context.
(2) Contracts/agreements concluded under the first paragraph are subject to private law provisions. The contracts/agreements referred to may be amended by the parties by the approval of the Ministry of Energy and Natural Resources, including postponement of the termination right of the administration, provided that the subject matter and price of the contract are not changed, and the changes are limited to the issues related to the rights of the financial providers. This paragraph also applies to contracts/agreements already signed.

Provisional Article 27
(1) References made to the paragraphs twelve and thirteen of the article 5, which have been repealed by the Law establishing this article, shall be deemed to have been made to the article 4 of Law No. 5346.
(2) For the contracts signed as a result of the renewable energy resource competitions run within the scope of the paragraphs twelve and thirteen of the article 5, which have been repealed by the Law establishing this article, the provisions of the aforementioned paragraphs continue to apply.
Ongoing works and processes regarding the acquisition of immovable properties
Provisional Article 28
(1) Before the effective date of this article;

a) Transactions relating to the decisions taken by the Board for the provision of immovable properties required for electricity distribution facilities are concluded by TEDAS,

b) The processes related to immovable properties which have not been decided to be expropriated by the Ministry of Environment and Urbanization and/or whose transfer procedures have not been initiated according to the article 30 of the Law No. 2942 relating to the provision of immovable properties required for electricity generation facilities, are concluded by the Authority.

Right to terminate and amend licenses and pre-licenses
Provisional Article 29
(1) In the event that the legal entities that wish to terminate their generation or auto producer licenses, pre-licenses or license applications which existed within the scope of this Law prior to the effective date of this article, or amend them by means of a decrease in installed power, apply to the Authority within two months following the effective date of this article, their licenses, pre-licenses or license applications are terminated or amended, and their guarantees are returned partially or completely according to their relevance.

Enforcement
Article 32
(1) This Law takes effect on the date of its publication.

Execution
Article 33
(1) The provisions of this Law are executed by the Council of Ministers.

LAW NO. 4283 ON ESTABLISHMENT AND OPERATION OF ELECTRICAL ENERGY GENERATING FACILITIES AND REGULATION OF ENERGY SALES UNDER THE BUILD-OPERATE MODEL

Official Gazette: 19.07.1997/23054 No. 4283
Date of Enactment: 16.07.1997
Validity Date: 19.07.1997
Date of Last Amendment: 09.07.2018
Validity Date of This Version: 09.07.2018

Purpose and Scope
Article 1
The purpose of this Law is to determine the principles and procedures for providing generation companies with a license to establish and operate thermal power plants, with their own ownership, to generate electricity as well as for energy sales in accordance with the country’s energy plans and policies under the “Build-Operate Model”. Hydroelectric, geothermal, nuclear power plants, and other power plants to be operated with renewable energy sources are outside the scope of this Law.

Definitions
Article 2
The terms below that are mentioned in this Law mean as follows;

Build-Operate Model: The model that comprises the establishment and operation of electrical power plants under the ownership of generation companies, and the sale of the generated electrical energy within the framework of principles and procedures to be determined,

Generation Company: Any domestic and/or foreign equity company set up or to be set up only to establish and operate an electrical energy generating facility, under its own ownership,

Ministry: The Ministry of Energy and Natural Resources,


Principles for granting permission to establish and operate a generating facility and for energy sales
Article 3
An announcement is made in the Official Gazette by TEAS in order to receive proposals for the generating facilities foreseen to be built according to this Law, within the framework of the optimal electricity generation system development plans. TEAS prepares the specifications that specify the nature of the work and applies the appropriate one out of the procedures of sealed bidding or sealed bidding among certain bidders or negotiation regarding the selection of the generating company.

In addition, generating companies can apply to TEAS to establish and operate a generating facility. In this case, if the proposed projects are evaluated and deemed appropriate by TEAS within the framework of optimal system develop-
ment plans, an announcement is made in the Official Gazette in order to receive proposals for the generating facility foreseen to be built to ensure a competitive environment, determining also the tender methods suitable for the work. Regarding the projects envisaged by TEAS to be realized under this model, the opinion of the State Planning Organization is obtained with regard to compliance with development plans, energy plans and policies prior to the announcement to be made.

After the bids received have been evaluated by TEAS within the framework of this Law and the provisions of the regulations to be issued, the appropriate offer is determined and sent to the Ministry in order for the relevant generating company to be provided with a license to establish and operate a facility. If the Ministry deems appropriate the proposal sent to it by TEAS, it grants the permission to establish and operate a facility.

After the notification of this permission to TEAS, an agreement is signed between TEAS and the generating company governing the establishment, operation of a generating facility and sale of energy.

These agreements are subject to private law provisions.

In their evaluations, the Ministry and TEAS take into account the provision of electricity to the consumer in the cheapest and most reliable way in line with development plans, country energy plans and policies, as well as supply-demand balances.

For the electricity generation facilities to be built in accordance with this Law, the conditions to be sought in the bidders, capital of the generating company, experience of the company and/or its shareholders, selection of the company, project and feasibility principles, fuel supply, electricity generation capacity, amount and duration of the energy to be purchased, the basis and procedures for setting the energy unit price, procedures and principles for licenses to establish and operate a facility, and other issues are specified in the Decree to be issued by the President of the Republic.

Guarantee

Article 4

For the payment obligations of TEAS arising from the provisions of the agreement regarding energy sales, a Treasury guarantee can be given to the generating company by the State Ministry which the Undersecretariat of Treasury is affiliated with.

Provisional Article 1

The process regarding the offers received in order to establish an energy electricity generation facility, in accordance with the provisions of the Decree No. 96/8269, dated 9.5.1996, will continue from where it left off under the provisions of this Law.

Provisional Article 2

Upon application to the Turkey Electricity Trading and Contracting Joint Stock Company by the generating companies with licenses obtained earlier to set up and operate a generating facility in accordance with the provisions of this Law, within the three-month period following the effective date of this article, an agreement which is subject to the provisions of private law and which contains the same terms and conditions is signed between the Turkey Electricity Trading and Contracting Joint Stock Company and the generating company to replace the previously signed agreement. In this case, Treasury guarantees, opinions, protocols, disclosure minutes, declarations, consents, letters of commitment that have been provided in relation to the agreements signed previously according to the provisions of this Law, and the natural gas sales agreements signed between the Petrol Transportation with Pipelines Joint Stock Company and the relevant generating companies are deemed to have been renewed with the terms and conditions included without any further steps.

For the agreements signed pursuant to this article, the provisions regarding the approval and the term contained in the article 2 of the Electricity Market Law No. 4628 dated 20/2/2001 are not applicable.

Provisional Article 3

A) In the event of multiple applications made to the General Directorate of State Hydraulic Works for the same resource to sign an agreement for water usage rights for the purpose of obtaining a generating license for hydraulic resources according to the Electricity Market Law No. 4628 dated 20/2/2001 and the Electricity Market Licensing Regulation issued pursuant to this Law, the General Directorate is authorized for seven years to determine the company, out of the ones whose feasibility has been deemed acceptable, which proposes to pay the highest rate of hydroelectric resource contribution per unit of electricity, and to notify the Energy Market Regulatory Authority.

The amount corresponding to the amount of electrical energy generated each year over this consideration is paid until the end of January of the following year to be recorded as revenue in the budget of the General Directorate of State Hydraulic Works.

The procedure regarding the determination of the legal entity is specified in the Regulation on the Principles and Procedures Regarding the Signing of a Water Usage Rights Agreement in Order to Engage in Generation Activity in the Electricity Market, issued by the Ministry of Energy and Natural Resources.

B) Out of the multiple applications made for the same resource, those notified by the General Directorate to the Energy Market Regulatory Authority prior to the publication date of this Law to be entitled to sign a water usage rights agreement, which have not had a bidding meeting held by the Energy Market Regulatory Board, are returned to the General Directorate.

Out of the multiple applications made for the same resource for which the bidding meeting has been held, those who have not received a license as of the publication date of this Law, are finalized by the Energy Market Regulatory Authority by evaluating them under the conditions determined by the stage they were in within the framework of the Electricity Market Licensing Regulation.

In the event that, out of the multiple applications made for the same resource, those which have had a bidding meeting held by the Energy Market Regulatory Authority and which have received the license within the framework of the electricity market legislation, make an application within three months following the effective date of this article, their licenses are renewed to replace the previous ones. In this case, all works and transactions done in connection with the previously issued license are considered to have been renewed and valid with the terms and conditions it contained without any further action.

Provisional Article 4

Multi-purpose projects and projects that were within the scope of Bilateral Cooperation Agreements before the entry into force of this Law and projects included in previous years’ investment programs can be made or contracted out by the General Directorate of State Hydraulic Works until the date of 31/12/2025, without the need for a license.

At the stage of the construction of hydroelectric electricity generation facilities of these projects, electricity generating facilities are made available for private sector applications to operate within the scope of the Electricity Market Law No. 4628. If there are no applications within four months, it can be realized by the General Directorate of State Hydraulic Works.
As of the date of the publication of this paragraph, the projects that are still within the scope of Intergovernmental Bilateral Cooperation, and the previously determined related projects of the companies to be established in accordance with the provisions of the Turkish Commercial Law No. 6762, or with new shareholders in addition to the existing ones, by the legal entity or entities determined in the Intergovernmental Bilateral Cooperation Agreement or in the Resolution of the Council of Ministers taken pursuant to this agreement or through the approval of the Ministry of Energy and Natural Resources, are provided with the water usage right, if they applied for water usage right, and electricity generation license. Hydroelectric generating facilities to be built by the legal entities specified in this paragraph shall benefit from the provisions of the Law No. 5346 on the Utilization of Renewable Energy Resources for the Purpose of Generating Electrical Energy, without the condition for being of the canal/river type or with reservoir area of less than fifteen square kilometers.

Enforcement
Article 5
This Law takes effect on the date of its publication.

Execution
Article 6
The provisions of this Law are executed by the Council of Ministers.
Operating license: The official permit and certificate to be issued by the Ministry to the generation company after the provisional acceptance of the generating facility.

TEAS: General Directorate of the Turkey Electricity Generation-Transmission Joint Stock Company.

Board of Directors: Board of directors of the Turkey Electricity Generation-Transmission Joint Stock Company.

Offer date: The last day and time to submit the bid.

Energy: Electrical energy: Active electrical power.

Energy unit price (contract price, bid price): The price determined as the equivalent of each kilowatt-hour that the generation company produces and delivers under the conditions determined by TEAS.

Tender: The transactions before the contract, which show that the work has been awarded to someone to be selected from among the bidders under the procedures and conditions written in this Regulation, and which are completed with the approval of the competent authorities.

Specifications: Documents approved by the board of directors showing the general, special, technical and administrative principles and procedures of the work to be done.

Favorable offer: The offer preferred by evaluating in terms of price, quality and other terms.

Contract: The written agreement to be signed between TEAS and the generation company, the conditions of which have been approved by the board of directors to be tendered, which is attached to the specifications.

Project: Electrical energy generating facility to be realized under the Build-Operate model.

Offer: All the documents prepared by the bidding companies according to the specifications and constituting the offer for the generating facility to be realized under the Build-Operate model.

Fuel: The main, auxiliary fuels to be used for energy generation in the power plant envisaged to be realized with the Build-Operate model, and the fuels determined to be used in the absence of main fuel.

Nominal generation capacity: The net generation capacity (in megawatts) defined for the generating facility in the specifications and contract according to the specifications of the plant to be built.

Unit power: The output power (in megawatts) defined for each unit of the plant in the specifications and contract according to the specifications of the generating facility to be installed.

Annual performance values: Operational values specified in the contract to be guaranteed by the generation company.

Generation amount: The annual net generation amount given in kilowatt-hours by the company in its offer in accordance with the specifications and guaranteed by the generation company according to the location and characteristics of the generating facility to be built.

Purchase guarantee: The amount as a percentage of the energy (generation amount) to be produced in the generating facility, which will have the purchase guarantee given by TEAS, considering the supply-demand balance in the conditions of the national electricity system, according to the features and location of the generating facility to be established.

Purchase guarantee: The amount as a percentage of the energy (generation amount) to be produced in the generating facility, which will have the purchase guarantee given by TEAS, considering the supply-demand balance in the conditions of the national electricity system, according to the features and location of the generating facility to be established.

Purchase guarantee: The amount as a percentage of the energy (generation amount) to be produced in the generating facility, which will have the purchase guarantee given by TEAS, considering the supply-demand balance in the conditions of the national electricity system, according to the features and location of the generating facility to be established.

Purchase guarantee: The amount as a percentage of the energy (generation amount) to be produced in the generating facility, which will have the purchase guarantee given by TEAS, considering the supply-demand balance in the conditions of the national electricity system, according to the features and location of the generating facility to be established.

Purchase guarantee: The amount as a percentage of the energy (generation amount) to be produced in the generating facility, which will have the purchase guarantee given by TEAS, considering the supply-demand balance in the conditions of the national electricity system, according to the features and location of the generating facility to be established.

Purchase guarantee: The amount as a percentage of the energy (generation amount) to be produced in the generating facility, which will have the purchase guarantee given by TEAS, considering the supply-demand balance in the conditions of the national electricity system, according to the features and location of the generating facility to be established.
h) Specifications and the contract are created by stipulating provisions that will ensure system conditions, quality and continuity of energy.

i') The testing of the generating facility to be realized by the generation company in accordance with the rules that would be detailed in the specifications and the contract, the acceptance procedures at the end of the trial operation, and the process regarding the transition to commercial operation are carried out in accordance with the provisions of this Regulation and the contract.

i) The generation company is obliged to comply with the criteria, prepared by TEAS, which generation facilities that will operate within the interconnected system must comply with.

j) The line up to the connection point to the interconnected system determined by TEAS for the safe transmission of the energy generated in the generating facility to the national electricity grid is realized by the generation company in accordance with the provisions of the contract, and transferred to TEAS in accordance with the relevant legislation. The public interest decision related to this is taken by TEAS. The expropriation fees appraised by the Valuation Commission established in accordance with the Expropriation Law No. 2942 for the immovable properties remaining below the transmission line route, as a result of the services to be performed by the generation company following this decision, and the amounts determined by the court as a result of the lawsuits filed for the increase in the price of these immovable properties are covered by TEAS together with all their subsidiary charges.

All services, costs and expenses regarding the establishment of the line in question, other than those stated to belong to TEAS, and, in this context, the preparation of expropriation plans in accordance with the relevant legislation, documentation of the ownership and address determinations for expropriation are assumed by the generation company. These costs and expenses are included in the contract price.

Before powering the line, necessary actions are taken according to TEAS principles.

k) The principles and rules regarding the generation of electrical energy to be produced in the generating facility and its sale to TEAS are determined in the contract.

l) All taxes, fees, duties, charges and other expenses arising from the signing and approval of the contract are paid by the generation company and are included in the contract price.

m) Specifications and contract are prepared by TEAS.

Responsibilities

Article 5

a) The generation company ensures the terms and annual performance values it offered to be realized in accordance with the design conditions and the offer, and their acceptance procedures at the end of the trial operation, and the process regarding the transition to commercial operation are carried out in accordance with the provisions of this Regulation and the contract.

The procurement of materials and equipment required for the generating facility and all kinds of projects, construction, manufacturing, assembly works, commissioning works, all kinds of repair, maintenance, transportation, insurance, customs clearance and related services and costs are under the responsibility of the generation company and are included in the contract price.

The generation company is responsible for obtaining all kinds of permits for the establishment of the facility and performing transactions, including the positive Environmental Impact Assessment (EIA) document, and for the operation of the generating facility in accordance with the provisions of the legislation, and the resulting generation losses and cost increases are covered by the generation company.

All values covered by the permits obtained for the generating facility in accordance with environmental legislation are measured during acceptance tests. In case the Turkish environmental legislation changes, in such cases where there is a change occurring between the new limit values and the values measured during the tests, beyond the tolerances stipulated in the design conditions, and where there is a necessity to make changes for the limit values related to the facility in the design conditions that the offer was based on due to the environmental legislation, within the period from the date of bidding to the date of transition to commercial operation, their effect on the unit price of energy is taken into account. Regarding the limit values, the conditions for documenting the necessity to make changes in the design conditions taken as the basis in the offer and the EIA Report, how they will be reflected in the energy unit price and other matters in this regard are laid out in the specifications and contract.

In case of a change in Turkish tax legislation, the effect of cost changes that may arise relating to the construction and operation of generating facilities on the unit price of energy is taken into account in accordance with the specifications and provisions to be stipulated in the contract.

b) The generation company is responsible for the supply and the continuity of supply of the fuel and other inputs for the generating facility envisaged to be realized with the build-operate model. In cases where the fuel is required to be procured from an entity that is a monopoly in Turkey, the fuel supply contract prepared by the entity with the monopoly is also given to the bidders with the specifications and related documents.

c) The generation company is obliged to comply with the Turkish tax legislation on taxation, and is responsible for all taxes, including income and corporate taxes related to its own tax obligations, and compensation, penalties and interests arising from late payment or non-payment of these taxes.

d) It is the responsibility of the generation company to install and operate the generating facility in accordance with the legislation. The generation company operates the generating facility in accordance with the environmental pollution control standards required by the provisions of the Turkish environmental legislation. Generation company assumes all responsibilities arising from breach of legislative provisions.

e) The provisions regarding the operation and operating conditions of the generating facility are determined in the specifications and contract. The generation company has to comply with the instructions given by the national load distribution center for the monitoring and control of the interconnected electricity network and the management of energy generation and transmission in accordance with the demand, within the framework of the rules contained in the contract.

f) The generation company is responsible for the selection, in the region specified by TEAS, of the location where the generating facility will be established; the acquisition of the land, and all other related operations.

g) Obtaining the necessary financing for the work covered by the contract and all kinds of transactions and expenses related to the financing are under the responsibility of the generation company and are included in the contract price.

h) The generation company is fully responsible for damages to be inflicted on its own personnel and third parties in relation to the work covered by the contract.

i') The currency of the offer must be convertible. In cases where the determination of the base currency of the offer is allowed in the specifications to be made at the discretion of the bidders on the condition that it be convertible, the bid
prices are converted to US Dollars on the basis of the cross exchange rates determined by the Central Bank of Turkey on the day of bidding in order to evaluate the bids, and the comparison is made in US Dollars. Details on evaluation are set out in the specifications.

In this case, the contract is concluded in the currency in which the offer was submitted and TEAS payments are made in Turkish Lira equivalent to be calculated at the current exchange rate of the Central Bank of Turkey on the payment day.

i) Escalation; It is a practice that aims at reflecting the price changes that may occur in the expenses of the generation company onto the contract price, and maximum care is taken to reflect the actual price changes in the formation of the formula to be used in this practice and in the selection of escalation indices. Escalation is not applied to the part of the energy unit price that is reflected from the investment. Escalation can be applied to the fixed operating expenses portion of the fixed costs part of the energy unit price, which remains after deducting the part coming from the investment as determined by the contract and specifications, and to the variable operating expenses part. If the application of escalation is envisaged, the details are specified in the specifications and contract.

j) The rules regarding the issuance of invoices are specified in the contract. The process to be followed in case of delay in TEAS payments and the mechanism related to the Treasury guarantee and the conditions under which it will be enforced are specified in the contract, in the event that the Undersecretariat of Treasury provides such a guarantee for TEAS payments, Principles of the Undersecretariat of Treasury are taken as basis in this regard.

SECTION TWO
Tendering Process, Receiving Offers

Announcement

Article 6
According to the provisions of the Law No. 4283 and this Regulation, TEAS shall make an announcement in the Official Gazette in order to receive bids for the generating facilities envisaged to be built within the framework of optimal electricity generation system development plans. TEAS prepares the specifications describing the work and the contract regarding the selection of the generation company, and implements the tendering procedure, out of the ones specified in this Regulation, which is appropriate for the work.

In addition, generation companies can also apply to TEAS to establish and operate generating facilities. In this case, if the proposed projects are evaluated within the framework of optimal system development plans and deemed appropriate, TEAS prepares the specifications specifying the nature of the work to select the generation company, tendering methods suitable for the work are determined in order to receive offers for the generating facility foreseen to be built, and announced in the Official Gazette.

Announcement time

Article 7
Announcement is published at least fifteen days before the start of the date of delivery to bidders of the contracts and specifications.

Matters to be included in the announcement

Article 8
At least the following matters are stated in the announcement:

a) The region where the plant is planned to be established, general characteristics of the plant, its capacity, the lowest acceptable unit power and the highest plant power;

b) The procedure by which the tender will be held, whether prequalification will be applied;

c) Whether the tender is international or not;

d) Places where specifications and other documents can be obtained from with or without charge;

e) Day and time and place for submission of the bids;

f) That TEAS is not subject to the State Procurement Law No. 2886, is free whether to hold the tender or not, and to give it to anyone it wishes;

g) Bid bond amount;

h) Other matters depending on the nature of the work

SECTION THREE
Specifications and Matters Need to be Included in the Contract

Article 9
In the specifications of the tenders held with the Build-Operate model, the following points are specified according to the nature of the work, in addition to the special and technical conditions.

a) Features to be sought in bidders;

b) The location of the plant (as the region), fuel type, unit and total plant power;

c) Minimum and maximum unit power, maximum power plant capacity;

d) Tendering and bidding methods, duration and place, withdrawal from the tender;

e) Requirements regarding prequalification and competence;

f) Validity period of the price and the offer;

g) Whether escalation will be applied to contract prices or not;

h) Obligations of the bidders;

i) The way generation company is formed;

j) Prerequisites for signing the contract;

k) Rules and conditions regarding the preparation of the bid bond, the amount of bid bond and what can be accepted as a bond, other documents that can be requested, the return conditions of the bid bond,
l) That all kinds of taxes, duties, fees, shares, funds and bidding expenses, security expenses and other legal obligations, and any insurance necessary during the term of the contract will be under the responsibility of the generation company,

m) The guarantees requested and the terms of these guarantees,

n) Whether Value Added Tax is included in the bid price,

о) Whether there is a timing limitation for commissioning the generating facility.

о') Financial and technical competence conditions and qualifications to be sought in those who will participate in the tender.

р) Information and documents requested regarding the financing of the project,

р') That the generation company will be responsible for all kinds of taxes, duties, fees, shares, funds, security expenses, other legal obligations, and any necessary insurance and other expenses during the contract period,

s) Legal domicile and notification addresses, authorization documents,

t) That the language to be used in correspondence will be Turkish, and if there is a conflict or contradiction in the interpretation of the specifications prepared in Turkish and foreign languages, the Turkish text will be taken as the basis,

u) Reference lists,

u') Conditions for converting the bid bonds and performance bonds into cash and recording them as income on behalf of TEAS

v) Other matters to be deemed necessary.

Matters Need to be Included in the Contract

Article 10

In contracts in the tenders held with the Build-Operate model, the following matters are specified in addition to the special and technical conditions according to the nature of the work.

a) Parties,

b) The location of the plant (as the region), fuel type, unit and total plant power.

c) Contract duration, terms of extension and/or renewal of the contract,

d) Conditions regarding the occurrence of the stages for the realization of the generating facility (construction start date, early generation, transition to commercial operations),

e) Whether or not escalation will be applied to contract prices, escalation formula if applicable,

f) Obligations of the parties,

g) Payment terms, steps to be taken in case of delay of payments, functioning mechanism of the Treasury guarantee,

h) Rules and conditions regarding the preparation of the performance bond, the amount of performance bond and what can be accepted as guarantee, other documents that can be requested, return conditions of performance bond,

i') That the generation company will be responsible for all kinds of taxes, duties, fees, shares, funds, security expenses, other legal obligations, and any necessary insurance and other expenses during the contract period,

1) Penalty conditions,

j) Conditions of terminating the contract,

k) The guarantees requested and the terms of these guarantees,

l) Conditions and methods under which a change can be foreseen in the unit price of energy and the way this change will be implemented;

m) Circumstances where time extension can be given and its conditions,

n) Whether there is a timing limitation regarding the commissioning of the generating facility,

о) Acceptance procedures, performance tests, conditions for transitioning to commercial operations,

о') Transfer and assignment,

p) Dispute resolution authority and applicable law,

q) Legal domicile and notification addresses,

r) Delivery, receiving conditions for and measurement of electrical energy,

s) Delivery, receiving conditions for and measurement of electrical energy,

t) That the contract to be signed will enter into force after the necessary approvals and the issuance of the performance bond,

u) That the language to be used in correspondence will be Turkish, and if there is a conflict or contradiction in the interpretation of the agreements and annexes prepared in Turkish and foreign languages, the Turkish text will be taken as the basis,

u') Conditions for converting the bid bond and performance bond into cash and recording as income on behalf of TEAS,

v) Other matters to be deemed necessary.

SECTION FOUR

Issuing Prequalification Certificate and Receiving Security

Prequalification Certificate

Article 11

If deemed necessary, bidders are subjected to a prequalification assessment in terms of specific financial and technical competence and qualifications. The necessary qualification assessment for tenders for which prequalification is not fore-
seen is carried out in line with the provisions specified in the specifications during the process of evaluating the offers.

The procedures and conditions for issuing a prequalification certificate and the conditions sought for qualification are clearly stated in the specifications.

The following documents are requested as a basis for the qualification certificate;

a) Compliance with standards and/or quality certificate,

b) References,

c) Independent auditor reports, balance sheet, income statement, cash flow statement, and other complementary financial information,

d) Technical capacity and equipment,

e) The commitment status at the time of the offer,

f) Other information to be determined according to the characteristics of the generating facility covered by the tender.

Prequalification certificate is issued following the comparative and justified evaluation of the prequalification evaluation commission to be established on the subject, upon the proposal of the commission and the approval of the General Manager of TEAS.

Receiving security

Article 12
The amounts of the bid bond and performance bond are determined by TEAS according to the type and capacity of the generating facility and mentioned in the specifications and contract.

Bid bond

Article 13
Offers without a bid bond will not be opened and will not be evaluated.

Bid bond is converted into cash on behalf of TEAS and recorded as revenue in the following cases;

a) Any bidder withdraws his bid after bids have been opened,

b) Failure of the successful bidder to submit the performance bond within the period indicated in the contract and in the form described.

c) Occurrence of other situations to be included in the specifications and the contract.

Values to be accepted as guarantee

Article 14
Bid bonds and performance bonds are specified in US Dollars and come in one of the following formats:

a) A receipt certifying that the amount requested as a guarantee has been deposited into the bank branch and account specified by TEAS,

b) A letter of guarantee issued by a Turkish bank in accordance with the form and conditions determined by TEAS. The letter of guarantee is prepared on behalf of all relevant partners.

The final letter of guarantee must be indefinite and unconditional.

Return of the bid bond and performance bond

Article 15
The bid bond is returned to the generation company after the contract is signed and the performance bond is received.

The bid bonds of the first two bidders following the successful bidder are kept until the finalization of the tender or the end of their validity period. The bid bonds of other bidders are returned.

The performance bond is returned according to the principles stated in the contract after the generating facility starts commercial operations.

SECTION FIVE
Tender Procedures and Evaluation of Bids

Tender Procedures

Article 16
The tender is carried out in one of the following procedures, taking into account the condition of providing a competitive environment:

a) Sealed bidding procedure,

b) Sealed bidding procedure among certain bidders,

c) Negotiated tendering.

In the aforementioned tenders, the sealed bidding method is preferred in order to ensure the necessary competition, and the sealed bidding procedure and the sealed bidding procedure among certain bidders, which ensure that the bids are given confidentially, are essential.

