

From the Banking Regulation and Supervision Agency:

**REGULATION ON AUTHORIZATION AND ACTIVITIES OF INSTITUTIONS  
WHICH WILL PROVIDE VALUATION SERVICES TO BANKS <sup>1</sup>**

(Published within the Official Gazette Nr. 26333 dated November 1<sup>st</sup>, 2006)

**SECTION ONE**

**Purpose and Scope, Basis and Definitions**

**Purpose and Scope**

ARTICLE 1 -(1) The purpose of this Regulation is to regulate the principles and procedures relating to the authorization, activities and the abolishment of the authorization of the institutions which will provide valuation services to banks.

**Basis**

ARTICLE 2 -(1) This Regulation has been prepared on the basis of the Articles 15, 34, 36 and 93 of Banking Law Nr. 5411 dated October 19, 2005.

**Definitions**

ARTICLE 3 -(1) The following terms used in this Regulation shall have the meanings expressly designated to them below::

- a) Bank: Bank which are defined within the Article 3 of the Law,
- b) Valuation Institution: Institution providing valuation services to banks as per this Regulation,
- c) Auditor: Auditor appointed as per Article 347 of the Turkish Commercial Code Nr. 6762 dated June 29, 1956,
- d) Financial Institution: Institutions defined within the Article 3 of the Law,
- e) Law: Banking Law Nr. 5411,
- f) Control: Control defined within the Article 3 of the Law,
- g) Board: Banking Regulation and Supervision Board,
- h) Agency: Banking Regulation and Supervision Agency,
- i) Qualified Shares: Qualified shares as defined by Article 3 of the Law,
- j) True Values: Value at which assets of liabilities are traded by the organized markets; in case there are no such organized markets of such values are not established by organized markets, values to be offered by the informed and willing parties in a bargaining environment mutually in a manner free of any fictitious and colorable transactions in connection with exchange of relevant assets or observance of obligations,
- k) Personnel engaged in valuation activity: Persons employed to make valuation by the valuation institution, which is graduated from a four-years under-graduation program, which is experienced for at least three years in valuation subjects including banking, independent audit and expertise in trial or having a competence certificate in valuation given by the authorized institutions at home or abroad<sup>2</sup>,
- l) Manager: Personnel appointed as general manager, assistant general manager in a valuation institution and those who don't have these titles but whose duties are equivalent or superior to

<sup>1</sup> Version amended by the Regulation published within the Official Gazette Nr. 26658 dated September 29, 2007.

<sup>2</sup> The sub- paragraph k is added to the paragraph.

these positions <sup>3</sup>.

## **SECTION TWO**

### **Fundamental Concepts**

#### **Valuation Service**

ARTICLE 4 –(1) Valuation services involve independent assessment of potential values of banks on a certain date;

a) which are not traded by any organized market or for which no true values cannot be determined for any reasons,

1) concerning their assets and liabilities recorded on their balance sheets,

2) concerning guarantees received relating to their loans and other receivables,

3) concerning their rights and liabilities arising out of any contracts to which they are parties,

b) concerning their shares or assets or liabilities covered by any mergers, divisions or share transfers,

c) concerning their revenues or expenses arising out of transactions other than the operations listed within the Article 4 of the Law..

(2) For valuations to be carried out under this article, the provisions laid down by the Communiqué on International Valuation Standards in the Capital Market published by the Turkish Accounting Standards and Official Gazette Nr. 26100 dated March 6, 200, which govern valuation, are taken as a basis as applicable.

#### **Independence**

ARTICLE 5 –(1) Independence is a whole of behaviors and understandings which will ensure that valuation institutions and their shareholders, Executive Board chairmen and members and managers, auditors and their staff who will be engaged in valuation activities, conduct and maintain the activities covered by this Regulation in strict correctness and impartially.

(2) Valuation institutions' shareholders, Executive Board chairmen and members and managers, auditors and their staff who will be engaged in valuation activities;

a) have to keep away from any relationships of interest/material benefit that may arise during valuation activities, not to allow any interventions that may affect their honesty and impartiality and to disclose any options reached as a result of valuation activities without considering their own or other parties' direct or indirect interests.

b) may not participate to the decision-making process of the management of banks and to affiliates directly or indirectly controlled by them or to shareholders controlling the banks to which valuation service is given and may not be engaged in a direct or indirect partnership or in a privileged debt-receivable and credit relationship with them in accordance with the market conditions or may not take charge in these enterprises as executive board chairman or member, general manager or assistant general manager or in any other positions having the responsibility of making decisions and authority, and may not provide them managerial services.<sup>4</sup>

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<sup>3</sup> The sub- paragraph 1 is added to the paragraph.

<sup>4</sup> Version before amended: “may not take part in the decision making processes of the management of banks valuation services are provided to and also of any partnerships directly or indirectly controlled by them, may not provide managerial services as part of such processes and may not enter into any direct or indirect partnership or credit relationship with them and may not be engaged in any valuation operations in case they are in any relationships that may be treated in this respect.”

c) may not be engaged in valuation activities concerning the banks where their relatives by blood or by marriage including degree three or degree two, respectively, or their spouses serve in positions as shareholders, Executive Board chairmen or members, general managers, assistant general managers or manager performing executive functions in any other positions equivalent to those to assistant general managers or in more superior positions even if they are employed under other titles.

d) may not have any previous employment in a bank for which valuation services are extended or partnerships in which such a bank holds qualified shares during the last two years prior to provision of valuation services, may not be employed in one of these no matter the position to be employed and hold directly or indirectly the shares of these banks excluding the ones procured by investment funds within the next two years.<sup>5</sup>

...

(3) It is obligatory that valuation institutions and valuation institutions inside and outside the country with which it has legal relationships have not entered into any partnerships or any credit or debt-receivable relationships in a manner more privileged compared with the market conditions with banks for which valuation service is extended, or their partners, or any partnerships directly or indirectly controlled by such a banks or there must be no relationships of interest between them that would prevent an effective performance of valuation activities.<sup>7</sup>

(4) The personnel of valuation of an institution appointed by the Board to conduct independent audit as well as valuation services for one or all the subject or subjects determined within the first paragraph of the Article 4 cannot be appointed in the independent audit activity of the same bank.<sup>8</sup>

### **Cessation of Independence**

ARTICLE 6 — (1) Independence of a valuation institution is deemed to have ceased in case:

a) Its shareholders, executive board chairman and members, managers and auditors and personnel involved within the valuation activity as well as their relatives by blood and marriage up to the third and second degrees are promised or offered to take advantage other than those which envisaged within the valuation contract directly or indirectly from the bank or from the risk group to which the bank is attached determined within the Article 49 of the Law, and this situation is not informed to two selected members of the Executive Board of the valuation institution pursuant to the second sub-clause of Article 8 to ensure that it is urgently notified to the Board<sup>9</sup>

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<sup>5</sup> Version before amended: “may not have any previous employment in a bank for which valuation services are extended or partnerships in which such a bank holds qualified shares during the last two years prior to provision of valuation services.”

