

COMMUNIQUÉ ON DEBT SECURITIES

(VII-128.8)¹

(Published in the Official Gazette edition 28670 on 7 June 2013)

List of Amendments:

1. Communiqué Amending the Communiqué on Debt Securities (II-31.1) published in the Official Gazette edition 29983 on 18.02.2017.
2. Communiqué (VII-128.7.c) Amending the Communiqué on Debt Securities (VII-128.7) published in the Official Gazette edition 30001 on 08.03.2017.²
3. Communiqué (128.8.a) Amending the Communiqué on Debt Securities (VII-128.8) published in the Official Gazette edition 31154 on 13.06.2020.

FIRST CHAPTER

Purpose, Scope, Legal Basis, Definitions and Abbreviations

Purpose and scope

ARTICLE 1 – (1) The purpose of this Communiqué is to set down the principles to be followed in the issuance of debt securities and to determine the qualities of the debt securities to be issued.

Legal basis

ARTICLE 2 – (1) This Communiqué is prepared in reliance upon Article 31 and subparagraph (e) of the first paragraph of Article 128 and the third paragraph of Article 130 of the Capital Markets Law dated 6 December 2012 and numbered 6362.

Definitions and abbreviations

ARTICLE 3 – (1) For the purpose of this Communiqué, following definitions and abbreviations shall apply:

a) Bank: Banks defined in the Banking Law dated 19 October 2005 and numbered 5411,

b) (As amended: OG 18.02.2017 – 29983) Bills: Debt security issued and sold by issuers as obligor in accordance with the provisions of this Communiqué, and which undertakes the repayment of its nominal value to the investor on maturity date, and maturity term of which is not less than 30 days and more than 364 days,

¹ With the amendment published in the Official Gazette edition 29983 on 18.02.2017, the title of the Communiqué on Debt Securities (II-31.1) was amended as Communiqué on Debt Securities (VII-128.7).

² The title of the Communiqué on Debt Securities (VII-128.7) published in the Official Gazette edition 28760 on 07.06.2013 was amended as recorded in the Communiqué VII-128.7.c.

c) (As amended: OG 18.02.2017 – 29983) Debt securities: Bonds, convertible bonds, exchangeable bonds, bills, precious metal bills and securities which are deemed as debt securities by the Board due to their attributes under Article 34 of this Communiqué,

c) Exchange: Exchange defined in subparagraph (ç) of the first paragraph of Article 3 of the Law,

d) Exchangeable bond (EB): Debt security which grants the right to exchange with the shares of other corporations whose shares are traded on the exchange,

e) Credit rating agency: Credit rating agencies established in Turkey and authorized by the Board for performing rating activities in accordance with the regulations of the Board regarding rating activities in capital markets and credit rating agencies, and international credit rating agencies authorized by the Board for performing rating activities in Turkey,

f) Issuance: The issuance of debt securities by issuers and their sale through or without public offering;

g) Issuer: Legal entities who issue debt securities, or who file an application with the Board for issuance or whose debt securities are offered to public,

g) Public Disclosure Platform (PDP): The electronic system through which the information required to be publicly disclosed according to applicable legislation is transmitted and disclosed to public with electronic signature

h) Law: Capital Markets Law dated 6 December 2012 and numbered 6362,

i) Precious metal bills: Debt security, which is issued in a certain amount, denominated in precious metals by intermediary institutions which are members of exchanges where precious metals are traded and, which undertakes the repayment of its nominal value to the investor on maturity date, and maturity term of which is not less than 30 days and more than 364 days,

i) Board: Capital Markets Board,

j) CRA: Central Registry Agency,

k) Corporation: Joint stock corporation,

l) Convertible bond (CB): Debt security which grants the right to convert into issuer's shares either through capital increase of the issuer or by procurement of issuer shares within the principles set down in the prospectus or issue document,

m) (As amended: OG 18.02.2017 – 29983) Bond: Debt security issued by issuers as obligor in accordance with the provisions of this Communiqué, and which undertakes the repayment of its nominal value to the investor on maturity date or in installments until the maturity date, and maturity term of which is 365 days or longer,

n) CBRT: Central Bank of the Republic of Turkey,

o) TCC: Turkish Commercial Code dated 13 January 2011 and numbered 6102,

ö) TTRG: Turkish Trade Registry Gazette,

p) Authorized institution: Investment institutions authorized by the Board for providing investment services and activities set forth in this Communiqué in accordance with Article 37 of the Law.

SECOND CHAPTER

General Principles

Issuance of debt securities

ARTICLE 4 - (1) (As amended: OG 18.02.2017 – 29983) Debt securities may be issued domestically to be sold through or without public offering, or to be sold abroad. Domestic sales without public offering may be performed in the form of sales to qualified investors, or private placement, provided that unit nominal value is minimum TL 100.000.

(2) Debt securities to be issued may be sold in tenors with different conditions up to the issue ceiling approved by the Board, provided to be within the issue limits calculated according to Article 9 of the Communiqué. With respect to issuances to be conducted domestically and abroad, different issue ceilings must be obtained from the Board. In the implementation of this provision;

a) In domestic issuances, issue ceiling shall be determined over Turkish Lira.

b) (As amended: OG 18.02.2017 – 29983) In cross border issues, issue ceiling shall be determined over either Turkish Lira or foreign currency. Sales within the issue ceiling may be made in a currency different than the one for which the issue ceiling was granted. For such issuances, for determining whether or not the sale amount is within the issue ceiling, the sale amount and amount of previous sales performed within the same issue ceiling shall be converted into the currency for which the issue ceiling was granted. For these calculations, as of the business day preceding the date of application for issuance of each tenor under the fourth paragraph of Article 6, indicative CBRT selling rates, relevant cross rates, or in the case of currencies not subject to transaction by the CBRT, rates provided on the informative exchange rate chart, shall be used for all issuances.

c) (Additional subparagraph: OG 18.02.2017 – 29983) In order to determine whether or not an issue ceiling requested in foreign currency is within the issuance limit under Article 9, as of the business day preceding the date of application filed with the Board for approval of the issue ceiling, indicative CBRT selling rates, or in the case of currencies not subject to transaction by the CBRT, rates provided on the informative exchange rate chart, shall be used

(3) For debt securities issued through public offering, if the sale is receded or debt securities offered cannot be sold partially or fully, then these debt securities may be offered for sale again over the related issue ceiling approved by the Board. With respect to these debt securities;

a) If they are to be offered for sale with the same issue conditions, a public disclosure shall be made at PDP before the issuance. In this case, it is not required to amend the prospectus which was previously approved by the Board, without prejudice to the provisions of Article 8 of the Law.

b) If they are to be offered for sale by changing issue conditions such as interest, maturity or type, it is required to apply to the Board for approval of the prospectus prior to issuance.

