

# Amending Regulation on Restructuring of Loan Debts

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**Authors:** [Mustafa Durakoğlu](#), [Nigar Özbek](#), [Özlem Eda Başalma](#)

The Regulation on the Restructuring of the Debts Owed to Financial Institutions was amended, effective as of 21 November 2018. The significant amendments are as follows:

- **International creditors:** The requirement for the international creditors to obtain consent of the Turkish creditor consortium to participate in the financial restructuring process is revoked. Accordingly, international creditors are now able to participate in the financial restructuring processes without being subject to the consent of the consortium of Turkish creditors. Principles and procedures regarding their participation will be determined under the Framework Agreement.
- **Statute of limitations:** Execution of an individual restructuring agreement will not automatically suspend the statute of limitations against the relevant debtor.
- **Reasonable time criteria:** Previously, the Regulation required that the debtor's financial status must be recoverable for financial restructuring. Now, the financial status must be recoverable within a reasonable time period. This time period will be decided case by case taking into account various factors, such as the borrower's projected revenues and debt size.
- **Definition of the debtor:** Turkish banks and financial institutions (i.e., capital markets intermediary institutions, insurance companies, reinsurance companies, financial leasing companies, factoring companies, financing companies, payment service companies and electronic money institutions) are carved out of the definition of debtor, and thus cannot be the debtors of a financial restructuring process under the Regulation.
- **Feasibility firms:** Firms which will undertake the feasibility studies on the borrowers are no longer subject to the approval of BRSA.

## Çakmak Avukatlık Ortaklığı

Piyade Sokak, No. 18  
C Blok, Kat:3, 06550  
Çankaya, Ankara - Turkey

Zorlu Center, D Lobisi, T3 Katı,  
Daire 348, Levazım Mahallesi,  
Koru Sokak No:2 34340  
Beşiktaş İstanbul - Turkey

T +90 312 442 4680

T +90 212 939 7560

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