

## Turkey Updates Rules for Movable Pledges and Assignments

*19 Apr 2018*

Turkey has updated rules related to pledges on movable assets. Notably, all future legal interests in a movable asset will now be directly covered by a pledge, together with the movable asset. If a production process is pledged together with a movable asset used in the process, the pledge will now be deemed to have been automatically established.

The Law Amending Certain Laws for Enhancing the Investment Environment number 7099 ("**Omnibus Law**") was published in Official Gazette number 30356 on 10 March 2018.

The Omnibus Law makes changes to The Law on Pledge on Movables in Commercial Transactions number 6750.

Notable changes under the Omnibus Law include:

- All possible future legal interests in a movable asset (such as insurance, interest, or natural products and their substitutable goods) are now directly covered by the pledge, together with the movable asset.
- If a production process is pledged together with the movable assets used in the process, the pledge will now be deemed to have been automatically established, receiving the same ranking for receivables incurred in the production process. In this regard, the good faith of a bona fide third person who does not know (or does not need to know) that a movable is pledged is protected.
- Time periods have been introduced for applications to release a pledge. The pledgee must now apply to the Movable Pledge Registry to release of the pledge record:
  - For local creditors: Within 15 business days of the date the pledged receivable expires.
  - For foreign creditors: Within 30 business days of the date the pledged receivable expires.
- The administrative fine amounting to 10% of secured obligations for breaches of the obligation above now applies only upon complaint by the pledgor or debtor.
- If a party defaults on debts secured by a pledge, it has now been clarified that the creditor can refer to debt-collection under general legislation (for example, the Turkish Enforcement and Bankruptcy Law), as well as other enforcement methods under the Law.
- Provisions of the Turkish Civil Code number 4721 concerning immovable property will now apply if there is a gap in the Law for the related topic.

Please see this [link](#) for the full text of the Omnibus Law (only available in Turkish).

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