<sup>6</sup> Version before abolished: “d) may not serve any banks in the positions of Executive Board chairmen or members, auditors, general managers, assistant general managers or any other bank staff members with the authority to sign.”

<sup>7</sup> Version before amended: “It is obligatory that valuation institutions and overseas valuation institutions with which it has legal relationships have not entered into any partnerships or any credit or debt-receivable relationships in a manner more privileged compared with the market conditions with banks for which valuation service is extended or any partnerships directly or indirectly controlled by such a bank or there must be no relationships of interest between them that would prevent an effective performance of valuation activities.

<sup>8</sup> The paragraph four is added to the Article.”

<sup>9</sup> Version before amended: “a) its shareholders, Executive Board chairman and members, managers and auditors or personnel engaged in valuation activity and their relatives by blood and marriage up to the third and second degrees, respectively

1) are offered or promised to be provided by the bank or by the risk group indicated by Article 49 of the Law in which the bank is included, with any direct or indirect benefits other than those envisaged by valuation contract and this situation is not informed to two members of the Executive Board of the

- b) It is found out that the fees for the valuation services for past periods have not been paid by the bank without any justifiable reasons or that no legal action has been filed to recover such sums payable or that payment has been made to the valuation institution later in excess of the sum agreed by the contract,
- c) Valuation services fees are tied to the conditions related to the results of valuation or to a pre-determined valuation estimate or determined after completion of valuation services.

### **Professional Care and Meticulousness**

ARTICLE 7 — (1) Valuation institutions may not accept any valuation activities where knowledge and skills of their Executive Board members responsible for security systems as well as their personnel involved in valuation activity are not adequate<sup>10</sup>.

(2) Those members of personnel employed by valuation institutions, who are involved in the subjects of valuation laid down by Article 4, must exert necessary professional care and meticulousness at the stages of planning and execution of valuation services and preparation of reports. Care and meticulousness refer to attention and efforts that would be exerted by the personnel of a careful and foresighted valuation institution to details and findings under the same conditions.

### **Quality Assurance System**

ARTICLE 8 <sup>11</sup>— (1) The valuation institutions shall establish quality assurance system to

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- valuation institution to be selected pursuant to the second sub-clause of Article 8 to ensure that it is urgently notified to the Board
  - 2) are found out as having entered into direct or indirect partnerships or relationships of debts and receivables in a manner more privileged compared with market conditions with the bank or bank's partner or natural persons or legal entities attached to or controlled by the bank in respect of management, supervision or capital directly or indirectly or having served them as Executive Board chairmen or members, general managers or assistant general managers or in other titles having important decision powers and responsibilities or having provided managerial services for them or having provided valuation services despite the relationships of a nature defined by paragraphs (b), (c), (d) and (e) of the second sub-clause of the Article 5."

<sup>10</sup> Version before amended: "(1) Valuation institutions may not accept any valuation activities where knowledge and skills of Executive Board chairmen and members and managers and those members of staff involved in valuation activities are not adequate."

<sup>11</sup> Version before amended: "ARTICLE 8- (1) Valuation institutions have to establish a quality assurance system which will confirm independence of their organizations, shareholders, Executive Board chairmen and members, managers and auditors and personnel involved in valuation activities, their compliance with the professional principles and relevant arrangements and correctness of any valuations carried out. A quality assurance system must have adequate financial resources and established under a structure which is independent of the valuation process.

(2) Two members to be elected from among the members of the Executive Board of the valuation institution is assigned with responsibilities for operation of the quality assurance system. In the event that they have any knowledge to the effect that the shareholders, managers, auditors or personnel involved in valuation activities act in violation of the provisions of this Regulation, this situation is urgently notified to the members of the Executive Board responsible for the quality assurance system so that it can be formally notified to the Board.

(3) The quality assurance system is reviewed once every three years maximum and the scope of such a review is made public on the web-site of the valuation institution.

(4) A review of the quality assurance system considers the level of compliance with the following principles:

- a) Professional requirements: Compliance by valuation institutions and their shareholders, Executive Board chairmen and members and managers and auditors and personnel engaged in valuation activities with Articles 5, 6, 9 and 10 and by the chairmen and members of the Executive Boards of the valuation institutions and personnel engaged in valuation of activities with Article 7 in addition

ensure the compliance of themselves, their shareholders, Executive Board chairmen and members, managers, and auditors and the personnel engaged in valuation activities to the principles and procedures determined within the Regulation, their compatibility to the related regulations and the reliability of the valuations made. The quality assurance system shall have the sufficient financial sources and shall be established within a structure independent from the valuation process.

(2) Two members selected among the executive board members of the valuation institution without executive duty are assigned as responsible for the running of quality assurance system. The executive board members to be held responsible for the running of quality assurance system must have the conditions determined within the subparagraph 1E of the Article 9 and the qualifications of the personnel engaged in valuation activities determined within the Article three. In the event that they have any knowledge to the effect that the shareholders, managers, auditors or personnel involved in valuation activities act in violation of the provisions of this Regulation, this situation is urgently notified to the members of the executive board responsible for the quality assurance system so that it can be formally notified to the Board.

(3) If the valuation institution authorized by the Board is assigned to give valuation service for a some of or all the subjects determined within the Article 4, a separate quality assurance system related to the valuations activities shall be established and within this scope, the executive board responsible for the quality assurance system shall formed by at least three persons among which at least one shall have the qualifications cited within the second sub-clause.

(4) The quality assurance system shall be reviewed once a year and the scope of this review is published on the web-site of the valuation institution.

