

COMMUNIQUÉ ON PRINCIPLES REGARDING REGISTRATION WITH THE BOARD AND SALE OF FOREIGN MUTUAL FUNDS

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SECTION ONE PURPOSE, DEFINITIONS AND SCOPE

Purpose

ARTICLE 1 – The purpose of this Communiqué is to regulate the principles of registration with the Board and sale of the units of foreign mutual funds.

Abbreviations and Definitions

ARTICLE 2 – For the purpose of this Communiqué, the following definitions shall apply:

Law: Capital Market Law No: 2499,

Board: Capital Markets Board,

Fund: Mutual funds established abroad and approved by the Board as having similar characteristics to domestic mutual funds as described by the Law. (For the funds consisting of more than one portfolio, each portfolio is deemed as a separate fund under this Communiqué),

Issuer: Founder or manager of the foreign mutual fund,

Depository Institution: Institutions authorized as a custodian in Turkey or institutions established abroad in accordance with the legislation of the country of residence and authorized as a custodian for securities and complying with the requirements laid down in this Communiqué,

TTRG: Turkish Trade Registry Gazette.

Legal Basis

ARTICLE 3 – This Communiqué is based on the paragraph (m) of Article 22 of the Law and paragraph (c) Article 15 of Resolution No: 32 on The Protection of the Value of Turkish Currency.

Scope

ARTICLE 4 – The sales of fund units through public offering or without public offering in Turkey shall be subject to the provisions of this Communiqué.

The sale covers the sale of fund units at a certain price; promotion through mail or any other means of communication, one to one or

collectively, and all activities aimed at contacting investors, in order for marketing the units. Units of the fund cannot be sold without registering with the Board.

SECTION TWO PRINCIPLES ON THE FUNDS TO SELL UNITS, REPRESENTATIVE AND DEPOSITORY INSTITUTION

Initial Conditions for the Funds to Sell Units

ARTICLE 5 – The funds whose units will be sold in Turkey should comply with the following conditions:

a) Fund units should be traded in Turkish Lira or foreign currencies, whose daily exchange rates are announced by the Central Bank of Republic of Turkey,

b) At least three years must have been passed since fund begun to operate and the current value of the units to be sold at the date of application should not be less than the amount determined as a minimum in the regulations of the Board for mutual funds in Turkey,

The sales of new units of the funds, whose units have been registered with the Board once, shall be registered with the Board. However, in this case, the abovementioned condition for the minimum amount of sale shall not apply,

c) In the issuer's country, there should not be any limitation relating to sale of fund units in Turkey, financial rights granted by them and relevant transactions and payments be made in Turkey,

d) The fund units must have been offered to public in the country of establishment and the total current value of the units in circulation should be at least USD 1.000.000,

e) At least 80% of the fund's portfolio should be invested in the assets other than the capital market instruments issued by the issuers resident in Turkey and in Turkish public debt instruments,

f) If portfolio management service is provided by another institution, this institution should have the authorization for portfolio management in the country of establishment,

g) The portfolio value invested in securities of a single corporation should not be more than 10% of the portfolio value (Capital market instruments issued by the government are excluded),

h) The fund should not have more than 9% of the voting rights or of capital in any corporation,

i) The principles that the fund is subject to for lending of assets and borrowing should be consistent with the legislation that the mutual funds in Turkey are subject to,

j) The financial statements of the fund drew up within the framework of international accounting standards should be subject to independent auditing at least once a year,

k) Guarantee (in writing) should be given to the Board by the authorized organ of the fund allowing that the documents and information regarding public disclosure as laid down in Article 16 of this Communiqué as well as the other documents and information requested by the Board shall be submitted; auditing shall be made by the persons or institutions assigned by the Board provided that the expenses are paid by the fund.

The Representative and Representation Agreement

ARTICLE 6 – It is obligatory that the fund has a representative in Turkey and has drawn up a written agreement with the representative covering the minimum issues laid down in (Annex1). After the signing of the agreement, in case that a situation arises which hinders the continuation of the agreement or provided that 60 days notice is available, the agreement can be terminated by the parties. However, the obligations stemming from the representation agreement shall continue until the signing of a new agreement and approval of the Board.