TEAS has the right to reject all or part of the bids without any reason or without being bound by any registration or formality.

If the bids are not accepted, bidders cannot claim any rights.

Sealed bidding procedure

Article 17
In the sealed bidding procedure, the announcement to the bidders is made in the Official Gazette. In this method, bids are given in a sealed envelope and in writing; after the bidders prepared and enveloped their bids in accordance with the principles specified in the specifications, they deliver them by hand at the specified address until the deadline for bidding. Bids received after the last bidding day and hour are not accepted and opened. Bids, bid changes and bid cancellations to be made after the day and time of receiving bids are not taken into account.

Bids are opened in public by the bid opening commission in the presence of the bidders or their representatives on the last day of the bidding date as specified in the specifications, and it is determined whether there are deficiencies in the documents required by the specifications to be in the bids submitted in sealed envelopes.
Following the opening of the bids, the number of bids submitted is determined with a report. The envelopes containing the bid prices of the bidders whose documents are complete, are opened and read on the same day, the envelope with the bid prices is initialed by the commission members, this matter is recorded in the minutes, and the minute is signed by the members.

Bids which have deficiencies in the bidding documents, such as stamp, signature circular, address, Chamber of Commerce document, that do not affect the substance and relate to the form are completed by the bidding commission in the presence of those who participated in the tender, and if this is not possible, the bid is rejected. Whether the deficiencies are formal or not is at the discretion of the commission.

After the bid opening process, bid documents are delivered to the evaluation commission for evaluation.

The evaluation commission assumes getting the bid bonds submitted with the bids confirmed by the relevant banks.

Bidders who do not have their authorized representative present during the tender cannot object to the way in which the tender is conducted and the transactions made by the bid opening commission.

Sealed bidding procedure among certain bidders
Article 18
The sealed bidding procedure among certain bidders is implemented by sealed bidding method among the bidders who have been prequalified as specified in the article 11 of this Regulation.

In tenders that are deemed appropriate to be conducted by sealed bidding method among certain bidders by issuing prequalification, prequalification conditions are determined and the bidders who will be asked to bid are determined by considering financial sufficiency, work status and other features stipulated by the specifications.

In tenders held with a sealed bidding procedure among certain bidders, the process is carried out according to the method specified in the sealed bid procedure.

Negotiated tendering
Article 19
The principles of TEAS are applied for the implementation of the negotiated tendering procedure in the tender.

Evaluation of bids
Article 20
Being the cheapest of the bids that do not meet the eligibility and qualification requirements of the specifications does not entitle the owner of this bid to be considered successful in the evaluation of the bids.

The following points are generally taken into consideration for the evaluation and comparison of the bids accepted by the bid opening commission:

a) Compliance with specifications and contract documents,
b) Competence of engineering and design,
c) The reliability of the facility, ability to fulfill the conditions stipulated in the bid, quality of the equipment,
d) Availability of the facility,
e) Procurement of funding,
f) Generation expenses,
g) Work schedule,
h) Guaranteed performance values,
i') Bid price.

The bids that are not prepared in accordance with the specifications and the contract will not be evaluated.

The evaluation commission examines the proposals comparatively and submits its opinion to the board of directors, taking into account the validity period of the bids.

During the examination of the bids, an exhibit reflecting the comparative examination is prepared and this exhibit is kept in its file.

Time extension
Article 21
If the evaluation process cannot be concluded within the stipulated period, the bidders are asked for an appropriate additional period of time provided that the bids, including their prices, are not changed in any way.

In the event of a situation requiring explanation in the specifications and its annexes or in the bid conditions and bid prices of the bidders, the necessary explanations from the bidders are requested by the evaluation commission through the relevant unit of TEAS. However, matters requiring such an explanation cannot in any way change the nature and prices of the bid.

Evaluation, evaluation protocol
Article 22
The evaluation commission prepares a protocol that includes the following information:

a) Date and number of the protocol,
b) Location and capacity of the generating facility,
c) The names of the bidding companies and their prices (prices should be expressed in US Dollars),
d) Features of the proposed facility and its degree of conformity with the specifications,
e) Distribution of the energy unit price over the years, the currency in which the bid is submitted for use in payments,
f) Name of the selected bidder and reasons for preference compared to others,
g) Information on the financial status of the companies, confirmation for getting credit and financing, and commitment letters,
h) Other explanations and thoughts, if any.

In the event that the same price is offered by multiple bidders and these bids are found equally appropriate, it is decided by considering the technical conditions, distribution of prices, and quality. In case of hesitation in this regard, a second sealed offer is requested from the bidders in question or these bidders may be called to negotiate on a certain day and time to be determined by the commission. In case the work is left to negotiation, the specifications and terms specified in the contract must be kept exactly.

SECTION SIX
Establishment of Bid Opening, Prequalification and Bid Evaluation Commissions

Establishment of commissions and authorization
Article 23
Bid opening, prequalification and evaluation commissions are formed with experts working in the specialized units of TEAS and authorized by the approval of the General Manager of TEAS. TEAS Deputy General Manager, who will be appointed as the head of the commission, is also determined by the TEAS General Manager during the approval of the commission. Prequalification and evaluation commissions are created with the participation of at least one person from the units related to legal counsel and financial affairs and finance management, trade, planning, tendering and installation of thermal power plants, operation of thermal power plants, establishment and tendering of transmission networks, transmission networks operation, communication, control and automation, load distribution, privatization, and environmental.

The bid opening commission is created with the participation of at least one person from the units related to legal counsel, trade, tendering and installation of thermal power plants, establishment and tendering of transmission networks, and privatization.

Seeking opinions from experts
Article 24
If deemed necessary by the evaluation commission, opinions can be requested from experts upon the proposal of the commission and with the approval of the General Manager of TEAS.

Quorum of Decision
Article 25
Decisions in all commissions are taken by majority vote. In case of a tie, the president’s vote is counted double. The decisions of the commission are written by stating their justifications, members cannot abstain from voting, members who disagree write their justifications in the protocol and sign it. Members of the commission are personally responsible for the decisions, opinions and reasons that are contained in the protocol.

SECTION SEVEN
License and Permit Procedures

Principles
Article 26
After the bids received have been evaluated by TEAS, the appropriate bid is determined and sent to the Ministry in order for the permission to be given to the relevant generation company to establish and operate a facility. If the Ministry deems appropriate, it notifies TEAS of its decision on providing the successful bidder with the permission to establish and operate a facility. Upon this, the successful bidder is notified in writing by TEAS to complete the works to establish the generation company within the specified period and to obtain the permission from the Ministry to establish and operate a facility. The duration of the contract and the economic life of the generating facility are taken into consideration in determining the duration of the permit and license to be given to the generation company by the Ministry.

Time extension
Article 27
In case the contract term is extended or the contract is renewed as specified in the subparagraph (g) of the article 4 of this Regulation, the permit and license periods are also extended by the period in question.

Provisional and final acceptances
Article 28
The provisional acceptance process of the facility is carried out in accordance with the provisions of the contract within the framework of the Ministry’s implementation principles. In the works within the scope of this Regulation, the final acceptance procedures of the generating facility are made at the end of the period stipulated for the completion of incomplete and defective works that have been determined during provisional acceptance but do not prevent provisional acceptance within the framework of the provisions of the contract.

Approval
Article 29
Projects and documents are subject to approval by the Ministry within the framework of the implementation principles of the Ministry regarding the generating facility that is specified in the contract and in the TEAS criteria that the generation facilities to operate in connection with the interconnected system should comply with, and the approved projects and documents are taken as a basis in determining whether the generating facility has been realized as stipulated in the contract. The projects and documents in question are prepared by the generation company in the form and conditions stipulated in the contract, and submitted to TEAS in six copies. TEAS sends these projects and documents to the Ministry for approval after making the necessary inspections and, if necessary, ensuring that the necessary corrections are made by the generation company.

Any changes that could occur in the projects and information specified in this article and approved by the Ministry are also subject to the approval of the Ministry.

Permits and Licenses
Article 30
After the successful provisional acceptance of the facility, the company is granted an operating license by the Ministry.

In the event that the generation company does not comply with the conditions of the permit and license issued by the Ministry, it is served a notice by the Ministry in accordance with the procedure specified in the contract. In the event that the generation company’s violation that is covered by the notice continues, the generation company is given a period of time to correct its attitude and the situation causing the contravention. The period to be granted is specified in the contract. If the necessary action or precaution is not taken by the generation company at the end of this period, the period to be granted is extended by the period in question. Notices made to the generation company within the scope of this article are also notified to TEAS. The provision of the subparagraph (e) of the article 4 is also taken into account in this regard.
PUBLIC PRIVATE PARTNERSHIPS Q&A AND LEGISLATION IN TURKEY

SECTION EIGHT
Miscellaneous Provisions

Signing the contract
Article 31
After the bids have been evaluated and TEAS has been notified by the Ministry that the permit to establish and operate a facility will be issued, the successful bidder will form the generation company as specified in the specifications and contract within the framework of the conditions stipulated in the article 26. This generation company that is set up is invited by TEAS to sign a contract after the permission to establish and operate a facility was given by the Ministry, and the contract is signed.

The selected bidder who has been notified is obliged to sign a contract. If the bidder does not comply with this obligation, the bid bond letter of the successful bidder is converted into money on behalf of TEAS and recorded as revenue, and the bidder who is second in the evaluation is invited to sign the contract as stated above. If the contract cannot be signed with the second bidder, the third bidder is invited to sign the contract in the same way.

TEAS reserves the right to request a discount at the contract-signing stage with the second bidder in the evaluation, in the event that the bidder who was selected and notified did not comply with the obligation to sign the contract, and, if the bidder second in the evaluation does not comply with this obligation, the third bidder in the evaluation is requested to make a discount, on the condition that the terms and conditions of the offer do not change at the time of signing the contract.

Actions to be taken after signing the contract
Article 32
If the generation company does not comply with the terms of the contract after the contract has been made, a notice is served in the procedure specified in the contract. If the company continues violating the provisions of the contract, the current contract is terminated and its performance bond is recorded as revenue.

Other actions
Article 33
Tender procedures, bids to be delivered by bidders and their annexes, and the decisions, orders and correspondence to be made on them and all kinds of commercial information, documents and transactions are confidential.

Necessary legal actions are taken against bidders who do not comply with the rules of the contract or who do not fulfill the terms of the contract in order to benefit from the system conditions or market price movements, and who are found to be involved in fraud and misconduct.

Enforcement
Article 34
This Regulation takes effect on the date of its publication.

Execution
Article 35
The provisions of this Regulation are executed by the Ministry of Energy and Natural Resources and the Electricity Generation and Transmission Joint Stock Company of Turkey.

LAW NO. 5346 ON THE UTILIZATION OF RENEWABLE ENERGY RESOURCES FOR THE PURPOSE OF GENERATING ELECTRICAL ENERGY

Official Gazette: 18.05.2005/25819
No.: 5346
Date of Enactment: 10.05.2005
Date of Entry into Force: 18.05.2005
Date of Latest Amendment: 02.12.2020
Effective Date of This Version: 02.12.2020

SECTION ONE
Purpose, Scope, Definitions, and Abbreviations

Purpose
Article 1
The purpose of this Law is to extend the usage of renewable energy resources for the generating of electrical energy, to benefit from these resources in a secure, economic and qualified way, to increase the variety of energy resources, to reduce greenhouse gas emissions, to assess the waste products, to protect the environment and to develop the related electricity generation sector needed for realizing these purposes.

Scope
Article 2
This law covers the procedures and principles related to the conservation of renewable energy resource areas, the certification of the electrical energy generated from these sources and the usage of such sources.

Definitions and Abbreviations
Article 3
The following terms and abbreviations mentioned in this Law will have the following meanings:

1. Ministry: Ministry of Energy and Natural Resources.
3. DSI: General Directorate of State Hydraulic Works.
4. EIGM: General Directorate of Energy Affairs.
5. TEIAS: Turkish Electricity Transmission Joint Stock Company
6. Repealed subparagraph: d. 25.11.2020, Law No. 7257, art. 12

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

5. TEIAS: Turkish Electricity Transmission Joint Stock Company

6. Repealed subparagraph: d. 25.11.2020, Law No. 7257, art. 12

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

8. Renewable Energy Resources (RES): Non-fossil energy resources such as hydraulic, wind, solar, geothermal, biomass, wave, current, and tidal waves.

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

9. Biomass: Resources that are obtained, in addition to municipal wastes (including landfill gas), from vegetable oil waste, agricultural waste that cannot be used as food or animal feed, the forestry products other than industrial wood, the by-products of treated waste tires, and waste industrial sludge as well as treatment sludge.

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

10. Geothermal Resources: Water, steam, and gases that can contain melted substances and gases, as well as the water, steam, and gases with energy content from hot and dry rocks with constant above the average regional atmospheric heat because of the natural temperature of the lithosphere.

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

11. Repealed subparagraph: d. 25.11.2020, Law No. 7257, art. 12

12. The Average Wholesale Price of Electricity in Turkey: The average of wholesale prices of electricity calculated by EMRA and applied in the country throughout the year.

Repealed subparagraph: d. 25.11.2020, Law No. 7257, art. 12

13. Repealed subparagraph: d. 25.11.2020, Law No. 7257, art. 12

14. RES Support Mechanism: The support mechanism, including the prices, periods, amounts that those engaged in renewable energy-based electricity generation activities within the scope of this Law, and the procedure and principles regarding the payments to be made to them.

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

15. Repealed subparagraph: d. 25.11.2020, Law No. 7257, art. 12

16. Total price of the RES: The total sum of the prices in Turkish Lira, calculated by multiplying the amount of electricity, given to the transmission or distribution system by each provider to which the RES Support Mechanism applies, by the prices on the RES list or; in the Turkish Lira equivalent, to be computed at the foreign currency buying rate of the Central Bank of the Republic of Turkey as of the date the energy is given to the system.

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

17. Payment obligation ratio: The ratio that will be used to calculate the sum, which the suppliers that sell electricity to the consumers will be obligated to pay, and which will be computed by dividing the amount of energy, sold by each supplier to its consumers, by the amount of total electricity sold by all of these suppliers to the consumers.

Addendum subparagraph: d. 29.12.2010, Law No. 6094, art. 1

The other terms and concepts, mentioned but are not defined in this Law, have the meanings stated in the Electricity Market Law, dated 14/3/2013 and numbered 6336.

Amended subparagraph: d. 25.11.2020, Law No. 7257, art. 12

SECTION TWO
Identification, Conservation and Utilization of Renewable Energy Resource Areas and Certification of the Electrical Energy Generated from Renewable Energy Sources

Identification, conservation and utilization of the resource areas

Article 4

Amended article: d. 25.03.2020, Law No. 7226, art. 26

The Ministry will, with the purpose of effective and efficient use of the renewable energy resources and of facilitating investments without delay upon allotment of these areas and their connection capacities to the investors, select and allocate renewable energy resource areas on the immovable properties that belong to the public and Treasury as well as on those that are privately owned, by consulting the concerned institutions and organizations. A note to this effect will be entered in the title deed register. In the event of failure to submit, within three years after the annotation date, a document issued by the court to the effect that registration to Treasury’s name upon establishing the expropriation price as per article 10 of the Expropriation Law, dated 4/11/1983 and numbered 2942, had been requested, the annotation will ex officio be deleted. Development plans that affect the use and efficiency of the renewable energy resource areas cannot be drawn up. The Ministry will advise the concerned authorities on the specified renewable energy resource areas so that they will ex officio be entered into the development plans.

The procedure and principles pertaining to specifying, grading, protecting, and using the areas of renewable energy resources for electricity generation, specifying the conditions that the legal persons using these areas will have to meet, advising about the connection and system usage by TEIAS and/or the concerned distribution company and allotment of capacity, the bidding, renewable energy resource allotment, taking guarantees, forfeiture of the guarantees in the event of failure perform the obligations, the properties of the equipment of local manufacture as well as matters concerning implementation will be laid down in the regulation that will be issued by the Ministry by consulting to the concerned institutions and organization. The lowest price that will be bid with reference to the highest price, set by the Ministry for the electricity generation facility to be built on the renewable energy resource area will apply for the duration that will be decided for the bidding for the said renewable energy resource area within the scope of the RES Supporting Mechanism. The procedure and principles pertaining to updating the price, which will be formed after the bidding and within the time to be specified during such bidding, will be laid down by the Ministry. Matters on issuing, canceling, and amending the preliminary license and license for the electricity generation facilities to be built as per this article will be drawn up in the regulation that will be issued by the EMRA.

Where a privately-owned immovable property is specified as a renewable energy resource area, such area can be urgently expropriated as per article 27 of the Law No. 2942. Where a region, specified as [an industrial zone] as per the Industrial Zones Law, dated 9/1/2002 and numbered 4737, is specified also as a renewable energy resource area according to this Law, the necessary procedure other than specifying the legal persons to which such area would be allotted will be implemented according to law No. 4737. However, the legal persons that will use these areas will be identified by the Ministry within the scope of the provisions of this article.
RES certificate

Article 5

The EMRA will give a “Renewable Energy Resource Certificate” (RES Certificate) to the legal person, holding an energy generation license, to identify and trace the type of the resource of the electrical energy, which is generated from renewable energy resources, during its purchase and sale in the local and international markets.

The procedure and principles concerning the RES Certificate will be laid down in a regulation.

SECTION THREE

Procedures and Principles to be Implemented in Generation of Electricity from Renewable Energy Resources

RES Support Mechanism

Amended side title: d. 29.12.2010, Law n. 6094, art. 3

Article 6

Amended article: d. 25.11.2020, Law No. 7257, art. 13

The prices in Schedule I, annexed to this Law, will apply for ten years to the holders of electricity generation licenses (for the facilities) that are subject to RES Support Mechanism and that had started or will start to operate from 18/5/2005, the date this Law had taken effect, until the date of 31/12/2020. The prices and periods in the Schedule, that will apply according to this Law to the electricity generation facilities with RES Certificate that will start to operate after the date of 31/12/2020 will be decided by the President of the Republic at amounts not to exceed the prices in the Schedule.

The price that will apply to surplus electricity that is generated as the result of licensed electricity generation activities and/or electricity generation activities without a license and that does not exceed the trade-in price formed in the electricity market – provided that fifteen percent of the hourly trade-in price, formed in the electricity market, for the facilities that are engaged in electricity generation activities without a license, starting from the end of the ten-year period and lasting throughout the license period, is paid as a contribution to the RES Support Mechanism – as well as the procedure and principles will be decided by the President of the Republic.

The river type hydroelectric generation facilities or those with less than fifteen square kilometers of reservoir area, and the wave, current and tidal wave energy electricity generation facilities as well can take advantage of the prices in Schedule I for ten years. The assigned supply company is obligated to purchase the energy that is fed into the system, can, if they feed the system with the energy that they produce at amounts more than they need, take advantage of the prices in Schedule I for ten years.

The procedure and principles pertaining to the application of the advantages of the RES Support Mechanism to the electricity generation facilities that had been built with the purpose of generating such energy from several resources, all of which are renewable, and fed to the system, will be laid down in the regulation that will be issued by the EMRA.

EPIAS will, for each invoice period, announce the total RES price and the amount each supplier has to pay. When deciding the payment obligation ratio, the amount of energy that is generated from the renewable energy resources within the scope of this Law and sold in the free market without being subject to the RES Support Mechanism, will not be included in the calculations under this Law. The sum, each supplier that provides electrical energy to the consumers must pay, will be computed and invoiced to the respective supplier, and the collected sum will be paid to the legal persons, to which RES Support Mechanism apply, on a pro-rata basis. The procedure and principles, including those concerning the EPIAS, within the scope of this paragraph, will be laid down in the regulation that will be issued by the EMRA.

The annual electricity generation amount that will be entered on the licenses of the facilities that generate electrical energy from renewable resources is the maximum amount the facility can produce with its installed power, considering its resources.

The legal persons that generate electrical energy from renewable resources as per this Law and that do not want the provision of this article to apply to them can sell it in the free market, within the scope of their licenses.

[Provisions on the] specification of the transmission and/or distribution system security obligations of the RES electricity generation facilities to which RES Support Mechanism apply and of the electricity generation facilities that will operate in the balancing power market and/or ancillary services market as well as the rights and obligations of the legal persons that will operate in such markets will be laid down in a regulation.

The procedure and principles pertaining to the tariffs that are intended to support electricity generation from renewable energy resources and to the utilization of the other revenues under the scope of the RES Support Mechanism will be laid down in the regulation that will be issued by the EMRA.

Electricity generation without license

Amended side title: d. 25.11.2020, Law n. 7257, art. 14

Article 6/A

Amended article: d. 25.11.2020, Law n. 7257, art. 14

Real and legal persons that produce electric energy for their own consumption by using renewable energy resources can, if they feed the system with the energy that they produce at amounts more than they need, take advantage of the prices in Schedule I for ten years. The assigned supply company is obligated to purchase the energy that is fed into the system in this way. The electric energy that the concerned companies purchase as per this article will be deemed to have been produced and fed into the system by the assigned supply companies within the scope of the RES Support Mechanism.

Use of local products

Amended side title: d. 29.12.2020, Law n. 6094, art. 4

Article 6/B

Amended article: d. 25.11.2020, Law n. 7257, art. 13
In the event the mechanical and/or electromechanical components used in the renewable energy based electricity generation facilities of the license holder legal persons, to which this Law applies and that have started to operate before the date of 30/6/2021, had been manufactured locally, the prices stated in Schedule II that is annexed to this Law will, for five years from the date electricity generation facility starts to operate, be added to the prices stated in Schedule I for the electric energy that is produced in these facilities and supplied to the system.

The procedure and principles pertaining to the local content prices in Turkish Lira for the electricity generation facilities without a license that will be built to meet the needs of the RES Certified electricity generation facilities and the consumption facility, and that use local components, and which will start to operate after the date of 30/6/2021; to updating of such prices, the period that will apply and; to other matters will be decided and announced by the President of the Republic.

The procedure and principles pertaining to the definition, standards, certification, and inspection of local components will be laid down in a regulation that will be issued by the Ministry.

Other applications
Amended side title: d. 29.12.2020, Law n. 6094, art. 4

Article 6/C
Amended article: d. 29.12.2020, Law n. 6094, art. 4

Legal persons that obtain license for producing electric energy by using the renewable energy resources under the scope of this Law can add additional capacity to their facilities, for as long as they do not expand outside the area that is stated in their licenses, and provided that the power supplied to the system during their operations does not exceed the installed power as stated in their licenses.

Those whose requests for the amendment of their renewable energy resource-based electricity generation licenses for a capacity increase as per article 7 of the Electricity Market law, dated 14/3/2013 and numbered 6446, is deemed acceptable by the EMRA cannot take advantage of the RES Support Mechanism for such capacity increases. The procedure and principles as to the application will be provided in the regulation that will be issued by the EMRA.

Addendum paragraph: d. 14.02.2019, Law n. 7164, art. 39

The capacity that becomes operational under the scope of the second paragraph does not extinguish the obligation to pay the contribution or the part of the contribution committed as per Law No. 4628 and Law No. 6446.

Addendum paragraph: d. 14.02.2019, Law n. 7164, art. 39

Repealed paragraph: d. 25.11.2020, law n. 7257, art. 16

When the EMRA considers the license applications when assessment is made with regard to connection, priority will be given to the electricity generation facilities that are based on renewable energy resources under this Law.

Repealed paragraph: d. 14.3.2013, Law n. 6446, art. 30

Repealed paragraph: d. 25.11.2020, law n. 7257, art. 16

Repealed paragraph: d. 14.3.2013, Law n. 6446, art. 30

The Constitution Court had – in its judgment dated, 27.12.2012 and numbered E.: 2012/102, K.: 2012/207 – decided to have the phrase in the sixth paragraph of the article 6/C of the Law that reads, “… or as might be necessary, at the expense of those concerned, EMRA can have it done by purchasing services from the audit companies that will be authorized by the EMRA. The procedure and the principles pertaining to the practice regarding the audit companies will be laid down in the regulation that the EMRA will issue by consulting to the Ministry” REPEALED, to have this judgment for repeal TAKE EFFECT SIX MONTHS AFTER it is published in the Official Gazette. The 6th paragraph of this article had been REPEALED by Law No. 6446 before the said paragraph took effect.

SECTION FOUR
Implementation Principles Relating to the Investment Period

Investment period practices
Article 7
The real or legal entities that establish an isolated or grid-connected power plant with a maximum installed capacity of thousand kilowatts only for their own needs by using renewable energy resources will not be required to pay service charges for the projects, the final project, planning, master plan, preliminary examination or the initial studies, which are prepared by the DSI or the EIGM.

Amended paragraph: d. 25.11.2020, Law n. 7257, art. 17

Under the scope of this Law,

a) Energy generation facility investments;

b) Provision of the locally manufactured electro-mechanical systems locally in the country,

c) Investments of Research Development and fabrication to be realized in the scope of the electricity generating systems using solar cells and focusing units,

d) Investments in R&D facilities for the generation of electrical energy or fuel by using biomass resources

may be allowed to benefit from the incentives with the decision of the President of the Republic.

Amended paragraph: d. 02.07.2018, LD n. 700, art. 164

As principal, settlements within the boundaries of provinces or municipalities located in the regions with sufficient geothermal resources should meet their thermal energy needs initially from the geothermal or solar thermal resources.

Practices regarding need for land
Article 8
Amended article: d. 09.07.2008, Law n. 5784, art. 23

The Ministry of Environment and Forestry or the Ministry of Finance can, at a price, grant usufruct, lease, or constitute an easement right on the forest land or the land under the private ownership of the Treasury, or owned by and at the disposal of the state, which is to be utilized for the facilities, transportation roads, and energy transmission lines up to the grid connection point, with the purpose of electricity generation from renewable energy resources under the scope of this Law.
Where the land, which shall be utilized for the purposes outlined in the first paragraph of this Article, is a pasture, summer pasture, winter quarters and public owned grazing and grassland within the scope of the Pasture Law No. 4342 dated 25/2/1998, it shall, according to the provisions of that Pasture Law be registered in the name of the Treasury upon changing its purpose allotment. The Ministry of Finance can, for a price, leasing these lands or constitute an easement right on them.

Eighty-five percent discount over the permission, lease, easement, and usufruct payments will apply to the electricity generation facilities that use renewable energy under the scope of this Law and that will start to operate until the date of 31/1/2025, including those that are operational as of the date of publication of this Law, to the transportation roads, to the transmission lines up to the system connection point stated in their licenses, including those that would be handed over to TEIAS and distribution companies, for ten years starting from the license date.

Amended paragraph: d. 02.07.2018, LD n. 700, art. 164

The Ministry of Finance can grant free of charge permission to use the immovable properties that are located in the reservoir area of the hydroelectric electricity generation facilities under the scope of this Law, and under the private ownership of the Treasury, or owned by and at the disposal of the state.

Permission to build renewable energy-based facilities in the national parks, nature parks, natural monuments, and protection of nature zones, in protected forests, in protected wildlife zones, and special environmental protection zones can be granted with the approval of the concerned Ministry and, this can be done for the areas of natural heritage by obtaining the approval of the protection committee of that zone.

Addendum paragraph: d. 29.12.2010, Law n. 6094, art. 5

Pertaining to the Amendment of the Law on Putting the Immovable Properties of the Treasury to Use and Value Added Tax will not apply to the renewable energy resource based electric energy electricity generation facilities under this Law.

