

## **REGULATION**

by The Undersecretariat of Treasury

### **REGULATION ON THE PROCEDURES AND PRINCIPLES OF THE PERMISSION PROCESS OF DOMESTIC MARKET BOND ISSUANCES TO BE MADE BY THE LOCAL AUTHORITIES AND THEIR AFFILIATES AND ENTERPRISES WITHIN THE SCOPE OF THE GENERAL GOVERNMENT**

#### **PART ONE**

##### **Purpose, Scope, Basis and Definitions**

##### **Purpose and scope**

**ARTICLE 1** - (1) This Regulation regulates the permission to be obtained by local administrations and their affiliated organizations and economic enterprises from the Undersecretariat to issue bonds in the domestic market and sets forth the procedures and principles for monitoring the financing provided through this means.

##### **Legal Basis**

**ARTICLE 2** - (1) This regulation was issued in accordance within the Article 4 and Article 16 of Law on Regulating Public Finance and Debt Management No. 4749 and dated 28.03.2002.

##### **Definitions**

**ARTICLE 3** - (1) In this Regulation the following terms have the meanings stated below;

- a) Minister: The Minister in charge of the Undersecretariat of Treasury,
- b) Issuer: Each of local administrations and their affiliated organizations and economic enterprises separately, performing the bond issuance in the domestic market within the scope of this Regulation through public offering or through non public offering.
- c) Law: The Law on Regulating Public Finance and Debt Management No. 4749 dated 28.03.2002,
- ç) Board: The Capital Markets Board,
- d) Undersecretariat: The Undersecretariat of Treasury,
- e) Bonds: The debt securities issued within the scope of this Regulation by the local administrations and their affiliated organizations and their economic enterprises with a maturity of not less than one year and with equal nominal values and terms.

#### **PART TWO**

##### **General Provisions**

The procedures and principles to be applied in the permission process

**ARTICLE 4** - (1) The bonds issued in the domestic markets within the scope of this Regulation are

subject to the permission by the Undersecretariat. The permission given by the Undersecretariat does not mean that a Treasury guarantee is provided.

(2) The issuer cannot apply if it has due and unpaid obligations to the Undersecretariat.

(3) The issuer shall apply to the General Directorate of Public Finance of the Undersecretariat for the permission prior to the application to Capital Markets Board.

(4) The issuer makes its application for permission to the Undersecretariat in written form. The following information and documents must be submitted to the Undersecretariat with the application.

a) Justification for bond issuance,

b) Bonds Permit Application Form in Appendix 1,

c) Information as regards to the level of debt for the metropolitan municipalities, municipalities, their affiliated organizations and their enterprises where they have more than fifty percent capital share, as of the application date as indicated in the Article 68 of the Municipal Law No. 5393 dated 03.07.2005.

(5) The Undersecretariat may request other information and documents from the issuer besides the information and documents stipulated in the fourth paragraph, if deems necessary.

(6) The Undersecretariat considers the request of the issuer within the limits of its scope of duty, by taking into account of the Treasury Financing Program and the information and documents provided under the fourth and fifth paragraphs. Provisions of the capital market legislation are reserved.

(7) The nominal amount to be issued in the domestic market by the issuer pursuant to the authorization by the Undersecretariat cannot exceed the specified permission amount.

(8) The issuer is obliged to perform the bond issuance within a period of one year from the date of permission by the Undersecretariat. If the issuance does not take place within this period the issuer must apply again within the scope of this Regulation.

Registration and monitoring of the bond

**ARTICLE 5** – (1) The issuer submits the Bond Monitoring Form in Appendix 2 to the Undersecretariat containing detailed information about the sale, after notifying the Board on the results of the sale.

(2) The issuer is obliged to submit the Bond Monitoring Form in ten days following the issuance, in case of an additional issuance within the one year permission period in ten days following the additional issuance to the General Directorate of Public Finance of the Undersecretariat.

### **Responsibility**

**ARTICLE 6** - (1) Issuer is responsible from the use, budgeting and accounting of the bond issued pursuant to the permission given by the Undersecretariat and also from the work and operations within the scope of the investments to be financed by this bond. The assessments made by the Undersecretariat are confined by the information and documents submitted by the issuer, the accuracy and provision of which is in the responsibility of the issuer.

(2) While assessing the issuer's demand of permission for bond issuance under this Regulation, compliance with the provisions of this Regulation during previous bond issuance/issuances is required.

### **Administrative sanctions**

**ARTICLE 7 - (1)** In case of the issuance of bonds without the permission by the Undersecretariat despite they are within the scope of this Regulation, an administrative penalty is imposed on those listed in the first paragraph of Article 6, in accordance with Article 14 / A, subparagraph (a) of the first paragraph of the Law No. 4749.

**Effect**

**ARTICLE 8 - (1)** This Regulation shall enter into force on the date of its publication.

**Execution**

**ARTICLE 9 - (1)** The provisions of this Regulation are carried out by the Minister in charge of the Undersecretariat of Treasury.