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| Friday, November 9, 2012 | **Official Gazette** | Issue: 28462 |
| **REGULATION** |
| From the Prime Ministry Undersecretariat of Treasury**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;a) Minister: The minister who reports to the Undersecretariat,b) 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,c) Accumulation: The total amount in the participant's individual pension account, except for the state contributions and related revenues,d) Employee: The real person that is included in a pension plan pursuant to the supplementary article 2 and temporary article 2 of the Law, e) State Contribution: The state contribution that is described in the Regulation on State Contribution in the Individual Pension System,f) State Contribution Account: The state contribution account that is described in the Regulation on State Contribution in the Individual Pension System,g) Irregular Payment: Contribution payments that are determined to be irregular in accordance with the procedures and principles set by the Undersecretariat,h) Pension Monitoring Center: The legal entity tasked as the pension monitoring center by the Undersecretariat,i) Pension Plan: Technical principles that determine the application method of the pension contract,j) Pension Contract: The contract that sets forth the procedures and principles on opening an individual pension account with the company, contribution payments to the account, investments of paid contributions to preferred funds, and payments of proceeds saved in the account to the beneficiaries, as well as the parties' other rights and obligations within this scope,k) Fund: The pension mutual fund,l) 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 Undersecretariat,m) Entrance Information Form: The form that is drafted based on the content decided by the Undersecretariat to provide the participant, the employer or the sponsor with information on the operation of the individual pension system,n) Secure Electronic Communication Tool: All methods of communication that can be kept such as text message, email, internet, telephone, and fax,o) 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, p) Workplace: The workplace that falls under the scope of the Social Insurance and General Health Insurance Law No. 5510, dated May 31, 2006, r) Permanent Data Store: All tools and environments such as text message, email, internet, CD, DVD, memory card, and so on that allow the users to save the information sent to them according to the purpose of the data and within a reasonable time, copy them without altering the data, and access them as they are,s) Law: The Individual Pension Savings and Investment System Law No. 4632,t) Participant: The real person that the company opens an individual pension account for and on behalf of pursuant to the pension contract,u) 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,v) Contribution: The amount, except for the entrance fee, paid to the company for investment according to the pension contract,w) Board: The Capital Markets Board,x) 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 Undersecretariat,y) Undersecretariat: The Undersecretariat of the Treasury,z)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,aa) Company: The pension company that is established pursuant to the Law No. 4632,ab) 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,ac) Fee: The net amount paid to those considered as insured pursuant to the article 4(a)(c) of the Social Insurance and General Health Insurance Law No. 5510, dated May 31, 2006.**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. Drawing up pension contracts on behalf of minors and wards who are not of adult age and performing transactions as per these contracts shall be subject to the provisions regarding capacity to act of the Turkish Code of Obligations No. 6098, dated January 11, 2011 and the Turkish Civil Code No. 4721, dated November 22, 2001.(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 Undersecretariat 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 Undersecretariat, or approve them by using secure electronic communication tools. According to the preference of the related party, a printed copy or a copy via secure electronic communication tool shall be sent immediately. The company shall keep printed or electronic copies of the documents based on the participant.(4) In the group pension contract, the employer shall fill out and sign the documents determined by the Undersecretariat, or approve them by using secure 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 secure 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 licence.(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 Undersecretariat.**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 Secure 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 Undersecretariat-approved documents in printed or permanent data store format to the relevant participant, sponsor of 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 Undersecretariat 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 Undersecretariat, 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 secure electronic communication tools or email 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. Any losses incurred due to late payment shall be collected by including the default interest that applies for the commercial transactions set forth pursuant to article 2 of the Law on Legal Interest and Default Interest No. 3095, dated December 4, 1984.(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 in printed or permanent data store format to the participant or, if any, to the sponsor or the employer, based on the preference of the relevant participant, sponsor or employer, within 10 business days from the contract effective date. In the noncontributory group contract, the employer shall send the noncontributory group certificate in printed or permanent data store format to the relevant participant, sponsor or employer, based on the employer’s preference, within 10 business days from the certificate 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 Undersecretariat 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 Undersecretariat 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 30.**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 Undersecretariat shall determine the minimum content, frequency and time of the risk profile survey pursuant to the provisions of the provisional article 3.(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 Board, through the company, to serve as a portfolio manager. The Undersecretariat 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 six times per year. 