(4) Additional sale may be fulfilled within the issue ceiling, provided that it is stated in the prospectus and the additional sale amount does not exceed fifty percent of the total amount offered for sale. However, it is mandatory to set forth the total amount of the debt securities to be issued including the additional sale in the prospectus.

(5) Transfers may be made subject to demand among debt securities with different type, interest rate and/or maturity offered for sale within the same tenor.

(6) Debt securities to be offered to public shall be listed and traded on the exchange, and an application shall be filed with the exchange for this purpose.

(7) (As amended: OG 18.02.2017 – 29983) The Board may require payment obligations in relation to debt securities to be guaranteed by a bank or a third party legal entity, or demand a restriction to be imposed in relation to the qualifications of persons to whom sales will be made and/or conditions of sale, or may shorten the validity period of the issue document.

(8) (As amended: OG 18.02.2017 – 29983) Issuer which has an issue ceiling approved by the Board and is still in effect, may apply to the Board for the approval of a new issue ceiling. In this case, all or part of debt securities, the sale of which has not yet been fulfilled within the previous issue ceiling, may be cancelled upon the request of the issuer.

(9) It is mandatory to prepare the prospectus to be used in debt securities issuance in the form of multiple documents. With respect to references made in this Communiqué to the prospectus which shall be drawn up and presented to the Board in the form of multiple documents under regulations of the Board in relation to the preparation of the prospectus, procedures shall be implemented on the relevant document by considering that the prospectus has been prepared in the form of multiple documents.

(10) In applications made to the Board for issue of debt securities by non-public corporations, ninety-five percent or more of whose share capital are owned by the Undersecretariat of Treasury, partial or full exemptions from liabilities set forth in this Communiqué may be provided upon request of the issuer, with the exception of banks.

(11) (Additional paragraph: OG 18.02.2017 – 29983) In cases where debt securities that will be offered domestically without public offering are intended to be traded on the exchange, latest audited/inspected financial statements of the issuer and application form shall also be published on the PDP along with the issue document. In cases where such financial

statements have already been published on the PDP, further publication of the financial statements shall not be necessary.

(12) Special provisions with respect to investment companies and portfolio management companies shall be reserved.

Resolution of authorized body

MADDE 5 (As amended: OG 18.02.2017 – 29983) - (1) With respect to the issuance of debt securities a resolution may be made by the general assembly, or the board of directors which has been authorized by the general assembly or the articles of association.

(2) In cases where the general assembly makes the resolution for issuance of debt securities, unless higher quorums were specified by clearly indicating a ratio in the articles of association, publicly held corporations shall be subject to the provisions of Article 418 of the TCC and non-public corporations shall be subject to the provisions of the third and fourth paragraphs of Article 421 of the TCC, with respect to the meeting and decision quorums of the general assembly.

(3) Authority for issuance of debt securities may be transferred to the board of directors as per the articles of association for all issuers, in accordance with Article 31 of the Law. In this case, it shall be clearly stated in the relevant article of the articles of association that the board of directors has authority for the issuance of debt securities.

(4) Under Article 505 of the TCC, general assembly may delegate its authority to issue debt securities to the board of directors for a maximum period of fifteen months. It shall be clearly stated in the general assembly resolution to be taken in this respect that authority for issuance has been delegated to the board of directors.

(5) During the assessment of applications by the Board, that the resolution of the authorized body contains as a minimum, the maximum amount of debt securities planned to be offered, and that the offering shall be conducted domestically through or without public offering, or abroad shall be included. In cases where the debt securities are in the context of EB, CB or Article 34, the resolution of the authorized body must also include the type of debt securities planned to be offered. In cases where the resolution of the authorized body only contains the term debt instrument, the application filed with the Board shall be deemed only to involve an offering of bonds or bills.

(6) Another body of the issuer or persons may be authorized for the conduct of the offering or the specification of conditions other than those determined in the resolution of the authorized body. Delegations of authority under this paragraph shall not revoke the liability of the authorized body.

Application to the Board and required documents

ARTICLE 6- (1) (As amended: OG 18.02.2017 – 29983) Applications to the Board shall be filed with the documents listed in Annex/1 for domestic issuances of debt securities

through public offering, and with the documents listed in Annex/2 for issuances without public offering or issuance of debt securities abroad.

(2) It is mandatory to apply to the Board at the latest within one year following the date of the resolution of authorized body.

(3) In public offerings to be made during the period of validity of the prospectus, applications to the Board for approval shall be filed with the documents listed in Annex/3 at least five business days before the date on which the sale of each tenor has been planned.

(4) **(As amended: OG 18.02.2017 – 29983)** In domestic issuance of the debt securities without public offering, issuers shall fulfill the sale transaction by filing an application with the CRA before the sale of each tenor within the issue ceiling provided by the Board, after the issue document approved by the Board is granted to issuer, without requirement of any other proceedings within the Board. With respect to cross border issuances, after the issue document approved by the Board is granted, issuers shall conduct sales following the filing of an application with the Board prior to the sale of each tenor, through use of secure electronic signature under procedures and principles determined by the Board.

