

BANK CARDS AND CREDIT CARDS LAW*

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Purpose

Article 1: The purpose of this Law is to ensure efficient and effective functioning of the card payments system by setting down the principles and procedures applicable to the issuance, use, clearing and settlement of bank cards and credit cards.

Scope

Article 2: Organizations and entities which establish a card system, issue cards and enter into merchant agreements, as well as merchants and card holders are subject to and governed by the provisions of this Law.

The persons or entities which issue cards or establish a system for forward sales of goods or services and for tracing of accounts payable and accounts receivable solely within their own workplace, or the persons or entities which issue cards up to a certain predetermined amount or level without any crediting transaction or without being subject to any account, will be excluded from the provisions of this Law.

Definitions

Article 3: For the purposes of this Law:

- (a) **“Board”** refers to the Banking Regulation and Supervision Board;
- (b) **“Agency”** refers to the Banking Regulation and Supervision Agency;
- (c) **“Bank”** refers to deposit banks and participation banks and development and investment banks;
- (d) **“Bank card”** refers to a card enabling its holder to have access to the banking services, including use of deposit accounts or special current accounts;
- (e) **“Credit card”** refers to a printed card or only a card number without any physical existence which enables its holder to purchase goods or services without using cash or to withdraw cash funds;

* This translation has no legal value.

- (f) **“Card system organization”** refers to an organization which establishes a bank card or credit card system and grants authorization to issue cards or enter into merchant agreements according to the said system;
- (g) **“Card issuing organization”** refers to banks and other organizations authorized to issue bank cards or credit cards;
- (h) **“Organizations entering into merchant agreements”** refers to the banks or institutions which enter into agreements with merchants so as to ensure acceptance of bank card or credit card by them;
- (i) **“Merchant”** refers to a person or entity who agrees and accepts to sell goods and services or to provide cash to the card holder within the framework of agreement signed with the organizations entering into merchant agreements;
- (j) **“Card holder”** refers to a person or entity who makes use of the bank card or credit card services;
- (k) **“Expenditure document”** refers to a document issued by the merchant with respect to the transactions effected by using a bank card or credit card, showing the debt of the card holder arising out of the transaction, and other required information, and signed by the card holder except for the cases where the identity of the card holder is determined by a code number, a cipher or any other identification method;
- (l) **“Cash payment document”** refers to a document issued by banks or authorized merchants for cash payments to the bank card or credit card holder, and signed by the card holder except for the cases where the identity of the card holder is determined by a code number, a cipher or any other identification method;
- (m) **“Last payment date”** refers to the last day up to when the card holder is expected to pay his debts of the period or the minimum amount required to be paid by him so as not to fall in default;
- (n) **“Debts of the period”** refers to the total sum of the balance of payables and receivables recorded until the account cutoff date and of the balance of the previous account statement;
- (o) **“Minimum amount”** refers to the minimum amount of the debts of the period required to be paid;
- (p) **“Crediting document”** refers to a document issued by the merchant for the amount to be credited to the account of the card holder in the case of return of the goods or rescission of the services purchased by using a bank card or credit card, or in the case of cancellation of the underlying transaction;

- (r) “Notices, requests, complaints and objections” refers to the notices, requests, complaints and objections to be sent by the card holder in writing, in electronic medium or by phone.

SECOND PART

Transactions Subject to Licensing

Operating License

Article 4: The organizations intending to establish a card system, issue cards, enter into agreements with merchants, exchange information, and engage in clearing and settlement activities are required to obtain a license from the Board.

These organizations are subject to the following conditions of eligibility:

- (a) They are required to be founded in the form of a joint-stock company;
- (b) Their founders are required to have adequate financial standing and reputation, and honesty, integrity and skills necessitated for the business, and other qualifications generally sought for the bank partners;
- (c) Their share certificates are fully required to be issued against cash payment and to be written to name, and identity of natural persons holding management and control of their legal entity founders is required to be documented;
- (d) Their capital fully paid in cash and free from any simulation must not be less than six million New Turkish Liras;
- (e) Their articles of association must be prepared in strict compliance with the provisions of this Law;
- (f) They are required to have adequate management, personnel and technical equipments for the transactions and operations under this Law, and to have formed organization units for complaints and objections hereunder;
- (g) They are required to submit a document evidencing the deposit in the Agency’s account of a system entrance fee equal to five percent of the capital referred to in sub-paragraph (d) above.

The organizations are under obligation to ensure compliance of their activities and operations under this Law with the corporate governance principles.

The card system organizations headquartered abroad may open branch offices or representation offices in Turkey with a prior consent of the Board, providing that such offices do not establish a credit card system, do not issue cards and do not enter into merchant agreements.

