

REGULATION**REGULATION ON THE INDIVIDUAL PENSION SYSTEM****PART ONE****Purpose, Scope, Basis and Definitions****Purpose and Scope**

ARTICLE 1 – (1) This regulation aims to govern the procedures and principles on the persons' entry into the individual pension system, and on the rights and obligations of the parties to the individual pension contract during the tenure of the contract, and on the operation of the individual pension system.

Basis

ARTICLE 2 – (1) This Regulation has been drafted pursuant to the Individual Pension Savings and Investment System Law No. 4632, dated March 28, 2001.

Definitions

ARTICLE 3 – (1) Definitions of the Regulation are as follows:

- b) Minister: The Ministry associated with the Agency;
- c) Initial period: The period during which the employee may exercise their right of withdrawal after being notified of their entry into the pension plan, pursuant to Supplementary Article 2 of the Law;
- d) Individual Pension Account: The account that holds the contributions paid for and on behalf of the participant pursuant to the pension contract, and all proceeds created by the contract from these contributions;
- e) Accumulation: The total amount in the participant's individual pension account, except for the state contributions and related revenues,
- f) Employee: The real person that is included in a pension plan pursuant to the supplementary article 2 and temporary article 2 of the Law,
- g) State Contribution: The state contribution that is described in the Regulation on State Contribution in the Individual Pension System,
- h) State Contribution Account: The state contribution account that is described in the Regulation on State Contribution in the Individual Pension System,
- i) Irregular Payment: Contribution payments that are determined to be irregular in accordance with the procedures and principles set by the Agency,
- j) Pension Monitoring Center: The legal entity tasked as the pension monitoring center by the Agency,
- k) Pension Plan: Technical principles that determine the application method of the pension contract,
- l) Pension Contract: The contract drawn up pursuant to Article 4 of the Law No. 4632;
- m) Fund: The pension mutual fund,
- n) Necessary Fund Expenses: The expenses that must be paid as part of regular fund operations and that cannot be avoided, such as; expenses for registration and publication, custody services, independent audit, and Public Disclosure Platform; portfolio management fees, intermediary commissions for fund portfolio transactions, index licensing fees and the other necessary expenses determined by the Agency,
- o) Entrance Information Form: The form that is drafted based on the content decided by the Agency to provide the participant, the employer or the sponsor with information on the operation of the individual pension system,
- p) Electronic Communication Tool: All methods of communication including text messages, emails, telephone calls, fax messages, call centers, autodial systems, smart voice recording systems, submission to the relevant party of requests or notifications by the pension monitoring center or the company, websites and mobile apps developed for access to information and documents or data, audio and images sent electronically using the e-Government authentication service;
- q) Employer: The employers and their representatives that fall under the scope of the Social Insurance and General Health Insurance Law No. 5510, dated May 31, 2006,
- r) Workplace: The workplace that falls under the scope of the Social Insurance and General Health Insurance Law No. 5510, dated May 31, 2006,
- s) Permanent Data Store: All media and environments such as text messages, emails, internet links, hard drives, CDs, DVDs, memory cards, electronic environments accessed through use of the e-Government authentication service and so on that allow the users to save the information sent between the parties of the pension contract and/or certificate according to the purpose of the data and within a reasonable time, copy them without altering the data, and access them as they are;
- t) Law: The Individual Pension Savings and Investment System Law No. 4632,

- u) Participant: The real person that the company opens an individual pension account for and on behalf of pursuant to the pension contract,
- v) Person making the payment for and on behalf of the participant: The person who makes the contribution payment for and on behalf of the participant into the relevant individual pension account pursuant to the individual or group individual contract,
- w) Contribution: The amount, except for the entrance fee, paid to the company for investment according to the pension contract,
- x) Board: The Insurance and Private Pension Regulation and Supervision Agency
- y) Distant Sales: The pension contract sales that are made without the relevant participant, sponsor or employer coming together through the company's corporate website, its call center, a call center commissioned by the company, corporate website of the organization commissioned by the company, or other methods approved by the Agency,
- z) Certificate: The automatic enrollment certificate issued pursuant to the pension plan of the employee, the employer group pension certificate issued pursuant to the group pension contract drawn up based on the employment relationship pursuant to Article 4 of the Law or the certificate issued pursuant to the group pension contract drawn up by a sponsor on behalf of the participant pursuant to Article 4 of the Law;
- aa) Sponsor: The external person who makes the contribution payment or acts as an intermediary to the payment for and on behalf of the participant pursuant to the group individual contract,
- bb) Company: The pension company that is established pursuant to the Law No. 4632,
- cc) Proposal Form: The form that contains information on the pension plan, the funds offered as part of the plan, deduction and contribution amounts, pension contract's parties, matters regarding the participant's preferences, and other matters,
- dd) Individual Pension Fund Trading Platform (PFTP): The central electronic platform where pension mutual fund shares are traded and operated on by Istanbul Settlement and Custody Bank Inc.;
- ee) Agency: The Insurance and Private Pension Regulation and Supervision Agency.

PART TWO

Pension Contract and Entrance to the Individual Pension System

Pension Contract types and parties

ARTICLE 4 – (1) The pension contract shall be drawn up as an individual or group pension contract. Group pension contract shall be drawn up as a noncontributory group contract or as a group individual contract according to the categories in clause 3 of this article.

(2) Individual pension contract is the pension contract that is drawn up according to the individual pension plan with the participant entering as a party.

(3) Group individual contract may be drawn up as

a) a pension contract drawn up by the company and the employer pursuant to supplementary article 2 and temporary article 2 of the Law,

b) a pension contract that is drawn up according to a group pension plan with the company and the participant entering as a party,

c) a pension contract, in which the sponsor obtains approval from the participants personally or through their authorized bodies, or acts as an intermediary to contribution payment, and in which the sponsor and the company act as parties on behalf of the participants.

(4) Noncontributory group contract is a pension contract, which is drawn up between an employer and a company based on an employment relationship, and in which the employer pays contributions on behalf of the participant.

(5) In individual and group individual contracts, employers may act as an intermediary only for the operational transactions related to the contribution within the scope of these contracts.

(6) Pension income contract is the income contract that is amended through a plan change for the participants who opt to use their right for retirement and choose to receive all or a part of the amount in their individual pension account based on a programmed withdrawal option as part of the individual pension system.

Notification, proposal, and drawing up the contract

ARTICLE 5 – (1) The company shall provide those who wish to enter the individual pension system with information on the matters that may affect their decision on entering the system; according to the principle of honesty, offer technical assistance on the system operations for the participant, and if any, for the sponsor or the employer who draws up the contract, during negotiation and drafting of the pension contract, supply all necessary information regarding the parties' rights and obligations; and avoid all misleading behaviors and practices. The Agency shall set out the minimum content and the method of the disclosure to be made to relevant parties.

(2) The company shall offer those who wish to enter the system a pension plan suitable for their pension expectations, income level and age.

(3) The relevant participant, sponsor or employer shall fill out and sign the documents determined by the Agency, or approve them by using electronic communication tools. The company shall make a copy of each document available to the relevant participant in a permanent data store format. The company shall store the relevant documents in the printed or permanent data store format.

The company shall inform the participant about the following issues;

a) The participant can access to the information and documents via electronic communication tools,

b) If the participant prefers, he/she can receive the relevant documents in the printed or by an electronic communication tool of his/her choice.

(4) In the group pension contract, the employer shall fill out and sign the documents determined by the Agency, or approve them by using electronic communication tools. The employer may determine a common fund or fund distribution for all participants. In the event that the employer documents for the company that the participant has authorized the employer to draw up a group individual contract on its behalf; a group individual contract may be drawn up under the same conditions without obtaining a signature or an approval via electronic communication tools from the participant by using the employer group pension certificate pursuant to article 4(3)(b).

(5) The company shall be obligated to prove that the regulatory disclosure regarding all pension contracts, including those drawn up by distant sales, has been duly made.

(6) Those that will act as an intermediary to drawing up a pension contract shall possess a valid individual pension intermediary license.

(7) In the contract, the participant may commit to continuing the contract and the funds for a certain period within the scope of the procedures and principles set out by the Agency.