Addendum Article 2 of Law No. 4706 of 29/6/2001

CHAPTER FIVE

Miscellaneous Provisions

Coordination of practices

Article 9
The Ministry will coordinate the performance, direction, monitoring, assessment of the fundamental principles and obligations, and the planning of the measures that will be taken.

Sanctions

Article 10
Amended article: d. 29.12.2010, Law No. 6094, art. 6

Provisions of the article 11 of Law No. 4628 will apply to those who are discovered to have engaged in activities in violation of the articles 6 and 6/A of this Law.

Regulations

Article 11
The regulation regarding article 5 of this Law will be prepared and put into effect within four months after the date this Law takes effect whereas this will be done for the other regulations by the Ministry.
Provisional Article 8
Addendum article: d. 25.11.2020, Law n. 7257, art. 20

The contribution that was bid for the tenders that had been called for between the dates of 12/5/2014 and 30/4/2015 for the preliminary license applications for solar energy electricity generation facilities, for which capacity was allotted will be paid as per the applicable legislation if they start to operate after 31/12/2020.

Provisional Article 9
Addendum article: d. 25.11.2020, Law n. 7257, art. 21

The contribution that was bid for the tenders that had been called for between the dates of 15/2/2011 and 13/9/2011 for the license applications for wind energy electricity generation facilities, for which capacity was allotted will be paid as per the applicable legislation if they start to operate after 31/12/2020.

Effective date
Article 14
This Law takes effect on the date it is published.

Enforcement
Article 15
The provisions of this law are enforced by the Council of Ministers.

Schedule Number I

<table>
<thead>
<tr>
<th>Renewable Resource Based Energy Electricity Generation Facility Type</th>
<th>Applicable Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Hydroelectric electricity generation facility</td>
<td>(USD cent/kWh)</td>
</tr>
<tr>
<td>b. Wind energy-based electricity generation facility</td>
<td>7.3</td>
</tr>
<tr>
<td>c. Geothermal energy-based electricity generation facility</td>
<td>7.3</td>
</tr>
<tr>
<td>d. Solar energy-based electricity generation facility</td>
<td>10.5</td>
</tr>
<tr>
<td>e. Biomass based electricity generation facility (including garbage gas)</td>
<td>13.3</td>
</tr>
<tr>
<td>f. The facilities that produce electricity from renewable energy resources without a license, which are, starting from the date of 10/5/2019, entitled to receive an invitation letter for a connection agreement</td>
<td>13.3</td>
</tr>
</tbody>
</table>

Health Facility
Retail monochronic active energy price for its subscribers’ group, announced by the EFDK in TL kurus/kWh

Energy
97

Port
23

Mining
8

Solid Waste
1

Amended: d. 25.11.2020, law n. 7257, art. 22

Schedule Number II (This is the provision of Law No. 6094 of 29/12/2010.)

<table>
<thead>
<tr>
<th>Type of the Facility</th>
<th>Locally Manufactured</th>
<th>Local Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Hydroelectric electricity generation facility</td>
<td>1 – Turbine</td>
<td>1,3</td>
</tr>
<tr>
<td></td>
<td>2 – Generator and power electronics</td>
<td>1,0</td>
</tr>
<tr>
<td>B. Wind energy-based electricity generation facility</td>
<td>1 – Wing</td>
<td>0,8</td>
</tr>
<tr>
<td></td>
<td>2 – Generator and power electronics</td>
<td>1,0</td>
</tr>
<tr>
<td></td>
<td>3 – Turbine tower</td>
<td>0,6</td>
</tr>
<tr>
<td></td>
<td>4 – The entire mechanical components of the rotor and nasal groups (excluding payments made for the wing group and for the generator and power electronics)</td>
<td>1,3</td>
</tr>
<tr>
<td>C - Photovoltaic sun energy-based electricity generation facility</td>
<td>1 – Manufacture of the PV panel integration and solar structural mechanics</td>
<td>0,8</td>
</tr>
<tr>
<td></td>
<td>2 – PV modules</td>
<td>1,3</td>
</tr>
<tr>
<td></td>
<td>3 – Cells of the PV modules</td>
<td>3,3</td>
</tr>
<tr>
<td></td>
<td>4 – Inverter</td>
<td>0,6</td>
</tr>
<tr>
<td></td>
<td>5 – The part that focuses the sun beams on the PV module</td>
<td>0,5</td>
</tr>
<tr>
<td>D - Intensified solar energy-based electricity generation facility</td>
<td>1 – Radiation collection tube</td>
<td>2,4</td>
</tr>
<tr>
<td></td>
<td>2 – Reflective surface plate</td>
<td>0,6</td>
</tr>
<tr>
<td></td>
<td>3 – Sun chase system</td>
<td>0,6</td>
</tr>
<tr>
<td></td>
<td>4 – Mechanic components of the heat energy storage system</td>
<td>1,3</td>
</tr>
<tr>
<td></td>
<td>5 – Mechanical components of the system that produce steam by collecting the sun light at the tower</td>
<td>2,4</td>
</tr>
<tr>
<td></td>
<td>6 – Stirling engine</td>
<td>1,3</td>
</tr>
<tr>
<td></td>
<td>7 – Panel integration and the structural mechanics of the solar panel</td>
<td>0,6</td>
</tr>
<tr>
<td>E - Biomass energy-based electricity generation facility</td>
<td>1 – Steam boiler with fluid bedding</td>
<td>0,8</td>
</tr>
<tr>
<td></td>
<td>2 – Steam boiler with fluid or gas fuel</td>
<td>0,4</td>
</tr>
<tr>
<td></td>
<td>3 – Gasping and gas cleaning group</td>
<td>0,6</td>
</tr>
<tr>
<td></td>
<td>4 – Steam or gas turbine</td>
<td>2,0</td>
</tr>
<tr>
<td></td>
<td>5 – Internal combustion engine and Stirling engine</td>
<td>0,9</td>
</tr>
<tr>
<td></td>
<td>6 – Generator and power electronics</td>
<td>0,5</td>
</tr>
<tr>
<td></td>
<td>7 – Cogeneration system</td>
<td>0,4</td>
</tr>
<tr>
<td>F - Geothermal energy-based electricity generation facility</td>
<td>1 – Steam or gas turbine</td>
<td>1,3</td>
</tr>
<tr>
<td></td>
<td>2 – Generator and power electronics</td>
<td>0,7</td>
</tr>
<tr>
<td></td>
<td>3 – Steam injector or vacuum compressor</td>
<td>0,7</td>
</tr>
</tbody>
</table>

Amended: d. 25.11.2020, law n. 7257, art. 23
LAW NO. 3096 ON THE AUTHORIZATION OF ENTERPRISES OTHER THAN ELECTRICITY AUTHORITY OF TURKEY FOR ELECTRICITY GENERATION, TRANSMISSION, DISTRIBUTION AND TRADING

No.: 3096
Date of Enactment: 04.12.1984
Date of Entry into Force: 19.12.1984
Date of Latest Amendment: 28.02.2019
Date of Validity of this Version: 28.02.2019

Purpose

Article 1
The purpose of this Law is to regulate the assignment of the duties of generation, transmission, distribution, and trading of electricity to domestic and foreign companies, other than the Electricity Authority of Turkey, and which have the status of a corporation to which private law provisions apply.

Scope

Article 2
This Law comprises of the form and principles pertaining to the assignment of the duties of generation, transmission, distribution, and trading of electricity to [entities] other than the Electricity Authority of Turkey as well as to the contract, duration, tariff, and expiration of the assignment.

Assignment

Article 3
The President of the Republic can decide to have the capital companies that had been established to provide services associated with electricity, set up and operate facilities that generate, transmit, distribute, and sell electricity in the regions assigned to them by regulation.

The Ministry of Energy and Natural Resources will enter into a contract with the concerned contracted company within the framework specified in the Decree of the President of the Republic.

Granting electricity generation permission

Article 4
Ministry of Energy and Natural Resources, by obtaining the opinion of the State Planning Organization, can grant permission to set up and operate electricity generation facility to the capital companies for the sole purpose of generating electricity.

The electricity generated in such facility will be sold to the Electricity Authority of Turkey in that region or to the contracted company that operates thereat, [at the prices] specified by the Ministry of Energy and Natural Resources in a tariff.

Transfer of the operating rights

Article 5
The transfer of rights to operate the generation, transmission, and distribution facilities, that had or would have been set up by the public institutions and organizations (including the public economic enterprises) in their regions to the contracted companies can be decided by the President of the Republic.

Expiration of the assignment

Article 6
The terms of the contracts signed in accordance with the articles 3 and 4 can be prepared up to 99 years.

The minimum term of assignment in the contracts will be decided by taking into consideration the amortization periods for the existing generation, transmission, and distribution facilities or those that would be built. Apart from the technical amortization, in these contracts, setting aside capital amortization for the entire price of the facility can also be required.

Energy trading

Article 7
In principle, the contracted companies are supposed to make the existing electricity potential in their regions available, and the need for power should be met from the resources in that region.

However, where energy generation in the region proves to be insufficient, or with the purpose of economizing on energy, electricity can be traded between the Electricity Authority of Turkey and the contracted companies or among multiple contracted companies.

Energy sale conditions and tariff principles

Article 8
Contracts for a certain term will automatically expire at the end of such term unless an extension is requested. In this eventuality, all facilities, as well as all movable and immovable properties will, free of any debts or commitments, and at no price, pass to the State.

The contracts can be terminated before the end of the term, in the event of insolvency of or its breach by the contracted company.

Provisions pertaining to the expiration of the contracts or to the implications of such expiration will be determined in the contract.

The energy tariffs will take effect upon the contracted company’s proposal and the approval of the Ministry of Energy and Natural Resources.

When deciding the tariffs, the annual operation, maintenance, and repair expenses; interest and if no exchange rate guarantee had been given, the exchange rate differences; technical and capital amortizations; other expenses and; the reasonable income that would ensure distribution of a reasonable dividend to the shareholders will be referred to.

Execution of the contracts for a term of more than one year between the contracted companies and the institutions and companies, to which the produced electricity would be sold, on the amount and conditions of such sale can be entered into, and special provisions about the tariffs can be included in them can be possible with a Decree of the President of the Republic.
Regulation
Article 10
The regulation mentioned in the article 3 and the regulation that provides matters pertaining to the application of this Law will be put into effect by the President of the Republic.

Expropriation
Article 11
Should they be needed according to the approved application projects of the generation, transmission, and distribution facilities that the contracted companies would build, the expropriations will be made by the Ministry of Energy and Natural Resources, as per Law No. 4650, provided that the expropriation price, excluding those for the facilities with a reservoir, is paid by the contracted company. The prices of the facilities with a reservoir will be paid by the Treasury, out of the appropriated funds to be included in the concerned Ministry’s budget.

The provision, amended by this article, will apply to the projects, the contracts for which have been signed as per Law No. 3096, but operation of which have not yet started.

Coal purchases
Addendum Article 7
Should there be a need by Elektrik Uretim Anonim Sirketi – EUAS (Electricity Generation Joint Stock Company), coal can be purchased from the sites allotted under contract to the capital companies are assigned the duty to build and operate electricity generation facilities and to sell electricity, and to which the right of operation of the generation facilities are transferred, with the purpose of effective and efficient use of public resources.

Provisional Article 1
The electricity generation, transmission, and distribution facilities that were built and are operated by the companies holding the concession for the electricity generation, transmission, distribution, and selling of electricity on the date this Law is published, but which have not been included in the concession, as well as the provinces in which such facilities are located, are included within the scope of the concession contract.

The contract amendment, necessitated as per the provision of this article, will be signed by and between the Ministry of Energy and Natural Resources and the company officials, within 3 months following the publication of the Law.

The provisions in the article 6 of this Law will also apply to the companies that hold concessions.

Provisional Article 2
Duty rights up to 99 years period can be granted with a Decision of the Council of Ministers in accordance with the principles of this Law can be granted to the companies holding the concession for the generation, transmission, distribution, and selling of electricity on the date this Law is published, if they wish to be transformed into an contracted company mentioned in the article 3, by applying to the Ministry of Energy and Natural Resources within one year following the date this Law is published.

The contract amendment, necessitated as per the provision of this article, will be signed by and between the Ministry of Energy and Natural Resources and the company officials, within 3 months following the [date of the] resolution of the Council of Ministers.

Provisional Article 3
The Council of Ministers is authorized to grant reassignments, as per this Law, to the companies continuing the activities of the generation, transmission, distribution, and selling of electricity as of the date Law No. 1312 entered into force but whose concessions have ended on the date this Law entered into force.

Provisional Article 4
a) The contributions collected as per addendum article 2 of Law No. 3291, dated 28.5.1986;

b) The part of the revenues from the privatization of the natural resources and facilities, or from the transfer of operating rights, as would be decided by the Council of Ministers;

c) Forfeited guarantees and collection from the companies in exchange for the services provided to them;

d) Repayments of the credits that had been paid out of the Electric Energy Fund as well as of those that would be paid out of this Fund as requirement and;

e) Other revenues

will, as performance of the obligations undertaken as per the Electric Energy Fund Agreements that will take effect until the date of 31.12.2001, be deposited with the central treasurer of the Ministry of Energy and Natural Resources as revenue.

All actions and transactions regarding the collection of the revenues and the performance of the obligations stated in this article will be carried out by the Ministry of Energy and Natural Resources.

Validity
Article 12
This Law takes effect on the date it is published.

Enforcement
Article 13
The provisions of this Law are enforced by the Council of Ministers.
**LAW NO. 6001 ON THE SERVICES OF THE GENERAL DIRECTORATE FOR HIGHWAYS**

Determination of toll fees

**Article 14**

The motorways and sections of the highways where access control is applied to be paid will be determined by the Minister upon the proposal of the General Director. Determination and re-determination of the tolls of these highways; will be entered into force with the approval of the Minister upon the proposal of the General Director in accordance with the principles and procedures specified in the regulation to be issued considering the distance of the highway, traffic density, type of vehicle, social and economic factors.

(2) Except for the motorways with paid passage and highways where access control is applied, except for those that are granted or transferred the operating right; the sections deemed appropriate to be unpaid and those who will be allowed free pass are determined according to general provisions.

(3) The principles and procedures regarding the determination of the toll on the highways where the operating rights are granted or transferred and the ones that will be allowed to pass free of charge according to the provisions of the Law No. 4046 on the Privatization Practices, dated 24/11/1994, Law No. 3465 and Law No. 3996; are regulated in the contracts.

**Article 15/3:**

The natures of the highways that are given or transferred the right to operate and where access control is applied are maintained during the contracts.

---

**LAW NO. 3465 ON THE AUTHORIZATION OF ENTERPRISES OTHER THAN THE GENERAL DIRECTORATE OF HIGHWAYS FOR CONSTRUCTION, MANAGEMENT AND OPERATION OF ACCESS CONTROLLED HIGHWAYS (MOTORWAYS)**

*Official Gazette:* 02.06.1988/19830  
*No.:* 3465  
*Date of Enactment:* 28.05.1988  
*Date of Entry into Force:* 02.06.1988  
*Date of Latest Amendment:* 04.07.2018  
*Date of Validity of this Version:* 09.07.2018

**Purpose**

**Article 1**

The purpose of this Law is to regulate principles on the assignment of the duties of construction, maintenance, and operating of motorways and all facilities on them to the capital companies, which have the status of a capital company to which private law provisions apply and; to the transfer of the roads and facilities to the General Directorate of Highways after the end of the term.

**Scope**

**Article 2**

This Law comprises of the procedure and principles pertaining to the assignment of the duties of construction, maintenance, and operating of motorways as well as all facilities on them or the other motorways to the companies stated in the 1st article and the contract, term, toll tariff, and the ending of the duty.

**Definitions**

**Article 3**

The following terms mentioned in this Law have the following meanings:

a) Minister: The Minister of Transportation;

b) Ministry: The Ministry of Transportation;

c) General Directorate: The General Directorate of Highways;

d) Motorway: Any highway to which access is controlled;

e) Maintenance Operation Facility: Road related structures and facilities such as maintenance and operation

f) Service facilities: Hotels, motels, restaurants, gas stations, and other facilities;

g) Place of duty: The place where the motorway is, along with all facilities on the specified route;

h) Contracted company: The capital companies, established in Turkey, to which duties are assigned according to the provisions of this Law.
Assignment of duty
Article 4
a) Construction, maintenance, and operating of controlled-access highways (motorways) as well as the construction, maintenance, and operating of the facilities on them can be assigned to capital companies.

b) Building and operation of the service facilities on the motorways, constructed and are being constructed by the General Directorate can be contracted to companies.

The procedures and principles pertaining to the assignments and contracting stated in subparagraphs “a” and “b” will be specified by a regulation.

Article 5
The duty that will be assigned according to subparagraphs “a” and “b” of the article 4 of this Law can comprise of not only making the projects of the motorway or the service facilities, including all of the facilities at the place of duty, or the construction, maintenance, and operation of them in accordance with the project; it can also be in the form of maintenance, improvement, and expansion of the motorways as well as the operation and maintenance facilities, excluding those included within the scope of Law No. 4046, or the transfer of the operating rights.

The contract will be made for a term of up to 49 years. This term applies also to the construction, maintenance, and operation of the facilities.

The contracted company can contract such works to the individuals or organizations that are acceptable to the General Directorate. Even in that case, the contracted company’s obligations to the General Directorate will continue.

Article 5/A
The provisions of the Public Procurement Law No. 4734, dated 4/1/2002, on penalty and prohibitions will apply during the tender phase, and the provisions of the Public Procurement Contracts Law No. 4735, dated 5/1/2002, on penalty, prohibitions, and termination of the contract will apply when it is implemented, to the assignments under the scope of this Law. The procedure and principles on implementation will be specified by a regulation.

Expiration of the assignment
Article 6
When the contract ends, the motorway and all of its facilities and outbuildings will, free of any debts or commitments and in a usable state, and at no price, automatically pass to the General Directorate.

The contract can be terminated by the General Directorate before the end of the term, in the event of insolvency of or its breach by the contracted company.

Provisions pertaining to the expiration of the contract or to the implications of such expiration will be determined in the contract.

Principles on deciding the tariff
Article 7
The toll tariff for the motorway will, upon request of the contracted company and the recommendation of the General Directorate of Highways, be decided with the approval of the Minister.

When deciding the tariff, the balance of the traffic that would keep the revenue from the motorway at a reasonable level, the various expenses included in the cost, the local conditions, the investments made in this road at the operating phase as well as the toll that is charged within the country and abroad for similar roads will be considered, and in principle, a level of revenue that would make and promote such investments will be taken as reference.

Expropriation
Article 8
The required process for the expropriation of the motorway and the facilities will be carried out by and on behalf of the General Directorate. In the assignment contracts, payment of the entire or a part of the expropriation price by the company to the General Directorate can be stipulated.

Ownership
Article 9
The title to the facilities that would be built on the expropriated plot or land will belong to the General Directorate, and they will be State properties.

However, all kinds of civil, penal, and financial responsibility during the construction and operation period of the motorway and the facilities will belong to the contracted company.

Transfer of the assignment
Article 10
The procedure and principles pertaining to the granting of the assignment will apply to its entire or partial transfer.

Regulation
Article 11
The matters concerning the application of this Law will be stipulated in a Decree that would be put into force by the President of the Republic.

Validity
Article 12
This Law takes effect on the date it is published.

Enforcement
Article 13
The provisions of this Law are enforced by the Council of Ministers.
REGULATION ON THE APPLICATION OF THE LAW NO. 3465 ON THE AUTHORIZATION OF ENTERPRISES OTHER THAN THE GENERAL DIRECTORATE OF HIGHWAYS FOR CONSTRUCTION, MANAGEMENT AND OPERATION OF ACCESS CONTROLLED HIGHWAYS

Official Gazette: 14.04.1993/21552
No.: 93/4186
Authority: Council of Ministers
Effective Date: 14.04.1993
Date of Latest Amendment: 07.07.2006

PART ONE
General Principles

Purpose
Article 1
The purpose of this Regulation is to lay out the procedures and principles regarding the implementation of the Law No. 3465 on the Assignment of Establishments other than the General Directorate of Highways (Motorways) for the Construction, Maintenance and Operation of Highways (Motorways) with Access Control.

Scope
Article 2
This Regulation covers the procedures and principles for the assignment of capital companies for the construction, maintenance and operation of service facilities related to the travel on access-controlled highways (motorways) together with all their facilities or on highways built or to be built by the General Directorate, transfer of operating rights of existing highways, contracting, execution, inspection, termination of duties and determination of tariffs.

Legal Basis
Article 3
This Regulation has been prepared according to the article 11 of the Law No. 3465 on the Assignment of Establishments other than the General Directorate of Highways (Motorways) for the Construction, Maintenance and Operation of Highways (Motorways) with Access Control.

Definitions
Article 4
The terms below mentioned in this Regulation mean as follows.

a) Law: Law No. 3465 on the Authorization of Enterprises other than the General Directorate of Highways for Construction, Management and Operation of Access Controlled Highways (Motorways),

b) Minister: The Minister of Public Works and Settlement,

c) Ministry: The Ministry of Public Works and Settlement,

d) Director General: The Director General of Highways,

e) General Directorate: The General Directorate of Highways,

f) Highway: the highway on which access control is applied,

g) Maintenance-Operating Facility: All structures and facilities related to the services such as maintenance and operation of the road,

h) Travel-Related Service Facilities: Travel-related facilities such as hotels, motels, restaurants, fuel stations, repair shops,

i') Place of assignment: The location of the motorway built or to be built together with all the facilities on the determined route or the location of the service facilities related to the travel determined on the motorways built or to be built,

j) Contracted Company: The equity firm established in Turkey tasked with the construction, maintenance and operation of the motorways with all of their facilities or the service facilities related travel or on motorways built or to be built,

k) Contract: The contract concluded between the General Directorate and the contracted company to specify the conditions for the performance of the task assigned,

l) Bidder: The equity firm, aspiring to the task, that has been established or joint-stock company pledged to be set up in Turkey according to private law,

m) Certain Bidder: The bidder who has been deemed qualified by the Pre-selection Commission.

n) Specifications: Document or documents showing general, special, technical and administrative principles and procedures related to the task,

o) Assignment: The processes before the contract which show that someone to be selected, in accordance with the procedures and conditions written in this Regulation, from among the bidders with qualifications determined has been assigned and which are completed with the approval of the competent authorities,

Determination of Place of Assignment
Article 5
The place of assignment is determined on the highway network determined by the General Directorate by the proposal of the Director General and the approval of the Minister.

Scope of Assignment
Article 6
The task to be assigned may cover the construction, maintenance and operation, according to the Project made or commissioned by the General Directorate, and specifications and standards attached to the contract, of the motorway with all its facilities or travel-related service facilities, or construction, maintenance and operation including project preparation as well, or it can also take the form of maintenance, improvement, expansion or transfer of operating rights of existing highways, operating and maintenance facilities or travel-related service facilities.
Financing
Article 7
All funding required to carry out the work covered by the task is provided by the contracted company and all expenses are made by the contracted company.

The assignments to be made pursuant to this Regulation may benefit from the provisions of the articles 5, 11, 12 and 14 of the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, within the framework of the second paragraph of the article 13 of the aforementioned Law. This issue is specified in the approval document to be prepared in accordance with the article 14.

The Directorate General cannot assume any obligation for providing financial resources.

Requirements to be Sought in Bidders for Participating in the Pre-selection
Article 8
In order to participate in the works to be done according to this Regulation, it is essential:

a) To be an equity firm established or a joint-stock company pledged to be established in Turkey according to the provisions of private law,
b) To show an address for notification in Turkey,
c) To declare its legal domicile,
d) To possess the necessary qualifications and competencies,
e) To provide the guarantees and documents requested.

Those Who Cannot Participate in the Pre-selection and Assignment
Article 9
Those written below cannot participate in the pre-selection or assignment:

a) Equity firms in which those who are in charge of preparing, executing, finalizing, approving or supervising the transactions related to the work covered by the assignment and spouses of the specified persons and their blood relatives up to the third degree, including the third degree and relatives of marriage up to the second degree, are shareholders, except for joint stock companies in which they do not serve in the board of directors or do not own more than 10% of their capital,
b) Those who have been temporarily or permanently prohibited from participating in public tenders or assignments in accordance with the provisions of the Public Procurement Law No. 4734 and other laws, and those who have been convicted of crimes covered by the Anti-Terror Law No. 3713 and organized crimes,
c) Those who have undertaken the consultancy services related to the preparation of the assignment documents, unless 3 years have passed from the date of final acceptance of the documents,
d) Those who have been found guilty of fraudulent bankruptcy by the relevant authorities.

The real persons or legal entities specified in the subparagraphs above and the persons specified in subparagraph (a) cannot participate in the assignment indirectly, even if they are in the capacity of proxy or representative. The guarantees of those who have participated despite these prohibitions is recorded as revenue in the budget of the General Directorate, and if an assignment or contract has been made, it is canceled.

Specifications
Article 10
The specification, annexes, if any, and pre-selection documents prepared or commissioned by the General Directorate, which indicate all kinds of the work covered by the assignment, become final with the approval of the Minister.

However, in the assignments requested to benefit from the article 11 of the Law No. 3996 within the framework of the second paragraph of the article 7, the prior assent of the Minister whom the Undersecretariat of Treasury is affiliated with is obtained before getting the approval of the Minister as per article 14.

In addition to the special and technical conditions to be set according to the nature of the assignment, the following issues must also be shown in the specifications:

a) The nature, type and scope of the assignment,
b) The rates and conditions of the bid bond and performance bond,
c) Place of assignment, terms and conditions of delivery and receipt,
d) Starting and finishing dates of the works covered by the assignment, penalties to be received in case of delay,
e) Conditions and documents sought in equity firms,
f) That the General Directorate is free whether to make the assignment or not and to determine the appropriate proposal,
g) That it could be approved or canceled by the minister within 30 days at the latest from the date of the assignment decision,
h) The party who will pay the taxes, duties and fees and contractual expenses,
i) Circumstances where time extension can be given and its conditions,
j) Method of resolving disputes.

Corrections, Amendments and Explanations
Article 11
The General Directorate is authorized to make any kind of corrections, changes or explanations in writing as to the date of bidding and the documents that constitute the basis for bidding. Corrections, changes or explanations in these documents and changes in the place, date and time of bidding can be made until 15 (fifteen) days before the bidding date and notified to the bidders.

Corrections, changes or explanations made according to the first paragraph are sent by the General Directorate to the companies invited to bid. Companies are obliged to prepare their proposals by taking these annexes into consideration and to include these annexes in the proposal file.
Except for the provisions of the first paragraph, no member of the General Directorate has the authority to make corrections, changes or explanations in any part of the bid documents or to display behavior that would bind the General Directorate.

Projects
Article 12
The projects may have been prepared or commissioned by the General Directorate beforehand, or the contracted company may be asked to prepare them within the scope of the assignment, with their qualifications, standards, technical conditions and other issues being in accordance with the principles determined by the General Directorate.

These projects are implemented after they have been approved by the General Directorate.

Qualifications, standards, technical conditions and other issues and changes deemed necessary in the projects can be made with the approval of the General Directorate.

The General Directorate intermediates and assists, within its duties, in the permits to be obtained from the public institutions and similar transactions during the finalization of the route in relation to the Access Controlled Highways Law No. 1593 and other legislation.

PART TWO
Common Provisions

SECTION ONE
Preparations for Making the Assignment

Price Estimation
Article 13
Due to the nature of the assignment, price estimation is not required.