The procedures and principles for implementation of this Article will be set down in a regulation to be issued by the Agency.

Cancellation of Operating License

Article 5: In the event that an organization licensed for establishing a card system, issuing cards, entering into agreements with merchants, exchanging information, and clearing and settlement activities hereunder subsequently loses its qualifications enumerated in Article 4 hereof, or it is later determined that the license has been obtained in reliance upon untrue and misleading statements, or the licensed organization fails to start its activities within a period of six months after receipt of license, or the licensed organization fails to carry on its activities for a continuous period of six months in a year, then and in this case, the Board may cancel and withdraw the operating license of that organization relating to the transactions under this Law.

The decisions for granting an operating license and the reasoned decisions for cancellation of an operating license will be published in the Official Gazette.

Articles of Association, Acquisition And Transfer Of Shares

Article 6: Provisions and principles applicable on articles of association and amendments to articles of association of, and acquisition and transfer of shares in, and indirect shareholding in, the organizations licensed for establishing a card system, issuing cards, entering into agreements with merchants, exchanging information, and clearing and settlement activities hereunder will be determined by the Board.

Evaluation of Applications for License

Article 7: The applications for license to be filed to the Agency pursuant to the provisions of this Law will be declined and refused by the Board in case of existence of any direct or indirect relationship that may prevent or hinder efficient and effective performance of supervision and audit, or if the conditions, qualifications and skills sought for the subject licensed operations cannot be met or are not available as of the time of application or in the course of evaluation thereof or are lost later. The refusal decisions will be notified to the relevant persons together with the reasons and grounds thereof.

THIRD PART

Obligations of Card Issuing Organizations

Issuance of Cards and Associated Obligations

Article 8: Card issuing organizations may in no case and for no reason issue a card to the name of a person who does not file a request or sign a credit card agreement. The sites where credit card requests may be collected by card issuing organizations, other than their head offices or branches, will be determined jointly by the Turkish Association of Banks and the Turkish Association of Participation Banks in due consultation with the Agency.

In the case of failure in payment of the minimum amount within three months following the last payment date, and failure in payment of the said amount within one month after receipt of a notice by the card holder from the card issuing organization, or in the case of infliction of judicial penalties and sentences in respect of use of bank cards and credit cards, the relevant card issuing organization will cancel all credit cards given to that card holder, and may not issue and give new credit cards until full repayment and settlement of the outstanding debts.

Card issuing organizations are under obligation to establish and keep continuously open and operational a system for taking the required actions and measures for ensuring proper and safe use of cards and relating to the notices, requests, complaints and objections.

Card issuing organizations are obliged to supply adequate information to the card holder at the time of issuing a card, and if demanded, to submit the records of the effected transactions within a reasonable period of time appropriate for the nature of such transactions, up to a maximum period of thirty days. This period will be sixty days for the transactions effected abroad.

If the cards are usable only by using a code number, a cipher or any other identification method, the card issuing organizations are liable to take all actions and measures as required for keeping such information in strict confidence, and to prevent printing of the card number on the customer copy of the expenditure and crediting documents and on the correspondences relating thereto.

Card issuing organizations are obliged to take actions for delivery of bank cards and credit cards only to the principal card holder, and to ensure that bank cards and credit cards issued to the name of minor holders of the supplementary cards are also delivered personally to the principal card holder.

Credit Card Limits

Article 9: Card issuing organizations are under obligation to determine and apply a limit of use of cards as a result of an assessment to be carried on by them by taking into consideration the prohibitions inflicted on or the legal incompetence of, the economic and social status of, and the monthly or yearly average income of the persons who apply for a credit card, as well as the existing credit card limits previously allocated to these persons by the other card issuing organizations, and the results of a modeling or scoring system, and the “know-your-customer” principles, and the information to be provided pursuant to Article 29 hereof. Card issuing organizations may update the current card limits in accordance with these provisions. However, card issuing organizations may not increase card limits unless otherwise demanded by the card holder. If and to the extent the expenditures made by a card holder exceed his card limit, the amount in excess may not be subject to any charge or interest other than the contractual interest for the period from the date of transaction to the date of actual payment.

The total limit of credit cards that may be granted by a card issuing organization to all credit cards of a natural person may not be in excess of twice of his average monthly net income for the first year, and in excess of four times thereof for the second year. For purposes of implementation of this paragraph, except for the card limits up to one thousand New Turkish Liras, the monthly or yearly average income level will be determined over the revenues declared by the card holder and confirmed by the relevant entities or institutions.

Upon demand of a card holder, a supplementary credit card may be issued in the name of and given to third persons, as a card linked to the principal card and up to the limit of the principal card.

