

**Communiqué on Principles Regarding Registration with the Board and Sale of
Foreign Capital Market Instruments**

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SECTION I

GENERAL PROVISIONS

Object

Article 1- The object of this communiqué is to regulate the principles of registration with the Board and sale of foreign capital market instruments.

Definitions and Abbreviations

Article 2- Abbreviated definitions in this communiqué other than those which are stated in Capital Market Law, Article 3, have the following respective meaning:

Board : Capital Market Board

Law : Capital Market Law

Stock Exchange : Istanbul Stock Exchange (ISE)

Foreign Company: Non-resident joint-stock company or investment trust, as described in the Decree-by-Law No:32, and that issue capital market instruments according to the regulations of the country of residence.

Foreign Capital Market Instruments : Securities approved by the Board and traded on exchanges in countries where they are issued; and other instruments that represent claims and rights.

Foreign Stocks : Securities representing equities and issued by foreign companies in accordance with the regulations of the country of residence.

Depository Receipt: A capital market instrument in bearer form issued to represent its underlying security deposited with either Takasbank or other depository institutions approved by the Board. It provides the same rights and privileges as its underlying security, and is identical to it. Depository receipt's nominal value is stated in money units of the foreign country where the underlying securities of the depository receipts have been issued.

Foreign Unit Trust: Investment fund which is established abroad and which is approved by the Board as having similar characteristics to domestic unit trusts as described by the Law.

Issuer: Foreign company; or founder or manager of a foreign investment fund.

Takasbank: ISE Settlement and Custody Bank Inc.

Depository Institution: Institution which is established abroad in accordance with the regulations of the country of residence and authorized as a custodian; and approved by Takasbank or the Board.

Scope :

Article 3- The following shall be regulated by this communiqué;

- a) Initial public-offering of foreign capital market instruments,
- b) Public-offering of foreign capital market instruments by their holders,
- c) Public-offering of depository receipts,

d) Private placement of foreign capital market instruments and depository receipts,

Foreign capital market instruments and depository receipts subject to the transactions mentioned above shall be registered with the Board.

Public-offerings of foreign stocks in Turkey must be performed by means of depository receipts.

Initial Conditions for Public-Offering

Article 4-

a) Excluding the units of a foreign unit trust, all foreign capital market instruments, which are to be offered to the public in Turkey, must be quoted on a stock exchange -if there is any- approved by the Board in the country where the mentioned foreign capital market instruments are issued. In the case of absence of a stock exchange in this particular country, the Board may waive the condition of quotation.

b) Foreign capital market instruments must be denominated in Turkish Lira or foreign currencies whose daily exchange rates are announced by the Central Bank of the Republic of Turkey.

c) Public-offering of foreign stocks through depository receipts requires;

i) the foreign company to be at least 2 years old, and have declared profits in its last year financial statements prepared and audited according to the international accounting standards.

ii) the previously issued stocks of the company to be quoted on a stock exchange 1 year before the application for public-offering of depository receipts, and be traded for at least 100 days during this period.

Foreign companies which cannot comply with the quotation condition as explained in paragraph (a), may be exempted from this requirement.

d) The capital of investment trusts shall not be any less than the amount set by the Board for investment trusts in Turkey at the time of application.

e) The company which issues foreign bonds and other debt instruments, must have a rating that at least suggests a “medium grade” from rating institutions approved by the Board. At the time of application, the most recent rating report may not be any older than 3 months.

f) The foreign unit trust shall be at least 1 year old and the return generated by the foreign unit trust shall not be any less than the average return generated by other comparable unit trusts in the same country. The total asset value of the unit trust may not be any less than the amount the Board sets for Turkish unit trusts.

g) Public-offering shall be done through intermediary institutions.

In case of public-offering of capital market instruments other than those listed above, the initial requirements shall be set by the Board regarding the nature of the particular capital market instrument.

Initial Application

Article 5- Prior to the application for registration, intermediary institutions may consult with the Board to verify whether the foreign capital market instruments, depository receipts and the issuers comply with the Board’s regulations.

The application shall be accompanied by the following:

a) Explanatory information on the regulatory system in which the issuer is operating and by which the foreign capital market instruments are regulated in the country of residence, and if required by the Board, documents that verify this information.

b) Information on the foreign capital market instrument, explaining its taxation, and privileges and rights it shall grant to the owner.

c) A specimen of the foreign capital market instrument.

d) Documents showing that there are no restrictions in the issuer's country's regulations, on the sales, and procedures and payments concerning the financial rights provided by the foreign capital market instruments to be done in Turkey.

e) Descriptive information on the stock exchange or exchanges on which foreign capital market instruments have been or shall be quoted and a list of conditions for quotation on these exchanges as well as information on operations and price determination rules on these exchanges.

f) Descriptive information on the depository institution where foreign capital market instruments shall be deposited for the purpose of public offering of these particular foreign capital market instruments through depository receipts.

g) Information on all procedures to be completed, contracts to be signed, and on financial intermediary institutions (leading intermediaries, quotation agencies, etc.) to be worked with before the realization of the public-offer.

h) Other information or documents which are thought to be useful or requested by the Board.