Certificate of Approval
Article 14
For each task to be assigned, a certificate of approval is prepared to be submitted to the Minister’s approval. The type, nature, scope of the task covered by the assignment, the project number, if any, the procedure to be applied in the assignment of the task, bid bond, construction performance bond, and operating guarantee rates are specified in the approval document.

The approval document also indicates whether the specifications and its annexes will be provided in return for a price and what the price would be if they are to be delivered in return for a price.

Provision of Specifications
Article 15
The certified copies of the specifications of the task to be assigned and their annexes are given to those who wish, according to the principles in the approval certificate.

Specifications and their annexes can be viewed free of charge at the General Directorate.

Pre-selection and Assignment Commissions
Article 16
The Director General assigns.

a) A pre-selection commission consisting of at least five permanent and five substitute members among the officers who are experts in the field of work in order to evaluate the applications by bidding firms,

b) An assignment commission consisting of at least five permanent and five substitute members who are experts in the field of work covered by the assignment in order to organize and execute the assignment business,

c) Necessary number of officers and experts to assist the commissions, provided that they do not participate in the assignment decisions.

The chairs of the above commissions are determined by the Director General among the members.

Working of the Commissions
Article 17
Pre-selection and assignment commissions convene without a missing member. Commission decisions are taken by majority. In case of a tie vote, the party with the chairman is considered in the majority. Decisions cannot be abstained. The dissenting member has to write the justification for the dissenting vote under the decision and sign it. The chair and members of the commission are responsible for their votes and decisions.

Keeping the Assignment Transactions File
Article 18
A transaction file is prepared for the works to be done by assignment. This file contains the approval certificate, the account report regarding the estimated price, if any, specifications and annexes, necessary projects, documents and newspaper copies regarding the announcement, draft contract, and other documents that are deemed to be useful to keep.

Qualifications to be Sought in Bidders and Documents to be Requested
Article 19
In order to ensure that the assignment results in the most favorable conditions, financial and technical competence and qualifications are sought in the bidders. For this purpose, pre-selection is made according to the scoring principles.

The pre-selection documents indicating the information and documents to be requested depending on the nature of the assignment in order to determine the competency of the companies applying for pre-selection, and the principles on which these information and documents will be evaluated are prepared by the General Directorate. A scoring chart showing the maximum points that can be given to the information and documents prepared by bidders in accordance with the forms in the pre-selection documents is also included in the pre-selection documents.

Forms that request information and documents on the following are contained in the pre-selection documents.

a) Equity firm’s articles of association and capital structure,

b) Letters of commitment and capital structures of the companies to be partnered with relating to the joint stock company undertaken to be established,

c) The financing model stipulated by the equity firm or the joint stock company undertaken to be established,
c) The organization by which the assignment will be performed,

d) Experience of the equity firm or the shareholders that would constitute the joint stock company undertaken to be established in the works covered by the assignment,

e) Other matters deemed necessary by the General Directorate.

Bidders are required to submit the information and documents mentioned in the pre-selection documents in full and indicate an address in Turkey for notification.

Announcement on Pre-selection for Assignment
Article 20
Works covered by the assignment are announced to bidders by making an announcement once in the Official Gazette and in two nationally distributed newspapers with a high circulation, at least fifteen days before the deadline specified for pre-selection application.

Mandatory Issues to be Included in the Announcement for Pre-selection
Article 21
The following matters must be specified in the announcements.

a) That bidders would be an equity firm established in Turkey or a joint-stock company pledged to be established in Turkey,

b) The nature, place and scope of the assignment,

c) Where and under what conditions pre-selection documents will be obtained,

d) Where and until what date and time the documents requested for pre-selection will be submitted.

Invitation for Bidding
Article 22
A letter of invitation is sent by registered return mail or delivered against signature to bidders deemed qualified by the pre-selection commission to submit their bids at the specified day and time, at least forty-five days in advance for assignments that include construction work, and at least thirty days in advance for assignments that do not involve construction.

Application Deadlines for Pre-selection and Assignment Hitting a Non-Business Day
Article 23
If the application deadlines for pre-selection and assignment coincided with a non-business day, the pre-selection application and assignment are made at the same place and time on the first working day following the holiday, without the need for another announcement. The announced hour does not change even if the working hours change after the announcement.

Bids Opening Time
Article 24
The opening time of the proposals is determined to be within the working hours of the administration’s staff. For the opening time, the time setting of the PTT or TRT administrations is taken as basis. Once the proposals started to be opened, the process continues regardless of the working hours.

Costs Related to Bids
Article 25
All expenses related to the proposals by equity firms, whether they are accepted or not, belong to them.

Bid Bond
Article 26
A bid bond at the rate of at least 1% and at most 3% over the cost of construction, including that of the project, or transfer price for operating rights that are shown in the financing analysis report, is obtained from the bidders together with the bid proposal letter.

In the event that the company decided to be assigned refrains from concluding a contract or does not provide performance bond, the assignment decision is revoked without the need to protest and get a verdict and the bid bond is recorded as revenue by the General Directorate.

Assets to be Accepted as Guarantee
Article 27
Assets to be accepted as bid bond, performance bond for construction or operating guarantee are as follows:

a) Turkish currency in circulation or foreign currency specified in the specifications.

b) Letters of guarantee issued by banks and participation banks.

c) Government debt securities issued by the Undersecretariat of Treasury and certificates issued in place of these bills. Letters of guarantee to be issued according to related legislation by the foreign banks allowed to operate in Turkey, and the letters of guarantee to be issued by banks or participation banks operating in Turkey based on a counter-guarantee by banks or other lending institutions operating outside Turkey are also accepted as security.

Among those specified in the subparagraph (c) of the first paragraph, those issued by including interest in the nominal value are accepted as security over the sales value corresponding to the principal.

Guarantees other than letters of guarantee cannot be received by assignment commissions. These must be delivered to the accountancy office.

The letters of guarantee of the bidder decided to be assigned, and of the bidder with the second most advantageous proposal economically are delivered to the accountancy office after the assignment; other bidders’ guarantees are returned immediately. In the event that a contract is signed with the bidder decided to be assigned, the guarantee of the second economically most advantageous bidder is returned after the contract is signed.

Guarantees can be replaced with other assets accepted as guarantee.

Under any circumstances whatsoever, the guarantees received by the administration cannot be seized by third parties and cannot be subject to a preliminary injunction.

Letters of guarantee
Article 28
The Public Procurement Authority is authorized to determine the scope, form and validity period, if any, of the letters of guarantee to be submitted within the scope of the Law No. 3465.
SECTION TWO
Evaluation of Bids and Assignment Decisions

Waiving Pre-selection
Article 29
It may be decided by the Council of Ministers, upon the recommendation of the General Directorate, and upon the proposal of the Ministry, not to apply pre-selection decision and pre-selection procedures in assignments related to the construction, maintenance and operation of highways that have special features and include bridges and tunnels that require advanced technology to be built on them.

Determination of the Suitable Bid
Article 30
The proposal which has its documents found to be suitable and which has the highest total income to be provided to the General Directorate is accepted as the appropriate proposal.

The total income is the sum of the shares committed to be given from the annual gross proceeds during the period the facility is operated by the equity firm and the estimated income that the General Directorate will receive in the period following the delivery of the facility to the General Directorate, assuming that the economic life of the facility is 50 (fifty) years from the date of commissioning.

The principles regarding the calculation of the total income are specified in the specifications in detail.

In assignments related to the transfer of operating rights, the most economically advantageous proposal is deemed to be the suitable proposal in the evaluation to be made to evaluate the proposals by considering the transfer fee to be paid for the total operating period, payment terms and other matters included in the specifications.

Flexibility of Commissions on Whether to Make the Assignment or Not
Article 31
Commissions are free as to whether to make the assignment or not by stating the rationale. The commissions’ decision not to make the assignment is final.

Matters that Need to be Specified in the Decisions
Article 32
The decisions taken by the assignment commissions are signed by indicating the names and main duties of the chair and members of the commission.

The names address of the bidders, the terms of office and share percentages they proposed, the bidder selected for assignment, date and rationale for selection, and if no assignment was made, its reasons are stated in the decisions.

Approval or Cancellation of Assignment Decisions
Article 33
Assignment decisions taken by the assignment commissions are presented to the Minister for approval with the assent of the Director General. The assignment is considered void if the decision is not approved or is canceled within 30 days by the Minister.

Notification of Assignment Decisions
Article 34
The assignment commission’s decision regarding the assignment of the task approved by the Minister is notified to the authorized person of the company that has been decided to be assigned within 5 working days from the day it was approved, by getting his/her signature or mailed to the notification address by registered return mail.

If the assignment decision is canceled by the Minister, the situation is notified to the bidder in the same way.

SECTION THREE
Assignment Procedures

Applicable Assignment Procedures
Article 35
In assigning the duties covered by this Regulation, sealed bidding method or negotiated bidding procedure is applied among equity firms.

Which of these procedures will be applied according to the requirements of the assignment is specified in the approval document to be obtained as required by the article 14.

Assignments to be Made Among Certain Bidders
Article 36
In the event that the sealed bidding method is applied among certain bidders, sealed bids are received from the bidders whose financial and technical competencies and powers have been determined by the procedures (pre-selection) specified in this Regulation.

If it is necessary to take proposals from fewer than three bidders due to compulsory reasons, a separate decision must be obtained from the Council of Ministers, upon the proposal of the Ministry.

Preparation of Bids
Article 37
Proposals for assignments made by this method are made in writing. After the proposal letter is put in an envelope and the envelope is pasted, the name of the bidder and the full address it will indicate for notification purposes are written on the envelope. The pasted part of the envelope is signed or sealed by the authorized representative of the bidder. This envelope is put in a second envelope together with the receipt for the bid bond or bank letter of guarantee and other required documents and the envelope is pasted. On the outer envelope, the name and full address of the bidder and the work that the proposal relates to are written.

Letters of proposal must be signed by the authorized person of the bidder and it is necessary to state in these letters that the specifications and annexes have been fully read and accepted, that the proposed period and the percentages of share to be paid to the General Directorate or the transfer price proposed for the transfer of operating rights must be clearly written in numbers and letters. Proposals that do not conform to any of these or that contain scratchings, erasures or corrections are rejected and deemed to have not been made. If there is a difference between the values indicated by text and numbers, those indicated in text are considered valid.
Submission of Proposals

Article 38
Proposals are submitted to the chairmanship of the commission until the time specified in the invitation letter against receipts with an order number. The receipt number is written on the envelope. Proposals can also be sent by registered return mail. In this case, the address of the chairmanship of the commission and the work it belongs to, the name of the bidder and the full address are written on the outer envelope. The proposals to be sent by mail must reach the chairmanship of the commission until the time specified in the invitation letter. The time of receipt of the proposals, which will not be processed due to the delay in the mail, is recorded by a report.

Unchangeability of the Proposal

Article 39
After the proposals has been submitted to the chairmanship of the commission, no changes can be made by the bidders and the proposals cannot be withdrawn for any reason.

Opening Outer Envelopes

Article 40
When the opening time of the proposals comes, it is determined whether the requested documents and the bid bond have been submitted in accordance with the form specified in the specifications by opening the outer envelopes in the order of receipt in front of the authorized representatives of the bidders who are present after stating the number of bids submitted in a report. The receipt order number on the outer envelope is also written on the inner envelope.

The inner envelopes containing the letter of proposal of the bidders whose documents and guarantees are not in due form or complete are not opened and returned to authorized representatives together with other documents without any further action. They cannot take part in the assignment.

Opening Inner Envelopes

Article 41
Before the inner envelopes containing the letters of proposal are opened, those other than those who will participate in the assignment are removed from the commission meeting room. The envelopes are then opened in numerical order, the proposals are read or asked to be read by the chair of the commission and a list is made. This list is signed by the chair and members of the commission.

Letters of proposal that do not comply with the specifications or carry other conditions or do not comply with the provision of the last paragraph of the article 37 are not accepted. The reasons for rejection of the proposals not accepted are clearly stated in the decision of the commission.

If the Commission deems necessary during its review, it may ask the bidder for explanatory information about its proposal.

Deciding on the Assignment Result

Article 42
The proposals accepted in accordance with the article 41 are examined and one of the following cases is decided on, and this issue is written as a reasoned decision or summary of the decision, signed by the chair and members of the commission, and the situation is notified to those present.

a) Assignment was made, but was subject to the approval of the Minister;

b) More time was needed for a more detailed examination of the proposals and if the specifications did not provide for a longer period, the assignment was postponed for another day not exceeding 30 days;

c) Assignment was not done.

Proposals Being the Same

Article 43
If the proposals submitted by a few bidders are found to be suitable proposals, a second written proposal is obtained from these bidders, and the assignment is made to the one who provided the most suitable proposal. If the second proposals yield the same result, the one with a higher score in the pre-selection evaluation mentioned in the article 19 is preferred.

Bidders Not Present at the Opening of Bid Envelopes

Article 44
Bidders who did not have an authorized representative or a proxy with a notarized power of attorney present during the opening of the bid envelopes cannot object to the manner in which the assignment was made and its result.

Failure to Make an Assignment by the Sealed Bidding Method

Article 43
In cases where there was no bidder among certain equity firms or the proposal was not deemed suitable by the commission, the assignment is made again by the same method or the work is assigned through negotiated bidding if it is to be in the interest of the public. If the work is left for negotiation, it is obligatory to keep the qualifications and conditions specified in the specifications exactly and invite all bidders for negotiation.

Assignment Through Negotiated Bidding Procedure

Article 46
Assignment is made by negotiated bidding method in the assignments where the application of the negotiated bidding method would be beneficial and, in the cases, specified in the article 45.

Receiving a proposal in assignments made by negotiated bidding method is not subject to a specific form. Assignment is made by receiving written or oral offers from bidders whose financial and technical competencies and powers have been determined through pre-selection as specified in this Regulation.

The way in which negotiation was conducted, the proposals made, and the reasons for preferring those the assignment was made to are shown in the decision of the commission.

SECTION FOUR
Contract

Concluding a Contract for the Assignment

Article 47
A contract is concluded for all assignments. The contract is signed by the Director General or his/her authorized representative on behalf of the General Directorate.
Performance bond

Article 48
A construction performance bond is obtained, before the contract is made, from the contracted company which has been notified of the assignment decision in order to ensure that the undertaking is fulfilled in accordance with the provisions of the contract and specifications, at the rate of at least 3% (three percent) and at most 6% (six percent) to be calculated on the cost of construction, including the project, that is the basis for the contract.

In transfer of operating rights, a performance bond of transfer at the rate of at least three percent and at most six percent of the transfer price for the operating rights that is the basis of the contract is collected, before the contract is signed, for the period that will elapse until the transfer price is paid in full, from the contracted company which has been notified of the assignment decision. The transfer performance bond received in the transfer of operating rights according to this paragraph is returned if the transfer price is paid in full.

If the contracted company fails to comply with this obligation, the assignment is revoked without the need to protest and get a judgment and its bid bond is recorded as revenue.

The performance bond given can be replaced by other assets accepted as guarantee. Bid bond is returned after the conclusion of the contract.

Operating Guarantee

Article 49
During the operating period, an operating guarantee is received at the following rates for each year against damage, loss, malfunction, maintenance deficiencies and similar situations that may occur in the facilities during operation.

a) The operating guarantee for the first year of the business is at the rate of at least 1% (one percent) and at most 2% (two percent) of the actual investment amount,

b) The operating guarantee for the years after the first year is at the rate of at least 3% (three percent) and at most 9% (nine percent) of the previous year’s gross revenue,

c) Operating guarantee for the expiration year of the assignment is at the rate of at least 6% (six percent) and at most 15% (fifteen percent) of the previous year’s gross revenue.

In the transfer of operating rights, the operating guarantee is received in the amount to be calculated according to the subparagraphs (b) and (c) of the first paragraph.

Upon submission of the operating guarantee for each year, the operating guarantee for the previous year is returned.

In the event that the contracted company fails to give the in operating guarantee on time, the contracted company is deemed to have not fulfilled its obligations without the need to protest and take a judgment, and the operating guarantee held at the General Directorate is recorded as revenue in the budget of the General Directorate by terminating the contract.

Returning the performance bond and the operating guarantee

Article 50
Construction performance bond is given back to the contracted company after it was duly understood that the construction works had been carried out and accepted in accordance with the provisions of the contract and specifications, and the operating guarantee was obtained, in the event that the clearance certificate for construction works issued by the Social Security Institution is submitted. In the event that the contracted company’s debts to the Social Security Institution due to this work and the statutory tax deductions made from the wages and payments regarded as wages are not paid until the date of acceptance of the entire construction work, the construction performance bond is converted into money and offset against its debts, and the remainder, if any, is returned to the contracted company.

At the end of the term of assignment, the operating guarantee that had been taken is returned to the contracted company in the event that the clearance certificate for operating works issued by the Social Security Institution is submitted after it was duly understood that the assignment had been fulfilled in accordance with the provisions of the contract and specifications, that the facilities had been transferred to the General Directorate free from debts and commitments, after it had been determined by the handover commission set up by the General Directorate that the motorway and travel-related service facilities were complete, well-maintained and in usable condition without the need for repair, together with all their facilities under operation, and the handover report was approved, and after it has been determined that no debt was owed to the administration due to the work covered by the assignment. In the event that the debts of the contracted company to the Social Security Institution due to this work and the statutory tax deductions made from the wages and payments regarded as wages are not paid until the end of their term of assignment, the operating guarantee is converted into cash and offset against its debts and the remainder, if any, is returned to the contracted company.

Invitation to Conclude a Contract

Article 51
After the decision of the assignment commission regarding the assignment of the task was finalized, the result of the decision is notified in writing by the General Directorate to the equity firm deemed to be suitable, and the company is invited to provide a construction performance bond or a transfer performance bond and conclude a contract within fifteen days from the date of notification.

The contract is signed between the Director General or his/her authorized representative and the authorized representative(s) of the equity firm.

Bidder’s Duties and Responsibilities in Concluding a Contract

Article 52
The bidder which has been notified of the assignment decision must provide before the contract is made;

a) The construction performance bond or transfer performance bond at the rates and conditions specified in the specifications,

b) The operating guarantee at the rates and conditions specified in the contract.

The procedures and principles regarding the receipt, use and return of guarantees or recording of income are laid out in the contract.

Concluding a Contract

Article 53
The equity firm decided to be assigned to has to sign the contract by depositing the construction performance bond or transfer performance bond within the period stipulated in the article 51.

The taxes, duties, fees and all kinds of expenses related to finalization of the decision for the assignment of the task, conclusion and registration of the contract belong to the equity firm that has been assigned to.
In case the equity firm decided to be assigned to does not comply with these obligations, the assignment is waived without the need to protest and get a judgment and the bid bond is recorded as revenue in the General Directorate’s budget.

Duties and Responsibilities of the General Directorate

Article 54
The General Directorate is obliged to fulfill its duties regarding the conclusion of a contract within the period specified in the article 51. In the event that this obligation is not fulfilled, bidder may withdraw from its commitment within 15 days from the end of the term, provided that it notifies by a notary notification with a period of 10 days. In this case, the bond is given back. The bidder gets entitled to ask for the expenses incurred to enter an assignment and provide guarantees.

Legal action is taken against those who have caused harm to the General Directorate due to failure to make the notification within the period specified in the article 34.

Contracted company Causing Breach of Contract

Article 55
After the contract was made, if the contracted company relinquishes its commitment or does not fulfill its commitment in accordance with the terms of the specifications and contract, the contract may be terminated before the end of its term if the same situation continues despite the notification of at least thirty days by the General Directorate with the reasons clearly stated. In this case, the construction performance bond or transfer performance bond and the operating guarantee are recorded as revenue in the budget of the General Directorate without the need to protest and get a judgment, and its account is liquidated according to the principles specified in the contract.

The guarantee recorded as income cannot be deducted from the debt of the contracted company.

Change in the Investment Amount

Article 56
After the contract was signed, no proposal can be made by the contracted company to reduce the construction works covered by the contract. The General Directorate may request additional works, provided that they do not exceed 5% of the investment amount.

The term of assignment cannot be extended due to this situation. Approval from the General Directorate is mandatory for the extension works to be carried out at the facilities during the maintenance-operating period. Term of assignment cannot be extended for extension works.

Term of Assignment

Article 57
The term of assignment is determined by contract and can be 49 years at most. This period includes the construction, maintenance and operation periods of the motorway with all its facilities within the scope of the assignment or travel-related service facilities, including the project preparation, if specified in the contract.

The assignment begins on the date the contract is signed and the end date is specified in the contract as year, month, day and hour.

Time Extension

Article 58
During the construction phase, time extension may be granted due to force majeure, which occurred without the contracted company’s fault or negligence, prevented the construction and execution of the work, was declared by the contracted company in time and deemed appropriate by the General Directorate.

During the operating period, the operating period may be extended for the duration of the force majeure due to events that has occurred without the contracted company’s fault or negligence and caused force majeure that prevented the operation of the facilities covered by the assignment in accordance with the conditions in the contract. The rights and obligations of the General Directorate and the contracted company regarding events that cause force majeure and the measures to be taken within this period are specified in the contract. The contracted company cannot claim any compensation other than time extension.

The time extension given in accordance with the first and second paragraphs is added to the end of the term of assignment.

Even if a time extension is granted due to force majeure, the term of assignment cannot exceed 49 years in any way.

Transfer of the Assignment

Article 59
The contracted company may transfer the assignment partially or completely to another equity firm with the assent of the General Directorate and the approval of the Minister with the same contract terms regarding the assignment. However, the conditions in the first assignment are sought in the equity firms that would take over.

In case the equity firm decided to be assigned to does not comply with these obligations, the assignment is waived without the need to protest and get a judgment and the bid bond is recorded as revenue in the General Directorate’s budget.

In case of unauthorized transfer, the contract is terminated and the provisions of the article 55 are applied to the contracted company.

Insolvency or Dissolution of the Contracted Company

Article 60
In case of insolvency or dissolution of the contracted company and if additional measures to be taken in this situation according to the contract are not applied, the contract may be terminated by the General Directorate before its term. In this case, their guarantees are recorded as revenue in the General Directorate’s budget.

Consequences of the Termination

Article 61
In the event that the contract is terminated before its term in accordance with the articles 55 or 60, the provisions regarding the termination of the contract and the consequences of the termination are laid out in the contract. In such cases, the General Directorate may undertake a re-assignment.

Outsourcing the Works Covered by the Assignment to Third Parties

Article 62
The contracted company may also have the works assigned to it performed by the persons or organizations to be deemed appropriate by the General Directorate. Even in this case, all obligations of the contracted company to the General Directorate continue exactly.
PART THREE

Prohibitions and Responsibilities in the Assignment Process

Prohibited Acts and Behaviors

Article 63

During preparation, execution and finalization of assignment processes, it is forbidden to;

a) Engage in rigging, or attempt at doing so, the transactions related to assignment through fraud, promise, threat, use of influence, provision of benefits, agreement, corruption, bribery or other means,

b) Cause bidders to hesitate, prevent participation, encourage or offer deals to bidders, engage in conduct that would affect the competition or the assignment decision,

c) Produce, use fake documents or fraudulent guarantees, or attempt at doing so, fail to fulfill its commitment in bad faith, to do work that would cause harm to the assignment while fulfilling its commitment, or to use fraudulent materials, tools or procedures during the performance or delivery of the work,

c') Submit multiple bids in assignments through a bidder on behalf of itself or others, directly or indirectly, acting as principal or by proxy, except in cases of providing alternative proposals,

d) Participate in the tender although it was stated that it cannot take part in the assignment according to the article 9.

Temporary Ban from Participation in Assignments and Tenders by Public Institutions and Establishments

Article 64

Those who are understood to have committed the acts or engaged in conduct specified in the article 63 will be barred, if these acts and conduct occurred during the assignment, from taking part in that assignment by the General Directorate, and they are barred by the decision of the Ministry from participating in all assignments and tenders for up to one year, depending on the nature of their actions or conduct. The General Directorate announces this decision in the Official Gazette. These decisions are also recorded in the register of the equity firm. Prohibited equity firms cannot participate in assignments and tenders by other administrations while they remain barred.

The same sanction is applied to other affiliated companies of the equity firms that have treated in this way.

Equity firms which have not concluded a contract in due form despite the assignment made or rescinded their commitment after the contract was concluded and which have not fulfilled their commitments in accordance with the provisions of the contract and specifications, except for force majeure, are also barred by the decision of the Ministry from assignments and taking part in tenders for up to one year, and these decisions are published in the Official Gazette and also recorded in the registries of those concerned.

If the General Directorate determines that the equity firm applying for assignment requires a ban, it is obliged to report this to the Ministry.

Criminal Liability and Its Consequences

Article 65

Even if their acts and conduct written in the subparagraph (c) of the article 63 have been recognized after the assignment was completed and the acceptance procedure carried out, action is taken against the contracted company's authorized representatives according to the general provisions.

Responsibilities of the General Directorate Staff

Article 66

Disciplinary and criminal prosecution against the chairs and members of the pre-selection, assignment, inspection, acceptance, handover commissions or panels and other concerned persons are carried out in accordance with general provisions, in the event that it is determined that they have not performed their duties objectively according to the legal requirements and that they have engaged in negligence and faulty actions that would cause harm to one of the parties.

Fraudulent Construction and Repairs

Article 67

The contracted company is responsible for the elimination of damages arising from fraudulent material or construction and repairs not having been made in accordance with technical requirements in the construction and repair of the motorway with all its facilities or travel-related service facilities within the term of assignment from the date of commissioning.

The term of assignment is not extended for this reason.

The provisions of the article 55 are applied for the contracted company that have not fulfilled this responsibility.

PART FOUR

Miscellaneous Provisions

Getting a Share from the Gross Revenue Throughout the Term of Operation

Article 68

The General Directorate can take a share from the gross product throughout the term of operation. The relevant principles are determined in the contract.

Expropriation

Article 69

The expropriation procedures required for motorway, maintenance, operation and travel-related service facilities are carried out by the General Directorate and on behalf of the General Directorate.

The construction site and material warehouses required for highway construction are provided by the contracted company to the General Directorate.

The expropriation procedures required for motorway, maintenance, operation and travel-related service facilities are carried out by the General Directorate and on behalf of the General Directorate.

The construction site and material warehouses required for highway construction are provided by the contracted company to the General Directorate.

Ownership

Article 70

The ownership of the expropriated plot or land and the highways and facilities to be built on it belongs to the General Directorate and is considered as State property.

Maintenance

Article 71

Contracted company is obliged to carry out, during the operating period, the maintenance of the motorway and maintenance and operating facilities or travel-related service facilities within the scope of the assignment as stipulated in the contract and specifications, and to keep them well-maintained in a way that ensures the continuity of the business.
Traffic Safety
Article 72
The contracted company is obliged to take, at the place of assignment, the measures regarding traffic safety that have been specified in the legislation, contract and specifications, and to provide the necessary convenience to the officers and help them in this regard.

Relocation of the Facilities Within the Place of Assignment
Article 73
Protocols regarding the relocation or reconstruction of all kinds of underground or aboveground facilities belonging to real or legal persons or public institutions and establishments within the place of assignment are prepared by the contracted company or the General Directorate, depending on the case.

However, the financial burden foreseen in the protocols to be prepared by the contracted company and the General Directorate regarding the relocation or reconstruction of the facilities shall be borne by the contracted company.