Credit rating

MADDE 7- (1) In cases where a credit rating has been assigned to debt securities to be issued, the rating institution which granted the credit rating shall revise the information which is the basis of the rating at least once a year during the maturity and shall revise it regularly in cases where rating shall be updated within the framework of the regulations of the Board on rating activities and rating institutions in capital markets.

Registered issuance of debt securities and obligation of notification to CRA

MADDE 8- (1) Debt securities to be issued domestically are required to be issued on dematerialization basis via CRA in electronic media, and the rights relating thereto are required to be followed up on the basis of beneficiaries.

(2) **(As amended: OG 18.02.2017 – 29983)** With respect to debt securities to be issued abroad, information on the amount of issuance, issuance date, ISIN code, maturity starting date, term of maturity, interest rate, depository institution, the currency and country in which the offering was made shall be conveyed to the CRA within three business days following the conduct of the issuance. In cases where there are changes to such information reported to the CRA, the CRA shall be informed thereon within three business days following the date of the change.

(3) **(Repealed: OG 18.02.2017 – 29983)**

(4) **(Repealed: OG 18.02.2017 – 29983)**

Issue Limit

ARTICLE 9- (1) (Additional paragraph: OG 18.02.2017 – 29983) Issue limits in relation to debt securities shall be calculated based upon the date of application to the Board for approval of the prospectus or issue document. However, in the period until the finalization of the examination by the Board, issue ceilings previously granted to the issuer and amounts redeemed, shall be considered in the calculations that will be made under subparagraph (c) of the fourth paragraph of this Article.

(2) (As amended: OG 18.02.2017 – 29983) In calculation of issue limits with respect to debt securities;

a) Financial statements listed in the table below prepared in accordance with the regulations of the Board regarding financial statements and reporting of corporations whose capital market instruments are traded on an exchange shall be considered. Such financial statements shall be adapted by corporations subject to a special accounting period according to their accounting periods.

Date of Application	Financial Statements Subject to Independent Auditing/Limited Review to be Considered in the Calculation of Limits
1 January – 15 March	Latest annual financial statements, if not available semiannual interim financial statements for the previous year
16 March – 15 August	Latest annual financial statements
16 August – 31 December	Semiannual interim financial statements for the current year

b) In cases where the issuer has both consolidated and solo financial statements, consolidated financial statements shall be considered in determining the issue limit.

(3) (As amended: OG 18.02.2017 – 29983) The provisions listed below shall be implemented where financial statements of later periods are used instead of those listed in the second paragraph to calculate issue limits:

a) Financial statements of later periods, prepared and audited/reviewed under the second paragraph may be used in the calculation of issue limits, upon request of the issuer.

b) In cases where the issuer has financial statements of a later period, which show a decline in equity capital in comparison with the financial statements that would be used for calculating issue limits, such tables shall be considered ex officio by the Board in the calculation of issue limits, without requiring the condition of being audited/reviewed.

(4) (As amended: OG 18.02.2017 – 29983) Issue limits, based on financial statements set forth in this Article, shall be calculated as follows:

a) Issue limit for publicly held corporations shall not exceed the five times the amount of equity capital. In case the corporation prepares consolidated financial statements, equity capital of the parent corporation shall be taken into consideration.

b) Issue limit of non-public corporations shall not exceed three times of the amount of equity capital. In case the corporation prepares consolidated financial statements, equity capital of the parent corporation shall be taken into consideration.

c) Issue limits to be calculated within the framework of subparagraphs (a) and (b) of this paragraph shall be increased by hundred percent for banks which have a solicited long term rating corresponding to the highest three investment-grade levels. In cases where the credit rating of such issuers falls below the grade mentioned in this paragraph, it is obligatory for issuers to notify the Board in order to update the issue ceiling.

ç) In addition to the principles set forth within the framework of the subparagraphs (a), (b) and (c) of this paragraph, nominal amount of the outstanding debt securities and covered bonds of the issuer along with the amount sale of which has not been fulfilled yet within the issue ceiling, as well as the nominal amount of lease certificates in circulation, based on management agreement or trading, where the issuer is fund user and the payments of which have not been guaranteed shall be taken into consideration as a discount item in calculation of issue limit, including the cross border issues. Discount amount with respect to the cross border issues fulfilled over a foreign currency shall be calculated over the CBRT indicative selling exchange rate, relevant cross rates or, exchange rates on the informative exchange rate chart for currencies not traded by the CBRT effective on the date of application to the Board regarding the requested issue ceiling.

(5) (Repealed: OG 18.02.2017 – 29983)

(6) (As amended: OG 18.02.2017 – 29983) With respect to issuers subject to supervision and surveillance of another public institutions according to their special legislations, in the determination of issue ceilings, the limits calculated under this Article shall be taken into consideration, the issuer shall be liable to comply with limits set by the relevant public institution.

(7) Issue limits stated in the legislation shall not be applicable for issues including a guarantee by the Treasury.

(8) Without prejudice to provisions of the Cabinet Decree on Public Economic Enterprises dated 8/6/1984 and numbered 233 are reserved, and with the exception of limits in Article 51 of the Law on Special Provincial Directorate dated 22/2/2005 and numbered 5302 and in Article 68 of the Municipal Law dated 3/7/2005 and numbered 5393, issue limits set forth in other laws shall not be applicable.

(9) (As amended: OG 18.02.2017 – 29983) With respect to debt securities to be issued in order to be sold abroad with the purpose of ensuring the financing or re-financing of relevant projects or business under the Law on Procurement of Some Investment and Services within the framework of the Build-Operate-Transfer Model dated 8/6/1994 and numbered 3996, and Law on the Building and Renovation of Facilities and Service Procurement under the Build-Operate-Transfer Model by the Ministry of Health and Amending Certain Laws and Decrees

dated 21/02/2013 and numbered 6428, provisions of this Communiqué regarding issue limits shall not apply.

(10) Issue limits with respect to domestic non-corporate issuers which are not set forth in this Article and with respect to the issuers residing abroad shall be determined by the Board.