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 secure 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 Undersecretariat. 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 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. Upon approval of the company, the new pension plan shall enter into effect in 10 business days from receipt of the plan change request by the company. An amended pension contract shall be sent to the participant, or if any, to the sponsor or the employer, within 10 business days in printed or permanent data store format based on their preference.**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 company shall send to the requested the documents set forth by the Undersecretariat within five business days. The company shall make the necessary arrangements so that the requesters can obtain the relevant documents on the secure page created for them on the company's corporate website. The requesters shall apply, along with the relevant documents, to the transferee company. Upon deeming it suitable, the company shall propose a plan and provide information on the proposed deductions in the plan. Upon choosing a plan, the requester shall sign the transfer documents or approve them by using secure electronic communication tools.(4) The requester then shall send the documents to the transferee company. Transfer requests with improperly drawn up documents shall not be processed. The transferee company shall apply with the transferring company on the following day at the latest after receipt of the request. The transferring company shall transfer to the transferee company the accumulations, along with the amount in the state contribution account, within 10 business days after receipt of the request. Any losses incurred due to late payment shall be collected by including the default interest that applies for the commercial transactions set forth pursuant to article 2 of the Law on Legal Interest and Default Interest No. 3095, dated December 4, 1984. Any state contributions that have not been transferred into the participant's account as yet shall be subject to the legislative provisions on the state contributions in the individual pension system. The information and documents regarding the participant's individual pension account shall be sent to the transferee company electronically at the same time. The company shall be responsible for full and proper transfer of the necessary participant information. The transferring company shall bear the losses arising from failure to transfer the necessary documents in full and properly between the companies. The company shall take the necessary measures to complete the transfer within the allowed period by taking into consideration the time needed to turn into cash the funds that will be sold.(5) In case of no accumulations on the transfer date, the pension contract in the transferee company shall enter into effect as per the provisions of article 7 and the new pension contract shall be emailed, or sent by using secure electronic communication tools, based on the preference of the participant, or if any, the sponsor or the employer within 10 business days after taking effect. No entrance fee shall be requested for the new pension contract. The participant's rights arising from the date of entry into the individual pension system, and if any, the rights regarding the vesting periods, shall be maintained exactly in the transferee company. The amounts received through transfer shall be invested within two business days after receiving them in the company accounts.(6) The Pension Monitoring Center may make calls to confirm that the participants have been informed accurately during the transfer process and that they have made informed choices. The Pension Monitoring Center shall report the call results to the Undersecretariat.**Exercising of rights** **ARTICLE 13 −** (1) As a rule, the participant shall exercise the contractual benefits in individual pension contracts and group individual contracts. 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. Provisions of the Turkish Code of Obligations No. 6098, dated January 11, 2011 and the Turkish Civil Code No. 4721, dated November 22, 2001 shall apply in drawing up the pension contracts to which minors and wards are a party and in exercising the rights set forth in the individual pension legislation.(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.**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 contribuion 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 secure 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 email, 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. The 20-businessday period shall begin upon completion of all of the documents that must be provided by the participant according to the provisions of the related legislative regulations. Contract termination date shall be the last sale order date for the fund shares regarding the participant's contract. 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, 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. However, any losses incurred due to late payment, regardless of any connection to a decrease in the fund unit price, shall be collected by including the default interest that applies for the commercial transactions set forth pursuant to article 2 of the Law on Legal Interest and Default Interest No. 3095, dated December 4, 1984.**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) The vested participant who wish to use 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 fax or email.(3) 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 email or by using secure 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. The contracts entered into the system pursuant to the supplementary article 2 and temporary article 2 of the Law shall not be included in account consolidation. Sample financial projections are available on the Pension Monitoring Center website.(4) Information on the participant's contracts with other companies shall be obtained from the Pension Monitoring Center. 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 participant's account, the legislative provisions on the state contributions in the individual pension system shall apply to these amounts.(5) 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.(6) 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.