REGULATION

From the Prime Ministry Undersecretariat of Treasury

REGULATION ON STATE CONTRIBUTION IN THE INDIVIDUAL PENSION SYSTEM

PART ONE

Purpose, Scope, Basis and Definitions

Purpose and Scope

ARTICLE 1 – (1)

The purpose of this Regulation is to set forth the procedures and principles on calculation, payment and investment of the state contributions that will be paid or committed for the contributions of the participants in the individual pension system, and on the scope, refund or settling of the unvested amounts and amounts paid unduly or early, as well as on other matters regarding the state contribution.

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;

a) Minister or Ministry: The minister or ministry associated with the Undersecretariat of the Treasury,

b) Initial State Contribution: The additional state contribution calculated as a one-time fixed amount following the initial period for the employee’s entry to the system, pursuant to Supplementary Article 2 of the Law;

c) Initial period: The two-month period that follows the date on which the employee is notified of their entry into the pension plan, pursuant to Supplementary Article 2 of the Law;

d) Accumulation: The total amount in the participant's individual pension account, except for the amounts in the state contribution account,

e) Employee: The real person that is included in a pension plan pursuant to the supplementary article 2 and provisional article 2 of the Law,

f) State Contribution: The amount paid into the participant's individual pension account by the state pursuant to the supplementary article 1 and the supplementary article 2 of the Law No. 4632 or the amount committed pursuant to supplementary article 2(7) of the Law,

g) State Contribution Account: The amount in which exclusively the state contributions are managed, sub-account within the scope of the participant's individual pension account or the state contribution amounts committed and paid in cash are managed, and the sub-account with regard to the participant's individual pension account

h) Additional State Contribution: State contribution calculated proportionally over the amount of accumulations to the employee who prefers to receive the accumulations in a period of at least 10 years pursuant to the annuity contract, pursuant to the supplementary article 2 of the Law,

i) Pension Monitoring Center: The legal entity tasked as the pension monitoring center by the Undersecretariat pursuant to the Law No. 4632,

j) Early Paid State Contribution: The early paid state contribution to the participant due the inclusion of the paid contribution in the calculation of the state contribution made before the date when the contribution collection was sent to the company accounts in cash,

k) Fund: The pension mutual fund,

l) Cash account: The sub-account of the employee for the state contribution account where the portion of the committed state contribution amounts paid in cash according to the vesting rates specified in Supplementary Article 1 of the Law is managed;

m) Unduly Earned State Contribution: The amount, which is in the state contribution account of a participant that has withdrawn from the system as per supplementary article 1 of the Law and which must be refunded by the companies to be recorded as income in the general budget,

n) Unduly Paid State Contribution: The state contribution amount that was paid when it was not supposed to be paid,

o) Employer: The employers and their representatives set forth under the scope of the Law No. 5510,

p) Law: The Individual Pension Savings and Investment System Law No. 4632,

r) Participant: The real person who is the party to the pension contract for and on behalf of himself or herself,

s) Contribution: The amount, except for the entrance fee, paid to the company for investment according to the pension contract,

t) Certificate: The automatic enrollment certificate issued pursuant to the pension plan of the employee;

u) Contract: The pension contract drawn up within the scope of the Law No. 4632,

v) Company: The pension company that is established pursuant to the Law No. 4632,

y) Commitment account: The sub-account under the state contribution account where the committed amounts are managed, pursuant to Supplementary Article 2 of the Law.

PART TWO

Calculation and Payment of State Contribution

Calculation of state contribution

ARTICLE 4 – (1) The Pension Monitoring Center shall calculate the state contribution based on the information sent to it by companies.

(2) Companies shall send to the Pension Monitoring Center the data on the contributions paid on behalf of the Turkish participants and the participants under article 28 of the Turkish Citizenship Law No. 5901, dated May 29, 2009, except for those paid the employers, and other information used to calculate the state contribution, according to the content, format and method set forth by the Pension Monitoring Center by 14:00 on the business day following the record creation date at the latest. Companies shall be responsible to provide the data to the Pension Monitoring Center consistently and in full. The Pension Monitoring Center shall check for consistency of the data and compliance with the stated content, format and method, and shall send it back to the companies for correction of any and all inconsistencies.