Upon the completion of the necessary examinations, the Board informs the related intermediary institution.

Agreement of Representation

Article 6- It is compulsory that the intermediary institution and the issuer sign an agreement which at least covers topics in Appendix/1. In case of public-offering of the foreign capital market instrument by the owner in Turkey, the agreement is signed by

the owner and the intermediary institution as well as the issuer. When the issuer however, is not one of the signing parties, the Board may still accept the agreement, provided that the issuer accepts in writing, that until the maturity date of the foreign capital market instrument, it shall comply with paragraphs h, i, j, t and u in Appendix/1, and that it acknowledges in writing that the owners of the foreign capital market instrument in Turkey have the same rights and privileges as those abroad and all payments (dividends) related to the foreign capital market instrument shall take place in Turkey.

The duration of the agreement of Representation may not end before the maturity date of the foreign capital market instrument. In case of breach or cancellation of the agreement or other matters that may arise making the continuation of the agreement impossible, the parties must inform the Board within one week following the cancellation of the agreement.

The Procedures of Registration With The Board and Public-Offering

Article 7- Intermediary institutions shall, either following the consultation with the Board or directly, apply to the Board to have the foreign capital market instruments and depository receipts registered, submitting the following documents;

a) If the intermediary institution has consulted with the Board, the documents listed in Appendix/2,

b) If the intermediary institution has not consulted with the Board, the documents listed in Article 5 and Appendix/2.

Registration with the Board, standards of prospectuses, circulars, and public-offering procedures shall - depending on whether the foreign capital market instrument is a stock or a bond or another debt instrument- be subject to the Board's related communiqués for the particular instrument. If there is not a communiqué for the particular instrument, it shall be regulated within the framework of principles set by the Board.

The public-offering limit for bonds and debt certificates that are considered to be capital market instruments will be based on the limits for joint-stock companies in Turkey which are not publicly held. Limits are calculated on financial statements based on international accounting standards.

Foreign capital market instruments and depository receipts shall be traded in Turkish Lira.

Application to the Stock Exchange

Article 8- Intermediary institutions must apply to the Stock Exchange, with the documents the Exchange deems necessary, to have the foreign capital market instruments and depository receipts offered to the public to be quoted, within 15 days starting from the end of the public-offering period. Foreign capital market instruments and depository receipts registered with the Board are to be traded in the related market according to whether or not they comply with the quotation requirements of the Exchange.

Disclosure

Article 9- Issuers have to comply with the same disclosure requirements as the domestic companies.

The financial tables and reports prepared in accordance with the legislation of the country of residence, and international standards, together with independent auditing and rating reports, should be sent to the Board and to the Stock Exchange within one week after they have been prepared and these tables should be announced within the framework of the Board's regulations.

Intermediary institutions are required to give the holders of foreign capital market instruments the information on the relevant instrument and their issuers, to be publicly disclosed both in the issuers country and in Turkey, on the same date as other

countries in which the instrument is being traded.. Furthermore they are to have the agenda of the Stockholders meeting available on the date it is announced in the country of residence and the minutes of the Stockholders meeting latest within one week after the meeting in the localities where the sale is made.

Obligations of the Intermediary Institutions

Article 10- Intermediary institutions are responsible for

a) the accuracy of all the documents enclosed to the applications together with the information disclosed to public through circulars and prospectuses.

b) the redemption on behalf of the fund, of the units (participation certificates) in the public offer of which they have been intermediaries in Turkey, in accordance with the rules indicated in the internal statute of the foreign investment fund.

c) the replacement of foreign capital market instruments in case of theft, loss or physical damage.

d) the owners of foreign capital market instruments having equal rights with those outside of Turkey and the payments regarding the foreign capital market instruments to be made in Turkey.

e) the issuer carrying out his commitments in compliance with the decisions to be taken by the Board, in case the representation agreement indicated in Article 6 terminates before its due time.

f) carrying out the obligations stated in Article 9 and making the necessary announcements in accordance with the Communiqué of the Board on Disclosure of Material Events.

g) daily announcements on purchase and sale prices of units of investment funds and daily closing prices of securities which have the same nature as the ones offered to public in Turkey and traded on stock exchanges abroad; and notification of the respective stock exchanges that these instruments are quoted in Turkey.