Drawing up a distant sales contract

ARTICLE 6 –

(1) In distant sales, the company shall inform the relevant participant, sponsor or employer in compliance with the provisions of article 5 and offer a suitable pension plan. During the proposal phase, the relevant participant, sponsor or employer shall be provided with information on the standard fund and other funds, and the process shall be based on their preference. If no preference is made, the accumulations shall be invested in the standard fund. The relevant participant, sponsor or employer shall approve the proposal by using the electronic communication tools by confirming receipt of the necessary information on the pension contract, the pension plan and the system; thereby, the pension contract shall become duly executed. The contracts that are drawn up based on unapproved proposals shall not enter into effect, and the company shall not collect any money for them. The company shall send the Agency-approved documents in printed or permanent data store format to the relevant participant, sponsor or employer immediately after approval, and shall provide secure access on its corporate website. In the event that the participant asks to leave the standard fund, a risk profile survey shall be provided with nonbinding results within the scope of the provisions of article 10.

(2) Disapproved contract types, pension plans and funds by the Agency shall not be used in distant sales.

Contract validity and right of withdrawal during the grace period

ARTICLE 7 – (1) Unless rejected by the company, the pension contract shall take effect on the date when the first contribution payment is transferred to the company account in cash following completion of the blockage period, if any. The payments made by the company into the participant's account shall not be regarded as contributions, and can be made only after the contract enters into force. In the event the company rejects the proposal, issued payment orders shall be canceled and all payments made, if any, shall be refunded to the payer without any deduction within five days. The company reserves the right to reject the contract so long as it has not entered into effect.

(2) The relevant participant, sponsor or employer shall have the right of withdrawal within two months after signature and approval of the documents determined by the Agency, with the exception of the pension income contracts, the contracts drawn up as per the transfers made pursuant to supplementary article 1 of the Law, the contracts drawn up by transfer from another company, and the transfer of vested accumulations. The company shall be informed via electronic communication tools or by postal services in the event of using the right of withdrawal. The right of withdrawal shall be considered to have been used as of the date when the notification was received by the company. Payment orders shall be canceled at the latest on the business day following the date when the right of withdrawal notice was received by the company, and the participant's accumulations in the individual pension account shall be refunded to the payer within 10 business days after

receiving the notification. Also, all deductions made by the company, except the fund expense fee total, shall be refunded to the relevant party within the same period.

(3) The participant's date of entry into the system shall be determined based on the contract with the oldest date in terms of the current contracts, with the exception of those drawn up as per article 4(3)(a). In the noncontributory group contract, date of entry into the system for a participant who enters the group later on and does not have another pension contract shall be on the date when the first contribution payment was made into the company account in cash for and on behalf of the participant. In transfers made as per supplementary article 1 of the Law, including transfers from life insurances to the individual pension system, the participant's entry into the system shall be determined by going back from the transfer date for a time that is as long as the transfer period.

(4) The company shall send the pension contract or certificate to the participant via electronic communication tools or in printed format and shall make the pension contract or certificate available to the relevant parties in permanent data store format within 10 business days from the contract effective date. The noncontributory group certificate shall contain basic information on the general principles of the group pension plan and the system's operations. The company shall be obligated to prove that the pension contract and the noncontributory group certificate were duly sent within the required period.

Pension plan

ARTICLE 8 – (1) The pension plan shall contain information on the funds offered to the participant in the plan, entrance fee, administrative expense fees and fund expense fee total, and on related calculations and other technical principles on implementation of the pension contract. The pension plan may be drawn up as an individual pension plan, group pension plan, or as a pension income plan for the participants who wish to use their right for retirement. Pension income plans shall also provide information on reimbursement.

(2) The Agency may request changes to matters that are deemed to be non-compliant with the legislation or could pose a risk in protecting the rights and interests of the participant, and if any, of the sponsor or the employer. The Agency may demand spending and profitability analysis, and similar information, in addition to the pension plan.

(3) Pension plans shall be taken under record in the electronic plan definition (e-Plan) system that is operated by the Pension Monitoring Center. Individual and group pension plans that are sold after July 1, 2017 shall not exceed 40. The Board shall be authorized to increase the number of plans by up to five (5) times or reduce them by up to half.

Investing contributions

ARTICLE 9 – (1) Contributions shall be invested on the second business day at the latest following transfer into company accounts in cash by giving the necessary instructions for the funds identified within the scope of the contract.

(2) Payments that have been sent to company accounts without clear information on the sender shall be returned to the sender within two business days after the transfer date.

PART THREE

The Rights and Obligations of the Pension Contract Parties

Fund distribution and changes

ARTICLE 10 – (1) The fund shall be decided on according to the preference of the relevant participant, sponsor or employer. If no preference is made when drawing up the contract, the accumulations shall be primarily invested in the standard funds. A risk profile survey, with non-binding consequences, shall be provided to the participants who choose to leave the standard fund. The Agency shall determine the minimum content, frequency and time of the risk profile survey.

(2) The relevant participant, sponsor or employer may transfer the right for fund preference and fund distribution change for the relevant contract to the organizations that are authorized by the Capital Markets Boards, through the company, to serve as a portfolio manager. The Agency shall set out procedures and principles on implementation of this clause.

(3) The accumulation in the individual pension account and the paid contributions' distribution ratios and amounts between funds may be changed a maximum of twelve times per year. However, for each fund distribution change, the participant can choose a maximum of twenty funds, including the funds offered through BEFAS. With the exception of transfer of right for fund preference and fund distribution change to the portfolio management company through the company, the change request shall be made to the company in writing, or through the company's call center, or through the secure page created for the relevant participant, sponsor or employer on the company's corporate website, or through other electronic communication tools, and the company shall complete the change request by giving the necessary instructions within two business days after receiving the request. The fund distribution change request may be changed by the requester according to the rules set forth by the Agency. The participant's right to change shall not be considered to

have been used for the canceled requests in this context. For the records with active fund purchase-sale transactions, fund change transaction shall begin after the purchase-sale transaction completion date.

(4) In order to complete the fund distribution change in the shortest possible time, the company shall set the order dates of the funds to be purchased by taking into consideration the period of time it would take to turn into cash the funds that will be sold. Change transactions shall be completed based on the fund with the longest value date. The company shall take the necessary measures to minimize the residual value that arises in distribution of the contributions between the funds.

Pension plan change

ARTICLE 11 – (1) The pension plan may be changed a maximum of four times a year. The request for such changes shall be made to the company in writing or through electronic media. If deemed appropriate by the company, the new pension plan shall enter into effect in 10 business days from receipt of the plan change request by the company. The amended pension contract/certificate shall be made available to the relevant participant in permanent data store format in 10 business days. Upon the request of the relevant participant, the documents shall also be sent via electronic media.

Transfer of accumulation

ARTICLE 12 – (1) The contract must have remained with the same company for at least two years from the effective date for transfer to another company of the accumulations arising from a pension contract drawn up with a company, except those drawn up through transfer from another company, and of the amounts in the state contribution account. The contract that was drawn up through transfer from another company must have remained with the same company for at least one year before it can be transferred again. The transfer shall include the whole accumulation and state contribution amounts. The provisions of this clause shall not apply for transfers made as per article 19.

(2) The relevant participant, sponsor or employer shall make the transfer request pursuant to the provisions of article 13.

(3) The Agency shall determine the procedures and principles regarding the transfer pursuant to this article.

Exercising of rights

ARTICLE 13 – (1) As a rule, the participant shall exercise the contractual benefits in individual pension contracts and group individual contracts. Without prejudice to the provisions of Article 26/C, in these contracts, the persons who pay contributions on behalf of the participant, or the sponsor or the employer, may be allowed to exercise these rights, except for the right to leave the system and the right to retire.

(2) As a rule, the employer shall exercise the rights for fund distribution change, pension plan change and accumulation transfer in the noncontributory group contract until the end of the vesting period set forth as per article 18. The employer may assign the right to exercise fund change to the participant, provided that this is stated in the pension contract. If the participant agrees, the rights stated in this clause may be exercised by the employer even after completion of the vesting period. If the vesting period has not been set, the participant shall exercise the contractual rights.

(3) Pursuant to the law, members transferring to the individual pension system from associations, foundations, funds, professional legal entities or other companies that have made retirement-related commitments may transfer all their rights and receivables, excluding pension, to the service provider.