Prerequisites for the Representative

ARTICLE 7 – The representative of the fund in Turkey must be a bank or a brokerage firm which must qualify for a founder of funds in Turkey.

Responsibilities and Obligations of the Representative

ARTICLE 8 – The representative institution is responsible for;

a) Timely publishing of information to be disclosed to public and notification to be made to the Board, and the accuracy of all the documents enclosed to the applications together with the information disclosed to public as well as circular and prospectus,

b) The redemption of the units sold in the name of the fund in accordance with the rules determined by the fund,

c) If the fund is unable for any reason to make payment for the redemption of the units offered to public, to get the units back from the investor by funding completely and in cash within at most two working days following the period determined for the redemption,

d) If the fund units are tied to notes, to replace them in Turkey in case of theft, loss or physical damage of the notes,

e) The owners of fund units having equal rights with those outside of Turkey and the payments regarding the units to be made in Turkey,

f) The accuracy of the records on the identity of persons that the units are sold and the units sold in Turkey and the amounts and transaction dates of the units bought and sold.

The current value of the units registered with the Board at the date of application shall be considered within the fund establishment limit regulated by the Communiqué on Principles Regarding Mutual Funds, Serial: VII, No:10, published in the Official Gazette dated 19 December 1996 No:22852.

Depository Institution

ARTICLE 9 – The assets of the fund must be kept under the responsibility of at least one institution having paid-in capital of minimum USD 1.000.000 in the country where the fund is established or authorized as a custodian in Turkey.

SECTION THREE

PRINCIPLES REGARDING REGISTRATION WITH THE BOARD

Application to the Board

ARTICLE 10 – It is obligatory that the representative shall apply to the Board with the information and documents mentioned in Annex 2 for the registration of the units to be sold through or without public offering. The documents attached to the applications should be submitted completely. If the Board deems necessary, it may ask opinion from the authorized organs of the related country about the fund and the founders. Applications the deficiencies of which have not been completed within the determined time period shall be cancelled as required by the Law. Applications shall be concluded within thirty days at the latest, the time granted for the correction of deficiencies shall not be taken into account in calculating this thirty day period.

Registration with the Board

ARTICLE 11 – The Board examines the applications in a manner to decide whether the representative and representation agreement comply with the conditions in this Communiqué and whether the prospectus and circular cover the information necessary and required by the related legislation on funds and fund units, within the framework of principles of public disclosure. Afterwards, the fund units shall be registered.

In the event it is decided that the explanations are not sufficient and do not reflect the truth fairly such that an exploitation of the public may occur or the representative and representation agreement do not comply with the conditions laid down in this Communiqué, registration of the fund units with the Board may be denied by stating the reasons for such a denial.

Registration with the Board does not mean that the fund units and related funds are guaranteed by the Board or by the state and cannot be used for advertising purposes.

In all notices and ads made through the related prospectus and circular mentioned in Article 6 of the Law, any direct or indirect statements which might be understood as a guarantee of the Board or the state through registration with the Board shall not be used.

When necessary, the Board may intervene and suspend sales transaction of participation certificates temporarily in accordance with paragraph (b) of Article 22 of the Law.

Principles for Drawing up Prospectuses and Circulars

ARTICLE 12 – It is obligatory that the prospectus and circular of the fund are prepared in Turkish, clear and detailed so as to submit the necessary information required by the related legislation on the fund and the issuance, signed by the representative and authorized officials of the fund, in conformity with the standards determined by the Board, consisting of the additional information requested by the Board at the time of the application for registration and the information and explanations should be supported by the documents when necessary.

The prospectus approved by the Board shall be registered in trade registry of the city where the representative's headquarters is located and announced in the TTRG within 15 days following the date of registration. The registration date of the prospectus shall be indicated in the circular published for the investors.

