

Term of the Financial Restructuring Process Has Been Extended for 2 Years

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Effectiveness of provisional article 32 of the Banking Law, regulating the financial restructuring process, has been extended for two more years pursuant to Presidential Decree numbered 4299 and dated 14 July 2021, published in Official Gazette numbered 31542 on 15 July 2021.

With this extension, the term of the regulations which entered into force in 2019 and forming the legal basis of the financial restructuring process, has been extended until 2023.

Notable provisions of the provisional article 32 include:

- Banks, leasing companies, factoring companies and financing companies, which are operating in Turkey, and debtors, who have a credit relationship with other financial institutions defined within the scope of the related legislation and determined in the framework agreements prepared in accordance with the regulation issued by the Banking Regulatory and Supervisory Authority, may be subject to partial or total financial restructuring process with other debtors in their risk group. In accordance with the Regulation on Restructuring of Debts to the Financial Sector, the procedures and principles regarding financial restructuring process are set forth by framework agreements.
- Institutions, subject to financial restructuring process must have the ability to make the repayments within a reasonable time.
- Within the scope of financial restructuring process, it is possible to take necessary measures, such as extending terms, providing new loans, performing partial or full write-downs and debt-equity swaps. Such measures will not constitute a crime of embezzlement.
- Such institutions will be able to benefit from tax exemptions and incentives regarding the transactions to be made and the documents to be prepared, within the scope of financial restructuring process.

The full text of the Presidential Decree is available at this [link](#). (Only available in Turkish)

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