(3) Companies shall perform a final check, by the end of the ninth business day following the end of contribution payment month, for consistency and accuracy of the data they sent within the month, and before record confirmation they shall notify the Pension Monitoring Center about the data that they cannot confirm to be consistent or accurate. The records shall be considered to be confirmed by the end of the relevant day. The state contribution calculation for the contribution month shall not take into account the changes made after this date, except for the Pension Monitoring Center corrections after its checking, the new data to be sent, and the data that cannot be confirmed to be consistent or accurate by the company by this date, or the data sent in a way that does not allow for state contribution calculation.

(4) The pension monitoring center shall perform all the necessary checks, including those in the control list stated by the Ministry, within six (6) business days following the record confirmation date. The company and the Pension Monitoring Center shall then draw up three (3) memorandums of understanding based on the consistent data pursuant to paragraphs 2 and 3 and related to the state contribution amount to be paid to the state contribution account of the participant in the individual pension system, the state contribution amounts to be recorded in the employee's commitment account, the employee's vested state contribution amounts and the additional state contribution amount to be paid pursuant to Article 4/B of this Regulation. It shall then sign it with an electronic or wet signature.
The state contribution shall not be calculated for the collections for companies that did not sign the memorandum of understanding, and if the participant has a contract or certificate with other companies, the state contribution limit shall be used for the contributions paid by the participant for the relevant contracts or certificates. If these collections become the subject of subsequent signed memorandums of understanding, the collections shall still be calculated within the participant's remaining limit for the relevant calculation period. Ministry shall set forth the minimum requirements to include in the memorandum of understanding.

(5) Contribution payments, which were not included in the state contribution calculation on the payment date, or were included, but for which state contribution was not received fully or partially or were mistakenly used for unduly made state contribution statement, shall be taken into state contribution calculation in the following periods, on the condition of not exceeding one year after the end of the month when the contribution collection was sent to the company accounts in cash. In order to re-include the incorrectly settled payments in the calculation, companies shall send the Pension Monitoring Center a calculation request regarding the payment by the end of the month when the contribution collection was sent to the company accounts in cash, provided that one year has not passed. The relevant company shall pay for any damages the participant incurs due to this delay.

(6) The Pension Monitoring Center shall consolidate the contributions paid for each contract based on the data in the memorandum of understanding signed with the companies according to the Republic of Turkey identification number or the identification number for Turkish citizens and for those under article 28 of the Law No. 5901, respectively, for each participant, and it shall calculate that 25 percent of the contributions paid for each participant are state contributions. For participants within the scope of Article 28 of the Law No. 5901, the state contribution shall be calculated after the documents certifying their status have been provided. State contributions of employees shall be calculated as commitment, and these amounts shall be recorded in the employee's commitment account. Pursuant to Supplementary Article 1 of the Law, the portion of the committed state contribution amounts that will be paid in cash to the cash account shall be calculated according to the vesting rates determined by the length of time the certificate has been in the system.

In calculation of the state contribution the contributions up to the limit stated in article 5 shall be taken into account. If a participant has multiple contracts or certificates, contribution for each contract and certificate shall be calculated based on the relative distribution of contributions paid for each contract or certificate in the relevant month and the total state contribution shall be distributed among the participant's contracts or certificates.

(7) The Pension Monitoring Center shall send the state contribution information calculated for the relevant participant or employee and the additional state contribution information calculated within the scope of article 4/B to the company and also to the Ministry along with the calculation forms within 10 business days following record confirmation. The Ministry shall determine the matters to be stated in the calculation forms.

