

**COMMUNIQUE ON PRINCIPLES OF  
VENTURE CAPITAL INVESTMENT FUNDS  
(III-52.4)**

**(Published in the Official Gazette edition 28870 on 2/1/2014)**

**List of Amendments:**

1. Communiqué (III-52.4.a) Amending the Communiqué III-52.4 on Venture Capital Investment Funds, published in the Official Gazette repeated edition 4 of edition 29222 on 31.12.2014.
2. Communiqué (III-52.4.b) Amending the Communiqué III-52.4 on Venture Capital Investment Funds, published in the Official Gazette edition 31269 on 09.10.2020.

**FIRST CHAPTER**

**Purpose, Scope, Basis, Definitions and Abbreviations**

**Purpose and Scope**

**ARTICLE 1 – (1)** The purpose of this Communiqué is to regulate the principles regarding venture capital investment funds.

**(2)** This Communiqué covers the principles and rules regarding the establishment and activities of venture capital investment funds, the issuance and sale of fund units to qualified investors, the issue document, the process of disclosure and the liquidation and termination of said funds.

**Basis**

**ARTICLE 2 – (1)** This Communiqué has been issued in reliance upon Articles 52 and 54 of the Capital Markets Law dated 06/12/2012 and numbered 6362.

**Definitions and Abbreviations**

**ARTICLE 3 – (1)** For the purposes and in the context of this Communiqué:

**a) “Information documents”** refers to fund rules, issue document and key investor information document,

**b) “BIAS”** refers to Borsa İstanbul A.Ş.,

**c) “Exchange”** refers to systems, marketplaces and foreign exchanges defined in subparagraph (ç) of the first paragraph of Article 3 of the Capital Markets Law numbered 6362,

**ç) “Fund”** refers to venture capital investment fund,

**d) “Net Asset Value”** refers to a value calculated on the basis of fund portfolio value obtained through valuation of all assets in fund portfolio under the applicable regulations of the Board, and by adding, if any, other assets and receivables thereto and deducting any liabilities therefrom,

- e) **“ECM”** refers to BIAS Emerging Companies Market,
- f) (As amended: OG 09.10.2020 – 31269) **“Venture Company”** refers to companies meeting the qualifications listed in the first paragraph of Article 18,
- g) **“Related party”** refers to the related party subject to regulations determined by the Board within the frame of Turkish Accounting Standards,
- ğ) **“Capital stock”** refers to shares representing capital of venture companies defined in this Communiqué,
- h) **“Law”** refers to the Law numbered 6362,
- ı) **“Fund unit”** refers to a dematerialized capital market instrument which represents the right of ownership of the investor and shows his participation in the fund,
- ii) **“Fund commitment”** refers to cash to be paid to fund by qualified investors at once or on different dates following the issue of fund units,
- j) **“SME Regulation”** refers to the Regulation on Definition, Characteristics and Classification of Small and Medium Sized Enterprises brought into force by the Decree of the Council of Ministers dated 19/10/2005 and numbered 2005/9617,
- k) (As Amended: OG 09.10.2020 - 31269) **“Founder”** refers to a portfolio management company or venture capital portfolio management company, or real estate and venture capital portfolio management company holding an operating license received from the Board under the Communiqué on Portfolio Management Companies and Activities of Such Companies (III-55.1) of the Board,
- l) **“Board”** refers to the Capital Markets Board,
- m) **“CRA”** refers to Central Registry Agency Inc.,
- n) (Repealed: OG 09.10.2020 – 31269)
- o) **“Qualified investor”** refers to persons defined in the Board regulations on sales of capital market instruments, and to persons holding an individual participation investor license as defined in the Regulation on Individual Participation Capital published in the Official Gazette edition 28560 dated 15/02/2013,
- ö) **“Communiqué on Portfolio Depositories”** refers to the Communiqué on Principles of Portfolio Depository Service and Providers of Such Service (III-56.1);
- p) **“Portfolio depository institution”** refers to an institution providing portfolio depository service within the frame of portfolio depository Communiqué of the Board,
- r) (As Amended: OG 09.10.2020 - 31269) **“Portfolio manager”** refers to a portfolio management company or venture capital portfolio management company, or real estate and venture capital portfolio management company holding an operating license received from the Board under the Communiqué on Portfolio Management Companies and Activities of Such Companies (III-55.1) of the Board,

s) (As Amended: OG 09.10.2020 - 31269) “**Communiqué on Portfolio Management**” refers to the Communiqué on Portfolio Management Companies and Activities of Such Companies (III-55.1),

ş) “**Takasbank**” refers to Istanbul Takas ve Saklama Bankası A.Ş. (İstanbul Settlement and Custody Bank Inc.);

t) “**TCC**” refers to the Turkish Commercial Code dated 13/01/2011 and numbered 6102,

u) “**TTRG**” refers to the Turkish Trade Registry Gazette,

ü) “**Derivative instruments**” refers to futures and options contracts deemed as eligible by the Board to be invested by the fund,

v) “**Investor agreement**” refers to an agreement signed individually or collectively between the fund and the fund unit holders, which regulates, as a minimum, the matters not included in the fund rules and the issue document,

y) “**Management control**” refers to management control defined in the Board regulations on take-over bids.

## **SECOND CHAPTER**

### **General Provisions**

#### **Venture Capital Investment Fund**

**ARTICLE 4 (As Amended: OG 09.10.2020 - 31269) – (1)** The fund is an asset which does not have a legal entity, established under fund rules with limited term, by portfolio management companies and, real estate and venture capital portfolio management companies which hold an operating license received from the Board in order to manage the portfolios comprised of assets and transactions specified in the third paragraph, with money and/or capital stocks collected from qualified investors in return for fund units, in accordance with fiduciary ownership principles and pursuant to the provisions of the Law.

(2) Duration of the funds shall be provided in the fund rules and the issue document.

(3) The main field of activity of funds is to manage a portfolio comprised of venture capital investments. Funds may not conduct any business other than managing a portfolio comprised of the venture capital investments specified in the third paragraph of Article 18, and the following assets and transactions:

a) Private and public debt instruments, and shares of joint-stock companies established in Turkey, including those in the privatization process;

b) Foreign private and public debt instruments and joint-stock company shares tradable within the framework of provisions of Decree No. 32 on Protection of the Value of Turkish Currency put into force by the Decree of the Council of Ministers, dated 7 August 1989 and numbered 89/14391,;

c) Time deposit and participation accounts;

ç) Investment fund units;

- d)** Repo and reverse repo transactions, pledge contracts and transactions conducted on the committed transactions market;
- e)** Lease certificates and real estate certificates;
- f)** Warrants and certificates;
- f)** Takasbank money market transactions, and domestic organized money market transactions;
- g)** Cash collaterals and premiums of derivative transactions;
- h)** Asset-backed and mortgage-backed securities, covered bonds, and structured foreign investment instruments and loan participation notes deemed eligible by the Board;
- i)** Foreign companies with growth potential that are not traded on the exchange;
- i)** Gold and other precious metals as well as money market and capital market instruments where these are underlying;
- j)** Other investment instruments deemed eligible by the Board.