Payments Regarding the Foreign Capital Market Instruments

Article 11- The principal, interest, and dividend payments of foreign capital market instruments and of depository receipts will be made, upon deduction of expenditures

for these payments, in the currency in which the relevant instrument is denominated. Intermediary institution has to begin to distribute the capital, interest, dividend payments of foreign capital market instruments to the beneficiaries on the first working day following the day on which it receives the relevant payments. The intermediary institution is to announce the amount of the payments, place and date of payments, in the newspapers in which the circular about the public offering was published, at least one week before the date on which payments will be made.

The Text of Foreign Capital Market Instruments

Article 12- The text or enclosure of foreign capital market instruments must contain the minimum information required by the Board for the Turkish securities which have the same characteristics with them.

The foreign capital market instrument is to be sold with the Turkish texts, certified by public notaries, attached to it. On the top of the Turkish text, the phrase, "IT IS NOT A CAPITAL MARKET INSTRUMENT AND CANNOT BE SOLD (in Turkish)" with capital letters is to be written.

SECTION II PRINCIPLES ON DEPOSITORY RECEIPTS

Depository Receipts

Article 13- Before the registration application is made to the Board, foreign securities underlying the depository receipts, are to be entrusted to a depository for safekeeping in the name of the intermediary institution. The certificate to be taken from the depository institution is delivered to Takasbank, and following the registration with the Board, the depository receipts are issued by Takasbank on behalf of the intermediary institution.

The following must be included in the text of depository receipts:

- a) The phrase "Depository Receipt (in Turkish)".
- b) The title and the address of headquarters of the intermediary institution.

c) The title, and address of Takasbank and the signatures of two authorized persons representing Takasbank.

d) The title, address of the headquarters, nationality and capital of the joint stock company that issued the foreign securities underlying the depository receipts.

e) The title, address of the headquarters, nationality and the capital of the depository institution where the foreign securities underlying depository receipts are entrusted.

f) The nominal value of depository receipt, if it is issued for foreign shares, number of shares they represent and the nominal value of the share.

g) A phrase stating that the receipts are in bearer form.

h) Coupons, if any, representing the rights related to the foreign securities.

Exchanging Depository Receipts with Foreign Securities

Article 14- If desired by the owners, depository receipts are exchanged with foreign securities they represent,. The principles are to be explained in the circular and prospectus regarding the procedure and period of the exchange, which is to be set by the intermediary institution. The transactions of depository receipts that are traded on the Stock Exchange, are carried out according to the current regulations of the Exchange.

Return of Foreign Securities from Depository Institution

Article 15- Following the notification to Takasbank, about the foreign securities to be returned, the intermediary institution submitting a letter taken from Takasbank explaining the situation, applies to the depository institution and requests the return of the above mentioned securities.

Reporting Form for Depository Receipts

Article 16- The intermediary institution shall send a form to the Board reporting the information contained in Appendix/3, showing the amount of foreign securities and depository receipts kept at the depository institution as of the end of each month, together with the amount of purchase and sale of depository receipts and the amount of

depository receipts exchanged with foreign securities in that month, within the week following the end of the month.

SECTION III
SPECIAL PROVISIONS
ON EXERCISING RIGHTS ARISING FROM
THE OWNERSHIP OF FOREIGN SHARES

Rights That Arise From Capital Increase Of The Company

Article 17- Rights to obtain stock dividends, bonus shares and preemptive rights in capital increases are exercised by obtaining new depository receipts issued in Turkey to represent these new shares.

The intermediary institution has to notify the owners of depository receipts of capital increases to be realized, on the same date notification is made to the shareholders. The notification to be made to the owners of depository receipts should include the following information and should be published at least in two newspapers that are published country-wide in Turkey.

i) The titles, nationalities and the addresses of headquarters of the Company and the intermediary institution.

ii) Capital increase to be made, the amount of the new capital and how the capital increase will be realized.

iii) Explanations regarding the rights of stockholders that arise due to capital increase, the date and place of exercise of these rights abroad and their sale prices.

iv) A clause stating that the rights arising due to capital increase, may be exercised by obtaining new depository receipts to be issued for this purpose.

v) The application procedure, date and places for exchanging depository receipts with shares, for the shareholders who want to exercise their rights, that arise due to capital increase, themselves.

vi) The location and the addresses of at least 3 centers in which the announcements made on capital increase of the Company in the foreign country

concerned, all the information given to the shareholders on this issue, and their notarized Turkish texts are made available to the owners of depository receipts for examination.

