

## GENERAL

Regulation on the rules of Licenses for Railway Operation (hereinafter will be referred to as “**Railway Regulation**”) has been published on 19 August 2016 with the Official Gazette numbered 29806. Railway Regulation has come into force on the same date of publication (i.e. 19 August 2016). During the preparation of the Railway Regulation, Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012 establishing a single European railway area has been taken into account.

Previously, Turkish State Railways (“TCDD”) was exclusively empowered in the railway operation. Now with the Railway Regulation entering into force, such operation has been opened to private sector companies.

## HIGHLIGHTS OF THE RAILWAY REGULATION

According to the Article 5 of the Railway Regulation, agent, commissioner, natural persons who want to carry out gar or railway station operation, public corporations (i.e. legal entities) and companies shall obtain the license that is required for their activities. Ministry of Transport, Maritime Affairs and Communications (hereinafter will be referred to as “**Ministry**”) shall be entitled to provide such license.

There are several types of license for different types of activities (e.g. License DB1 for passenger trains, License DB2 for goods train).

The conditions to obtain and renew license are set out under Article 10 of the Railway Regulation. The conditions are set out as below:

- The applicant shall be a natural person, public corporation or a company that is registered at the trade registry in compliance with the Law numbered 6102 and carries out its activities in accordance with the scope of the relevant license;
- Companies’ shareholders or founding shareholders or directors empowered for signature shall not be convicted due to crimes such as fraudulent acts, abusing trust, drug or weapon trafficking, human trafficking or trade, theft, bribing
- Provide the special conditions set out in Article 11 of the Railway Regulation
- The applicant shall pay the fees for licenses set out in Article 33 of the Railway Regulation

The documents to obtain license are specified under Article 12 of the Railway Regulation. The applicant shall also fulfill certain conditions regarding professional reputation (Article 14), financial adequacy (Article 15) and professional adequacy (Article 16).

The term of licenses is 10 (ten) years. Once the license is obtained, it is prohibited to start to carry out the relevant activities immediately. For the railway operator to be able to start its activities it needs to establish a security management system and obtain a security license from

the Ministry. Article 7 of the Railway Regulation prohibits starting the activities without obtaining such license. Security license shall be obtained within 6 (six) months starting from establishing security management system and obtaining the authorization license.

In the event that an incompliance with the Railway Regulation is determined, each incompliance will be subject to a monetary penalty of TRY 5.000 (five thousand Turkish Liras) and administrative sanctions (e.g. the cancellation of the license) shall apply.

The railway train operators shall provide an insurance policy to the Ministry. The terms of such policy have been regulated under Article 13 of the Railway Regulation. The policy amount shall be at least 20.000.000 TL (twenty million Turkish Lira) per case and the term of policy shall be at least 1 (one) year.

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