**(4)** In cases where, it is stated in the fund rules and issue document that fund activities and investments will be conducted in accordance with principles of participation finance, the phrase “participation” may be used in the fund’s name.

**(5)** The fund shall be deemed as a legal entity limited to all transactions regarding official registration including registration, amendment, removal and correction requests, as well as all trade registry transactions including establishment, capital increase and share transfer transactions in relation to limited liability companies and joint stock corporations where they will be shareholders. Real estate in the portfolio of the investment fund, rights based on real estate and the bills based on real estate shall be registered to the land register in the name of the fund. Transactions to be performed in the trade registry and other official registries in the name of the fund shall be executed with the common signatures of persons authorised to represent each of the founder and the portfolio depository.

### **Fund Assets**

**ARTICLE 5 – (1)** Fund assets are segregated from the assets of the founder, the depository and the portfolio manager.

**(2)** Fund assets may not be designated as collateral or pledged, for purposes other than borrowing loans and conducting hedging purposed derivative instrument transactions, provided that such transactions are conducted on account of the fund, and the fund rules and the issue document include provisions to this effect. The fund assets shall not be disposed of, for any purposes whatsoever, even if the management or supervision of the founder or the depository is transferred to public authorities; and may not be attached, made subject to interim injunction or included in a bankruptcy estate even for the purposes of collecting public receivables.

(3) Debts and obligations of founder and/or portfolio manager to third parties and receivables and claims of funds from the same third parties may not be set off against each other.

### **Fund Information Documents**

**ARTICLE 6 – (1)** Fund information documents consist of fund rules, issue document, and if any, key investor information document.

(2) Fund rules is an agreement which is signed between fund unit holders on one side and founder, the depositary and the portfolio manager on the other side about management of fund portfolio and functioning of the fund according to fiduciary ownership principles, and depositary of the assets pursuant to Article 56 of the Law, and management thereof in accordance with the provisions pertaining to attorney agreement, and is by nature an adhesion contract. The standard of fund rules is determined by the Board. The minimum contents of fund rules are provided under Annex-1.

(3) Fund issue document contains information on nature and sales conditions of fund. The standard of issue document is determined by the Board. The minimum contents of issue document are provided under Annex-2.

(4) Key investor information document is a brief form showing the structure, investment strategy and risks of the fund. Founder is responsible for consistency of this form with fund rules and issue document, accuracy of its content, keeping it up to date, and damages arising from wrong, misleading or imperfect information included in this form. The standard of key investor information document is determined by the Board. The minimum contents of key investor information document are provided under Annex-3. Key investor information document is prepared optionally.

### **Authorizations and Responsibilities of Founder**

**ARTICLE 7 – (1)** Founder is responsible for representation, management and supervision of management of the fund, and conduct of activities in accordance with the provisions of fund rules and issue document, in such manner to protect the rights of fund unit holders. Founder is authorized to take actions on, and dispose of, and use the rights related to, assets of the fund in its own name and in the account of the fund in accordance with the applicable legislation and the fund rules.

(2) **(As Amended: OG 09.10.2020 - 31269)** Founder may outsource portfolio management from another portfolio management company, venture capital portfolio management company, or real estate and venture capital portfolio management company under an agreement signed under fourth paragraph of Article 8 of the Communiqué on Portfolio Management. During conduct of activities of the fund, the delegation of portfolio management to another portfolio manager, or outsourcing any service in this respect, shall not revoke the liabilities of the founder.

(3) The relationship between founder and the fund unit holders shall be governed by the Law, the applicable legislation, the fund rules, the issue document and the investor agreement, and on matters on which the Law, the applicable legislation, the fund rules, the issue document and the investor agreement remain silent, the provisions of Articles 502 to 514 of the Turkish Code of Obligations dated 11/01/2011 and numbered 6098 shall be applicable by analogy.

## **Management of the Fund Portfolio**

**ARTICLE 8 – (1)** Founder, and if any, portfolio managers, shall manage the fund portfolio in accordance with management principles specified in the Law, this Communiqué, fund rules and issue document within the framework of regulations in the Communiqué on Portfolio Management so as to observe the benefits and interests of the investor. Regarding portfolio management, contracts may be concluded with more than one portfolio manager. In this case, the rights and obligations of the third party portfolio managers arising from delegation of portfolio management shall be specified in the portfolio management agreement.

**(2)** In portfolio management, principles specified in Article 33 of the Communiqué on Portfolio Management shall be followed. However, in transactions pursuant to Article 19, the subparagraph (b) of the first paragraph of Article 33 of the Communiqué on Portfolio Management shall not be applicable.

**(3)** If portfolio manager receives any commissions, discounts or similar other benefits with respect to any purchase and sale transaction for the portfolio, investors shall be informed by the founder about this subject via the most convenient communication instrument as of the date on which founder becomes aware of the subject.

## **Safekeeping of Fund Assets**

**ARTICLE 9 – (1)** The assets included in fund portfolio shall be entrusted to a depositary within the framework of regulations of the Communiqué on Portfolio Depositories. Information, documents and records proving the existence of assets and the ownership of fund on such assets which are not eligible for safekeeping, either physically or on book-entry basis, shall also be kept at the depositary.

**(2) (As Amended: OG 09.10.2020 - 31269)** Prior to making venture capital investments or exit from venture capital investments, copies of information and documents regarding these transactions shall be delivered to the depositary to enable the fulfilment of liabilities under the Communiqué on Portfolio Depositories at a reasonable time before the execution of related transactions. The definition of reasonable time and methods of delivery of information and documents shall be specified in the portfolio depositary contract.

## **Representation of the Fund**

**ARTICLE 10 – (1) (As Amended: OG 09.10.2020 - 31269)** Funds shall be represented by the board of directors of the founder in performance of all activities related thereto, including execution of management of venture companies and voting in general assemblies of such companies and in all agreements that the fund takes part. The board of directors may delegate this power to one or more managing directors or to employees of the founder holding first-degree signature authorization. The representation of the fund with respect to the management of the venture capital portfolio may also be delegated to the investment committee with a decision of the board of directors. However, transactions relating to foundation, issue of fund units, liquidation, or increase of portfolio management fee of the fund, and other transactions which may affect the investment decisions of fund unit holders are required to be relied upon a decision of the Board of Directors.