The owners of depository receipts can apply to the intermediary institution within 3 working days, for selling abroad and receiving the proceeds of the rights mentioned in this article.

The intermediary institution applies to the Board for the registration of depository receipts submitting documents indicated in Appendix 2; also enclosing all the documents containing information regarding the purchase of the new securities by the intermediary institution, such as the exercise price, places of purchase, the average prices valid at these locations on the date on which the purchase is realized, all the expenditures made for these transactions, buy orders, and agreements. The owners of depository receipts have the right to purchase these new depository receipts. They can exercise these rights within the sale period indicated in the circular. The shareholders who do not wish to exercise their rights to buy new depository receipts, can transfer the relevant coupon on the depository receipt, during the sale period.

Intermediary institution can offer to public the depository receipts that were not sold within the indicated period.

Announcement of Stockholders Meeting and Exercise of Voting Rights

Article 18- The intermediary institution makes the announcements regarding the date and agenda of the Stockholders Meeting, and the procedure to be followed by the owners of depository receipts who want to participate in the meeting, published at least in two newspapers that are published country-wide in Turkey, on the same date on which the notification is made in the home country of the company; and sends these newspapers to the Board.

For the exercise of proxy rights at the Stockholders meetings, the intermediary institution collects proxy statements in compliance with the provisions of regulations of the Board regarding Proxy Rights and the representation agreement. For the part of the votes that is not used by proxy, the intermediary institution exercises the voting rights, in due diligence regarding the interests of the owners of depository receipts.

SECTION IV OTHER ASPECTS

Private Placements

Article 19- Private placements of foreign capital market instruments and depository receipts through intermediary institutions are subject to registration with the Board.

In order to have the foreign capital market instruments and depository receipts registered with the Board, the intermediary institutions to apply to the Board with the documents indicated in Appendix/4 and in Article 5.

Sale of securities through private placements is to be completed within 15 days following the registration with the Board.

Sovereignties and Foreign Local Administrations

Article 20- The principles related to the public offering of foreign capital market instruments in Turkey by foreign governments, states and local administrations, are determined by the Board, according to the nature of the application, within the framework of this Communiqué .

Effective Date

Article 21- This Regulation becomes effective on the date it is published in the Official Gazette.

Execution

Article 22- Provisions of this Communiqué are executed by the Capital Market Board.

Appendix 1- Minimum Aspects to be Included in the Representative Agreement

a) Title, nationality, address of headquarters, paid capital, establishment date, line of operation of the issuer and if the foreign capital market instruments are sold by their owners, the name and surname, or title and the address of the person who sells them.

b) The title, address of headquarters, paid capital and establishment date of the Financial intermediary institution.

c) Classification, group, discount or interest rate etc. maturity date, the total amount in terms of nominal value of the capital market instruments and whether they are registered or in bearer form.

d) Statement that the unsold capital market instruments be either purchased by the intermediary institution, or cancelled or returned to the issuer.

e) Sale price, date and duration of the sale, and locations where the sale will be realized.

f) Principles for exercising the rights related with capital market instruments, how the payments will be made for these in Turkey and way the payment date is determined.

g) Principles on the transfer of payments for capital market instruments within the framework of legislation concerned.

h) In case the units (participation certificates) will be presented to public, statement on the authorization of the intermediary institution to sell and redeem the units in Turkey on behalf of the Fund.

The way information is transmitted daily by the issuer to the intermediary on purchase and sale prices of units (participation certificates) and on their stock exchange prices -if any-; and by the intermediary institution to the issuer on the participation certificates that it purchases and sells on behalf of the Fund.

i) Principles on the issuer's obligations, such as informing the intermediary institution on the date and agenda of Stockholders Meetings and on legal changes concerning the issuer and the capital market instruments etc.

j) Principles on the obligations of the issuer, such as submitting to the intermediary institution all the information to be given to the Board and to be published within the provisions of this regulation and on developments that can effect the price of the capital market instruments.

k) Principles on the obligations of the intermediary institution, such as transfer of information and documents on the sale of capital market instruments etc.

l) Information that is not required by the Board's regulations, but is considered necessary by the issuer to be disclosed to the public, and the way of disclosing this information.

m) Information on the procedure to be followed, in case the parties do not perform their liabilities.

n) The guarantee and commitment of the issuer to comply with the decisions of the Board, in case the contract terminates before its due date and no contract is signed with another intermediary institution, and a clause stating that the liabilities of the parties will continue within the framework of the provisions of this contract, until the transactions deemed necessary by the Board are completed,.

o) The rate or amount of commission to be received against the services to be provided by the intermediary institution.

