

## COMMUNIQUÉ ON DEBT SECURITIES (VII-128.8)

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**PART ONE****Purpose, Scope, Legal Basis, Definitions and Abbreviations****Purpose and scope**

**ARTICLE 1 – (1)** The purpose of this Communiqué is to set down the principles to be followed in the issuance of debt securities and to determine the qualities of the debt securities to be issued.

**Legal basis**

**ARTICLE 2– (1)** This Communiqué is prepared in reliance upon Article 31 and subparagraph (e) of the first paragraph of Article 128 and the third paragraph of Article 130 of the Capital Markets Law dated 6 December 2012 and numbered 6362.

**Definitions and abbreviations**

**ARTICLE 3 – (1)** For the purpose of this Communiqué, following definitions and abbreviations shall apply:

- a) **“Bank”**: Banks defined in the Banking Law dated 19 October 2005 and numbered 5411,
- b) **“Financing notes”**: the debt instrument issued and sold by issuers in the capacity of obligor in accordance with the provisions of this Communiqué and which contains the undertaking that its nominal value will be repaid to the investor on or until maturity date, by instalments, and maturity period of which is not shorter than 30 days and longer than 364 days,
- c) **“Debt Instruments”**: means the bonds, convertible bonds, exchangeable bonds, Financing notes, precious metal bills and capital market instruments which will be deemed as debt instruments by the Board based on their character, within the framework of Article 34 of this Communiqué, which are issued by issuers in the capacity of obligor in accordance with the provisions of this Communiqué,
- ç) **“Exchange”**: Exchange defined in subparagraph (ç) of the first paragraph of Article 3 of the Law,
- d) **“Exchangeable bond (EB)”**: Debt security which grants the right to exchange with the shares of other corporations whose shares are traded on the exchange,

- e) **“Credit rating agency”**: Credit rating agencies established in Turkey and authorized by the Board for operating rating activities in accordance with the regulations of the Board regarding the rating activities in capital markets and credit rating agencies, and international credit rating agencies authorized by the Board for operating rating activities in Turkey,
- f) **“Issue”**: The issue of debt securities by issuers and the sale of them through or without public offering
- g) **“Issuer”**: Legal entities, who issue debt securities, or who file an application to the Board for issuance or whose debt securities are offered to public,
- ğ) **“Public Disclosure Platform (KAP)”**: The electronic system through which the information required to be publicly disclosed according to the applicable legislation is transmitted and disclosed to public with electronic signature
- h) **“Law”**: Capital Markets Law dated 6 December 2012 and numbered 6362,
- ı) **“Precious metal bills”**: Debt security, which is issued in a certain amount in type of precious metal by the intermediary institutions which are the members of the exchanges on which precious metals are traded and, which undertakes the repayment of its nominal value to the investor on maturity date, and maturity term of which is not less than 30 days and more than 364 days,
- i) **“Board”**: Capital Markets Board,
- j) **“CRA”**: Central Registry Agency,
- k) **“Corporation”**: Joint stock corporation,
- l) **“Convertible bond(CB)”**: Debt security which grants the right to convert into issuer’s shares either by capital increase of the issuer or by procurement of issuer shares within the principles set down in the prospectus or issue document,
- m) **“Bond”**: the debt instrument issued and sold by issuers in the capacity of obligor in accordance with the provisions of this Communiqué, and which contains the undertaking that its nominal value will be repaid to the investor on or until maturity date, by instalments, and maturity period of which is 365 days or longer,
- n) **“CBRT”**: Central Bank of the Republic of Turkey,
- o) **“TCC”**: Turkish Commercial Code dated 13 January 2011 and numbered 6102
- ö) **“TTRG”**: Turkish Trade Registry Gazette,
- p) **“Authorized institution”**: Investment institutions authorized by the Board for rendering investment services and activities set forth in this Communiqué in accordance with Article 37 of the Law.

## PART TWO General Principles

### Issue of debt securities

**ARTICLE 4 - (1)** Debt instruments may be issued within the country by way of public offer or without public offer or in order to be sold abroad. The sales that will be made within the country without public offer may be made in two methods, namely, in the form of sales to qualified investors, and with the condition that the unit nominal value shall be at minimum 100,000 TL, in the form of private placement.

(2) Debt securities to be issued may be sold in tenors with different conditions up to the issue ceiling approved by the Board, provided to be within the issue limits calculated according to Article 9 of the Communiqué. In respect of domestic and cross border issues, different issue ceilings shall be obtained from the Board. In implementation of this provision;

- a) in domestic issues, issue ceiling shall be determined over Turkish Lira.
- b) In issuances that will be made abroad, the issuance ceiling shall be determined in terms of Turkish Lira or in terms of foreign currency. The sales that will be made within the issuance ceiling may be performed on the basis of a currency different from the currency in which the issuance ceiling was given. For issuances that will be made within this scope, at the time of determining whether the sales amount is within the relevant ceiling, the relevant sale amount and amounts of previous sales that were realised within the same issuance ceiling shall be converted into the currency in which the issuance ceiling was given. During this calculation, for all issuances, the Turkish Central Bank's indicative foreign exchange selling rate, relevant cross exchange rates, or the exchange rates specified by the Turkish Central Bank in the informative exchange rate table in relation to foreign currencies which do not form the subject of trading, prevailing on the business day prior to the date of the application to be filed for the sale of the relevant class, within the scope of the 4th paragraph of Article 6 shall be taken as basis.
- c) In determining whether the issuance ceiling that has been demanded in foreign currency is within the issuance limit calculated as per Article 9, the Turkish Central Bank's indicative foreign exchange selling rate or the exchange rates specified by the Turkish Central Bank in the informative exchange rate table in relation to foreign currencies which do not form the subject of trading, prevailing on the business day prior to the date of the application filed with the Board for approval of the issuance ceiling, shall be taken as basis.