Changing the contribution, and suspension of payment

ARTICLE 14 – (1) Contribution amount and payment period may be changed during the pension contract.

(2) Contributions that must be paid as per the pension contact shall be paid on due dates. However, contribution payments may be suspended during the term of the pension contract. In the event no payment has been effected into the respective account within three months of the due date for payment of contributions, the contribution payments shall be considered as suspended.

Leaving the system

ARTICLE 15 – (1) If the participant terminates the pension contract before entitlement to pension, or without exercising the right for retirement despite of becoming entitled, he/she shall lose the rights with regard to the period that begins from entry into the individual pension system.

(2) The company shall make available the withdrawal information and request forms to the participant through electronic communication tools within five business days after receiving the withdrawal application. The company shall make the necessary arrangements so that the participants can obtain the withdrawal information and request forms, as well as the account statement on the secure page created for them on the company's corporate website. If the participant sends the signed withdrawal form to the company via fax or by postal service, the accumulations in the individual pension account, and if any, the vested amounts in the state contribution account, shall be sent to the account stated by the participant within 20 business days after

receipt of the form by the company. The participant's vested amounts, if any, from the state contributions received subsequently shall be sent to the account stated by the participant within five business days after they are received. If there are no fund shares in the participant's account, contract termination date shall be on the business day after receipt of the withdrawal request by the company.

(3) In the contracts drawn up by distant sales, the relevant participant, sponsor or employer shall complete the withdrawal procedures with the same method used to draw up the contract. However, all withdrawal procedures may also be conducted by the relevant party's preferred method within the scope of the Regulation.

(4) To request withdrawal from the system due to disability, the participant shall be required to provide the company with a document that proves disability income entitlement as per the social security legislation or with a document obtained from an official health institution showing a disability has occurred in accordance with the conditions set forth in the social security legislation. In any case, disability must have occurred after the pension contract has entered into effect.

(5) In case of the participant's death, the accumulations, and if any, the money in the state contribution account shall be paid to the beneficiaries and legal heirs stated in the pension contract within twenty business days from the date the company receives the relevant information and documents without prejudice to the provisions of Turkish Civil Code No. 4721, dated November 22, 2001.

(6) Upon the participant's request, the contract may be terminated without exercising the right for retirement, despite of having been entitled to it. In this case, the provisions on withdrawal from the system shall apply.

(7) For the procedures that will be carried out as per this article, the legislative provisions on the state contributions in the individual pension system shall apply to the participant's unvested amounts in the state contribution account, and if any, to the state contributions that are yet to be received in the participant's account.

(8) The company shall calculate the fund income losses to reimburse the participant for the losses incurred due to decrease in the fund unit price that arise from delaying the withdrawal procedures from the system.

(9) The Pension Monitoring Center may:

a) Solicit the transfer of requests, information and documents regarding withdrawal, transfer, leave and retirement transactions between the applicants and companies and transfer of information regarding the amounts not claimed by the beneficiaries to the relevant participants on behalf of the company through the secure area accessed using the e-Government authentication service;

b) Notify beneficiaries of deceased participants via e-Government and provide services to the beneficiaries and legal heirs for inquiring whether the deceased signed a pension contract.

(10) The Agency shall determine the procedures and principles regarding the implementation of the activities pursuant to paragraph 9.

Entitlement to pension and payment of accumulations

ARTICLE 16 – (1) The participant shall become eligible for pension after attaining the age of 56, provided that at least 10 years have passed since entry into the individual pension system. The times spent in contracts that were changed to a pension income contract and the times spent in the pension income contact shall not be taken into account when calculating the vested retirement period.

(2) As of the date the right to retirement was obtained within the scope of any other contract, a participant with multiple contracts may exercise the said right to retirement by:

a) Making a request to the relevant company within the scope of the pension contract that now entitles them to pension, or

b) Making a request to one of the relevant companies with which they have contracts in effect and consolidating the accounts in the contract that now entitles them to a pension and in other contracts with the accounts of the contract with the company to which they will be making the request. The certificates entered into the system pursuant to Supplementary Article 2 and Provisional Article 2 of the Law may only be included in account consolidation with one another.

(3) The vested participant who wishes to exercise this right to receive the individual pension account accumulations and the money in the state contribution account shall choose one of the lump-sum payment, programmed withdrawal or the annuity options, or distribute the amount in the account among these options. The company shall proceed based on the retirement request form sent to the company by the participant via mail or electronic media.

(4) The company shall provide information on the pension choices to the participant who is vested and applies to receive the accumulations by using this right, and shall send the retirement information and request forms, as well as the account statement, to the participant by postal service or by using electronic

communication tools within five business days after receiving the application. The company shall put in place the necessary infrastructure for participants to obtain the retirement information and request forms, and the account statement on the secure page created for them on the company's corporate website. The retirement information form shall contain information on the options to stay in the system or retire, as well as sample financial projections, and information on the consolidation requirement of all contracts before exercising the right to retire. Sample financial projections are available on the Pension Monitoring Center website.

(5) For the participants with no pension contract with other companies, if the participants request payment of all of the accumulations and the amounts in the state contribution account after the company informs them about the pension options, the company shall comply with the request within 10 business days after receiving the request. In the case there are state contributions not yet received in the participants account, the legislative provisions on the state contributions in the individual pension system shall apply to these amounts.

(6) Participants who wish to receive the accumulations and the money in the state contribution account with a programmed withdrawal may request monthly, quarterly, semiannually or yearly regular payments from the account according to a program within the scope of the pension income contract. Payment periods or payment amounts may only be changed twice per year. The participant reserves the right to withdraw all of the remaining money in the account at any time. There shall be no money transmission, account consolidation or additional benefit payment, from another pension income contract to the individual pension account of a participant who begins to receive the accumulations in this way. However, the participant may change the fund distribution for the remaining amount in the account or exercise the right to transfer it to another company.

(7) In the event that the participants have multiple pension contracts with the same or different companies, the date of entry into the system shall be determined based on the contract with the oldest date in terms of the current contracts, with the exception of those drawn up as per article 4(3)(a). In this case, for the participants to be vested for retirement in all contracts, they must be vested with at least one of them or must consolidate the accounts. Account consolidation shall be done only for the participants who request to exercise the right for retirement. Contribution payments shall not be made for the contracts that have been consolidated.

(8) In the event that the participant, informed on retirement options by their requested company for account consolidation in line with their desire to request their right to retirement pursuant to paragraph 2(b), requests the receipt of their accumulations or the money in the state contribution account through one or more lump-sum payment, programmed withdrawal or annuity options, the company shall obtain the information pertaining to the participant's contracts with other companies from the Pension Monitoring Center within two (2) business days and apply to these companies to request their consolidation procedures. The companies to which applications were issued shall transfer, within 10 business days of receiving the application, the accumulations and the money in the state contribution account of the participants that have applied for account consolidation. The company shall complete the retirement procedures within 10 business days following the account consolidation completion date. The limitations stated in Article 12 regarding staying with the company shall not apply to such account consolidations. The company that delays the account consolidation shall calculate the fund income losses to reimburse the participant for the losses incurred due to any ensuing decrease in the fund unit price that may arise from delaying the account consolidation procedures from the system.

(9) The Agency shall set out the procedures and principles on implementation of this article.

PART FOUR **Group Pension**

Contribution management accounts

ARTICLE 17 – (1) The contributions paid by the employer for and on behalf of the participants as per a noncontributory group contract, and the contribution revenues, shall be managed in the individual pension accounts opened for the participants pursuant to the noncontributory group contract. The contributions paid by the participant and the contribution revenues shall be managed in the individual pension account opened pursuant to the noncontributory group contract.

(2) Contribution payment in the noncontributory group contract may be made only as an employer.

(3) The contributions paid by the participant in a group pension plan opened as per article 4(3)(b)(c) of this Regulation, and the contribution revenues, shall be managed in an individual pension account opened as per the group individual contract.

(4) For the contracts which are drawn up as individual or group individual contracts and for which the contribution is paid by someone other than the participant during the contract term; the participant and the party that makes payment for and on behalf of the participant shall be required to provide a statement showing

that the two parties do not have an employment relationship. The employer shall notify the company immediately in the event of an employment relationship. The payments that the employer makes on behalf of the participant in the event of the employment relationship shall be managed in the account that will be opened as per the noncontributory group contract.

