

The Communiqué Regarding Bearer Shares Has Entered Into Force

April 2021



The Communiqué on the Notification of the Bearer Share Certificates to the Central Securities Depository and their Registration (“**Communiqué**”) which has been published in the Official Gazette numbered 31446 and dated 6 April 2021, and entered into force on the same date includes, amongst others, the following important provisions:

- **Issuance and delivery of the bearer share certificates:** The bearer share certificates shall be issued based on a board of directors’ resolution upon full payment of the share value. The board resolution shall indicate the number of share certificates to be issued, their order number, nominal value as well as number, value and group of shares represented by the share certificates, serial number of the share certificates, the total number and share value of the shares represented by such share certificates.

Certain information regarding the owners of bearer shares shall be submitted to the CSD along with the above-mentioned board resolution regarding the issuance of share certificates. Within this scope, the following information shall be provided to the CSD and registered with the CSD system in relation to each shareholder to whom a bearer share certificate will be delivered: (a) for real person shareholders; name, surname, nationality, place of residence, Turkish ID number, if he/she is not a Turkish citizen, foreign ID number, blue card number or passport number, contact information; (b) for legal entity shareholders; corporate name, MERSIS number, tax ID number or the registration number given in the country of incorporation, headquarters’ address and contract information.

A particular number is assigned for each bearer share certificate under the CSD system and the share certificate is registered in the name of the shareholder. The company should ensure that the share certificates to be issued shall include the particular number assigned by the CSD for each share certificate.

The board resolution regarding the issuance of the share certificates shall be registered and announced, and the relevant trade registry directorate shall confirm in advance of registration that the respective share certificates have been duly registered at the CSD system. The relevant board resolution should also be published on the website of the companies that are subject to independent audit.

Issuance of share certificates, delivery of the same to the shareholders and notification to the CSD shall be completed within three months upon full payment of the value of the shares.

- **Transfer of bearer shares and transfer notification:** In line with the amendments to the TCC, the Communiqué provides that the transfer of bearer share certificates shall take effect vis-à-vis the company and third parties upon notification to the CSD by the transferee to whom the share certificates have been physically delivered. In case the transferee applies to the company in this regard, the notification shall be made to the CSD by the company.

The notification to the CSD should include the above-mentioned information requested by the CSD for the notification on the issuance of bearer share certificates. Additionally, a sample of the transferred share certificate shall be included in the notification.

For transfers within the scope of universal succession, the CSD records shall be revised upon notification by the relevant persons along with the documents evidencing the entitlement.

- **Obtaining the shareholders' list from the CSD:** Another change introduced under the amendments to the TCC is that the list of attendants of the general assembly meeting shall be prepared based on the "shareholders' list" to be obtained from the CSD. The Communiqué sets forth the principles and procedures of obtaining the shareholders' list from the CSD based on the amendments to the TCC.

The company should make an application via the CSD system minimum two days prior to the general assembly meeting date for preparation of the shareholders' list. The shareholders' list is issued by the CSD based on the CSD records as at the end of the day before the general assembly meeting date.

In case the general assembly meeting will be realized via the Electronic General Assembly System of the CSD, the shareholders' list shall be directly obtained from the Electronic General Assembly System without need to any additional application.

- **Disclosure of the CSD records:** As per the Communiqué, the records kept by the CSD with respect to the bearer share certificates are confidential. These records may only be disclosed to the bodies authorized under the respective laws. Further, the Ministry of Trade is authorized to request submission in writing or electronically of all statistical data and reports to be prepared based on the transactions concluded within the scope of the Communiqué upon demand or on regular basis.
- **Cancellation of share certificates:** In case of cancellation of a share certificate due to capital decrease or change on the share certificate, the record of the respective share certificate in the CSD system shall be cancelled upon notification by the company along with the relevant decision of the company. In case of deregistration of the company from the trade registry, the records on the bearer share certificates shall be cancelled by the CSD upon notification or *ex officio*.
- **Effect of the CSD records:** As mentioned in the relevant TCC amendment, if a required notification is not made to the CSD, the owners of the bearer shares will not be able to exercise the rights arising out of the shares under the TCC up until the notification is made. For purposes of claiming the rights attached to the bearer shares vis-à-vis the company and third parties, the date of notification to the CSD is taken into account.
- **Shares subject to attachment and injunction:** In case bearer shares are made subject to retention by execution offices, attachment by collection offices or injunction based on a judicial decision, the relevant authority should make a notification to the company and the company should make the necessary record before the CSD. These records are removed as per the same procedure upon notification by the relevant authority. Unless the relevant authority takes a decision to the contrary, notifications regarding the transfer of shares subject to attachment or injunction shall not be registered before the CSD.
- **Obligations of the current owners of bearer shares:** Owners of bearer shares as at the date of the Communiqué are required to apply to the company along with the respective share certificates and the form annexed to the Communiqué for notification to the CSD. Upon such application, the information regarding the bearer share certificates and their owners shall be submitted to the CSD by the company and be registered in the CSD system within five business days. The particular number of the share certificate assigned by the CSD shall be inserted visibly on the share certificate and the share certificate shall be signed by at least two representatives of the company and delivered to the shareholder. Otherwise, the shareholder will not be able to exercise the rights attached to the share under the TCC until an application is made to the CSD in this regard.



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