Control of the Work
Article 74
Whether the works within the scope of assignment are being carried out in accordance with their projects, technical specifications, standards, contracts and their annexes is controlled or contracted out by the General Directorate.

This control does not mean sharing the contracted company’s responsibilities.

Contracted company gets whether the works within the scope of the assignment have been carried out in accordance with their projects, technical specifications, standards, contracts and annexes checked effectively through a competent consulting engineering firm, at its own expense. Controlling costs are shown in the financial analysis.

The consulting engineering firm that will carry out the supervision works is selected with the recommendation of the contracted company and the approval of the General Directorate. The contract is terminated if the contracted company fails to assign a consulting engineering firm to be approved by the administration within three months from the starting date of the work.

The consulting engineering firm prepares periodic reports on the progress of the work and compliance with the contract and its annexes while conducting the supervision work. These reports are made during the project and construction phase and quarterly during the maintenance-operational phase. Contracted company regularly sends these reports to the General Directorate.

Other provisions related to supervision works are laid out in the contract.

Acceptance of Construction Work and Granting of Operating Permit
Article 75
A construction works acceptance commission is set up by the General Directorate within 20 days from the date that the contracted company notifies the General Directorate in writing that the works within the scope of the assignment have been completed and that the entire motorway together with its facilities or travel-related service facilities are ready for operation.

a) Whether the facilities stated to have been completed had been made in accordance with their projects, contracts, and specifications and standards attached to the contract is checked by this commission, and an acceptance report is drawn up for those determined to have been in compliance with the conditions. Operating permits are issued for the highways and facilities accepted. If deemed appropriate by the General Directorate, partial acceptance of the highways and facilities within the scope of the assignment can be made and a partial operating permit can be granted to them.

b) When defective and incomplete works are detected in these facilities, an operating permit can be issued for these highways and facilities by granting a period of time for them to be completed, if they do not constitute an obstacle to the operation. If defective and incomplete works are not completed within the time given, they are done or contracted out by the General Directorate. The contracted company is obliged to pay twice the expenses incurred for these works. The time given for the completion of faulty and incomplete works does not extend the term of the assignment in any way. Provisions and sanctions regarding the subparagraphs (a) and (b) are set out in the contract.

Principles for Setting Tariffs
Article 76
The motorway toll tariff is determined by the approval of the Minister upon the request of the contracted company and the proposal of the Director General.

In the determination of the tariff, it is aimed at ensuring a level of income that makes such investments possible and encourages them by taking into account the balance of traffic that will keep the highway income at a reasonable level, various expenses that constitute the cost, local conditions, investments made during the operating period on this road, and toll levels collected from such roads, both domestically and abroad.

The fees to be applied in the travel-related service facilities are determined by the contracted company with the approval of the General Directorate according to the current conditions, economic conditions and general provisions. However, the types of services to be performed at these facilities without charge are specified in the contract.

The provisions regarding the determination of the tariff are set out in the contract.

Commissioning
Article 77
Highway or travel-related service facilities cannot be opened for operation without the operating permit issued by the General Directorate.

The announcement stipulated in the article 11 of the Law No. 1593 on Access Controlled Highways is made by the General Directorate.

Operational issues are set out in the contract and its annexes.

Termination of the Assignment
Article 78
The highway with all of its facilities related to maintenance-operation and travel or travel-related service facilities and outbuildings within the scope of assignment are automatically transferred, together with its integral parts, to the General Directorate free of charge, free of all kinds of debts and commitments, in a complete, well-maintained and usable condition at the end of the term of assignment.

A handover commission is established in travel-related service facilities with the approval of the General Directorate three months in advance to determine that the highway or travel-related service facilities, with all facilities operated by the contracted company, are complete, well-maintained and usable without the need for repair. Matters related to the work of this commission are determined in the contract.
The contracted company is requested to fulfill and complete, until the date specified within the term of assignment, all kinds of deficiencies and the situations requiring maintenance and repair determined by the commission according to the provisions of the project and contract, on the highway with all its facilities or travel-related service facilities. In the event that the deficiencies and repairs that are required to be made and completed are not fulfilled, they are done or contracted out by the General Directorate to be covered by the operating guarantee at twice the cost incurred. In case the operating guarantee becomes insufficient, the contracted company is obliged to pay the difference to the General Directorate.

Liability of the Contracted Company

Article 79
During the construction, maintenance and operation of the motorway with all its facilities or travel-related service facilities; any legal, financial and criminal liability stipulated in the legislation belongs to the contracted company during the period from the commencement to the end of the assignment.

Calculation of Time Periods

Article 80
In cases where there is no provision for the calculation of the time periods written in this Regulation, the provisions of the Code of Obligations are applied.

Notification

Article 81
The provisions of the Notification Law No. 7201 are applied for the notification to be made in cases where there are no provisions in this Regulation and the specifications and contracts.

Effective date

Article 82
This Regulation, prepared in consultation with the Court of Accounts, takes effect on the date of its publication.

Enforcement

Article 83
The provisions of this Regulation are enforced by the Minister of Public Works and Settlement.

LAW NO. 6461 ON LIBERALIZATION OF RAILWAY TRANSPORT OF TURKEY

Official Gazette: 01.05.2013/28634
No.: 6461
Date of Enactment: 24.04.2013
Date of Entry into Force: 01.05.2013
Date of Latest Amendment: 18.01.2019
Enactment Date of This Version: 18.01.2019

SECTION ONE

Purpose, Scope and Definitions

Purpose and Scope

Article 1
(1) The purpose of this Law is to ensure;
   a) Provision of passenger and freight transport by rail with the most appropriate, effective and lowest possible price in terms of service quality,
   b) Structuring of the General Directorate of State Railways Administration of the Republic of Turkey as a railway infrastructure operator,
   c) Establishment of a company with the name of State Railways Freight JSC of the Republic of Turkey railways train operators,
   c') Laying out of the provisions regarding the legal and financial structures, activities and personnel of the railway infrastructure operator and the railway train operator specified in subparagraphs (b) and (c) and other related matters,
   d) Construction of railway infrastructure by public legal entities and companies registered with the trade registry and the use of this infrastructure,
   e) Engagement of public legal entities and companies registered with the trade registry in railway infrastructure operations and railways train operations.
   (2) This Law covers railway infrastructure operators and railway train operators operating on the national railway infrastructure network.

Definitions

Article 2
(1) In the implementation of this Law, the terms below mean as follows;
   a) Minister: The Minister of Transport, Maritime Affairs and Communications,
   b) Ministry: The Ministry of Transport, Maritime Affairs and Communications,
   c) Railway infrastructure: The ground, ballast, sleeper and rail that make up the railway, electrification, signaling and communication facilities, as well as all kinds of art structures, facilities, railway stations and stations, logistics and freight centers and their additions and connecting lines,
c') Railway infrastructure operator: Public legal entities and companies authorized by the Ministry to safely operate the railway infrastructure under its possession and put it into the service of railway train operators,

d) Railway train operator: Public legal entities and companies authorized by the Ministry to transport freight and/or passengers on the national railway infrastructure network,

e) Public service obligation: The railway passenger transport service obligation, which is fulfilled upon the appointment of the Ministry based on a contract, in order to provide a railway passenger transport service that any railway train operator cannot provide on commercial terms on a particular line,

f) Company: Company registered in the trade registry, kept in accordance with the Turkish Commercial Law No. 6102, dated 13/1/2011,

g) TSRA: The Republic of Turkey General Directorate of State Railways Administration,

g') TSRA Transportation JSC: The Republic of Turkey State Railways Transportation Joint Stock Company,

h) National railway infrastructure network: The integrated railway infrastructure network belonging to the public entities or companies connecting provincial and district centers and other residential areas within Turkey’s borders, and ports, airports, organized industrial zones, logistics and freight centers.

SECTION TWO
Provisions Relating to TSRA and The State Railways Transportation Joint Stock Company

Determination of TSRA as a railway infrastructure operator and its duties
Article 3
(1) TSRA serves as the railway infrastructure operator on that part of the state-owned railway infrastructure included in the national railway infrastructure network which has been turned over to TSRA.

(2) Other duties of TSRA are as follows:

a) Managing the railway traffic on the national railway infrastructure network as a monopoly

b) Determining the fees for traffic management services it provides on the railway infrastructure in its possession in a way that includes equal conditions for all train operators and does not create discrimination, charging the relevant railway train operators with such fees and collecting them

c) Determining the fees for traffic management services it provides on the railway infrastructure not in its possession in a way that includes equal conditions for all train operators and does not create discrimination, charging the relevant railway train operator with such fees and collecting them

c') Operating, making available for operation or leasing areas of the railway infrastructure in its possession that are not related to railway traffic

d) Improving, renovating, expanding, maintaining and repairing the railway infrastructure in its possession or having them done

e) Building the railway infrastructure for high-speed and express train transportation or having them done

f) Establishing, developing, operating communication facilities and network or having them established and operated

g) Performing other duties assigned by its articles of association

Legal Status of TSRA and The State Railways Transportation Joint Stock Company
Article 4
(1) TSRA, without prejudice to the provisions of this Law, is subject to the provisions of Decree Law No. 233 on State Economic Enterprises dated 8/6/1984.

(2) The State Railways Transportation Joint Stock Company is subject to the provisions of Decree Law No. 233.

Financing of TSRA investments
Article 5
(1) The following investments by TSRA is associated with relevant year’s investment program and the necessary appropriation is made in the budget of the Ministry of Treasury and Finance in order to meet the financing of these investments;

a) Railway infrastructure investments made for high-speed and express train transportation,

b) Investments in transforming the lines at its disposal into double or multiple lines and building connecting lines and equipping them with electrification, signaling and telecommunication facilities,

c) Investments for the renewal and improvement of the railway infrastructure at its disposal,

Amended paragraph: Law No. 7161 dated 17.01.2019 a.62

(2) In case connecting line construction is requested, the immovables required by the connection line to be made are expropriated by TSRA by collecting the expropriation price from the requester, and the right of easement is established in favor of the requester free of charge not to exceed forty-nine years. At the end of the usage period, all assets built on the said immovables are deemed to have been the property of TSRA without the need for any further action. No price or compensation is paid by TSRA for these assets.

SECTION THREE
Authorization of Public Legal Entities and Companies and Immovables

Authorization of Public Legal Entities and Companies
Article 6
(1) Public legal entities and companies can be authorized by the Ministry for:

a) Building their own railway infrastructure,

b) Becoming a railway infrastructure operator on the railway infrastructure belonging to them and/or other companies,

c) Becoming a railway train operator on the national railway infrastructure network,

(2) Public legal entities and companies determine and apply the usage fees of the railway infrastructure of their own or at their disposal in a non-discriminatory manner that includes equal conditions for all train operators.

(3) In case companies want to build railway infrastructure, the immovables required by the railway infrastructure they will build are expropriated by the Ministry of Treasury and Finance by collecting the expropriation price from the relevant company and the right of easement is established in favor of the relevant company for a period not exceeding forty-nine
years. At the end of the period of use, all assets built on these immovables are deemed to have been transferred to the
ownership of the Treasury without the need for any further action. No price or compensation is paid by the Treasury for
these assets.

(4) The income and expense accounts and accounting of railway train operators arising from freight, passenger and
public service obligations are kept separately.

(5) The procedures and principles regarding the authorizations under this article are laid out in a regulation issued by
the Ministry.

Provisions regarding Immovables

Article 7

(1) Among the immovables that are privately owned by the Treasury and allocated to or left for use by TSRA or actually
used by TSRA, those deemed appropriate by the Ministry of Finance and having no legal and actual obstacles in their
transfer are transferred by the Ministry of Finance to TSRA against its unpaid capital, together with the buildings and
facilities on them, to be used in the duties and activities of TSRA, over their unit values per square meter that are the basis
for the property tax.

(2) Except for those that cannot be registered according to the provisions of special legislation and forests, among the
immovables under the jurisdiction and possession of the State, those currently in use in the duties and activities of TSRA
which have been deemed appropriate by the Ministry of Finance and which have no legal and actual obstacles in their
transfer are transferred, upon request by TSRA, by the Ministry of Finance to TSRA against its unpaid capital, after reg-
istration in the name of Treasury, together with the buildings and facilities on them, to be used in the duties and activities
of TSRA, over their unit values per square meter that are the basis for the property tax.

(3) The immovables under the rule and disposal of the State which cannot be registered in the title deeds in the name
of the Treasury due to their special legislation but which are required to be used in the duties and activities of TSRA
which are deemed appropriate by the Ministry of Finance and which do not have legal and actual obstacles in their
allocation, are allocated to TSRA by the Ministry of Finance together with the structures and facilities on them, to be used
by TSRA in its duties and activities.

(4) Among the immovables covered by this article, those assigned to the Ministry of National Defense and immovables
that are in the inventory of the Turkish Armed Forces and used jointly with TSRA are not covered by this article.

(5) The transfer procedures of the immovables within the scope of this article, whose unification and allotment procedures
have been completed, are finalized by the relevant cadastral and land registry directorates within six months from the
date of application.

(6) Registration, transfer and allocation procedures of the immovables within the scope of this article, which remain within
the scope of the Law No. 2863 on the Protection of Cultural and Natural Properties dated 21/7/1983 and the Posture
Law No. 4342 dated 25/2/1998, are carried out in accordance with the provisions of the said laws and this article.

(7) All kinds of documents to be issued regarding registration, allotment and unification transactions within the scope of
this article are exempt from stamp duty, and transactions to be made are exempt from fees.

(8) Those damages for encroachment accrued in the name of TSRA due to the use of immovables to be registered and
allocated on behalf of TSRA in the title deed in accordance with this article, until the effective date of this Law, which
have not yet been collected are deleted regardless of the stage they are at. Those damages for encroachment that have
been collected are not refunded.

(9) As to the immovables within the scope of this article that have been rented to third parties by TSRA, those damages
for encroachment accrued in the name of tenants due to the use until the date of entry into force of this article which have
not yet been collected are deleted regardless of the stage they are at, on the condition that the rental fees have been
collected by TSRA. Damages for encroachment that have been collected are not refunded.

(10) In the zoning plans or their changes, the construction approach distance determined by the Ministry is compiled
with in order to ensure railway safety in parcels adjacent to the railway infrastructure. Buildings that are not suitable for
the specified distance are demolished or get demolished by the relevant institutions within the framework of the relevant
legislation upon the request of the Ministry.

SECTION FOUR
Miscellaneous Provisions

Public service obligation

Article 8

(1) Public service obligations are fulfilled on the basis of a contract made between the Ministry and the railway train
operators. The duration of the contract, the length of the line to be used for transportation, the number of train service to
be rendered, the passenger transport ticket fees and payment methods to be applied are clearly stated in these contracts.
Other procedures and principles regarding contracts are determined by the Ministry.

(2) The appropriation needed for public service obligations is put into the Ministry budget.

(3) The procedures and principles regarding the determination of the rail passenger transport lines to be supported with-
in the scope of the public service obligation and the train operator that is the public service obligation are determined
by the President of the Republic.

Amended paragraph: Decree Law No. 698 dated 2.07.2018 a.68

Railway and highway intersections

Article 9

(1) At the intersections of the railroad with the highways, village roads and similar roads, the railway is considered the
main road and the railway cars have the right of way.

(2) At these intersections, the institution or organization to which the new road belongs to is obliged to build an under-
pass or overpass and take other safety measures.

(3) In cases required by the railway traffic order, level crossings and facilities that obstruct the view are removed or get
removed within the framework of the relevant legislation.

Amended provisions and references

Article 10

(1) The following statement has been added to the “A- ECONOMIC STATE ORGANIZATIONS (ESO)” section con-
tained in the list annexed to the Decree Law No. 233 dated 8/6/1984 on State Economic Enterprises, and the phrase
“The Republic of Turkey General Directorate of State Railways Administration (TSRA),” is added: Turkish Wagon Industries Joint
b) The State Railways Transportation Joint Stock Company becomes a party in the transactions and contracts signed by
the Republic of Turkey General Directorate of State Railways Administration (TSRA), and the towing and towed vehicles used in services related to traction, freight and passenger transportation are deemed to have been transferred with their posts and positions, and vehicles, equipment and devices are deemed to have been transferred to The State Railways Transportation Joint Stock Company.

(2) Within one year after The State Railways Transportation Joint Stock Company became a legal entity:

(1) The State Railways Transportation Joint Stock Company becomes a legal entity upon registration in the trade registry.

(3) Among the references made to TSRA in other legislation, those concerning The State Railways Transportation Joint Stock Company for ten years free of charge.

(4) The Ministry is authorized to resolve disputes that may arise regarding the transfer and allocation processes.

(5) All kinds of documents to be issued for the transfer and allocation between TSRA and The State Railways Transportation Joint Stock Company are exempt from stamp duty, and the transactions to be made are exempt from fees.

(6) TSRA continues to carry out the duties assigned to The State Railways Transportation Joint Stock Company until the transfer processes between TSRA and The State Railways Transportation Joint Stock Company are completed.

Debts
Provisional Article 2
(1) The Minister of Finance is authorized to offset TSRA’s debts to the Treasury arising from loans, bonds and foreign loans as of the effective date of this Law, including any interest and default charges, against the unpaid capital of TSRA, upon the proposal of the Minister which the Undersecretariat of Treasury is affiliated with.

Supporting TSRA
Provisional Article 3
(1) To be limited to the end of 2020 from the effective date of this Law;
Amended: Law No. 7061 dated 28.11.2017 a.114

a) Financing of TSRA’s investments other than those specified in the article 5;

b) TSRA’s financing deficits included in the operating budget,
Amended: Law No. 7061 dated 28.11.2017 a.114

c) TSRA’s deficits arising from capital transfer to The State Railways Transportation Joint Stock Company, are covered by the Undersecretariat of Treasury against TSRA’s capital.

(2) Investments included in the public investment program to be realized by TSRA before the effective date of this Law are completed by TSRA.

(3) The winding up process of the subsidiary The State Railways Transportation Joint Stock Company is completed.

(4) The Minister is authorized to resolve disputes that may arise regarding the transfer and allocation processes.

Transfer provisions
Provisional Article 1
(1) The State Railways Transportation Joint Stock Company becomes a legal entity upon registration in the trade registry.

(2) Within one year after The State Railways Transportation Joint Stock Company become a legal entity:
a) The personnel to be transferred to The State Railways Transportation Joint Stock Company, from the relevant service units of TSRA, and the towing and towed vehicles used in services related to traction, freight and passenger transportation, and all other related vehicles, equipment and devices are determined by the TSRA Board of Directors. Personnel are deemed to have been transferred with their posts and positions, and vehicles, equipment and devices are deemed to have been transferred to The State Railways Transportation Joint Stock Company together with their rights, receivables, debts and liabilities, without the need for another transaction.

b) The State Railways Transportation Joint Stock Company becomes a party in the transactions and contracts signed by TSRA regarding the personnel and vehicles, equipment and devices transferred under clause (a). In the proceedings initiated and the lawsuits filed for and against TSRA regarding these issues, The State Railways Transportation Joint Stock Company automatically becomes a party. The lawsuits to be filed due to the works and transactions done by TSRA before the entry into force of this article regarding the issues in question are directed to The State Railways Transportation Joint Stock Company.

c) The assets that have been transferred are recorded in the balance sheet of TSRA at the book value as paid-in capital in the subsidiary. The lawsuits to be initiated and the lawsuits filed for and against TSRA regarding these issues are directed to The State Railways Transportation Joint Stock Company.

c') Those TSRA immovables of relevance are determined by TSRA Board of Directors and allocated to The State Railways Transportation Joint Stock Company for ten years free of charge.

(3) Protocols can be made between TSRA and The State Railways Transportation Joint Stock Company regarding the transfer and allocation processes.

(4) The Ministry is authorized to resolve disputes that may arise regarding the transfer and allocation processes.

Relevant Ministry: THE MINISTRY OF TRANSPORTATION, MARITIME AND COMMUNICATION

<table>
<thead>
<tr>
<th>Enterprises Establishments</th>
<th>Subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Republic of Turkey General Directorate of State Railways Administration (TSRA)</td>
<td>1. Turkish Wagon Industries Joint Stock Company (TUVASAS)</td>
</tr>
<tr>
<td>2. Turkish Locomotive and Engine Industry Joint Stock Company (TUOMSAS)</td>
<td></td>
</tr>
<tr>
<td>3. Turkish Railway Machines Industry Joint Stock Company (TUDEMSAS)</td>
<td></td>
</tr>
<tr>
<td>4. The Republic of Turkey State Railways Transportation Joint Stock Company [State Railways Transportation Joint Stock Company]</td>
<td></td>
</tr>
</tbody>
</table>

(2) The positions contained in the attached list have been established for use by The Republic of Turkey State Railways Transportation JSC and added to the schedule (I) that had been annexed to the Decree Law No. 399 dated 01.22.1990 to come after the section the General Directorate of Turkish Wagon Industries Joint Stock Company.

(3) The subparagraph (s) of the first paragraph of the article 3 of the Public Procurement Law No. 4734 dated 4/1/2002 has been amended as follows.

"s) Purchases of goods or services to be made by the General Directorate of the State Railways Administration of the Republic of Turkey and The State Railways Transportation Joint Stock Company of the Republic of Turkey from Turkish Railway Machines Industry Joint Stock Company, Turkish Locomotive and Engine Industry Joint Stock Company, and Turkish Wagon Industries Joint Stock Company,"

(4) Among the references made to TSRA in other legislation, those concerning The State Railways Transportation Joint Stock Company are deemed to have been made to The State Railways Transportation Joint Stock Company.
Supporting The State Railways Transportation Joint Stock Company

Provisional Article 4
(1) To be limited to the end of 2020 from the effective date of this Law;
Amended Law No. 7061 dated 28.11.2017 a 115

a) Financing of the investments included in investment programs,
b) Financing deficits included in the operating budget,
c) Difference between actual financing deficit and the one projected in the operating budget,
of The State Railways Transportation Joint Stock Company are covered by TSRA against its capital.

(2) The public service obligation is fulfilled by The State Railways Transportation Joint Stock Company until 31/12/2020.
Amended paragraph: 28.11.2017 t. 7061 s. K. m. 115

Retirement

Provisional Article 5
(1) Among the personnel employed in TSRA and its subsidiaries TUVASAS, TULOMSAS and TUDEMSAS, and subject to the schedule (I) and (II) annexed to the Decree Law No. 399, retirement bonuses of those who have been entitled to get pension and who have applied for retirement within one month from the effective date of this Law, are paid;

a) by increasing them by 25 percent for those who have a maximum of three years for retirement due to age limit, excluding those who have less than one year to retire due to age limit,
b) by increasing them by 30 percent for those who have more than three years but less than five years to retire due to age limit,
c) by increasing them by 40 percent for those who have five years or more to retire due to age limit, as of the effective date of this Law.

(2) For those who will meet the conditions for provision of a pension until the end of 2013, their retirement bonuses are paid by increasing them by 40 percent if they apply for retirement within one month from the date, they have gained this right.

(3) In the retirement applications made pursuant to this article, a later date cannot be indicated as the retirement date, the applications cannot be conditioned upon anything or withdrawn. The personnel who have retired in this context cannot be employed in TSRA and its subsidiaries TUVASAS, TULOMSAS, TUDEMSAS and The State Railways Transportation Joint Stock Company within five years from the date of their retirement.

Effective date
Article 11
(1) This law takes effect on the date of its publication.

Enforcement
Article 12
(1) The provisions of this Law are enforced by the Council of Ministers.

LAW NO. 5335 ON THE AMENDMENT OF CERTAIN LAWS AND DECREE LAWS

Article 33
The Directorate General of State Airports Authority (DHMI) may transfer the operated airports and the terminals that it operates within the framework of the Build-Operate-Transfer model and/or other facilities it deems necessary in terms of the integrity of the service for a period not exceeding 49 years to private legal entities by tender using the methods of granting lease and/or operating rights specified in sub-clauses (b) and (c) of paragraph (A) of the article 18 of the Law No. 4046 on Regulating Privatization Applications and Amending Certain Laws and Decree Laws. The methods specified according to the nature of the work can be used together and separately. The Board of Directors of DHMI is authorized to decide on this matter.

In the applications to be made within the scope of this article, the principles of procurement of the operator and/or user who can assume management, responsibility and authority, conducting tenders and transfer transactions publicly, ensuring continuity in the enterprise and international norms and standards, and supervising the enterprise by DHMI during the operation and/or usage period are taken as basis.

Value determination procedures in tenders are done by the at least one of the methods which are stated in the same clause and under the presidency of the Head of Financial Affairs within the body of DHMI; the appraisal commission consisting of five people, including the Head of Research Planning and Coordination Department, Head of Revenue Department, Head of Construction Department and the relevant port/airport manager, took place in the same paragraph within the framework of the principles specified in paragraph (c) of sub-clause (B) of the article 18 of Law No. 4046. The Board of Directors of DHMI assigns the same number of substitute members to the Value Assessment Commission, provided that they are assigned in the above-mentioned units. The Value Assessment Commission works in accordance with the procedures and principles specified in paragraph (b) of sub-clause (B) of the same article. The secretariat services of the Valuation Commission are carried out by the Financial Affairs Department.

Tenders for granting leasing and/or operating rights are performed by a tender commission consisting of six people including the Head of Financial Affairs, Head of Revenue Department, Head of Business Department, Head of Material Department and Legal Counsel under the Presidency of the Research Planning and Coordination Department within DHMI. The Board of Directors of DHMI assigns the same number of substitute members to the Tender Commission, provided that they are assigned in the units mentioned above.

The Tender Commission works in accordance with the procedures and principles specified in subclause (b) of paragraph (C) of the article 18 of Law No. 4046. The secretariat services of the Tender Commission are carried out by the Research Planning and Coordination Department. Tender procedures are the bargaining method or open auction method within the principles in sub-clause (c) of paragraph (C) of the article 18 of Law No. 4046. The Board of Directors of DHMI is authorized to determine which of these tender procedures will be used. The determined tender procedure is specified in the tender announcement. The Tender Commission realizes the tender within the framework of the determined and announced tender procedure. The bid decision taken by the Tender Commission and submitted to the Board of Directors of DHMI and becomes final with the approval of the Board of Directors. The finalized tender decision is announced to the public.

DHMI workers who are working in the transferred units are assigned in other units of DHMI after the transfer process to be carried out by granting the lease and/or operating right under this article, in accordance with their staff or positions.
(Additional sub-clause 10/9/2004-6552/Art 118.) Granting the lease and/or operating right to be made within the scope of this article is not considered a privilege. Contracts signed within this framework are subject to private law provisions.

(Additional sub-clause 10/9/2004-6552/Art 118.) The costs of the facilities built by DHMI within the scope of the Law No. 3996 and dated 8/6/1994 and the costs of the facilities built within the scope of this article are directly added to the DHMI capital without the need for further processing, provided that the facilities in question are transferred free of charge. Economic assets are subject to depreciation in accordance with the provisions of the Tax Procedure Law No. 213, dated 4/1/1961 taking into account the dates they are transferred. Calculated depreciation is considered as an expense not accepted by law in determining the earnings. Within the scope of this paragraph, the earnings arising from the increase of DHMI's capital are exempt from corporate tax and the related transactions are exempt from all kinds of taxes and fees.