(8) The state contribution shall be calculated by taking into account the contribution payments, which are made for the participants who are Turkish citizens and for the participants under article 28 of the Law No. 5901, and which were sent to the company accounts in cash. The calculation shall not include the payments made into the participant's account by the company, additional benefits, the amounts transferred from the noncontributory group contract by becoming vested, the amount received through transfer from another company, contribution payments made by the employers, contributions payments with unknown owner, the amounts transferred pursuant to supplementary article 1(5) of the Law, the contribution payments sent to the company accounts in cash after the date of death of a participant whose death was reported to the Pension Monitoring Center, and the payments made to the contracts, which were supposed to be consolidated once the right of retirement was exercised, but were not, as of the contract termination date for the contracts for which the right of retirement was exercised. In individual and group individual contracts, the state contribution calculation shall take into account the contribution payments for which the employers act only as an intermediary for the operational transactions in contribution payments.For the payments to be included in the state contribution calculation, the contribution must have been sent to the company accounts in cash following the completion of the blockage period, if any.

(9) Companies and the Pension Monitoring Center shall sign a protocol that sets forth the operational process and conditions regarding the state contribution transactions.

Calculation of initial state contribution

ARTICLE 4/A – (1) Pursuant to Supplementary Article 2 of the Law, a one-time initial state contribution shall be calculated for the employee in the accounting period following the end of the initial period for entry to the system.

(2) The provisions of article 4 shall apply to the transactions about calculation of the vested initial state contribution.

(3) If the employee who left the system by terminating all their certificates is re-entered into the system, the initial state contribution shall not be recalculated. However, if an employee who exercised their right of withdrawal in the initial period is re-entered to the system, this provision shall not apply if the initial state contribution was never calculated in the first place.

Calculation of additional state contribution

ARTICLE 4/B – (1) In the event that the right of retirement is exercised, an additional state contribution totaling 5 percent of the accumulations in the individual pension account shall be made to the employee who prefers to receive the accumulations in a period of at least 10 years pursuant to the annuity contract within the state contribution calculation period following the conclusion of the annuity contract.

(2) In the event of termination of an annuity contract before completing 10 years, except for reasons such as death or disability, the additional state contribution shall be paid to the Ministry accounts to be recorded as general budget income according to the procedures and principles set by the Ministry.

The organization authorized by the Ministry shall notify the relevant tax office about the amounts that have not been paid or paid incomplete to be collected pursuant to the provisions of Law No. 6183 along with the interest calculated based on the default interest rate set forth in Article 51 of the Law on the Procedure for Collection of Public Receivables No. 6183 dated July 21, 1953. Collected amounts shall be recorded as general budget income and the collection information shall be sent to the Ministry by the tax office.

Maximum limit account

ARTICLE 5 – (1) The accounting period for calculating the state contribution shall be one year. The total contributions that are paid for a participant within a calendar year that is the basis for calculating the state contribution shall not exceed the total annual gross minimum wage set forth for the relevant calendar year.

(2) In the refund of unduly earned state contributions or withdrawal of the committed amounts from the account as a result of the participant withdrawing from the system by terminating the pension contract or certificate, no increase shall apply for the limit that is the basis for state contribution calculation for the other contracts that are in effect in the same calendar year. This provision shall not apply for the contracts that are the basis for the withdrawal.

(3) The participant's limit that is the basis for state contribution calculation for a calendar year shall be increased as much as the state contribution amount deemed to have been paid unduly for that year.

(4) The state contribution shall be calculated based on the limit in the year the contribution was sent to the company accounts in cash.

(5) The total accumulations forming the basis for the calculation of the additional state contribution to be paid for an employee shall not exceed the product of the monthly gross minimum wage for the month in which the employee exercises their right to retirement, and the number of months they have remained in the system.

(6) The limits for the following state contributions shall be calculated and managed separately:

a) The state contribution paid as per the supplementary article 1 of the Law,

b) The state contribution paid for thecertificates that are drawn up by automatic participation as per the supplementary article 2 of the Law,

c) The initial state contribution calculated as a fixed amount pursuant to Supplementary Article 2 of the Law,

d) The additional state contribution calculated and paid proportionally pursuant to Supplementary Article 2 of the Law.

