



## The Awaited Rules on Registration of the Bearer Shares Entered into Force

With the amendments by the Law No. 7262 published in the Official Gazette dated 31 December 2020 and numbered 31351 in the relevant provisions of Turkish Commercial Code No. 6102 [“TCC”], the Central Securities Depository [“CSD”] notification for the bearer share certificates issued by the closed joint stock corporations became mandatory, and the Ministry of Trade of Republic of Turkey [in Turkish: T.C. Ticaret Bakanlığı] has been authorized to issue a communiqué for the determination of the terms and conditions of the relevant procedure<sup>[1]</sup>. In this respect, the Communiqué regarding the Central Securities Depository Notification and Registry for the Bearer Shares [“Communiqué”] is published in the Official Gazette dated 6 April 2021 and numbered 31446 and entered into force accordingly.

While holders of bearer share certificates, which were issued before 1 April 2021, needs to apply to the company before 31 December 2021 for registration of their shares with the CSD, the issues regarding the terms and conditions of the notification and registration to the CSD, the relevant charges, and the terms and conditions of providing the shareholders’ chart have been clarified by the Communiqué.

## Issuance and Distribution of the Share Certificates

- Following the payment of the share price in full, the board of directors will resolve on the issuance of the bearer share certificates.
- The board of directors will inform the CSD about the identity and contact details of the holders of bearer shares.
- The share certificate will be registered on behalf of his/her holder under a unique number which is generated by a special algorithm associated with the relevant company.
- The board of directors’ resolution regarding the issuance of bearer share certificates will have to be registered with the Trade Registry and announced. Prior to this registration, the Trade Registry will need to confirm the registration of the respective bearer share certificates with the CSD.

## Transfer of Share Certificates and Notification of such Transfer

According to the Communiqué, the transfer of bearer shares shall become effective *vis-à-vis* the company as well as third parties upon the notification of the purchaser to the CSD. The share transfer may also be notified to the CSD by the company, should the purchaser requests so.

The notification to be filed with the CSD by the purchaser or the company, as the case may be, must include the identity and contact details of the purchaser as well as a copy of the transferred bearer share certificate. The purchaser will then be registered with the CSD under the unique number associated with the respective share certificate.

### **Attachment and Injunction over the Bearer Shares**

- As to the bearer shares that are subject to the attachment and injunction orders of execution offices or other authorities, the CSD registration will be completed upon notification by the relevant authority. The same procedure will be applicable for the cancellation of the respective record.
- Unless otherwise decided by the relevant authority, any notification on transfer of the share certificates subject to attachment or injunction will not be recorded by the CSD.
- In case of seizure of bearer share certificates as per the Criminal Procedure Law No. 5271, the relevant authority will notify the CSD, and such notification will be registered by the CSD accordingly.

### **Providing the Shareholders' Chart by the CSD**

- The list of attendees for the general assembly meetings will be prepared in accordance with the shareholders' chart to be provided by the CSD according to its records.

### **Sharing of the Records**

- The Communiqué allows the CSD to share the confidential records with the authorities authorized under the applicable legislation.
- Any data acquired from the CSD pursuant to the Communiqué cannot be used by the companies in violation of the provisions of the Law No. 6698 on Protection of Personal Data and beyond the purposes of acquisition of the data.

### **Notification Procedure**

- The notification can be made electronically through the e-Government [*in Turkish: e-Devlet*] platform or directly from the application of CSD which is called "e-Investor: Investor Information Center".
- Holders of bearer share certificates which were issued before 1 April 2021 should apply to the company together with their share certificates before 31 December 2021, and companies should notify the CSD in 5 [five] days as of the date of application to the company.

Consequently, holders of bearer share certificates will not be entitled to exercise their rights attached to their shares arising under the TCC until the respective notification is made to the CSD.

Please contact us for any question on the matter.

[1] 1 Please see our client alert titled "Mandatory Central Securities Depository Notification for Closed Joint Stock Corporations" for further information.

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