The Board is authorized to determine the general and individual risk limits and ratios applicable to card issuing organizations, including the limitation referred to in second paragraph hereof.

Account Statement

Article 10: A credit card account statement shall be issued in writing and sent in printed form or in electronic medium or by other effective and efficient means of communication upon demand of the card holder, within the framework of the procedures and principles to be determined by the Board.

Complaints and Objections

Article 11: Card issuing organizations are liable to respond to all complaints and objections of card or supplementary card holders relating to use of cards, together with reasons and grounds thereof, with the card holders’ application method, and within twenty days following the date of application for complaints and

objections. The organizations are liable to take all actions and measures in order to ensure quick transmission of complaints and objections of card and supplementary card holders to their relevant units.

Transactions effected by using a credit card may be objected through an application to the card issuing organization within ten days following the last payment date. The credit card holder is obliged to clearly state in his application to which items in the account statement she or he objects, together with reasons and grounds thereof. An account statement to which no objection is raised by the end of this period of time will become final. However, finalization of account statement does not prejudice to the rights of action arising out of the general law provisions.

Unlawful Use of and Insurance Cover For Cards

Article 12: In the case of loss or theft of card or any of the information referred to in Article 16 hereof, the card holder will be held liable for the damages and losses caused by unlawful and unauthorized use of his card within twenty-four hours prior to a notice to be sent by him hereunder, subject to a limitation of one hundred and fifty New Turkish Liras. However, this limitation is not applicable in case of failure of the card holder in notification or in the event that the unlawful use of card is attributable to any gross negligence or malicious misconduct of the card holder.

The card issuing organization is under obligation to take out and maintain an insurance cover against liability of the card holder for the limit of one hundred and fifty New Turkish Liras as referred to the first paragraph hereof, upon demand of the card holder and subject to payment of the relevant insurance premiums and costs by the card holder. The procedures and principles with regard to insurance cover of cards and sharing of liability in connection therewith will be set down in a regulation to be issued by the Agency.

Provisions On Corporate Governance

Article 13: The principles and procedures relating to the management and organization structure, accounting and reporting system and corporate governance of organizations issuing cards, exchanging information, and dealing with the clearing and settlement activities will be determined by the Board.

Card issuing organizations will furnish to the Agency the rates of interest, delay interest, yearly fee and all kinds of commissions applied by them on credit cards, as well as all other information requested in relation therewith on monthly basis to be announced to the public. Contents of the information and documents to be published and the publishing procedures and principles will be determined by the Board.

Protective Provisions

Article 14: The Board is authorized to make the required legislative arrangements and to take all kinds of actions and measures by determining limitations and standard ratios, including but not limited to capital and liquidity adequacy ratios,

with the intention of identification, analysis, monitoring, measurement and assessment of the relations and balances between assets, receivables, shareholders' equity, debts, liabilities and commitments of, and all other factors affecting the financial standing of, and all risks exposed to by, the organizations granted with an operating license pursuant to Article 4 of this Law.

The organizations granted with an operating license pursuant to Article 4 of this Law are liable to comply with the said legislative arrangements, and to calculate, reach to and maintain the limitations and standard ratios, and to take and implement all of the actions and measures requested by the Board within the periods of time specified with regard thereto.

FORTH PART

Obligations of Card Holders

Obligations Relating To Use of Cards

Article 15: Liability arising out of use of cards passes to the card holder as soon as the agreement is signed and the card passes to his possession or the card number with no physical existence is learned by him.

Signature box of the card must be signed by the card holder. If demanded by the merchant, the card holder is obliged to submit and show an identity document at the time of use of his card.

The card holder cannot be held liable for the damages and losses arising out of unlawful use of card in purchases of goods and services through various means of communication or through a purchase order form without an expenditure document pursuant to Article 20 of this Law.

Obligation of Notification

Article 16: The card holder is under obligation to keep safely both the card given to him, and if the use of card requires a code number, a cipher or any other identification method, all such information, and to take actions in order to avoid use of his card and such information by third parties, and to immediately report and notify to the card issuing organization the loss or theft of his card or any transaction executed beyond his will and knowledge, as soon as he becomes aware thereof.

The card holder is liable to inform the card issuing organization of any change in his notice address within fifteen days following the date of such change.

FIFTH PART

Obligations Relating to Merchants and Organizations Entering Into Merchant Agreements

Control and Acceptance of Cards

Article 17: Merchants are obliged to accept the requests of card holders to pay the price of the purchased goods and services by using bank card or credit card. This obligation is valid also in discount selling periods. Merchants cannot charge a commission or any additional fee under any name whatsoever on the card holder due to the use of card. In the case of breach of this provision, the organizations entering into merchant agreements will terminate the merchant agreement and cannot enter into a new merchant agreement with that merchant within one year thereafter.