Vesting period and vested accumulations

ARTICLE 18 – (1) Vesting period is the period of time stated in the noncontributory group contract for the participant to become vested for the contributions paid by the employer and for all or part of the contribution revenues. This period shall not exceed seven years.

(2) For noncontributory group contracts and for the noncontributory group contracts in which the sponsor makes contribution payments on behalf of the participant, the vesting ratios to be applied per each year shall be set according to the table in Appendix-1.

(3) In the event that the employer terminates the participant's employment at the company on cogent grounds, or the participant leaves work on cogent grounds pursuant to the Labor Law No. 4857, dated May 22, 2003 or has to leave work due to reasons such as disability, or the employer revokes the noncontributory group contract, except for transfers, or files for bankruptcy, goes into administration or with the consent of the employer; the participant shall become vested for the contributions paid by the employer for and on behalf of the participant, and for all or part of the contribution revenues, without having to wait for the end of the vesting period. In case of the participant's death, such accumulations shall be paid to the beneficiaries and legal heirs stated in the pension contract without having to wait for the end of the vesting period, without prejudice to the provisions of the Law 4721.

(4) The vesting period may be set forth in the group individual contracts so that the participants become vested for the contributions paid by the sponsors that make payment on behalf of the participants as per article 4(3)(c), and for all or part of the contribution revenues. This period and the principles on vesting shall be subject to the provisions of this article. The principles on exercising the rights shall be subject to the provisions of article 13(2) of this Regulation.

Transfer and payment of the vested accumulations

ARTICLE 19 – (1) The total amount in the participant's account (in the event that the vesting period determined in accordance with Article 18 is completed or no such vesting period has been determined) or the vested amount pursuant to Article 18 (in the event that the participant withdraws from the contract before their vesting period is completed) may be transferred into the participant's other current or new individual pension account at the same company or another company, or into a group individual contract except for those drawn up pursuant to Article 4(3)(a) upon the participant's request to the company made via postal address or electronic media. In such transfer procedures, the company shall be provided information on the amounts in the individual pension accounts, as well as on the time spent in the system. Such accumulations shall be paid to the participants if they wish to withdraw from the system.

(2) In the event that the participant leaves employment before the vesting period has been completed, and thus withdraws from the contract that was drawn up as per article 4(3)(c), the contribution paid for and on behalf of the participant by the relevant employer or sponsor, and the vested amounts arising from revenues of these contributions as per article 18 may be paid to the participant directly or transferred into the participant's other current or new individual pension account at another company, or into a group individual contract, except for those drawn up as per article 4(3)(a). The participants may opt to continue with the group individual contract for which they pay contribution as per the group pension plan.

(3) In the event of leaving employment or being removed from the group pension plan for reasons other than those set forth in article 18(3), the participant's unvested amounts shall be paid to the relevant sponsor or employer.

PART FIVE

Deductions

Entrance fee

ARTICLE 20 – (1) An entrance fee may be requested from the relevant participant, sponsor or employer at the time of participant's entry into the system, or if the participant enters into a pension contract at another company.

(2) The entrance fee may be collected in cash or as deferred payment at the time of transfer or withdrawal from the system.

(3) Deferred entrance fee shall not be collected from those who withdraw from the pension contract due to death or disability, or by exercising the right for retirement.

(4) The entrance fee shall be managed and collected separately from the contributions. However, if the participant withdraws from the system or requests transfer to another company, the company may deduct the entrance fee from the participant's accumulations in the individual pension account.

(5) If the participant has multiple individual pension contracts or group individual contracts at the same company, the entrance fee shall be collected for only the first two of these contracts. The contracts that are drawn up as per article 4(3)(a) shall not be taken into consideration when determining the first contract in this context.

(6) Any entrance fees collected shall be returned if the participant terminates the contract by using the right to withdraw on contract signing or after approval date.

Management expense deduction

ARTICLE 21 – (1) A management expense deduction may be applied on the contributions paid into the individual pension account and on the participant's accumulations. Also, in the event of suspension of payments as per article 14, an additional management expense deduction may be applied on the participant's accumulations during the suspension period.

(2) In the event of that payments are suspended for more than a year pursuant to Article 14, the fixed expenses paid by the company to the Pension Monitoring Center regarding the individual pension account may be deducted from the participant's individual pension account accumulations on the condition that the deduction is stated in the pension plan.

(3) In the event that the deductions applied on the accumulations as per this article cause the accumulation to go below zero Turkish lira, the part that causes the accumulations to go below this amount shall not be collected.

Fund expense fee total and performance deduction

ARTICLE 22 – (1) An expense may be deducted from the fund to meet the fund expenses. Total deductions, including the fund management expense deduction, shall be stated in the fund bylaw as remaining within the related maximum ratios set forth in Appendix-2 per each fund group or determined by the Agency. The company shall check daily if the daily deduction ratio stated in the fund bylaw is exceeded. If during the company's check, there is excess in the cumulatively calculated daily ratios in relation to the daily average fund net asset value in the fund bylaw, the exceeding amount shall be reflected in the share price in the daily fund records. The exceeding amount, if any, over the ratios stated in the fund bylaw by the end of the calendar year shall be refunded to the fund by the company within five business days following the related period.

(2) A performance deduction may be applied on the revenues over the benchmark for the fund types that are in groups II and III according to the table in Appendix-2. The companies that wish to apply this deduction must have the necessary operational infrastructure in place. The Capital Markets Boards shall establish the procedures and principles on implementation of this deduction upon approval from the Agency.

(3) A provision may be added to the pension contract stating that a change made by the Agency according to the changing conditions in the maximum ratios of performance deduction and fund expense fee total may be reflected on the deduction ratios set forth in the contract, provided that it does not exceed the change ratio.

Provisions on deductions

ARTICLE 22/A– (1) The total deductions that will be made as per articles 20 and 21 of the Regulation for each year in the contract's first five years shall not exceed the fixed amount stated in the table in Appendix-3. No deduction shall be made after the contract's sixth and following years as per the articles stated in this clause of the Regulation.

(2) Total deduction made since the contract effective date as per articles 20, 21 and 22 after the sixth and following years of the contract shall not exceed the amount stated in the table in Appendix-3 of the Regulation.

(3) The company shall refund the fund expense fee total that is made as per article 22 to the related participant or the participant's individual pension account in the ratios stated in the table in Appendix-4, starting from the contract's sixth year.

(4) The performance deduction for the fund types within the scope of article 22(2) and the deductions to meet the necessary fund expenses shall be outside the scope of the refund procedure stated in clause 3 of this article. The Board, upon approval of the Capital Markets Board, shall be authorized to set an upper limit on the deductions that aim to meet the necessary fund expenses.

(5) The company shall check at the end of contract year or at termination of the contract, depending on relevance, to check whether the limits on clauses 1 and 2 of this article have been exceeded. The deductions made within the limits shall not exceed those set limits; however, if the company finds these limits to have been exceeded, the exceeding amount shall be refunded to the participant or the participant's individual pension account within the following five business days. If the refund is made to the participant's individual

pension account, the refund shall be distributed by taking into account the fund distribution ratios stated in the participant's individual pension account at the time for the refund. The company shall pay for the losses arising from delay of refunds.

(6) Pursuant to the procedures and principles it will set, the Board shall be authorized to decrease or increase the amounts and ratios in Appendix-3 and Appendix-4 by up to 50 percent (including 50 percent) to be valid as of the following calendar years.

PART SIX

Entering the Employees into the Individual Pension System

by the Employers Pursuant to Supplementary Article 2 of the Law

Employees to be entered into the system through their employers

ARTICLE 22/B – (1) Employees shall be entered into the relevant pension plan within the scope of the group individual contract drawn up by the employer pursuant to the provisions of supplementary article 2 of the Law. The employees with multiple labor contracts with multiple employers shall be separately entered into the pension plan provided by each employer.

(2) Those who are considered to be insured pursuant to article 4(1) (a) or (c) of the Law, which refer to the relevant articles of No. 5510, despite not falling within the scope of article 4(1) (a) or (c) of the Law No. 5510, shall not be entered into the system as per this section.