REGULATION ON THE CONSTRUCTION OF EDUCATIONAL AND TRAINING FACILITIES IN RETURN FOR LEASING AND RENOVATION OF SERVICES AND AREAS OUTSIDE THE EDUCATIONAL AND TRAINING SERVICE AREAS IN THE FACILITIES IN RETURN FOR OPERATING SUCH SERVICES AND AREAS

Official Gazette: 08.09.2012 / 28405
No.: 2012/3682
Authority: The Council of Ministers
Adoption Date: 27.08.2012
Validity Date: 08.09.2012

SECTION ONE
Purpose, Scope, Basis and Definitions

Purpose
Article 1
(1) The purpose of this Regulation is to determine the principles and procedures for the construction of educational and training facilities deemed necessary to be built by the Ministry pursuant to the article 23 of the Decree Law No. 652 dated 25/8/2011 on the Organization and Duties of the Ministry of National Education, by real or private law legal entities to be determined by tender, in return for leasing for a certain period and price, on condition that it does not exceed forty-nine years, on the immovables owned by itself or the Treasury, within the framework of the project and the basic standards to be determined by the Ministry, as well as for the renovation of the educational facilities used by the Ministry by real or private law legal persons to be contracted, in return for the operation of services and areas other than educational and training service areas in the facilities.

Scope
Article 2
(1) This Regulation covers the educational and training facilities that have been deemed necessary to be built and the educational and training facilities that have been decided to be renewed by the Ministry of National Education within the framework of the article 23 of the Decree Law No. 652.

Basis
Article 3
(1) This Regulation has been prepared on the basis of the article 23 of the Decree Law No. 652.

Definitions
Article 4
(1) In the implementation of this Regulation, the terms below mean as follows;
1) Minister: The Minister of National Education,
2) Ministry: The Ministry of National Education,
3) Consultancy services: Architecture and engineering, survey and project, map and cadastral zoning plans in all scales, zoning implementation, EIA report, pre-feasibility report preparation for construction, renovation and leasing works within the scope of this Regulation; plan, software development, design, technical specifications preparation; services in technical, financial, legal and similar fields such as auditing and controlling.

4) Other contracts: Contracts signed by the contractor in connection with the Contract and that do not contain provisions contrary to the provisions of the contract.

5) Exchange rate: Buying rate announced by the Central Bank of Turkey.

6) Areas other than educational and training services: Areas to be defined by the preliminary project that are compatible with the concept of educational and training facility such as parking lot, indoor and outdoor swimming pools, teachers’ house, conference and cultural center, art center and art workshops, science center, experiment and observatory, youth center, theater and cinema halls, aquarium, zoo, greenhouse, botanical park, restaurant, bazaar in accordance with the terms specified in the tender document.

7) Services other than educational and training services: School computing services, library services, sports support services, laundry, cleaning, security, meal, archiving and similar services, and educational and training support services such as repair, maintenance and operation of buildings, including lighting, elevators, heating, cooling, ventilation, gas, water and energy supply, park and garden maintenance, waste and wastewater disposal, personnel and student transportation, furnishing, equipment, tools and educational equipment maintenance and repair services.

8) Educational and training facility: Educational and training campus in each educational grade, pre-school, basic education, secondary education, technical and vocational education, lifelong learning centers, private educational institutions, student hostels, workshops, multi-purpose halls, indoor and outdoor sports halls, guidance research centers, observatory, classrooms and support units, and all other sections of the relevant facility, and, without being limited to these, all other facilities related to education and training, including additional buildings that the Ministry is obliged to build and have them built.

9) Financial providers: Institutions that provide financial resources to the contractor for the realization of the project.

10) Financial providers’ right to intervene: If deemed necessary by the administration, the provision in the contract, in which the lease payments will be declared by the administration, to be signed between the institutions that provide financial resources to the contractor and the administration for the realization of the project, authorizing financial providers to audit the contractor in financial, administrative and legal terms and, if necessary, allowing the appointment of a new contractor in place of the contractor, subject to the approval of the administration.

11) Spending officer: The authority in the administration authorized within the framework of the Public Financial Management and Control Law No. 5018 dated 10/12/2003.

12) Administration: The relevant unit of the central organization of the Ministry and its affiliated agencies and organizations.

13) Tender document: Administrative specifications including instructions to the bidders and technical specifications, draft contract and other necessary documents and information, including the preliminary project of the work to be done, in the project, construction, maintenance and operation of the educational and training facility covered by the tender.

14) Tender officer: The Minister in construction works, spending official in other works covered by the tender.

15) Bidder: Real persons or private law legal persons who bid in the tender conducted by the Administration.

16) Operating period management plan: In the event that services and areas other than educational and training services are left to the contractor, the way in which these areas will be operated by the contractor and the operating-management organization model to be established between the administration and the contractor during the provision of these services.

17) Final project: The project selected in the tender, which is prepared by the contractor following the signing of the contract, according to the preliminary project for a certain educational and training facility provided by the Ministry, adhering to the tender document and basic standards document, with possible land and ground surveys made, building elements measured and dimensioned, construction systems and equipment and technical specifications specified.

18) Leasing fee: The amount to be paid to the contractor, from the time when the facilities are received by the administration, throughout the contract and the periods to be specified in the contract in return for the construction works carried out by the contractor, depending on whether the immovable properties belong to the Treasury, real persons or private legal entities, the cost and profit of the investment, whether the services and areas other than educational and training service areas are left to the contractor, which is calculated by taking into account the issues such as the returns to be obtained by the contractor from areas other than educational and training services, and whether the educational and training tools and materials will be provided by the contractor.

19) Joint venture: Business partnerships or consortia formed by the agreement made by multiple natural persons or private law legal entities among themselves to participate in the tender.

20) Prefeasibility report: The report analyzing the technical, financial, economic, social and legal feasibility of the project, includes risk analyses and sharing, including the projected lease payments and duration, and revealing the rationale for the realization of the investment by getting it made in return for leasing instead of traditional procurement methods, with comparative economic and financial analyses.

21) Preliminary project: The project containing one or more solutions in which plans, sections, views and profiles are adhering to the tender document and basic standards document, with possible land and ground surveys made, building elements measured and dimensioned, construction systems and equipment and technical specifications specified.

22) Special-purpose company: The equity company established under Turkish Laws to be a party to the contract to be signed pursuant to the Decree Law No. 652 and the provisions of this Regulation and to fulfill the provisions of the contract by multiple natural persons, private law legal persons with contract award or joint ventures consisting of them, provided that the field of activity is limited to the subject matter of the contract only.

23) Private educational facility: Private educational and training institutions of all types and grades that are subject to the permission of the Ministry.

24) Special educational facility area: The area set aside for special educational facilities in the zoning plans.
25) Contract: The contract, including its annexes, concluded between the administration and the contractor in accordance with the provisions of private law regarding the construction and renovation procedures, which forms the basis of the right-of-construction agreement and is an integral part of it, in the event that the immovable properties owned by the Treasury are transferred by establishing a construction right free of charge in favor of the contractor on these immovable properties for up to forty-nine years.

26) Basic standards: The standards to be determined by the Ministry regarding the project design, construction, maintenance of each educational and training facility, and the way in which the commercial areas and service areas in the facilities, other than the educational and training area, will be operated.

27) Total fixed investment amount: The total amount specified in the contract regarding the construction and/or renovation works to be carried out by the contractor in accordance with the terms of the contract and the cost of educational and training equipment, educational tools and materials, and real estate, if any.

28) Application project: The project prepared by the contractor in which all kinds of details of the construction are specified according to the final project for a certain educational and training facility approved by the Ministry.

29) Right-of-construction agreement: In the event that educational and training facilities are built on the immovable properties owned by the Treasury in return for leasing as specified in the final project, the contract and its annexes to be issued in order to establish the construction right for up to forty-nine years in favor of the contractor on these immovable properties.

30) Construction works: The works for the construction of the educational and training facility decided to be constructed by the Ministry in accordance with the provisions of the contract and/or for the supply by the contractor of the materials and equipment included in the educational facility in question and, the hardware including educational and training equipment and tools and educational tools and materials specified in the tender document, if any.

31) Renovation work: In cases where the need to renovate existing educational and training facilities arises, their renovation within the framework of the project to be stipulated and principles to be determined by the Ministry, maintenance, repair, modification and structural strengthening and restoration of existing educational and training facilities, construction of educational and training facilities to be built in addition to the main building or the supply by the contractor of the hardware including the materials, equipment, furnishings included in the educational and training facility in question and the educational and training equipment and tools and educational tools and materials specified in the tender document, if any.

32) Renovation project: All kinds of projects, specifications, architectural-static electricity-installation projects relating to the works for existing educational and training facilities such as minor or major repairs, remodeling, structural strengthening, and restoration, or the supply of material, equipment, furnishing for the educational and training facilities to be built in addition to the main building or included within the educational and training facility in question, and the hardware including educational and training equipment and tools, and educational tools and materials.

33) Contractor: Real persons or private law legal entities that have been awarded the contract as a result of the tender and that signed a contract with the administration.

SECTION TWO
Basic Principles, Construction and Renovation and Preliminary Preparations

Basic Principles

Article 5

(1) The following principles are observed in the implementation of this Regulation:

a) It is essential to ensure transparency, competition, equal treatment, reliability, confidentiality, public control and efficient use of resources in tenders.

b) In tenders, the offer that provides the highest benefit with the least cost on a project basis and according to the nature of the work is considered the most economically advantageous offer.

c) Expenses related to lease payments are included in the budget of the Ministry as allowance.

d) It is essential to ensure a balanced risk sharing between the parties.

Building or renovating educational and training facilities

Article 6

(1) The Ministry can get educational and training facilities built in return for the leasing fee determined in the contract within the framework of preliminary project, pre-feasibility report, basic standards document and tender documents, on the Treasury immovable properties on which the right of construction will be established by the Ministry of Finance free of charge on behalf of the contractor or on immovable properties belonging to real or private law legal persons.

(2) The operation of services and areas other than educational and training services in educational and training facilities can be left to the contractor. In this case, the calculation of leasing fee is made by taking into account the areas and services other than educational and training services left to the contractor. Provided that it is taken into account in the calculation of leasing fee, the supply by the contractor of all educational and training equipment, educational tools and materials and furnishing in the educational and training facilities to be built can be foreseen within the framework of the tender documents and contract.

(3) The Ministry can get the renovation works of existing educational and training facilities and their extensions done in line with the prefeasibility report, renovation project, tender documents and the issues to be determined in the contract, in return for the services and areas in educational and training facilities other than educational and training services to be left to the contractor.

(4) Renovation works can be done by the contractor in return for the operation of services and areas other than educational and training services, without paying any leasing fee to the contractor and without establishing a right of construction in favor of the contractor.

(5) The administration determines the duration of the contract to be signed with the contractor regarding the construction or renovation of the educational and training facilities before the tender according to the result of the prefeasibility report prepared and announces the contract term to the bidders in the tender document. The contract period cannot exceed forty-nine years, including the construction or renovation periods.
(6) If deemed necessary by the Ministry, it can have the work for constructing and/or renovating multiple educational and training facilities done in a single tender. In case the construction and renovation works are contracted out in a single tender, the tender procedures and principles regarding the construction works specified in this Regulation are applicable.

Preliminary preparations and authorization

Article 7
(1) The administration prepares the prefeasibility report of the project or gets it done before submitting the project for one or more educational and training facilities planned to be constructed to the Minister’s approval.

(2) While the prefeasibility report is being prepared, the Ministry gets the assent of the Ministry of Finance on whether there is a suitable immovable property stipulated for each construction project, and whether it is possible to establish free of charge a right of construction on these immovable properties in favor of the contractor for up to forty-nine years.

(3) In the event that no suitable immovable properties owned by the Treasury can be found in the location where an educational and training facility is decided to be built within the scope of this Regulation, or immovable properties belonging to real persons or private law legal entities are more cost-effective in terms of investment, the immovable properties owned by real persons or private law legal entities are considered.

(4) The Ministry can get educational and training facilities built on other immovable properties that it may need, provided that it is determined by tender, by establishing the right of construction, on condition that an educational and training facility is built and registered in the name of the Treasury at the end of its term, on immovable properties belonging to the Treasury or allocated to the Ministry, which have been set aside as educational and training facility area in the development plan.

(5) The Ministry can offer, as a special educational facility area, the areas owned by real persons or private law legal entities and reserved as educational and training facility areas in the zoning plan, in the event that it is determined that the province does not have any need in accordance with the procedures and principles to be determined by the Ministry, not to be used for purposes other than education and training, after the prefeasibility report studies are to be prepared by the administration, provided that educational and training facility is built in places where it has a need.

(6) The Ministry examines and decides on the projects determined within the framework of its plans, programs and policies, together with pre-feasibility reports and solution proposals for obtaining immovable properties.

(7) The Ministry prepares a preliminary project, feasibility report, basic standards document and tender document, or get them prepared, for each project approved to be made, to be used in tender works and procedures.

(8) For the consultancy services in this Regulation, the tender procedures in this Regulation are applied.

(9) The Ministry may hold a project or design contest with prize within the framework of the procedures and principles to be determined, or conduct a tender for the preliminary project in accordance with the procedures and principles specified in this Regulation, relating to architectural, landscape architecture and engineering projects to get a pre-project done for some educational and training facilities. The copyright of the project or design that wins the contest or tender passes to the Ministry. This issue is specified in the specifications for preliminary project supply and project contest.

SECTION THREE
Tender Procedures and Principles

Tender announcement

Article 8
(1) The tender and prequalification announcement required to be made by the administration within the framework of this regulation is made through at least one announcement in the Official Gazette, in at least two high-circulation newspapers distributed throughout Turkey, and on the internet, at least sixty days prior to the tender date specified in construction works, and at least thirty days before in other works.

(2) In cases where the nature of the work requires, the tender is announced at least once in at least two high-circulation newspapers abroad at least six days before the tender date specified.

(3) An invitation letter is sent at least thirty days before the tender day to the candidates who have been qualified as a result of the prequalification evaluation.

(4) In tenders where prequalification assessment will not be made, the periods specified above may be shortened by half.

Matters that must be included in tender notices

Article 9
(1) The following matters must be specified in the announcements:
   a) The nature and location of the work covered by the tender.
   b) The place and conditions for getting the specifications and annexes.
   c) Qualification criteria to be sought in the bidders and the required documents.
   d) The place, date and time for the submission of bids.
   e) Whether consortia can bid or not.

Qualifications to be sought in bidders

Article 10
(1) It is obligatory for the bidders to participate in the tenders to be held within the scope of this Regulation or each of the real or legal persons constituting the joint venture to prove that they have a sound financial structure, through financial statements certified by an independent auditor or sworn financial advisors. The issues regarding the references, experience, financial and technical competence required to be furnished by the bidders are determined by the Ministry and announced in the tender notice and tender document.

(2) The following information and documents may be requested from the bidders, who will participate in the tender, regarding the determination of their economic and financial as well as professional and technical competencies.
   a) In order for the economic and financial competence to be determined;
1) Documents regarding the financial condition of the bidder to be obtained from banks,

2) The balance sheet or parts of the balance sheet required to be published in accordance with the relevant legislation, if not, documents equivalent to them,

3) The total turnover of the bidder showing its business volume or documents showing the amount of work undertaken and completed regarding the work covered by the tender,

b) For the professional and technical competence to be determination;

1) Documents proving that the bidder is registered with the relevant chamber as required by the legislation and is legally authorized to bid,

2) Documents for the bidder’s production and/or manufacturing capacity, research and development activities, and quality assurance.

3) Information and/or documents regarding the organizational structure of the bidder and that it employs or will employ a sufficient number of qualified personnel to fulfill the work covered by the tender,

4) Documents showing the education and professional qualifications of the managerial staff of the bidder and its technical personnel who will carry out the work in the service or construction works covered by the tender;

5) Documents pertaining to the facilities, machinery, equipment and other hardware required to perform the work covered by the tender,

6) Documents relating to the technical personnel or technical organizations responsible for quality control, whether they are directly connected to the bidder or not,

7) Certificates issued by quality control organizations accredited in accordance with international rules, showing the compliance of the work covered by the tender with the standards specified in the tender document,

8) Samples, catalogs and/or photographs of the goods to be procured, the accuracy of which to be confirmed upon request by the administration.

(3) Depending on the nature of the work covered by the tender, the information or documents specified in the second paragraph that will be used in the qualification assessment are specified in the tender document, in the announcement or invitation documents for the tender or prequalification.

(4) Bidders in the following situations are excluded from the tender:

a) Those who are bankrupt, in liquidation, in administration, with business suspended or administered by court, or those which are in a similar situation according to the legislative provisions in their own countries.

b) Those declared to have been bankrupt, with a mandatory liquidation decision issued, and those who are under court administration due to debts to creditors, or who are in a similar situation according to the provisions of the legislation in their own countries.

c) Those with finalized tax liabilities in accordance with provisions of the legislation in Turkey or their respective countries.

d) Those who have been convicted by judicial decision due to their professional activities within five years prior to the date of tender.

e) Those who are proved by this administration to have engaged in activities contrary to business or professional ethics during the works performed by the tender authority within five years prior to the tender date.

f) Those who have been banned from professional activity by the chamber they are registered with as of the tender date.

g) Those who do not provide the information and documents specified in this article or are identified to have given misleading information and/or false documents.

g') Those who took part in the tender although it had been stated that they could not participate in the tender according to the article 11.

h) Those who are determined to have committed prohibited acts or conduct specified in the article 17 of the Public Procurement Law No. 4734, dated 4/1/2002.

Those who cannot participate in the tender

Article 11
(1) Of the administration that held the tender;

a) Tender officials,

b) Personnel in charge of preparing, carrying out, finalizing and supervising tender procedures,

c) The spouses and relatives by blood and in-laws up to this degree, including third degree, of the persons specified in subparagraphs (a) and (b),

c') The shareholders of the joint stock companies, excluding those in which the persons specified in the subparagraphs (a), (b) and (c) do not serve on the board of directors or in which they do not own more than ten percent of the capital,

d) Those who have been prohibited from participating in public tenders temporarily or permanently pursuant to the provisions of Law No. 4734 and other laws, cannot participate in tenders directly or indirectly or as a subcontractor.

(2) In addition, contractors providing consultancy services for the work covered by the tender cannot participate in the tender for this work. Contractors of the work covered by the tender cannot take part in the consultancy service tenders for that work. These prohibitions also apply to companies with partnership and management relationships with them and to companies in which these companies own more than half of the capital.

Joint venture and special-purpose company

Article 12
(1) A joint venture can be established by multiple natural or legal persons as a business partnership or consortium. Business partnership members partner to do the whole job with their rights and responsibilities, and consortium members partner to separate their rights and responsibilities and to do the parts of the work related to their field of expertise.
(2) The rights and responsibilities of multiple natural or legal persons who come together to establish a special purpose company belong to all real and/or legal persons until the establishment of a special purpose company, and to the company, after the special purpose company was established.

(3) The business partnership can bid on any kind of tender. The administration specifies in the tender document whether the consortia can participate in the tender or not. At the tender stage, an agreement or a letter of commitment regarding their partnership is requested from joint ventures. The pilot partner is specified in the business partnership agreements and the coordinator partner in the consortium agreements.

(4) If the tender is awarded to a business partnership or consortium, a notarized business partnership or consortium agreement must be submitted before the contract is signed. In the business partnership agreement and contract, the real or legal persons that make up the business partnership are jointly and severally responsible for the fulfillment of the commitment. In the consortium agreement and contract, it is stated which part of the work the real or legal persons constituting the consortium have undertaken, and that they will ensure the coordination among themselves through the coordinating partner in the fulfillment of the commitment.

(5) In the event that the tender is awarded to the joint venture or the natural or legal person, the commercial registration record regarding the company registration of the special-purpose company that has been published in the Trade Registry Gazette of Turkey must be provided before the contract is signed. The construction works within the scope of this regulation for which a special-purpose company will be established, is specified in the tender document by the administration.

Subcontractors
Article 13
(1) In case of need due to the nature of the work covered by the tender, the bidders may be asked, at the tender stage, to indicate the works they intend to get done by the subcontractors, and to submit the list of subcontractors to the administration for approval before signing the contract. However, in this case, the responsibility of the subcontractors for the work they have done does not remove the responsibility of the contractor.

Tender transactions file
Article 14
(1) A transaction file is prepared for the works to be done by tender. This file contains the confirmation document, estimated investment and estimated leasing fee to be paid, account report regarding the price, tender document and its annexes, document regarding the announcement and newspaper copies and other documents regarding the tender process.

(2) In the event that it is understood that there are records or requirements in the specifications that are not compatible with the technique or impossible to be realized, the commissions postpone the tender in order to have the relevant administration amend the specifications. In this case, the tender is carried out according to the revised specifications and the announcement to be made.

Tender documents
Article 15
(1) The tender documents that determine the characteristics and scope of the construction or renovation works, instructions for bidders, specifications and draft contract are prepared by the Ministry, or it gets them prepared, before the tender is held. Depending on the project, those parts of the preliminary project and pre-feasibility report prepared or contracted out by the Ministry which were deemed appropriate by the Ministry, basic standards document and renovation projects are given to the bidders as annexes to the tender documents.

(2) In addition to the special and technical conditions to be included in the tender documents according to the nature of the educational and training facility, the following issues in general must also be contained:

a) The name, type, nature, scope of the educational and training facility to be built or renovated, and the scope of services and areas other than educational and training services that will be left to the contractor.

b) Tender procedure, tender date and time and the place for submission of bids.

c) Instructions for bidders.

c') Conditions, documents and qualification criteria sought in the bidders.

d) The methods of requesting and making explanations in the tender document.

e) Validity period of offers.

f) Whether joint ventures can bid for the tender, whether it is possible to bid for all or part of the work covered by the tender.

f') The procedures and principles that must be applied from the tender decision to the signing of the contract which are specified in this Regulation.

g) The procedures and principles specified in this Regulation which should be applied in the receipt, opening and evaluation of the bids.

g') The procedures and principles that must be applied from the tender decision to the signing of the contract which are specified in this Regulation.

h) Whether the tender is only open to domestic bidders or not.

i') Bid bond and performance bond rates and conditions for bonds.

i) That the administration is free to cancel the tender before the tender time.

j) That the administration is free to refuse all bids and cancel the tender.

k) The starting and completion date of the construction and renovation works covered by the tender, the delivery conditions and the penalties to be given in case of default.

l) Methods of determining the leasing fee, service guarantees to be provided by the administration for the services to be performed by the contractor, payment terms and conditions.

m) The party who will pay taxes, duties and fees and other expenses related to the contract.

n) Conditions related to the insurance of the work and workplace and building inspection and responsibility in construction works.

o) Conditions regarding audit, inspection and acceptance procedures.

o') Resolution of disputes.
p) Pre-feasibility report, work schedule for the renovation or construction period, financing and cash flow statements for the renovation/construction and operating periods, operating period management plan, and similar documents prepared by the bidder regarding the educational and training facility covered by the tender, which will be requested from the bidders for evaluation purposes.

q) Delivery and receiving terms and conditions for the immovable properties on which the educational and training facility will be built.

s) Depending on the project, the relevant parts of the preliminary project and feasibility report, the basic standards document and the renovation project.

s') In renovation projects, the services and areas other than the educational and training services to be left to the contractor in return for the renovation work, operating periods to be granted for them, service fee calculation methods, and other issues.

t) Whether a ranking will be made, after the evaluation of the bids, among the bidders according to the leasing fee and other criteria in order to make final bargaining negotiations, if so, the number of bidders in this ranking that will be invited to the final bargaining negotiations.

u) Whether negotiations will be made through auction by underbidding or not.

u') Issues regarding the features, supply, renewal, maintenance of the equipment, and operation of the equipment deemed appropriate in the projects, including educational and training equipment and educational tools and materials.

v) Preparation and approval procedures and principles for final and application projects.

Delivery of tender documents
Article 16
(1) The specifications and annexes of the tender documents can be seen free of charge in the Ministry or administrations, and are also given to the bidders in return for a fee to be determined by the Ministry or the administration in proportion to their costs.

Pre-qualification
Article 17
(1) It is essential to make a pre-qualification evaluation among the bidders for the educational and training facility construction tenders to be carried out within the scope of this Regulation.

(2) A pre-qualification commission is established for each construction tender by the Ministry. The Commission is subject to the establishment, working principles and procedures specified in the article 18. The qualification criteria to be sought in the bidders are determined by the Ministry according to the nature of the job and in a way that does not hinder competition. Issues not specified in the pre-qualification document are not included in the announcements.

(3) At least the following points are stated in the pre-qualification announcements:

a) Name, nature and type of the tender.

b) The place where the educational and training facility will be built.

c) Pre-qualification evaluation conditions and the documents required.

c') Criteria to be applied in pre-qualification evaluation.

d) The place where the pre-qualification document can be seen and the purchase price.

e) The place where the pre-qualification evaluation application will be submitted to and the deadline for application.

Tender commission
Article 18
(1) The tender authority shall assign the tender commission consisting of an odd number, at least five, of persons, including the substitute members, to be established with the participation of at least four persons from the administration personnel, on the condition that two of them, including the chairperson, are experts in the subject of the tender, and one person in charge of accounting or financial affairs. As many administrative and technical personnel as may be required can be assigned to assist the commission, provided that they do not take part in the decisions of the tender commission.

(2) A copy of the tender transactions file is given to the members of the tender commission within three days following the announcement or invitation in order to ensure that they carry out the necessary examination.

(3) The tender commission meets with the participation of all its members. Substitute members are enabled to participate in place of the permanent members who cannot attend. Commission decisions are taken by majority. Decisions cannot be abstained from. The chairperson and members of the commission are responsible for their votes and decisions. Commission members who cast a dissenting vote are obliged to write their justification in the decision of the commission and sign it.

(4) The decisions taken and the minutes issued by the tender commission are signed by indicating the names, surnames and job titles of the chairperson and members of the commission.

Tender procedures
Article 19
(1) One of the following procedures is applied in the renovation, construction and consultancy works of the educational and training facilities within the scope of this Regulation:

a) Open tendering procedure.

b) Tendering procedure with select bidders.

c) Negotiated tendering procedure.

c') Direct leasing procedure.

(2) The Ministry determines which one of the procedures stated in the first paragraph will be applied, on a project basis within the framework of this Regulation.
Open tendering procedure

Article 20

(1) The open tendering procedure is the procedure where all bidders can bid. In the open tendering procedure, whether or not the bidders are suitable to the qualification criteria determined in accordance with the procedures and principles specified in this Regulation, which determine the capacity of the bidders to perform the work covered by the tender, and to the requirements mentioned in the tender document are examined, and the bids of the bidders identified to be unsuitable are excluded from evaluation.

Tendering procedure with select bidders

Article 21

(1) Tendering procedure with select bidders is the one in which the bidders invited through selection by the Ministry as a result of the pre-qualification evaluation can submit bids.

(2) The pre-qualification evaluation of the candidates is made according to the evaluation criteria determined by the Ministry, depending on the nature of the work and in a way that does not hinder competition, and specified in the pre-qualification document and pre-qualification announcement. Those who fail to meet the minimum prequalification requirements specified are not considered qualified. In the event that fewer than two bids are submitted despite the invitation extended for at least three or more bidders for the tender, the tender is canceled.

(3) In tenders deemed appropriate by the Ministry, a certain number of bidders may be invited to meetings for final negotiations, out of the ranking made among the bidders according to leasing fee or other criteria, following the evaluation of the bids submitted by the bidders after pre-qualification, provided that the conditions are announced in the tender notice and tender document. The tender is concluded, provided that the other criteria, including auction by underbidding and negotiated tendering procedure, and the procedures and methods to be applied are notified to the bidders in writing at least ten days before the meetings for final negotiations.