Merchants are under obligation to check the signature, in the transactions requiring a signature, of the persons who wish to pay the price of the purchased goods and services by using bank card or credit card, and to check the existence of any alteration on the card, and to determine and check the validity of card on the basis of the information given to them by organizations entering into merchant agreements with them, and if and when necessary, to request submission of a valid identity document in order to compare the data and information on the card with the data and information on the identity document, and to check and compare the data and information on the relevant expenditure document with the data and information on the credit card. Merchants will be held liable for all damages and losses arising out of their failure in such controls and comparisons.

Information and Safety of System

Article 18: Merchants are obliged to put and place the signs of acceptance of bank card and credit card at the entrance of their workplace and at other sites easily visible by the card holders, and to remove all such signs if and when their merchant agreement is terminated for whatever reason. Merchants are obliged to warn card holders if and when card transactions cannot be effected for a technical reason for a temporary period.

Merchants are liable to ensure safe operation of the systems to be established by them for enabling transactions through various means of communication or through a purchase order form without any expenditure document pursuant to Article 20 hereof.

Expenditure and Crediting Documents

Article 19: Upon payment of the price of the purchased goods and services by using bank card or credit card or upon a demand of cash, merchants are obliged to issue expenditure document or cash payment document by using electronic or mechanical devices, and to keep the original copies thereof for the period specified in their agreement, and to give a copy thereof to the card holder, without prejudice to the provisions of Article 20 hereof. In case of violation of these provisions, the price of the sold goods or services cannot be claimed by the merchant from the organization entering into merchant agreement with that merchant.

In the case of return of the goods or rescission of the services purchased by using a card, or in the case of cancellation of the underlying transaction, merchants are liable to issue a crediting document, and give a copy of it to the card holder, and keep another copy in their files.

Transactions Not Requiring A Signature

Article 20: Where it is not possible to issue expenditure or crediting documents due to nature of a transaction, the card may also be used by notification of the card number by the card holder via various means of communication or by using a code number, a cipher or another identification method usable as a substitute of signature.

Organizations Entering Into Merchant Agreements

Article 21: Organizations entering into merchant agreements are under obligation to create and employ an infrastructure which enables receipt of an approval from the relevant card issuing organization for acceptance of cards. Organizations entering into merchant agreements may determine a transaction limit for each of the merchants contracted by them.

Organizations entering into merchant agreements are liable to pay the amounts of transactions executed by card holders, to the merchants contracted by them, in accordance with the relevant provisions of the merchant agreement.

The Board is authorized to limit the types of transactions and the coverage of merchants to be contracted.

Transaction Limit

Article 22: In the event that a merchant is held liable to receive approval or authorization from the card issuing organization for acceptance of a card if and when the amount of expenditures intended to be paid by using a single credit card exceeds the predetermined transaction limit, then and in this case, the merchant is obliged to receive approval or authorization for the full amount of expenditures. More than one expenditure documents cannot be issued for the same payment transaction using the same card. In case of violation of this provision, the price of the sold goods or services cannot be claimed by the merchant from the organization entering into merchant agreement with that merchant.

Keeping of Information in Confidence

Article 23: Merchants are not allowed to disclose to any third person other than the legally authorized persons, entities and authorities, or to store and keep, or to copy or reproduce the information acquired by them about the card and the card holder as a result of use of cards, without a prior written consent of the card holder. Nor are merchants allowed to share the card information with any person or entity other than the organization being a party to their merchant agreements, or to sell, purchase or exchange such information. Organizations entering into merchant agreements are under obligation to monitor and check implementation of the provisions of this paragraph.

Card issuing organizations are also liable to keep in strict confidence all personal data and information acquired by them, and not to use such information for any purpose other than marketing of their own services, and to take actions and

measures so as to prevent access of any third person or entity other than the legally authorized persons, entities and authorities to such information.

SIXTH PART

Form of Agreement, and General Transaction Conditions

Conditions of Agreement

Article 24: Relations between card issuing organizations and card holders will be governed by a written agreement to be printed with minimum twelve type size and in dark black letters in accordance with this Law and other applicable laws and regulations. A copy of this agreement will be delivered to the card holder and if any, to his guarantor. Card issuing organizations are obliged to give detailed information to the card holder about the use of card and the provisions of the agreement.

Form and minimum contents of agreements to be signed by the card issuing organizations with the card holders will be determined by the Board.

Minimum amount specified in the agreement cannot be less than twenty percent of the debt of the period. If the minimum payment amount stated on the account statement is not paid on or before the last payment date, the card holder cannot be held liable to pay any interest over the unpaid amount of debt, other than the delay interest specified clearly in the agreement.

