The Legal 500 Country Comparative Guides

Turkey: Lending & Secured Finance

This country-specific Q&A provides an overview of lending & secured finance laws and regulations applicable in Turkey.

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1. **Do foreign lenders require a licence/regulatory approval to lend into your jurisdiction or take the benefit of security over assets located in your jurisdiction?**

   A foreign lender may lend into Turkey without any licence or regulatory approval if certain conditions are met, which mainly comprise the following:

   1. the foreign lender should be duly licensed in its own jurisdiction to provide loans to third parties (or if there is no license requirement for this in its jurisdiction, the foreign lender should be allowed and authorised to provide loans to third parties pursuant to the laws of its own jurisdiction);
   2. the Turkish borrower should be an unsolicited borrower, who has contacted the foreign lender for the loan entirely of the Turkish borrower's own accord and not as a result of any solicitation by the foreign lender; and
   3. the loan should not fall within the scope of the restrictions on taking out loans from outside Turkey as provided in Decree No. 32 on Protection of Value of Turkish Currency (**"Decree No. 32"**) and other relevant Turkish forex laws and regulations.

   Referring to item (iii) above, according to Decree No. 32, Turkish borrowers cannot take overdrafts or revolving credit facilities from outside Turkey; Turkish borrowers cannot take foreign-currency-indexed-TRY-loans from outside Turkey (or from a Turkish bank); real persons residing in Turkey cannot take foreign currency loans from outside Turkey (or from a Turkish bank); and Turkish companies' taking foreign currency loans from outside Turkey (or from a Turkish bank) is subject to certain restrictions (*see section 3 below for further explanations on these restrictions*).

   There is no restriction under Turkish law on foreign lenders' taking security over assets located in Turkey.

2. **Are there any laws or regulations limiting the amount of interest that can be charged by lenders?**

   There is no specific rule under Turkish law limiting the interest that can be charged on a loan made to a commercial borrower. So, in principle, in those transactions the parties may agree on interest without any restriction. The parties may also agree to compound interest in which interest is added to principal at not less than three-month intervals.

   It is argued in Turkish legal doctrine that if interest is excessive, the commercial debtor might be able to challenge the interest clause on the basis of unfair advantage, or nullity due to breach of morality, or reduction of excessive contractual penalty. But Turkish scholars also note that normally in commercial transactions these arguments should be given effect in exceptional cases only.

   Charging default interest on default interest is prohibited under Turkish law.

3. **Are there any laws or regulations relating to the disbursement of foreign currency loan proceeds into, or the repayment of principal, interest or fees in foreign currency from, your jurisdiction?**

   Decree No. 32, as a general rule, prohibits Turkish companies from taking out foreign currency loans from outside Turkey (or from a Turkish bank), but it also provides broad exceptions to this restriction. The following are two of the broadest of these exceptions.

   - A Turkish company may take out a foreign currency loan if the sum of the outstanding principal amounts of all the foreign currency loans owed by the company (excluding, for the avoidance of doubt, the loan in question) is equal to or more than USD 15 million, or the equivalent of USD 15 million in another foreign currency.
   - A Turkish company that has foreign exchange earnings may take out a foreign currency loan up to an amount equal to (a) total foreign exchange earnings of the company within the past three fiscal years less (b) the sum of the outstanding balances of all the foreign currency loans owed by the company (if any).

   The proceeds of the foreign currency loan taken by a Turkish borrower from outside Turkey must be brought into Turkey, meaning that the foreign lender is required to disburse such loan into the borrower's bank account with a bank in Turkey. Furthermore, as a general rule, the borrower must repay the loan and pay interest and fees to the foreign lender through the same Turkish bank, or through another Turkish bank (note that Decree No. 32 also contains certain exceptions to these requirements).

   In general, disbursement of loan proceeds into, and repayment of principal, interest and fees from, Turkey in foreign currency is allowed. Certain reporting requirements (mainly for statistical purposes) apply, which are fulfilled by the borrower's Turkish account bank in general.

4. **Can security be taken over the following types of asset: i. real property (land), plant and machinery; ii. equipment; iii. inventory; iv. receivables; and v. shares in companies incorporated in your jurisdiction.**

   Yes, the following securities can be taken over the above-mentioned types of assets as noted herein below.

   i) Real property (land) *Mortgage* can be created over real property (land) in favour of the foreign lender by (a) entry into of an official form mortgage agreement (mortgage deed) before a Land Registry Office; and (b) registration of the mortgage with the land register.