Payment of state contribution

ARTICLE 6 – (1) The Ministry shall pay the calculated state contribution and the Additional State Contribution to the Pension Monitoring Center account within five business days following preparation of the payment receipt based on the calculation forms sent by the Pension Monitoring Center. The Pension Monitoring Center shall pay the state contribution, sent by the Ministry , into the company accounts on the business day following the receipt day at the latest.

(2) The committed state contribution amounts shall be monitored in the employee's commitment account, and the portions of the committed amounts to be paid in cash according to the vesting rates shall be monitored in the employee's cash account.

(3) Based on how long the certificate has been in the system:

a) Between the third and sixth years, 85 percent of the amount in the employee's state contribution account shall be recorded as commitment, while 15 percent shall be paid to the cash account;

b) Between the sixth and tenth years, 65 percent of the amount in the employee's state contribution account shall be recorded as commitment, while 35 percent shall be paid to the cash account;

c) From the tenth year onward, 40 percent of the amount in the employee's state contribution account shall be recorded as commitment, while 60 percent shall be paid to the cash account.

(4) In the event that the certificate is terminated due to the exercising of the right to retirement or due to death or disability, the entire amount in the employee's state contribution account shall be paid to the cash account. Calculations shall be made separately for each certificate.

(5) The companies shall invest the participants' state contribution paid in cash on the business day following the receipt day at the latest by issuing a purchase order for the fund in which the state contribution is invested. The amounts shall be kept in a blocked state in a special account opened with the fund custodian until the exchange has been completed for the fund shares ordered. If a fund sale order was issued for the participant's fund due to a transfer or a withdrawal from the system on day state

contribution was received in the company accounts, the participant's state contribution shall not be invested, but shall be added to the amount from the fun shares that is that is cashed. The companies shall store and keep ready for audit the order records for investing state contributions. The company shall pay for the losses arising from late investment of the state contributions that were sent to the account.

PART THREE
State Contribution Account Procedures

Transfer between companies

ARTICLE 7 – (1)

In the event that the accumulations in the participant’s account are transferred to the individual pension account at another company, the amounts in the state contribution or cash account, along with the participant’s accumulations, shall be transferred to the new company pursuant to the provisions of the Regulation on the Private Pension System on transfers between the companies. With this transfer, all data regarding the state contribution shall also be sent to the new company. The company shall sell the fund shares in the state contribution account by taking into consideration the periods to turn into cash the fund shares that make up the participant's accumulation. Accordingly, it shall send the amount and the relevant data to the transferee company by 15:00 at the latest on the business day following the day when fund shares were turned into cash. The transferee company shall invest this amount by issuing a fund share purchase order regarding the state contribution on the business day following receipt in the accounts at the latest. The amounts shall be kept in a blocked state in a special account opened with the fund custodian until the exchange has been completed for the fund shares ordered.

(2) Any state contributions that arise from the contributions paid at the previous company and have not been sent to the contribution account shall be transferred to the participant's new company on the business day following the day they were paid to the company.

(3) The company shall pay for any damages incurred due to late completion of the transfer and investment responsibilities within the scope of this article.

Withdrawal and refund of unduly earned amounts

ARTICLE 8 – (1) If the participant terminates the contract or the certificate, amounts in the cash accounts or vested amounts in the state contribution accounts according to the supplementary article 1 of the Law, along with the accumulations in the individual pension account, shall be paid to them pursuant to the provisions of the Regulation on the Private Pension System on withdrawal from the system.

(2) In the event that the contract or certificate is terminated without exercising the right for retirement despite earning it or for a reason other than death or disability, the state contribution amounts committed to the employees shall be withdrawn from the state contribution account, and unduly earned amounts in the state contribution amounts according to the Supplementary Article 1 of the Law shall be refunded and recorded as general budget income according to the following procedures.