(2) Founder may also assign third persons who are not employed by the founder as agent through a decision of the Board of Directors for the purpose of using of shareholding rights specified in TCC regarding venture capital investments of the fund, and of managerial rights arising from shareholding contracts specified in this Communiqué. Even in this case, the responsibilities of founder arising from legislation, fund rules and issue document continue to be in effect.

### **Organizational Structure of Founder and Manager**

**ARTICLE 11 – (As Amended: OG 09.10.2020 - 31269) (1)** At least one of members of the board of directors of all founders, must have experience of at least five years on venture capital investments. In addition, founders must establish an investment committee, and as a minimum, a member of the board of directors meeting the condition in the first sentence, the general manager, and a full-time or part-time employee holding a bachelor's degree and having a minimum past experience of five years on venture capital investments must be on the investment committee. The condition relating to the employee that will be on the investment committee, may also be fulfilled by a member of the board of directors holding the relevant qualifications. If the fund portfolio is managed by a third party portfolio manager, said organization structure is required to be established at the portfolio manager. The agent mentioned in the second paragraph of Article 10 hereof may also be included in the investment committee.

(2) The investment committee shall meet with the majority of members and shall decide with the majority of votes cast during its meeting, unless a larger quorum is specified in fund information documents.

(3) Decisions of the investment committee shall be recorded in the resolution book and shall be kept for the duration of the fund and the following five years as a minimum.

(4) Risk management system of the founder and if any, the portfolio manager shall be established in such manner to contain the risk management principles relating to venture capital investments in addition to the provisions of the Communiqué on Portfolio Management.

## **THIRD CHAPTER**

### **Principles on Foundation of Fund, and on Issue, Sales, Marketing and Distribution, Redemption, Transfer Among Investors and the Value of Fund Units**

#### **Establishment of the Fund**

**ARTICLE 12 – (1)** For establishment of the Fund, the founder shall apply to the Board with draft fund rules and a standard form as described by the Board and other information and documents requested by the Board. In order to obtain Board authorization for establishment, the founder shall sign a custody agreement with portfolio depositary, and the fund rules shall be approved by the Board. Funds may not be established as an umbrella fund.

(2) In the course of application for establishment, the information provided in the fund rules must be consistent, comprehensive and complete in line with the fund rules standards determined by the Board.

(3) Applications regarding the establishment of a fund shall be concluded by the Board within two months starting from the full submission of the necessary documents to the Board.

(4) **(As Amended: OG 09.10.2020 - 31269)** Fund rules, approved by the Board, shall be registered in the trade registry and published in the TTRG within six business days following the date of receipt of the Board's decision by the founder.

(5) If an application is not approved as a result of an inspection conducted under this Article, this situation shall be notified to the applicant together with the reasons thereof.

(6) Standard form required for a fund establishment application and information and documents to be attached to the form, shall be determined and announced by the Board.

(7) **(Additional paragraph: OG 09.10.2020 - 31269)** Prior to the beginning of sale of units to investors, the founder and portfolio manager may include fund units in their own portfolio and/or extend a loan to the fund upon a reasoned decision of the board of directors

### **Issuance of Fund Units**

**ARTICLE 13 – (1)** Fund units may be sold only to qualified investors.

(2) For issuance of fund units, the founder shall apply to the Board with an issue document and a standard form issued in accordance with the standards determined by the Board, together with other information and documents requested by the Board. In so far that the application for issuance of fund units must have been filed within no later than six months following the date of registration of the fund rules, provided that the offices, technical equipment and accounting system required for the fund transactions have been established, and a sufficient number of personnel have been appointed. If an application is not submitted to the Board within this period of time, the fund rules shall be removed by the founder from the trade registry. Documents related with such deletion shall be sent to the Board within six business days. For reasonable causes deemed appropriate by the Board, the period of six months mentioned in this paragraph may be extended, only once, by six months.

(3) For issuance of fund units, the fund issue document must have been approved by the Board. A separate prospectus is not required to be issued for the issuance of fund units.

(4) The following principles are applied at the stage of approval of issue document:

a) Issue document shall be examined within 20 business days within the framework of the information and documents submitted to the Board; when it is determined that the information given in the issue document is consistent, comprehensible and complete, according to the standards determined by the Board, the issue document shall be approved, and the approval shall be notified to the relevant persons.

b) If the submitted information and documents are incomplete, or additional information and documents are required, the applicant shall be informed within 10 business days following the date of application. Incomplete information and documents are required to be completed within a period to be determined by the Board. In this case, such period stated in subparagraph (a) shall start as of the submission date of the related information and documents



to the Board. If issue document is not approved as a result of an examination conducted under subparagraph (a), this situation shall be notified to the applicant together with the reasons thereof.

(5) Approval of issue document shall neither be construed as a warranty given by the Board for accuracy of the information given in this document nor can it be deemed or accepted as a recommendation regarding the relevant fund units.

(6) Issue document approved by the Board shall not be registered in the trade registry.

(7) **(As Amended: OG 09.10.2020 - 31269)** Following the approval of the issue document by the Board, fund units shall be offered to investors through distribution channels declared in the issue document as of the starting date of sales stated in the issue document and under the principles set down in the information documents. The starting date of sales to be determined may not be later than one year following the receipt of the approved issue document by the founder under any circumstances. In cases where the sale of fund units has not been started within the duration of one year, it is obligatory to apply to the Board for the liquidation of the fund or for an extension of the period, within six business days following the expiration of the period. In cases where there are changes in information contained in information documents approved by the Board, the founder shall immediately apply to the Board for the approval of amendments to the information documents.

(8) It is obligatory that the money collected from investors against units is invested within the frame of principles set forth in the issue document.

(9) With the exception of the first fund application of the founder, applications for establishment of funds and issuance of fund units, shall be submitted together. Applications for establishment of and issuance of units of these funds shall be evaluated and finalized jointly. However, applications of a founder for establishment of and issuance of fund units of its first fund shall be evaluated and finalized separately.

(10) Provided that it is specified so in the issue document, units may also be sold in return for capital stock. Prior to sales, the value of capital stock must be assessed by institutions deemed appropriate by the Board.

(11) **(As Amended: OG 09.10.2020 - 31269)** In order to differentiate between the rights and/or liabilities of unit holders, different unit groups may be formed within a fund, provided that the principles for such differentiation are specified in the information documents.

