

COMMUNIQUE ON EQUITY-BASED CROWDFUNDING
(III – 35/A.1)
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FIRST CHAPTER
Purpose, Scope, Ground, Definitions and Abbreviations

Purpose

ARTICLE 1 – (1) The purpose of this Communiqué is to set down the principles and procedures regarding equity-based crowdfunding.

Scope

ARTICLE 2 – (1) This Communiqué sets down the procedures and principles relating to - equity-based crowdfunding, listing of crowdfunding platforms by the Board, and their activities, fund-raising from the public through equity-based crowdfunding, and control and supervision of whether the funds raised as such are used for the declared purposes of their use or not.

(2) Donation or reward based crowdfunding through crowdfunding platforms without any shares given in return shall not be subject to the provisions of this Communiqué.

Grounds

ARTICLE 3 – (1) This Communiqué is prepared in reliance upon Articles 35/A and 99 of the Capital Markets Law no. 6362 dated 6/12/2012.

Definitions and Abbreviations

ARTICLE 4 – (1) For the purposes and in the context of this Communiqué:

(a) “Exchange” refers to an exchange as defined in subparagraph (ç) of first paragraph of Article 3 of the Law no. 6362;

(b) “BTK” refers to the Information Technologies and Communication Authority;

(c) “Depository” refers to İstanbul Takas ve Saklama Bankası A.Ş. (Istanbul Settlement and Custody Bank Co., Inc.) which shall freeze funds collected through crowdfunding platforms as a depository thereof in reliance upon the pertinent provisions of this Communiqué until they are transferred to a venture capital firm or refunded to investors, as well as other portfolio custodians as defined in the Communiqué on Portfolio Custody Services and on Providers of These Services (III-56.1) published in the Official Gazette edition 28695 on 2/7/2013;

(ç) “Broadly authorized intermediary institutions” refers to broadly authorized intermediary institutions as defined in the Communiqué on Principles of Establishment and

Activities of Investment Firms (III-39.1) published in the Official Gazette edition 28854 on 17.12.2013;

(d) **“Entrepreneur”** refers to and stands for natural persons resident in Turkey and looking for a funding source for their projects;

(e) **“Venture capital firm”** refers to and stands for joint-stock companies established or to be established in Turkey, bearing development potential , and in need of funding sources;

(f) **“Publicly-held corporation”** refers to a corporation as defined in subparagraph (e) of first paragraph of Article 3 of the Law no. 6362;

(g) **“Campaign”** refers to publicizing a call for fund-raising through platforms with the objective of raising the funds needed by a venture capital firm or a project;

(ğ) **“Campaign page”** refers to a web page created in the platform and kept available for access only by its members with respect to a venture capital firm or a project;

(h) **“Law”** refers to the Capital Markets Law no. 6362 dated 6/12/2012;

(ı) **“Participation Banks”** refers to participation banks as defined in Article 3 of the Banking Law no. 5411 dated 19/10/2005;

(i) **“Crowdfunding”** refers to fund-raising from the public through crowdfunding platforms under principles set forth by the Board, for the purpose of raising the funds needed by a venture capital firm or a project, without being subject to provisions of the Law pertaining to investor compensation;

(j) **“Crowdfunding information form” (Information Form)** refers to a form announced and published on the campaign page with the intention of raising the funds needed by a venture capital firm or a project, under standards determined by the Board;

(k) **“Crowdfunding platform” (Platform)** refers to an organization acting as intermediary in crowdfunding and providing its services over electronic media;

(l) **“Board”** refers to the Capital Markets Board;

(m) **“List”** refers to a list of platforms deemed by the Board fit for acting as intermediary in equity-based crowdfunding;

(n) **“CRA”** refers to Central Registry Agency (Merkezi Kayıt Kuruluşu Anonim Şirketi);

(o) **“Qualified investor”** refers to qualified investors as defined in regulations of the Board with respect to venture capital investment companies; and

(ö) **“Shareholder having significant influence”** refers to a shareholder holding shares which directly or indirectly represent 10% or more of capital or voting rights, or a shareholder holding shares granting the privilege to designate members of the board of directors even if below the aforementioned rate;

- (p) **“Share”** refers to securities representing the capital of a venture capital firm and granting partnership rights to their holders;
- (r) **“Equity-based crowdfunding”** refers to fund-raising from the public through crowdfunding platforms in return of shares of a venture capital firm;
- (s) **“Project”** refers to a business idea which bears the potential to be converted into a venture capital firm and is in need of funding sources for realization of the planned technology activity and/or production activity;
- (ş) **“Introductory information”** refers to brief information of general character, such as a summary of business idea, name and address of registered offices of venture capital firm, name, surname and past experiences of venture capital firm managers or entrepreneur and his team members, targeted and collected fund amounts, predetermined and remaining durations of campaign, number of investors providing funds, if any, and names of qualified investors supporting the campaign, as shared by platforms with the public through all types of communication means, with respect to their campaigns;
- (t) **“Technology activity”** refers to production of technological products and services with high added value and competitiveness, and/or technology development activities conducted for the purpose of transformation of a technological innovation into a commercial product, method or service;
- (u) **“TCC”** refers to the Turkish Commercial Code no. 6102 dated 13/01/2011;
- (ü) **“Persons resident in Turkey”** refers to persons resident in Turkey as described in the Decree no. 32 on the Protection of the Value of Turkish Currency put into force by a Decree of the Council of Ministers no. 89/14391 dated 7/8/1989;
- (v) **“Production activity”** refers to the activity of transformation of input into a physical product through a certain process in line with a business model carrying the potential of creating high added value and employment;
- (y) **“Member”** refers to an investor who satisfies membership conditions and enters into a membership agreement with the platform;
- (z) **“Membership agreement”** refers to a framework agreement signed between the platform and its members in electronic medium and comprised of minimum components as determined by the Board;
- (aa) **“Investment committee”** refers to a committee which is assigned by the board of directors of the platform, and assesses the feasibility report issued about project belonging to entrepreneur or venture capital firm, and approves the crowdfunding information form prepared about campaigns.
- (bb) **“Management control”** refers to management control defined in the regulations of the Board with respect to takeover bids.