(3) The employer shall be responsible for providing full information, including information on investment options regarding the opening of an individual pension account, by the relevant period's payment date. The company shall open an individual pension account based on the information provided and issue an automatic enrollment certificate on behalf of the employee. The automatic enrollment certificate shall take effect on the date the first payment made as a contribution is credited to the accounts of the company after the blocking period, if any.

(4) The employer shall determine the authorized departments and managers with regard to entering the employees into the system, calculating the contributions and transfers to the company, and other relevant procedures.

The criteria to take into consideration for the employer to decide which company to enter into a pension contract with

ARTICLE 22/C – (1) When deciding on the company, the employer shall take into consideration the quality of service and the advantages offered to employees. The employer shall not gain material benefit, including commission, from the company due to the choice of company, nor shall the company make such an offer to the employer.

(2) The employer shall enter its employees into different pension plans.

(3) The Agency shall be authorized to set forth the procedures and principles on entering the employees into pension plans by drawing up a single or multiple labor contracts with the same employer.

Tracking and collection of the contribution

ARTICLE 22/D – (1) The Pension Monitoring Center shall track and collect the contributions, which are subject to the provisions of this section and which were not transferred to the company despite of being deducted from the employee's salary or were not transferred in full or were transferred late. The collections made in such way shall be transferred into the employee's account, and shall be invested by the company as per the provisions of article 9 of this Regulation. The Agency shall set out the principles on implementation of this article.

Minimum content of the pension contract

ARTICLE 22/E – (1) The pension contract within the scope of this section shall set out the parties' rights and obligations; determine the payment date and the consensus process with regard to this section's implementation; and set forth principles on refund and payment to the relative parties, updating the employee information, and the notification method to the relative parties. With this contract, the company may be tasked to fulfill the responsibilities, except the company selection and transfer of the contribution to the company by the employer, set out in this section.

Right of withdrawal

ARTICLE 22/F – (1) After the first contribution is made into the company's accounts in cash by deduction from the employee's salary according to the relevant pension plan, the company that enters the employee in the pension plan shall notify via postal service or electronic communication tools on the following business day. The employee may exercise the right of withdrawal in the initial period. The employee may withdraw from the system any time after the initial period. The employee shall send the withdrawal request to the employer or the company via postal service or electronic communication tools according to the provisions

of the relevant pension contract. The contributions paid during the 10 business days following receipt of the withdrawal notification, and investment revenues in the account, if any, shall be refunded to the employee.

(2) Upon their request, the employee exercising their right of withdrawal shall be included in the system within the framework of the procedures and principles determined by the Agency.

Employee contribution, and transfer of contribution to the company by the employer

ARTICLE 22/G- (1) The contributions that will be paid for the participants who had been subject to the Law No. 5434 at the time when Law No. 5510 went into effect, but were later included within the scope of article 4(1)(c) of the Law No. 5510 as of this date; and those who had worked as per the provisions of the Law No. 5434 before the Law No. 5510 went into effect and then resumed work again as being subject to article 4(1)(c) of the Law No. 5510 shall be calculated according to the salary that is the basis for the pension deduction based on the rate decided according to the regulation issued as per the provision of supplementary article 2 of the Law, and the contribution shall not be paid less than this amount. In this Regulation, the references made to the earning that is the basis of the premium in the Law No. 5510 shall apply for the employees within this scope according to the salary that is the basis for the pension deduction in the Law No. 5434. In the case that the employer changes the relevant premium-based or pension deduction-based earnings within the period of time allowed as per the social security regulation; if contribution is not paid in full, additional contribution that equals the difference shall be made by deducting it from the next period's salary, and if contribution is overpaid, the payment shall be reconciled in the next period.

(2) Any overpaid contributions, except for the reasons stated in the first clause, shall be refunded to the employee in accordance with the principles set forth by the Agency.

(3) The employee may notify the employer to request a higher payment rate than stated in the first clause. An employee who increases the contribution amount in this way may reduce it by applying to the employer, provided that the rate does not fall below that of stated in the regulation set forth by the supplementary article 2 of the Law.

(4) The contribution shall be transferred into the individual pension account opened on behalf of the employee within the scope of the group individual contract. No money shall be transferred into these accounts except for the contributions made in this way, additional benefits, additional contributions made within the scope of clause 1, the amounts received through transfer from contracts within this scope, and the payments made with regard to late or erroneous transactions. In the event that the employee leaves employment and begins working at a new place that does not offer a pension plan for the employees, the contributions may be made by the employee by the stated method.

(5) The provision of the laws No. 5510 and 5434 on collection of the premium-based or pension deduction-based earnings, and/or the company's share shall be taken into account when determining the individual pension contribution deduction. Every factor that affects the employee's premium-based earnings or pension deduction shall be taken into account for the contribution deduction calculation. In the case that there are no contributions that are calculated based on the premium-based earnings or pension deduction due to a circumstance stated in the laws No. 5510 and 5434, contribution suspension limitations shall not apply within the scope of article 22/K.

(6) Contributions shall be transferred through the bank to a single account provided by the company at the latest on the day following the salary payment date stated within the scope of the provisions of article 22/E Contributions of the accounting departments that conduct the salary transactions over the information systems of the Ministry of Treasury and Finance Directorate General of Public Accounts shall be made into the company's same account. In the event that the contribution cannot be paid into the company on the payment date stated in the contract due to temporary failure of the information systems of the Ministry of Treasury and Finance Directorate General of Public Accounts; if the Agency proves that was the case, the employer or the accounting department shall not be held responsible.

(7) In the event that the contribution cannot be made to the company on the payment due date due to temporary failure of the other information systems related to salary payment or calculation, the employer shall not be held responsible in any way.

(8) The company shall invest the contribution in accordance with the provisions of article 9.

(9) The employer shall be obligated to take measures in order to prevent erroneous collection transactions. The employer shall bear the responsibility for compensate the employee for losses caused by employer-induced errors and cover all costs related to erroneous collection within the scope of the procedures and principles determined by the Agency.

(10) The Agency shall be authorized to identify implementation principles within the scope of this article and resolve uncertainties.

Employer contribution

ARTICLE 22/H – (1) The employer may choose to pay contributions for and on behalf of the employee within the scope of article 17.

Business Partnership

ARTICLE 22/I –

(1) The company may go into partnership with other companies, particularly to offer the funds that are suitable to the employee's investment preferences.

Change in employee's place of employment

ARTICLE 22/J – (1) If an employee who was previously included in the individual pension system within the scope of this section begins working in a different workplace affiliated with the employer who entered them into the pension plan or if they begin working in a different workplace affiliated with another employer upon the termination of their employment, these cases shall be considered as workplace changes.

(2) An employee who remains in the system as of the date of workplace change may request that the company pay the contribution amount determined by the Agency to their account within the scope of the individual pension plan at the previous workplace or they may request that the accumulations in this account and any paid state contribution are transferred to another certificate issued within the scope of this section.

(3) If the employee does not make any requests pursuant to paragraph 2, the relevant certificate shall be suspended.

(4) The employee may always request that the company transfer the accumulations in the account for which they continue to pay contributions pursuant to paragraph 2 and may request that any paid state contribution is transferred to another certificate issued within the scope of this section.

(5) The limitations on staying with the company stated in Article 12 and the limitations on plan changes stated in Article 11 shall not apply to such transfers. The employee's vesting periods in the system for entitlement and state contribution shall remain as is in the transferred certificate.

(6) If the employment of an employee who was previously entered into the individual pension system is terminated without a change of workplace, analogy shall be used in applying the provisions of this article.

(7) The Agency shall set out the procedures and principles on implementation of this article.

Contribution holiday

ARTICLE 22/K – (1) The employee may request a contribution holiday. However, no such requests may be made within the initial period.

(2) Once the contribution holiday enters into effect, additional management expense deduction shall not be made from the employee's accumulation with regard to the contribution holiday as per article 21 of the Regulation.

(3) The employer shall resume the salary contribution deduction upon completion of the contribution holiday.

(4) The right for contribution holiday as per this article may be exercised only by the employee. This right cannot be assigned to the employer.