### **Amendments in Information Documents**

#### **ARTICLE 14 – (1) Amendments to fund rules:**

a) Shall be approved upon examination pursuant to second paragraph of Article 12. If an application is not approved as a result of an examination made under this subparagraph, such situation shall be notified to the applicant together with the reasons thereof.

b) Shall be registered and announced in accordance with the fourth paragraph of Article 12.

c) **(As Amended: OG 09.10.2020 - 31269)** Where they relate to changes to the investment strategy of the fund, inclusion of new items in expenses covered from the fund portfolio, increases in the total expense ratio and/or the management fee ratio, or changes to calculation methods thereof in a way that may be to the disadvantage of unit holders, changes in the portfolio manager, if any, providing services for the management of venture capital investments, extension of fund duration, imposition of heavier conditions for the redemption or transfer of fund units, shall be notified to fund unit holders by the most convenient means of communication at least 30 days prior to the effective date of amendments. If any investor wishes to redeem fund units within the period set forth in this subparagraph, the effective date of those amendments shall be postponed to the first redemption date.

ç) Where they require amendments in issue document, shall also be subject to the provisions of the second paragraph.

(2) Amendments to issue document:

a) **(As Amended: OG 09.10.2020 - 31269)** Where they relate to circumstances mentioned under subparagraph (c) of the first paragraph, shall be approved by the examination of the Board pursuant to the fourth paragraph of Article 13; and the unit holders shall be notified by the most convenient means of communication at least 30 days prior to the effective date of amendments. If any investor wishes to redeem their fund units within the period set forth in this subparagraph, the effective date of those amendments shall be postponed to the first redemption date of the fund units.

b) **(As Amended: OG 09.10.2020 - 31269)** Where they are not covered by subparagraph (a) hereinabove, shall be made by the founder without the approval of the Board, and shall be notified to unit holders by the most convenient means of communication, and shall be published at the Public Disclosure Platform under the first paragraph of Article 33.

(3) Amendments to be made in the key investor information document, if any, do not require the approval of the Board. However, amendments are required to be notified to the Board six business days in advance, and to be compliant with fund rules and issue document, and to be notified to unit holders by the most convenient means of communication.

(4) If an amendment in key investor information document requires an amendment in the issue document, the provisions of the second paragraph shall be applied as well, and if it requires an amendment in fund rules, the provisions of the first paragraph shall be applied as well.

(5) Statements in information documents may not contain an explicit or implicit phrase which may lead to interpretation of the Board's approval as a guarantee provided by the Board or the public.

(6) **(Additional Paragraph: OG 09.10.2020 - 31269)** Unless a higher ratio is specified in the fund information documents, in cases where written approval of unit holders representing more than 65% of existing fund participation units is attained and submitted to the Board with verifying documents, provisions regarding the 30 day waiting period for effecting amendments

and extension to effective date shall not be applicable for amendments specified under subparagraph (c) of the first paragraph and subparagraph (a) of the second paragraph.

### **Value of Fund Units**

**ARTICLE 15 – (1)** Fund units do not have a nominal value. Fund unit value is calculated by dividing the fund net assets value by the number of fund units.

(2) In principle, fund unit value shall be calculated and notified to qualified investors at least once a year. Fund issue document shall contain the principles and procedures of notification of value of fund units to investors. Principles different from those stipulated in this Communiqué may be determined by the Board with respect to calculation frequency and announcement of price of fund units.

(3) In the cases mentioned in second paragraph of Article 30, if deemed appropriate by the Board, the fund unit value may not be calculated, and issue and redemption of fund participation units may be suspended.

### **Sales, Redemption, and Transfer among Investors, of Fund Units**

**ARTICLE 16 – (As Amended: OG 09.10.2020 - 31269) (1)** Without prejudice to the provisions of the twelfth paragraph, fund units shall be sold through complete payment of fund unit value in cash, or in return for the transfer of capital stocks corresponding to that value to the fund, whereas redemption of fund units shall be realized through conversion of investors' fund units into cash or transfer of capital stock corresponding to the fund units to the investors, under the principles stated in the issue document.

(2) Provided that its conditions are specified in the information documents, sales loads and redemption fees may be charged in sales and redemption of fund units. The collected fees shall be recorded as revenue to the fund.

(3) In cases where sale or redemption of fund units is carried out in exchange for capital stock, it will be ensured that a report is prepared by institutions deemed fit by the Board for the valuation of capital stock that will be transferred by investors to the fund or by the fund to investors in return for fund units. The value to be used in the sale of fund units shall not be higher than the value specified in the report, whereas the value to be used in the redemption of fund units shall not be lower than the value specified in the report. Expenses in relation to the report to be prepared for the valuation of capital stock that will be transferred by investors to the fund or by the fund to investors, shall not be covered from the fund portfolio. Where it is intended to carry out redemption of fund units through the transfer of capital stock to the holder of fund units, the agreement of all fund unit holders, if any, must be attained, or approval on such transactions must be included in investor contracts, the same must be confirmed by the portfolio depository institution, and related documentation must be kept by the founder for the duration of the fund and at least 5 years thereafter.

(4) Principles on the sale and redemption of fund units must be determined in line with the portfolio structure, and the details of such principles must be included in information documents. However, the founder may defer redemption of fund units in cases where it is detected by the founder that necessary liquidity for the redemption of fund units cannot be attained, and that exit from venture capital investments in the portfolio would be to the

disadvantage of the investor, provided that such provisions are included in information documents. However, such deferral may not exceed one year and the decision to defer shall be immediately reported to the Board. It is also possible to provide for conversion of fund units into cash only at the end of the duration of the fund, provided that the same is mentioned in information documents.

**(5)** In principle, fund units shall be bought and sold in the name of the fund. The founder and portfolio managers may acquire fund units into their own portfolios. It is the founder's responsibility to provide CRA with information about transfer of fund units.

**(6)** Fund units may be transferred among qualified investors. However, for transfer of fund units among qualified investors, the information and documents verifying that the persons and/or entities taking over fund units meet the qualifications of a qualified investor are required to be submitted to the institution conducting transfer transactions. The transfer of fund units among qualified investors shall be completed by the transfer of fund units between the accounts of investors holding rights. The institution conducting transfer transactions shall be liable to provide CRA with information about the transfer of fund units. Transfer of fund units among qualified investors may be made subject to the approval of the founder or manager, or may be entirely prohibited, provided that principles on such transfers are included in information documents. Prices for the transfer of fund units among qualified investors may be determined freely, unless there are provisions to the contrary in the information documents.

**(7)** In cases where, there are deferred rights or obligations arising from ownership of fund units due to the calculation of commissions for participation in or exit from the fund, or performance fees in terms of the period for which fund units are held, or for similar reasons, relevant rights and obligations shall be transferred to the acquiring investor along with fund units.