p) Principles on the foreign exchange rate to be used in the transactions of all kinds of cash and capital market instruments.

r) Authorized persons to carry out transactions on behalf of issuers, financial intermediary institutions and other establishments and institutions; their titles and communication rules.

s) Parties who are to meet the expenditures related with the printing and registration of foreign capital market instruments and other expenditures such as announcements, advertisements etc. that will be made during and after sale.

t) Principles on replacement of securities in Turkey in case of theft, loss, and physical damage of foreign capital market instruments and the procedure and period of this replacement.

u) Clause stating that, all kinds of disputes that will arise from the legal nature, public offering, and sale of foreign capital market instruments, and the related representation agreement shall be governed by substantial and procedural Laws of the Republic of Turkey; and in the settlement of these disputes, Turkish courts and juridical organs shall be authorized.

In the representation agreement to be signed for the issue of depository receipts, the following aspects will be included in addition to the ones indicated above;

a) The title and the address of the depository institution in which foreign securities will be kept and the delivery date of these securities to this institution.

b) A clause stating that the depository receipts will be in bearer form.

c) In case depository receipts representing foreign shares are issued, the principles regarding the voting rights of these shares and the exercise of rights arising

from capital increases, together with the way dividends and similar payments are to be made in Turkey and the way of determining the payment date.

Appendix 2- Documents to be Attached to Registration Application

a) Documents stating that the issuer has fulfilled the legal requirements in the country of residence in establishment, for operations and in issuing capital market instruments.

b) Information on the line of operations, shareholder structure, and the board of directors; and the articles of incorporation.

c) Documents to be provided by the relevant authorities certifying that the instruments are not subject to any limitations preventing the exercise of owner's rights or limiting the transfer or circulation of foreign capital market instruments; and stating whether there is usufruct on the relevant instruments.

d) Documents regarding the stock exchange quotation of foreign capital market instruments.

e) One copy from each of the representation agreements and the agreements related with public offering along with the certified book of authorized signatures.

f) Prospective sale price and the way it is determined.

g) Balance sheets and income statements of the issuer for the last three years, certified by authorized organs of the issuer, and the last “3-month” statement of account prior to the date of application, and certified copies of independent auditing reports showing that these tables were audited in accordance with the international accounting standards.

h) Certified copies of the financial tables and reports indicated in sub paragraph (g), rearranged in accordance with international accounting standards.

i) Rating reports on the foreign capital market instruments and the issuer depending on the nature of the instrument.

j) The purpose of sale of foreign capital market instruments in Turkey and way of utilization of the collected funds.

k) One copy from each of the prospectus, circular and other announcements published abroad for the foreign capital market instruments, if any.

l) For participation certificates, principles on the operation of the fund, portfolio evaluation, rules to determine the price of the participation certificates, information on the communication rules between the Fund and the intermediary institution in Turkey.

m) Documents showing the performance of issuers securities that are traded on stock exchanges.

n) If a pre-application is made, changes that come out in the information given to the Board at this stage.

o) Other documents that will be required by the Board, with respect to the particular foreign capital market instrument.

If the registration application is for depository receipts, the following information and documents should be attached in addition to the ones indicated above:

a) Certified copies of the documents received from the depository institution concerned, stating that all foreign securities are entrusted to the Depository Institution.

b) Depository agreement,

c) Specimen of the depository receipt.

Turkish translations of the above mentioned documents certified by a notary public shall also be submitted to the Board.

Appendix 3- Monthly Reporting Form of Depository Receipts

Title of the Financial intermediary institution:

Title of the issuer of foreign securities that underly the depository receipts:

Title, address, telephone number of the depository;

Total nominal value of the depository receipts offered to public in Turkey;

total nominal value of depository receipts,

total nominal value of foreign securities

in safekeeping at the depository as of the end of the month;.

total nominal value of the purchases of depository receipts,

total nominal value of the sales of depository receipts,

total nominal value of the depository receipts exchanged with foreign securities,

realized during the month.

Appendix 4- The Documents to be Attached to Registration Application for Private Placements:

a) Documents stating that the issuer has fulfilled the legal requirements in the country of residence in establishment, for operations and in issuing capital market instruments.

b) Information on the line of operation, shareholder structure, and the board of directors; and the articles of incorporation.

c) Documents to be provided by the relevant authorities certifying that the instruments are not subject to any limitations preventing the exercise of owner's rights

or limiting the transfer or circulation of foreign capital market instruments; and stating whether there is usufruct on the relevant instruments.

d) Texts of agreements made with people to whom the foreign capital market instruments will be sold in Turkey.