(5) The review of the quality assurance system considers the level of compliance with the following principles:

a) Professional Requirements: Personnel of the valuation institution engaged with valuation activity shall act in compliance with the provisions of the Articles 5, 6, 7, 9, 10 and 20.

b) Professional Competence: Personnel of the valuation institution engaged with valuation activity shall have the knowledge and qualifications required to be able to perform their responsibilities in a correct manner.

c) Distribution of Duties: The valuation activity shall be realized by persons having knowledge, professional competence and skills at a required level.

d) Guidance: Works carried out must be reviewed at every level and personnel assigned for evaluation activities must be guided over their duties so that valuation activities can be of a required quality and exact and correct views can be communicated as a result of valuation.

e) Consultation: Where necessary, persons having experience and knowledge on the matter shall be consulted..

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b) Professional qualification: the chairmen and members of the Executive Boards of the valuation institutions and personnel engaged in valuation of activities must have necessary knowledge and qualifications to be able to perform their responsibilities in a correct manner.

c) Distribution of duties: Valuation studies must be carried out by persons having knowledge, professional qualifications and skills at a required level.

d) Guidance: Works carried out must have be reviewed at every level and personnel assigned for evaluation activities must be guided over their duties so that valuation activities can be of a required quality and exact and correct views can be communicated as a result of valuation.

e) Consultation: Where necessary, persons having experience and knowledge on the matter and hand must be consulted.

f) Duty acceptance and continuity: Performance and an evaluation for acceptance of new duties or continuation of valuation activities in the forthcoming periods and evaluation of the bank's position especially in respect of compliance with the principles of independence and scope and dimensions of services to be provided.

g) Monitoring: Monitoring of the quality assurance system and its functionality.”

- f) Duty Acceptance and Continuity: Performance of an evaluation for acceptance of new duties or continuation of valuation activities in the forthcoming periods and evaluation of the bank's position especially in respect of compliance with the principles of independence and scope and dimensions of services to be provided..
- g) Monitoring: Monitoring of the quality assurance system.

### **SECTION THREE**

#### **Authorization of the Valuation Institution**

#### **Conditions to be met by valuation institutions for authorization**

ARTICLE 9<sup>12</sup>- (1) The institutions which will provide valuation services to banks under this Regulation;

- a) Must be established as joint stock companies (AŞ) with all of their shares registered,
- b) Must include valuation services in their areas of activity laid down by their articles of association or have the phrase valuation in their commercial titles,
- c) Must have a managerial organization of an adequate size, an adequate number of personnel with required qualifications, necessary technical equipment/hardware and a documentation and registration system enabling them to give valuation services for some of or all the subjects

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<sup>12</sup> Version before amended: "ARTICLE 9- (1) The institutions which will provide valuation services to banks under this Regulation:

- a) must be established as joint stock companies (AŞ) with all of its shares registered,
- b) must include valuation services in their areas of activity laid down by their articles of association or have the phrase, valuation, in their commercial titles,
- c) must have a managerial organization of an adequate size, an adequate number of personnel with required qualifications, necessary technical equipment/hardware and a documentation and registration system enabling them to achieve valuation
- d) must pledge to take out and maintain professional liability insurance policies to cover any damages that may rise out of services provided
- e) must have suffered no cancellation of their valuation authorizations locally or internationally
- f) must ensure that their shareholders, Executive Board chairmen and members and auditors as well as those managers required to work on a full time basis and personnel involved in valuation operations;
  - 1) do not have shareholdings in another valuation institution or in independent auditing or rating institution providing services to the bank for which valuation services are rendered or have not previously served them as Executive Board chairmen or members, managers or auditors or specialists or personnel involved in valuation activities in the last two years
  - 2) meet the qualifications listed by the paragraphs (a), (b), (c) and (d) of the first sub-clause of Article 8 of the Law
  - 3) have not been shareholders in any independent auditing, rating or valuation institutions, the authorization of which has been cancelled by public entities in respect of independent auditing or rating or valuation services for banks or have had no responsibilities for any operations leading to such an institution cancellation as established duly
  - 4) are not engaged in any commercial activities other than their professional operations
  - 5) have not held any qualified shares in any institutions, the authorization of which has been cancelled in respect of independent auditing or rating or valuation locally or internationally
  - 6) have pledged to withdraw from valuation services in case any considerations leading to cessation of independence referred to by Articles 5 and 6.

(2) It is essential that the shareholding composition of shareholders as legal entities of valuation institutions authorized is transparent and open and not covered by paragraphs (a), (b) and (c) of the first sub-clause of Article 8 of the Law and that their shareholders as natural persons meet the qualifications laid down by the subparagraphs (1), (2), (3) and (5) of paragraph (e) of the first sub-clause.

(3) The qualifications laid down by sub-paragraph (4) of paragraph (e) of the first sub-clause are not sought for the shareholders of valuation institutions authorized. The shareholders of valuation institutions authorized may not engage in any commercial operations which would cause conflicts of interest over the subjects of valuation.

(4) Valuation institutions are not authorized as part of this Regulation in case the considerations causing cancellation of their authorizations to conduct valuation locally or internationally have been rectified and that their authorizations have subsequently been returned."

- determined within the first paragraph of the Article 4,
- d) Must pledge to take out and maintain professional liability insurance policies to cover any damages that may arise out of services provided,
  - e) Must have suffered no cancellation of their valuation authorizations locally or internationally,
  - f) Must pledge that their shareholders, Executive Board chairmen and members, managers and auditors would withdraw from valuation services given to the bank in case any considerations leading to cessation of independence during the valuation service,
  - g) Their shareholders, Executive Board members responsible for the operation of quality assurance system and the personnel involved in valuation services;
- 1) shall not have shareholdings in another valuation, independent audit or rating institutions or be assigned in those institutions as executive board chairman or member, manager, auditor, rating expert, independent auditor or personnel involved in valuation activity,
  - 2) shall carry the qualifications listed within the paragraph (d) of the first sub-paragraph of the Article 8 of the Law,
  - 3) shall not be involved in operations which have caused the cancellation of the authorization in institutions of which the authorization to conduct independent audit, valuation or rating inside and outside the country is cancelled.
- (2) In case the valuation institution has shareholders possessing the qualifications determined within the sub-clauses (a), (b) and (c) of the Article 8 of the Law in addition to the sub-clause (f) of the first paragraph and legal entity shareholders, the shareholding composition of the shareholders within this scope must be transparent and open.
- (3) The valuation institution authorized shall make a commitment relating to the independence of its personnel involved in valuation activity within the scope of the subjects determined within the Articles 5 and 6.
- (4) The valuation institutions are authorized as part of this Regulation in case the considerations causing the cancellation of their authorities to conduct valuation locally or internationally have been rectified and that their authorizations have subsequently been returned and this situation is re-evaluated by the Board.