**(8)** Fund units may be marketed, sold and distributed by not only the founder, but also by portfolio management companies and investment firms holding the relevant license, under an agreement signed with the founder, provided that the transactions thereof are carried out by personnel holding adequate information about risks contained by these funds.

**(9)** The company assigned for marketing, sale and distribution of fund units shall obtain documents and information verifying that investors to whom the sales were made are qualified investors as per the definition in this Communiqué and shall keep such information and documents for the duration of the fund and at least five years thereafter. The company engaged in marketing, sale and distribution of fund units shall be liable for losses of investors that may be caused by breach of the aforementioned requirements.

**10)** Records of fund units shall be kept on the basis of the members and right holders in accounts created within CRA under Article 13 of the Law.

**(11)** The sale and redemption of fund units shall be made in Turkish Lira, as well as in foreign currencies for which daily buying and selling rates are declared by the Central Bank of the Republic of Turkey by creating a unit group exclusively for sales to foreign citizens resident in Turkey, foreign residents and persons under subparagraph (e) of the second paragraph of Article 20 of the Regulation on the Implementation of the Law on Turkish Citizenship, put into force by decision 2010/139 of the Council of Ministers on 11.02.2010. In such cases, prices of fund units shall be disclosed in Turkish Lira and in foreign currency depending on the unit group they are included.

**(12)** Sale and redemption of fund units may be conducted at a price different than the fund unit value, provided that principles of calculation and implementation are included in information documents. Such price that will be used in the purchase and sale of fund units shall be reported to fund unit holders by the founder prior to each transaction.

### **Principles on Marketing of Fund Units**

**ARTICLE 17 – (As Amended: OG 09.10.2020 - 31269) (1)** Promotion and advertisements in relation to the fund must contain the definition of qualified investor under the regulations of the Board, and information that sales shall be made only to qualified investors meeting required conditions.

## **FOURTH CHAPTER Provisions on Fund Activities**

### **Principles on Venture Companies and Venture Capital Investments**

**ARTICLE 18 – (As Amended: OG 09.10.2020 - 31269) (1)** Venture companies should have growth and value added potential, should offer high earning expectations through the development of operational, production or sales performance, and should be able to fulfill operational goals with financial and/or institutional support. Companies performing activities for the realization of a project shall also be considered as venture companies. Venture capital companies must be established or to be established in Turkey, or if they are established abroad, at least 80% of their assets must be comprised of affiliates or subsidiaries established in Turkey.

**(2)** Funds may, under the first paragraph, invest only in joint-stock and limited liability companies. A venture company, being a limited liability company as of the date of investment, is required to complete its process of conversion into a joint-stock company within one year following the first investment date.

**(3)** Fund investments listed below shall be considered and treated as venture capital investments:

**a)** They may be a founder of venture companies or become a partner of venture companies through transfer of capital or by taking over shares either directly or indirectly through special-purpose entities defined in subparagraph (g), and entities established abroad for the purpose of collective investment under subparagraph (c).

**b)** They may invest in debt instruments issued by venture companies the shares of which are not traded in the exchange, and lease certificates where venture companies the shares of which are not traded in the exchange are fund users.

**c)** They may directly invest in entities established abroad for collective investments in order to make capital investments solely in venture companies defined in this Communiqué, provided that the investment-based risk is limited only by the amount of principal sum invested.

**ç)** They may invest in capital market instruments issued by venture capital investment companies.

**d)** They may invest in units of other venture capital funds.

**e)** They may invest in shares, not traded on the exchange, of publicly-held corporations classified as a venture company.

**f)** They may provide venture companies the shares of which are not traded in the exchange, with finances structured as a mixture of debt and equity capital finance. In this case, a contract containing maturity and interest conditions appropriate for the type of financing, must be concluded between the fund and the venture company

**g)** They may become a shareholder in local or foreign special-purpose joint-stock companies the fields of business listed in the articles of association of which are limited solely to investments in venture companies defined in this Communiqué.

**ğ)** They may invest in asset backed securities offered exclusively with loans that are/will be extended to venture companies or on interest-free finance as underlying.

**h)** They may invest in debt instruments of special-purpose companies defined in subparagraph (g) and of entities established abroad for the purpose of collective investment, as well as lease certificates where such companies and entities are fund users.

**ı)** In case of forward sales of venture capital shares or payment of an advance for purchasing venture company shares, the receivables and advances arising from such transactions shall also be considered as venture capital investments.

**i)** The premiums of call options for venture company shares shall also be considered as venture capital investments.

**(4)** In cases where the head offices of a venture company are relocated to abroad and/or activities are continued through the establishment of a new company abroad with the purpose of expanding operational activities, investments made into such company shall continue to be considered as venture capital investments. However, additional investments that will be made in such a company shall be considered under the third paragraph of Article 23.

**(5)** As a result of an initial public offering by a venture company included in the portfolio, the shares of such a company remaining in the fund portfolio shall continue to be considered as a venture capital investment, with the exception of additional shares purchased after the shares of the publicly held venture company are admitted to trading on the exchange.

**(6)** The following principles shall be implemented for debt instruments to be issued by private venture companies for private placement to funds:

**a)** In applications that will be filed by the venture company with the Board, the decision of the investment committee of funds to which debt instruments will be sold through private placement, on the inclusion of debt instruments in the fund portfolio must also be submitted to the Board.

**b)** In cases where the total of the issue ceiling requested by the venture company, existing debt instruments in circulation, and debt instruments that are have not yet been sold in the scope of an issue ceiling is less than TL 5 million, instead of financial statements that have gone through independent audit/special independent audit prepared in accordance with the regulations of the Board under the provisions of Article 9 and Annex 2 of the Communiqué on Debt Securities published in the Official Gazette edition 28670 on 07.06.2013, the conveyance to the Board of financial statements of venture companies that are prepared in accordance with

the Tax Procedure Code dated 04.01.1961 and numbered 213, and that are subject to a report by a public accountant shall be deemed adequate. In issuances of debt instruments under this subparagraph, where the total of the issue ceiling requested by the venture company, existing debt instruments in circulation, and debt instruments that have not yet been sold in the scope of an issue ceiling is more than TL 5 million, financial statements of venture companies that are prepared in accordance with the regulations of the Board and that have gone through independent audit/special independent audit must be conveyed to the Board.

c) In the calculation of the issue ceiling for venture capital companies, the issue limit under subparagraph (b) of the fourth paragraph of Article 9 of the Communiqué on Debt Securities (VII-128.8), shall be implemented as five times the total assets of the venture company in financial statements that are used as basis for the calculation.