(3) For debt securities issued through public offering, if the sale is receded or debt securities offered can not be sold partially or fully, then these debt securities may be offered for sale again over the related issue ceiling approved by the Board. In respect of these debt securities;

- a) If they are to be offered for sale with the same issue conditions, a public disclosure shall be made at PDP before the issuance. In this case, it is not required to amend the prospectus which was previously approved by the Board, without prejudice to the provisions of Article 8 of the Law.
- b) If they are to be offered for sale by changing the issue conditions such as interest, maturity or type, it is required to apply to the Board for approval of the prospectus before issuance.

(4) Additional sale may be fulfilled within the issue ceiling, provided that it is stated in the prospectus and the additional sale amount does not exceed fifty percent of the total amount offered for sale. However it is mandatory to set forth the total amount of the debt securities to be issued including the additional sale in the prospectus.

(5) Transfer may be made subject to demand among the debt securities with different type, interest rate and/or maturity offered for sale within the same tenor.

(6) Debt securities to be offered to public shall be listed and traded on exchange, and an application shall be filed to exchange for this purpose.

(7) The Board may request that the payment obligations in connection with debt instruments should be guaranteed by a bank or a third party legal entity or that a restriction be brought in respect of the qualifications of the persons to whom the sale will be made or in respect of the terms of sale or may shorten the validity term of the issuance certificate.

(8) The issuer may apply to the Board with the request for approval of a new issuance ceiling while an issuance ceiling approved by the Board is still effective. In such case, if the issuer so requests, the portion which has not yet been sold within the former issuance ceiling may be fully or partly cancelled, if found appropriate by

the Board.

(9) It is mandatory to prepare the prospectus to be used in debt securities issuance in the form of more than one document. Regarding the references made in this Communiqué with respect to the prospectus, the proceeding shall be made on the relevant document by considering that the prospectus has been prepared in the form of more than one document.

(10) In applications made to the Board for issue of debt securities by non-public corporations, ninety five percent or more of whose share capital are owned by the Treasury Undersecretariat, exemption from liabilities set forth in this Communiqué may be provided upon request of the issuer, either in part or in whole, except for the banks.

(11) If the debt instruments to be issued without public offer within the country are planned to be traded at stock exchange, the most recent financial statements of the issuer which have undergone independent audit/review as well as its application form shall also be announced in PDP, together with the issuance certificate. If such financial statements have already been announced in PDP, there is no need to announce the financial statements again.

(12) Special provisions in respect of investment corporations and portfolio management corporations are reserved.

#### **Resolution of authorized body**

**MADDE 5- (1)** Decision for issuance of debt instruments may be taken by the general assembly or by the board of directors authorised by a decision of the general assembly or in the articles of association.

(2) If the authorised organ is the general assembly, if no higher quorums have been prescribed in the articles of association, by explicitly stating the ratio, corporations which are publicly held shall be subject to the provisions in Article 418 of the TCC, and corporations which are not publicly held shall be subject to the provisions of the 3rd and 4th paragraphs of Article 421 of the TCC, in respect of meeting and decision quorums.

(3) The power of issuing debt instruments pursuant to Article 31 of the Law may be delegated to the board of directors through the articles of association, for all issuers. In such case, the relevant article of the articles of association shall explicitly indicate that the board of directors is authorised to issue debt instruments.

(4) The general assembly may delegate its power of issuing debt instruments to the board of directors for at most fifteen months within the framework of Article 505 of the TCC. In the general assembly decision that will be taken on the subject, it will be clearly stated that the power of issuing debt instruments has been delegated to the board of directors.

(5) At the time of evaluation of the applications by the Board, the decisions of the authorised organs will indicate, at minimum, the maximum amount of the debt instruments planned to be issued and whether the sale will be performed within the country by way of public offer and/or without public offer or abroad. If the debt instruments are CBs, EBs or fall within the scope of Article 34, also the type of the debt instrument planned to be issued should be clearly indicated in the decision of the authorised organ. If the decision of the authorised organ only contains "debt instrument" expression, the Board will deem that the application is solely aimed at issuance of bonds and Financing notes.

(6) The authorised organ may authorise other organs, units or persons of the issuer for the purpose of realising the issuance and determining the conditions other than those set out in the authorised organ's decision in relation to issuance. Delegation of power within the scope of this paragraph shall not relieve the authorised organ of its liability.

## Application to the Board and required documents

**ARTICLE 6- (1)** Application will be filed with the Board, together with the documents set out in Annex/1 for debt instruments that will be offered to public within the country, and together with the documents set out in Annex/2 for debt instruments that will be issued without public offer or abroad.

(2) It is mandatory to apply to the Board at the latest within one year as of the date of the resolution of authorized body.

(3) In public offerings to be held during the validity of the prospectus, Board application for approval shall be made with the documents in Annex/3 at least five business days before the date on which the sale of each tenor has been planned.

(4) In issuance of debt instruments within the country without public offer, the issuers shall, after the Board grants issuance certificate to the issuer, perform the sales transaction by applying to CRA before sale of each class within the issuance ceiling granted by the Board without the need to perform any other procedures with the Board. Whereas, in issuance that will be made abroad, after the issuance certificate approved by the Board is granted to the issuer, the issuers shall perform the sale transaction following filing an application with the Board by using electronic signature within the framework of the principles and procedures designated by the Board before sale of each class.

## Credit rating

**MADDE 7- (1)** In case credit rating has been made for the debt securities to be issued, the rating institution granted the credit rating shall revise the information which is the basis of the rating note at least one time a year during the maturity and shall revise it regularly in cases where rating shall be updated within the framework of the regulations of the Board on rating activities and rating institutions in capital markets.

## Registered issue of debt securities and obligation of notification to CRA

**MADDE 8-** Debt securities to be issued domestically are required to be issued on dematerialization basis via CRA in electronic media, and the rights relating thereto are required to be followed up on the basis of beneficiaries.

(2) In connection with the debt instruments that will be issued abroad, information on the issuance amount, issuance date, ISIN code, maturity commencement date, maturity period, interest rate, depository institution, type of foreign currency of issuance, and the country of issuance shall be sent to CRA within three business days following issuance. If there is any change in this information sent to CRA, including the early redemption, information will be given to CRA within three business days following the date of such change

(3) (REPEALED)

(4) (REPEALED)

## Issue Limit

**ARTICLE 9- (1)** Issuance limit in relation to debt instruments shall be calculated based on the date of application filed with the Board for approval of the prospectus or issuance certificate. However, the other issuance ceilings given to the issuer and amounts redeemed during the period until finalisation of the review by the Board shall be taken into consideration at the time of the calculation within the scope of subparagraph (ç) of the 4th paragraph of this article.