Any changes and new issues regarding the subjects disclosed in the prospectus and circular that occur prior to public offering or starting from the date of sales should be notified to the Board at the date of occurrence by the representative.

These changes and new issues shall not be disclosed and shall not be implemented through changes in circular and prospectus without the approval of the Board. After getting the approval, the changes in prospectus should be registered in trade registry and announced, whereas the changes in circular should be published in the newspapers in which the circular had been announced earlier.

In case of losing any one of the preconditions mentioned in Section Two of this Communiqué, the public offering can be suspended by the Board by stating the reasons.

Notices and Ads Relating to Public Offering

ARTICLE 13 – The texts of ads and notices introducing the fund and fund units subject to public offering shall be submitted to the Board in at least two working days before their publication. In all declarations, ads and notices, any information contradicting with the information indicated in prospectus and circular should not be included.

The Board may ask for a change in the texts be made if deems necessary. The texts can not be published without making the required changes.

In the mentioned texts, the places where the prospectus for public offering can be obtained and names and dates of the newspapers in which the circular for investors shall be published should be indicated.

Prior to publication of the circular, within the framework of the prospectus information approved by the Board, ads and notices not consisting of financial information starting from the date of registration can be initiated. Ads and notices consisting of financial information can be initiated at the date of publication of the circular earliest with the condition that they are published in the newspapers that the circular has been published. In this application, the ads and notices shall not be in a size

exceeding the size of the circular. On the following days, the ads and notices in printed and visual media can continue with the condition that the dates of publication and names of newspapers that the circular had been published are indicated. However, ads in printed media should not exceed the size of the initial ad and notice.

Sales of Fund Units and Intermediation

ARTICLE 14 – The sales of fund units should be done by the representative or/and through banks or brokerage firms authorized by the representative.

The purchased fund units can be sold back to only the fund or the representative if the fund authorizes so.

Allotment Sales

ARTICLE 15 – The investors to whom allotment sales shall be made are the persons and institutions that can have access to the information desired and sufficient to decide correctly in terms of their structure and financial profiles.

These are;

- a) Banks,
- b) Insurance companies,
- c) Brokerage firms,
- d) Public pension funds,
- e) Private finance houses,
- f) Mutual funds,
- g) Investment companies,
- h) Portfolio management companies,

i) Natural and legal persons, who own Turkish or/and foreign capital market instruments of at least 250.000.000.000 TL at the date of the purchase of unit.

The funds for allotment sales to investors are not subject to the preconditions except for paragraph (e) in Article 5 of this Communiqué. Furthermore, such unit sales are exempted from the announcement obligations within disclosure to public through circulars and prospectuses mentioned in Articles 12, 13 and 16 of this Communiqué.

In sales to individuals as mentioned in paragraph (i) of this Article, the representative is obliged to ask for the documents proving that these individuals own the investment amount mentioned in this paragraph and to keep the documents orderly.

The amount in paragraph (i) of this Article shall be determined and announced by the Board every year starting from 2000 with the condition that it is not less than 80% of the revaluation ratio announced by the Ministry of Finance for the previous year.

Funds, whose units subject to allotment sales, shall not publish advertisements and notices by any means.

SECTION FOUR PROVISIONS RELATING TO PUBLIC DISCLOSURE

Principles for Periodic Reports

ARTICLE 16 - The funds are obliged to convey the financial statements, reports, independent auditing reports and other periodic reports drawn up in accordance with the legislation of the country of residence and international accounting standards to the Board and announce the financial statements drawn up in accordance with international accounting standards within the framework of the regulations that the funds are subject to in Turkey.

Furthermore, the representative is obliged to send a statement prepared in the format mentioned in Annex 3 every month to the Board in the first week of the month.

If the Board deems that these announcements are not sufficient to disclose to public, it may ask for additional information and oblige announcement of this information.

Principles on Other Advertisements and Announcements

ARTICLE 17 – All ads and announcements other than periodic ones within disclosure and public offering principles are undertaken within the framework of the principles that the funds in Turkey comply with.