   Plant and machinery If mortgage is created over the real property (land) on which the plant and machinery is located, normally such mortgage also extends to and covers the plant and machinery. Having details of such plant and machinery annotated in the land registry records of the mortgaged real property (land) at the time of the creation of the mortgage will

ensure clarity as to the assets falling within the scope of that mortgage.

If no mortgage is created as above, and depending on the physical conditions of the plant and machinery in question, commercial movable assets pledge would be created over the plant and machinery in favour of the foreign lender as described herein below.

ii) Equipment Either *commercial movable assets pledge* or *possessory pledge* can be created over equipment in favour of the foreign lender. *Commercial movable assets pledge* can be created by (a) entry into of a commercial movable assets pledge agreement before a notary in Turkey; and (b) registration of the pledge with the pledged moveable assets register maintained by notaries. *Possessory pledge* can be created by (a) entry into of a chattel pledge agreement; and (b) transferring the possession and control of the equipment to the foreign lender or to a third party acting for the foreign lender.

iii) Inventory Either *possessory pledge* or *commercial movable assets pledge* can be created over inventory as described above.

iv) Receivables Either (a) receivables can be assigned and transferred to the foreign lender as security, by entry into of an *assignment of receivables agreement*; or (b) a pledge can be created over receivables in favour of the foreign lender, by entry into of a *receivables pledge agreement*. Notifying the debtors of the assignment, or the pledge, is generally advisable.

v) Shares in companies incorporated in Turkey *Pledge* can be created over shares in a joint stock company by (a) entry into of a share pledge agreement; (b) delivery of share certificates representing the pledged shares to the foreign lender; and (c) registration of the pledge in the share book of the company. For pledge of shares in a limited company, execution of the share pledge agreement before a Turkish notary is required. For pledge of shares in a public company, which are held by CRA, the central securities depository of Turkey, in electronic (book-entry) form, a Turkish brokerage house's recording the pledged shares into the relevant pledge sub-account at CRA is required.

Security over assets located in Turkey must be governed by Turkish law.

5. **Can a company that is incorporated in your jurisdiction grant security over its future assets or for future obligations?**

Yes. Security assignment, or pledge, of future receivables is possible provided that those receivables are clearly described in the relevant assignment of receivables agreement, or receivables pledge agreement, such that they will be identifiable from that description once they fall due, or come into existence, in the future.

A Turkish company's granting security for its future obligations is also possible, for which

those obligations should be specified in the relevant security agreement in sufficient detail.

6. **Can a single security agreement be used to take security over all of a company's assets or are separate agreements required in relation to each type of asset?**

   The type of security depends on the type of the asset in question because under Turkish law for each asset type, only certain types of security are available. Therefore, a separate security needs to be taken over each different type of asset and hence normally separate security agreements are required.

   Law No. 6750 on Moveable Assets Pledge in Commercial Transactions (**"Law No. 6750"**) was introduced on 1 January 2017 with a view to enabling the creation of pledge over specific assets in a commercial enterprise (machinery, equipment, inventory etc.), or over a commercial enterprise together with all of its assets as a whole, by way of (i) signing of a single pledge agreement before a notary and (ii) registration of the pledge with a newly established register (namely, the pledged moveable assets register maintained by notaries). However, there are quite a few ambiguities in Law No. 6750 and some of its provisions are also incompatible with the provisions of Turkish Civil Code (Law No. 4721) and Turkish Obligations Law (Law No. 6098). Therefore, in practice a commercial movable assets pledge under Law No. 6750 is mainly used for taking pledge over machinery and equipment only, to avoid the *transferring possession and control of the pledged asset to the pledgee or a third party* requirement in possessory pledges.

7. **Are there any notarisation or legalisation requirements in your jurisdiction? If so, what is the process for execution?**

   Certain security agreements (such as commercial movable assets pledge agreement, share pledge agreement relating to limited company shares) must be executed before a notary. While there is no such statutory form requirement for assignment of receivables agreements, executing these agreements before a notary is also recommended as this would put the assignee in a better position in an insolvency scenario. Mortgage agreements must be signed before a Land Registry Office in official form.