ç) With respect to convertible bonds that will be issued by a venture company to be sold to funds through private placement, the conversion price and rate under Article 18 of the Communiqué on Debt Securities (VII-128.8) may be determined freely by the parties, and the general principles pertaining to this issue shall be included in the issue document.

d) Funds investing in debt instruments issued under this paragraph, may sell such securities only to other venture capital investment funds, venture capital investment companies, and foreign investors, provided that they comply with the regulations of the Board on private placement.

(7) Provisions of the sixth paragraph shall be applied by analogy to lease certificates where venture companies are fund users, that are issued for private placement to funds.

### **Investment Limitations on Venture Capital Investments**

**ARTICLE 19 – (1)** The fund shall adhere to the following investment limits regarding venture capital investments.

a) At least 80% of fund net assets value is required to be composed of one or more venture capital investments.

b) If the amount of direct investments made by the fund in venture companies satisfying the qualifications listed in SME Regulation in an accounting period exceeds 10% of fund total value, then the investment limit specified in the preceding subparagraph (a) of the first paragraph shall be applied as 51%.

(2) Compliance with investment limitations is required to be assured according to the net assets value statement disclosed as of the end of accounting period of the fund.

(3) **(As Amended: OG 09.10.2020 - 31269)** In incidental cases such as purchase and redemption of fund units, collection of dividends and interests from venture capital investments, exit from venture capital investments, a decline in the value of venture capital investments, the termination of the venture company due to bankruptcy or for any other reason, or a court decision for the dissolution for the company, or an increase in the value of investments other than venture capital investments, which may in turn lead to breach of the investment limits set forth in the first paragraph hereof, provided that an application is filed with the Board for granting of a period of time, and that such application is deemed appropriate by the Board, the founder and if any, portfolio manager may be granted a period starting from the end of the accounting period during which the breach has occurred, in order to ensure compliance with

the investment limits. If the said minimum investment limit cannot be complied with by the end of the period of time granted by the Board, the fund's investment activities shall be terminated, an application shall be filed with the Board for permission for the liquidation of the fund within no later than two years following the end of the said period, and the fund rules shall be removed by the founder from the trade registry following the permission of the Board for liquidation. The documents relating thereto shall be sent to the Board within six business days.

**(4) (Repealed: OG 09.10.2020 - 31269)**

**Principles of Valuation**

**ARTICLE 20 – (1)** The valuation of the fund assets and liabilities shall be governed by and subject to the valuation principles described in the regulations of the Board pertaining to financial reporting of investment funds.

**(2) (As Amended: OG 09.10.2020 - 31269)** Venture capital investments are required to be valued as of the end of each calendar year as a minimum. Venture capital investments shall be valued in accordance with the following principles:

**a)** For funds where only investors providing a financing commitment may participate and where fund units are not redeemed prior to the end of the fund duration other than exceptions specified in information documents, venture capital investments shall be valued upon a decision of the board of directors of the founder based upon a valuation report drawn up by the investment committee under regulations of the Board on valuation standards, or in a valuation report drawn up by appraisal firms deemed fit by the Board.

**b)** For funds outside the scope of subparagraph (a), venture capital investments shall be valued by a valuation report drawn up by appraisal companies deemed fit by the Board; at the end of each third accounting period after the investment was made if the amount of investment in the venture capital company is less than TL 5 million, at the end of each second accounting period after the investment was made if the amount of investment in the venture capital company is between TL 5 million and TL 10 million, and at the end of each accounting period after the investment was made if the amount of investment in the venture capital company is between above TL 10 million. At the end of other accounting periods, investments made by funds in relevant venture companies shall be valued upon a decision of the board of directors of the founder based upon a valuation report drawn up by the investment committee under regulations of the Board on valuation standards, or in a valuation report drawn up by appraisal firms deemed fit by the Board.

**(3)** Information and documents relied upon in valuation of venture capital investments shall be kept by the founder for the duration of the fund and for at least five years thereafter.

**(4) (Additional Paragraph: OG 09.10.2020 - 31269)** In cases where there is a valuation report drawn up by an appraisal company deemed fit by the Board, within three months prior to the end of the accounting period, the valuation made in this report may be used as the value of the venture capital investment as of the end of the period, provided that the investment committee takes a decision on the issue.

**(5) (Additional Paragraph: OG 09.10.2020 - 31269)** The provisions of this Article shall also be applicable to investments listed in the third paragraph of Article 23.



## Shareholders Agreement

**ARTICLE 21 – (1)** Venture capital investments granting a right of partnership in venture companies shall be made within the framework of a shareholders agreement to be signed between the fund on one side and the existing partners of venture companies holding the management control therein on the other side.

(2) Shareholders agreement shall contain provisions regarding rights and obligations of the fund and existing partners of the portfolio company, particularly principles relating to management of venture company. Shareholders agreement may further contain provisions on partial or full exit from the venture company, and provisions regarding pre-emption, tag-along right, drag-along right, dividend policy, call or put options.

(3) **(As Amended: OG 09.10.2020 - 31269)** In cases where the fund acquires all of the shares of a venture company or acquires managerial control of a venture company, it is not obligatory to sign a shareholders agreement under this Article. In this case, it is adequate to sign a share purchase agreement.

## Fund Commitments

**ARTICLE 22 – (As Amended: OG 09.10.2020 - 31269) (1)** Founder shall request from qualified investors to make commitments to the fund for payment at once or at different dates. Total amount of fund commitments to be secured from qualified investors is minimum TL 5,000,000, and it will be stated in the issue document. Fund commitments are required to be collected within maximum two years following the starting date of sales of fund units to qualified investors. Minimum fund commitment amounts must be invested following their receipt, under limitations specified in this Communiqué, within the period of time stated in the issue document. However, in any case, this period of time may not exceed two years.

(2) If the minimum fund commitment amount cannot be attained by the end of the period set forth in the first paragraph, the fund's investment activities shall be terminated, an application shall be filed with the Board within no later than six months, for permission for the liquidation of the fund, and following the permission of the Board, fund rules shall be removed from the trade registry.

(3) Provisions on amount and payment schedule of fund commitments, its lower and upper limits, and measures that may be taken by the founder in case the fund commitments are not fulfilled shall be specified in the investor contract. Payment of fund commitment amounts within periods specified in the contract shall be requested by the board of directors of the founder.