SECTION FIVE OTHER PROVISIONS

Notification of Transactions within the Framework of Legislation on the Protection of the Value of Turkish Currency

ARTICLE 18 – The information on buying and selling transactions of fund units of the persons resident in Turkey out of the scope of this Communiqué, within the framework of Legislation on Protection of the Value of Turkish Currency, should be notified to the Board by the intermediary institutions on a monthly basis, within six days following the end of the month, in comply with the table in Annex 4.

Fee to be Paid to the Board's Special Fund

ARTICLE 19 - The amount of fee found by multiplying the current unit price at the date of registration with the number of registered units shall be converted to Turkish Liras using the foreign exchange selling rate of the Central Bank of Turkey and this amount shall be subject to registration fee in accordance with Article 28 of the Law.

This fee shall be paid to the bank account determined by the Board in cash prior to giving the registration document to the founder.

Overruled Provisions

ARTICLE 20 – The definition of “foreign mutual fund” in Article 2, paragraph (f) of Article 4, paragraph (b) of Article 10, paragraph (h) of Annex 1 and paragraph (l) of Annex 2, in Communiqué on Principles Regarding Registration and Sales of Foreign Capital Market Instruments in Turkey, Serial: III, No: 20 published in the Official Gazette dated 20 March 1996 No:22586 is overruled.

PROVISIONAL ARTICLE 1 – The funds whose units have been registered with the Board prior to publication of this Communiqué are obliged to comply with the principles determined in Section Three herein starting from the date of publication of this Communiqué limited with only the registered units.

Entry into Force

ARTICLE 21 – This Communiqué will enter into force on the day of its publication.

Execution

ARTICLE 22 – The provisions of this Communiqué shall be executed by the Board.

ANNEX 1

MINIMUM ISSUES TO BE INCLUDED IN THE REPRESENTATION AGREEMENT

- a) The commercial title, nationality, address of headquarters, paid-in capital, establishment date and operation areas of the issuer,
- b) The commercial title, nationality, address of headquarters, paid-in capital, and establishment date of the representative institution,
- c) Classification, series and group of fund units, whether they are printed or not, the nominal or current value of the fund units and whether they are registered or in bearer form,
- d) Determination method of purchase and sell price, locations where the sale shall be made and the principles on announcement of the price,
- e) Principles for exercising the rights related with fund units, how the payments will be made and the way the payment date is determined,
- f) Principles on transfer of payments for fund units according to the legal provisions,
- g) Statement that the fund units be either sold or redeemed by the representative on its account or fund's account,
- h) Principles on requirements such as transmission of information daily by the issuer to the representative on purchase and sale price of units and on their stock exchange prices if any and by the representative to the issuer on the units that it purchases and sells on behalf of the fund,
- i) Principles on the issuer's obligations such as in forming the representative on the date and agenda of Shareholders' Meetings and on legal changes concerning the fund and the issuer,
- j) Principles on the issuer's obligations such as submitting to the representative all the information to be given to the Board and to be published within the provisions of this Communiqué and on developments that can effect the fund unit prices,
- k) Information that is not required by the Board's regulations, but considered necessary by the issuer to be disclosed to public and the way of disclosure,
- l) Information on the procedure to be followed if the parties do not perform their obligations,
- m) In case the contract terminates before its due date and no contract is signed with another intermediary institution, the guarantee and commitment of the issuer to comply with the decisions of the Board and the obligations of the parties to continue within the framework of the provisions of this contract until the operations deemed necessary by the Board are completed,
- n) The rate or amount of commission to be received against the services to be provided by the representative,

o) Principles on foreign exchange rate to be used in buying and selling of units,

p) Authorized persons, their titles and communication rules in carrying out transactions on behalf of the issuers, representative institution and other related persons and institutions,

r) Parties who are to meet the expenses related with printing and registration of documents of fund units and other expenses such as ads, notices and similar expenses during and after the sale if any,

s) Principles on replacement of documents issued for fund units in Turkey in case of theft, loss and physical damage and the procedure and period of this replacement,

t) Clause stating that, all kinds of disputes that will arise from the legal nature, public offering and sale of fund units shall be governed by Turkish Law and in settlement of disputes; the Turkish courts shall be authorized.