(2) At the time of calculation of the issuance limit in relation to debt instruments:

- a) the financial statements given in the below chart, prepared in accordance with the regulations of the Board concerning financial statements and reporting for corporations whose capital market instruments are traded at a stock exchange shall be taken as basis. The corporations which are subject to special accounting periods shall adapt such financial statements according to their own accounting periods.

Application Date	Financial Statements Subject to Independent Audit / Limited Review, to be Taken As Basis in Limit Calculation
1 January – 15 March	6-month interim period financial statements of the latest year or if there is none, of previous year
16 March - 15 August	Annual financial statements of the latest year
16 August - 31 December	6-month interim period financial statements of current month

- b) If the issuers have both consolidated and non-consolidated financial statements, the consolidated financial statements shall be taken as basis for calculating the issuance limit.
- (3) The following provisions shall be applicable in taking as basis the financial statements of subsequent periods instead of the financial statements set out in the 2nd paragraph, for calculation of the issuance limit:
- a) At the time of calculating the issuance limit upon the request of the issuer, it is possible to take as basis the financial statements of the subsequent period which have been prepared within the framework of the 2nd paragraph, and which have undergone independent audit / review.
- b) If the issuer has available financial statements of subsequent period, prepared pursuant to 2nd paragraph, demonstrating that there is a decrease in the equity capital indicated in the financial statements that would be considered for calculation of the limit, such financial statements shall be taken into consideration *ex officio* by the Board for calculation of the issuance limit, without seeking the condition for such statements to have undergone independent audit / review.
- (4) Issuance limit will be calculated in the following manner, based on the financial statements set out in this article:
- a) Issuance limit of publicly held corporations may not exceed five times the amount of equity capital. If the corporation prepares consolidated financial statements, the equity capital of the parent company will be taken into consideration.
- b) Issuance limit in corporations not publicly held may not exceed three times the amount of equity capital. If the corporation prepares consolidated financial statements, the equity capital of the parent company will be taken into consideration.
- c) Issuance limits that will be calculated within the framework of subparagraphs (a) and (b) of this paragraph will be increased by one hundred percent for banks which have been rated by rating institutions with long term ratings corresponding to the top three levels of the investable level, based on request. If the rating of such issuers falls below the rating indicated in this subparagraph, the issuer is obligated to send notice to the Board for updating of the issuance ceiling.
- ç) In addition to the principles designated as per subparagraphs (a), (b) and (c) of this paragraph, including the issuances made abroad, the nominal value of the issuer's debt instruments and covered securities which are presently in circulation and those whose sale has not yet been performed within the scope of the issuance ceiling, and the lease certificates that are based on management agreement and trading, which the issuer is fund user of, and for which its payments have not been guaranteed, and which are in circulation, shall be considered as discount items in calculation of the issuance limit. The amount of discount in the calculation to be made with respect to issuances that are made in foreign currency abroad shall be calculated based on the Turkish Central Bank's indicative foreign exchange selling rate, relevant cross exchange rates or the foreign exchange rates specified by the



Turkish Central Bank in the informative exchange rate table in relation to foreign currencies which do not form the subject of trading, prevailing on the date of application filed with the Board in connection with the issuance ceiling requested

**(5) (REPEALED)**

(6) While determining the issuance limit for issuers that are subject to supervision and regulation by another governmental entity pursuant to the special legislation to which they are subject, the limits to be calculated within the framework of this article shall be taken as basis, and it will be under the responsibility of the issuer to comply with the limits set by the relevant governmental entity.

(7) Issue limits stated in the legislation shall not apply on issues including a guarantee by the Treasury.

(8) Provided that the provisions of the Cabinet Decree on Public Economic Enterprises dated 8/6/1984 and numbered 233 are reserved and the limits in Article 51 of the Law on Special Provincial Directorate dated 22/2/2005 and numbered 5302 and in Article 68 of the Municipal Law dated 3/7/2005 and numbered 5393 are excluded, issue limits set forth in other laws shall not apply.

(9) The provisions of this Communiqué relating to issuance limit shall not be sought in issuances of debt instruments to be issued in order to be sold abroad with an aim to provide financing or re-financing of a project or work to be realised within the scope of the Law No. 3996 on Commissioning Certain Investments and Services within the Framework of Build-Operate-Transfer Model dated 8/6/1994 and the Law No. 6428 on Construction and Renovation of Facilities and Procurement of Services by the Ministry of Health Under the Public-Private Partnership Model And Amendment of Certain Laws and Decrees dated 21/2/2013.

(10) Issue limits with respect to domestic non-corporate issuers which are not set forth in this article and with respect to the issuers residing abroad shall be determined by the Board.

**(11) (REPEALED)**

(12) Board's regulations on investment companies are reserved in respect of calculation of issue limit.

(13) The issue limit is not applicable to the debt securities to be issued by mortgage finance companies.

**Determining the sale period and maturity commencement date in issuances to be made within the country**

**ARTICLE 10- (1)** In respect of the designation of the sale period for the debt securities to be issued, it is required to comply with the relevant Board regulations.

(2) The first date the debt securities are transferred to investor accounts shall be deemed as the term commencement date.

(3) It is mandatory for the issuers to take necessary measures to prevent investors who have demanded in exchange for cash for investing on the debt securities, from losing any possible profit which may be procured between the date of demand and the term commencement date.

**Secondary market transactions**

**ARTICLE 11- (1)** Trading of stock exchange-traded debt instruments at stock exchange and outside the stock exchange is possible within the framework of the regulations of the stock exchange. For public disclosure of prices in the transactions realised outside the stock exchange, it is necessary to comply with the provisions set out in regulations of the Board concerning investment firms.