(3) Within 15 business days of receiving the withdrawal request form from the participant, the company shall confirm that the number and amount of funds in the participant’s state contribution account and the calculated vesting rate are consistent with the Pension Monitoring Center records. If the number and amount of funds in the participant’s state contribution account and the vesting rate calculation are not consistent with the Pension Monitoring Center records, the inconsistency shall be corrected and verified. The Pension Monitoring Center shall implement the necessary infrastructure to provide companies remote access to the Pension Monitoring Center records to verify consistency. If the participant retracts their withdrawal from the system before the withdrawal procedures have been completed, the company shall notify the Pension Monitoring Center on the business day following receipt of such request from the participant at the latest.

(4) After the confirmation stated in clause 3 has been completed, the company shall issue a sale order of the fund shares in the state contribution account by taking into consideration the periods to turn the fund shares into cash.

(5) On the day the fund shares turn into cash, the company shall make a round sum of the cash amounts to the nearest two-digit amount after the decimal point, and pay the relevant amount to the Ministry accounts to be recorded as income in the general budget. The company shall send the payment information to the Pension Monitoring Center by the record verification date most relevant to the month the payments were made. The Pension Monitoring Center shall confirm consistency and accuracy of the amounts paid into the Ministry account within the scope of the notification and data sent to the Center. The Pension Monitoring Center shall notify the relevant tax office monthly about the amounts that have not been paid or paid incompletely to be collected pursuant to the provisions of Law No. 6183

along with the interest calculated based on the default interest rate set forth in Article 51 of the Law on the Procedure for Collection of Public Receivables No. 6183 dated July 21, 1953.

(6) Companies shall send monthly information to the Pension Monitoring Center regarding the payments made to the tax office based on the information provided to the tax office by the Center pursuant to clause 5.

Procedures regarding the payments made unduly or early

ARTICLE 9 – (1) Companies shall take the necessary measures to ensure accurate calculation of the contributions, which are the basis for the state contribution, and prevent any errors arising from their infrastructure and operations.

(2) The Pension Monitoring Center shall notify the relevant tax office associated with the company about the amounts that have been paid unduly to be collected pursuant to the provisions of Law No. 6183 along with the interest calculated based on the default interest rate set forth in Article 51 of the same law.

(3) The unduly calculated portion of the committed state contribution shall be withdrawn from the relevant account. The process described in paragraph 2 shall apply for the portion of the said amounts paid in cash to the cash account.

(4) Companies shall send monthly information to the Pension Monitoring Center regarding the payments made to the tax office based on the information provided to the tax office by the Center pursuant to clause 2.

(5) The state contribution of a participant with an unduly paid or committed state contribution shall be recovered from the participant's account or commitment account and the fund shares shall be sold by the company holding the last contract or certificate, based on the data stated in the appendix of the memorandum of understanding.

(6) In case the contract or certificate is terminated without the unduly paid state contribution amounts being withdrawn from the participant's state contribution account, the process described in Article 10(1) shall apply for the amounts paid to the Ministry.

(7) With regard to the early payment of the state contribution, for the period between the due date and the actual payment date of the state contribution by the Agency, the Pension Monitoring Center shall apply an interest fee based on the default interest rate set forth in Article 51 of the Law No. 6183 The Pension Monitoring Center shall notify the company and the relevant tax office associated with the company about the calculated amount to be collected pursuant to the provisions of the Law No. 6183 along with the interest calculated based on the default interest rate set forth in Article 51 of the same law from the due date of the state contribution payment by the Ministry to the date of company's payment to the tax office.

Return of overpayments or improper payments

ARTICLE 10 – (1) No interest shall be paid for the overpayments. The Ministry shall set forth the procedures and principles in this matter.

