

## **COMMUNIQUE REGARDING ISSUERS' EXEMPTION CONDITIONS AND DEREGISTRATION FROM THE BOARD**

- 1 – (Published in the Official Gazette dated 27 December 1994 No:22154.)
- 2 – (The communiqué, Serial: IV No: 12 on amending the communiqué regarding issuers' conditions of exemption and deregistration with the Board was published in the Official Gazette dated 20 July 1995 No:22349)
- 3 – (The communiqué, Serial: IV No: 19 on amending the communiqué regarding issuers' conditions of exemption and deregistration with the Board was published in the Official Gazette dated 20 March 1996 No:22586)
- 4 – (The communiqué, Serial: IV No: 25 on amending the communiqué regarding issuers' conditions of exemption and deregistration with the Board was published in the Official Gazette dated 21 September 1999 No:23823)
- 5 – (The communiqué, Serial IV No: 26 on amending the communiqué regarding issuers' conditions of exemption and deregistration with the Board was published in the Official Gazette dated 16 February No:23996)
- 6 – (The communiqué, Serial IV No: 33 on amending the communiqué regarding issuers' conditions of exemption and deregistration with the Board was published in the Official Gazette dated 7.7.2004 No. 25515)

**SERIAL** : IV  
**NO** : 9

ARTICLE 1-The purpose of this communiqué is to regulate the principles and conditions of exemption and deregistration from the Board regarding the issuers pursuant to the article 11 paragraph 4 of Capital Markets Law No:2499 amended by Law No 3794.

(Second paragraph amended by communiqué Serial:IV, No:33). The provisions regarding the exemptions and deregistration from the Board shall not apply to the portfolio management companies, the investment advisory companies and investment trusts, and to the publicly held joint stock corporations whose shares are traded at the stock exchange or which adopt the registered capital system other than the provisions of the subparagraph (d) of the article 3 of this communiqué.

### **Abbreviations**

ARTICLE 2 –For the purposes of this communiqué, the following definitions shall apply:

Board: Capital Markets Board  
Law: Capital Market Law No:2499 amended by Law No:3794

Issuers: Joint stock corporations, state economic enterprises including the ones subject to privatization, local administrations and related institutions, administrations and enterprises which operate under their special legislation

Corporation: Joint stock corporations whose shares are offered to the public or considered so as the number of its shareholders exceed 100.

### **Exemptions Granted to the Publicly Held Joint Stock Corporations**

ARTICLE 3 – a) Exemption from Independent Auditing: Publicly held joint stock corporations whose total assets do not exceed 50 billion Turkish Liras according to the last annual financial statements drawn up in compliance with the standards determined by the Board are granted exemption by the Board from the independent auditing requirement for their financial statements upon their application.

The provision of exemption from independent auditing shall not apply in case of initial public offering of existing shares or shares issued in capital increase or acquisition or merger of joint stock corporations.

#### **b) (Overruled by Communiqué Serial IV, No: 33)**

c) Exemption from Distribution of Profit:

The first dividend for the related accounting periods may be retained on the condition that the Board approves the application of the corporation depending on;

(i) the amount of the distributable dividend calculated according to the regulations of the Board is less than 5 % of the paid in capital for publicly held corporations with total assets not exceeding 50 billion Turkish Liras,

(ii) the amount of the distributable dividend calculated according to the Board regulations is less than 10 % of the issued capital in publicly held Joint stock corporations with total assets exceeding 50 billion Turkish Liras,

However the dividend which is not distributed in accordance with this provision is taken into account for the calculations of exemption for the following periods.

#### **d) (Supplementary article inserted by Communiqué Serial IV, No: 33)**

The exemption from drawing up a prospectus:

Joint stock corporations that issue or offer to public the capital market instruments may be exempt from the obligation of drawing up a prospectus with the approval of the Board in the following circumstances:

- 1) For the issuance of capital market instruments due to merger, acquisition, spin off, transfer of some of the assets or issuing capital in kind according to the regulation of the Board concerning the merger and spinning off
- 2) For the issuance of gratis shares including the dividend payment on the condition that a notification text consisting of necessary information for public disclosure in accordance with the sample designed by the Board has been announced .
- 3) In case of existence of shares subject to merger, denomination and division or merger of series within the Board's regulations concerning the conditions of forms of the shares without that cause no change in the capital
- 4) The allocated issue of capital markets instruments
- 5) In issuance of shares arising from convertible bonds within the provisions of related communiqué, on condition that the prospectus and other essential documents are published before  
The Board may withdraw the exemption in case of requirement.

(The paragraph added by the communiqué Serial: IV, No: 19) The joint stock corporations with 95 % of capital owned by up to twenty shareholders and shares of which are not traded at the stock exchanges may be exempted from the independent audit and publication requirements.

#### **The Exemptions Granted to other Issuers**

ARTICLE 4 – Among the issuers that issue securities other than shares, and whose ;

(a) total assets, according to the last annual financial statement, is less than 50 billion Turkish Liras and the amount of public offering is less than 10 % of total assets,

(b) total assets, according to the last annual financial statement, is more than 50 billion Turkish Liras and the issued amount is less than 10 billion Turkish Liras,

may withhold publishing the financial statements and reports during the redemption period whereas they are obliged to prepare them according to the principles determined by the Board.

#### **Deregistration of the Publicly Held Joint Stock Corporations from the Board**

ARTICLE 5 – (The first paragraph amended by the communiqué Serial: IV, No: 26) Publicly held joint stock corporations which demonstrate that their number of shareholders have been less than 200 for the last two years preceding the application, by a court decision and depending on the book of shareholders, shareholders participation table of general assembly, the records and accounts concerning the distribution of profit, records concerning the foundation and capital increase and other such documents and procedures, may be deregistered from the Board upon application.

The publicly held joint stock corporations which prove to have total assets less than 2 billion Turkish Liras in consecutive two years according to their financial statements drawn up within the standards of the Board and confirmed by the report of a certified public accountant may be deregistered with the Board upon application.

(First paragraph amended by the communiqué Serial: IV, No: 12) These joint stock corporations are obliged to notify the Board within 30 days upon their discovery that the number of their shareholders exceeds 250 or their total assets exceed 2 billion Turkish Liras.

(Supplementary paragraph by communiqué Serial: IV, No: 25) The new joint stock corporation or corporations which are founded by allocating at least 15 % of the total assets of the last balance sheet of the publicly held joint stock corporations or by ending their legal entities including the ones which are in process of privatization can not be allowed to deregister within three years following their registration with the Board on the ground of the shareholder number and total assets conditions of this communiqué.

### **Deregistration of Other Joint Stock Corporations from the Board**

ARTICLE 6 – The issuers that are registered with the Board due to offering of securities other than shares shall be deregistered from the Board upon application following the redemption of the issued securities or completion of the procedures which can replace redemption.

### **The Change in Limits**

ARTICLE 7 - The amounts in this communiqué regarding the total assets are increased by the revaluation factor announced by the Ministry of Finance every year.

### **Announcement to Public**

ARTICLE 8 – The publicly held joint stock corporations which are deregistered from the Board according to the principles of this Communiqué are announced to the public by the Board. The Board may request an additional announcement from the corporations concerning the exemptions.

**Reserved Provisions**

ARTICLE 9 –Other exemption provisions granted to the issuers by the capital market regulations and other related regulations which fall within the scope of this communiqué are reserved.

**Entry into Force**

ARTICLE 10 – This communiqué enters into force on the day of its publication.