SECOND CHAPTER

Principles Regarding Platforms

Listing

ARTICLE 5 – (1) Crowdfunding platforms may engage in activities under the provisions of this Communiqué only if and when they are listed by the Board.

(2) A platform is required to file an application for listing to the Board, together with documents listed in Appendix-1.

(3) In order to be eligible for listing by the Board, a platform:

- a)** must be a joint-stock corporation;
- b)** must have a minimum share capital of 1,000,000 Turkish Liras fully paid in cash, and its paid-in capital and shareholders' equity must not be less than this threshold;
- c)** all of its shares must be registered shares; and
- ç)** its commercial title should contain the phrase "Crowdfunding Platform" phrase;
- d)** its articles of association must be in compliance with the provisions stipulated in this Communiqué, and in its articles of association, and the clause pertaining to its fields of business should specify that the platform will exclusively deal with crowdfunding activities;
- e)** its shareholders and directors must satisfy the conditions specified in Article 6;
- f)** its board of directors must be comprised of minimum 3 members;
- g)** must have appointed an investment committee in accordance with the qualifications set down in this Communiqué;
- ğ)** must have established an internal control and risk management system and accounting and operations units;
- h)** must have established and activated information systems infrastructure as stipulated for the narrowly authorized intermediary institutions in the regulations of the Board pertaining to management of information systems;
- ı)** must have employed an adequate number of personnel in the unit in charge of documentation, recording and accounting operations;
- i)** must enter into contracts with CRA and depository to ensure the performance of operational steps of equity-based crowdfunding activities, and must adapt its data processing systems and technological infrastructure within the frame of principles imposed by mentioned institutions;

j) must build in the platform an infrastructure allowing its members to establish communications over electronic media with the venture capital firm officers and/or the entrepreneur;

k) must identify conflicts of interests that may arise among its own personnel, or between its personnel and the recipients of its services, or among the recipients of its services, and must formulate a written conflict of interest policy containing measures that may be taken for the prevention of conflicts of interests and procedures that may be pursued in case of failure in prevention of conflicts of interests, and must take a decision of its board of directors approving said policy.

(4) In applications of participation banks and broadly authorized intermediary institutions for listing, it shall be sufficient to satisfy the conditions sought for in subparagraphs (g), (i) and (j) of third paragraph. However, all provisions of this Communiqué, with the exception of listing conditions, stipulated for platforms shall be applicable, unless explicitly stated otherwise, also to intermediary institutions and banks referred to in this paragraph.

(5) Shareholders having significant influence of legal entity shareholders of platforms are under obligation to satisfy the conditions set forth in subparagraph (e) of the third paragraph.

(6) An Application shall be cancelled if any missing information and documents in the submittals filed as a part of application for listing and any additional information and documents that may be requested by the Board in the course of application process are not submitted to the Board within the assigned period.

(7) In cases where it is deemed necessary the Board may require applicants to take out a professional liability insurance coverage in general or specifically for the platform either at the listing stage or throughout the activity.

(8) Minimum shareholders' equity condition referred to in subparagraph (b) of the third paragraph shall be applied as half rate thereof for a period of two years following the date of listing of the platform by the Board.

Conditions to be sought for in platform shareholders and directors

ARTICLE 6 – (1) Shareholders and directors of a platform:

a) must not be insolvent, have declared composition, or be in the period of suspension of bankruptcy as of the date of application to the Board;

b) must not be among persons held liable for the cancellation of one of the operating licenses in capital market institutions by the Board;

c) must not have been definitively convicted of any one of the offences listed in the Law;

ç) an order of liquidation must not have been taken about them or institutions where they were shareholders pursuant to the provisions of the repealed Decree-Law on Transactions of Insolvent Bankers no. 35 dated 14/1/1982 and its annexes;

d) Even if the periods of time set down in Article 53 of the Turkish Criminal Code no. 5237 dated 26/9/2004 have elapsed, they must not have been sentenced to imprisonment for five years or more due to a deliberately committed crime, , been convicted of any offenses against state security, or crimes against constitutional order and its modus operandi, embezzlement, extortion, bribery, theft, fraud, forgery, abuse of confidence, fraudulent bankruptcy, bid rigging, rigging in terms of discharging an obligation , obstruction or disruption of information systems, destruction or alteration data, abuse of debit or credit cards, proceeds of crime, financing of terrorism, smuggling, tax evasion or unjustified benefit;

e) must have the honest and reputation required by the profession;

f) must not be subject to a trading ban pursuant to subparagraph (a) of first paragraph of Article 101 of the Law.

(2) At least one member of the board of directors is required to hold an individual participation investor license as described in the Regulation on Individual Participation Capital published in the Official Gazette edition 28560 on 15/2/2013. This paragraph shall not be applicable to participation banks and broadly authorized intermediary institutions.

(3) Conditions referred to in subparagraph (a) of the first paragraph shall not be taken into consideration in implementation of the first paragraph if and when a period of ten years has elapsed after the date of finalization of the decision as to rescission or closing of bankruptcy or as to approval of a proposal for composition with creditors, while the condition referred to in subparagraph (b) thereof shall not be taken into consideration in the implementation of the first paragraph if and when a period of ten years has elapsed after the date of finalization of the decision pertaining thereto.

Outsourcing of Services and Scope of Outsourcing

ARTICLE 7 – (1) Services may be outsourced by platforms to external specialized firms for performance of duties and obligations except for management of platform and particular activities required to be performed exclusively by the board of directors and investment committee.

(2) In case of outsourcing of services with respect to the conditions set down in subparagraphs (ğ), (h) and (i) of third paragraph of Article 5, these conditions shall be deemed to have been satisfied.

(3) Outsourcing of services does not relieve the platform from its liabilities arising from capital markets legislation.

(4) The Board is, if and when deemed necessary, authorized to determine the fields of outsourcing of services in general or specifically for platforms, and to limit or prohibit these fields, or to condition such a service upon receipt of prior permission, as the case may be.