For the transactions executed by the card holder, no payment may be requested in any form or under any name whatsoever such as interest, commission or expense, unless clearly incorporated and specified in the agreement, and no money may be set off from the card holder's account in relation therewith. The agreement may not contain any clause which prejudices to the rights and interests of the card holder and provides unilateral, unfair and unjust benefits to the card issuing organization.

It will be stated in the agreement that the guarantor cannot be deemed to have fallen in default unless and until the unpaid debts of the card holder are duly notified to the guarantor. With regard to the increase of the limit of use of card or the amendments proposed in the agreement clauses resulting in an increase in the guarantor's liability, the liability of the guarantor arising out of such additional or amended clauses may start only if and after a written consent of the guarantor is taken in relation therewith. The security on the use of credit cards is governed by and subject to the provisions of the Code of Obligations pertaining to simple and ordinary security and surety. The guarantor may not be demanded to pay the guaranteed debts unless and until all remedies are used for collection of the debts from the principal debtor.

Amendments To Agreement

Article 25: All amendments proposed in the agreement will be notified to the card holder. Such amendments will become effective as of the last payment date of the period of notification. If the card is continued to be used after the last payment date of the period of notification, all such amendments in the agreement will be considered and treated to be accepted by the card holder. In case of an increase in the interest rate, such increase may become effective only upon a thirty-days' prior notice to the card holder. The card holder will not be affected by interest rate increase if he ceases to use his credit card and pays the full amount of his outstanding debts within no later than sixty days after receipt of the notice relating to the interest rate increase.

The card holder is entitled to terminate the agreement and to have his card cancelled upon demand.

Interest Calculation

Article 26: All kinds of clauses allowing the accrual of interest over the total amount of debts or the balance of account of an accounting period, starting from a date prior to the account cutoff date when the account statement of that period is issued, will be null and void. The date of transaction will be taken as the starting date of interest accrual over the debts arising out of withdrawal of cash. The transactions to be considered as withdrawal of cash will be determined by the Board.

In case of partial payment of the debts of a period, the interest will be calculated over the balance of account. The balance of account will be subject to contractual interest rate in case of payment equal to or above minimum amount, or to delay interest rate in case of payment below minimum amount. Compound interest cannot be applied on the debts arising out of card use, also including the event of default.

The Turkish Central Bank is authorized to determine maximum contractual and delay interest rates and will publish and declare the determined rates once every 3 months.

The period between the account cutoff date and the last payment date cannot be less than ten days.

For the participation banks, for the purposes of this Law, interest is applied and termed as profit share, while delay interest is applied and termed as delay penalty.

Provisions of sub-paragraph (f) of second paragraph of Article 10 of the Consumer Protection Law 4077 are not applicable on the credit cards.

SEVENTH PART Supervision and Audit, and Actions To Be Taken

Supervision and Audit

Article 27: The activities and operations carried on within the framework of the provisions of this Law by organizations granted with an operating license pursuant to Article 4 of this Law will be supervised and audited by the Agency. These organizations are first obliged to establish and employ internal control, risk management and internal audit systems and accounting and financial reporting units, and to keep all kinds of their records, information, documents, systems and structures, particularly their information and documents pertaining to their financial statements, fit and available and ready for audit hereunder at all times.

The persons and entities governed by this Law are liable to furnish to the Agency upon its demand all kinds of documents and information relating to the implementation of provisions of this Law, even if they are confidential, within the framework of the procedures and principles to be determined by the Board.

The procedures and principles relating to supervision and audit will be set down in a regulation to be issued by the Agency.

Actions To Be Taken

Article 28: The Board, with affirmative vote of at least five of its members, will be authorized to withdraw and cancel the operating license granted pursuant to Article 4 of this Law to an organization which fails to take all of the required actions and measures for remedying deficiencies and defects detected by the audits as referred to in Article 14 hereof.

EIGHTH PART

Cooperation Between Organizations and Entities

Information Exchange, Clearing and Settlement Activities

Article 29: Exchange of information and documents for the purpose of monitoring, assessment and control of risk exposures of the card holders and of customer services, and the clearing and settlement activities for the payables and receivables arising out of use of cards will be carried out between the card issuing organizations within the framework of written agreements to be signed by and between them or through companies to be promoted and founded by at least five card issuing organizations. The relevant natural and legal persons will have the right of access, against payment of a fee, to the systems to be established for exchange of information. The provisions of Article 44 of this Law will be applicable for resolution of disputes relating to use of this right of access or relating to the information and documents received so. The exchange of information and documents under this paragraph is excluded from the second paragraph of Article 31 hereof.