ANNEX 2

INFORMATION AND DOCUMENTS NECESSARY FOR THE APPLICATIONS FOR FOREIGN MUTUAL FUNDS

- a) Commitment prepared for the Board regarding the responsibility within paragraph (c) of Article 8 in this Communiqué.
- b) Approved copies of the agreements by the fund on management,
- c) Line of operation of the fund, valuation principles of the portfolio, determination principles of the unit price, information on basics of sale and issuance in Turkey and information on communication methods of the fund and representative institution in Turkey,
- d) Prospectus of the fund prepared in its country and promotion brochures,
- e) Copies of agreements and information about the representative institutions,
- f) The balance sheets, income statements and reports of the issuer for the last three years certified by the authorized organs of the fund and interim financial statements most close to the date of application signed by the authorized representatives and independent auditing reports prepared in accordance with international standards,
- g) Detailed information on other funds administered by the fund manager,
- h) Explanatory information on the legislation system that the fund and fund units are subject to in their residence country, (Laws, Communiqués, regulations)
- i) Copy of the documents representing the units, if any,
- j) All the rights provided by fund units and information on the related taxes,
- k) Regulations that the investment advisory institutions and depository institutions are subject to (laws, Communiqués, regulations) and detailed information these institutions,
- l) Information on the foreign stock exchanges that the fund units have been quoted or shall be quoted, if any and the quotation conditions, line of operation and price determination rules in these stock exchanges,
- m) In the country of the issuer, documents certifying that there is no limitation on the sales of fund units and undertaking of the transactions and payments related with the financial rights provided by the fund units in Turkey,
- n) Copies of authorization documents from related country on establishment and authorization of the fund,
- o) Turkish prospectus and circular consisting of the minimum aspects mentioned in standard prospectus and circular prepared by the Board on the sale of the fund units, to be used in fund unit sales in Turkey,

- p) The number of units required to be registered for each fund or portfolio,
- r) Commitment prepared in accordance with paragraph (k) of Article 5 in this Communiqué,
- s) Intermediary institution's commercial title, address of headquarters, and independently audited latest financial statements approved in the Shareholders' Meeting,
- t) Other information and documents requested by the Board.

From among the above mentioned documents and information, it is obligatory to submit those requested by the Board in form of notarized translations or in a format approved by the legislation and international agreements.

ANNEX 3

TABLE ON INFORMATION RELATED TO THE FUND TO BE DISCLOSED TO PUBLIC ABOUT THE FUND BY REPRESENTATIVE INSTITUTIONS

INFORMATION ON THE FUND

NAME OF THE FUND	TOTAL NET ASSET VALUE OF THE FUND	NUMBER OF REGISTERED UNITS WITH THE BOARD	TOTAL NUMBER OF UNITS CIRCULATING IN TURKEY	SALES PRICE BY THE END OF MONTH	VALUE OF THE UNITS CIRCULATING IN TURKEY

ANNEX 4

TABLE TO BE USED BY INTERMEDIARY INSTITUTIONS IN NOTIFICATION OF THE FUND SALES AND PURCHASES BY THE RESIDENTS IN TURKEY WITHIN THE FRAMEWORK OF LEGISLATION ON PROTECTION OF THE VALUE OF TURKISH CURRENCY AND UNCOVERED BY THIS COMMUNIQUÉ

THE RELATED TERM OF THE INFORMATION ON THE FUND TRANSACTIONS BY INTERMEDIARY INSTITUTIONS

DATE OF OPERATION	NAME OF FUND	RESIDENCE COUNTRY OF THE FUND	NUMBER OF UNITS SOLD	NUMBER OF RETURNED UNITS	PRICE OF UNIT	TOTAL