Changes in Shareholding Structure of Platform

ARTICLE 8 – (1) In changes of shareholding structure at any time after inclusion in the list, conditions stipulated for platform shareholders in Article 6 shall be sought also for natural persons and legal entities becoming shareholders of platform, and for shareholders having significant influence in legal entity shareholders having significant influence in platforms.

(2) Platforms shall report to the Board any changes occurring in their shareholding structure, together with the documents evidencing that new shareholders also satisfy the conditions listed in Article 6, within five business days following the date of occurrence of change.

(3) Shareholding structure of the platform is required to be transparent and open, and the current shareholding structure information is required to be permanently kept available for examination in the platform.

(4) Share transfers executed in violation of provisions of this Communiqué shall not be registered in share register of the platform. Entries made to the share register in breach of this provision shall be null and void.

Investment Committee

ARTICLE 9 – (1) Investment committee to be assigned by the platform board of directors is required to satisfy the following conditions:

- a) Investment committee must be comprised of at least three members;
- b) Majority of total number members must be individuals having minimum five years of experience in areas such as finance, entrepreneurship, business administration, legal consultancy, technology, industry and commerce;
- c) Only one member must also be a member of the platform board of directors, and that member must meet the condition imposed by second paragraph of Article 6;
- ç) At least one member must have a Capital Market Activities Level 3 License;
- d) All members must have met the conditions set forth in first paragraph of Article 6.

(2) The provisions of subparagraph (c) of the first paragraph shall not be applied for participation banks and broadly authorized intermediary institutions. However, at least one member of investment committee of participation banks and broadly authorized intermediary institutions must be an individual holding an individual participation investor license as described in the Regulation on Individual Participation Capital published in the Official Gazette edition 28560 on 15/2/2013.

- (3) In case of loss of any one of the conditions listed in first and second paragraphs, the platform board of directors shall submit to the Board within no later than ten business days the information and documents proving that these conditions satisfied again.
- (4) In case of a vacancy in any one of the investment committee memberships, the reasons thereof shall be reported by the platform to the Board in writing within two business days.
- (5) Investment committee shall create an assessment policy containing objective assessment criteria and methods for approval of information form and for examination of feasibility report the minimum elements of which are listed in Annex-2 , and this policy shall be approved by a decision of the platform board of directors and shall be made public via the platform.
- (6) Investment committee may approve the crowdfunding information form only if and when it takes such a decision by affirmative vote of majority of full number of its members. Platform may also determine a heavier quorum than the one stipulated in this paragraph.
- (7) Investment committee members are not allowed to vote in assessment of campaign applications belonging to projects or venture capital firms which are directly or indirectly related to them or their spouses and ascendants or descendants in terms of capital, supervision and administration.
- (8) In the event that one of the investment committee members reports a minute of dissent to the decision allowing publication of campaign of a venture capital firm or a project in the platform, an explanation shall be made about the dissenting opinion and reasons thereof in the campaign page of the relevant venture capital firm or project.
- (9) In consideration of their activities and services under this Communiqué, the investment committee members may not accept or receive any economic interests from venture capital firms or entrepreneurs, nor may they provide funds to campaigns assessed by them.

Delisting

ARTICLE 10 – (1) If the platform loses any one of its qualifications set down in Article 5, it is required to report this event to the Board within two business days. A platform failing to meet any one of the listing conditions within the period deemed appropriate by the Board shall be delisted by the Board.

(2) If it is understood from the financial statements and reports sent to the Board pursuant to twelfth paragraph of Article 11 that the qualification defined in subparagraph (b) of the third paragraph of Article 5 is lost, the Board shall grant a reasonable period to the platform for satisfaction of the relevant condition. If the platform fails to satisfy said condition by the end of the period granted, it may be removed from the list by the Board .

(3) Platforms detected to have breached their obligations arising out of this Communiqué, and participation banks and broadly authorized intermediary institutions the activities of which are

suspended or the operating licenses of which are cancelled may also be delisted by the Board ex officio.

(4) Platforms delisted by the Board ex officio or upon application may not apply to the Board for being relisted in order to engage in crowdfunding activities for a period of one year following the date of decision of delisting of the Board. Nor may shareholders of a platform delisted by the Board ex officio take office in any job position whatsoever or become a shareholder in another platform included in the list of the Board or a platform which applies for listing by the Board in order to engage in crowdfunding activities within one year thereafter.

(5) Within no later than three months following the date of notification of the Board's decision of delisting, platforms are under obligation to take a decision of dissolution or amend their articles of association, particularly their trade name, objectives and fields of business, in such manner not to cover equity-based crowdfunding activities. A copy of the Turkish Trade Registry Gazette where these amendments are published shall be sent to the Board within 10 business days following the date of publication of the related announcement. As of the date of receipt of notification of the Board's decision of delisting, the platform's fund raising authorisation shall automatically terminate.

THIRD CHAPTER

Principles Regarding Activities of Platforms

General Principles

ARTICLE 11 – (1) Platforms may engage exclusively in crowdfunding activities. Provision of advice by platforms to venture capital firms or entrepreneurs during performance of these activities does not constitute a breach of this paragraph.

(2) Principles required to be complied with during crowdfunding activities are needed to be incorporated in a written crowdfunding agreement to be entered into between the relevant venture capital firm or entrepreneur and the platform and containing minimum elements and contents as listed in Annex-3.