(4) Number of fund units to be transferred to investor accounts in return for each fund commitment payment shall be calculated according to the unit price determined in the pricing report drawn up for the payment of fund commitments. In cases where fund commitments will be paid at fund unit sale periods, pricing reports drawn up to calculate fund unit values may also be used to determine the number of fund units to be transferred into investor accounts in return for fund commitment payments. Furthermore, the number of fund units to be transferred into investor accounts may also be calculated over the price that will be specified under the twelfth paragraph of Article 16. In cases where a new fund commitment is provided to the fund following the issuing of fund units, balancing may be carried out between existing fund unit

holders and investor who will acquire fund units under the fund commitment. In this case, the principles on such balancing shall be specified in fund information documents. Provided that it is specified as such in the fund issue document or investor agreement, prior to fund commitment payments, a special appraisal report may be prepared with regard to the venture capital portfolio. In this case, the principles of payment of fees for the valuation report shall be included issue document or investor agreement.

(5) The Board may re-determine the amount mentioned in this Article every year. In this case, the re-determined amount shall be announced in the Board's Bulletin.

### **Limitations on Investments Other Than Venture Capital Investments**

**ARTICLE 23 – (As Amended: OG 09.10.2020 - 31269) (1)** Funds, may not enter into margin trading, short selling and borrowing transactions with regard to capital market instruments.

(2) Funds may invest in derivative instruments only in order to hedge their portfolio against risks such as currency, interest rate and market risks and provided that it is specified as such in their fund rules. The total exposure in derivative instruments shall not exceed 20% of fund net asset value. The valuations to be effected under this paragraph shall be based on the fund net asset value as of the end of the accounting period.

(3) Investments made with the methods specified in subparagraphs (a), (b) and (f) of the third paragraph of Article 18, in companies resident abroad, that are not traded on the exchange and that show growth potential may be made up to 10% of fund net asset value as a maximum. Such investments shall not be included in venture capital investment limitations. In cases where, due to reasons specified in the third paragraph of Article 19, minimum investment limitations of the first paragraph of Article 19 cannot be complied with, or the maximum ratio in specified in this paragraph is exceeded in periods following such investments, provided that an application is filed with the Board for granting a period to ensure compliance with investment limitations, and that such application is deemed appropriate by the Board, an additional period may be granted by the Board. In determining the period to be granted, the Board may also consider the duration necessary for the exit of the fund from the related company.

(4) Management of assets other than venture capital investments, shall comply with the principles laid down in the fund's information documents with respect to investment strategies and limitations.

### **Principles on Performance Fee and Total Fund Expenses**

**ARTICLE 24 – (As Amended: OG 09.10.2020 - 31269) (1)** All expenses of the fund shall be paid out of fund assets. However, costs and expenses in relation to the foundation of the fund and fees due to any consulting services received for the constitution of the fund portfolio may be paid from the fund portfolio, provided that principles on such fees and their payment is specified in the investor contract. The issue document shall include the limit of total expense ratio as a percentage of net asset value, applied for all expenses, including portfolio management fee. In cases where performance fees are also intended to be included within this limit, this issue shall be specified in fund information documents. Portfolio management fee

may be determined as a fixed amount, or as a ratio of fund portfolio value, net asset value or total assets, or with a method deemed appropriate by the Board.

(2) Provided that it is specified as such in fund information documents, a performance fee may be accrued to investors or the fund by the founder and if any, portfolio manager, and may be collected from investors or the fund. Principles and procedures with respect the accrual and collection of performance fees must be determined by a decision of the board of directors of the founder prior to the start of sales of fund units. Such board of directors decision must also include examples on the accrual and collection of performance fees.

(3) The company assigned for conducting marketing, sale and distribution of fund units, must make a written notification to investors to whom sales shall be made, on the principles and procedures regarding performance fees, must obtain a written declaration from investors confirming that they accept the principles and procedures with respect to performance fees, and must keep such declarations for a minimum of 5 years. With respect to funds the units of which are traded on the exchange, the decision of the board of directors of the founder, where the principles and procedures on the accrual and collection of performance fees are determined shall also be published on the Public Disclosure Platform. The declaration mentioned in the first sentence is not a requirement with respect to investors purchasing fund units on the exchange.

(4) Where the performance fee is accrued to and collected from the fund, the portfolio depository must check whether calculation of performance fees and refunds if any, are made in compliance with the principles and procedures set forth by the decision of the board of directors, and in cases where a violation of the mentioned principles and procedures is detected, the founder shall be requested to rectify such violations.

(5) In cases where the performance fee is collected from unit holders, outside the fund information on the calculation of the performance fee shall be conveyed to unit holders prior to the collection, through the most convenient means of communication.

(6) Funds that accrue performance fees to unit holders may not be traded on the exchange.

(7) Regulations of the Board on performance-based fees shall not be applicable to such funds.

### **Principles on Profit Distribution**

**ARTICLE 25 – (1)** The fund may distribute profits to unit holders within the frame of principles described in issue document.

(2) **(Repealed: OG 09.10.2020 - 31269)**

(3) Privileged dividends may not be paid to founder or manager over performance fee base amount pursuant to Article 24.

### **Limitations on Credit Transactions and Repo Transactions**

**ARTICLE 26 – (1) (As Amended: OG 09.10.2020 - 31269)** Funds may withdraw loans, or non-interest financing up to 50% of their net asset value. This ratio shall be complied

with in pricing reports published as of the end of the accounting period during which the loan or non-interest finance was withdrawn, as well as in following accounting periods. In cases where loans or non-interest financing are withdrawn, information regarding the attributes, amount, interest rate, any expenses and commissions paid, withdrawal date, credit institution, and date of maturity shall be notified to unit holders through the most appropriate means of communication within 30 days following the end of the accounting period.

(2) Funds may conduct repo transactions of an amount up to 10% of current market value of assets that may be subject to repo transactions, executed both in the exchange and in the over-the-counter market. Takasbank Money Market transactions may also be effected for borrowing purposes.

## **FIFTH CHAPTER**

### **Provisions on Periodic Reports and Notices of Fund**

#### **Principles on Periodic Reports**

**ARTICLE 27 – (1)** Preparation of periodic reports and financial statements of funds and their notification to the Board and investors are subject to the provisions of regulations of the Board pertaining to financial reporting principles of investment funds.

#### **Principles of Notification of Venture Capital Investments**

**ARTICLE 28 – (Repealed: OG 09.10.2020 - 31269)**

## **SIXTH CHAPTER**

### **Other Principles**

#### **Inspection by the Board**

**ARTICLE 29 – (1)** All fund-related accounts and transactions of the founder, and if any, the portfolio manager and the depositary are subject to inspection and supervision by the Board.

#### **Information Obligation**

**ARTICLE 30 – (1)** If and when required, the Board may request information about funds, without being bound by the periods mentioned in this Communiqué.

