



THE COMMUNIQUÉ ON NOTIFICATION AND REGISTRATION OF BEARER SHARE CERTIFICATES TO THE CENTRAL REGISTRY AGENCY HAS BEEN PUBLISHED

Articles of the Turkish Commercial Code No. 6102 ("**TCC**") regulating bearer shares has been amended by the Law on the Prevention of the Financing of the Propagation of Weapons of Mass Destruction No. 7262 and these amendments entered into force on April 1, 2021. Thus, within the scope of the new regulations regarding the issuance of bearer share certificates in non-public joint stock companies, the transfer of bearer shares and the use and transfer of shareholders' rights, the obligation of notification and registration to the Central Registry Agency ("**CRA**") has been imposed.

In this context, procedures and principles regarding notification and registration of bearer shares certificates of joint stock companies other than companies whose shares are dematerialized to CRA are regulated by the Communiqué on Notification and Registration of Bearer Shares to the Central Registration Agency ("**Communiqué**") published in the Official Gazette dated April 6, 2021 and numbered 31446.

EXECUTIVE SUMMARY

- (i) The procedures and principles in relation to the issuance, distribution, transfer and notification obligation to CRA of bearer share certificates have been determined.** Joint stock companies that will issue bearer share certificates shall apply to CRA and the share certificates shall be printed by the relevant company consisting the unique number produced by CRA for each share certificate. For the transfer of bearer share certificates, transferee have to notify CRA. This notification can be made directly or through the company.
- (ii) Details regarding the obtainment of the shareholder chart provided by the CRA for bearer share certificate holders to attend the general assembly were regulated.** Company officials shall apply to CRA at least two days before the date of the general assembly for the shareholders' chart. The chart shall be prepared on the basis of the day-end records of the CRA's system on the day before the general assembly. The chart shall be provided by the CRA's system on the day of the general assembly by those who call for the general assembly meeting.
- (iii) A regulation has been made regarding how the information and notifications in relation to bearer share certificates will be recorded before CRA and the procedure of notifications to be made to CRA.** All notifications and registrations shall be made electronically and the records kept at CRA are confidential.
- (iv) A transition period is envisaged until December 31, 2021.** People who own bearer share certificates as of April 6, 2021 shall apply to the company by December 31, 2021 at the latest in order to make the necessary notifications and registrations to CRA. The shareholders who do

not make the said application **shall not exercise their rights attached to the share** arising from TCC **until the application is made**. In order to **prevent the loss of rights of the shareholders** during the transition period, until December 31, 2021, the shareholders who have applied to the company to be notified to CRA but have not yet been notified to CRA by the company shall also be considered while preparing the attendant list for the general assembly meeting and so the shareholders, who applied to the company but not yet notified to CRA, will also be able to attend the general assembly meeting.

(v) The status of the current bearer share certificates has been clarified. There is no need to cancel the current bearer shares that are validly issued and, following the notification to CRA, the existing bearer share certificates may remain in circulation by adding the unique number specific to each share certificate and provided by CRA on the certificate and signing it by at least two of the authorized signatories.

I. ISSUANCE, DISTRIBUTION AND TRANSFER OF BEARER SHARE CERTIFICATES

(i) Issuance and Distribution of Bearer Share Certificates

According to Article 4 of the Communiqué, bearer share certificates shall be issued **consisting of the unique number produced by CRA for each share certificate** upon the decision of board of directors including the elements foreseen in the relevant article and following the payment of the share contributions in full.

The bearer share certificates shall be registered in the system after the persons authorized to represent the company notify the CRA regarding the decision of the board of directors, the information about the shareholder to which each share certificate shall be distributed and the company contact information. The registration to the system shall be done by **registering the share certificates in the name of the shareholder under the unique number generated by a special algorithm** by associating them with the relevant company.

The decision of the board of directors regarding the issuance of bearer share certificates can only be registered and announced **after the trade registry office confirms that the mandatory registration has been made in the CRA's system**.

Pursuant to Article 486 of the TCC, the processes of issuance of the share certificates, notifying CRA and distributing the share certificates to the shareholders must be completed **within three months** from the date of payment in full of the share contributions.

In cases where bearer shares are issued and distributed depending on the capital increase, the process shall be the same as the abovementioned procedure.

(ii) Transfer Of Bearer Share Certificates

According to Article 489 of the TCC and Article 5 of the Communiqué, transfer of bearer share certificates shall only become effective against the company and third parties once the transferee who have acquired the shares by means of transfer of possession notifies the CRA. The transferee can make this notification **to CRA in person or through the company**. If the notification of the transfer of bearer share certificates is made through the company, the notification shall be made by the company to CRA.

II. PARTICIPATION OF BEARER SHARE CERTIFICATE HOLDERS TO THE GENERAL ASSEMBLY

As per Article 417 of TCC and Article 6 of the Communiqué, holders of bearer share certificates can attend the general assembly meetings according to the **shareholder chart to be obtained from CRA** and with these provisions the procedure of obtaining entry cards by proving the possession, which was applied for bearer share certificate holders, was abolished.