(3) Platforms are liable to perform the following duties and obligations:

a) To open a campaign page for each venture capital firm or entrepreneur raising funds, and to establish the infrastructure needed for the publication of all periodical statements and of the relevant venture capital firm or entrepreneur through this page throughout the campaign period and for five years following the end of calendar year of the campaign;

b) To publish information form approved by the investment committee on the campaign page referred to in subparagraph (a), and to keep the information form and all kinds of information that may affect the investment decisions of potential investors on the campaign, available for examination by investors in this page throughout the campaign period and for five years following the end of calendar year of the campaign;

- c) To ensure that funds collected from investors are kept by the depository in the name of the platform until the end of the campaign duration, and are then frozen in accounts opened in the name of the venture capital firm following completion of the campaign duration upon reaching the targeted fund amount, and are thereafter transferred to the venture capital firm or returned to the relevant investors within the frame of principles set down in this Communiqué;
 - ç) To perform the transactions required to be conducted until the shares are registered in CRA on dematerialised basis, or make sure that they are performed through an investment firm;
 - d) To take actions and measures protecting the rights and interests of investors and preventing probable losses of rights and misconduct;
 - e) To keep all data and information relating to investors, venture capital firms and entrepreneurs in strict confidence, and take all kinds measures for the sake of confidentiality of such information;
 - f) To announce on its website whether the depository will direct the collected funds towards investments or not, as well as the fees, commissions and deductions relating thereto.
- (4) Platforms are under obligation to be fair and transparent in assessment and publication of each campaign, and not to cause any conflict of interests among parties related thereto.
- (5) Platforms may, before presenting to the investment committee, reject the campaign applications of venture capital firms and project owner entrepreneurs. In any case, platform shall inform applicants about the reason of rejection of rejected applications.
- (6) Campaign applications presented to the investment committee may be published in the platform only with the approval of the investment committee. This approval shall be documented into a report containing assessments of the investment committee with respect to each criterion dealt with in the assessment policy formulated pursuant to the fifth paragraph of Article 9.
- (7) Platforms are under obligation to inform venture capital firms of the relevant campaigns or entrepreneurs of the relevant projects about their obligations arising out of this Communiqué. The burden of proof as to performance by a platform of its obligation cited above lies with that platform.
- (8) Platforms are obligated to collect adequate information and documents from venture capital firms or entrepreneurs in the course of assessment of the investment committee relating to approval of a crowdfunding information form and to keep all documents, records and reports relied upon by the investment committee in its decision.
- (9) Platforms shall provide instantaneous information on the platform about targeted and actually collected fund amounts for each campaign, the number of investors providing funds, and the remaining duration of the campaign. Regardless of completion of the funding, the

funding results shall be made public via the platform for each campaign in the first business day following the end of the campaign duration.

(10) In their advertisements and promotional materials relating to them and their activities, platforms may make use of only venture capital firms and projects the campaign process of which is already completed.

(11) A report containing as a minimum, information about total numbers of campaigns funded, not yet funded, and cancelled by platforms as of semi-annual and annual calendar periods, as well as information about total amount of funds provided by members to campaigns funded shall be prepared and transmitted to the Board via electronic media and made public via the platform within a period of thirty days following the end of the relevant period.

(12) All platforms, with the exception of broadly authorized intermediary institutions, shall send to the Board and make public via their website until the end of the fourth month following the end of the relevant calendar year their, financial statements and reports issued pursuant to the TCC or their annual financial statements and annual reports prepared as per the Tax Procedures Code no. 213 dated 04.01.1961.

Activities that May not be performed by Platforms

ARTICLE 12 – (1) Without prejudice to special provisions of laws pertaining to participation banks, crowdfunding platforms may not act as an intermediary in crediting or lending businesses in consideration of interest or any other consideration under any name whatsoever or by taking a pledge therefor, and may not perform any crowdfunding activities against any capital market instruments, except for equity-based crowdfunding activities.

(2) Platforms are not allowed to carry out crowdfunding activities towards development of real property projects and trading of real properties and real estate backed rights, and participation in venture capital firms.

(3) Platforms may not conduct crowdfunding activities to raise funds from persons resident in Turkey towards natural persons and legal entities resident abroad.

(4) Platforms are not permitted to make assessments, analyses and comments in the form of investment recommendations towards venture capital firms or investors of projects.

(5) With respect to venture capital firms or projects the campaign process for which is not yet completed, platforms may not publish advertisements of products and/or services belonging to venture capital firms or projects covered by ongoing campaigns, except for introductory information shared in print or electronic media for promotion of venture capital firms or projects, or promotions forwarding readers to platform or campaign page.

(6) Platforms, with the exception of broadly authorized intermediary institutions, may not act as an intermediary in secondary market transactions. Enabling members to establish

communication among themselves via platform websites does not constitute a violation of this provision.

Activities of Platforms Resident Abroad

ARTICLE 13 – (1) Provided that such activities as promotion, advertisement and marketing towards persons resident in Turkey are not dealt with, crowdfunding transactions participated in, accounts opened abroad to this end, cash and other assets transferred to said accounts, and transactions performed via these accounts, by persons resident in Turkey entirely in their sole discretion through platforms resident abroad, are outside the scope of this Communiqué.

(2) For purposes of enforcement of the first paragraph, in the case of occurrence of any one of opening of a place of business in Turkey, creation of a website in Turkish, performance of promotion and marketing activities with respect to crowdfunding activities directly and/or indirectly through persons or entities resident in Turkey, by any platforms resident abroad, the activities shall be considered to be targeting persons resident in Turkey, and shall be governed by the provisions of this Communiqué. Additional criteria relating to determination as to whether these activities target persons resident in Turkey may be determined by the Board.

FOURTH CHAPTER

Principles Regarding Platform Membership and Campaign Process

Platform Membership Procedures

ARTICLE 14 – (1) In order to be eligible for crowdfunding transactions, investors are required to become a member of the relevant platform via electronic media.

(2) As a part of the membership procedures, platforms are required:

a) to ensure that identity verification, as defined in the Regulation on Procedures and Principles Regarding Performance of E-State Services published in the Official Gazette edition 29820 on 3/9/2016, is done for natural persons and authorized signatories of legal entities resident in Turkey within the frame of principles stipulated by CRA, and that information about members the identity information of whom are determined and verified as above are transmitted to CRA;

b) as for persons not resident in Turkey, to check whether an account is opened in CRA in the name of these persons and whether a registry identification process is conducted about this account, and to ensure that information about members the identity information of whom are determined and verified as above are transmitted to CRA;

c) to enter into a membership agreement the minimum elements of which are described in Annex-4 with members, to store this agreement in electronic media, and to transmit a copy of it to members through appropriate means of communication;

ç) to collect from members a written or electronic statement confirming that the “Equity-Based Crowdfunding Activities General Risk Statement Form” in Annex-5 is fully read and understood, and to transmit a copy of it to members through appropriate means of communication;

d) to make sure that members have enough knowledge and experience for understanding the risks of their crowdfunding investments, that they may lose all of their investments, and that their opportunity to transfer the shares to be acquired as such may be restricted, and to reject membership applications of any candidates who are found not to be eligible for crowdfunding investments as a result of the aforementioned inspections;

e) for the creation of membership with a qualified investor status, to check and determine before completion of membership process that the member is a qualified investor as registered in CRA;

f) to transmit immediately to CRA members’ statements, if any, regarding their annual net income, and to keep these statements.