(11) (Repealed: OG 18.02.2017 – 29983)

(12) With respect to calculation of issue limits, regulations of the Board on investment companies shall be reserved.

(13) **(Additional paragraph: OG 13.06.2020 – 31154)** Issue limits shall not be applicable to debt securities issued by mortgage finance institutions.

Designation of the sale period and the term commencement date in domestic issuances

ARTICLE 10- (1) With respect to the designation of the sale period for debt securities to be issued, it is required to comply with the relevant regulations of the Board.

(2) The first date the debt securities are transferred to investor accounts shall be deemed as the term commencement date.

(3) It is mandatory for the issuers to take necessary measures to prevent investors who have requested cash in exchange for investing in debt securities, from losing any possible profit which may be procured between the date of request and the term commencement date.

Secondary market transactions

ARTICLE 11- (1) **(As amended: OG 18.02.2017 – 29983)** Sale and purchase in or outside the exchange of debt securities which are admitted to trading on the exchange is possible under exchange regulations. With respect to announcement of prices in transactions conducted outside the exchange, compliance with the regulations of the Board on investment firms shall be ensured.

Board fee

ARTICLE 12- (1) Following rates shall apply on calculation of the Board fee over the issue value, provided that it is not lower than the nominal value, if any, of the debt securities to be sold:

- a) Five per ten thousand for those whose maturity term is up to 179 days,
- b) Seven per ten thousand for those whose maturity term is between 180 days and 364 days,
- c) One per thousand for those whose maturity term is between 365 days and 730 days,
- ç) Two per thousand for those whose maturity term is longer than 730 days.

(2) In calculation of Board fee for the issuers except;

- a) Banks and financial institutions defined in the Law numbered 5411,
- b) Companies defined in the Law numbered 6361,
- c) Issuers residing abroad,

ç) **(Additional subparagraph: OG 18.02.2017 – 29983)** Capital market institutions defined in the Law,

Seventy-five percent of the rates stated in the first paragraph of this Article shall be taken as basis. One year shall be applied as 365 days in calculation of the fees.

(3) **(As amended: OG 18.02.2017 – 29983)** Fee with respect to the debt securities to be issued domestically shall be deposited in order to be registered as revenue in Board's budget, following the delivery to the issuer of the prospectus or the issue document and before the transfer of the debt securities to the issuer pooling accounts within the framework of the principles designated by CRA.

(4) **(As amended: OG 18.02.2017 – 29983)** As for the debt securities to be issued abroad, the fee shall be deposited in order to be registered as revenue in Board's budget, following the delivery of the issue document to the issuer but before the sale of each tenor. In cases where the issuance will be conducted in a foreign currency, the amount which shall constitute the basis of the calculation of the Board fee shall be designated on its consideration of Turkish currency to be calculated over the CBRT selling rate of exchange effective on the business day before the date of application to be made to the Board or, over exchange rates on the informative exchange rate chart for currencies not traded by the CBRT.

(5) **(Repealed: OG 18.02.2017 – 29983)**

(6) **(Additional paragraph: OG 13.06.2020 – 31154)** With respect to issuances that will be conducted by mortgage finance institutions, the ratios specified in the first paragraph shall be implemented as zero until the end of the year 2021, and shall be considered as fifty percent of mentioned ratios starting from the beginning of the year 2022.

Other matters

ARTICLE 13- (1) Relevant regulations of the Board shall be complied with in respect of the matters as to the content, preparation, approval, disclosure, registration and announcement of prospectus and issue document, financial statements to be disclosed in the prospectus, amendments to the prospectus and announcement and advertisements to be made by issuers, designation of the principles of issue and sale of the debt securities and requirements of issuers on financial reporting, independent audit and public disclosure, and in other matters not set forth in this Communiqué.

THIRD CHAPTER

Principles on Bonds

General Principles

ARTICLE 14- (As amended: OG 18.02.2017 – 29983) (1) Bonds may be sold on a discount, with premium, and/or with coupon payment. Nominal value of the bonds may be paid at once on the maturity date or in installments within the maturity term.

(2) Principles regarding interest rate to be paid for bonds and payment conditions shall be designated by issuers. In principle, such components shall not be changed with the exception of legal requirements and actual impossibilities. Nonetheless, changes to conditions in relation to debt securities issued domestically shall be possible with respect to investors who have provided written consent to such changes. In cases where a change to conditions in relation to debt securities subject to domestic public offering is intended, relevant principles shall be determined by the Board.

(3) Bonds issued, may be bought back by issuers. Cancellation of bonds bought back shall be possible through, sale or holding during the maturity term, or through the performance of necessary procedures at CRA prior to the maturity date. With respect to the transactions specified in this paragraph, the Board may determine different principles based on issuer types.

(4) With respect to transactions conducted outside the exchange under the third paragraph, exercise prices for repurchase and sale shall be disclosed at the internet website of the issuer.

(5) Issuers are liable to ensure that transactions under this Article shall be conducted without causing any inequality among investors.

(6) In cases where it is detected that transactions under this Article are conducted in order to avoid the performance of requirements arising from capital market legislation, the Board shall implement necessary measures.

(7) With respect to cross-border issuances, the matters under this Article may be determined freely among the issuer and investors, without prejudice to the legislation of the country where the issuance is conducted.

Bonds subject to early redemption

ARTICLE 15- (As amended with its title: OG 18.02.2017 – 29983) (1) Bonds may be issued subject to early redemption wholly or partially, subject to the request of the issuer or investor. In domestic issuances principles in relation to early redemption shall be specified in the prospectus or issue document. With respect to cross-border issuances, principles in relation to early redemption may be determined freely among the issuer and investors, without prejudice to the legislation of the country where the issuance is conducted.

Dividend distribution to bonds

ARTICLE 16—(1) Issuers may pay dividend to bonds, provided that there is a provision in their articles of association or special legislations, if any.