Negotiated tendering procedure

Article 22

(1) In cases where there is no offer as a result of the tender made with the open tendering or tendering procedure with select bidders, or in the following cases, the Ministry can tender with the negotiated tendering procedure:

a) The necessity for the tender to be held urgently when sudden and unexpected events such as natural disasters, epidemics, risk of loss of life or property occur.

b) Due to the fact that the educational and training facility covered by the tender is unique and complex, its technical and financial features cannot be determined clearly.

c) Provided that the administration does not make any payments, one and/or more works for the construction of educational and training facilities, or construction-renovation groups with an estimated total fixed investment amount below ten million TL on multiple immovable properties owned by the Treasury through granting of the right of construction, part of which to be operated by itself and the other part by the contractor and the ownership of which to belong to the administration at the end of the term.

d) Realization of renovation works with an estimated cost of less than five million TL.

e) Consultancy works with an estimated cost of less than seven hundred and fifty thousand TL.

(2) It is not mandatory to make an announcement in the tenders to be made according to the first paragraph. However, it is obligatory to invite at least three bidders to the tenders to be held according to these subparagraphs. In cases where no announcement is made, at least three bidders are invited and asked to submit their qualification documents and price offers together. In the tenders to be held within the scope of this article, the tender may be finalized through either auction by underbidding or by the method of obtaining the last written price offers from the bidders, which will be the basis for the tender decision, not to exceed the initial price offers. The limit specified in the subparagraphs (c), (d), and (e) of the first paragraph is updated annually by the Ministry according to the annual PPI index announced by the Statistical Institute of Turkey [TÜRKSTAT], to be valid from the 1st of February.

(3) Bids must be received in writing in tenders to be conducted with the negotiated tendering procedure. In consultancy tenders, bids are evaluated according to the minimum cost basis. In construction and renovation tenders, they are evaluated according to the basis of determining the leasing fee and/or the considerations for the areas and services other than educational and training services to be left to the contractor, the educational and training facilities, and the operating periods allowed, which have been specified in the tender document. In this evaluation, other issues in the specification are also taken into consideration.

(4) The tender is concluded through negotiation. The way in which the negotiation was conducted, offers that were made, and the reasons for which the contractor was chosen, are indicated in the tender decision.

Direct leasing procedure

Article 23

(1) In the event that it is determined by the Ministry that the need for educational and training facility could not be satisfied outside the immovable properties owned by real persons or private law legal entities and/or those which have not yet been expropriated, although they were reserved as educational facility areas in the development plan, the Ministry can undertake leasing from real persons or private law legal entities for up to forty-nine years, on the condition that they construct the educational and training facility needed by the Ministry and operate the services and areas other than the educational and training services to be determined by the Ministry.

(2) In case the Ministry determines that the educational and training facility requirement cannot be satisfied outside the immovable properties owned by real persons or private law legal entities, The Ministry can lease, from real persons or private law legal entities, existing buildings and facilities owned by them for up to forty-nine years, on the condition that they operate services and areas other than the educational and training services to be determined by the Ministry.

(3) Issues such as leasing fee and leasing period, physical condition of the land or existing building, services and areas other than the educational and training services to be left to the contractor, whether or not the ownership and/or easement right of the immovable property where the educational and training facility is located will be transferred to the Treasury before, during or after the contract, the project and technical documents of the educational and training facility to be constructed, and whether the educational and training tools and materials and equipment will be provided by the contractor are set out in the contract.

(4) The annual rate of increase for the rent in the leases within the scope of this article is calculated over the formula “(CPI+PPI)/2” for the previous year in Turkish Lira.

(5) Leases to be made with the direct leasing procedure are made without being subject to the pre-qualification rules specified in the article 17 and the qualification rules specified in the article 10. The conditions for the satisfaction of the educational and training facility need by the immovable properties of real persons or private law legal entities, the valuation of the land and the building to be built on it, the determination of the current value of the rent, the way in which
lease period and payments are determined, as well as the issues like the establishment of the tender commission and the working conditions are set out by the Ministry.

Preparation and submission of bids
Section 24
(1) All documents, including the bid letter, that are required as a condition to participate in the tender are placed in an envelope or in packages with serial numbers. The name, surname or trade name of the bidder, the full address for notification, the work that the bid relates to, and the full address of the contracting authority are written on the envelope or packages. The flap of the envelope is signed and sealed by the bidder.

(2) Bid letters are submitted in writing and signed. It is mandatory to state in the bid letter that the tender document has been completely read and accepted, to write the bid price clearly in numbers and letters in accordance with each other; that there is no scraping, erasure, correction on it, and that the bid letter is signed by authorized persons by writing name, surname, or trade name.

(3) Bids are submitted to the administration against receipts with consecutive numbers until the tender time specified in the tender document. Bids submitted after this time will not be accepted and will be returned unopened. Bids can be sent by registered mail. Bids to be sent by mail must reach the administration until the tender time specified in the tender document. The time of receipt of bids that will not be processed due to delay in mail is determined with a report and these bids are not included in the evaluation.

(4) In the event that the tender documents are changed or the period of bidding is extended by an addendum, all rights and obligations of the administration and the bidders related to the initial bidding date and time are deemed to have been extended, in terms of the period, until the new bidding date and time to be determined.

(5) Bids submitted cannot be withdrawn or changed for any reason, except for the issuance of an addendum.

Receiving and opening bids
Section 25
(1) Bids are submitted to the administration until the tender time specified in the tender document. The number of bids submitted at the time specified in the tender document is determined by the tender commission with a report and announced to those present and the tender starts immediately. The tender commission examines the bid envelopes in the order they are received. In this examination, the issues such as the name, surname or trade name of the bidder, full address for notification, the work that the bid relates to, full address of the contracting authority, and the signing and sealing of the flap of the envelope are checked on the envelope. Envelopes that do not comply with these issues are determined with a report and are not included in the evaluation. Envelopes are opened in the order of receipt in front of the attendees together with the bidders.

(2) It is checked whether the documents of the bidders are missing and whether the bid letter is in accordance with the procedure. Bidders with missing documents or bids that do not conform to the procedure are determined with a report. The bidders and their bid prices are announced. The minutes prepared regarding these transactions are signed by the tender commission. At this stage, no bids are refused or accepted, and the documents constituting the bid cannot be corrected or completed. The session is closed for the bids to be evaluated immediately by the tender commission.

Evaluation of bids
Section 26
(1) Upon request by the tender commission, the administration may request an explanation from the bidders regarding unclear issues in order to use in the examination, comparison and evaluation of the bids. This explanation cannot be requested in any way to make changes in the bid price or to make bids that do not comply with the criteria specified in the tender document suitable, and cannot be used in a way to cause this result. Written explanation request by the administration is answered by the bidder in writing.

(2) In the evaluation of the bids, it is decided, first of all, to exclude from the evaluation the bids of the bidders that are found in the first session to have had missing documents or bid letters and bid bonds not suitable to the procedure.

(3) In case the documents are missing or there is insignificant shortage of information in the documents, provided that they do not change the essentials of the bid, the bidders are requested in writing to complete such missing documents or information within the period determined by the administration. Bidders who do not complete the missing documents or information within the specified period are excluded from the evaluation. In the event that the documents submitted by the bidders within the period given for the completion of information deficiencies are issued on a date after the bid date, these documents are accepted if the bidder proves that the bidder has met the conditions for participation in the bid as of the bid date.

(4) As a result of this first examination and transactions, the bids of the bidders whose documents are complete and whose bid bonds are in accordance with the procedure are evaluated in detail. At this stage, it is examined whether the bidders are in accordance with the qualification criteria that determine their capacity to do the work covered by the tender and whether the bids comply with the conditions specified in the tender document, and whether these are arithmetic errors in the unit price charts of the bids. Bids by the bidders determined to have not been appropriate are excluded from evaluation.

Rejection of all bids and cancellation of the tender
Section 27
(1) Upon the decision of the tender commission, the administration is free to reject all bids and cancel the tender. The Administration does not undertake any liability due to the rejection of all offers. However, in the event that the bidders make a request, the administration notifies the requesting bidders of the reasons for the cancellation of the tender.

Conclusion and approval of the tender
Section 28
(1) After evaluating the bids in accordance with the article 26, the tender commission states its reasoned decision within the framework of the subparagraph (b) of the first paragraph in the article 5 and submits it to the approval of the tender authority. The names or trade names of the bidders, leasing fee or operating period offered, date of the tender and the reasons for which the bidder was awarded the contract, and, if the tender was not conducted, the reasons are indicated in the decisions.

(2) The Minister approves the tender decision within five working days following the decision date or cancels it by clearly stating the reason.

(3) The tender shall be deemed valid if the decision is approved, and invalid if canceled.

(4) Before the tender decisions are approved by the Minister, the contracting authorities are obliged to get a confirmation as to whether the bidder with the contract award has been prohibited from taking part in public tenders, and add the relevant document to the bid decision.
Notification of the finalized tender decisions

**Article 29**

1) The tender decisions approved by the Minister shall be notified to all bidders or their proxies, including the bidder who was awarded the contract, against their signatures, or sent by registered mail to the notification address, within five business days from the date of approval. The seventh day following the delivery of the letter to the postal service is considered the date of notification of the decision to the bidder.

2) In case of cancellation of the tender decisions by the Minister, the situation is also notified to the bidders in the same way.

SECTION FOUR
Conclusion of Contracts

Signing the contract

**Article 30**

1) All tenders are linked to a contract. The contract is signed by the spending authority on behalf of the administration.

2) Whether the contracts to be signed in this context will be notarized or not is determined by the Ministry, taking into account the importance and characteristics of the work, and the relevant issues are specified in the tender document.

Matters to be included in the contract

**Article 31**

1) The contract includes the following matters:

a) Parties.

b) Subject matter and duration of the contract.

c) Preparation and approval procedures and principles of final projects and application projects.

c') Standard and quality of construction/renovation and services.

d) Scope and general principles of the services and areas other than educational and training services to be left to the contractor by construction or renovation works.

e) Start and completion periods and conditions of construction and renovation works, sanctions to be applied in case of default.

f) Delivery and receiving terms and conditions for the immovable properties on which the educational and training facility will be built.

g) Issues related to the leasing fee payments and the payment of service fees for areas other than educational and training services left to the contractor in renovation projects.

g') Terms and principles of use of areas other than educational and training services to be used by the contractor.

h) Procedures and principles of performing the services to be performed by the contractor.

i) The pricing criteria of the services and areas other than educational and training services left to the contractor and the principles and procedures to be considered in calculating the leasing fee.

j) In the event that the prices of the services other than educational and training services determined as a result of the market research to be conducted by the administration, three months before the completion of the construction process, are lower than the service prices offered by the contractor, the issue that such services can be obtained from third-party service providers by paying a certain amount of commission to the contractor.

k) Financing the investment and operating periods of the educational and training facility.

l) Commissioning and acceptance procedures and principles of the educational and training facility.

m) Delays and cost changes in the completion of the work during the investment period.

n) Amount of performance bond and conditions for its return.

o) Monthly and annual activity reports.

o') Security, safety and environmental measures.

p) Conditions regarding the insurance of the work and workplace and building inspection and responsibility in construction works.

r) Maintenance and repair.

s) The procedures and principles regarding the transfer of the educational and training facility to the administration at the end of the contract and before the end of the contract.

s') Provisions regarding other contracts.

T) Contractor’s obligations for loans or other financial instruments for the fixed investment period, if obtained after the contract.

u) Force majeure, responsibilites, compensation, audit, dispute resolution.

u') Issues regarding the assignment and termination of the contract.

v) Taxes, duties and other contract-related expenses.

y) Issues related to notification, contract language, changes in the contract and entry into force of the contract.

z) Procedures and principles for the right of intervention of financial providers.
aa) Procedures and principles for the right to market research to be carried out periodically by the administration regarding services other than educational and training services,

bb) In the event that the contractor cannot obtain the loans or other financial instruments required for the financing of the total fixed investment amount, excluding its own equity capital, on the date of site delivery in construction works, the issue that the administration can grant a one-year extension to the contractor for the contract to be signed with the financial providers for loans or other financial instruments, on the condition that it starts the construction work with its own equity capital by covering twenty percent of the construction work and that it provides the administration with an additional guarantee of one percent of the contract amount.

c) Other issues to be stipulated by the administration.

Transfer of immovable properties to the contractor and site delivery

Article 32

(1) The right of construction may be established by the Ministry of Finance upon request by the Ministry, in favor of the contractor free of charge for up to forty-nine years, on

a) Those immovable properties privately owned by the Treasury, on which the Ministry have decided to build educational and training facilities within the scope of this Regulation,

b) Which are locations under the jurisdiction and disposal of the State where registration is possible, and which have been deemed suitable by the Ministry of Finance.

(2) The immovable properties specified in the first paragraph are transferred to the contractor for the duration of the construction right, by issuing an official deed that includes the condition that the immovable properties and the facilities on them shall not be used outside of their purpose during the construction right agreement, and other conditions related to the construction right.

(3) The Ministry is responsible for all permits and all reports required to be prepared in accordance with the legislation related to the immovable properties on which right of construction will be established in favor of the contractor. Following the completion of these procedures and the signing of the contract, the immovable properties are delivered to the contractor by the Ministry of Finance by establishing the right of construction in favor of the contractor free of charge for up to forty-nine years. An annotation is added in the land registry stating that these immovable properties cannot be used outside of their purpose during the contract period and that the construction right established in favor of the contractor cannot be transferred without the permission of the Ministry of Finance and the Ministry.

Contract term

Article 33

(1) The contract period is determined by the administration depending on the features of the educational and training facility and the results of the pre-feasibility report and is specified in the tender document.

(2) The contract period, starting from the site delivery date specified in the contract, is the investment period, including the project design and construction period, and the operating period.

(3) Construction period for the educational and training facilities cannot exceed three years.

Financing and financial obligation of the administration

Article 34

(1) The contractor is obliged to provide all the necessary financing for the investment amount of the educational facility’s renovation or construction works and for the provision of services. The equity capital ratio that contractors will bring for their investments within the scope of this Regulation cannot be less than twenty percent of the total fixed investment amount specified in the contract.

(2) The Ministry takes every precaution regarding the allocation of sufficient allowance in its budget for the periodic leasing fees of the relevant educational and training facility during the contract period. The contracts also include provisions that the timely and full payment of the leasing fee is under the responsibility of the Ministry, as well as for penal sanctions to be applied to default in payments.

Calculation of payments to be made to the contractor and payment procedures

Article 35

(1) The procedures and principles regarding the calculation and payment of the leasing fee to be paid to the contractor relating to the construction works are included in the tender document and the contract. In the calculation of leasing fees in construction projects, the values of the services and areas other than educational and training services that are left to the contractor are also taken into consideration.

(2) The values of the areas other than educational and training services that are left to the contractor in renovation projects are taken into account in the calculation of the remuneration of the renovation investment made by the contractor. In renovation projects, services other than educational and training service areas that are left to the contractor and the period of time for which the areas other than educational and training services are left to the contractor are considered as the main criteria in the calculation of the consideration for the renovation project.

(3) In determining leasing fee in construction works,

a) Whether Immovable properties are owned by the Treasury or by individuals,

b) Total fixed investment amount,

c) Educational and training equipment, educational tools and materials, and furnishings provided by the contractor,

c’) Contract period,

d) Services other than educational and training service areas, and areas other than educational and training services that are left to the contractor,

a) Contractor’s profit,

are taken into account.

(4) Different lease terms can be determined to be specified in the tender document and contract. Advance payments and interim payments that have been made are taken into account in the total leasing fee calculation.
(5) The lease period and rental increase rates are specified in the tender document and contract. In determining the rental increase, the \((\text{PPI} + \text{CPI})/2\) formula that is created on the basis of the annual PPI and CPI for the previous year announced by the Statistics Institute of Turkey is used. However, in the event that the contractor makes a loan agreement in foreign currency for the financing of the project, and that the increase in the exchange rate on the date of rent increase is higher than the rate of \((\text{PPI} + \text{CPI})/2\), the increase in the exchange rates to be determined in the contract is added as a multiplier to the annual rent increase rate by means of the correction coefficient calculated as a result of the application by the administration of the formula contained in Annex-1.

(6) Lease payments within the lease periods determined in the contract are made to the contractor from the Ministry's budget after the educational and training facility was delivered.

(7) The procedures and principles regarding the calculation and payment of the costs to be paid to the contractor within the leasing fee in return for the services provided by the contractor are included in the tender document and the contract.

(8) The Ministry can get the appraisal and public cost analysis studies for the services other than educational and training service areas to be operated by the contractor, and for the areas other than educational and training services, done by institutions and organizations specialized in these subjects, to be covered by the central government budget. The legislative provisions that the central government budget is subject to are applied in getting the works mentioned in this article done.

Delays in completing the work, cost changes and penalties

Article 36

(1) Provisions regarding sanctions to be applied in case of delays in the completion of construction or renovation works and cost changes are included in the tender documents and contract.

(2) The Ministry has the right to impose penalties for errors and negativities that may arise from the contractor during the construction phase of the educational and training facility or during its operation. The conditions and how such penal sanctions will be applied are specified in the contract. In the event that the contract is terminated by the Ministry without any fault of the contractor or the contract is terminated by the contractor due to the fault of the Ministry, the Ministry takes all kinds of measures to compensate the damages of the contractor and to allocate sufficient funds in the relevant budget items. The way in which and the extent to which the damage will be compensated is set out by the contract.

Guarantee

Article 37

(1) Bid bonds are obtained from the bidders at the rate to be determined by the bidders, not less than three percent of the price offered in consultancy tenders, and the total fixed investment amount for construction and renovation works.

(2) Prior to the signing of the contract, a performance bond of three percent is collected from the contractor on the basis of the fixed investment amount in construction and renovation works, and on the basis of contract price in consultancy tenders, and necessary explanations are included in the tender document regarding this issue.

Values to be accepted as guarantee

Article 38

(1) Assets to be accepted as guarantee are:

a) Turkish currency in circulation.

b) Letters of guarantee issued by banks and participation banks.

c) State domestic debt securities issued by the Undersecretariat of Treasury and certificates issued instead of these bills.

(2) The letters of guarantee to be issued by the foreign banks that are allowed to operate in Turkey under their related legislation, and the letters of guarantee to be issued by the banks or participation banks operating in Turkey against the counter-guarantee letters by the banks or similar credit institutions operating outside of Turkey are also accepted as collateral.

(3) Among the bills specified in subparagraph (c) of the first paragraph and the certificates issued instead of these bills, those issued by including interest in the nominal value are accepted as collateral over the sales value corresponding to the principal.

(4) Guarantees can be replaced by other values accepted as guarantee.

(5) Under any circumstances whatsoever, the guarantees received by the administration cannot be seized and cannot be subject to a precautionary injunction.

(6) Letters of guarantee issued in violation of the relevant legislation are not accepted.

Audit

Article 39

(1) The Ministry inspects contractor's activities covered by the contract at all stages or gets them inspected. The Ministry may establish an audit and management mechanism regarding performance control and management. It can make arrangements in this regard, if needed.

Force majeure cases

Article 40

(1) Force majeure cases and the provisions to be applied in such cases are clearly stated in the contract.

Assignment of the contract

Article 41

(1) The contractor may transfer all of its rights and obligations arising from the contract during the investment and operating periods to another real person or private law legal entities possessing the same conditions, under the conditions specified in this Regulation, with the approval of the Ministry. In this case, the construction-right agreement is also transferred on behalf of the real or private law legal person that has taken over. In the event that the contract is transferred in this way, other contracts are also deemed to have been transferred to such real person or private law legal entities.

(2) The Ministry can also transfer contracts by stating the conditions in case it is clearly stipulated in the legislation. In case the Ministry transfers the contract, the duration of the contract, leasing fee, scope of the services undertaken by the contractor and similar provisions cannot be changed without the consent of the contractor, which is the other party to the contract.
SECTION FIVE
Termination of the Contract

Termination of the Contract

Article 42

(1) In the event that the contractor relinquishes his commitment after the contract is made or does not fulfill its commitment in accordance with the tender documents and contract provisions, a certain time is given to the contractor to do what is necessary, by a written notice to be served by the administration through a notary public, with reasons clearly stated, except for the cases stipulated in the contract which determine the immediate termination of the contract. This period cannot be less than sixty days starting from the date of notification of the written notice to the contractor, except in urgent cases. This period that is given does not affect the duration of the contract, nor does it prevent the implementation of the penal clause arising from default.

(2) In the event that the contractor does not comply with the instructions in the written notice within the period given by the administration, the administration has the right and authority to terminate the contract without the need to protest and obtain a judgment.

(3) In the event of termination of the contract, the performance bond of the contractor and the additional guarantee, if any, are recorded as revenue for the Treasury. The performance bond recorded as revenue is not deducted from the contractor’s debt; contractors cannot claim any right, price or compensation for the performance bond. If the real estate has been transferred by the Treasury by establishing the right of construction in favor of the contractor, the right of construction is removed from the title deed, and this property and the buildings and facilities on it, including the annexes, are transferred to the Treasury free of charge. In the event of damage to the property or the buildings, facilities and annexes on it by the contractor, the cost of the damage is also collected.

(4) The calculation of the contract work that has been terminated is done according to the general provisions of the Turkish legislation that are applicable to private law, and the relationship of the contractor with the administration is terminated. The current status of the works on the approval date of the termination of the contract is determined by a delegation to be assigned by the administration together with the contractor or its representative and a due diligence report is drawn up. If the contractor or its representative was not present, this is stated in the report.

(5) When the contract was terminated in cases where the real estate on which the educational and training facility had been built belonged to the contractor, the Ministry may purchase this immovable property and the facilities and installations on it, equipment, other materials, machinery, vehicles and spare parts belonging to the contractor, if the contractor agrees. The installations for the plumbing, electrical installation, heating, cooling and ventilation systems, laundry and cooking facilities and similar installations are purchased, after all possible examinations and trials that could be done were done, over the price that is found out after deducting the contractor’s profit and general expenses from the unit price without assembly cost, which is arrived at by deducting the assembly cost from the unit price that includes the assembly cost and all kinds of auxiliary parts. All kinds of assembly materials without a separate unit price can be evaluated and purchased according to the prices to be agreed on with the contractor, taking into account the market prices. Buildings, huts, construction sites and similar facilities are taken over at the value that is found out by appraising them with the unit prices and values applicable in the year the contract was terminated; machinery, vehicles and spare parts are taken over at the value to be determined by considering similar market values, taking into account in both cases the depreciation, workmanship and differences in material characteristics.

Liquidation of the contract

Article 43

(1) The contract may be liquidated in the event of force majeure cases or mutual agreement of the contractor and the administration within the framework of the provisions of the Turkish Code of Obligations No. 6098 dated 11/1/2011.

(2) In the event of liquidation, if the immovable property has been transferred by the Treasury by establishing the right of construction in favor of the contractor, the contractor cannot claim any rights and compensation for the parts of the building, facility and outbuildings on this property that need to be transferred to the Treasury, and no compensation is paid to the contractor for them.

(3) In the event of the liquidation of the contract in which the immovable property that the educational and training facility was built on is owned by the contractor, the Ministry may purchase this immovable property and its facilities, installations, equipment belonging to the contractor, other materials, machinery, tools and spare parts, if the contractor agrees. The installations for the plumbing, electrical installation, heating, cooling and ventilation systems, laundry and cooking installations and similar installations are purchased, after all possible examinations and trials that could be done were done, over the price that is found out after deducting the contractor’s profit and general expenses from the unit price without assembly cost, which is arrived at by deducting the assembly cost from the unit price that includes the assembly cost and all kinds of auxiliary parts. All kinds of assembly materials without a separate unit price can be evaluated and purchased according to the prices to be agreed on with the contractor, taking into account the market prices. Buildings, huts, construction sites and similar facilities are taken over at the value that is found out by appraising them with the unit prices and values applicable in the year the contract was terminated; machinery, vehicles and spare parts are taken over at the value to be determined by considering similar market values, taking into account in both cases the depreciation, workmanship and differences in material characteristics.

(4) In case of liquidation of the contract, the performance bond that has been received previously is returned and the calculation of the contract works is done according to general provisions.

Transactions subsequent to termination and liquidation

Article 44

(1) In the event of termination or liquidation of the contract, the contractor cannot dismantle and remove any of the installations in the educational and training facilities without obtaining the permission of the administration; it cannot take any of the equipment and other materials, tools and machines in the educational and training facilities to another location, transfer it to someone else in any way, or make changes in the educational and training facility. In order to prevent the contractor’s actions on such issues, the administration can remove the contractor from the educational and training facility, if necessary, by taking over the educational and training facility.

Transfer of educational and training facility to the Ministry at the end of the contract term

Article 45

(1) The immovable properties transferred by the Treasury through the establishment of the right of construction in favor of the contractor and the educational and training facilities built on them are transferred to the Treasury free of charge at the end of the right-of-construction period, free of all kinds of encumbrances, liabilities, annotations, debts, commitments, and in a well-maintained, workable, and usable manner, except for normal wear and tear. Whether the educational and training facility meets the conditions specified in the contract during the transfer phase is determined by a transfer-delivery commission to be established. Provisions regarding the establishment of this commission, its working principles and procedures, the elimination of deficiencies and errors determined by the commission and the repairs are included in the contract.
(2) In the event of the expiration of the right-of-construction contract related to the immovable properties with the construction right established by the Treasury in favor of the contractor, the construction right established by the Ministry of Finance in favor of the contractor is deleted from the title deed, and the annotations, encumbrances and declarations in the land registry are removed.

(3) In the event that immovable properties belonging to real persons or private legal entities are used, the terms of transfer of immovable properties and all of the buildings and facilities on them are stipulated in the contract.

(4) In all transfers of educational and training facilities, in cases where services and areas other than the educational and training services are left to the contractor, the contracts for such areas are deemed to have expired on the date of transfer, and the services and areas other than the educational and training services in question come under the rule and disposal of the Ministry.

(5) In the event that the immovable property is leased from third parties, the real estate in question is returned to its owner without the equipment in the educational and training facilities or by calculating the wear and tear costs and fair values to be calculated according to the third paragraph of the article 43 and deducting them from the rent to be paid by the administration.

Transfer before the expiration of the contract term

Article 46
(1) Matters regarding the takeover of the educational and training facility and other contracts before the term of the contract due to force majeure or the unilateral termination of the contract by the Ministry are included in the contract.

SECTION SIX
Miscellaneous and Final Provisions

Liability and compensation
Article 47
(1) The contractor is obliged with;

a) Undertaking the project work and obtaining the financing for the renovation or construction works investment of the educational and training facility according to the contract provisions and within the specified period,

b) Completing the educational and training facility,

c) Fulfilling the services other than educational and training services, and operating the areas other than educational and training services,

c') Performing the maintenance and repair of all educational and training facilities in accordance with the terms of the contract and for the period stipulated in the contract,

d) In the event that the immovable property is transferred by the Treasury by establishing a right of construction in favor of the contractor, in the event that a claim is made by third parties on this immovable property, notifying the Ministry immediately,

e) Transferring the educational and training facility to the Ministry at the end of the contract period, free from all kinds of debts and commitments, and in a well-maintained, working and usable situation.

(2) The contractor is responsible for all damages that it may cause to third parties during the investment and operation periods.

(3) Provisions on the contractor’s obligations, liabilities, and compensation of damages, and penal sanctions to be applied are included in the contract.

