

Agreements in Which Prices Cannot Be Determined in Foreign Currency or Directly or Indirectlyⁱ Indexed to Foreign Currency

| | Type of Agreement ⁱⁱ | Subject to Restriction | | Article of the Commu-niqué |
|---|--|------------------------|----------------|----------------------------|
| | | Subject to | Not subject to | |
| Executed between Turkish residents ^{iii, iv} | Real estate^v sales agreements | Yes | | 8/1 |
| | <i>Real estate sales agreements (i) of Turkish residents who are not citizens of the Republic of Turkey, (ii) of offices, branch offices, representative offices and liaison offices in Turkey of non-residents; of companies located in Turkey in which non-residents hold 50% or more shares directly or indirectly; of companies in Turkey which non-residents have control or shared control of and of companies located in Turkey's free trade zones, within the scope of their activities in free trade zones, where the mentioned parties are the buyers.</i> | | Yes | 8/3 |
| | <i>Real estate sales agreements including those for residential and roofed workplaces related to real estate located in free zones.</i> | | Yes | 8/1 |
| | Real estate rental agreements | Yes | | 8/2 |
| | <i>Real estate rental agreements (i) of Turkish residents who are not citizens of the Republic of Turkey, (ii) of offices, branch offices, representative offices and liaison offices in Turkey of non-residents; of companies located in Turkey in which non-residents hold 50% or more shares directly or indirectly; of companies in Turkey which non-residents have control or shared control of and companies located in Turkey's free trade zones, within the scope of their activities in free trade zones, where the mentioned parties are the tenants.</i> | | Yes | 8/3 |
| | <i>Real estate rental agreements related to renting accommodation facilities for the purpose of operating such, which are certified by the Ministry of Culture and Tourism.</i> | | Yes | 8/4 |
| | <i>Real estate rental agreements related to renting duty free shops.</i> | | Yes | 8/5 |
| | <i>Real estate rental agreements to be executed by contractors, incumbent companies or the parties they contract with execute with the third parties in relation with the projects to be implemented within the scope to the fulfilment of tenders, contracts and international agreements in or indexed to foreign currency and to which public institutions and organizations are parties, and real estate rental agreements to be executed in the framework of the mentioned projects.</i> | | Yes | 8/16 |
| | <i>Financial leasing agreements related to immovable properties executed before 13 September 2018.</i> | | Yes | 8/26 |
| | <i>Real estate rental agreements, including those for residential and roofed workplaces, related to real estate located in free zones.</i> | | Yes | 8/2 |

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| Employment contracts | Yes | | 8/6 |
| <i>Employment contracts relating to work to be performed abroad.</i> | | Yes | 8/6 |
| <i>Employment contracts to which seamen are party.</i> | | Yes | 8/6 |
| <i>Employment contracts of Turkish residents who do not have Turkish citizenship (expat contracts).</i> | | Yes | 8/14 |
| <i>Employment contracts of offices, branch offices, representative offices and liaison offices in Turkey of non-residents; of companies located in Turkey in which non-residents hold 50% or more shares directly or indirectly; of companies in Turkey which non-residents have control or shared control of; and, within the scope of their activities in free trade zones, of companies located in Turkey's free trade zones in which the mentioned parties are the employers.</i> | | Yes | 8/19 |
| Service contracts^{vi} | Yes | | 8/7 |
| Consultancy, brokerage and transportation services contracts | Yes | | 8/7 |
| <i>Service contracts in which the counterparties are not citizens of the Republic of Turkey.</i> | | Yes | 8/7(a) |
| <i>Service contracts within the scope of export, transit trade, export sales and deliveries, and foreign exchange earning services and activities.</i> | | Yes | 8/7(b) |
| <i>Service contracts within the scope of activities to be carried out abroad by Turkish residents.</i> | | Yes | 8/7(c) |
| <i>Service contracts that start in Turkey and end abroad, start abroad and end in Turkey or start abroad and end abroad.</i> | | Yes | 8/7(ç) |
| <i>Sales contracts related to software produced abroad within the scope of information technologies, and license and service contracts related to hardware and software produced abroad.</i> | | Yes | 8/11 |
| <i>Service agreements of offices, branch offices, representative offices and liaison offices in Turkey of non-residents; of companies located in Turkey in which non-residents hold 50% or more shares directly or indirectly; of companies in Turkey which non-residents have control or shared control of; and, within the scope of their activities in free trade zones, of companies located in Turkey's free trade zones in which the mentioned parties are the receivers of the service.</i> | | Yes | 8/19 |
| Independent contractor agreements | Yes | | Decree No. 32 4/g |
| <i>Independent contractor agreements having costs in foreign currency.</i> | | Yes | 8/8 |
| Sales and rental agreements related to movable properties | | Yes | 8/9,10 |
| Sales and rental agreements of vehicles | Yes | | 8/9,10 |
| <i>Sales and rental agreements of construction equipment.</i> | | Yes | 8/9,10 |
| <i>Financial leasing agreements related to ships that are defined in the Law Amending the Turkish International Ship Registry Law numbered 4490 and Legislative Decree numbered 491.</i> | | Yes | 8/12 |