(2) Issuers may select one of the following principles in designation of the dividend to be paid to bonds:

- a) Payment of dividend to bonds in addition to payment of interest,
- b) Payment of just the interest in case the dividend amounts to less than the interest; payment of just the dividend in case the dividend is equal to or larger than the interest,
- c) Payment of dividend for the bond without stipulating any interest.

(3) **(As amended: OG 18.02.2017 – 29983)** With respect to publicly held corporations dividend share to be paid to bonds with respect to publicly held corporations may not reduce the dividend amount for shareholders designated in the articles of association or dividend distribution policy of the issuer.

(4) Dividend to be paid to bonds shall be distributed following the issuer's general assembly approval on annual financial statements prepared under the regulations of the Board on financial statement and reporting by corporations the capital market instruments of which are admitted to trading on the exchange and on the resolution regarding dividend distribution.

(5) Dividend to be paid to bonds bearing the same conditions, shall be distributed to all of existing bonds as of the date of distribution, regardless of the issuance and maturity dates thereof.

FOURTH CHAPTER

Principles on Convertible Bonds

General principles

ARTICLE 17—(1) Maturity of CB shall not be less than 365 days.

(2) Conversion of the CBs into shares may be fulfilled at the earliest 365 days after the maturity commencement date.

(3) Conversion of CBs into shares shall be fulfilled over the nominal value of the CB. Conversion of CBs into shares may be fulfilled with the addition of interest amount to be paid on CB conversion date to the nominal value of CB, provided that is stated in the prospectus or issue document. Interest accrued until the day of conversion shall be paid to CB owners in cash.

(4) All of the conversion expenses shall be borne by the corporation.

(5) In cases where the CBs will be sold through public offering, the shares of the issuer must be traded on the exchange, the issuer must be in the registered capital system, and the board of directors of the corporation must be granted authorization in accordance with the

articles of association with respect to limitation of the rights of shareholders on purchasing new shares.

(6) Shares of publicly held corporations which have been issued in order to be converted by CB and which represent their capital increase, shall be allocated to the owners of CB with priority regardless of any privileges, including the right to purchase new shares provided to shareholders in accordance with Article 461 of the TCC.

(7) With respect to CB owners who have not exercised their conversion right in accordance with the principles set forth in this Communiqué despite the complete fulfilment of liabilities by the corporation, conversion rights shall abate, and CB owners in that situation shall receive their principal and accrued interest.

Conversion price and rate

ARTICLE 18- (1) Conversion price is the price to be taken as basis for shares to be granted to CB owners in consideration for the bonds they own.

(2) **(As amended: OG 18.02.2017 – 29983)** Conversion rate indicates the number of shares to be granted in consideration of the nominal value of the CB at the time of conversion. Report on conversion rate with respect to CBs to be offered to public shall be prepared by an authorized institution at the stage of filing the prospectus or the issue document with respect to CBs with the Board for approval.

(3) In cases where the conversion rate has fractions, the share amount corresponding to fractions over the sum at the time of conversion shall be paid to CB owner in cash and in advance. Conversion price shall be taken as basis in this calculation.

(4) In case that the CBs to be issued by corporations the shares of which are traded on exchange are sold without public offering, principles of price determination on capital increases fulfilled without public offering by the corporations the shares of which are traded on exchange shall be taken into consideration in the implementation of conversion price.

(5) Conversion procedures with respect to issued CBs may not be fulfilled in a way to cause losses in rights and benefits of the corporation and existing shareholders thereof.

(6) In cases where processes such as capital increase, dividend payment, or other procedures that may affect the share price for similar reasons take place within the term of CBs, adjusted prices shall be taken as basis in determination of the conversion rate. Recalculated conversion rate shall be disclosed by the corporation on PDP. The prospectus is not required to be amended in this case.

Redemption of CB

ARTICLE 19- (1) CBs may be redeemed by conversion into shares on the date of or before maturity, provided that the relevant provisions of the Communiqué are reserved.

(2) It is possible that CBs are converted into shares before the maturity date, being subject to;

- a) A redemption plan,
- b) Request of the corporation,
- c) Request of the CB owner.

(3) Conversion of the CBs shall be fulfilled by capital increase. Publicly held corporations may also fulfill the capital increase on a contingent base within the framework of the principles set forth in the relevant regulations of the Board. Provisions in Article 21 and 22 of this Communiqué with respect to fulfillment of conversion without capital increase are reserved. Provisions of TCC shall apply with respect to the contingent capital increase to be fulfilled due to a CB issuance by corporations that are not publicly held.

Conversion subject to redemption plan

ARTICLE 20— (1) In cases where CBs are converted into shares in installments, it is mandatory to designate the final installment in a way to coincide with the maturity date of CB.

(2) With respect to conversion subject to a redemption plan, it is possible to fulfill capital increase either with or without book building, within the framework of the following principles:

a) Corporations shall offer shares to CB owners in order to be converted, without book building, by fulfilling a capital increase in an amount to be granted in consideration of the CB amount. Owners of CBs to be redeemed shall exercise their right within the term of conversion, in a way to convert their CBs into shares or take back their principals together with their interest accrued. The intention of CB owners who have not applied to the corporation with the demand of conversion within the term of conversion to be determined not to exceed ten business days, shall be considered as preference for payment of CB amounts in cash, and these amounts shall be transferred by the corporation to the accounts of CB owners at the end of conversion term of the CBs. At the end of the conversion term, shares which have remained unsold due to the CBs which have not been converted into shares, shall be cancelled.

b) Subject to book building, corporations shall make a material event disclosure on PDP at least fifteen days in advance from the commencement of the book building period for conversion for the exercise of the right to convert the BCSs into shares. In the material event disclosure, dates of book building, places of application and other matters with respect to conversion shall be stated. Book building period shall not exceed ten business days. Corporations shall fulfill a capital increase in an amount representing the share number required to be granted in consideration of CB amount and offer these shares to CB owners who have demanded, in order to be converted. All rights of the CB owners who have not filed a demand within the term of book building for conversion shall proceed.

