

COMMUNIQUE ON PRINCIPLES REGARDING REGISTERED CAPITAL SYSTEM

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2. (Communiqué Serial: IV, No: 17 on Amending the Communiqué on Principles Regarding Registered Capital System Serial: VI, No: 7 was published in the Official Gazette dated 23.1.1996 numbered 22532).
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Serial: IV

No: 7

Purpose and Scope

ARTICLE 1 – With regard to implementation of Law No: 2499 amended by Law No: 3794 effective since 13.5.1992, the principles that the corporations should comply in transition to registered capital system and within the system, withdrawal and removal from the registered capital system have been regulated by this Communiqué.

Abbreviations and Concepts

ARTICLE 2 – In this Communiqué

Law:	The Capital Market Law No: 2499 amended by Law No: 3794,
Board:	Capital Markets Board,
Corporation:	Joint stock corporation, banks that have offered their shares to public or shall offer their shares to public, public owned enterprises including affiliated companies and participations having the status of joint stock corporation covered by Decree By-Law No: 233.
TCC:	Turkish Commercial Code
TTRG:	Turkish Trade Registry Gazette
Registered Capital:	The capital of the corporations registered at Trade Registry illustrating the maximum amount of shares that can be issued without being subject to provisions of TCC on increasing capital with the decision of the board of directors with the condition that there exists the related provision in their Articles of Association,
Initial Capital:	The minimum issued capital of corporations with registered capital.
Issued Capital:	The capital of corporations with registered capital representing the shares sold.

SECTION ONE
ACCESSION PRINCIPLES OF CORPORATIONS TO REGISTERED CAPITAL SYSTEM

The Permission of the Board in Accession to Registered Capital System and Determination of the Registered Capital and Conditions of Implementation

ARTICLE 3 – The corporations established to offer their shares to public and corporations that have already been established intending to offer their shares to public by increasing capital benefit from the registered capital system providing capital increase within the limit of the capital registered at Trade Registry without being subject to provisions of TCC on capital increase, with the decision of the board of directors and with the condition that such a provision exists in their Articles of Association, provided that they obtain the permission of the Board and the determination of registered shall be subject to the permission of the Board.

The determination of new registered capital prior to reaching the previous level and determination of a higher level after reaching the previous registered capital shall be subject to permission of the Board. In increasing the registered capital, the principles implemented in transition to the system shall be applicable.

(Paragraph 3 amended by Communiqué Serial: IV, No: 7) The registered capital can only be exceeded with the inclusion of the revaluation value increase fund and cost increase fund to the capital. In this case, the issued capital shall be registered as the new registered capital. Through other internal resources and cash increase, the registered capital shall not be exceeded.

(Paragraph 4 amended by Communiqué Serial: IV, No: 24) The initial capital of corporations to adopt registered capital system shall not be less than TL 100 billion.

Corporations willing to adopt registered capital system are obliged to include such a provision in their Articles of Association after getting permission from the Board in accordance with paragraph 1 of Article 12 of the Law and make the amendments in related parts of their Articles of Association to benefit from this system.

Application to the Board for Permission and Necessary Documents

ARTICLE 4 – The following documents shall be attached to application to the Board to adopt the registered capital system and determine registered capital.

- a) Articles of Association in effect including all amendments in a single text approved by individuals authorised to represent the corporation,
- b) Drafts on the article on registered capital prepared by the board of directors of the corporation and drafts on amending other articles of Articles of Association that have to be amended for harmonisation with the registered capital system and the Law,
- c) Notarised form illustrating the paid-up portion of the capital,
- d) Profit distribution statements of the last three years signed by individuals authorised to represent the corporation,
- e) Documents introducing the corporation and the individuals in board of directors and the auditing board and founders,
- f) The balance sheet and income statement of the last three years in accordance with the standards of financial statement set by the Board, approved at the Shareholders' Meeting and signed by the authorised representatives of the corporation and pro forma balance sheet and income statements for the period envisioned to reach the registered capital,
- g) Decision of board of directors regarding transition to registered capital system,
- h) If transition to registered capital system is decided and the authorities in paragraph 5 of Article 12 of the Law have been attributed to the board of directors, the document consisting of the justifications of these signed by individuals authorised to represent the corporation,
- i) Independent auditing report prepared as an obligation or upon will within the framework of regulations of the Board,
- j) Other documents and information requested by the Board.

Examination by the Board and Permission

ARTICLE 5 – The Board examines the applications of corporations considering the general purpose and principles of the Law, necessities of the market, development and proper functioning of the capital market, purpose of the registered capital system, rights and benefits of shareholders and status of the corporation with respect to complying with legal obligations. If the result of the examination is positive, the Board shall give permission. The registered capital of each corporation shall be determined by the Board considering the proposal of the corporation and taking into account the existing situation, paid-up (issued) capital, development and extension plans.