8. **Are there any security registration requirements in your jurisdiction?**

   Mortgages must be registered with the land register, and commercial movable assets pledges must be registered with the pledged moveable assets register maintained by notaries. Furthermore, pledges over public company shares (which are held by CRA in electronic form), motor vehicles, aircrafts, ships and certain other types of assets must be registered with the relevant registers concerning those assets.

9. **Are there any material costs that lenders should be aware of when structuring deals (for example, stamp duty on security, notarial fees, registration costs or any other**

charges or duties), either at the outset or upon enforcement?

In loans provided by a foreign bank, credit institution or IFI to a Turkish borrower, loan agreement and security agreements are not subject to stamp tax or charges (such as land registry charges, notary charges). Depending on the security structure, there would be land registry fees (if, for example, there is mortgage) and notary fees (if, for example, there is commercial movable assets pledge), but in relatively low amounts (in comparison to the amount of stamp tax, land registry charges and notary charges if those were payable).

10. **Can a company guarantee or secure the obligations of another group company; are there limitations in this regard?**

A Turkish company can grant upstream, cross-stream and downstream guarantee, or security, for the benefit of another group company.

Turkish Commercial Law (Law No. 6102) (the **"TCL"**) requires that the controlling company must not exercise its control in a way that would make its subsidiary incur a loss. So if the subsidiary incurs a loss as a result of a guarantee or security granted by it for the benefit of another group company, the controlling company would have to compensate the losses of the subsidiary, or grant a right of claim of equivalent value to the subsidiary. On the other hand, the controlling company's failing to fulfil this obligation does not affect the validity or effectiveness of the guarantee, or security, granted by the subsidiary.

11. **Are there any issues that lenders should be aware of when requesting guarantees (for example, financial assistance or lack of corporate benefit)?**

Financial assistance A company's providing guarantee for the benefit of a third party for acquisition of its own shares is prohibited (*see section 12 below for further explanations on the financial assistance prohibition under Turkish law*).

Corporate benefit In general, there is no corporate benefit concept under Turkish law. However, article 371(2) of the TCL also provides that a company shall not be bound by a transaction executed by its authorised representatives if it proves that the counterparty knew –or in view of evident circumstances, was in a position to know– that such transaction is outside the objects (corporate purpose) of the company. Publication of the articles of association of the company in the Trade Registry Gazette is not of itself sufficient to establish that proof. Also, for the purposes of this provision "objects (corporate purpose)" is very broadly interpreted and refers to all acts necessary for or incidental to or consequential upon the attainment of the objects of the company.

Normally a Turkish company would be able to bring a successful claim based on the abovementioned provision of the TCL in exceptional cases only. However, in cases where the principal debtor, for whose indebtedness the guarantee is granted, is not a group company of the guarantor; the guarantor does not gain any commercial benefit from providing the

guarantee; and the objects (corporate purpose) clause of the articles of association of the guarantor does not contain any reference to providing guarantee for third party indebtedness, this risk would be higher and in such a case the guarantee should be carefully considered in view of article 371(2) of the TCL outlined above.

Clawback In all cases where there is no visible commercial benefit to the guarantor in granting the guarantee, or the guarantee is granted without receiving adequate benefit/consideration, clawback risk should also be carefully considered (*see section 24 below for further explanations on clawback/voidable company acts in insolvency*).

12. **Are there any restrictions against providing security to support borrowings incurred for the purposes of acquiring shares: (i) of the company; (ii) of any company which directly/indirectly owns shares in the company; or (iii) in a related company?**

TCL prohibits any company from advancing funds or making loans to, or providing security or guarantee for the benefit of, a third party for acquisition of its own shares. The TCL does not provide an exhaustive list of forms of financial assistance; so, generally speaking, any direct or indirect attempt to provide assistance to, or facilitate, a third party to acquire the shares of the company might breach this prohibition.

TCL also provides certain exceptions to financial assistance prohibition, which comprise (i) transactions falling within the scope of business operations of banks or financial institutions; and (ii) advances, loans and security granted to employees of the company or its subsidiaries for acquisition of the company's shares, provided that the requirements of the TCL relating to reserves of capital are observed.

13. **Can lenders in a syndicate appoint a trustee or agent to (i) hold security on the syndicate's behalf, (ii) enforce the syndicate's rights under the loan documentation and (iii) apply any enforcement proceeds to the claims of all lenders in the syndicate?**

Turkish law does not recognise a trust concept. Therefore, normally a security agent should be used, rather than a security trustee, to hold security for the benefit of the lenders or to otherwise deal with the security. Furthermore, the answers of the questions above will vary depending on the type of the security, whether it is a security assignment (fiduciary assignment) or a mortgage/pledge.