Investing state contributions

ARTICLE 11 – (1) The company shall establish a fund, by itself or by another pension company and which complies with the following portfolio limitations, to exclusively invest state contributions. The company may establish a separate fund for the participants who prefer interest-free investment instruments, and shall still establish a separate fund for those who prefer investment instruments with interest. State contributions paid in cash may be invested in:

a) Minimum 70 percent in relevant Turkish lira bonds and bills, revenue sharing certificates or rent certificates issued by the Ministry or the Undersecretariat of Treasury, Asset Leasing Companies.

b) Minimum 20 percent in Turkish lira;

1) Deposit/participation accounts;

2) Bonds and bills issued by banks to be traded in the stock market, rent certificates issued by asset leasing companies with banks acting as the resource institution or guaranteed securities and mortgage- and asset-guaranteed securities with ratings corresponding to the investment grade assigned by the rating agencies authorized by the Capital Markets Board of Turkey;

c) At least 10 percent must be in shares in the participation index calculated by BIST 100, BIST Sustainability Index, BIST Corporate Governance Index and Borsa Istanbul A.Ş.,

(2) No more than 15 percent of the fund portfolio shall be invested for each of the clauses 1(b)(1) and 1(c).

(3) Reverse repo contracts made in the BIST reverse repo market may be added to the fund portfolio, and the fund assets may be invested in the Istanbul Settlement and Custody Bank Inc. and/or domestic money markets. Such investments shall not exceed 5 percent of the fund portfolio.

(4) An expense may be deducted from the fund to meet the fund expenses in which state contributions shall be invested. The fund bylaw shall set the total deduction in this regard as 0.001 percent daily (0.365 percent annually), including the fund administrative expense deduction.

(5) The following portfolio deductions shall apply in the management of the fund set for investment of the state contributions.

a) The amount that can be invested in a single bank as a deposit or participation account shall not exceed six percent of the fund portfolio.

b) No more than 1.5 percent of the fund portfolio shall be invested in the bonds and bills and rent certificates issued by a single bank.

c) No more than one percent of the fund portfolio shall be invested in a single stock.

(6) The fund shall be managed in accordance with the rates regarding the assets to be included in the fund portfolio stated in this article as well as with the other relevant portfolio limitations that are stated in the Regulation on the Establishment and Operation Principles of Pension Mutual Funds, but not in this article.

(7) The company shall perform monthly checks to ensure that the aforementioned rate limitation, except for the limitation in clause 4, in the value of fund assets are not violated due to reasons such as price fluctuations, exercising priority rights, and so on, and shall correct any violations within 15 business days.

(8) At the end of each calculation period the company shall check if the annual rate that equals the daily deduction rate stated in the fund bylaw is exceeded. The check shall be performed based on the annual deduction rate stated in the fund bylaw and on the daily average fund net asset value calculated for that year. The company shall refund to the fund any amounts exceeding the rates stated in the fund bylaw within 15 business days following the relevant period.

(9) The Minister may re-set the principles on determining the deduction structure and rates, and the number and content of the funds offered as part of the Law, and on selecting the portfolio management company.

Vesting for state contribution

ARTICLE 12 – (1) If the contract or the certificate is terminated by exercising the right for retirement or due to death or disability, the participant or the employee shall be vested for all of the amounts in the state contribution account.

(2) If the contract has remained in the system from three to six years after January 1, 2013, the participant shall be vested for 15 percent of the amounts in the state contribution account; for 35 percent from six to 10 years; for 60 percent for 10 years or more. Calculations shall be made per each contract. The period shall be calculated based on the last sale order for the fund shares that belong to the contract.

(3) If there is no amount in the participant's state contribution account for the relevant contract as of the state contribution's date of transfer to the company accounts, the period shall be calculated based on the last sale order for the fund shares that belong to the contract.

(4) The periods spent as part of the noncontributory group contract shall not be taken into account for the vesting period for state contribution, except for retirement.

PART FOUR

Miscellaneous and Final Provisions

Responsibility in transactions

ARTICLE 13 – (1) Companies and the Pension Monitoring Center shall develop a control system to fulfill the responsibilities on the calculation, control and payment of state contributions, and to ensure that the other responsibilities set forth by the Regulation are implemented accurately and timely in accordance with the provisions of this Regulation.