(3) It is mandatory that book building procedure and notifications with respect to the CBs to be converted are executed through an authorized institution. Corporations shall be liable

for full and timely fulfillment of the conversion proceedings in accordance with the redemption plan.

Conversion subject to request of the corporation

ARTICLE 21— (1) CBs may be converted into shares in full or in part before maturity subject to the request of the corporation.

(2) In order to exercise the right to convert CBs into shares, a material event disclosure shall be made on PDP by the corporation at least fifteen days before the commencement date of the book building period with respect to conversion. In the material event disclosure, dates of book building for conversion, places of application and payment to be made to CB owners who have not accepted corporation's call on conversion, and other matters with respect to conversion shall be stated. Period of book building for conversion shall not exceed ten business days.

(3) The intention of the CB owners who have not filed a demand within the period of book building shall be deemed as preference for payment of CB amounts in cash, and these amounts shall be transferred by the corporation to the accounts of CB owners at the date of conversion of the CBs.

(4) In cases where the ratio of the number of shares to be granted to CB owners who have filed a demand for the exercise of their conversion right to the total number of shares is less than five percent, corporations shall not be required to increase capital. Corporations shall be liable for the full and timely fulfillment of conversion proceedings.

(5) It is mandatory that book building and notification proceedings with respect to the CBs to be converted are made through an authorized institution. Corporations shall take necessary measures to ensure that such notifications can be made conveniently.

Conversion subject to request of CB owner

ARTICLE 22— (1) CBs may be converted into shares in full or in part before maturity subject to the request of the CB owner.

(2) CB owners who wish to exercise their conversion right shall make a notification to the corporation, at the earliest one month in advance from the dates stated at the time of the issue of CBs. It is mandatory that such notification is made through an authorized institution. Corporation shall take necessary measures to ensure that such notifications can be made conveniently.

(3) In cases where the ratio of the number of shares to be granted according to the filed demands regarding conversion to the total number of shares is less than five percent, publicly held issuers shall not be required to increase capital. Corporations shall be liable for the full and timely fulfillment of conversion proceedings.

Other provisions

ARTICLE 23– (1) (As amended: OG 18.02.2017 – 29983) With respect to matters which have not been regulated in this Chapter with regard to CBs, regulations regarding bonds set forth in Third Chapter this Communiqué shall apply, to the extent they are applicable by nature. In cases where the Board approves requests of the issuer, principles differing from the provisions of this Chapter may be applicable for domestic issuances conducted without public offering, and issuances conducted abroad.

(2) In capital increases to be made in order to convert the CBs into shares, it is not obligatory to comply with the requirements in relevant regulations of the Board in relation to periods for the commencement and completion of the private placement and the requirement to fulfill the private placement of shares at the relevant market of the exchange.

(3) It shall be possible to use reconciliation methods different than the principles set forth in this Communiqué on the date of redemption, provided that it is stated in the prospectus or issue document, it does not cause inequality among the CB owners, and it is assented by the Board.

FIFTH CHAPTER

Principles Regarding Exchangeable Bonds

General principles

ARTICLE 24– (1) Maturity term of EB shall not be less than 365 days.

(2) Exchange of EBs with shares may take place at the earliest, 365 days after the starting date of maturity.

(3) Exchange of EBs with shares shall be fulfilled over nominal value. Interest accrued until the date of exchange shall be paid to EB owners in cash.

(4) All expenses relevant to the exchange shall be borne by the issuer.

(5) Exchange rights of EB owners who have not exercised their right to exchange, despite the fulfillment of liabilities by the corporation, shall expire and EB owners in that situation shall receive their principal and accrued interests.

Price and rate of exchange

ARTICLE 25– (1) Exchange price is the price to be taken as basis with respect to the shares to be granted to EB owners in consideration of the bonds they own.

(2) **(As amended: OG 18.02.2017 – 29983)** Rate of exchange rate indicates the number of shares to be granted in consideration of the nominal value of the EB at the time of exchange. Report on the rate of exchange with respect to the EBs to be offered to public shall be prepared by an authorized institution at the stage of filing the prospectus with respect to EBs for Board approval.

(3) **(As amended: OG 18.02.2017 – 29983)** In cases where the EBs to be issued will be sold without public offering, principles for the determination of price for capital increases to be fulfilled without public offering by corporations the shares of which are admitted to the trading on exchange shall apply with respect to the determination of exchange price on the redemption date.

(4) **(As amended: OG 18.02.2017 – 29983)** Exchange proceedings with respect to issued EBs shall not be fulfilled in a way to cause loss of rights and benefits to the issuer and existing shareholders.

(5) **(As amended: OG 18.02.2017 – 29983)** In cases where proceedings that may affect the share price such as capital increase, dividend payment and similar other proceedings take place within the maturity term of EBs, adjusted prices shall be taken as basis in determination of the rate of exchange. Principles on the notification of investors on the recalculated rate of exchange shall be specified in the prospectus or issue document.

Redemption of EB

ARTICLE 26- (1) EBs may be redeemed by way of being exchanged with shares on the date of or before maturity, provided that the relevant provisions of the Communiqué are reserved. It is possible that the EBs are exchanged with shares before the maturity date, being subject to;

- a) A redemption plan,
- b) Request of the issuer,
- c) **(As amended: OG 18.02.2017 – 29983)** Request of the EB holder,

It is possible to use reconciliation methods different than the principles set forth in this Communiqué on the date of redemption, provided that it is specified in the prospectus or issue document, it does not cause inequality among the EB owners, and it is assented by the Board.

Exchange subject to redemption plan

ARTICLE 27- (1) In cases where the EBs are exchanged with shares in installments, it is mandatory to designate the final installment in a way to coincide with the maturity date of CB.