**Board fee**

**ARTICLE 12-** (1) Following rates shall apply on calculation of the Board fee over the issue value, provided that it is not lower than the nominal value, if any, of the debt securities to be sold:

- a) Five per ten thousand for those whose maturity term is up to 179 days,
- b) Seven per ten thousand for those whose maturity term is between 180 days and 364 days,
- c) One per thousand for those whose maturity term is between 365 days and 730 days,
- ç) fifteen per ten thousand for those whose maturity is longer than 730 days.

(2) In calculation of Board fee for the issuers except;

- a) Banks and financial institutions defined in the Law numbered 5411,
- b) Companies defined in the Law numbered 6361,
- c) Issuers residing abroad
- ç) capital market institutions defined in the Law

Seventy five percent of the rates stated in the first paragraph of this article shall be taken as basis. One year shall be applied as 365 days in calculation of the fees.

(3) The fee for debt instruments that will be issued within the country shall be deposited, in order to be registered as income for the Board's budget, after the prospectus or issuance certificate is delivered to the issuer, before the debt instruments are transferred into the issuer's pool accounts within the framework of the principles designated by the Board.

(4) The fee for the debt instruments that will be issued abroad shall be deposited, in order to be registered as income for the Board's budget, after the issuance certificate is delivered to the issuer, however, before sale of each class. If the issuance will be made in foreign currency, the amount that will form the basis for the calculation of the Board's fee shall be designated in terms of Turkish Lira to be calculated based on the Turkish Central Bank's relevant foreign exchange selling rate, or the foreign exchange rates specified by the Turkish Central Bank in the informative exchange rate table in relation to foreign currencies which do not form the subject of trading, prevailing on the date prior to the date of the application that will be filed with the Board.

(5) **(REPEALED)**

(6) The rates in the first paragraph are applied to the issuances by mortgage finance companies as zero percent until the end of the year 2021, and as fifty percent of the rates in the first paragraph after the new year of 2022.

**Other matters**

**ARTICLE 13-** (1) Relevant regulations of the Board shall be complied in respect of the matters as to the content, preparation, approval, disclosure, registration and announcement of prospectus and issue document, financial statements to be disclosed in the prospectus, amendments in the prospectus and announcement and advertisement to be made by the issuers, designation of the principles of issue and sale of the debt securities and liabilities of the issuers on financial reporting, independent audit and public disclosure and in other matters not set forth in this Communiqué.



## **PART THREE**

### **Principles on Bonds**

#### **General Principles**

**ARTICLE 14-** (1) Bonds may be sold on a discount basis, with premium and/or with coupon payment. Nominal value of the bonds may be paid at once on the maturity date or by instalments during the maturity period.

(2) The principles relating to the interest rate to be paid for the bonds and the terms of payment shall be designated by the issuers. It is fundamental that no change is made in such elements, except for circumstances where such a change is required by law and except where it is actually impracticable. However, it is possible to make changes to the conditions like interest or maturity of debt instruments issued within the country without public offer, for the investors which give written consent for such changes. If any changes are wished to be made to the terms of the debt instruments which are issued within the country by way of public offer, the principles on this subject will be designated by the Board.

(3) The bonds that have been issued may be repurchased by the issuer. These bonds which are repurchased may be sold, kept throughout the maturity period or may be cancelled before maturity by way of performance of the procedures at CRA. The Board may determine different principles for different types of issuers for the procedures set out in this subparagraph.

(4) The repurchase and resale prices to be applied in the transactions that will be realised outside the stock exchange within the framework of the 3rd paragraph shall be disclosed on the website of the issuer.

(5) It is under the responsibility of the issuer to ensure that the transactions within the scope of this article are not made in a manner that will cause inequality among investors.

(6) If it is determined that the transactions to be made within the scope of this article are being made with a view to refrain from fulfilling the obligations arising under capital markets legislation, the Board will take the necessary measures.

(7) In issuances that are realised abroad, the matters set out in this article may be freely determined between the issuer and the investors, without prejudice to the provisions under the legislation of the jurisdiction in which the issuance is realised

#### **Early redeemable bonds**

**ARTICLE 15-** (1) Bond may be issued in a form allowing early redemption either partly or in whole, based on the request of the issuer or the investor. Principles on early redemption shall be set forth in the prospectus or the issuance certificate, in case of issuances within the country. Whereas, in issuances abroad, the principles on early redemption may be freely designated between the issuer and the investors without prejudice to the provisions under the legislation of the jurisdiction in which the issuance is realised.

#### **Dividend distribution to bonds**

**ARTICLE 16-** (1) Issuers may pay dividend to bonds, provided that there is provision in their articles of association or special legislations, if any.

(2) Issuers may choose one of the following principles in designation of the dividend to be paid to bonds:

- a) Payment of dividend to bonds in addition to payment of interest,
- b) Payment of just the interest in case the dividend amounts to less than the interest; payment of just the

dividend in case the dividend is equal to or larger than the interest,

c) Payment of dividend for the bond without stipulating any interest.

(3) The dividend to be paid to bonds for publicly held corporations may not reduce the dividend amount designated for shareholders in the issuers' articles of association or profit distribution policy.

(4) Dividend to be paid to bonds shall be distributed following the issuer's general assembly approval on the annual financial statements prepared within the framework of the regulations of the Board on financial statement and reporting in respect of the corporations the capital market instruments of which are admitted to trading on exchange and on the resolution regarding dividend distribution.

(5) Dividend to be paid to bonds bearing the same conditions, shall be distributed to all of the existing bonds as of the date of distribution, regardless of the issue and maturity dates thereof.

## **PART FOUR**

### **Principles on Convertible Bonds**

#### **General principles**

**ARTICLE 17– (1)** Maturity of CB shall not be less than 365 days.

(2) Conversion of the CBs into shares may be fulfilled at the earliest 365 days after as of the maturity commencement date.

(3) Conversion of the CBs into share shall be fulfilled over the nominal value of the CB. Conversion of the CBs into share may be fulfilled with the addition of interest amount to be paid on CB conversion date to the nominal value of CB, provided that is stated in the prospectus or issue document. Interest accrued until the day of conversion shall be paid to CB owners in cash.