(3) In disclosure of any information kept in the platform to third parties, also including public legal entities, the provisions of the Personal Data Protection Law no. 6698 dated 24/3/2016 and other applicable laws pertaining thereto are applicable.

Investment Limits

ARTICLE 15 – (1) Natural persons not categorized as qualified investors may make a maximum investment of 20,000 Turkish Liras in a calendar year through equity-based crowdfunding. However, this limit may also be applied as 10% of annual net income of the relevant investor declared to the platform up to maximum 100,000 Turkish Liras.

(2) For the purposes of this Article, investment limits shall be controlled by CRA by taking into consideration the most recent statement transmitted by platforms to CRA separately for each member.

Principles on Fund Raising

Article 16 – (1) Before the collected funds are transferred, the establishment procedures of venture capital firms must have been completed, and said funds must be transferred to the venture capital firm only against shares to be issued through a capital increase. Funds may not be raised through sales of existing shares of venture capital firms. Shares to be issued through capital increase may also be non-voting shares.

(2) All of funds collected from investors against venture capital firm shares are required to have been fully paid in cash.

(3) All shareholding rights and conditions of shares to be allotted to investors, and if any, privileges pertaining to these shares shall be clearly described in the information form.

Differences in privileges may not be created among shares to be allotted to investors, with the exception of qualified investors.

(4) A campaign may be conducted in the platform only if and when the crowdfunding information form is approved by the investment committee and that form is published on the campaign page.

(5) Crowdfunding information form may be approved by the investment committee only if and when it is at least determined that the information disclosed in the information form is consistent and understandable, and complete according to the crowdfunding information form standards determined by the Board.

(6) Platforms are under obligation to check and determine whether the approved information form for each campaign is duly read by the relevant member before transmission of the funding request.

(7) A venture capital firm or an entrepreneur may raise funds by not more than two campaigns through crowdfunding platforms in any period of twelve months, and the amount of funds collected during that period may not exceed the issue limit for which an exemption is granted by the Board from the prospectus requirement and which is announced through the Board Bulletin every year. Additional funds may be collected up to maximum 20% of the demanded fund amount, provided that it is disclosed in the information form and does not exceed of issue limit.

(8) In funding demands exceeding 1,000,000 Turkish Liras, an amount corresponding to at least 10% of the targeted funding amount is required to be met by qualified investors within the duration of campaign. This obligation shall not be applied for additional funds collected. Venture capital firm or entrepreneur may determine rates of allotment to qualified investors, provided that they are not below the limits set forth in this paragraph and are stated in the information form.

(9) Monitoring with respect to investment limits referred to in seventh and eighth paragraphs of this Article shall be performed by CRA.

(10) Entrepreneurs or venture capital firm partners may not transfer their shares within three years following the starting date of the campaign process, with the exception of share transfers due to inheritance, partition of estate, marital property provisions or compulsory execution, and share transfers by entrepreneurs or venture capital firm partners to qualified investors, or share transfers among entrepreneurs or venture capital firm partners.

Campaign Process

ARTICLE 17 – (1) Campaign process shall start as of the moment when a venture capital firm or an entrepreneur applies to any crowdfunding platform with a funding collection request. A

new campaign process may not be initiated by the same venture capital firm or entrepreneur before the existing campaign process is completed.

(2) Duration of campaign shall start as of the date of publication of the information form approved by the investment committee on the campaign page, and may not exceed sixty days. Throughout the duration of campaign, all demands to provide funds to the relevant venture capital firm or project shall be submitted by platform members to the platform. Simultaneously with this demand, members shall fulfil payment orders relating to funding, through means of payment consistent with their identification information.

(3) Platform shall instantaneously transmit to CRA and depository, all any demands to provide funds communicated by investors at any time during the duration of campaign. It is the responsibility of the depository to collect funds, to freeze the collected funds in an account opened in the depository in the name of platform, and to transmit the same to venture capital firm, and/or to refund said funds and if any, accretions to relevant investors.

(4) Investors are entitled to exercise their right of withdrawal without being liable to show any reason by delivering to the platform a notice of right of withdrawal within 48 hours following the moment a payment order for funding is given. Within the business day following the exercise of the right of withdrawal, actions required for refunding the fund amount shall be completed by the depository.

(5) If and to the extent the targeted fund amount, also including additional sales, if any, is collected before the end of the duration of campaign, then, the duration of campaign may be terminated earlier, provided that periods of exercise of the rights of withdrawal as cited in the fourth paragraph have expired for all investors.

(6) If and to the extent a fund above the targeted fund amount, also including the additional sales, if any, is collected during the duration of campaign, then, the portion of the fund in excess of the targeted fund amount shall be refunded by the platform to investors in such manner not to cause any inequality among investors according to the principles set down in the eighth paragraph, by taking into consideration the distribution list determined within the frame of the procedures and principles stated in the information form.

(7) In the case of early termination of campaign or collection of the full targeted fund amount as of the date of expiration of the periods for the rights of withdrawal for all investors, together with the duration of campaign, then, after refunding to investors accretions, if any, of the collected fund amount:

a) In campaigns conducted by a venture capital firm, the fund frozen in an account opened in the depository in the name of the platform shall be transferred to the frozen account of the venture capital firm opened in the depository, and the relevant venture capital firm shall increase its capital by the collected fund amount within thirty business days following the end of the duration of campaign.

b) In campaigns conducted by an entrepreneur, a venture capital firm shall be established within ninety days following the end of the duration of campaign, and then the funds frozen in the account opened in the depository in the name of the platform shall be transferred to the frozen account of the venture capital firm opened in the depository, and the relevant venture capital firm shall increase its capital by the collected fund amount within no later than thirty business days following the date of registration of the establishment in the relevant trade registry.

c) Following completion of capital increases, the platform shall immediately report to CRA the amount of funds provided by each investor and the total nominal value of shares to be issued in consideration of such amount of funds. The venture capital firm shall immediately ensure completion of all actions relating to registration of all shares on dematerialised basis in CRA within the frame of provisions of Article 13 of the Law and to transfer of the same to accounts of the right holders.