(5) The Agency shall set out the procedures and principles concerning the implementation of this article.

Fund distribution and changes

ARTICLE 22/L – (1) The contributions shall be invested in an initial fund preferred by either the employee or the employer within the initial period. The company shall be responsible for fund management to maintain the value of paid contributions during this period.

(2) Upon completion of the initial period, the employee may request to leave the initial fund. Pursuant to Article 10, employees requesting to leave the initial fund shall be provided with a risk profile survey with non-binding results by the company (optional), and their contributions and accumulations shall be invested in accordance with their preferences. The Agency shall determine the minimum content, frequency and time of the risk profile survey.

(3) If the employee does not request to leave the initial fund upon completion of the initial period, investments with their contributions and accumulations in the relevant initial fund shall be continued based on their initial investment preferences until the relevant certificate has been in the system for one (1) year. The contributions and accumulations of the employee on a certificate that has been in the system for one (1) year shall be invested in the relevant standard fund in accordance with the employee's initial preferences. The limitation on fund allocation changes made within one (1) year pursuant to Article 10 shall not apply to these transactions.

(4) Upon the employee's request, the company shall be required to offer the initial fund to the employee as long as they remain in the system.

(5) The right to change the fund distribution shall rest with the employee; however, the employee may opt to transfer this right to the portfolio management companies authorized by the Capital Markets Board of Turkey. The request shall be submitted by the employee to the company to be sent to the portfolio management company.

(6) The employees' other transactions regarding fund distribution change shall be subject to the provisions of article 10.

(7) The Minister shall set forth the content of the funds that fall within this scope as well as the implementation principles.

Pension plan

ARTICLE 22/M – (1) The plans offered to the employee are not included in the limit within the scope of article 8. The plans within this scope shall be provided as per the procedures and principles set forth by the Agency.

(2) Only the employers shall make plan changes within this scope. The employees cannot make plan changes, except for workplace change, or interest-yielding or otherwise investment instrument change. The plan changes by the employers and those by the employees due to changing investment preferences shall be done as per the provisions of article 11. The limitation on the change of plan (within a year) as per article 11 shall not apply for the plan changes made due to change of employee's workplace.

Deductions

ARTICLE 22/N – (1) As part of the pension plans provided pursuant to this article, the companies cannot make any deductions other than the fund management fee. A maximum of an 0.85-percent annual fund management fee deduction rate shall apply for all funds. In any case, the fund expense fee total rate shall not exceed the maximum annual deduction rate to be applied for the Group I pension mutual funds specified in the "Appendix-2 Maximum Fund Expense Fee Total Rates" table of this Regulation.

(2) If the thresholds other than initial funds are exceeded in the investment options, an additional fund management fee may apply pursuant to the procedures and principles described in Appendix-5.

(3) The procedures regarding the fund expense fee total refund described in Appendix-4 shall not apply for the contracts within the scope of this section.

(4) The company shall perform daily checks to determine if the daily deduction rate stated in the fund bylaw has been exceeded. If during the company's check an excess is found in the cumulatively calculated daily rates in relation to the daily average fund net asset value in the fund bylaw, the exceeding amount shall be reflected in the unit fund value in the daily fund records. The exceeding amount, if any, over the rates stated in the fund bylaw by the end of the calendar year shall be refunded to the fund by the company within five (5) business days following the related period.

Fund advisory board

ARTICLE 22/O – (1) The Advisory Board made up of representatives from the Agency, the Capital Markets Board, the Banking Regulation and Supervision Agency, the Insurance Association of Turkey, and the Turkish Capital Markets Association shall convene at the request of and on the date set by the Agency to hold discussions on the number and content of the funds to be offered within the scope of the Law and on the performance criteria of the portfolio management companies.

Transfer of accumulation

ARTICLE 22/P – (1) Excepting transfers made pursuant to Article 22/J of this regulation, requests for transfers between the companies may only be made by the employers. The Agency shall set the principles within the scope of this article.

Exercising the right to withdrawal from the system and the right for retirement.

ARTICLE 22/R – (1) The employee's procedures regarding withdrawal from the system shall be performed as per the provisions of article 15.

(2) An employee who has qualified for retirement may leave one (1) of their contracts or leave multiple contracts drawn up within the scope of this section by way of account consolidation. If the employee requests to leave the system by exercising their right for retirement, all procedures related to this request shall be carried out within the scope of the provisions in Article 16.

(3) Upon their request, the employee leaving the system shall be included in the system within the frame of the procedures and principles determined by the Agency.

Data sharing

ARTICLE 22/S – (1) All data monitoring with regard to payment of contributions in the system shall be conducted by a protocol on data sharing that will be drawn up between the Social Security Institution, the Ministry of Treasury and Finance Directorate General of Public Accounts, funds and other relevant institutions and organizations pursuant to the provisional article 20 of the Social Security Law No. 506 dated 17.7.1964, and the Pension Monitoring Center. In the event that the data needs to be shared with a company after it has been delivered to the Pension Monitoring Center, the company shall be responsible for its security.

Information, documents and forms to provide the employees

ARTICLE 22/T – (1) The Agency shall establish the procedures and principles regarding the information, documents and forms to be provided to the employees as per this section.

PARTSEVEN **Other Provisions**

Information, documents and forms to provide the participants

ARTICLE 23 – (1) Entrance fee, administrative expense fees, fund expense fee total, and their method of implementation shall be clearly stated in the proposal form and the pension contract.

(2) At least two years before entitlement to pension, the company shall make a proposal to the participant, allowing time to assess the transition to low-risk funds to ensure that accumulations are less affected by financial market risks. The proposal shall be sent to the participant via electronic media or made available to them in permanent data store format.

(3) In the event that the sponsor or the employer fails to make a due contribution payment within 30 days of the due date, the company shall notify the participant within five (5) business days via electronic media. In the event that the sponsor or employer issues a notification that all contributions have ceased, this notification shall be deemed sufficient by the company once.

(4) Within 10 business days of each accounting period, the company shall issue an informational note regarding any important changes to the parameters in the pension plan and in the legislation along with an account statement to the participant via electronic media. Alternatively, the company will make this information available to the participant in permanent data store format.

(5) To help participants make informed fund choices, the company shall provide them with quarterly reports via electronic media. As a minimum, the report shall contain general information on investment instruments, current financial market developments, investment and performance information on the funds proposed, and the investment and other risks the participants may be exposed to.

(6) The Agency shall be authorized to change the method and content of the information, documents, forms and all the reports stated in this Regulation, as well as frequency and method of delivery, and the calculation periods; decide to deliver the report(s) by electronic communication tools, and request new information, documents and forms when it deems necessary.

(7) Confirmation of the approval procedures to be carried out via electronic media pursuant to this Regulation shall be made by the companies.

Pension mutual funds

ARTICLE 23/A – (1) The companies shall be responsible for selecting the portfolio management companies that will manage the funds in a way to protect the participants' rights and interests. The principles on selection of the portfolio management company and the procedures and principles on implementation of this clause may be set forth by the Agency by receiving the appropriate opinion of the Board.

(2) The procedures and principles regarding the establishment, deduction structure and rates, amount, content and management of the funds through which all companies will operate on BEFAS to direct the contributions stipulated in Article 26/C to investment are determined with the approval of the Capital Markets Board.

Buying and selling pension mutual funds from a central platform

ARTICLE 23/B – (1) In the refund process in the third paragraph of article 22/A, the deductions made from the funds of other companies received through PFTP are not included, the refund is made by including only the funds of the relevant company that the participant has a contract or certificate in. The funds that is offered in this context of buying and selling, shall be carried out over PFTP in accordance with the framework principles set forth by receiving the appropriate opinion of the Capital Markets Board and Agency as part of Istanbul Settlement and Custody Bank A.Ş.

(2) For the contracts or the certificates that the accumulations are partially or wholly invested in a fund or funds traded in PFTP;

a) The control process in the second paragraph of article 22/A is not applied.

b) In the refund process in the third paragraph of article 22/A, the deductions made from the funds of other companies received through PFTP are not included, the refund is made by including only the funds of the relevant company the participant has a contract or certificate.

(3) For the Participants who want to partially or wholly invested in a fund or funds traded in PFTP are informed about in the matters specified in the second paragraph and the approval of the participants is received.