(2) The Issuer shall make a material event disclosure on PDP at least fifteen days in advance from the commencement of the book building period for exchange, for the exercise of the rights to exchange EBs with shares. Dates of book building for exchange, places of application and other matters with respect to the exchange shall be stated in the material event disclosure. Book building period for exchange shall not exceed ten business days. EB owners shall exercise their rights within the period of exchange, in order to exchange their EBs with shares and receive their principal together with interest accrued. The issuer shall submit shares to EB owners who have had filed a demand for exchange in the amount required to be granted in consideration of amount of EB to be exchanged.

(3) It is mandatory that book building and notification proceedings with respect to the EBs to be exchanged are made through an authorized institution.

(4) All rights of the EB owners who have not filed demand within the period of book building for exchange shall proceed.

(5) The issuer shall be liable for full and timely fulfillment of the exchange proceedings in accordance with the redemption plan.

Exchange subject to the request of the issuer

ARTICLE 28– (1) EBs may be exchanged with shares in full or in part subject to the request of the issuer.

(2) In order to exercise the right to exchange EBs with shares, a material event disclosure shall be made on PDP by the issuer at least fifteen days before the commencement date of period of book building with respect to the exchange. In the material event disclosure, dates of book building for the exchange, places of application and payment to be made to the EB owners who have not accepted issuer's call on exchange and other matters with respect to the exchange shall be stated. Period of book building for the exchange shall not exceed ten business days.

(3) The intention of the EB owners who have not have filed a demand within the period of book building shall be deemed as a preference for payment of principal and accrued interest of EB's in cash and these amounts shall be transferred by the issuer to the accounts of EB owners at the date of exchange. The issuer shall be liable for full and timely fulfillment of exchange proceedings.

(4) It is mandatory that book building and notification proceedings with respect to the EBs to be exchanged are made through an authorized institution. Issuer shall take necessary measures to ensure that such notifications can be made conveniently.

Exchange subject to request of EB owner

ARTICLE 29– (1) EBs may be exchanged with shares in full or in part subject to the request of the EB owner.

(2) EB owners who want to exercise their right of exchange shall make a notification to the issuer, at the earliest one month in advance from the dates stated in the prospectus relating to issue of EBs. It is mandatory that such notification is made through an authorized institution. Issuer shall take necessary measures to ensure that such notifications can be made conveniently. The issuer shall be liable for full and timely fulfillment of exchange proceedings.

Other Provisions

ARTICLE 30– (As amended: OG 18.02.2017 – 29983) (1) With respect to matters which have not been regulated in this Chapter with regard to EBs, regulations regarding bonds set forth in the Third Chapter of this Communiqué shall apply, to the extent they are applicable by nature. In cases where the Board approves requests of the issuer, principles differing from

the provisions of this Chapter may be applicable for domestic issuances conducted without public offering, and issuances conducted abroad.

SIXTH CHAPTER

Bills and Precious Metal Bills

Bills

ARTICLE 31– (As amended: OG 18.02.2017 – 29983) (1) Bills shall be sold over the price discounted on the discount rate in accordance with the maturity term designated by the issuer. Issue of bills with coupon payment is possible.

Precious metal bills

ARTICLE 32– (1) Sale amount of the precious metal bills shall be collected in Turkish Lira, foreign currency or precious metal.

(2) Payments with respect to precious metal bills shall be made by the authorized institution by taking the weighted average price of the precious metal on the payment date formed at the exchange determined at the time of issuance, in Turkish Lira or in foreign currency, over the selling rate of exchange announced by the CBRT on the payment date, or in precious metal in case that physical delivery is stipulated at the time of issuance.

Other Provisions

ARTICLE 33– (1) Principles on redemption, early redemption and method on determination of interest regulated in the Third Chapter of this Communiqué with respect to bonds, shall apply to bills and precious metal bills by analogy, to the extent they are applicable by nature.

SEVENTH CHAPTER

Final and Transitional Provisions

Assessment of applications on approval of other debt securities by the Board

ARTICLE 34– (1) Applications for approval of the prospectus or issue document for securities which, are not in this Communiqué, or set forth within the other regulations of the Board, and which may be acknowledged by the Board as debt securities due to their nature, shall be assessed in accordance with the implementation of the provisions of this Communiqué by analogy.

(2) Debt securities, among the capital market instruments acknowledged as debt securities due to their nature, which do not contain the undertaking that the amount paid by the investor shall be fully repaid, shall not be offered to public domestically or be sold through private placement. In determination as to whether the amount paid by the investor has been fully repaid, the timing of the repayment either within the maturity term or at the end of the maturity term shall not be taken into consideration.

(3) **(Additional paragraph: OG 18.02.2017 – 29983)** The provisions of this Communiqué shall not be applicable with respect to CBs to be issued by banks which are of a nature to be included in the calculation of own funds. Principles on the issuance of such debt instruments, and their conversion into shares with respect to publicly held banks shall be determined by the Board.

Repeated regulations

ARTICLE 35 – (1) Communiqué on Principles of Registration with the Board and Sale of the Debt Securities (Serial: II, No: 22) published in the Official Gazette dated 21/01/2009 and numbered 27117 have been repealed. References made in other regulations of the Board to the Communiqué on Principles of Registration with the Board and Sale of the Debt Securities (Serial: II, No: 22) shall be deemed to be made to this Communiqué.

Assessment of current applications

TRANSITIONAL ARTICLE 1 – (As amended with its title: OG 18.02.2017 – 29983) (1) Applications which have not been resolved by the Board as of the date on which this Article has entered into effect, shall be assessed in accordance with the provisions of this Communiqué.

(2) In relation to tenor issuances that will be conducted abroad in the context of issue documents approved by the Board before the date on which this Article enters into force, applications may be filed with the Board under the fourth paragraph of Article 6 of this Communiqué. In such cases, information (first and last name, TR Identity Number, contact information) on persons who hold a secure e-signature and who have been determined to conduct the tenor issuance application, shall be conveyed to the Board.