### **Information and Documents required in Application for Authorization**

ARTICLE 10<sup>13</sup>— (1)Valuation institutes intending to be authorized for several or all the

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<sup>13</sup> Version before amended: “ARTICLE 10- (1) Valuation institutions intending to be authorized for several or all the subjects laid down by the first sub-clause of the Article 4 apply to the Agency with a letter accompanied by the following information and documents:

- a) Notarized copies of the issues of the Turkish Journal of Trade Registrations incorporating the articles of association of valuation institutions, including any amendments to such articles of association, if any
- b) Addresses of the head office and branches of valuation institution
- c) Balance sheets of valuation institution on the date of application
- d) Copies of contracts concluded with relevant overseas institutions as certified by authorized officers of overseas institutions in case of any legal connections with any overseas institutions
- e) Of their shareholders, Executive Board chairmen and members, managers and auditors as well as their personnel involved in valuation:
  - 1) detailed CV's to be completed as per the model within the Annex 1, which contains information on their professional experience and education/training received, notarized copies of their graduate and post-graduate diplomas and ID cards or passports and certificates of legal domicile
  - 2) documents from the commercial courts of first instance in the province of location and from executive courts that they are not bankrupt and that they have not declared rescheduling of debts, respectively, which will be requested with petitions to be drawn up as per the model under Annex 2 and written declarations to be completed as per the model under Annex 3 that they have not declared bankruptcy or rescheduling of debts according to the provisions of law Nr. 2004 on Execution and Bankruptcy dated June 9, 1932

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- 3) written declarations to be drawn up as per the model under the Annex 4 and documents to be obtained from the Saving Deposit Insurance Fund upon submission of the petition to be drawn up as per the model under Annex 5, certifying that they have not held any qualified shares in or control of the banks for which Article 71 of the Law are applicable or which have been transferred to the Saving Deposit Insurance Fund prior to the entry into force of the Law or brokerage houses forced into liquidation and finance houses/institutions forced into liquidation other than voluntary liquidation, development and investment banks the operating licenses of which have been discontinued, loan institutions for which partnership rights other than dividends and management and management and control have been transferred to the Saving Deposit Insurance Fund or for which powers and permissions to do banking and receive deposits and participation funds have been discontinued before transfer to the Saving Deposit Insurance Fund or lifting of powers and permissions to do banking and receive deposits and participation funds
  - 4) criminal records containing archive records which have been received in the last six months
  - 5) written declarations to be completed as per model in Annex 6 that they have not held any shareholding in any other valuation institution or in an institution extending independent auditing or rating services to the same bank, they have not served them as Executive Board chairmen or members or managers or independent auditors or specialists or personnel engaged in valuation activities, that they have not served any independent auditing, rating or valuation institutions, the authorization of which has been cancelled locally or internationally, as Executive Board chairmen or members or managers or independent auditors or specialists or personnel engaged in valuation activities or that they have not served as Executive Board chairmen or members or managers or independent auditors or specialists or personnel engaged in valuation activities in any operations causing cancellation of authorization and that they have not hold any qualified shares in such institutions
  - 6) written declarations to be completed as per the model in Annex 7 that they are not engaged in commercial operations other than their professional operations (for Executive Board chairmen and members, auditors, managers and personnel engaged in valuation activities) or that they are not engaged in any operations that would cause conflicts of interest over subjects of valuation (for shareholders)
  - 7) written declarations to be completed as per the model in Annex 8 that they are employed by the valuation institutions on a full time basis
  - 8) written declarations to be completed as per the model in Annex 9 that they will withdraw from their duties in case of any of the instances leading to cessation of independence referred to by Articles 5 and 6 emerges.
  - f) Documents confirming that a quality assurance system meeting the considerations laid down by Article 8 is already in place or will be set up later and information on the names and professional experience of the members of the Executive Board, who are responsible in this respect
  - g) Relevant information in case of past provision of valuation services, if any, covering the subject or the subjects of valuation services for which an application is filed
  - h) Declaration to take out and maintain professional liability insurance for the purpose of covering any damages that may arise out of services provided
- (2) The written declaration laid down by sub-paragraph (7) of paragraph (d) of the first sub-clause has to be submitted only by the managers and personnel or valuation institutions, who are engaged in valuation activities.
- (3) Shareholders as natural persons or shareholdings as legal entities in any valuation institution to be authorized must indicate with written declarations to be completed as per the models in Annexes 3, 4 and 6 that they have meet the qualifications laid down by the second sub-clause of Article 9.
- (4) The Agency requests additional information and documents during evaluation of applications. Any omissions detected by the Agency or any additional information and documents requested are notified to the valuation institutions applying for authorization in writing. Required information and documents are submitted to the Agency within thirty days from the date of receipt or the letter regarding the request for submission of such information and documents. Failure to send any required information and documents is treated as the waiver of an application for authorization.
- (5) In the event that documents requested from natural persons and legal entities of a foreign nationality cannot be obtained due to the lack of an authority or system in the countries where such persons are based, where such records are maintained, this situation must be certified to the Agency with a document to be received from the competent authorities in such countries.
- (6) It is essential that any documents to be obtained from abroad in connection with applications covered by this Regulation are certified the competent authorities in the relevant countries and by the Turkish consulates in such countries or as per the provisions of the Convention on the Lifting of the Requirement of

subjects determined within the first paragraph of Article 4 shall apply to the Agency with a letter accompanied by the following information and documents:

- a) Notarized issues of the latest version of main contract of the valuation institution,
- b) Addresses of the head office and/or branches of the valuation institution,
- c) Balance sheet of valuation institution on the date of application,
- d) In case any legal connections with a valuation institution abroad, versions of the contract made with this institution abroad notarized by foreign authorities,
- e) Written commitment to be prepared according to the example within the Annex-2 specified within the sub-clause (e) of the paragraph (1) of Article 9,
- f) Of their shareholders, members of Executive Board responsible for the quality assurance system and personnel engaged in valuation activity;
  - 1) detailed CV's including their professional experience and education/ trainings received, to be prepared according to the example within the Annex-1 and their notarized ID cards or passports,
  - 2) written declarations to be prepared according to the example within the Annex-6 that they have not held or will not hold any shareholding in any other valuation, independent audit or rating institution, that they have not served or will not serve them as executive board chairman or member, manager, auditor, rating expert, independent auditor or personnel engaged in valuation activities, that they have not served any independent audit, rating or valuation institution, the authorization of which has been cancelled locally or internationally, in a position which have caused the cancellation of authorization,
  - 3) written declarations to be prepared according to the example within Annex-7 that they are not engaged in commercial activities that would cause conflicts of interest over subjects of valuation,
  - 4) criminal records containing archive records which have been received in the last six months,
- g) The personnel to be engaged in valuation activities shall add the following documents to the documents listed within the paragraph (f);
  - 1) written declarations to be prepared according to the example within Annex-9 that they will withdraw from the valuation service given t bank in case appearance of situations cancelling the independence specified within the Articles 5 and 6,
  - 2) Notarized versions of their under-graduation diplomas,
  - 3) Notarized versions of the under-graduation or certificates relating to valuation taken from authorized institutions inside and outside the country, if any,
- h) In addition to the documents determined within (f), written declarations of the shareholders to be prepared according to the example within Annex-3, declaring that they are not bankrupt or have not filed for bankruptcy protection pursuant the provisions of Enforcement and Bankruptcy Law Nr 2004 dated June 9, 1932 as well as documents to obtained from the saving Deposit Insurance Fund to be prepared according to the example within the Annex-5, certifying that they have not held any qualified shares in or control of the banks for which the Article 71 of the Law is applicable or which have been transferred to the Saving Deposit Insurance Fund prior to the entry into force of the Law or brokerage houses forced into liquidation and finance houses/institutions forced into liquidation other than voluntary liquidation, development and investment banks the operating licenses of which have been discontinued, credit institutions for which partnership rights other than dividends and management and control have been transferred to the Saving Deposit Insurance Fund or for which powers and permissions to do banking and receive deposits and participation funds

have been discontinued before transfer to the Saving Deposit Insurance Fund or lifting of powers and permissions to do banking and receive deposits and participation funds,

- i) Example of the Executive Board decision relating to the election of the executive board members responsible for the quality assurance system formed or to be formed according to the subjects within the Article 8 and for these members, in addition to the documents specified within paragraph (f), documents specified within the sub-clauses (2) and (3) of the sub-paragraph (f) of the first paragraph as well as the information relating to the structure and running of the quality assurance system implemented or to be implemented,
- j) The subject or subjects of the valuation service for which the institution has applied for authorization and the information relating to the previous valuation services given within this scope, if any,
- k) Declaration indicating that they will take out a professional responsibility policy for recovering the damages that may appear because of the valuation services given.

(2) Documents showing the partnership structure of legal entity partners of the valuation institution to be authorized, if any, are sent to the Agency.

(3) If an independent audit institution authorized by the Board applies for authorization for valuation services for several or all the subjects determined within the first paragraph of the Article 4, the information and documents specified within the sub-clauses (a), (d) and (e) of the first paragraph, information and documents specified within the sub-paragraphs (2) and (3) of sub-clauses (f) and (g) of the first paragraph relating to the executive board members responsible for the running of the quality assurance system and information and documents specified within sub-clauses (f) and (g) of the first paragraph relating to the personnel involved in valuation activities are sent to the Agency.

(4) The Agency may ask for additional information and documents during the evaluation of the application. Any omissions detected by the Board and any additional information and documents requested are notified to the applicant valuation institution in writing.

(5) In the event that documents requested from natural persons and legal entities of a foreign nationality cannot be obtained due to the lack of an authority or system in the countries where such persons are based, where such records are maintained, this situation must be certified to the Agency with a document to be received from the competent authorities in such countries.

(6) It is essential that any documents to be obtained from abroad in connection with applications covered by this Regulation are certified by the competent authorities in the relevant countries and by the Turkish consulates in such countries or as per the provisions of the Convention on the Lifting of the Requirement of Certification of Foreign Official Documents prepared in the framework of the Hague Conference on States Particular Law and that notarized translation of the documents are annexed to applications.

## **Grant of Authorization to Conduct Valuation**

ARTICLE 11 — (1) An evaluation is made by the Agency by considering the qualifications of valuation institutions in respect of the subject or subjects of valuation for which an application is lodged. Valuation institutions to be considered appropriate by the Board are authorized to conduct valuation activities within the scope of this Regulation. Authorized valuation institutions are announced to public on the web-site of the Agency.

(2) On condition that they have made a declaration to the Agency regarding their activity fields pursuant the temporary Article 3 of the Law or that they have been authorized by the Board pursuant the sub-clause (w) of the first paragraph of Article 4 of the Law, development and investment banks are accepted as authorized to conduct company valuation within the

framework of Article 4 and the provisions of this Regulation are applied for their activities within this scope, excluding the sub-clause (b) of the first paragraph of Article 9. Instead of two members elected among the executive board members, the audit committee is responsible for the running of the quality assurance system of the development and investment banks. In case an independent audit institution is authorized by the Board to conduct valuation service for several or all the subjects determined within the first paragraph of Article 4, and if there are no additional provisions for such institutions, the provisions within this Regulation regarding the valuation institution as well as its shareholders, executive board chairmen and members, auditors and managers, and personnel involved in valuation activities are applied to the independent audit institution as well as its shareholders, executive board chairmen and members, auditors, managers and the personnel involved in valuation activities.<sup>14</sup>

## **SECTION FOUR**

### **Valuation Activity Procurement of Valuation Services**

ARTICLE 12 — (1) Valuations envisaged by the Law and regulations enacted pursuant to the Law regarding any subjects covered by Article 4 or any valuations to be requested if deemed necessary during audits conducted by the Agency or deemed necessary by the Board may be commissioned only to the valuation institutions authorized by the Board regarding relevant valuation subjects. In order for valuation to be commissioned, it is essential that a report evaluating if the valuation institution in question has been involved in any of the incidents in its relations with the bank such that it would lead to cessation of the institution's independence as defined by Articles 5 and 6 is drawn up by the relevant unit manager or deputy general manager.

(2) In case of approval by the bank's executive board as a result of evaluation of the report to be submitted with a copy thereof being furnished to the bank's supervisory committee, a written contract incorporating the considerations laid down by Article 13 as a minimum is drawn up with valuation institution.