ç) The campaign process shall be terminated upon completion of all actions relating to increase of capital and registration of all shares on dematerialised basis in CRA and transfer of the same to accounts of the right holders, followed by delivery to the venture capital firm of the funds frozen in the depository in the name of venture capital firm.

(8) If and to the extent the targeted fund amount could not be collected as of the ending date of the duration of campaign or as of the date of expiration of the periods of rights of withdrawal for all investors, together with the duration of campaign, then, upon a notice to be sent by the platform during the business day following the end of the related period, the amounts frozen in the depository and accretions thereto, if any, shall be refunded by the depository to investors during the business day following said notice, and the campaign process shall thus be terminated. The refunds are performed by the depository according to the predetermined procedure.

(9) If the obligations set forth in seventh paragraph are not performed in a timely manner, then, during the business day following the end of periods mentioned in said paragraph, the fund amounts frozen in the depository and accretions thereto, if any, shall be refunded to investors, and the campaign process shall thus be terminated. In this case, the rights of investors arising out of private law provisions are reserved.

(10) Campaign processes ongoing in delisted platforms are deemed to have terminated, and funds collected therein together with any accretions thereto, shall be refunded by the depository to investors according to the predetermined procedure.

(11) Actions relating to matching of payments regarding demands to provide funds transmitted by investors to the relevant platform separately in each campaign, and cash transfers made to the depository, as well as determination of distribution of shares among members following the end of the duration of campaign shall be performed by the platform in accordance with the procedures and principles set down in the information form and the procedures predetermined by CRA and the depository.

Changes in Information Disclosed in Information Form

ARTICLE 18 – (1) Upon occurrence of changes or emergence of new issues which may affect investment decisions of investors at any time during the duration of campaign, this shall be immediately reported by venture capital firm or entrepreneur to the platform, together with the parts of the information form containing information to be amended or added.

(2) Parts of the information form containing information to be amended or added shall be approved by investment committee within two business days following the date of notice to be sent under the first paragraph, and shall be immediately published on the campaign page. The platform is further obligated to simultaneously keep the members who have submitted demands to provide funds for the relevant venture capital firm or project, informed thereof via appropriate means of communication.

(3) As for the investors who have placed a payment order prior to the date of approval and publication of additions and amendments to the information form by the investment committee, the period of the right of withdrawal set down in fourth paragraph of Article 17 shall restart as of the moment of notification referred to in second paragraph.

(4) Investment committee may cancel the campaign process by evaluating and assessing the nature of additional developments and their potential effects. Cancellation and refund proceedings to be carried out hereunder will be subject to the principles set forth in eighth paragraph of Article 17.

Dematerialisation and Distribution Principles

ARTICLE 19 – (1) All capital shares of a venture capital firm, also including the shares to be issued in consideration of funds collected through equity-based crowdfunding are required to be registered on dematerialised basis in electronic media in CRA and the rights pertaining thereto are required to be monitored separately for each right holder pursuant to the provisions of Article 13 of the Law.

(2) Venture capital firm shall file an application to CRA directly itself or indirectly through an investment firm to be authorized by the venture capital firm, for the purpose of registration of its dematerialised shares and distribution of the same to investors. Principles regarding these applications shall be determined by CRA.

(3) Dematerialisation procedures are required to have been completed before the collected funds are transferred to accounts of venture capital firm.

FIFTH CHAPTER
Principles on Places of Use of Funds
And Venture Capital Firms

Places of Use of Funds

ARTICLE 20 – (1) Venture capital firm or entrepreneur is required to issue and prepare a report as to the purposes for which collected funds will be used, and this report must be published in campaign page as of the starting date of the campaign period.

(2) Funds collected as above may not directly or indirectly be used for purchasing or financing of real properties, chattel reals and real estate projects.

(3) In semi-annual periods during the time between the ending date of the campaign period and the date of disposal of the collected funds in full, and in any case, as of the date of disposal of the collected funds in full, information about the current situation of venture capital firm or project and the places of use of funds shall be published and made public on the campaign page.

(4) Whether the funds collected as above are used for intended purposes as declared in the information form or not shall be controlled and audited by an independent audit firm included in the list under the Law by issuing a special purpose independent audit report . The special purpose independent audit report to be prepared accordingly shall be issued on an annual basis for venture capital firms collecting funds in excess of 1,000,000 Turkish Liras as from the date these funds are transferred to them, and as of the date the funds are specified in the information form to be fully used for venture capital firms collecting funds below this threshold, and in any case as of the date these funds are fully used, regardless of the amount of funds collected.

(5) Reports mentioned in the fourth paragraph shall be prepared within thirty days following the date the obligation to prepare them arises, shall be are delivered to the relevant venture capital firm within five business days following the date of signature, and shall be made public on the campaign page and venture capital firm’s website within two business days after delivery to venture capital firm.

(6) In the event that it is detected by the independent audit firm in the report referred to in the fourth paragraph that the collected funds are not used as declared in the information form, or actions to prevent the required inspections are taken, the independent audit firm shall promptly inform the Board thereabout.

(7) Board of directors of venture capital firm is liable to ensure that the funds collected as above are used for the declared purposes.

(8) Upon detection by independent audit firm in the report referred to in the fourth paragraph that funds were not used for for declared purposes, and upon receipt of a notification thereabout, the Board hereby reserves its right to file a denunciation in relation therewith within the frame of pertinent provisions of the Law no. 5237.