(2) Upon occurrence of extraordinary events or situations such as war, natural disasters, economic crisis, collapse of communication systems, closure of relevant markets, segments or platforms for the assets, failures in computer systems, or emergence of a major or significant information that may affect the fund net asset value, the founder's board of directors may take decisions about determination of valuation principles. In this case, valuation principles shall be written in the resolution book including their rationale and shall be reported to the Board and the depositary. Furthermore, mentioned events and situations shall be reported to the unit holders by the most convenient means of communication.

(3) The founder and if any, portfolio manager shall provide unit holders by the most convenient means of communication with information about venture capital investments, also

including information about relations, if any, of the persons involved in fund management with these investments, within 15 days following the date of investment.

### **Termination of Fund and Liquidation of Fund Assets**

**ARTICLE 31 – (1)** The Fund terminates as of the end of the period specified in its fund rules.

**(2) (As Amended: OG 09.10.2020 - 31269)** Regulations of the Board with respect to investment funds are applicable by analogy on termination and liquidation of funds.

**(3)** If it is stated in the fund rules and issue document that provisions on the duration of the fund may be amended, an application may be filed to the Board for extension of the duration of the fund in accordance with the provisions of this Communiqué pertaining to amendments in fund rules.

### **Board's Fee**

**ARTICLE 32 – (1)** A fee calculated by the founder and approved by the depositary at a rate of five per one hundred thousands of the fund net asset value as of the last business day of each quarterly period on calendar year basis pursuant to the third paragraph of Article 130 of the Law shall be deposited by the founder in the Board's Account within the following ten business days, and a copy of each of the relevant receipts and calculation documents shall be submitted to the Board.

### **Other Provisions**

**ARTICLE 33 – (1) (As Amended: OG 09.10.2020 - 31269)** It is obligatory to create a page for funds at the Public Disclosure Platform, to fill out summary and general information on such page, and to publish fund information documents and amendments thereto, as well as financial statements on the Public Disclosure Platform by concealing any information that may constitute a commercial secret. Other provisions of the Communiqué on Principles of Investment Funds (III-52.1) published on the Official Gazette edition 28702 on 09.07.2013 with respect to disclosure requirements on the Public Disclosure Platform shall not be applicable to these funds.

**(2)** The Fund may not be merged with or converted into another fund.

**(3)** Any matters on which this Communiqué remains silent shall be governed by and subject to the provisions of the Communiqué on Principles of Investment Funds (III-52.1), and the provisions of the regulations of the Board pertaining to financial reporting principles of investment funds.

**(4)** In cases where units of funds founded or managed by the founder or if any, the portfolio manager or other persons who are directly or indirectly related to them in terms of management or capital are included in the fund portfolio, sales loads and redemption fees shall not be paid for these funds.

**(5)** The provisions of the Communiqué on Prospectus and Issue document (II-5.1) are applicable by analogy on matters relating to issue document, to the extent this Communiqué remains silent thereon.

(6) The provisions of the Communiqué on Sales of Capital Market Instruments (II-5.2) are applicable by analogy the matters relating to sales of fund units to qualified investors, to the extent this Communiqué remains silent thereon.

**Transitional Provisions (Additional Article: OG 09.10.2020 - 31269)**

**TRANSITIONAL ARTICLE 1** – Funds the establishment of which were allowed prior to the date of publication of this Article must comply with the provisions of the first paragraph of Article 33 by 31.12.2020.

(2) With respect to funds the issue documents of which were approved as of the date of publication of this Article, information on the collection of the performance fee from the fund or unit holders must be included in issue documents, existing performance fee calculations must be removed by issuers from issue documents, and necessary transactions must be affected under the second and third paragraphs of Article 24. The approval of the Board shall not be necessary for such amendments to issue documents. Mentioned amendments to issue documents shall be conveyed to unit holders by 31.12.2020 through the most convenient means of communication.

**Effective Date**

**ARTICLE 34 – (1)** This Communiqué shall become effective as of 1/7/2014.

**Enforcement**

**ARTICLE 35 – (1)** The provisions of this Communiqué shall be enforced and executed by the Capital Markets Board.

**ANNEX-1****MINIMUM CONTENTS OF FUND RULES**

- (a) Name, type and the duration of the fund,
- (b) Name and address of founder, manager, and the depository,
- (c) General principles of fund pertaining to investment assets and portfolio management principles, procedures and principles of trading of fund units, principles of management and safekeeping of assets, portfolio valuation principles, principles on expenditures from fund assets, principles on transfer of fund's net income to fund unit holders, principles on unit price announcement periods, conditions of purchase and redemption of fund units, and principles on qualified fund units if any,
- (c) Conditions of liquidation of the fund,
- (d) Principles on dividend distribution and performance fee,
- (e) Principles on qualified fund units, if any,
- (f) Other contents to be determined by the Board.

**ANNEX-2****MINIMUM CONTENTS OF FUND ISSUEDOCUMENT**

- (a) Name, type and the duration of the fund,
- (b) Name and address of founder, manager, and the depositary,
- (c) Information on fund portfolio managers and members of founder's Board of Directors,
- (c) Principles on investment strategy, objectives, investment limitations, and risks of the fund,
- (d) Fund commitment amount,
- (e) Information on outsourced services,
- (f) Procedures and principles of purchase and redeem of fund units,
- (g) Portfolio management and safekeeping principles,
- (g) Principles on portfolio valuation,
- (h) Principles on unit price announcement periods of the fund,
- (i) Principles on expenses that may be made from fund assets,
- (i) Principles on transfer of fund's net income to unit holders,
- (j) Conditions of purchase and redemption of fund units,
- (k) Method of liquidation of the fund,
- (l) Information on where fund rules and financial reports can be obtained,
- (m) Information on the fund auditor,
- (n) **(As Amended: OG 09.10.2020 - 31269)** Information on the collection of performance fee from the fund or unit holders and principles on profit distribution,
- (o) Fund total expense ratio,
- (ö) Other contents to be determined by the Board.



**ANNEX-3****MINIMUM CONTENTS OF KEY INVESTOR INFORMATION DOCUMENT**

- (a)** Introductory information about the fund,
- (b)** Brief description of investment objectives and investment policy, and composition of portfolio,
- (c)** Past performance of the fund, if any,
- (c)** Management fee, commissions and other expenses and total expense ratio of the fund,
- (d)** Risk and yield profile containing appropriate disclosures and warnings related to risk exposures of the fund,
- (e)** Principles of purchase and redemption of fund units, and fund unit value calculation periods,
- (f)** Information on where and how the investors can obtain fund rules, issue document, financial reports and other additional information,
- (g)** Principles on profit distribution and performance fee,
- (g)** Fund total expense ratio,
- (h)** Other contents to be determined by the Board.