(4) Pension Monitoring Center establishes the necessary infrastructure for information purposes, within the framework of the principles determined by the agency, so that participants who want to choose the funds of other companies can evaluate their fund options through PFTP.

(5) The Agency shall establish the procedures and principles regarding the disclosures to be

provided pursuant to this article.

Numbering the contracts

ARTICLE 24 – (1) The participant shall be defined in the individual pension system according to the principles set forth by the Agency. Each pension contract shall be given a number issued according to the principles set forth by the Agency. This number shall remain the same throughout the term of the contract, and in the event of transfer, it shall be kept as the previous contract number by the transferee company.

Record keeping

ARTICLE 25 – (1) The company shall keep for at least five years the participant's instructions on fund distribution change, pension plan change, accumulation transfer, investment plan choices, on similar transactions, and all other transactions regarding similar procedures performed by using the company's call center or website. The company shall be responsible to keep the proposal form and the pension contract, and any changes made after the contract enters into force, and during the term of contract in any case for at least 10 years. The company's responsibility to keep these records shall continue for another two years after the contract has ended. The records shall be kept as a printed copy or electronically. The records shall be kept as a printed copy or electronically.

Measures on fund shares

ARTICLE 26 – (1) The amount over the accumulation that equals multiplication of the number of months the participant has been in the system by the gross minimum wage valid at the time of seizure, encumbrance or bankruptcy may be seized, encumbered or included in bankruptcy assets, reserving the rights of those who receive alimony payment. In the event that a vested participant is put on salary within the scope of the accumulations in the individual pension account or of the annuity obtained, or receives regular payments within the scope of the programmed withdrawal; the amount over the monthly gross minimum wage that equals the monthly payment amount of such payments may be seized, encumbered or included in bankruptcy assets, reserving the rights of those who receive alimony payment.

(2) In the event that the debtor-participant has multiple individual pension accounts at the same company or multiple companies, the amount that can be seized shall be calculated based on the total of all accounts by the Pension Monitoring Center based on the information obtained from Istanbul Settlement and Custody Bank Inc. and the companies.

(3) Upon seizure notification, the company shall immediately pay the balance, which is calculated by deducting the part that cannot be seized from the amount that is calculated based on the participant's current accumulations according to the provisions in this article, up to the due amount.

(4) The company shall notify the Pension Monitoring Center about the transactions performed as per clauses (1) and (3). The Pension Monitoring Center shall record the reported transactions per each participant.

(5) In seizures on individual pension accounts in relation to the noncontributory group contract; if a vesting period condition is entered in the pension contract, the accumulation amount earned by the participant at the end of the vesting period shall be included in the calculation.

(6) In the event of encumbrance, bankruptcy or provisional seizure, a rate shall be applied to the provisions on the seizure as stated in the article. Seizures shall be conducted in accordance with the relevant provisions of the Execution and Bankruptcy Law No. 2004, dated June 9, 1932 on receivables and goods seized in the hands of third parties, and with the Law on the Procedure for Collection of Public Receivables No. 6183, dated July 21, 1953.

(7) Seizure, encumbrance or bankruptcy shall not be allowed for the state contribution and its returns.

(8) The company shall exclusively conduct all administrative and legal claims such as cautionary judgment, seizure, bankruptcy and so on regarding the fund shares in the participants' individual pension account.

Amounts Not Claimed by the Beneficiaries

ARTICLE 26/A – (1) According to the provisions of the pension contract, the amount to be paid to the beneficiaries (total of accumulations and vested state contribution) shall be accreted by the company by opening a new account associated with the old contract in standard or participation standard funds in line with the most recent investment choice with interest/interest-free requested by the participant or the employee as of the due date of payment. The accumulations in the account shall be paid to the beneficiaries upon request.

(2) The amounts not requested by the beneficiaries within a 10-year period continue to be accreted in the relevant account until they are transferred to the Central Bank of the Republic of Turkey (CBRT) pursuant to this paragraph. These amounts shall be transferred to the account opened with the CBRT on behalf of the Agency for the amounts not claimed by the beneficiaries together with a statement containing the participant's or the employee's name, surname, Republic of Turkey Identification Number (for foreign nationals, the ID number obtained from the Central Civil Registration System or the ID number obtained from the PMC; for

participants within the scope of Article 28 of Turkish Nationality Law No. 5901 dated May 29, 2009, the blue card number), title if they are a legal entity, tax identification number and the amount of money that has not been claimed by the beneficiaries within six (6) months following the first day of the new year after the completion of the 10th year. The transferred amounts shall be accreted within the frame of the current accretion procedures and principles between the Agency and the CBRT.

(3) The amounts in the accounts opened with the CBRT within the scope of paragraph 2 shall be paid to the beneficiaries upon their request within two (2) years following the transfer. If the beneficiaries do not request the amounts, these amounts shall be recorded as revenue to the Treasury.

(4) Information related to the funds within the scope of this article shall be made available for 10 years with an inquiry field to be created under the heading "Amounts Not Claimed by Beneficiaries" on the home pages of the pension companies' websites, commencing from the first business day of February following the due date of payment. The inquiry field shall state that if these amounts are not claimed by the beneficiaries within 10 years from the due date of payment, they shall be transferred to the account opened with the CBRT within six (6) months following the first day of the new year after the completion of the 10th year and that, if the amounts deposited in the account with the CBRT are not claimed by their beneficiaries within two (2) years, they shall be recorded as revenue to the Treasury. Information related to the funds not claimed by the beneficiaries shall be available for two (2) more years in the "Amounts Not Claimed by Beneficiaries" inquiry field on the home pages of the pension companies' websites, commencing from the first business day of February in the year following the date of transfer to the CBRT.

(5) The amounts within the scope of this article shall be notified to the beneficiaries, the participant or the employee by the pension companies via text message or other electronic media until the end of February following the due date of payment. If there is no electronic media information, the notification shall be made via certified mail with return receipt requested.

(6) Pension companies shall send the data regarding the amounts not claimed by the beneficiaries until the first business day of February following the due date of payment to the Pension Monitoring Center according to the methods and content determined by the Pension Monitoring Center. Within five (5) business days following the receipt of the data, the pension monitoring center shall provide access to the "Amounts Not Claimed by Beneficiaries" inquiry field on the home page of its corporate website with the inclusion of all companies for 10 years following the due date of payment.

(7) Information concerning the amount due may be inquired about in the inquiry field created pursuant to this article by providing the participant's or the employee's name, surname, Republic of Turkey Identification Number (for foreign nationals, the ID number obtained from the Central Civil Registration System or the ID number obtained from the PMC; for participants within the scope of Article 28 of Turkish Nationality Law No. 5901 dated May 29, 2009, the blue card number), title if they are a legal entity and tax identification number. The necessary infrastructure shall be provided to ensure that those with no known Republic of Turkey Identification Number may inquire by providing their name-surname and date of birth (day-month-year) information.

(8) Pension companies shall be obligated to send the relevant data concerning the amounts transferred to the Pension Monitoring Center according to the methods and content determined by the Pension Monitoring Center within five (5) business days following the transfer of the amounts not claimed by the beneficiaries to the account opened with the CBRT on behalf of the Agency. Within five (5) business days following the receipt of the data, the pension monitoring center shall provide access to the "Amounts Not Claimed by Beneficiaries" inquiry field on the home page of its corporate website with the inclusion of all companies for two (2) years following the date of transfer to the CBRT.

(9) In regards to the annuity amounts, the provisions of Article 33/B of Insurance Law No. 5684 shall apply to the amounts not claimed by the beneficiaries.

(10) The Agency shall set out the procedures and principles on implementation of this article.

Compensation for Losses

ARTICLE 26/B – (1) Transfers and payments made on a business day after the fund shares belonging to the contract are converted into cash are subject to the default interest calculated based on the advance interest rate determined for use in commercial transactions in Article 2 of the Law on Legal Interest and Default Interest no. 3095 dated December 4, 1984, for the days between this date and the date the transfer or payment is made.