(4) All of the conversion expenses shall be borne by the corporation.

(5) In case that the CBs will be sold through public offering, it is mandatory that the shares of the issuer trade on the exchange and the issuer is in registered capital system and the board of directors of the corporation shall be granted authorization in accordance with the articles of association in respect of limitation of the rights of share owners on purchasing new share.

(6) Shares of the public corporations which have been issued in order to be converted by CB and which represent their capital increase, shall be allocated to the owners of CB with priority regardless of any privileges, including the right to purchase new share provided to the shareholders in accordance with article 461 of the TCC.

(7) Despite the liabilities have been fully fulfilled by the corporation, conversion right of the CB owners who have not exercised their conversion right in accordance with the principles set forth in this Communiqué abates and CB owners in that situation take their principal and accrued interests.

#### **Conversion price and rate**

**ARTICLE 18– (1)** Conversion price is the price to be taken as basis for the shares to be granted to CB owners in consideration for the bonds they own.

(2) Conversion ratio demonstrates the number of shares to be delivered in consideration for the nominal value of Convertible Bonds at the time of conversion. The report regarding the conversion ratio for CBs shall be prepared at the stage the prospectus relating to CBs are sent by the authorised institution to the Board for

approval.

(3) In case that the conversion rate has fractions, the share amount corresponding to fractions over the sum at the time of conversion shall be paid to CB owner in cash and in advance. Conversion price shall be taken as basis in this calculation.

(4) In case that the CBs to be issued by the corporations the shares of which are traded on exchange are sold without public offer, principles of price determination on capital increases fulfilled without public offering by the corporations the shares of which are traded on exchange shall be taken into consideration in the implementation of conversion price.

(5) Conversion proceedings with respect to issued CBs shall not be fulfilled in a way to cause loss of right and benefit of the corporation and existing shareholders thereof.

(6) In case that proceedings that may affect the share price such as capital increase, dividend payment and similar other proceedings take place within the term of CBs, the adjusted prices shall be taken as basis in determination of the conversion rate. Recalculated conversion rate shall be disclosed by the corporation on KAP. The prospectus is not required to be amended in this case.

### **Redemption of CB**

**ARTICLE 19- (1)** CBs may be redeemed by conversion into shares on the date of or before maturity, provided that the relevant provisions of the Communiqué are reserved.

(2) It is possible that CBs are converted into shares before the maturity date, being subject to;

- a) A redemption plan,
- b) Request of the corporation,
- c) Request of the CB owner

(3) Conversion of the CBs shall be fulfilled by capital increase. Public corporations may also fulfill the capital increase on a contingent base within the framework of the principles set forth in the relevant Board regulations. Provisions in Article 21 and 22 of this Communiqué in respect of fulfillment of conversion without capital increase are reserved. Provisions of TCC shall apply with respect to the contingent capital increase to be fulfilled by non-public corporations for the reason of CB issue.

### **Conversion subject to redemption plan**

**ARTICLE 20- (1)** In case that the CBs are converted into shares in installments, it is mandatory to designate the final installment in a way to coincide with the maturity date of CB.

(2) In respect of conversion subject to redemption plan, it is possible to fulfill capital increase either with or without book building, within the framework of the following principles:

- a) Corporation shall offer shares to CB owners in order to be converted, without book building, by fulfilling a capital increase in an amount to be granted in consideration of the CB amount. Owners of the CBs to be redeemed shall exercise their right within the term of conversion, in a way to convert their CBs into shares or take back their principals together with their interest accrued. The will of the CB owners who have not applied to the corporation with the demand of conversion within the term of conversion to be determined not to exceed ten business days is considered as a will for payment of CB amounts in cash and these amounts shall be transferred by the corporation to the accounts of CB owners at the end of conversion term of the CBs. At the end of conversion term, shares which have remained unsold due to

the CBs which have not been converted into shares, shall be cancelled.

- b) Subject to book building, corporation shall make material event disclosure on KAP at least fifteen days in advance from the commencement of the book building period for conversion for the exercise of the right to convert the BCSs into shares. In the material event disclosure, dates of book building, application places and other matters with respect to conversion shall be stated. Book building period shall not exceed ten business days. Corporation shall fulfill a capital increase in an amount representing the share number required to be granted in consideration of CB amount and offer these shares to CB owners who have demanded, in order to be converted. All rights of the CB owners who have not filed a demand within the term of book building for conversion shall proceed.

- (3) It is mandatory that book building procedure and notifications with respect to the CBs to be converted are executed through authorized institution. Corporation shall be liable for full and duly fulfillment of the conversion proceedings in accordance with the redemption plan.

### **Conversion subject to request of the corporation**

**ARTICLE 21– (1)** CBs may be converted into shares in full or in part before maturity subject to the request of the corporation.

- (2) In order to exercise the right to convert CBs into shares, material event disclosure shall be made on KAP by the corporation at least fifteen days before the commencement date of period of book building in respect of conversion. In the material event disclosure, dates of book building for conversion, application places and payment to be made to CB owners who have not accepted corporation's call on conversion and other matters with respect to conversion shall be stated. Period of book building for conversion shall not exceed ten business days.

- (3) The will of the CB owners who have not filed demand within the period of book building shall be deemed as a will for payment of CB amounts in cash and these amounts shall be transferred by the corporation to the accounts of CB owners at the date of conversion of the CBs.

- (4) In case that the rate of the number of shares to be granted to CB owners who have filed demand for the exercise of conversion right to the total number of shares is less than five percent, corporations may not increase capital. Corporation shall be liable for the full and duly fulfillment of conversion proceedings.

- (5) It is mandatory that book building and notification proceedings with respect to the CBs to be converted are made through authorized institution. Corporation shall take necessary measures to provide such notification be made quite easily.

### **Conversion subject to request of CB owner**

**ARTICLE 22– (1)** CBs may be converted into shares in full or in part before maturity subject to the request of the CB owner.