The Board may set conditions for transition to registered capital system and increasing registered capital.

Process After Permission of the Board

ARTICLE 6 – The authorisation certificate by the Board following the Board's permission and draft on amending the Articles of Association approved by the Board shall be submitted to Ministry of Industry and Trade, for getting permission to amend the Articles of Association in accordance with Article 386 of TCC.

The shareholders shall be called to a meeting in accordance with the procedures in order to discuss the amendments of Articles of Association in agenda and the shareholders shall meet in accordance with the provisions of Article 388 of TCC to decide on the amendments in Articles of Association.

If the board of directors is authorised to limit the rights of preference stockholders and issue preference stocks, the provision of Article 389 of TCC shall be applicable.

Following the approval of amendments in Articles of Association by the Court, the registration to related Trade Registry and announcement in TTRG shall be made. A copy of the newspaper shall be sent to the Board in 6 working days following the announcement.

Withdrawal and Removal from the Registered Capital System

ARTICLE 7 – (Article amended by Communiqué Serial: IV, No: 23) Corporations can withdraw from the registered capital system by getting permission from the Board. Furthermore, corporations that are understood to misuse the system; abusing the other investors and shareholders, corporations that can easily increase capital not requiring this system because of their capital structure and corporations that cease to qualify for the system can be removed by the Board. Corporations withdrawn from the system or that were removed, shall not be accepted to the system again before the termination of at least two years. However, if the corporation's management changes or the reasons causing withdrawal or removal from the system have been vanished, then upon application by corporations, the Board may permit the transition of corporations to registered capital system without waiting for the termination of the two-year period.

SECTION TWO

AUTHORITIES OF BOARD OF DIRECTORS AND PRINCIPLES OF UTILISATION

Authorities of Board of Directors and Principles Of Utilisation

ARTICLE 8 – In corporations willing to adopt the registered capital system, if the authorities such as issuance of preferential share or issue of shares with a premium over their nominal value or limitation of pre-emptive rights or limitation of rights of preferential stockholders are planned to be attributed to the board of directors, clear provisions attributing these to the board of directors must be included in the Articles of Association.

Authority of board of directors to limit the pre-emptive rights shall not be exercised in a manner to create inequality among the shareholders.

Announcement of Decisions of Board of Directors

ARTICLE 9 – If the board of directors is authorised by the Articles of Association, the decision on limiting the pre-emptive rights of shareholders must be announced. In five working days following the decision, it must be registered at Trade Registry and announced in TTRG. The decision shall be further announced in at least two daily newspapers' Turkey edition, in which the public offering and sales

announcements of the corporation's shares had been published, within the principles to be determined by the Board in five working days following the registration. In at most three working days following the date of announcement, the related newspapers shall be sent to the Board.

Annulment of the Decision of Board of Directors

ARTICLE 10 – If the board of directors, authorised to limit the pre-emptive rights for shareholders by Articles of Association, exercises this authority in a manner to create inequality among the shareholders, then the members of board of directors, auditors and shareholders whose rights had been violated, may file an annulment suit in commercial courts, where the headquarters of the corporation is located, in thirty days following the publication of the decision of the board of directors in daily newspapers within the principles in Article 9 of this Communiqué.

In accordance with paragraph b of Article 46 of the Law, the Board may file an annulment suit against the decisions of the board of directors on issues that the board of directors is authorised by Articles of Association within the framework of Article 12 of the Law.

Notification to the Board

ARTICLE 11 – The board of directors is obliged to notify the decisions taken within the framework of Article 12 of the Law to the Board in three working days following the date of decision.

If the annulment suit is filed by auditors, members of board of directors or shareholders whose rights have been violated, the board of directors is obliged to notify the situation to the Board in seven working days following the date on which they have learned the filing of the annulment suit. If the Court decides to defer the related decision of board of directors, then the parties shall inform the Board in three working days following the date on which they have learned the decision. If the Court does not take such a decision, then the procedure for registration of shares with the Board due to capital increase shall continue.

In 5 working days following the notification date of the court's decision on annulment suit, the parties have to inform the Board.

In three working days following the finalisation of the court decision on annulment of decision of board of directors, the mentioned decision shall be cleared from the Decision Book of Board of Directors and shall be registered and announced within the framework of Article 9.

Provisions Applicable in Annulment of the Decisions of Board of Directors

ARTICLE 12 – In issues not regulated by this Communiqué on annulment of the decisions of board of directors, Articles 382, 383, 384 and the related provisions of TCC shall be applicable.

SUPPLEMENTARY ARTICLE 1 – (Supplementary Article 1 added by Communiqué Serial: IV No: 24) The amount in Article 3 of this Communiqué shall be taken into account by increasing the revaluation coefficient announced by the Ministry of Finance every year.

Effectiveness

ARTICLE 13 – This Communiqué shall be effective on the date of publication.