1. *Security assignment (fiduciary assignment)* Lenders can appoint a security agent (usually from the lenders) to accept, hold and enforce a security assignment in its own name for the benefit of the lenders. Subject to the terms of the relevant assignment of receivables agreement made between the security provider as assignor and the security agent as assignee, the security agent can enforce the security on the instructions of the lenders (ideally, with all lenders' consent) and distribute the enforcement proceeds to the lenders in accordance with the terms of the intercreditor agreement or other relevant

contractual arrangement made between the security agent and the lenders.

2. *Mortgage/pledge* As a result of the accessory nature of mortgage and pledge under Turkish law, a person can only obtain a valid mortgage/pledge if that person is the creditor of the debt such mortgage/pledge secures. In other words, the *secured creditor* (creditor of the secured debt) and the *security holder* (mortgagee, pledgee) must be the same person.

In view of this Turkish law principle, in domestic syndicated lending transactions, all lenders take a joint mortgage/pledge in the same ranking, with each lender being a mortgagee/pledgee and being entitled to a proportion of the mortgage/pledge as specified in the mortgage/pledge agreement. The lenders also appoint one of the lenders as security agent, but for administrative purposes only. The security agent cannot enforce the mortgage/pledge on behalf of the lenders because under Turkish law only lawyers can represent others in court. Therefore, to enforce the mortgage/pledge each lender, as mortgagee/pledgee, has to take enforcement action in its own name. Normally lenders act in concert in enforcing their mortgage/pledge rights, on the basis of the provisions of their intercreditor agreement or similar contractual arrangement relating to enforcement of transaction security. Such contractual arrangements, however, do not have effect against third parties.

Mainly in cross-border syndicated lending transactions involving Turkish borrowers and Turkish law mortgage or pledge, a parallel debt structure is also used to enable creation of transaction security (including mortgage and pledge) in favour of the security agent only, who acts for itself and as security agent for the benefit of the lenders (*see section 14 below for further explanations on parallel debt*).

14. **If your jurisdiction does not recognise the role of an agent or trustee, are there any other ways to achieve the same effect and avoid individual lenders having to enforce their security separately?**

To deal with the difficulties stemming from accessory nature of mortgage and pledge under Turkish law, using a parallel debt structure may be considered. This structure can be roughly described as (i) stipulating a parallel debt obligation of the borrower –*to pay to the security agent sums equal to the total amount of the debts the borrower owes to the lenders*– in the facility agreement; and (ii) creating the transaction security, including mortgage and pledge, in favour of the security agent as security for the performance and discharge of that parallel debt obligation. It is believed that by this means the security agent can hold and enforce security (including mortgage and pledge) for the benefit of the lenders.

Parallel debt structure is generally used in cross-border syndicated loans provided to Turkish borrowers. It should, however, also be noted that this structure has not been tested in Turkish courts and available studies of Turkish legal scholars on parallel debt are also very limited. Therefore, before deciding to use the parallel debt structure in a transaction involving Turkish law mortgage or pledge, a careful analysis of the legal risks should be made

on a case-by-case basis.

15. **Does withholding tax arise on (i) payments of interest to domestic or foreign lenders, or (ii) the proceeds of enforcing security or claiming under a guarantee?**

In a loan provided by a bank (foreign or Turkish) or a foreign credit institution or an international body (i.e. an IFI such as EBRD, IFC etc.) to a Turkish borrower, the borrower is not required to make any withholding for or on account of any Turkish tax from its payments of interest to the lender under that loan. Also, no withholding tax arises on the enforcement proceeds of a security, or the proceeds of claiming under a guarantee, granted to the lender for the loan.

16. **If payments of interest to foreign lenders are generally subject to withholding tax, what is the standard rate and what is the minimum rate possible under double taxation treaties?**

Please see our explanations under question 15 above.

17. **Are there any other tax issues that foreign lenders should be aware of when lending into your jurisdiction?**

A foreign currency loan taken out by a Turkish borrower from outside Turkey is subject to a Turkish tax/levy called Resource Utilisation Support Fund (**"RUSF"**) if the average term of the loan is less than three years. The rate of RUSF applicable to such a loan is, of the principal amount of the loan, (i) 3%, if the average term of the loan is up to one year; (ii) 1%, if the average term of the loan is one (inclusive) up to two years; and (iii) 0.5%, if the average term of the loan is two (inclusive) up to three years.