- (2) CB owners who want to exercise their conversion right shall make a notification to the corporation at the earliest one month in advance from the dates stated at the time of the issue of CBs. It is mandatory that such notification is made through authorized institution. Corporation shall take necessary measures to provide such notification be made quite easily.

- (3) In case that the rate of the number of shares to be granted according to the filed demands regarding conversion to the total number of shares is less than five percent, publicly held issuers may not increase capital. Corporation shall be liable for the full and duly fulfillment of conversion proceedings.

## Other provisions

**ARTICLE 23– (1)** In respect of matters regarding CBs that have not been regulated in this part, the arrangements relating to bonds given in part three of this Communiqué, to the extent applicable, shall be complied with. If the request of the issuer is found appropriate by the Board, principles different from those given in this part may be applied for issuances within the country without public offer, and for issuances abroad.

(2) In capital increases to be made in order to convert the CBs into shares, it is not obligatory to comply with the mandatory provision of the Board regulating the terms with regard to commencement and completion of the private placement and the requirement to fulfill the private placement of share at the relevant market of the exchange.

(3) It is possible to use reconciliation methods different than the principles set forth in this Communiqué on the date of redemption, provided that it is stated in the prospectus or issue document, it does not cause inequality among the CB owners and it is assented by the Board.

## PART FIVE Principles Regarding Exchangeable Bonds

### General principles

**ARTICLE 24– (1)** Maturity term of EB shall not be less than 365 days.

(2) Exchange of EBs with shares may take place at the earliest 365 days after as of the maturity commencement date.

(3) Exchange of EBs with shares shall be fulfilled over the nominal value. Interests accrued until the exchange day shall be paid to the EB owners in cash.

(4) All expenses relevant to exchange shall be borne by the issuer.

(5) Despite the liabilities have been fully fulfilled by the corporation, exchange rights of the EB owners who have not exercised their right to exchange expires and EB owners in that situation take their principal and accrued interests.

### Price and rate of exchange

**ARTICLE 25– (1)** Exchange price is the price to be taken as basis in respect of the shares to be granted to the EB owners in consideration of the bonds they own.

(2) Exchange ratio demonstrates the number of shares to be given in consideration for the nominal value of the EBs. The report regarding the exchange ratio for EBs shall be prepared at the stage the prospectus relating to EBs are sent by the authorised institution to the Board for approval.

(3) In case the EBs are sold without public offer, in determining the exchange price to be applied on the date of redemption, the principles applicable for determination of the price for the capital increases without public offer by corporations whose shares are traded at stock exchange shall be applied.

(4) Procedures of exchange relating to issued EBs may not be performed in a manner that will cause loss of interest and benefit for the issuer and the existing shareholders.

(5) In case there are transactions that influence the share price within the maturity period of the issued EBs due to capital increase, dividend payment and similar reasons, the corrected prices shall be taken as basis in

determining the exchange ratio. The principles regarding how the re-calculated exchange ratio will be announced to the investors shall be set forth in the prospectus or the issuance certificate.

### **Redemption of EB**

**ARTICLE 26- (1)** EBs may be redeemed by way of being exchanged with shares on the date of or before maturity, provided that the relevant provisions of the Communiqué are reserved.

(2) It is possible that the EBs are exchanged with shares before the maturity date, being subject to;

- a) A redemption plan,
- b) Request of the issuer,
- c) Based on the request of the EB holder

It is possible to use reconciliation methods different than the principles set forth in this Communiqué on the date of redemption, provided that it is stated in the prospectus or issue document, it does not cause inequality among the EB owners and it is assented by the Board.

### **Exchange subject to redemption plan**

**ARTICLE 27- (1)** In case that the EBs are exchanged with shares in installments, it is mandatory to designate the final installment in a way to coincide with the maturity date of CB.

(2) Issuer shall make material event disclosure on KAP at least fifteen days in advance from the commencement of the book building period for exchange, for the exercise of the rights to exchange EBs with shares. Dates of book building for exchange, application places and other matters with respect to exchange shall be stated in the public disclosure of material event. Book building period for exchange shall not exceed ten business days. EB owners shall exercise their rights within the period of exchange, in order to exchange their EBs with shares and take back their principal together with the interest accrued. Issuer shall submit shares to EB owners who have had filed demand for exchange in amount required to be granted in consideration of amount of EB to be exchanged.

(3) It is mandatory that book building and notification proceedings with respect to the EBs to be exchanged are made through authorized institution.

(4) All rights of the EB owners who have not filed demand within the period of book building for exchange shall proceed.

(5) Issuer shall be liable for full and duly fulfillment of the exchange proceedings in accordance with the redemption plan.

### **Exchange subject to the request of the issuer**

**ARTICLE 28- (1)** EBs may be exchanged with shares in full or in part subject to the request of the issuer.

(2) In order to exercise the right to exchange EBs with shares, material event disclosure shall be made on KAP by the issuer at least fifteen days before the commencement date of period of book building in respect of exchange. In the material event disclosure, dates of book building for exchange, application places and payment to be made to the EB owners who have not accepted issuer's call on exchange and other matters with respect to exchange shall be stated. Period of book building for exchange shall not exceed ten business days.



(3) The will of the EB owners who have not have filed demand within the period of book building shall be deemed as a will for payment of principal and accrued interest of EB's in cash and these amounts shall be transferred by the issuer to the accounts of EB owners at the date of exchange. Issuer shall be liable for full and duly fulfillment of exchange proceedings.

(4) It is mandatory that book building and notification proceedings with respect to the EBs to be exchanged are made through authorized institution. Issuer shall take necessary measures to provide such notification be made quite easily.

#### **Exchange subject to request of EB owner**

**ARTICLE 29– (1)** EBs may be exchanged with shares in full or in part subject to the request of the EB owner.

(2) EB owners who want to exercise their exchange right shall make a notification to the issuer at the earliest one month in advance from the dates stated in the prospectus relating to issue of EBs. It is mandatory that such notification is made through authorized institution. Issuer shall take necessary measures to provide such notification be made quite easily. Issuer shall be liable for full and duly fulfillment of exchange proceedings.