The companies promoted and founded pursuant to the first paragraph above are under obligation to provide all kinds of information and documents requested by the Agency in strict compliance with the determined procedures and principles relating thereto. The Agency is authorized to use all such information and

documents in its supervision and audit system and in the legal proceedings with regard thereto.

The principles and procedures of activities of, and the conditions of membership in, and the supervision and audit of, these companies will be dealt with in a regulation to be issued by the Board in due consultation with the Turkish Central Bank. If deemed necessary by the Board, the powers relating to supervision and audit of these companies may be used and enforced by the Agency jointly with the Turkish Central Bank.

Cooperation Between Organizations And Public Entities

Article 30: On all matters relating to implementation and enforcement of this Law and the credit card policies, the Agency, the Ministry of Finance, the Ministry of Industry and Commerce, the Treasury Undersecretariat, the Competition Agency, the Turkish Central Bank and other public entities to be named by the Board will mutually exchange opinions or information.

The Agency and the Turkish Central Bank will share, subject to the confidentiality obligations, all of the information agreed upon between them and contained in their databases, for the purpose of performance of the duties enumerated in this Law.

The principles and procedures relating to the exchange of information and other forms of cooperation will be decided and determined by the Board in due consultation with the relevant parties.

NINTH PART Legal Obligations

Confidentiality of Secrets

Article 31: The Board members and the Agency employees are not allowed to disclose to any person other than the legally authorized persons and entities, or to use for their own personal gains or benefits, any of the secret information relating to the organizations, card holders and guarantees covered by this Law that may come to their knowledge during performance of their duties hereunder.

Organizations which establish a card system, issue cards, or enter into merchant agreements, and organizations referred to in Article 29 and merchants and their respective partners or shareholders, directors and officers and other persons or employees acting on behalf of them are not allowed to disclose to any person other than the legally authorized persons and entities any of the secret information learned by them during performance of their duties or activities. This confidentiality obligation is applicable also on the suppliers giving support services to the card issuing organizations, and their employees.

Burden of Proof

Article 32: The burden of proof lies with the merchant in the disputes that may arise out of the purchases from the merchant executed by phone, in electronic

medium, via a purchase order form or other means of communication and by notifying a card number.

In case of a dispute that may arise between the card issuing organization and the card holder, the burden of proof for proving that the transaction is accurately recorded, and posted to the account, and that no technical deficiency or failure occurred, lies with the card issuing organization.

All notifications by phone under this Law are required to be sent to the call centers where calls are recorded, or via the recording devices installed in the relevant sites. The voice records of the phone calls received by the call centers duly appointed and declared by the card issuing organizations will be stored and kept for one year after the date of notification. The disputed records are required to be kept until resolution of the dispute, without being subject to such limitation of time.

The copies of microfilms or microfiches or the documents containing information derived out of electronic or magnetic media will be accepted and treated as the documents referred to in first paragraph of Article 68 of the Execution and Bankruptcy Code 2004, without need for their originals, providing that such copies and documents confirm each other.

Care Liability

Article 33: Organizations which establish a card system, issue cards, or enter into merchant agreements, and merchants are liable to act prudently and show diligence and care in performance of all of their obligations arising out of this Law and the associated legislative arrangements.

Protection of Professional Activities

Article 34: Other than organizations which are authorized to establish a card system, issue cards, or enter into merchant agreements pursuant to this Law, no natural or legal person may, either as a principal or as an agent, establish a card system, issue cards or enter into merchant agreements, nor may a natural or legal person use in its name, title or any of its stationery, documents, advertisements or promotions any word or expression that may create the impression of engagement in such activities.

TENTH PART

Administrative and Judicial Penalties

Administrative Fines

Article 35: By a decision of the Board showing the reasons and grounds thereof as well, the following administrative fines will be imposed on the organizations governed by this Law:

- (a) a fine between two thousand New Turkish Liras and ten thousand New Turkish Liras in case of breach of provisions of first, second and third paragraphs of Article 8 of this Law;

