

Client Alert

Turkey | April 2021

Amendments to the Turkish Commercial Code: Bearer Form Shares

On 31 December 2020, Law No. 7262 on the Prevention of Financing of Propagation of Weapons of Mass Destruction (the "**Amendment Law**") was published. The Amendment Law brought significant amendments to the Turkish Commercial Code (the "**TCC**"), among many other laws. The Amendment Law introduced significant changes regarding the TCC's provisions on bearer form shares. These amendments will be effective as of 1 April 2021.

The details of the amended provisions' implementation will be determined in a communiqué to be issued by the Ministry of Trade. The significant amendments regarding bearer form shares are as follows:

I. Notification by Bearer Form Shares' Current Owners

By 31 December 2021, owners of bearer form share certificates must apply to the joint stock corporation, together with their share certificates, for the purposes of their notification to the Central Securities Depository (the "**CSD**"). The board of directors will notify the CSD regarding the bearer form shares' owners together with information on such shares, within five business days following the shareholder's application. Owners of bearer form share certificates cannot exercise the rights attached to the bearer form shares, until they apply to the company for CSD notification purposes.

II. Exercise of the Rights Arising from Bearer Form Shares

Bearer form share owners can only exercise their shareholding rights against the company, if they notify the CSD on ownership of the bearer form shares and prove their possession of the bearer form share certificates.

III. Identification of Bearer Form Shares' Owners at the General Assembly

The obligation of bearer form share certificate owners to obtain an entrance card to attend the general assembly is abolished. The board of directors will no longer check the entrance cards of the bearer form share certificate owners, when determining the attendees of the

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general assembly meeting. Instead, the board of directors will prepare the list of attendees with respect to the shareholders list to be provided by the CSD.

IV. Issuance of Bearer Form Share Certificates

The bearer form share certificates must be delivered to the respective owners within three months following full payment of their share value, and the board of directors' resolution regarding the issuance of the bearer form share certificates must be registered with the relevant trade registry and announced in the trade registry gazette. In addition, with the Amendment Law, the board of directors will also need to provide the CSD with information on the bearer form shares and their owners, before delivering the bearer form share certificates to their owners.

V. Transfer of Bearer Form Shares

According to the Amendment Law, the transfer of bearer form share certificates will be effective against the company and third parties, if the transferee notifies the CSD on the share transfer, in addition to the transfer of the share certificates' possession. Accordingly, from 1 April 2021, the transferee of the bearer form share certificates will not be able to exercise the shareholding rights attached to such shares, until he/she notifies the CSD on the share transfer.

Please contact us for any questions regarding this matter.