TRY loans taken out by Turkish borrowers from outside Turkey are also subject to RUSF if the average term of the loan is less than one year, where the applicable rate of RUSF is, of the accrued interest, 1%.

Normally a foreign lender would not be deemed to be resident, domiciled, carrying on business or subject to taxation in Turkey by reason only of providing a loan to a Turkish borrower or taking security or guarantee from a Turkish company for that loan.

In general, no withholding tax, stamp tax, charge or VAT exemption is applicable if the foreign lender is not a bank, a credit institution or an international body (an IFI such as EBRD, EIB etc.).

18. **Are there any tax incentives available for foreign lenders lending into your jurisdiction?**

No tax incentive is available for foreign lenders lending into Turkey.

19. **Is there a history in your jurisdiction of financing structures being challenged by tax authorities, and if so, can you give examples.**

Turkish tax authorities closely monitor RUSF in foreign loans and conduct regular tax audits and inspections at Turkish banks, to which proceeds of foreign loans are disbursed, on RUSF applicable to foreign loans (*see section 17 above for further explanations on RUSF*).

20. **Do the courts in your jurisdiction generally give effect to the choice of other laws (in particular, English law) to govern the terms of any agreement entered into by a company incorporated in your jurisdiction?**

As a general principle under Turkish law, parties to a contract which bears a foreign element (e.g. if one of the parties is a foreign entity) may choose a foreign law (such as English law) to govern their contract and in such a case, Turkish courts are required to give effect to the parties' agreement on governing law. However, if to recognise and give effect to a governing law clause would be clearly against the public policy of Turkey, Turkish courts will apply Turkish laws. Also, on matters falling within the scope of the directly applicable laws of Turkey in view of the specific purpose of such laws (financial services laws, foreign exchange laws, lease laws relating to real properties etc.), such laws shall be applied.

According to the conflict of laws rules of Turkey, rights-in-rem (ownership, mortgage, pledge etc.) over real properties and chattels in Turkey shall be subject to Turkish law. Also, parties may agree to submit non-contractual obligations to a foreign law only after the tort is committed (in the case of tort) or unjust enrichment has taken place (in the case of unjust enrichment).

21. **Do the courts in your jurisdiction generally enforce the judgments of courts in other jurisdictions and is your country a member of The Convention on the Recognition and Enforcement of Foreign Arbitral Awards?**

We are aware of Turkish Court of Appeal decisions where the court held there is *de-facto* reciprocity between Turkey and England in the enforcement of court judgments of one in the other. Therefore, normally Turkish courts would enforce English court judgments provided that the other conditions set out in the International Private and Procedure Law of Turkey (Law No. 5718) for enforcement of foreign court judgments in Turkey (e.g. no incompatibility with Turkish public policy, proper notice of the proceedings etc.) are also satisfied.

Although this requires further analysis on a case-by-case basis, it is likely that there is no reciprocity (neither treaty-based reciprocity nor *de-facto* reciprocity or *de-lege* reciprocity) between Turkey and the United States in the enforcement of court judgments of one in the other; therefore, US court judgments would not be enforceable in Turkey.

Turkey is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Arbitration Convention) since 1991.

22. **What (briefly) is the insolvency process in your jurisdiction?**

Insolvency proceedings in Turkey are regulated by the Execution and Bankruptcy Law of Turkey (Law No. 2004) (**"EBL"**). Main insolvency proceedings are composition (concordat) proceedings and bankruptcy proceedings.

Composition (concordat) proceedings Composition proceedings aim at restructuring ordinary unsecured claims of the creditors against the distressed debtor through a court-approved debt restructuring agreement (i.e. composition agreement). Ordinary unsecured claims comprise all claims of the creditors other than (i) secured claims; (ii) the first class claims as per article 206 of the EBL, which include certain employment law and family law claims; and (iii) certain public claims.

The court grants the debtor a provisional moratorium (of up to three months) and appoints a provisional administrator to help in assessing the prospects for a successful composition agreement. If such prospects exist, the court grants the debtor a definitive moratorium (of up to one year). Within the definitive moratorium period:

- the debtor should reach an agreement with its creditors to restructure its debts;
- the composition agreement on this should be approved with the consent of a certain majority of the creditors; and
- that composition agreement should also be approved by the court.