- (b) a fine between two thousand New Turkish Liras and ten thousand New Turkish Liras in case of breach of provisions of first paragraph of Article 9 of this Law, and a fine up to one percent of the amount of breach, not being less than five thousand New Turkish Liras, in case of breach of provisions of second paragraph of the said Article;
- (c) a fine between two thousand New Turkish Liras and ten thousand New Turkish Liras in case of breach of provisions of Article 10 and first paragraph of Article 11 of this Law;
- (d) a fine between ten thousand New Turkish Liras and fifty thousand New Turkish Liras in case of breach of provisions of Article 14 of this Law;
- (e) a fine between two thousand New Turkish Liras and ten thousand New Turkish Liras in case of breach of provisions of second paragraph of Article 18 of this Law;
- (f) a fine between two thousand New Turkish Liras and ten thousand New Turkish Liras in case of breach of provisions of Articles 24 and 25 of this Law;
- (g) a fine between ten thousand New Turkish Liras and fifty thousand New Turkish Liras in case of breach of provisions of first paragraph of Article 27 of this Law;
- (h) a fine between two thousand New Turkish Liras and ten thousand New Turkish Liras or up to one percent of the amount of breach in case of breach of provisions of the decisions taken, or regulations and communiqués issued, or other legislative arrangements made by the Board according to the relevant articles of and in reliance upon this Law.

The fines referred to in this Law will be increased at the beginning of every year in accordance with the pertinent provisions of the Misdemeanors Law 5326.

False Documents

Article 36: A person who provides gains or benefits for himself or to other persons by issuing false or untrue expenditure documents, cash payment documents or crediting documents or by making alterations in such documents in any manner whatsoever will be sentenced to imprisonment for a period of two to five years and an administrative fine equivalent to a period up to five thousand days.

Untrue and Misleading Statements, and Fraud in Agreement and Its Exhibits

Article 37: A card holder who uses personally or causes others use his card by making untrue and misleading statements of loss or theft of his bank card or credit

card, and a person who knowingly uses such card will be sentenced to imprisonment for a period of one to three years and an administrative fine equivalent to a period up to two thousand days.

A person who commits a fraud in the credit card or merchant agreement or its exhibits or who submit false documents so as to obtain an agreement will be sentenced to imprisonment for a period of one to three years.

Unauthorized Issuance of Cards

Article 38: The natural persons or the officers of the legal entities who establish a card system, issue credit cards or enter into merchant agreements without an authorization or license as specified in Article 4 of this Law or who use in their name, title, or any stationery, documents, promotions or advertisements or other public disclosures any word or expression that may give the impression of engagement in such activities will be sentenced to imprisonment for a period of one to three years and an administrative fine equivalent to a period up to one thousand days.

In case of breach of the first paragraph, if claimed so by the Agency from the competent Public Prosecutor's Office, the competent peace court judge, or in the case of a legal action, the competent trial court will temporarily stop and suspend the activities and advertisements and recall the promotional items of the relevant person or entity. Such injunctions will remain in force until removed by a court judgment. All such judgments and decisions are open to appeal.

Breach of Confidentiality Obligations

Article 39: The officers in charge of the activities of any card issuing organization, merchant or organization entering into merchant agreements which knowingly and maliciously breach the provisions of fifth paragraph of Article 8 and Article 23 of this Law, and the transacting persons will be sentenced to imprisonment for a period of one to three years and an administrative fine equivalent to a period up to one thousand days.

The officers in charge of the activities of and the relevant members or employees of card issuing organization, merchant or organization entering into merchant agreements which causes disclosure of the code number, card number, cipher or any other identification method, needed for use of cards, but required to be kept in strict confidence, as a result of any careless or negligent act or incompetence or disability in profession or breach of orders and rules will be sentenced to an administrative fine equivalent to a period up to one thousand days.

A person who breaches the provisions of Article 31 of this Law will be sentenced to imprisonment for a period of one to three years and an administrative fine equivalent to a period up to one thousand days.

Criminal Liability of Merchants

Article 40: The officers in charge of the activities of and the relevant members or employees of a merchant which breaches the provisions of first paragraph of Article 17, or the obligation to remove the signs of bank card and credit card transactions as specified in Article 18, or provisions of second paragraph of Article 19 of this Law will be sentenced to an administrative fine equivalent to a period up to one thousand days.

Failure To Give The Requested Information and Documents In Audit

Article 41: A person who refuses to give the requested information and documents pursuant to second paragraph of Article 27 of this Law or who gives untrue and misleading information and documents will be sentenced to imprisonment for a period of three months to one year and an administrative fine equivalent to a period up to one thousand and five hundred days.

Prosecution Procedures

Article 42: Any investigation or prosecution relating to the offences and crimes referred to in Articles 38, 39 and 41 of this Law will be subject to a written application of the Agency to the competent Public Prosecutor's Office. This application is a pre-condition of lawsuits hereunder. In the public actions brought forward as a result of investigation under this paragraph, the Agency will upon application become a joining party to the case as of the application time.

If, as a result of an investigation commenced in accordance with the provisions of the first paragraph, the competent Public Prosecutor's Office decides not to initiate a legal prosecution, such decision will be notified to the Agency. The Agency will, against such decisions, have a right of appeal pursuant to the Criminal Proceedings Law 5271. In case of a public action, a copy of the indictment will be notified also to the Agency.