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| <i>Financial leasing agreements that will be executed within the scope of articles 17 and 17/A of Decree No.32.</i> | | Yes | 8/13 |
| <i>Financial leasing agreements related to movable properties executed before 13 September 2018.</i> | | Yes | 8/26 |
| <i>Commercial vehicle sales agreements for vehicles used for passenger transportation, and rental agreements related to vehicles executed before 13 September 2018.</i> | | Yes | 8/25 |
| <i>Agreements in which one counterparty is a public entity or a company of the Turkish Armed Forces Foundation.</i> | | Yes | 8/15 |
| Real estate sales/rental agreements in which one counterparty is a public entity or a company of the Turkish Armed Forces Foundation | Yes | | 8/15 |
| <i>Agreements to be executed by contractors, incumbent companies or the parties they contract with execute with third parties in relation with the projects to be implemented within the scope of fulfilment of tenders, contracts and international agreements in or indexed to foreign currency and to which public institutions and organizations are parties, and agreements to be executed in the framework of the mentioned projects.</i> | | Yes | 8/16 |
| Agreements within the scope above, the subject matter of which is the sale of real estate, or employment contracts | Yes | | 8/16 |
| <i>Agreements executed in relation to transactions within the scope of Law on Regulating Public Financing and Debt Management No.4749 and agreements related to these transactions that banks are party to.</i> | | Yes | 8/17 |
| <i>Obligations related to generating, issuing, purchasing, selling or making other relevant transactions for capital market instruments (including foreign capital market instruments, depositary receipts and foreign investment fund units) within the scope of capital markets legislation in foreign currency.</i> | | Yes | 8/18 |
| <i>Agreements in which the counterparty is: (i) a commercial aviation enterprise resident in Turkey which provides passenger, cargo or mail transportation services; (ii) a company providing technical maintenance services related to air freight vehicles, motors or parts and pieces of these; (iii) a public or private law legal entity licensed or authorized to perform ground handling services at airports in the scope of civil aviation legislation, with companies and businesses established by the aforementioned enterprises and where such entities hold at least 50% of the shares of the companies directly or indirectly.</i> | | Yes | 8/20 |
| Agreements within the scope above, the subject matter of which is the sale and/or rental of real estate, or employment contracts | Yes | | 8/20 |

ⁱ The prohibition also covers agreements which are indexed to precious metals and/or commodities that are priced in foreign currency in international markets and/or agreements indirectly indexed to foreign currency. However, indexing to fuel prices is permitted for service agreements related to transportation activities.

ⁱⁱ The prohibition covers not only the contract price but also other (secondary) payment obligations arising therefrom. It is not possible to draft commercial papers in foreign currency or indexed to foreign currency if they are within the scope of contracts for

which the contract price and other payment obligations cannot be determined in foreign currency or indexed to foreign currency. The obligation to convert to Turkish lira does not exist for receivables that have already been paid or are overdue, deposits paid within the scope of rental agreements and commercial papers which entered into circulation under the scope of performance of agreements.

ⁱⁱⁱ Residents in Turkey are defined in Decree No.32 as “*legal and natural persons with a legal settlement in Turkey, including overseas workers and Turkish citizens who are self-employed or independent business owners*”. In addition, offices, branch offices, representative offices and liaison offices of Turkish residents abroad; foreign funds operated or managed by Turkish residents; foreign companies in which Turkish residents directly or indirectly hold 50% or more of the shares; and companies are considered Turkish residents in the implementation of this article of Decree No. 32. However, these persons will not be considered to be Turkish residents in cases where the agreements are executed abroad.

^{iv} Agreements in which one counterparty is a non-resident are not in the scope of the prohibition.

^v “Real estate” in this table refers to real estate in Turkey. Real estate in free zones will not be considered to fall within the scope of the aforementioned term.

^{vi} Service agreements are not defined in the Communiqué. Further there is no guidance with respect to sui generis and/or mixed agreements in which there is an obligation “to provide a service”. Hence, the scope of the prohibition is unclear. Therefore, the legal characteristics of each agreement must be determined separately.

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