

COMMUNIQUÉ ON BONDHOLDERS' BOARD IS PUBLISHED

Following certain amendments in the Capital Markets Law No. 6362 (“**CML**”) with the Law No. 7222 Amending Banking Law and Certain Other Laws published in the Official Gazette dated 25 February 2020 and numbered 31050, Capital Markets Board of Turkey (“**CMB**”) had presented the Draft Communiqué on Bondholders' Board to public opinion on 22 April 2020.

After revisions in light of the collected of public opinion, Communiqué on Bondholders' Board No. II-31/A.1 (“**Communiqué**”) was published in the Official Gazette dated 11 September 2020 and numbered 31241 with immediate effect, only covering the debt instruments issued in Turkey. The rules summarized below were adopted with the Communiqué's entry into force.

1. Bondholders' Board

Tranche Bondholders' Board (“**TBB**”) is defined in the Communiqué as the special board convening upon the request of issuer's board of directors or the relevant bondholders relating to one or several tranches of issued debt instruments. As per the Communiqué, TBB is convened for resolving changes relating to the issued debt instruments' primary terms and conditions which may affect investors' decisions including maturity, interest and principal amounts.

The Communiqué further acknowledges a General Bondholders' Board (“**GBB**”) authorized to evaluate and negotiate the resolutions adopted by a TBB in cases where the holders of other tranches of issued debt instruments claim that their rights will be negatively affected. For a GBB to convene, the bondholders requesting the GBB meeting shall represent at least 20% (twenty percent) of the nominal

value of debt instruments issued in the tranches other than the tranches represented in the relevant TBB.

2. Meetings of Bondholders' Board

Primarily, TBB and GBB meetings are held physically; but taking resolutions through circulation of the resolution text or holding the TBB and GBB meetings on electronic mediums are also permitted. It is further envisaged in the Communiqué that, publicly companies listed in the exchange and issuers that offered the debt instruments to public shall provide access to the TBB and GBB meetings through electronic mediums.

The participants to the TBB and GBB meetings are determined in accordance with the lists provided by Merkezi Kayıt Kuruluşu A.Ş. (*central securities depository*). Whereas, the meeting presidency is responsible for ensuring that debt instruments held by the issuer and affiliates of the issuer are excluded in the voting of resolutions and are excluded for the calculation of quorums.

As per the Communiqué, Issuers shall specify the rules and procedures regarding invitation to the meetings, operation of the meeting, resolutions' approval by the board of directors, objections, participation, attendance via proxy, quorums and certain other matters in the prospectus or issue document. Issuers shall also make the public disclosures regarding the TBB and GBB meetings in accordance with the regulations of the Board.

It shall be further noted that CMB is authorized to appoint an observer to attend to the meetings.

3. Resolutions of Bondholders' Board

The TBB is authorized to adopt resolutions regarding the amendments to the issued debt instruments' interest, maturity, principal amount and other primary terms and conditions. The issuer is entitled to determine whether a TBB resolution is required for amendments in the issuer's financial and operational undertakings towards the bondholders stated in the prospectus or issue document.

The resolutions adopted by the TBB are further subject to the approval of the issuer's board of directors. The board of directors of the issuer shall approve the resolutions of TBB within 3 (three) business days in order for the resolution's entry into force.

The Communiqué however envisages a second line of review for the resolutions of TBB to take effect. Bondholders of other tranches are authorized to request a GBB meeting within 5 (five) business days following the approval of the issuer's board of directors. If the request is submitted with the required quorum as stated in Section 1 above, the GBB meeting shall be convened within 15 (fifteen) business days after the approval of the issuer's board of directors. In such meetings, the GBB is authorized to adopt resolutions for the dismissal of TBB's resolutions. However, the TBB resolutions regarding amendments in the issuer's financial and operational undertakings are not subject to GBB's right of dismissal.

The resolutions of TBB and GBB are adopted with the affirmative votes of the majority representing at least two thirds of the nominal value of issued debt instruments which grant the right of participation to the relevant meeting.

The TBB resolutions which are approved by the issuer's board of directors and not dismissed by the GBB within the legal periods become final, whereas the GBB resolutions are not subject to the approval of the issuer's board of directors. Resolutions of both TBB and GBB are binding on the bondholders who had the right of participation to the meeting but have not attended or submitted an affirmative vote in the meeting.

4. Bondholder's Representative

As per the CML and the Communiqué, a bondholders' representative may be appointed by the bondholders with the votes of bondholders representing simple majority of the nominal value of one or multiple tranches. The representative may also be appointed by the issuer and specified in the prospectus or the issue document. The qualities, duties and powers of the representative as well as the appointment method, remuneration and other payments shall be determined in the prospectus or the issue document.

5. Special Provisions Regarding Secured Instruments and Debt Instrument on Collateral

With Communiqué, it is stipulated that holders of secured instruments and holders of debt instruments who are protected under security management agreement shall convene a separate TBB. As the general

rule, those bondholders shall not attend to GBB meetings. However, the Communiqué envisages exemptions regarding attendance to GBB meetings on two situations:

- i. In case of partial security, attendance based on the held debt instruments without security; and
- ii. In case new securities are being established for the debt instruments constituting the relevant TBB, attendance right is granted only for debt instruments which are affected from this security.

6. Payment Obligations

According to the Communiqué, the obligations and liabilities arising from debt instruments, and definition and scope of events of default win the repayment of the relevant debts shall be stated in the prospectus or the issue document.

In case of restructuring of the terms and conditions of the issuer's obligations and liabilities after an event of default, all ongoing execution proceedings, interim injunctions and interim seizures shall not be carried out and prescription period and lapse of time shall not be proceeded.

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