(3) Within one month following signature of the contract with valuation institution, the subject, scope, purpose and duration of the valuation service as well as the fee to be paid in return for this service and the information relating to the title, name, surname of the personnel which will be engaged in this service and a copy of the professional responsibility insurance are sent to the Agency by the manager of the related unit or by the assistant general manager to which he/she is attached. Otherwise the contract is considered as invalid. The amendments made in the contract are also notified to the Agency within one week at the latest.<sup>15</sup>

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<sup>14</sup> Version before amended: "(2) Provided that they have submitted declarations to the Board in connection with their fields of operation as per Article 3 of the Law or that they are authorized as per paragraph (w) of the first sub-clause of Article 4 of the Law, development and investment banks are deemed to have been authorized to conduct valuation of companies subject to Article 4 and this Regulation applies for their operations hereunder, except for the first sub-clause of Article 7 as a whole and paragraph (b) of the fourth sub-clause of Article 8 in respect of the shareholders, Executive Board chairmen and members and managers and auditors of such development and investment banks. The Audit Committee rather than two members selected from among the members of the executive board are responsible for ensuring the operation of quality assurance systems in development and investment banks."

<sup>15</sup> Version before amended: "(3) Within fifteen days following signature of the contract with the valuation company, copies of the report and contract submitted to the executive board of bank are sent to the Agency by the relevant unit manager or assistant general manager he/she reports to, accompanied by a letter stating that the contract incorporates the minimum element laid down by Article 13. It is obligatory that within thirty days at the latest from the date of signature of the contract, the policy of professional responsibility insurance to be taken out

(4) In the event that any aspects of the contract are found out as contrary to the provisions of the Law, relevant legislation and this Regulation, the Agency is entitled to request the valuation institution for amendment to the contract accordingly.

### **Elements of Contract**

ARTICLE 13<sup>16</sup> — (1) It is obligatory that contracts to be signed between banks and valuation institutions incorporate provisions regarding the following considerations as a minimum:

- a) Title and address of the head office of the valuation institution,
- b) Title and address of the head office of the bank which will receive valuation service,
- c) Subject, scope, purpose and duration of valuation service, as well as the fee to be paid in return of this service and the responsibilities and liabilities of parties,
- ç) Title, name and surname of the personnel which will conduct the valuation service in the bank,
- d) Commitment of the valuation institution declaring that a professional responsibility insurance will be made for the purpose of meeting damages that may arise out of services to be extended,
- e) The date of submission of the valuation report.

### **Valuation Report**

ARTICLE 14 — (1) A valuation report is a written text prepared about the result of valuation services provided to the bank. It is obligatory that the valuation report is signed by a shareholder with a share of minimum five percent in the valuation institution, who has been expressly authorized by the executive board to sign valuation reports, by the relevant assistant general manager in the case of development and investment banks and an authorized person to be determined by the executive board in which he/she has qualified shares or controls in the case of public legal entities.<sup>17</sup>

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and maintained by the valuation institution as per Article 36 of the Law and Article 15 is sent to the Agency and that the supervisory committee is informed accordingly so that the bank's executive board is advised of this situation. Failure to do so shall render the contract null and void."

<sup>16</sup> Version before amended: "ARTICLE 13- (1) It is obligatory that contracts to be signed between banks and valuation institutions incorporate provisions regarding the following considerations as a minimum: Such contacts;

- a) must clearly state issues such as the subject matter, scope and term of support services, fees to be made in return for services to be received and responsibilities of the parties in a clear and understandable manner not leaving any room for hesitancy
- b) must stipulate that it is strictly prohibited to use any information and documents belonging to the banks and their customers, which are learnt on ground of services extended by valuation institutions, for purposes other than those laid down by the contract and disclose them to third parties, that valuation institutions are required to pay due care for protection of such information and documents and that the contract shall be unilaterally terminated by the banks in case of violation of this clause
- c) must stipulate that there must be a commitment for taking out and maintaining professional responsibility insurance for the purpose of meeting damages that may rise out of services to the extended by valuation institutions
- d) must indicate titles and names of members of staff who will provide support services to the bank
- e) must lay down the deadline for submission of valuation report."

<sup>17</sup> Version before amended: "(1) A valuation report is a written text prepared about the result of valuation services provided to a bank. It is obligatory that a valuation report is signed by a shareholder with a share of minimum five percent in the valuation institution, who has been expressly authorized by the executive board to

(2) A copy of the valuation report drawn up is submitted to the bank's relevant unit manager or assistant general manager he/she reports to for submission to the bank's executive board following approval by the executive board of the valuation institution or by persons to be authorized by the executive board specifically for this purpose. Valuation institutions have to retain copies of valuation reports for a period of minimum ten years within their premises.

(3) Valuation reports are drawn up such that they incorporate the following issues as a minimum, as applicable:

a) Information on the report;

1) Contents,

2) Title,

3) Authority to which the report is submitted,

4) Date of report,

5) Names, surnames and signatures of the personnel who have provided valuation service,

6) Name, surname and signature of the person who is authorized to sign the valuation report,<sup>18</sup>

7) Date of valuation,

8) Date of execution of the contract serving a basis,

b) Information about the valuation institution and bank;

1) Title and address of valuation institution,

2) Title and address of bank,

3) Scope of the bank's request for valuation and any limitations imposed, if any,

c) Information about valuation service;

d) Analyses on the scope of operations used in connection with assets, rights or obligations valued or for the purpose of establishing processes and valuation,

e) Evaluation of analysis results by indicating all the assumptions and limitative conditions governing final value reached after valuation activities,

f) Conclusion;

1) Conclusive phrase of the person authorized to sign the report,<sup>19</sup>

2) Final assessment of value: In assessment of this value, a final value is assessed on the basis of the New Turkish Lira by taking the fair-value as a basis. In valuation of real estate projects, a value is assessed on the basis of the New Turkish Lira inclusive of the land value of the completed portion as of the date of valuation with the assumption that the project is completed as of the date of valuation.<sup>20</sup>

g) Annexes to the report;

1) Information about the personnel conducting the valuation including the following considerations:

- Job experience,

- Schools of graduation and training programs attended,

- Professional and academic activities and the memberships of professional organization, if any,

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sign valuation reports, and by the relevant assistant general managers in the case of development and investment banks."

<sup>18</sup> Version before amended: "6) Name, surname and signature of the shareholder authorized to sign the valuation report or the name and signature of relevant assistant general manager in case the valuation institution is a development and investment bank, as applicable"

<sup>19</sup> Version before amended: "1) Concluding remarks by the shareholder or relevant assistant general manager, as applicable, who signs the report"

<sup>20</sup> Version before amended: "2) Final assessment of value: In assessment of this value, a final value is assessed on the basis of the New Turkish Lira by taking as a basis the price for sales in cash payment. In valuation of real estate projects, a value is assessed on the basis of the New Turkish Lira inclusive of the land value of the completed portion as of the date of valuation with the assumption that the project is completed as of the date of valuation."