#### **Other Provisions**

**ARTICLE 30– (1)** In respect of matters regarding EBs that have not been regulated in this part, the arrangements relating to bonds given in part three of this Communiqué, to the extent applicable, shall be complied with. If the request of the issuer is found appropriate by the Board, principles different from those given in this part may be applied for issuances within the country without public offer, and for issuances abroad.

### **PART SIX Financing Notes and Precious Metal Bills**

#### **Financing Notes**

**ARTICLE 31– (1)** Financing notes shall be sold on the price to be found by applying discount at discount rates that are proper for the designated maturity. Financing notes may be issued with coupon payment.

#### **Precious metal bills**

**ARTICLE 32– (1)** Sale amount of the precious metal bills shall be collected in Turkish Lira, foreign exchange or by means of precious metal.

(2) Payments with respect to precious metal bills shall be made by the authorized institution by taking the weighted average price of the precious metal on the payment date formed on the exchange stipulated at the time of issue in Turkish Lira or in foreign currency, over the selling rate of exchange announced by the TRCB on the payment date, or by means of precious metal in case that physical delivery is stipulated at the time of the issue.

#### **Other Provisions**

**ARTICLE 33– (1)** The principles relating to bonds in part three of this Communiqué shall be applied mutatis mutandis for precious metal bonds and financing notes, to the extent they are fit for the context.

## **PART SEVEN**

### **Final and Transitional Provisions**

#### **Assessment of applications on approval of other debt securities by the Board**

**ARTICLE 34–** (1) Applications for approval of the prospectus or issue document of the securities which, neither listed in this Communiqué, nor set forth within the other regulations of the Board and which may be acknowledged by the Board as debt securities due to its nature, shall be assessed in accordance with the implementation of the provisions of this Communiqué.

(2) Debt securities, among the capital market instruments acknowledged as debt securities due to its nature, which do not contain the undertaking that the amount paid by the investor shall be fully repaid, shall not be offered to public domestically or be sold through private placement. In determination, as to whether the amount paid by the investor has been fully repaid, the timing of the repayment either within the maturity term or at the end of the maturity term shall not be taken into consideration.

(3) For debt instruments qualified for being included into calculation of equity capital issued by banks, the provisions of this Communiqué relating to CBs shall not be applied. The principles relating to issuance of this kind of debt instruments of banks and their conversion into shares for publicly held corporations shall be designated by the Board

#### **Annulled regulations**

**ARTICLE 35 –** (1) Communiqué on Principles of Board Registration and Sale of the Debt Securities (Serial: II, No: 22) published in the Official Gazette dated 21/01/2009 and numbered 27117 have been abrogated. References made in other regulations of the Board to the Communiqué on Principles of Board Registration and Sale of the Debt Securities (Serial: II, no: 22) shall be deemed made to this Communiqué.

#### **Finalization of applications**

**TEMPORARY ARTICLE 1 –** (1) The applications for approval of the prospectus or issuance certificate, which have not been resolved by Board's Decision-Making Authority on the date of effect of this article, shall be finalised based on the provisions of this Communiqué.

(2) In class issuances that will be made abroad within the scope of the issuance certificates approved by the Board before the date of effect of this article, it is possible to file application with the Board within the scope of the 4th paragraph of Article 6 of this Communiqué. In such case, the details of the persons with secure electronic signature (name, surname, Turkish Identification Number, contact details) designated for filing the class issuance application shall be notified to the Board.

(3) Issuance limits to be calculated within the framework of Article 9 shall be increased by one hundred percent for financial institutions, as defined in the Banking Law dated 19/10/2005 and numbered 5411, which have been rated by rating institutions with long term ratings corresponding to the top three levels of the investable level, based on request; capital market institutions defined in the Law; and companies defined in the Law on Financial Leasing, Factoring and Financing Companies dated 21/11/2012 and numbered 6361; in order to be valid for issuance ceilings to be approved by the Board until 31/12/2017.

(4) For calculation of the fee to be deposited to the Board in issuances that will be made after the date of effect of this article, the provisions of this Communiqué shall be complied with.

(5) The class issuances that were approved by the Board and dematerialised in CRA before the date of effect of this article, that will be performed within issuance ceilings for abroad, may be continued to be dematerialised in CRA.