The court-approved composition agreement shall be binding on all ordinary unsecured claims of all creditors against the debtor, regardless of whether such creditors have consented to the composition agreement.

Bankruptcy proceedings Bankruptcy proceedings vary depending on the bankruptcy procedure applied. In the bankruptcy through proceeding method, the creditor initiates a bankruptcy proceeding against the debtor at the relevant competent execution office. If the debt is not paid within a certain period of time, the creditor may file a bankruptcy lawsuit at the relevant competent commercial court for declaration of bankruptcy of the debtor. In case of declaration of bankruptcy, the receivables due to the creditors will be paid out of the liquidation proceeds and dissolution will be conducted by the bankruptcy administration.

In the direct bankruptcy method, the creditor or the debtor itself directly applies to the relevant competent commercial court, without initiation of bankruptcy proceeding at the relevant execution office in the first place, and requests the court to declare the bankruptcy of the debtor. Application for direct bankruptcy (without proceedings) may be made if the debtor is unable to pay a substantial part of its debts on a continuous basis, or half of its

assets are seized and the value of its remaining assets is insufficient to pay off its debts which will fall due within one year, or the value of its assets is less than the amount of its liabilities (i.e. if the debtor is over-indebted).

23. **What impact does the insolvency process have on the ability of a lender to enforce its rights as a secured party over the security?**

After declaration of bankruptcy of the debtor, assets which are subject to a mortgage or pledge are considered to be part of the debtor's estate and will be realised by the bankruptcy administration. Realisation proceedings are governed by the EBL which generally provide for a public auction. Proceeds are applied towards payment of (i) enforcement costs, (ii) secured claims, (iii) the first class claims as per article 206 of the EBL comprising certain employment law and family law claims, (iv) public claims under Law No. 6183 on Collection Procedure of Public Receivables, and (v) unsecured claims.

24. **Please comment on transactions voidable upon insolvency.**

The following acts carried out by a Turkish debtor within the following time periods prior to the declaration of its bankruptcy, are voidable:

1. dispositions made for no consideration, or without receiving adequate consideration, within the two years prior to the declaration of bankruptcy;
2. payment of a debt that is not yet due, or granting of new pledge to secure an existing debt without having been obliged to do so, or settlement of a monetary debt by unusual means, within the one year prior to the declaration of bankruptcy; and
3. fraudulent acts committed with the intent to harm creditors within the five years prior to the initiation of debt enforcement or bankruptcy proceedings against the debtor.

The acts mentioned in items (i) to (iii) above are not exhaustive and Turkish courts have broad discretion to determine whether a transaction is voidable on the basis of the abovementioned principles.

25. **Is set off recognised on insolvency?**

Yes. In general, if a creditor had a right of set off against the debtor by the time when the bankruptcy of the debtor was declared, such right of set off shall remain unaffected by the bankruptcy of the debtor. In such a case (bankruptcy), the creditor can even set off his claims that have not yet fallen due at the time of the declaration of bankruptcy against due claims that the bankrupt debtor holds against him – which is normally not possible under Turkish law except in case of bankruptcy of the debtor.

On the other hand, no set off is allowed in bankruptcy if (i) the obligor of an obligation owed to the debtor has become a creditor of that debtor only after declaration of bankruptcy of the debtor; or (ii) a creditor of the debtor has incurred an obligation to that debtor only after

declaration of bankruptcy of the debtor. Also, the provisions of the EBL on set off in bankruptcy are mandatory and cannot be varied by contract.

26. **Can you comment generally on the success of foreign creditors in enforcing their security and successfully recovering their outstandings on insolvency?**

    Foreign and Turkish creditors are subject to same legal regime and given same treatment in enforcement proceedings. Successful recovery would generally depend on type of the security and quality of the security assets and the loan documentation. There are quite many examples of successful enforcement of mortgages by foreign creditors.

27. **Are there any impending reforms in your jurisdiction which will make lending into your jurisdiction easier or harder for foreign lenders?**

    We are not aware of any such reform plans.

28. **What proportion of the lending provided to companies consists of traditional bank debt versus alternative credit providers (including credit funds) and/or capital markets, and do you see any trends emerging in your jurisdiction?**

    Debt finance provided by commercial banks is the most common source of external finance for companies and constitute vast majority of the lending in Turkey.