- Information about any licenses received for valuation services, if any,
  - Information about the last three valuation services concluded from the same bank previously.
- 2) Additional information and documents about the subject of valuation.
- (4) A valuation report must contain a clause that strictly prohibits entire or partial publication of the report in any manner or means whatsoever and quotation of any valuation figures contained by the report or names or professional qualifications of the members of staff conducting valuation for reference purposes without express written consent of the valuation institution.
- (5) According to the qualifications of the valuation studies they have made to the valuation institutions, the banks have the authorization to prepare the reports in their own format, on condition that it fits to the international valuation standards and the matters within the third paragraph.<sup>21</sup>

## **SECTION FIVE**

### **Miscellaneous and Final Provisions**

#### **Professional Responsibility Insurance**

ARTICLE 15<sup>22</sup> — (1) Pursuant to the Article 36 of the Law, providers of valuation services have to take out and maintain professional responsibility insurance with a coverage not less than two times the value of the contract for valuation services subject to general conditions as laid down by the Undersecretariat of Treasury for each support service contract to be signed by them for the purpose of covering damages that may arise out of services to be provided by providers of valuation services no later than seven days after from the date of signature of the contract. The insurance company with which professional responsibility insurance shall be taken out and maintained may not be a subsidiary in which the valuation company inside or outside the country having any legal ties with the valuation company or the bank with which the valuation services contract is concluded hold qualified shares or which is owned by the bank's controlling shareholder. .

(2) In case an independent audit institution authorized by the Agency is also authorized to conduct valuation services for several or all the subjects or subject determined within the first paragraph of the Article 4, the independent audit institution shall take out and maintain professional responsibility insurance according to the principles and procedures determined within the first paragraph for these services.

#### **Indemnification of Professional Responsibility Insurance**

ARTICLE 16 — (1) In case it is established that an untrue assessment of value is made by the valuation report drawn up concerning the matters determined within the first paragraph of the Article 4 of the bank for which valuation services are rendered or any information affecting

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<sup>21</sup> The paragraph (5) is added to the Article.

<sup>22</sup> Version before amended: "ARTICLE 15- (1) Pursuant to the Article 36 of the Law, providers of valuation services have to take out and maintain professional responsibility insurance with a coverage not less than two times the value of the contract for valuation services subject to general conditions as laid down by the Undersecretariat of Treasury for each support service contract to be signed by them for the purpose of covering damages that may arise out of services to be provided by providers of valuation services no later than seven days after from the date of signature of the contract. The insurance company with which professional responsibility insurance shall be taken out and maintained may not be a subsidiary in which the valuation company or an overseas valuation company having any legal ties with the valuation company or the bank with which the valuation services contract is concluded hold qualified shares or which is owned by the bank's controlling shareholder."

such values is furnished therein, the injured parties request the relevant insurance companies for indemnification under professional responsibility insurance.<sup>23</sup>

### **Surveillance and Supervision**

ARTICLE 17 — (1) The Agency is entitled to request any information it may deem relevant to the provisions of the Law and this Regulation from providers of valuation services regardless of their confidentiality and examine all the books, records and documents and providers of valuation services are obligated to provide any information requested, make available their books, records and documents for inspection, to allow the onsite-audit personnel of the Agency to have access to the entire data processing system in line with the objectives of such an audit, ensure security of data and submit and operate for audit any records on microphones, microfilms, magnetic tapes, diskettes and similar media concerning information they have to provide including all the necessary systems and passwords to have access to such records or decrypt them.

(2) In case any amendments to the provisions of the contract which is signed with the valuation institution and subsequently sent to the Agency as per Article 12 hereof, the authorized valuation institution and bank have to agree on new conditions as required by Article 11.<sup>24</sup>

### **Notices for Termination of Contract**

ARTICLE 18<sup>25</sup> — (1) The bank's executive board or valuation institution may decide to discontinue procurement of provision of valuation services earlier than the term of the contract. Information is furnished to the Agency thereof with justification within seven days of adoption of such a decision.

### **Cancellation of Authorization**

ARTICLE 19<sup>26</sup> — (1) In case it is established by the Agency that one or several of the

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<sup>23</sup> Version before amended: "ARTICLE 16- (1) In case it is established that an untrue assessment of value is made by the valuation report drawn up in connection with assets, rights or transactions of the bank for which valuation services are rendered or any information affecting such values is furnished therein, the injured parties request the relevant insurance companies for indemnification under professional responsibility insurance."

<sup>24</sup> Version before amended: "(2) In case any amendments to the provisions of the contract which is signed with the valuation institution and subsequently sent to the Agency as per Article 12 hereof, the authorized valuation institution and bank have to agree on new conditions as required by Article 11. Any agreed amendments are notified to the Agency within seven days."

<sup>25</sup> Version before amended: "ARTICLE 18- (1) The bank's executive board or valuation institution decides to discontinue procurement of provision of valuation services earlier than the term of the contract. Information is furnished to the Agency thereof with justification within seven days of adoption of such a decision."

<sup>26</sup> Version before amended: "ARTICLE 19- (1) In case it is established by the Agency that one or several of the following instances has or have taken place, the Board decides to lift the authorization of the valuation institution permanently:

- a) It is established that subject to procedures and principles laid down by Articles 5 and 6, valuation services have continued being supplied to the bank although independence of the valuation institution, its shareholders, managers, auditors or personnel involved in valuation activities has ceased or that they have been involved in such valuation services rendered thereafter
- b) Valuation report is signed by a shareholder with a share of minimum five per cent in the valuation institution and signature powers or by the relevant assistant general manager of the development and investment bank, as applicable
- c) Te conditions for authorization laid down by Article 9 are no longer in place
- d) Authorization has been lifted under the fourth sub-clause more than once
- e) It has been failed in more than one instance to take out and maintain professional responsibility insurance pursuant which has to be taken out and maintained subject to the procedures and principles laid down by Article 15 pursuant to Article 36 of the Law

(2) The valuation institution is invited to submit defense before permanent lifting of cancellation of its authorization. In case no defense is provided within one month from the date of service of the letter concerning the request for defense, it is assumed that the right of defense is waived.