Dispute resolution
Article 48
(1) Legal disputes that may arise between the parties during the implementation of the contract is subject to the legislation of the Republic of Turkey, and the courts of the Republic of Turkey are authorized in the settlement of disputes. However, the parties may decide in the contract on the resolution of disputes through arbitration in Turkey, according to the Turkish Law.

Contract language
Article 49
(1) The contract to be signed between the Ministry and the contractor is prepared in Turkish.

(2) Upon request by the contractor and the approval by the administration, the contract may also be prepared in both languages, Turkish and English. However, if there is any discrepancy between the texts, the Turkish text is taken as basis.

Other contracts
Article 50
(1) Other contracts that need to be concluded between the contractor and third parties depending on the nature of the investments and services within the scope of this Regulation are specified in the contract.

Terms of entry into force of the contract
Article 51
(1) The terms of entry into force of the contract are specified in the contract.

Enforcement
Article 52
(1) This Regulation, prepared by taking the opinion of the Court of Accounts, enters into force on the date of its publication.

Execution
Article 53
(1) The provisions of this Regulation are executed by the Minister of National Education.

ANNEX – 1

Availability Payment = \( AP_v = \left( AP_0 \times \frac{d}{365} \times \%a \times \frac{\text{CPI}_v - 1 + \text{PPI}_v - 1}{2} \times \frac{\text{CPI}_0 + \text{PPI}_0}{2} \times (1 - \text{Deductions} \%) \times CC \right) \)

\( C = \frac{\text{CCR}(v - 1)}{\text{CCR}(0)} \)

\( I = \frac{\text{CPI}(v - 1) + \text{PPI}(v - 1)}{2} - \frac{\text{CPI}(0) + \text{PPI}(0)}{2} \)
If $C - I \leq 0.25$
\[CC = \lfloor(C - I / 2)\rfloor + 1\]

If $C - I > 0.25$
\[CC = 0.875 + (C - I)\]

In this annex, following have the following meanings:

a) $\% a$: The percentage of the stage delivered in the total work, as specified in the contract,

b) $\%$ Deductions: As specified in the contract, the rate to be cut due to lack of use occurring in the whole or any part of the education and training facility and preventing the use of the relevant department or departments,

c) $C$: Currency increase index coefficient,

c') CC: Correction coefficient

d) $CCR_{(v-1)}$: CCR value calculated over the daily weighted average of the CBRT [Central Bank of the Republic of Turkey] effective purchase rates of the previous year from the date of the calculation of the exchange rates to be determined in the contract,

e) $CCR_{(v)}$: The CCR value of the exchange rates to be determined in the contract, calculated over the daily weighted average of the CBRT [Central Bank of the Republic of Turkey] effective purchase rates of the previous year from the date the final bid is submitted by the contractor,

f) $I$: Inflation increase index coefficient,

g) $g$: number of days in the relevant period,

g') $AP_{0}$: Annual availability payment specified in the contract,

h) $AP_{1}$: availability payment to be made during the relevant period,

i) $CP_{(v-1)}$: Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the last month of the previous year from the date of calculation (CPI),

i') $CP_{(v-1)}$: Consumer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the last month of the year preceding the year in which the final bid is made by the contractor (CPI),

j) $PP_{(v-1)}$: Producer Price Index published by Statistical Institute of Turkey [TURKSTAT] which belongs to the last month of the year preceding the year in which the final bid is made by the contractor (PPi),

The values that can be received by KB as a result of adding DK to the availability payment formula as a multiplier must meet the “KBD ≥ KBO” requirement.
LAW NO. 351 ON HIGHER EDUCATION CREDIT AND DORMITORY SERVICES

Construction and repair of dormitories:

Article 20

Construction, equipment, maintenance and repair works of the dormitories and related facilities (...) are carried out according to a program (...) to be prepared.

(Repealed second sub-clause: 2/7/2018-Decree Law-703/Art 11.)
(Repealed third sub-clause: 2/7/2018-Decree Law-703/ Art 11.)
(Repealed fourth sub-clause: 2/7/2018-Decree Law-703/ Art 11.)
(Repealed fifth sub-clause: 2/7/2018-Decree Law-703/ Art 11.)

(Additional sub-clause: 25/11/2010-6082/Art. 9) Where deemed necessary, the service building, dormitory building and facilities can be built in accordance with the sub-clause (m) of the additional article 1 of the Law No. 2985 on Mass Housing, dated 2/3/1984.

(Additional sub-clause: 25/11/2010-6082/Art. 9) The dormitory building and its facilities that are decided to be built (...) within the framework of the project and basic standards to be determined, the real persons or private legal entities to be determined by a tender on the immovable properties belonging to the Ministry of Youth and Sports or provincial directorates or the Treasury and allocated to the Ministry of Youth and Sports or provincial directorates, for a certain period and price, provided that the duration of the renting does not exceed 49 years.

(Additional sub-clause: 25/11/2010-6082/Art. 9) For this purpose, the Ministry of Finance upon the request of the Ministry of Youth and Sports, independent and continuous qualified construction rights can be granted in favor of real persons or private legal entities for a rental period of forty-nine years on the immovable properties belonging to the Ministry of Youth and Sports or provincial directorates, by the Ministry of Youth and Sports, provided that the rental period can be established free of charge. An annotation shall be placed in the land registry of these immovables, stating that the immovables subject to the right of construction cannot be used outside of their purpose during the construction rights and cannot be transferred without the permission of the Ministry of Finance and the Ministry of Youth and Sports.

(Additional sub-clause: 25/11/2010-6082/Art. 9) In determining the rental fee and rental period, whether the immovable property belongs to real persons or private legal entities, whether free of charge has been established on the immovable properties belonging to the Ministry of Youth and Sports, provincial directorates or the Treasury, the cost of the investment, whether the operation of a part or all of the immovable property subject to lease and its facilities will be taken into account.

(Additional sub-clause: 25/11/2010-6082/Art. 9) The rental fees for leasing transactions to be made in this way are paid from the budget of the Ministry of Youth and Sports or provincial directorates.

(Additional sub-clause: 25/11/2010-6082/Art. 9) Papers to be issued with all kinds of works and transactions between the Ministry of Youth and Sports or provincial directorates and real or private legal entities, provided that the period of thirty-six months regarding the investments to be made within the scope of the seventh paragraph of this article and limited to the construction period specified in the contract are exempted from stamp tax which is according to Law No. 488 on Stamp Tax, dated 1/7/1964 and exempted from fees which is according to Law No. 492 on Fees, dated 2/7/1964.
Chapter 1: Establishment and Closure of Wholesale Markets

Article 3: (1) The wholesale markets are established by real persons or legal entities; by municipalities within the boundaries of the municipality and by metropolitan municipalities within the boundaries of the metropolitan municipality in areas specified in the development plans and within the framework of projects meeting other minimum conditions such as auction, storage, sorting and packaging facilities and laboratory and cold storage facilities determined by the regulation according to the class, size and transaction volume of the market. The establishment of the wholesale market by real persons or legal entities is subject to the permission of the relevant municipality.

(2) The establishment of the wholesale market is informed to the Ministry by the relevant municipality within one month at the latest.

(3) The matters taken into consideration in the establishment of the wholesale markets and their relocation to another area are; the existence of supply and demand depth of the goods, protection of consumers and manufacturers, the number of wholesale markets and their proximity to each other, the density of manufacturers and the size of the consumer market, the geographical location of the place where the wholesale market will be established, its distance to residences, workplaces and facilities that pose a risk in terms of food safety, transportation opportunities and the burdens that the wholesale market will load to the environment, infrastructure and traffic.

(4) The wholesale markets which are in the city and which are loading burdens to the environment, infrastructure and traffic, having insufficient transportation facilities and area size and not having a suitable working environment can be relocated to other areas.

(5) The areas designated as wholesale market place in the development plans cannot be used for any other purpose and the surroundings of these areas cannot be opened for housing in a way that will prevent the activity of the wholesale market or harm human health.

(6) The properties owned by the Treasury in areas designated as wholesale market locations in development plans are transferred to municipalities without charge, are transferred to the producer organizations on the basis of fee included in the article 63 of the Law No. 492 on Fees dated 2/7/1964 and transferred to other real or legal persons through direct sales over its current value with the purpose of establishing wholesale markets. An annotation is added to the land register for such cases that the transferred properties are missed, the construction of the facility does not begin within the specified period without a legally valid excuse, the construction is not completed or the construction does not come into operation although the construction is completed and the properties are taken back if one such a case occurs.

(7) In the event of existence of privately-owned lands in areas designated as wholesale market locations in the development plans, such lands are acquired through consenting purchase or expropriation. The public interest decision for these lands is made by the relevant municipality. Expropriation procedures are carried out by the municipalities. The expropriation fee is paid to the municipality by the operator in the expropriation transactions made for private wholesale markets.

(8) The areas reserved in the development plans can be transferred by the municipalities to real or legal persons with
build-operate, build-operate-transfer and establishment of right of construction models in order for the establishment of a wholesale market.

(9) The wholesale markets that do not meet the conditions stipulated in this article according to the Ministry or the municipality are closed by the municipality. The closure of the wholesale markets is notified to the Ministry by the relevant municipality within one month at the latest.

(10) The procedures and principles regarding the establishment and closure of wholesale markets are regulated under the regulation to be issued by the Ministry by taking opinions of the relevant ministries and professional organizations.

LAW NO. 6831 ON THE FOREST

Article 17
(Amended first sub-clause: 19/4 / 2012-6292 / Art 13.) (1) With the exception of all kinds of buildings and facilities to be built in the state forests related to the protection, production and development of these forests; it is forbidden to build any kind of building, pen and animal shelter, open fields, cultivate, cultivate and settle in the forest, except for temporary flipping arrangements that ensure the planned grazing of the animals within the annual grazing period, secure their overnight stays and prevent their dispersal. However, the areas used as highland and pasture in the state forests before 31/12/2011 and the places in them and the areas used as a settlement area for traditional transhumance in certain periods of the year are determined by the General Directorate of Forestry, by taking into account the integrity of use.

Among these determined areas, those deemed appropriate are declared as highland areas by the decision of the President of the Republic. All kinds of buildings and facilities in the declared highland areas, including those built before 31/12/2011 and for which there is a confiscation decision, are included in the fixed assets of the General Directorate of Forestry by showing in the layout plan in its current form. The buildings and facilities in the highland areas can be operated, have them operated or rented by the forest administration. The revenues obtained are recorded in the revolving fund of the General Directorate of Forestry. The expenses are covered by the revolving fund of the General Directorate of Forestry. The users of the buildings and facilities in these areas are determined by the forest administration and announced for one month by the relevant district governorships and mukhtars (neighborhood administrations). Objections made within this period are concluded within one month according to the information and documents available in the forest administration, or if this is not possible, according to the information and documents in the hands of the applicants and notified to the relevant persons. The buildings and facilities whose users are determined can be leased to the user within one year from the date of determination in accordance with the provisions of the No. 2886 on State Procurement Law, dated 8/9/1983, upon their request, within one year. Buildings and facilities that are not rented by their users are demolished. The tenant is notified to complete the deficiencies regarding the rented buildings and facilities, which are notified to the forest administration by the relevant institutions, and the deficiency is requested to be corrected within one year at the latest. If the imperfections are not remedied, the rental transaction will be canceled. Any damages and legal liability arising from the relevant legislation belong to the tenant. In places declared as highland areas, plans of all types and scales are made or made by the General Directorate of Forestry, taking into account the population density, local needs and social problems by the forest administration. These plans are approved by the Ministry of Forestry and Water Affairs. The existing buildings and facilities in the highland areas are requested by the lessor to adapt to the plans within two years. The lease agreements of those who harmonize are renewed. Otherwise, the lease contract will be canceled. The work and operations related to highland areas are determined by a regulation.

The places that will be obtained from the burning of the state forests by any means or by occupation, or by cutting, dismantling, pruning or drowning in any way, and any structures and facilities to be built in these areas cannot be registered in the title deed on behalf of individuals. These places are directly confiscated by the forest administration. (Repealed last two sentences: 17/6/2004 - 5192 / Art. 1) (Additional sentence: 17/6 / 2004-5192 / Art 1.) All kinds of assets in burning forest areas are evaluated by the General Directorate of Forestry.

(Amended clause: 22/5/1987 - 3373 / Art 7; Cancellation: With the decision of the Constitutional Court, dated 17/12/2002 and numbered File No. 2000/75, Decision No. 2002/200; Reorganization: 17/6 / 2004-5192 / Art 1.) (Amended first sentence: 25/6 / 2010-6001 / Art 33) In case of a public interest or necessity for presence or construction of defense, transportation, energy, communication, water, waste water, oil, natural gas, infrastructure, solid waste disposal and landfill facilities; dams, ponds, stray animals and cemeteries and any place and building related with those on the State forests, real persons and legal entities may be given permission by the Ministry of Environment and Forestry with a fee. No fee is collected from those made and / or operated by the State. This permit period cannot...
exceed forty-nine years. All kinds of buildings and facilities other than those built by the State in these areas shall be at the disposal of the General Directorate of Forestry, completely and free of charge, in case the permit expires. These facilities can be used for the needs of the General Directorate of Forestry or the Ministry of Environment and Forestry or they can be rented. Duration of the permits of the right holders operating in accordance with the purpose and conditions of the permit, can be extended up to ninety-nine years for the annual fee to be determined over the market value of the place, building and facilities. In this case, transfer transactions are made at the end of the extension period. The given permissions cannot be used for other purposes.

(Additional sub-clause 23/9/1983 - 2896/Art 10; Cancellation: With the decision of the Constitutional Court 17/6/2004-5192/Art 1) Permission may also be granted by the Ministry of Environment and Forestry if the buildings and facilities specified in the above paragraph are intended to be built in forests or private forests belonging to public establishments with legal personality. In this case, matters such as the cost of use, duration, transfer of buildings and facilities built are determined by the parties in accordance with the general provisions.

Additional Article 14: (Additional: 10/9/2014-6552/Art 90) The buildings and facilities to be built for forest protection and firefighting and the buildings with a floor area of 250 square meters in the areas subject to forest or forest regime; in the parts separated as recreation area, city forest, national park, nature park, natural monument, wildlife protection and development areas and hunting grounds, which will meet the essential needs of the administration and the visitors, and the structures that do not exceed two, except a basement and a roof, are built according to long-term development plans or development and management plans. There is no zoning plan requirement for these areas.

However, the provisions of the first paragraph shall not apply in cases where the areas remaining on the coasts and coastal strips and the protected areas for which a definite construction ban is imposed are subject to forest or forest regime. In areas with a zoning plan, the plan is followed.

The studies and projects of the buildings to be constructed within the scope of this article are carried out under the responsibility of the Ministry of Forestry and Water Affairs in accordance with local texture and architectural features, science, art and health rules.

Infrastructure services to be performed in the areas described in the additional article 13 of this Law are carried out by the Presidency of the Disaster and Emergency Management, special provincial administrations, metropolitan municipalities or municipalities, with the permission of the General Directorate of Forestry.

In areas where the Law No. 2873 on National Parks is applied, the other provisions of the Law No. 2863 on the Protection of Cultural and Natural Properties, dated 21/7/1983 and are not applicable, provided that the site status feature is preserved.

---

**LAW NO. 4458 ON THE CUSTOMS**

Article 218/A

(Additional: 28/03/2013-6455/Art 8)

1. The Ministry, transfer the customs gates and / or logistics centers built by the “built operate transfer model” in accordance with the Law No. 3996 Pertaining to Outsourcing of Some Investments and Services within the Framework of Build-Operate-Transfer Model, dated 8/6/1994, against the contract price determined in accordance with this article, after their duration of operation has ended; provided that the duration of the rent cannot exceed thirty years; in accordance with the article 18 of the Law on Privatization Practices dated 1994 and numbered 4046, and the procedures for assignment in the secondary legislation related to the implementation of this Law and the Law No. 3996. (Repealed last sentence: 10/9/2014-6552/Art 113)

2. (Additional 10/09/2014-6552/Art 113) Value determination procedures according to the transfer method determined by the Ministry with the application of at least one of the methods in the sub-clause (c) of paragraph (b) of the first paragraph of the article 18 of the Law No. 4046; by the Value Assessment Commission, which consists of five permanent and five substitute members, including Customs and Trade Specialist, Financial Services Expert, Engineer and Customs Manager, under the chairmanship of a Head of Department to be appointed by the Ministry. The determination of this amount can also be performed by the Ministry, upon the request of the Commission, through service procurement, to the companies subject to the Capital Markets Law No. 6362, dated 6/12/2012. In this case, the determined value is examined and decided by the Value Assessment Commission.

3. (Additional 10/09/2014-6552/Art 113) The assignment procedures are carried out by the Commissioning Commission consisting of the relevant Deputy Undersecretary, the General Manager of Customs Enforcement, Head of Strategy Development and Head of Support Services Department and the First Legal Counsel, chaired by the Undersecretary.

4. (Additional 10/09/2014-6552/Art 113) Commissions established in accordance with this article gather completely. If one of the members cannot attend the meeting due to a valid excuse, his / her deputy or alternate member attends. Decisions are taken with the majority and decisions cannot be abstained. The decisions are recorded with a signed minutes. The member who opposes the decision signs by writing his ground. The decisions taken by the commissions are presented to the Minister for approval. The secretarial operations of the commissions are carried out by the Support Services Department.

5. (Additional 10/09/2014-6552/Art 113) The customs gates and / or logistics centers where the transfer is carried out may be transferred again with the same procedures at the end of the transfer period.

6. (Additional 10/09/2014-6552/Art 113) A contract is signed between the company for which the assignment decision is made and the Ministry. However, in the event that among the shareholders of the company for which the assignment decision is made, there is a professional body or a higher organization that has the status of a public institution that participates in the capital of the company at least fifty percent, the contract is signed between the Ministry and the relevant public institution and the company for which the assignment decision is made. A performance bond of six percent of the contract amount is received. A share of one percent is collected from the total annual revenue obtained from the activities carried out in the areas subject to the contracts made within the scope of this article in order to be recorded as the revenue for the general budget.
## ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>English</th>
<th>Turkish</th>
</tr>
</thead>
<tbody>
<tr>
<td>AYGM</td>
<td>General Directorate of Infrastructure Investments</td>
<td>Altyapı Yatırımları Genel Müdürlüğü</td>
</tr>
<tr>
<td>Bilten</td>
<td>Information Technology and Electronics Research Institute</td>
<td>Bilgi Teknolojileri ve Elektronik Araştırma Enstitüsü</td>
</tr>
<tr>
<td>BLT</td>
<td>Build – Lease – Transfer</td>
<td>Yap – Kirala – Devret</td>
</tr>
<tr>
<td>BO</td>
<td>Build – Operate</td>
<td>Yap – İşlet</td>
</tr>
<tr>
<td>BOT</td>
<td>Build – Operate – Transfer</td>
<td>Yap – İşlet – Devret</td>
</tr>
<tr>
<td>CBRT</td>
<td>Central Bank of the Republic of Turkey</td>
<td>Türkiye Cumhuriyeti Merkez Bankası</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
<td>latable Fiyat Endekisi</td>
</tr>
<tr>
<td>D-PP</td>
<td>Domestic Producer Price Index</td>
<td>Yurt İçi Üretim Fiyat Endekisi</td>
</tr>
<tr>
<td>TERRA</td>
<td>Turkey Earthquake Rehabilitation and Reconstruction Assistance Program</td>
<td>Deprem Rehabilitemsi ve Rekonstrüksiyon Destek Programı</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
<td>Çevre Etki Değerlendirmesi</td>
</tr>
<tr>
<td>EKAP</td>
<td>Electronic Public Procurement Platform</td>
<td>Elektronik Kamu Alım Platformu</td>
</tr>
<tr>
<td>EMRA</td>
<td>Energy Market Regulatory Authority</td>
<td>Enerji Piyasası Düzenleme Kurumu</td>
</tr>
<tr>
<td>EPİAS</td>
<td>Energy Markets Operation Joint Stock Company</td>
<td>Enerji Piyasaları İşletme Anonim Şirketi</td>
</tr>
<tr>
<td>ESO</td>
<td>Economic State Organizations</td>
<td>İktisadi Devlet Teşebbülerleri</td>
</tr>
<tr>
<td>EUAS</td>
<td>Electricity Generation Joint Stock Company</td>
<td>Elektrik Üretim Anonim Şirketi</td>
</tr>
<tr>
<td>Eximbank</td>
<td>Export Credit Bank Joint Stock Company of Turkey</td>
<td>Türkiye İhracat Kredi Bankası Anonim Şirketi</td>
</tr>
<tr>
<td>EIGM</td>
<td>General Directorate of Energy Affairs</td>
<td>Enerji İşleri Genel Müdürlüğü</td>
</tr>
<tr>
<td>G.N.A.T.</td>
<td>Grant National Assembly of Turkey</td>
<td>Türkiye Büyük Millet Meclisi</td>
</tr>
<tr>
<td>Halbank</td>
<td>Halk Bank Joint Stock Company of Turkey</td>
<td>Türkiye Halk Bankası Anonim Şirketi</td>
</tr>
<tr>
<td>HGA</td>
<td>Host Government Agreement</td>
<td>Ev Sahibi Hükümet Anlaşması</td>
</tr>
<tr>
<td>HPC</td>
<td>High Planning Council</td>
<td>Yüksek Planlama Kurulu</td>
</tr>
<tr>
<td>IGA</td>
<td>Intergovernmental Agreement</td>
<td>Hükümetler Arası Anlaşma</td>
</tr>
<tr>
<td>Investment Office</td>
<td>The Investment Office of the Presidency of the Republic of Turkey</td>
<td>Türkiye Cumhurveti Cumhurbaskanlığı Yatırım Ofisi</td>
</tr>
<tr>
<td>JSC</td>
<td>Joint Stock Company</td>
<td>Anonim Şirket</td>
</tr>
<tr>
<td>MoTF</td>
<td>Ministry of Trade and Finance</td>
<td>Hazine ve Malliyat Bakanlığı</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
<td>Kuzey Atlantik Anlaşması Örgütü</td>
</tr>
<tr>
<td>NPV</td>
<td>Net Present Value</td>
<td>Net Bugünkü Değer</td>
</tr>
<tr>
<td>PoSB</td>
<td>The Presidency of Strategy and Budget of the Presidency of the Republic of Turkey</td>
<td>Türkiye Cumhurveti Cumhurbaskanlığı Stratej ve Buççe Başkanlığı</td>
</tr>
<tr>
<td>PPI</td>
<td>Producer Price Index</td>
<td>Üretici Fiyat Endeksi</td>
</tr>
<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
<td>Kamu Özel İşbirliği</td>
</tr>
<tr>
<td>PTT</td>
<td>Postal and Telegraph Organization Joint Stock Company</td>
<td>Posta ve Telgraf Teşkilat Anonim Şirketi</td>
</tr>
<tr>
<td>RES</td>
<td>Renewable Energy Resources</td>
<td>Yenilenebilir Enerji Kaynakları</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
<td>Araştırma ve Geliştirme</td>
</tr>
<tr>
<td>DHMİ</td>
<td>Directorate General of State Airports Authority</td>
<td>Devlet Hava Meydanları İşletmesi Genel Müdürlüğü</td>
</tr>
<tr>
<td>SEE</td>
<td>State Economic Enterprises</td>
<td>İktisadi Devlet Teşebbülerleri</td>
</tr>
<tr>
<td>AYGM</td>
<td>General Directorate of State Hydraulic Works</td>
<td>Devlet Su İşleri Genel Müdürlüğü</td>
</tr>
<tr>
<td>SPO</td>
<td>State Planning Organization</td>
<td>Devlet Planlama Teşkilatı</td>
</tr>
<tr>
<td>TEDAS</td>
<td>Turkey Electricity Distribution Joint Stock Company</td>
<td>Türkiye Elektrik Dağıtım Anonim Şirketi</td>
</tr>
<tr>
<td>TEAS</td>
<td>Turkey Electricity Generation -Transmission Joint Stock Company</td>
<td>Türkiye Elektrik Üretim-İletim Anonim Şirketi</td>
</tr>
<tr>
<td>TEAS</td>
<td>Turkey Electricity Transmission Joint Stock Company</td>
<td>Türkiye Elektrik İletim Anonim Şirketi</td>
</tr>
<tr>
<td>TETAS</td>
<td>Turkey Electricity Trading and Contracting Joint Stock Company</td>
<td>Türkiye Elektrik Ticaret ve Taahhüt Anonim Şirketi</td>
</tr>
<tr>
<td>TCDD</td>
<td>State Railways of the Republic of Turkey</td>
<td>Türkiye Cumhuriyeti Devlet Demiryolları</td>
</tr>
<tr>
<td>TMO</td>
<td>Turkish Grain Board</td>
<td>Türkiye Toprak Mahsulleri Ofisi Genel Müdürlüğü</td>
</tr>
<tr>
<td>TOR</td>
<td>Transfer of Operating Rights</td>
<td>İşletme Hakkı Devri</td>
</tr>
<tr>
<td>TRT</td>
<td>Turkish Radio and Television Corporation</td>
<td>Türkiye Radyo Televizyon Kurumu</td>
</tr>
<tr>
<td>TSRA</td>
<td>General Directorate of State Railways Administration</td>
<td>Devlet Demiryolları İşletmesi Genel Müdürlüğü</td>
</tr>
<tr>
<td>TSRA</td>
<td>Transportation JSC</td>
<td>The Republic of Turkey State Railways Transportation Joint Stock Company</td>
</tr>
<tr>
<td>TUBITAK</td>
<td>The Scientific and Technological Research Council of Turkey</td>
<td>Türkiye Bilimsel ve Teknolojik Araştırma Kurumu</td>
</tr>
<tr>
<td>TÜDEMNAS</td>
<td>Turkish Railway Machines Industry Joint Stock Company</td>
<td>Türkiye Demiryolu Makinalar Sanayii Anonim Şirketi</td>
</tr>
<tr>
<td>TÜLOMSAŞ</td>
<td>Turkish Locomotive and Engine Industry Joint Stock Company</td>
<td>Türkiye Lokomotif ve Motor Sanayii Anonim Şirketi</td>
</tr>
<tr>
<td>TURAS</td>
<td>Turkish Railway Vehicles Industry Joint Stock Company</td>
<td>Türkiye Raliy Sistem Aracları Sanayii Anonim Şirketi</td>
</tr>
<tr>
<td>TUVASAS</td>
<td>Turkish Wagon Industries Joint Stock Company</td>
<td>Türkiye Vagon Sanayii Anonim Şirketi</td>
</tr>
<tr>
<td>TÜRKSTAT</td>
<td>Statistical Institute of Turkey</td>
<td>Türkiye İstatistik Kurumu</td>
</tr>
<tr>
<td>TIKI</td>
<td>General Directorate of Coal Enterprises of Turkey</td>
<td>Türkiye Kömür İşletmeleri Genel Müdürlüğü</td>
</tr>
<tr>
<td>Vakıfbank</td>
<td>Turkish Foundations Bank Corporation</td>
<td>Türkiye Vakıf Bankası Türk Anonim Ortaklığı</td>
</tr>
<tr>
<td>WPI</td>
<td>Wholesale Price Index</td>
<td>Toprak Esya Fiyat Endeksi</td>
</tr>
<tr>
<td>Ziraat Bankası</td>
<td>T.E. Ziraat Bank Joint Stock Company</td>
<td>T.C. Ziraat Bankası Anonim Şirketi</td>
</tr>
</tbody>
</table>