(7) The participants with multiple pension contacts shall exercise the right for retirement by making a request with one of the companies with which they have a contract that is in effect at the time of being vested for retirement and by consolidating the accounts in other contracts with that of the contract with the company to which they make the request. In the event that the participants request lump-sum payment, programmed withdrawal or annuity payment of their accumulations or the money in the state contribution account after they applied to company provides the participants with information on pension options; the company shall contact the other companies for the consolidation procedures within two business days after receiving the request in accordance with the information obtained from the Pension Monitoring Center. The companies applied to shall transfer, within five business days from the application, the accumulations and the money in the state contribution account of the participants that apply for account consolidation. The company shall complete the retirement procedures within 10 business days after receipt of the retirement request form following the account consolidation completion date. The limitations stated in article 12 on 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 decrease in the fund unit price that arises from delaying the account consolidation procedures from the system. However, any losses incurred due to late payment, regardless of any connection to a decrease in the fund unit price, shall be collected by including the default interest that applies for the commercial transactions set forth pursuant to article 2 of the Law on Legal Interest and Default Interest No. 3095, dated December 4, 1984.(8) In the case that the participant that has exercised the right for retirement enters into another pension contract, except for those drawn up through transfer from another company, the new contract shall remain in the system for at least 10 years before the participant will be allowed to exercise the right for retirement due to this contract.**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 invidiual contract.(4) For the contracts which are drawn up as individual or group invidiual 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 or goes into administration; 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 Turkish Civil Code No. 4721, dated November 22, 2001.(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) After the vesting period stated in the pension contract has reached one-hundred percent, the accumulations in the participants account during the time when the employer and the sponsor continues to pay on behalf of the participant as per the noncontributory group contract or the group individual contract, respectively, shall remain in the participant’s account associated with this contract.(2) In the event that the employer or the sponsor stops making contribution payments on behalf of the participant within the scope of the contracts that reach a one-hundred percent vesting ratio by the end of the contract year-end; the amounts in the individual pension account shall remain in the participant’s account, or they may be 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). 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.(3) 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.(4) 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 suspension of payments for more than a year as per article 14, the fixed expenses paid by the Pension Monitoring Center regarding the individual pension account may be deducted from the participant's individual pension account accumulations on the condition of stating the deduction 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 Ministry. 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 Board shall establish the procedures and principles on implementation of this deduction upon approval from the Undersecretariat.(3) A provision may be added to the pension contract stating that a change made by the Undersecretariat 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) Pursuant to the procedures and principles that will be set forth by the Undersecretariat upon approval by the Board; 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 Undersecretariat, upon approval of the 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 3 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 Undersecretariat 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. 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 to provide full information, including information on investment options regarding opening an individual pension account, by the relevant period's payment date. The company shall open an individual pension account based on the information provided. The employee shall be entered into the plan as per the provisions of article 7.(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 Undersecretariat 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. 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 Undersecretariat 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. (2) Pursuant to this article, employee's personal information may be shared with the company without the owner's consent, and this information sharing shall not constitute a breach of the provisions of the legislation on the protection of personal information. **Right of withdrawal in the grace period****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 email or secure electronic communication tools on the following business day. The employee may exercise the right of withdrawal in the grace period within two months of the notification. The employee may withdraw from the system anytime after the grace period. The employee shall send the withdrawal request to the employer or the company via email or secure 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. Any losses incurred due to late payment shall be collected by including the default interest that applies for the commercial transactions set forth pursuant to article 2 of the Law on Legal Interest and Default Interest No. 3095, dated December 4, 1984.**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 Undersecretariat.(3) The employee may notify the employer to request a higher payment rate than stated in the 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. The employee shall be responsible to make the request before the relevant month's salary calculation has been completed. Requests received after this time shall be made as of the following payment period.