Requirements of Venture Capital Firms

ARTICLE 21 – (1) Venture capital firms aiming to collect funds through equity-based crowdfunding are required:

- a) to engage in technology activities and/or production activities;
- b) to have been established during the five years preceding the date of publication of the information form;
- c) in their last annual financial statements and if any, in their last current interim financial statements to be issued pursuant to the laws governing them, not to have exceeded the thresholds specified for items of financial statements in Article 8 of the Communiqué on Principles Pertaining to Removal of Corporations from the Scope of the Law and Obligation of Trading of Shares on the Exchange (II-16.1) published in the repeated edition 28867 of the Official Gazette on 30/12/2013;
- ç) to have a registered website regularly monitored and controlled.

(2) Obligation defined in subparagraph (c) of the first paragraph must have been satisfied as of the moment of registration of establishment pursuant to subparagraph (b) of seventh paragraph of Article 17.

(3) The companies listed below are not allowed to collect funds through equity-based crowdfunding:

- a) Publicly-held corporations;
- b) Companies the management of which is controlled by another legal entity;
- c) Companies where publicly-held corporations and capital market institutions are in the position of a partner having significant influence.

(4) Secondary market transactions on shares of venture capital firms deemed fit and appropriate by the stock exchange may be performed in the relevant market within the frame of procedures and principles prepared by the Stock Exchange and deemed fit by the Board.

Public Disclosure

ARTICLE 22 – (1) Upon occurrence of any one of the following events, venture capital firms shall make a public disclosure within the frame of the principles stated in this Communiqué:

- a) If a suit for dissolution is brought forward against venture capital firm, and this suit is completed, or a cause of dissolution, if any, described in the articles of association occurs, or the general assembly of shareholders decides to dissolve the venture capital firm;

b) If the venture capital firm files an application for composition with its creditors, and this application process is completed;

c) If a bankruptcy case is brought forward against venture capital firm, and this case is completed, or any one of the causes of termination which may lead to liquidation of venture capital firm occurs;

ç) If management control of venture capital firm is changed.

(2) Financial statements and reports of venture capital firms prepared pursuant to the TCC or annual financial statements and annual reports prepared pursuant to the Tax Procedures Code shall be made public until the end of the fourth month following the end of the relevant calendar year.

(3) Language of disclosures to be made pursuant to this Article is Turkish. Disclosures may not be false, misleading, groundless or deficient, nor may they lead to any misconception about existing situation of the venture capital firm.

(4) Disclosures required under this Article shall be published on the campaign page and via the registered website of venture capital firm until the end of the fifth year following the calendar year of the campaign. Disclosures to be made if the relevant platform is delisted or after completion of the period of five years shall be published on the registered website of venture capital firm.

(5) Disclosures are required to be published within two business days following the date the events being the subject matter thereof occur or are learned.

(6) Information provided in promotions and advertisements to be made about venture capital firms or projects may not be false, misleading, groundless, exaggerated or deficient, nor may they cause investors to misjudge current situation of venture capital firm or project. Such information must be consistent with information contained in the crowdfunding information form.

SIXTH CHAPTER

Miscellaneous and Final Provisions

Liability

ARTICLE 23 – (1) Members of the board of directors of platform are liable to ensure that the obligations stipulated for platforms in this Communiqué are fully performed, investment committee members and members of the board of directors of the platform are liable to ensure that the obligations stipulated for investment committee herein are fully performed, and members of the board of directors of venture capital firm are liable to ensure that the obligations stipulated for venture capital firms herein are fully performed.

Notifications to the Board

ARTICLE 24 – (1) The Board may request all kinds of information and documents about crowdfunding activities from platforms, platform founders, entrepreneurs and venture capital firms. Any person from whom information is requested may not refrain from disclosing such information.

Measures

ARTICLE 25 – (1) Provisions of Article 96 of the Law shall be applied by analogy for measures to be taken in case of unlawful activities and operations of platforms.

(2) If and when it is detected that funds are raised from the public through crowdfunding platforms without the prior permission of the Board in contradiction with the provisions of this Communiqué, then BTK shall prevent access to the relevant website upon an application by the Board.

Revaluation

ARTICLE 26 – (1) The amounts given in this Communiqué may be re-determined by considering the revaluation rate announced by the Ministry of Treasury and Finance for the previous year.

Effective Date

ARTICLE 27 – (1) This Communiqué becomes effective as of the date of its publication.

Enforcement

ARTICLE 28 – (1) The provisions of this Communiqué are enforced and executed by the Capital Markets Board.

ANNEX-1**DOCUMENTS AND INFORMATION REQUIRED FOR APPLICATIONS FOR THE LISTING OF PLATFORMS**

- 1) Introductory information on the platform.
- 2) Organisation chart showing the job descriptions and responsibilities of departments established to conduct equity-based crowdfunding activities.
- 3) A copy of the consolidated text of the articles of association of the platform including all existing amendments thereto.
- 4) Public accountant report with respect to the verification that the capital of the platform was paid, and a copy of the Turkish Trade Registry Gazette concerning the registration of capital.
- 5) Documents verifying that shareholders and members of the board of directors of the platform satisfy the conditions specified in Article 6 of this Communiqué.
- 6) Documents verifying that members of the investment committee satisfy the conditions specified in Article 9 of this Communiqué* .
- 7) Information with respect to management and auditing staff performing active duties and responsibilities in the course of the activities of the platform, with the exception of shareholders, members of the board of directors and members of the investment committee.
- 8) Sample documents with respect to work flow in the operation of equity-based crowdfunding activities and sample documents produced as a result of simulations*.
- 9) Copies of the conflict of interest policy of the platform and the board of directors decision approving the policy.
- 10) Detailed information on the establishment of necessary information technology infrastructure and technical equipment, and sample documents produced as a result of simulations*.
- 11) Statements from CRA and the custodian with respect to the completion of systems integrations with CRA and the custodian, and tests relating thereto.
- 12) Information and documents with respect to the establishment of a infrastructure within the platform to enable members to communicate over electronic media with executives of venture capital firm and/or entrepreneurs and sample documents produced as a result of simulations*.
- 13) Detailed information and documents with respect to the establishment of internal control and risk management units, and units in charge of documentation, record-keeping and accounting operations, and the employment of adequate number of personnel within these units, as well as sample documents produced as a result of simulations.
- 14) In the case of outsourcing, copies of contracts concluded between the platform and service providers.
- 15) Copies of contracts concluded with CRA and the custodian for the performance of operational processes for equity-based crowdfunding activities.
- 16) Copy of the draft membership contract that will be concluded between the platform and its members*.
- 17) Copy of the crowdfunding contract that will be concluded between the platform and the venture capital firm or entrepreneur*.
- 18) Notarised list of authorised signatures.
- 19) Other information and documents that may be requested by the Board*.