The relevant persons retain their right to apply to the competent Public Prosecutor's Office for prosecution of any crime or offence referred to in Article 39 of this Law.

ELEVENTH PART Other Provisions

Corporate Credit Cards

Article 43: The provisions of second paragraph of Article 8, and Articles 9, 12, 24, 25, 26 and 44 of this Law will not be applicable to the corporate credit cards issued and given to the merchants.

Competent Courts and Authorities

Article 44: In the disputes arising out of enforcement of this Law, if the card holder is a consumer, the provisions of Articles 22 and 23 of the Consumer Protection Law 4077 will be applicable.

In the lawsuits commenced by the card issuing organizations against the card holders, the provisions of the Civil Law Procedures Code 1086 pertaining to jurisdiction in venue and jurisdiction in subject matter will be applicable.

Notifications

Article 45: All notices required to be sent to the card holder and his guarantors pursuant to this Law will, without prejudice to the provisions of the Notification Law 7201, be sent to the address given in the agreement or on the application form, or if the card holder has notified a change in his address, to his last known address.

Contributory Payments

Article 46: Except for banks, the organizations granted with an operating license pursuant to Article 4 of this Law will be liable to pay to the Agency a contribution at a rate to be determined by the Board, not exceeding three per ten thousands of their balance sheet total of the previous year-end.

The contributions unpaid by the end of the specified period will be collected according to the provisions of the Law on Methods of Collection of Public Receivables 6183.

The contributions paid by these organizations to the Agency will be considered as an expense in calculation of the corporate tax base.

Monetary Amounts

Article 47: Except for the provisions pertaining to fines, each of the monetary amounts and limits mentioned in this Law may every year be increased by a Board decision up to the rate of increase in the producer prices index declared and published by the Turkish Statistics Agency for that year.

Regulations

Article 48: The regulations required to be enacted and issued pursuant to this Law will be enacted and put into effect by the Agency within one year.

Provisional Article 1: All organizations governed by the provisions of this Law are obliged to adapt themselves to the provisions of this Law within one year.

Provisional Article 2: Except for banks, the organizations engaged in the activities and operations referred to in Article 4 hereof as of the effective date of this Law are under obligation to apply to and obtain the required licenses from the Agency within three months following the date of promulgation of the regulation stipulated in the said Article.

Provisional Article 3: Card issuing organizations governed by this Law are under obligation to harmonize their interest calculation practices to the provisions of this Law within three months, and their other practices and applications within one year.

Provided, however, that the minimum amount referred to in third paragraph of Article 24 hereof will be applied as ten percent for a period of six months following the effective date of this Law.

Provisional Article 4: The credit card debtors who have received a payment notice for their end-of-period debts or against whom an execution proceeding has been started as of the effective date of this Law or who have fallen in default by 31/01/2006 will, if they make a written application to the relevant credit card issuing organization or to its lawyers within sixty days hereafter, by giving their current notice address and by stating that they wish to repay their outstanding debts in installments, have the right to repay in eighteen equal installments, the total amount of debts to be calculated over an interest rate of 18% per annum until collection and recovery of full amount of outstanding debts of the last period notified to them, together with the court and execution proceedings costs and fees and attorney fees, if the debts have already become the subject of execution proceedings, providing that they sign a repayment schedule to be issued and they pay the first installment thereof in advance.

The principal amount of debts as of the date of default is the total amount of debts shown in the account statement of the last period sent by the card issuing organization to the card holder at that date.

Providing that the credit card debtor applies to the creditor and pays the installments in accordance with the repayment schedule pursuant to the first paragraph of this Article, the execution proceedings will be suspended and the periods set forth in the Execution and Bankruptcy Code will not continue, without prejudice to the already completed steps in the execution proceedings.

The credit card debtor may raise an objection against the said repayment schedule, only subject to the condition of making his debt repayments in accordance with the schedule and continuing the repayments.

For the debts rescheduled pursuant to this Provisional Article, all objections raised by the debtor against the debt at any time prior to the rescheduling will be removed. The pending execution proceeding will terminate upon payment of the last installment on due date thereof in compliance with the repayment schedule.

In case of non-payment of any one of the installments on due date thereof, all rights and interests granted by this Article will be forfeited, and the pending execution proceedings will be resumed over the default interest rate referred to in Article 26 of this Law.

This Provisional Article does not entitle any debtor to claim refund of the debt payments effected prior to the effective date of this Law.

Effective Date

Article 49: This Law becomes effective as of the date of its publication.

Enforcement

Article 50: The provisions of this Law shall be enforced by the Council of Ministers.