

TAWARRUQ CONTRACT CUSTOMER INFORMATION FORM

This form has been created to inform customers within the scope of the BRSA Communiqué.¹

1. Type of Contract: Tawarruq (Sale of Commodities with a Statement of Profit)

2. Basic Features of the Contract:

Tawarruq is the cash sale of a commodity purchased on credit to a third party other than the first seller, in order to obtain cash.

In Tawarruq contract; there must be a declaration of intention (offer-acceptance) of the parties, the commodity subject to the contract must be certain, it must not be in gold, silver or currency that is not suitable for forward sales, it must be received by the customer in real or legal terms and must not return to its original owner through collusive transactions.

3. Compliance of the Goods or Service with the Principles and Standards of Interest-Free Banking:

The Tawarruq product is only used in areas determined by the Advisory Board of TKBB (Participation Banks Association of Türkiye).

4. The Position of Customer in the Contractual Framework:

In the Tawarruq contract, the customer is the buyer of the commodity in their relationship with the bank, and the seller of the commodity in their relationship with the third party. In addition, since the customer appoints the participation bank as the attorney to sell the commodity to a third party, they are the grantor in terms of this relationship.

5. Process and Functioning:

Participation bank sells the commodity it buys from organized markets at an advance price to its customer on a term basis and by adding profit to the purchase price. The customer also sells the commodities purchased in installments to other buyers through organized markets at an advance price by appointing the participation bank as an attorney.

Documents on the purchase and sale of the commodity (contract, etc.) are provided by the participation bank.

6. Rights and Obligations Enforced on the Parties by the Contract:

Participation bank is responsible for the purchase and sale of the commodity from the organized market and for the sale of the commodity to the customer on a term basis after the transactions are duly performed. The customer's responsibility is to fulfill the financing payments within the framework of the payment plan created specifically for tawarruq.

7. Bank Practice in Case of Delayed Payment:

A clause may be included in the tawarruq contract stating that the participation bank will receive a certain amount as a delay penalty if the debts are not paid on the specified dates. However, the participation bank cannot benefit from the portion of this amount, which it receives as a delay penalty, above the inflation rate and the compulsory expenses incurred for the collection of its receivables. These amounts collected are classified according to the Uniform Accounting Plan of the participation banks and put into good use in accordance with the principles and standards of interest-free banking.