**Mandatory notification to CRA**

**TEMPORARY ARTICLE 2– (REPEALED)**

**Enforcement**

**ARTICLE 36 – (1)** This Communiqué shall enter into force one month after the date of its publication.

**Execution**

**ARTICLE 37 – (1)** The provisions of this Communiqué shall be executed by the Board

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## ANNEX/1

**DOCUMENTS REQUIRED FOR APPROVAL OF THE PROSPECTUS RELATING TO DEBT INSTRUMENTS TO BE OFFERED TO PUBLIC (\*)**

1. Application form,
2. articles of association signed by persons authorised to represent the issuer, which contains all amendments in effect and which has been combined into one single text,
3. Notarised copy of the decision of the authorised organ, at minimum, taken in compliance with the formats announced by the Board in relation to issuance of debt instruments,
4. for issuers which are, as per their special legislation, subject to the supervision and inspection of another governmental entity, opinion letter taken from the relevant governmental entity prior to application for approval to be filed with the Board, on whether there are any obstacles against issuance and/or if decisions or approvals of other authorities are required under the relevant legislation for issuance of debt instruments, document regarding such decision or approval; if no such documents are required, the statement of the issuer on such fact,
5. Report of the financial advisor regarding determination of the paid-in part of the capital and a copy of the Turkish Trade Registry Gazette relating to registration of the present capital,
6. If the debt instrument is given as guarantee for principal, interest and similar payments, the letter prepared by the guarantor addressing the Board and the issuer, and notarised copy of the decision of the authorised organ or letter of the relevant unit of the legal entity giving the guarantee, on the subject,
7. Intermediation agreement,
8. for issuances that will be performed by way of public offer and by issuers other than banks, up-to-date statements taken from board members or persons authorised in the management of the issuer, on whether or not such persons have been sentenced to imprisonment for five years or more due to crimes intentionally committed, even if the durations indicated in capital market legislation, Banking Law dated 19/10/2005 and numbered 5411, and/or article 53 of the Turkish Criminal Code dated 26/9/2004 and numbered 5237 have elapsed, or any criminal proceedings and/or convictions for the crimes of embezzlement, corruption, bribery, theft, fraud, forgery, abuse of confidence, fraudulent bankruptcy, rigging an auction, deletion or alteration of data, abuse of bank or credit cards, smuggling, tax evasion or unjust enrichment, and any legal disputes and/or finalised rulings in respect of a lawsuit, in connection with the corporation's operations,
9. a letter issued by the bank with which a special account has been opened for depositing of the debt instrument fees, notifying the Board of that fact,
10. notarised signature circulars of the issuer and the authorised institution,
11. financial statements that will be given place in the prospectus and/or that will be considered in calculation of limit, and if any, the financial statements set out in subparagraph (b) of the 3rd paragraph of Article 9 (\*\*),
12. Prospectus prepared in compliance with the regulations of the Board,
13. For issuances of precious metal bonds, the certificate demonstrating that the precious metal intermediary institution is a member of the stock exchange at which the precious metal is traded,
14. report on designation of conversion and exchange ratios for CB and EB issuances,
15. If any, credit rating report of the issuer, and the rating report relating to the debt instrument that will be sold (\*\*\*) ,
16. If found necessary by the Board, the documents which confirm the information provided, and any other

documents as may be required by the Board

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## ANNEX/2

**DOCUMENTS REQUIRED FOR APPROVAL OF THE ISSUANCE CERTIFICATE RELATING TO DEBT INSTRUMENTS THAT WILL BE ISSUED WITHOUT PUBLIC OFFER OR THAT WILL BE ISSUED ABROAD (\*)**

- 1 application form and explanation on important items in the financial statements based on the financial statements provided in the application form (detailed information on the reasons for important increase/decreases year by year in the financial statements, fiscal ratio analysis, information on issues that may influence financial status, and for banks, information on capital adequacy ratio and sector comparison.),
2. articles of association signed by persons authorised to represent the issuer, which contains all amendments in effect and which has been combined into one single text,
3. Notarised copy of the decision of the authorised organ, at minimum, taken in compliance with the formats announced by the Board in relation to issuance of debt instruments,
4. for issuers which are, as per their special legislation, subject to the supervision and inspection of another governmental entity, opinion letter taken from the relevant governmental entity prior to application for approval to be filed with the Board, on whether there are any obstacles against issuance and/or if decisions or approvals of other authorities are required under the relevant legislation for issuance of debt instruments, document regarding such decision or approval; if no such documents are required, the statement of the issuer on such fact,
5. Report of the financial advisor regarding determination of the paid-in part of the capital and a copy of the Turkish Trade Registry Gazette relating to registration of the present capital,
6. Notarised signature circulars of the issuer, and if any, of the authorised institution,
7. Financial statements that formed basis for setting of the issuance limit of the debt instrument, and if any, financial statements specified in subparagraph (b) of the 3rd paragraph of Article 9 (\*\*),
8. information on principles of sale of, and if any, guarantorship, for the debt instruments, letter issued by the guarantor addressing the Board and the issuer, and notarised copy of the authorised organ, or letter of the relevant unit, of the legal entity giving the guarantee on the subject,
9. issuance certificate prepared in compliance with the regulations of the Board,
10. information on persons with secured electronic signature designated for filing class issuance application for issuances to be held abroad (name, surname, Turkish Identification number, contact details)
11. report on determining the conversion and exchange ratios for CB and EB issuances that will be performed within the country without public offer,
12. For issuances of previous metal bonds that will be performed within the country, certificate demonstrating that the precious metal intermediary institution is a member of the stock exchange at which the previous metal is traded,
13. If any, credit rating report for the issuer, and rating report for the debt instrument that will be sold (\*\*\*),
14. If found necessary by the Board, documents confirming the information provided, and any other documents as may be required by the Board.

**(\*) If the information and documents set out in Annex/1 and Annex/2 have been announced in PDP, and if the issuer represents that they are up-to-date, they do not need to be separately sent to the Board in writing.**



**(\*\*) It is necessary to explicitly indicate in the notes to the relevant financial statements and in the opinion page of the independent audit report that the financial statements were prepared and audited in compliance with the regulations of the Board.**

**(\*\*\*) If limit increase option is wished to be used pursuant to the provisions of this Communiqué, the rating reports of the issuer must be sent to the Board**

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**ANNEX/3****INFORMATION AND DOCUMENTS TO BE SENT TO THE BOARD BEFORE EACH ISSUANCE WITHIN THE VALIDITY PERIOD OF THE PROSPECTUS**

1. Offer program circular or the capital market instrument note, prepared in compliance with the regulations of the Board, and the abstract,
2. If any changes are required in relation to the matters explained in the issuer's information memorandum or offer program prospectus, the texts of amendment, and if no changes are required, the statement to be given by the issuer on such fact,
3. a copy of the agreement on intermediation in public offer entered into with the authorised institutions that will conduct the sale procedure (if the intermediation agreement previously sent to the Board is still valid, and if no changes have been made in such agreement, there is no need to send it again. In such case, the statement of the issuer on the subject is sufficient),
4. If the rating report of the issuer was delivered at the time of the issuance ceiling application previously filed with the Board, statement as to whether there is any change in the rating indicated in such report,
5. If deemed necessary by the Board, documents confirming the information provided, and any other documents as may be required by the Board.

**LIST REGARDING THE AMENDMENTS TO THE COMMUNIQUÉ**

- 1) Communiqué (II-31.1.a) Amending The Communiqué On Debt Securities (II-31.1) was published in the Official Gazette dated 18/02/2017 and numbered 29983
- 2) Communiqué (VII-128.7.c) Amending The Communiqué On Debt Securities (VII-128.7) was published in the Official Gazette dated 8/3/2017 and numbered 30001
- 3) Communiqué (VII-128.8.a) Amending The Communiqué On Debt Securities (VII-128.8) was published in the Official Gazette dated 13/6/2020 and numbered 31154

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