(2) Companies shall establish the necessary technical infrastructure to keep track of the transactions on implementation of state contributions and of the vesting periods as set forth by the regulation for the amounts in the participant's state contribution account per each contractor certificate.

(3) If the audits by the auditing departments conclude that the public incurred losses due to failure by the company or the Pension Monitoring Center in fulfilling the regulatory responsibilities, the losses shall be tracked by opening a debt file for the relevant institution from which the collection will be made.

(4) The responsibility of the Ministry's related accounting department shall consist of ensuring that the amount stated in the calculation form is paid in accordance with the budget allocation without exceeding it and it is paid directly from the accounting accounts.

(5) Companies shall add a statement to the memorandum of understanding to be signed that declares that the record confirmation transactions are checked as part of the control system and that

they shall be responsible for all damages arising from any intentional acts, misconduct, hata or negligence.

(6) Companies that fail to fulfill their responsibilities about transfer and notice obligation, and about calculation, settling and refund of state contribution shall be deemed to have risked the participants' rights and interests, and according to the nature of the violation, they shall be subject to the sanctions stated in articles 14 and 22 of the Law.

(7) For participants within the scope of Article 28 of the Law No. 5901, the company's responsibility for the state contribution shall begin on the date that the relevant parties submit the documents proving their status to the company.

Compensation of losses

ARTICLE 14 – (1) The company shall add to the accumulations in the individual pension account of the participant the returns, if any, for the delay in payment to the participant that arise, if the company fails to report the paid contribution on time or reports it short, or its accuracy cannot be confirmed, or if the Pension Monitoring Center cannot confirm that it is accurate or that it allows state contribution calculation to be made, or if other similar circumstances occur, within two business days after the short paid state contribution was paid into the relevant account.

(2) In the event of identifying, after one year passes following the month when the contribution was sent to the company accounts in cash, any state contributions that need to be paid, the company shall add this amount and any returns from the delay period to the accumulations in the individual pension account of the relevant participant. The date of notification of the relevant information to the company by the participant, shall be the delay period start date when calculating the losses that the company will compensate due to late notification by the participant, of any changes in the contract information.

(3) If the companies fail to timely fulfill their investment and transfer obligation within the scope of articles 6 and 7, the amount, which is calculated by applying the late fee set forth in article 51 of the Law No. 6183 to the period of time between the deadline and the actual date of fulfilling the obligation for each transaction regarding the relevant amount, shall be added to the participant's state contribution account.

(4) If the Pension Monitoring Center fails to duly send to the companies the state contributions received in its accounts, the late fee set forth in article 51 of the Law No. 6183 to the period between the date the Ministry makes the payment and the date the Pension Monitoring Center makes the payment to the companies, and the calculated amount shall be paid into the Ministry accounts to be recorded as income in the general budget.

(5) The Pension Monitoring Center shall pay for the damages arising from its failure to fulfill its responsibilities such as reporting, calculation, control and payment that are stated in the Regulation, in accordance with the required principles.

(6) The return that will be used to pay for the losses within the scope of this Regulation shall be calculated by taking into account the increase that occurs during the relevant period in the share value of the fund that is used to invest the state contribution.

(7) The default interest rate that a company had to pay to the tax office due to the incomplete or incorrect data sent to the Pension Monitoring Center by another company, and if any, the state contribution amount it has paid to the tax office, but was not able to receive back from the state contribution amount because the participant has withdrawn from the system, shall be paid by the company, which caused the unduly earned payment, to the pension company that has made the unduly earned state contribution payment, within five business day after receiving notification on the matter.

Notification to the tax office

ARTICLE 15 – (1) The notifications that Pension Monitoring Center makes to the tax office pursuant to this Regulation shall have the public receivables, maturity date, the name, last name, tax identification number, address, and the tax office of the public debtor.