(3) The Board is entitled to bar employment by another valuation institution of the valuation institution's shareholders, executive board chairmen and members, managers, auditors and personnel involved in valuation

following instances has or have been taken place, the Board decides to lift the authorization of the valuation institution permanently:

- a) It is established that subject to the procedures and principles laid down by Articles 5 and 6, valuation services have continued being supplied to the bank although independence of the valuation institution, its shareholders, executive board chairmen and members, managers and auditors has ceased or that its personnel involved in valuation activities did not abdicate the valuation service even if their independence has been ceased,
  - b) If the valuation report is signed by a person other than the authorized person,
  - c) If the shareholders lose the authorization conditions laid down by sub-clause (g) of the first paragraph of Article 9, including the case in which their declarations are detected to be untrue or if the valuation institution loses its authorization conditions excluding the sub-clauses (e) and (g) of the first paragraph of Article 9,
  - d) If the valuation activity is not conducted within the framework of principles and procedures laid down by Article 20,
  - d) If the professional responsibility insurance is not taken out and maintained more than once, pursuant the Article 36 of the Law and within the framework of principles and procedures laid down by Article 15.
- (2) The Board is entitled to lift the authorization of the valuation institution temporarily for six months at most, if the valuation institution repeats the subjects to which the Agency has warned previously or if the valuation institution does not fulfill its duties for more than once within the same account period.
- (3) Before the lifting of the authorization temporarily or its cancellation permanently, the Agency makes a notification to the valuation institution and the valuation institution is invited to submit its written defense. In case no defense is provided within one month from the date of lifting of the authorization temporarily or its cancellation permanently, it is assumed that the right of defense is waived.
- (4) The Board is entitled to forbid the chairmen and members of the valuation institution, managers, auditors and personnel involved in valuation activities it is established that their declarations are untrue or their responsibilities have been detected in transaction causing the cancellation of the authorization, to be employed in the valuation institutions authorized within the scope of this Regulation.
- (5) If the authorization to conduct valuation activities inside or outside the country of a valuation institution has been cancelled by another agency/institution, this situation is assessed separately by the Board.

### **Protection of Secrets**

ARTICLE 20 — (1) An authorized valuation institution's shareholders, executive board chairmen and members and auditors and managers and personnel involved in valuation activities may not disclose any secrets of the banks including any information deemed a secret to be agreed on by the valuation contracts to be concluded, which are learnt by them during valuation activities laid down by Article 4, except for any information which must be disclosed to the public as per this Regulation, and neither may they use such information for their own or third parties' benefits. Valuation companies are bound to take any kinds of

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activities, who have been found responsible for transactions leading to cancellation by the Agency authorization of the valuation institution.

(4) The Board is entitled to lift authorization temporarily for a period of not less than six months in case it establishes that the valuation institution has failed to furnish any information and documents required by the Agency fully and correctly on a timely basis and that the quality assurance system required to be set up as per Article 8 or the valuation report drawn up as per Article 14 have deficiencies that may affect the results.”

measures for protection of information deemed a secret.

(2) Those members of personnel employed by the valuation institutions, who are exclusively involved in valuation activities, may use the information covered by the first sub-clause only for valuation activities under this Regulation.

(3) An authorized valuation institution's shareholders, executive board chairmen and members and auditors and managers and personnel involved in valuation activities may not make any public disclosures about valuation activities covered by Article 4, which are furnished to the bank, or any future potential practices, except for disclosures to the banks with which they have concluded valuation contacts.

(4) In the event that information and documents covered by the first sub-clause are the subject matter of an offence, their disclosure to competent authorities does not constitute non-compliance with the protection of secrets.

### **Procurement of New Valuation Service for the Same Subject**

ARTICLE 21 — (1) In the event that subject to the first sub-clause of Article 12, the Bank lodges an objection with the assessment of value concluded on the subject for which valuation services are received under Article 4 and that this is considered appropriate by the Board or that the Board requests the bank to commission another valuation institution for assessment of value, the principles and procedures laid down by this Regulation apply for procurement of valuation services regarding the same subject.

(2) In the event that the new value established pursuant to the first sub-clause regarding the same subject has a difference of minimum twenty percent compared with the initial value, a third valuation is conducted. The lower value concluded by the valuation reports, which are closest to one another, is taken as a basis.<sup>27</sup>

### **Notification to the Agency<sup>28</sup>**

ARTICLE 22 — (1) The valuation institutions authorized shall notify the changes occurred in their main contracts and addresses to the Agency within two weeks; and they shall notify the appointments or elections of their shareholders, member of executive board responsible from the functioning of the quality assurance system and the personnel involved in valuation activities to the Agency within one month after their appointment and election, accompanied by the documents showing that they carry the conditions determined within the Regulation and copy of the decision regarding their appointment or election. The amendments for which a negative opinion is not issued as a result of the evaluation made by the Agency within thirty days are considered as valid.

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<sup>27</sup> Version before amended: "(2) In the event that the new value established pursuant to the first sub-clause regarding the same subject has a difference of minimum five percent compared with the initial value, a third valuation is conducted. The lower value concluded by the valuation reports, which are closest to one another, is taken as a basis."

<sup>28</sup> Version before amended: "**Valuation for housing financing**

ARTICLE 22- (1) Valuation of real estate received by banks as guarantees through establishment of mortgages in loans extended to consumers for purposes of housing purchases is performed by persons or institutions as per the Communiqué on the Principles and Procedures for Companies which will Provide Valuation Services under the Capital Market Legislation and their Inclusion on the List by the Board, published within the Official Gazette Nr. 24491 dated August 12, 2001."

### **Adjustment Process<sup>29</sup>**

TEMPORARY ARTICLE 1- (1) Until that the valuation institutions authorized by the Board are announced, among the following valuations made pursuant to the Law and regulations published according to the Law or found necessary as a result of the supervisions conducted by the Agency or considered necessary by the Board;

- a) House and other real estate valuations shall be made by persons or institutions authorized pursuant to the Communiqué on Companies which will Procure Valuation Services within the Framework of Capital Market Legislation and the Procedures regarding their Inclusion to the List by the Board, published within the Official Gazette Nr. 24491 dated August 12, 2001,
- b) Other valuations shall be made by other institutions procuring valuation services or by persons within the list of experts of the judicial courts relating to the relevant subject. In determination of these persons or institutions by banks, the provisions of independence within the Articles 5 and 6 of this Regulation are taken into consideration.

### **Entry into Force**

ARTICLE 23 — (1) This Regulation enters into force on the date of promulgation.

### **Enforcement**

ARTICLE 24 — (1) The provisions of this Regulation are enforced by the Chairman of the Banking Regulation and Supervision Agency.

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<sup>29</sup> Temporary Article is added.