(4) The contribution shall be transferred into the individual pension account opened on behalf of the employee within the scope of the group invidiual 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/l. (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/D Contributions of the accounting departments that conduct the salary transactions over the information systems of the Ministry of 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 Finance (Directorate General of Public Accounts); if the Ministry of Finance 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) After the employment relationship ends, the employee may continue to pay contributions at a rate of three percent of the minimum gross wage to be applied for at least the first six months of the relevant calendar year pursuant to the procedures and principles set forth by the Undersecretariat. If the employee does not request to continue making contribution payments, withdraw proceedings shall be completed from the relevant pension contract. The employee shall apply with the company by the end of month after leaving employment to request to continue making contributions. The Undersecretariat shall set the principles on withdrawal from the contract within this scope.(10) The Undersecretariat 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.**The funds that can be offered to the employees as per supplementary article 2 of the Law.****ARTICLE 22/I –** (1) The funds that do not fall within the scope of this section may be offered as part of this section within the principles set forth by the Minister, provided they meet the conditions required by the Regulation.(2) 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) The accumulations, and if any, paid state contributions, in the individual pension account of an employee, who was included in the individual pension system within the scope of this section and was in the system at the time of employment change, shall be transferred to the plan in the new workplace, if there is a pension plan available there for the employees, and the vesting periods for entitlement in the system and for the state contribution shall remain exactly in the plan at the new workplace. If entering the employee in the plan as part of the new workplace requires a change of company, the transfer proceedings, and if it does not, the plan change proceedings shall be conducted according to the principles set forth by the Undersecretariat. If the employee's accumulations and state contributions are to be transferred to another company due to place of employment change, the limitations regarding the time to remain with the company in article 12 shall not apply. If the company does not need to be changed due to place of employment change, the limitation on the change of plan within a year as per article 11 shall not apply.(2) If the new workplace does not offer a pension plan, the employee, who was included in the individual pension system within the scope of this section and was in the system by the time of employment place change, may continue to pay contributions as part of the pension plan from the previous workplace at a rate of three percent of the minimum gross wage that will be applied for at least the first six months of the relevant calendar year pursuant to the procedures and principles set forth by the Undersecretariat. If the new workplace is covered, the employee shall be entered in the pension plan by the employer as part of the new workplace pursuant to the provisions of article 22/B. If entering the employee in the plan as part of the new workplace requires a change of company, the transfer proceedings, and if it does not, the plan change proceedings shall be conducted according to the principles set forth by the Undersecretariat. If the new workplace does not offer a pension plan to the employee and the employee does not request to continue making contributions, proceedings shall be started for withdrawal from the relevant pension contract. The employee shall apply with the company by the end of month after change of workplace to request to continue making contributions. The Undersecretariat shall set the principles on withdrawal from the contract within the scope of this article. (3) In the event labor contract termination of an employee who makes payments to multiple contracts within this scope, the accumulations and the amounts in the state contribution account, which are made within the scope of the contract that was opened as per the terminated contract, shall be transferred to a current contract of employee’s choice or the proceedings shall be started for withdrawal from the relevant pension contract pursuant to the principles set forth by the Undersecretariat. Such a transfer shall be conducted according to the principles set forth by the Undersecretariat and the limitations regarding the time to stay with the company in article 12 shall not apply.**Contribution holiday****ARTICLE 22/K –** (1) The employee may request a contribution holiday. The request may be fulfilled for a maximum period of three months from the request date. Contribution holiday request may be made before or after this period ends. Once the employee makes the contribution holiday request, contribution shall not be deducted from the employee's salary. The employee shall make the request at least three business days prior to the salary payment date. Requests made after this date shall be taken into account starting from the next month's salary payment. (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.**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 two-month withdrawal period. The company shall be responsible for fund management to maintain the value of paid contributions during this period. (2) Subsequently after the two-month right of withdrawal period ends, the company shall continue to invest the accumulations of the employee, who waives the right of withdrawal, in an initial fund preferred by either the employee or the employer until the end of the period set forth by the Ministry. Upon completion of the period set forth by the Ministry, the employee's accumulations shall be invested in a standard fund preferred by either the employee or the employer.(3) Upon completion of the withdrawal period, the employee may request to leave the initial or standard fund. As per the provisions of article 10, these employees shall be provided with a risk profile survey, with non-binding results, and their contributions and accumulations shall be invested according to their preferences. The Undersecretariat shall determine the minimum content, frequency and time of the risk profile survey.(4) The right to change the fund distribution shall rest with the employee; however, the employee may choose to transfer this right to the portfolio management company. The request shall be submitted by the employee to the company to be sent to the portfolio management company.