In order to prepare the shareholder chart, authorized representatives of the company must apply through the CRA's system **at least two days before the date of the general assembly**. The shareholder chart shall be prepared by CRA on the basis of the day-end records in the CRA's system on the day before the general assembly. The shareholder chart shall be received from the CRA's system **by those who call for the general assembly meeting on the day of the general assembly**. The information obtained from CRA is confidential and cannot be shared with third parties, and cannot be used for purposes other than the purpose of which it was given for.

Shareholders who have been granted usufruct rights on the share certificates shall be able to attend the general assembly meeting by proving their rights to the board of directors.

In accordance with Article 1527 of the TCC, in case of electronic participation to the general assembly meeting from the Electronic General Assembly System of CRA, the shareholder chart can be obtained from the Electronic General Assembly System without prior request.

III. KEEPING AND SHARING RECORDS

(i) *Keeping Records*

The notifiers are responsible for the accuracy of notifications made to CRA and the contact information is up-to-date. Records based on the notifications regarding bearer share certificate holders and their shares shall be kept electronically and indefinitely by CRA. Shareholders can access information on bearer share certificates registered in their names through the CRA's system and obtain a certifying document. However, **documents created by CRA do not solely establish any ownership rights** .

Pursuant to Article 9 of the Communiqué regulating the cancellation procedure of the share certificates, **if a share certificate is canceled due to capital reduction or change of the share certificate, the registration for share certificate shall be canceled from the CRA's system upon the notification** made by authorized representatives of the company along with the relevant decision.

The principles regarding the keeping of the records **regarding the shares seized or subject to injunction** before the CRA are regulated in accordance with Article 13 of the Communiqué. **The transfer notification cannot be recorded regarding the share certificates which are seized or subject to injunction**, unless otherwise is decided by the relevant authority.

In accordance with the Communiqué, the fees and taxes to be accrued for the services provided by CRA are specified in Annex-1 of the Communiqué.

(ii) *Sharing Records*

Pursuant to the Communiqué, **the records kept with CRA are confidential**. The records can be shared only with the authorities authorized by law. However, bearer share certificate holders may inquire the shares registered in their name electronically with CRA and obtain the relevant document electronically. Companies cannot use the information about shareholders and their representatives and any data they receive from the CRA's system in accordance with the Communiqué, **in violation**

of the Personal Data Protection Law No.6698 and for purposes other than the purpose of which it was obtained for.

IV. EFFECT OF THE RECORD

In share transfers, **the date of notification made to the CRA shall be taken as a basis** for exercising the rights of bearer share certificates against the company and third parties. If the relevant notification is not made, the bearer share certificate holders shall be **unable to exercise their rights attached to the share arising from TCC until the notification is made.**

The provisions regarding the application procedure and the use of the rights attached to the share during the transition period are given below as “*V. Transition Period and Status of Current Bearer Share Certificates*”.

V. TRANSITION PERIOD AND STATUS OF CURRENT BEARER SHARE CERTIFICATES


In accordance with the Provisional Article 1 of the Communiqué, as of April 6, 2021, **holders of bearer share certificates have to apply to the company** with their bearer share certificates and a notification form prepared in two copies in accordance with the example in Annex-2 of the Communiqué to be notified to CRA. Pursuant to the Provisional Article 14 of the TCC, the application procedure must be completed by **December 31, 2021 at the latest**. If the relevant notification is not made, **the bearer share certificates holders shall not exercise their rights attached to the share arising from TCC until the notification is made.**

Upon application, the information regarding the share certificate and the shareholder must be notified to CRA by authorized representatives of the company and registered in the system within **five business days** from the application. Those who do not make notification in accordance with the abovementioned procedure shall be penalized with the **administrative fines** specified in Article 562 of the TCC.

There is no need to cancel the current bearer shares that are validly issued. The existing bearer share certificates may remain in circulation by adding the unique number provided by CRA on the certificate and signing it by at least two of the authorized signatories.

As per provisional Article 2 of the Communiqué, until 31 December 2021, while preparing the attendant list for the general assembly meeting, the shareholders who have applied to the company to be notified to CRA but have not yet been notified to CRA by the company shall also be considered in order **to prevent the loss of rights of the shareholders who fulfill their application obligations**. As a result the **shareholders, who applied to the company but not yet notified to CRA, could also attend the general assembly meeting.**


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This newsletter has been prepared as of April 14, 2021 for informative purposes regarding The Communiqué on Notification and Registration of Bearer Share Certificates to the Central Registry Agency which published in the Official Gazette dated April 06, 2021 and numbered 31446.

Our assessments in this newsletter do not constitute legal recommendation or legal opinion and Aksu Çalışkan Beygo Attorney Partnership may not be hold responsible depending on these assessments. It is recommended to obtain legal opinion for your inquiries within the scope of this memorandum.

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