(2) In case the fund shares are not converted into cash within the time periods stipulated in the legislation: a) A default interest is calculated over the amount of accumulations in the participant's individual pension account on the deadline stipulated in the legislation based on the advance interest rate determined for use in commercial transactions in Article 2 of the Law on Legal Interest and Default Interest no. 3095 for the days between this date and the date when the fund shares belonging to the contract are converted into cash; b) If a decrease has occurred in the amount of accumulations in the participant's individual pension account on the deadline stipulated in the legislation since the date the fund shares were converted into cash, the

difference is calculated and added to the cash amount on the date of the conversion to cash; (3) If the damages arising pursuant to this article are miscalculated, the remaining amount will be covered by applying the default interest calculated based on the advance interest rate determined for use in commercial transactions in Article 2 of the Law no. 3095, starting from the transaction date.

Transfer of Receivables

ARTICLE 26/C – (1) The participant may transfer to banks all or part of his/her receivables, excluding the state contributions from individual pension contracts, through a receivables transfer contract, excluding contracts related to cautionary judgment, seizure, bankruptcy and any similar administrative and legal claims regarding fund shares pursuant to Article 26. A contract transferred pursuant to this article cannot be transferred to another bank before the current receivables transfer contract is terminated. Noncontributory group contracts cannot be transferred.

(2) The participant transferring his/her receivables to the bank cannot terminate the relevant contracts or transfer the accumulations in his/her individual pension account to other companies while the receivables transfer contract is in force. The receivables transfer contract expires once the bank has notified the company through the Pension Monitoring Center that the amount subject to the receivables transfer contract has been collected or the relevant loan debt has been paid.

(3) The amount to be transferred is obtained by converting all funds in the participant's account into cash in proportion to the share in the accumulations. When carrying out this transaction, the company considers the distribution of accumulations and funds on the day it issues the conversion into cash instruction. The amount to be transferred is directed to investment in the funds determined by the Board, and the participant cannot perform any transactions on these fund shares.

(4) Thirty (30) days after the loan debt becomes due, the bank may request payment of the remaining debt from the transferred receivables. In this case, the remaining debt is deducted from the cash amount to be paid to the participant by terminating the pension contract, and paid to the bank. These changes enter into effect three months after the date of publication.

(5) Within two business days following the notification specified in the second paragraph, the amount of accumulations invested in the funds specified in the third paragraph is converted into cash and distributed in accordance with the participant's current fund distribution preferences.

(6) For fund distribution changes made pursuant to this article, the participant's right to change fund distribution is not deemed to have been exercised.

(7) The Pension Monitoring Center provides the electronic infrastructure that will enable transactions and data integration between participants, banks, companies, and Istanbul Settlement and Custody Bank Inc. for the purposes of this article. The fees to be charged by the Pension Monitoring Center for these services are set with the approval of the Agency.

(8) The procedures and principles regarding the content of the receivables transfer contract and the infrastructure service specified in the seventh paragraph are determined by the Agency.

Revoked regulation

ARTICLE 27 – (1) The Regulation on the Private Pension System published in the Official Gazette No. 26842, dated April 9, 2008 has been revoked.

Transfer provisions

SUPPLEMENTARY ARTICLE 1 – (1) The provisions of this Regulation shall apply without any changes with regard to the pension contract and plans that had entered into effect before the effective date of the Regulation.

(2) The provisions on the entrance fee stated in the contracts that had gone into effect before January 1, 2016 and has been in effect since that date shall remain in effect until the contract ends, on the condition of being limited to the deferred entrance fee stated in Appendix-3.

(5) Vesting periods and rates that had been set forth as per the regulation before this date shall remain in effect for the participants that had entered into the noncontributory group contract before the Regulation's effective date.

Transfer provisions on deduction upper limits and refunds

SUPPLEMENTARY ARTICLE 2 – (1) The deduction upper limit control on state contribution stated in Appendix-3 and the refund proceedings on the fund expense fee total stated in Appendix-4 shall be applied as of January 1, 2021.

Applying the current funds on new provisions

SUPPLEMENTARY ARTICLE 3 – (1) The current funds as of the issue date of this article shall be sorted in categories set by the Minister as of July 1, 2017.

Preparation Period

PROVISIONAL ARTICLE 3 – (1) Pension companies and the Pension Monitoring Center shall complete the infrastructure works regarding the announcement of the amounts not claimed by the beneficiaries on the websites within six (6) months from the effective date of this article.

Validity

ARTICLE 28 – (1) Article 22(2) and other articles of this Regulation shall enter into effect on January 1, 2014 and January 1, 2013, respectively.

Execution

ARTICLE 29 – (1) The Chairman of the Insurance and Private Pension Regulation and Supervision Agency shall execute the provisions of this Regulation.

Appendix-1**Minimum Vesting Rates by Year**

		Minimum Entitlement Rate by Contract Year (%)							
		<1	1.	2.	3.	4.	5.	6.	7.
Vesting Period in the Contract (Year)	0	100							
	1	0	100						
	2	0	0	100					
	3	0	0	0	100				
	4	0	0	0	75	100			
	5	0	0	0	60	80	100		
	6	0	0	0	60	70	80	100	
	7	0	0	0	50	60	70	80	100

Maximum Fund Expense Fee Total Rates and Fund Management Fee Deduction Rates Pursuant to Article 22/N

Group	Pension Mutual Funds	Maximum daily rate	Maximum annual rate (%)
I	Money Market Funds Precious Metals Fund Variable (Conservative/Cautious)	0.003%	1.09
II	Debt Instruments Funds Standard Fund Index Fund Variable (Balanced)	0.00525%	1.91
III	Stock Fund Participation Fund Composite Fund Fund Basket Fund Variable Fund Life-Cycle/Target Fund Variable (Daring/Dynamic/Growth) Variable (Aggressive)	0.00625%	2.28

* The Board shall be authorized to change the fund grouping with approval of the Agency.

Limitations on Deductions

Contract Year	Upper Limitations on Deductions
Years 0 - 5	For Management Expense Deduction and Entrance Fee total amount; Fixed Amount that Equals 8.5% of the Monthly Gross Wage for Each Year ^a
For the 6th year and after	For the total deduction amount; Amount that Equals a Certain Rate of the State Contribution Account within the scope of the Contract ^b

a) Based on the monthly gross minimum wage that will be applied to the first six months of the relevant calendar year for each year.

In the event the contract is terminated before the end of the five-year contract period, except for the withdrawals due to retirement or involuntary reasons such as death, disability or company liquidation, the company may apply a deferred entry fee deduction on the individual pension account accumulation in an amount that corresponds to the five-year period of the contract that has not been collected by the company by the withdrawal date. The calculation shall be based on the monthly gross minimum wage on the first six months of the calendar year of withdrawal.

b) For each contract; the total deductions that the company will make during the contract term shall not exceed the amount that will be calculated based on the amount of the state contribution, if any, by using the rates in the following table within the scope of the contract. The accumulations existing as of January 1, 2016 and the deductions on their returns shall not be taken into account.

Contract Year	The Rate to be Used for Control
6	60%
7	70%
8	80%
9	90%
10+	100%

This control shall not be performed for the contracts in which the total accumulation amount exceeds the annual gross minimum wage as of the control date and for the contracts with irregular payment status as of the control date. This control shall be based on the monthly gross minimum wage that will be applied to the first six months of the relevant calendar year.

The maximum amount calculation shall be based on the period on which the contract has remained in the individual pension system.

Appendix-4

Refund Rate for the Fund Expense Fee Total^a

Contract Year	Refund Rate
For the 6th year	2.5% ^b

a) The company shall make the refund to the relevant participant or the participant's individual pension account within five business days following each contract year-end and contract termination date. The company shall pay for the losses arising from delay of refunds. If the refund is made to the participant's individual pension account, the refund shall be distributed by taking into account the fund distribution ratios stated in the participant's individual pension account at the time for the refund.

b) The rates between the seventh and the 14th years shall be applied with a 2.5-percent increase for each year on the refund rate that was valid the previous year. A fixed 25-percent rate shall apply for the 15th year and later. Refund rates shall be determined by taking into account the full time period spent with the contract from January 1, 2013.

No refund shall be made for the part of the deduction that is below 1.1 percent of the accumulations present as of the calculation date. The deduction that causes the post-refund deduction amount to fall below the 1.1 percent-accumulation limit shall not be taken into consideration for refund.