(5) The employees' other transactions regarding fund distribution change shall be subject to the provisions of article 10.(6) 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 Undersecretariat.(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 as per this article, the companies shall not make any deductions other than the fund management fee. Such deduction shall be set forth in the fund bylaw in rates not to exceed those established by the Minister. The Minister shall be authorized to re-determine the deduction structure and rates.(2) If the thresholds are exceeded, the Minister may decide to apply an additional fund management fee as per the principles set by him/her. (3) In the event of falling below the thresholds set by the Minister, the Undersecretariat may request the company to change the portfolio management company, which is managing the relevant portfolio, with approval of the Board.(4) 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.(5) The company shall check daily if the daily deduction rate stated in the fund bylaw is exceeded. If during the company's check, there is excess 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 share price 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 business days following the related period.**Fund advisory board****ARTICLE 22/O –** (1) The Advisory Board made up of representatives from the Undersecretariat, the 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 Undersecretariat 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) In the event of workplace change, if the plan in the new workplace requires a change of company, the transfer between the companies, except for the transfers that are made in case of service contract termination as in article 22(I)(3) of this regulation, may be done only by the employer. The Undersecretariat 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) In the event the employee requests to leave the system by exercising the right for retirement, all of the employee's contracts that were drawn up within this scope shall be subject to account consolidation as per the provisions of article 16. In the event the employee has multiple contracts drawn up within the scope of this section at the same or different companies, the employee's date of entry into the system shall be determined as the oldest plan start date among the plans entered as part of these contracts. In this case, for the employees 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 and all other procedures regarding this request shall be conducted as per the provisions of article 16.(3) The employees who have been withdrawn from the system may be re-entered automatically every two years pursuant to the principles set forth by the Undersecretariat. The Undersecretariat shall be authorized to shorten or extend this period by one year and three years, respectively.**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 Finance, Directorate General of Public Accounts and the Pension Monitoring Center. In the event that the data, which is obtained from the Social Security Institution and the Ministry of Finance, Directorate General of Public Accounts, needs to 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 Undersecretariat 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 emailed or faxed, of if these are not available, posted to the participant.(3) In the event the sponsor or the employer fails to make a due contribution payment within 30 days after the due date, the company shall notify the participant by sending an email, text message to the stated cellphone, or fax, or if these are not available, by postal service. In the event the sponsor or the employer notifies that the entire contributions have been stopped, this notification shall be deemed sufficient by the company for only once.(4) Within 10 business days of each accounting period, the company will send to the participants stated email address or fax, or if these are not available, to the postal address, an informational note about any important changes to the parameters in the pension plan and in the legislation, along with an account statement.(5) To help participants make informed fund choices, the company shall provide them with quarterly reports by email or on its corporate website. 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 Undersecretariat 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 secure electronic communication tools, and request new information, documents and forms when it deems necessary.**Pension mutual funds****ARTICLE 23/A –** (1) The Minister shall set forth the principles on determining the number and content of the funds offered as part of the Law, and selecting the portfolio management company.(2) 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 Undersecretariat by receiving the appropriate opinion of the Board.**Numbering the contracts****ARTICLE 24 –** (1) The participant shall be defined in the individual pension system according to the principles set forth by the Undersecretariat. Each pension contract shall be given a number issued according to the principles set forth by the Undersecretariat. 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.**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 an individual pension account at the same or multiple companies, the amount that cannot be seized shall be calculated based on the total of all accounts.(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.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.**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.**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 Minister to which the Undersecretariat of Treasury reports 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 |

**Appendix-2**

|  |  |  |  |
| --- | --- | --- | --- |
| **Group** | **Pension Mutual Funds** | **Maximum daily rate** | **Maximum annual rate (%)** |
| **I** | Money Market FundsPrecious MetalsFund | 0.003% | 1.09 |
| **II** | * Bonds and Bills Fund

Standard Fund* Index Fund
 | 0.00525% | 1.91 |
| **III** | * Equity Fund
* Participation Fund
* Composite Fund
* Fund Basket Fund
* Variable Fund
* Life-Cycle/Target Fund
 | 0.00625% | 2.28 |

**Maximum Fund Expense Fee Total Rates**

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

**Appendix-3**

**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 Yeara |
| * **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 Contractb |

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 Totala**

|  |  |
| --- | --- |
| **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.