* Only these documents shall be sought for in listing applications by participation banks and broadly authorised intermediary institutions.

ANNEX-2**MINIMUM CONTENTS OF FEASIBILITY REPORTS**

- 1) Introductory information on the venture capital firm or the project.
- 2) Introductory information on the managers of the venture capital firm or the entrepreneur team
- 3) Business model canvas in relation to the existing and future fields of activities of the venture capital firm.
- 4) Information on existing fields of activity of the venture capital firm, any products manufactured/to be manufactured, and/or services provided/to be provided, or products and/or services that will be project outcomes.
- 5) Information on market research and analysis, and previous surveys, researches, and other studies, if any, with respect to products and services.
- 6) Forecast estimates with respect to target consumers and demand for products and/or services.
- 7) Technical and design analyses of products and services, and forecasts and assumptions with respect to research, development, production, sale and marketing programs in relation thereto.
- 8) Sources of funding, estimated financing structure, and financial and economic analysis with respect to the venture capital firm or project.
- 9) Income-expense projection based upon concrete and foreseeable assumptions for a reasonable period that will be determined depending on the period of use of funds.
- 10) Information on places of use of funds, targeted amount of funding including additional sales, if any, contents of each expense item, planned dates and periods of expenditure.
- 11) Information on the budget for, research, development, license, patent, labour, marketing, fixtures, equipment, financing, and similar expenses as well as other unforeseen expenditures.
- 12) Risk factors that may prevent the venture capital firm or project from attaining its objectives.

ANNEX-3

**MINIMUM CONTENTS OF THE CONTRACT TO BE CONCLUDED BETWEEN
THE VENTURE CAPITAL FIRM OR ENTREPRENEUR AND THE PLATFORM**

- 1) Introductory information on the parties to the contract
- 2) Authorised representatives of the parties
- 3) Date and period of validity of the contract
- 4) Subject and purpose of the contract
- 5) Scope and objective of the venture capital or the project
- 6) Targeted amount of funding including additional sales, if any
- 7) Procedures that will be implemented during the campaign process
- 8) Shares to be issued, and principles with respect to the allocation and distribution of shares
- 9) Rights and obligations of parties to the contract
- 10) Fees, commissions or other benefits that will be charged
- 11) Provisions on the termination of the contract
- 12) Authorities that will be applied to in case of dispute

ANNEX-4

**MINIMUM CONTENTS OF THE MEMBERSHIP CONTRACT TO BE
CONCLUDED BETWEEN THE PLATFORM AND MEMBERS**

- 1) Introductory information on the parties to the contract
- 2) Person/unit authorised to represent the platform, and relevant communication information
- 3) Date and conditions of termination of the contract
- 4) Subject and purpose of the contract
- 5) Information on equity-based crowdfunding activities
- 6) Equity-Based Crowdfunding Activities General Risk Statement Form
- 7) Procedures that will be implemented during the campaign process
- 8) Rights and obligations of parties to the contract
- 9) Fees, commissions or other benefits that will be charged
- 10) Principles on the distribution of advertisements and promotional material
- 11) Judicial authority that will be applied to in case of dispute
- 12) Notification with respect to automatic membership in the e-Yönet and e-CAS systems operated by CRA

ANNEX-5**EQUITY-BASED CROWDFUNDING ACTIVITIES GENERAL RISK STATEMENT FORM****Important Notice**

You may make profits due to capital market transactions however you also face the risk of incurring losses. Therefore, you must understand risks you may encounter in the markets before deciding to conduct transactions, and you must decide by considering your financial standing and limitations.

For this purpose, you must understand the following issues included in the Equity-Based Crowdfunding Activities General Risk Statement Form as specified under Article 14 of the Communiqué III-35/A.1 on Equity-Based Crowdfunding.

Warning

Before starting transactions please check whether or not the institution you intend to work with is included in the list of platforms deemed fit by the Board to conduct equity-based crowdfunding activities. Information on listed platforms is accessible at the website www.spk.gov.tr.

Risk Statement

In addition to the issues specified under the “Membership Contract” you will conclude with the platform with which you will conduct transactions, it is of utmost importance that you understand the following:

1. All relevant regulation and any similar administrative arrangements published by the Capital Markets Board, Central Registry Agency and clearing centers will be applicable with respect to the account you will have opened at the platform, and all transactions that will be conducted over this account.

2. Crowdfunding transactions are subject to varying rates of risk. Investments in venture capital firms and/or projects contain significant financial risks, especially of partial or complete loss of funds invested.

3. It is possible that you may not obtain any return from your investment. Your investment is not covered by any deposit guarantee. Furthermore, investments in start-up ventures typically do not generate dividend payments.

4. Crowdfunding investments are illiquid investments by nature. You may not be able to sell out your investment at any time, or even if you do you may face significant transaction costs.

5. There is a risk that the venture capital firm or project may not attain its commercial objectives. While past performance is not an indicator of future outcomes, start-up ventures may not be able to present past performance data.

The purpose of this Equity-Based Crowdfunding Activities General Risk Statement Form is to provide general information to clients with respect to existing risks, and may not contain all risks arising from crowdfunding activities. Therefore you must conduct careful research prior to transferring your savings to such investments.

I hereby accept and declare that, I have read and understood all issues presented above, and that I have signed the Equity-Based Crowdfunding Activities General Risk Statement Form and subsequently the Contract based on my free will, without prejudice to my rights to make claims and file law suits due to losses incurred as a result of the fault or negligence of the Platform.

Postscript: The risk statement form may be prepared as a template. It shall be sufficient that the client approves the form with the phrase “I have read and understood”.