Audit

ARTICLE 16 – (1) The Ministry audit department shall audit at least once a year the businesses and transactions regarding the calculation and payment of state contribution, refund or settling of the amounts unduly collected by the companies, and transfers into the relevant funds by the companies of the state contributions received in the company accounts.

(2) The Capital Markets Board shall perform the audit of the funds that will be used to invest the state contribution in.

Revoked regulation

ARTICLE 17 – (1) The Regulation on State Contribution in the Individual Pension System published in the Official Gazette No. 28512, dated December 29, 2012 has been revoked.

Adding years

SUPPLEMENTARY ARTICLE 1 – (1) In calculating the participant's vesting period for state contribution, a one-time, one-year addition that is stated in the supplementary article 2 of the Law No. 6327 shall be added to the pension contracts of the participants, who had entered the system prior to January 1, 2013 and had a current contract as of January 1, 2016, by taking into account the calculated time spent in the system as of January 1, 2013 based on the entry date into the system. Accordingly, the following additional years shall be added to the participant's vesting period for state contribution based on the time spent in the contract as of January 1, 2013;

a) More than three years, but less than six years or more: one year,

b) More than six years, but less than 10 years or more: two years,

c) More than 10 years: three years.

The additions shall be made on January 1, 2016.

Return of overpayments or improper payments

SUPPLEMENTARY ARTICLE 2 – (1) Between January 1, 2013 and the effective date of this article; among the payments made by the companies to the Undersecretariat account, those that are determined, after an inquiry, to have been paid by the Pension Monitoring Center unduly or in excess based on the information sent by the companies shall be refunded by the Undersecretariat in a single one-time payment, if the companies apply to the Undersecretariat by submitting the results of the inquiry. The payments shall be made from a budget allocation set aside in the Undersecretariat budget for refunds. No interest shall be paid for overpayments. The Undersecretariat shall set forth the procedures and principles in this matter.

Payments to be included in the state contribution calculation

SUPPLEMENTARY ARTICLE 3 – (1) If a contribution amount, which should have received state contribution between January 1, 2013 and April 1, 2016 for the contracts that were in effect as of the effective date of this Regulation, was not included in the state contribution calculation, or despite of being included, it did not receive full or partial state contribution or was mistakenly used for an unduly made state contribution statement, this contribution amount shall be taken into account one time in calculation of state contributions made until September 30, 2016. In order to re-include in the calculation the incorrectly settled payments, companies shall send the Pension Monitoring Center a calculation request regarding the payment. The Ministry shall set forth the procedures and principles in this matter.

Memorandum of understanding on vesting rates

SUPPLEMENTARY ARTICLE 4 – (1) The Pension Monitoring Center and the companies shall draw up a supplementary memorandum of understanding to establish the vesting rates to be used for withdrawals before January 1, 2016 pursuant to article 8(1) and (2)

Early paid state contributions

PROVISIONAL ARTICLE 5 – (1) The process described in Article 9 shall apply for early paid state contributions, between January 1, 2013 and January 27, 2017.

(2) No further action shall be taken for the improperly paid portion of the state contribution amounts paid early to the tax office, between January 1, 2013 and January 27, 2017.

Initial state contribution

PROVISIONAL ARTICLE 6 – (1) If the initial state contribution was never calculated for an employee who exercised their right of withdrawal in the initial period and then re-entered the system before the effective date of this article, the initial state contribution shall be calculated pursuant to Article 4/A in the third state contribution calculation period following the effective date of this article.

Compliance period for investing state contributions

PROVISIONAL ARTICLE 7 – (1) Compliance with the portfolio parameters described in Article 10 shall be achieved as of July 31, 2019.

Validity

ARTICLE 18 – (1)

Article 12(3) and other articles of this Regulation shall enter into effect on January 1, 2016 and April 1, 2016, respectively.

ARTICLE 19 – (1) Minister of Treasury and Finance shall execute the provisions of this Regulation.