(3) The issue limits that will be calculated under Article 9 shall be increased by one hundred percent for financial institutions defined under the Banking Law Numbered 5411 and dated 19.10.2005, which have received a solicited long term rating corresponding to the highest three investment-grade levels and capital market institutions defined in the Law, as well as companies defined under the Law on Financial Leasing, Factoring, Financing and Saving Financing Companies Law Numbered 6361 and dated 21.11.2012, effective for issue ceilings that will be approved by the Board until 31.12.2017.

(4) With respect to issuances that will be made after this Article enters into force, the provisions of this Communiqué shall be applicable in the calculation of the fee to be deposited to the Board

(5) Tenor issues within ceilings for issuance abroad, which have been approved by the Board, and dematerialized at the CRD, prior to the date on which this Article has entered into effect, may be continued to be dematerialized at the CRA.

Mandatory notification to CRA

TRANSITIONAL ARTICLE 2 – (Repealed: OG 18.02.2017 – 29983)

Enforcement

ARTICLE 36 – (1) This Communiqué shall enter into force one month after the date of its publication.

Execution

ARTICLE 37 – (1) The provisions of this Communiqué shall be executed by the Board.

ANNEX/1
(As amended: OG 18.02.2017 – 29983)

**DOCUMENTS REQUIRED FOR APPROVAL OF THE PROSPECTUS AND ISSUE
DOCUMENTS WITH RESPECT TO DEBT SECURITIES (*)**

1. Application form,
2. Consolidated version of articles of association consisting of all amendments in force, signed by the authorized representatives of the issuer,
3. Notarized copy of the resolution of the authorized body on the issuance of debt securities, taken as a minimum, in line with the templates announced by the Board,
4. With respect to issuances to be conducted by issuers that are subject to monitoring and supervision by another public institution under their specific legislation, an opinion letter issued by the relevant public institution before the application to the Board by the issuers, as to whether any matter which may obstruct the issuance exists, and/or in cases where a decision or approval by other authorities is required for issuance of debt securities as per relevant legislation, document on such decision or approval; if not required, issuer's declaration thereon.
5. Financial advisor report on detection of the paid-in capital and a copy of the TTRG on registration of the existing share capital,
6. In cases where payments from debt securities payments such as principal, interest have been guaranteed for, a letter from the guarantor addressed to the Board and the issuer, and the notarized copy of the resolution of the relevant authorized body of the legal entity which has granted the guarantee, or a letter from the relevant department,
7. Intermediation contract,
8. With respect to issuance to be made through public offering, up-to-date declarations of the members of board of directors and executive staff of the issuer, stating as to whether any ongoing penal prosecution conducted and/or conviction exists in respect of the relevant persons under capital markets legislation, Banking Law dated 19 October 2005 and numbered 5411 and/or, even if the durations indicated in Article 53 of the Turkish Criminal Code dated 26 September 2004 and numbered 5237 have elapsed, as to whether such persons have been sentenced to prison for five years or more due to a crime committed with intent or sentenced for crimes of embezzlement, extortion, bribery, theft, fraud, forgery, abuse of confidence, fraudulent bankruptcy, rigging an auction, deletion or alteration of data, abuse of bank or credit cards, smuggling, tax evasion or unjustified benefit, and as to whether any legal dispute and/or final judgment exists to which they are party, with respect to the corporation's business.

9. Letter from the bank notifying the Board that a special account has been opened for depositing of the debt securities amounts,
10. List of authorized signatories of the issuer and of the authorized institution, approved by the notary public.
11. Financial statements to be announced in the prospectus and/or that will be taken as basis in the calculation of limits, and financial statements specified in subparagraph (b) of the third paragraph of Article 9**,
12. The prospectus prepared pursuant to the regulations of the Board,
13. With respect to issuances of precious metal bills, the document verifying that the precious metals intermediary institution is a member of the exchange where the precious metal is traded,
14. With respect to issuances of CBs and EBs, the report on the determination of conversion and exchange ratios,
15. Rating report relating to the issuer, and the debt securities to be sold, if any***,
16. Documents confirming the information provided if deemed necessary by the Board and other documents that may be requested by the Board.

ANNEX/2
(As amended: OG 18.02.2017 – 29983)

**DOCUMENTS REQUIRED FOR DEBT SECURITIES TO BE ISSUED WITHOUT
PUBLIC OFFERING OR ABROAD (*)**

1. Application form and explanations on significant items on the financial statements that are included in the application form (detailed information on the causes of material increases/decreases in financial statement items among years, financial ratio analysis, information on matters that may affect financial standing, and capital adequacy ratio and industry comparisons for banks),
2. Consolidated version of articles of association consisting of all amendments in force, signed by the authorized representatives of the issuer,
3. Notarized copy of the resolution of the authorized body on the issuance of debt securities, taken as a minimum, in line with the templates announced by the Board,
4. With respect to issuances to be conducted by issuers that are subject to monitoring and supervision by another public institution under their specific legislation, an opinion letter issued by the relevant public institution before the application to the Board by the issuers, as to whether any matter which may obstruct the issuance exists, and/or in cases where a decision or approval by other authorities is required for issuance of debt securities as per relevant legislation, document on such decision or approval; if not required, issuer's declaration thereon.
5. Financial advisor report on detection of the paid-in capital and a copy of the TTRG on registration of the existing share capital,
6. List of authorized signatories of the issuer and of the authorized institution if any, approved by the notary public,
7. Financial statements that will be taken as basis in the calculation of issuance limits, and financial statements specified in subparagraph (b) of the third paragraph of Article 9**,
8. Information on the principles of sale, and guarantee if any, of the debt securities, a letter from the guarantor addressed to the Board and the issuer, and the notarized copy of the resolution of the relevant authorized body of the legal entity which has granted the guarantee, or a letter from the relevant department,
9. Issue document pursuant to the regulations of the Board,
10. With respect to issuances to be conducted abroad, information (first and last name, TR Identity Number, contact information) on persons who hold a secure e-signature and who have been determined to conduct the tenor issuance application,
11. With respect to domestic issuances of CBs and EBs without public offering, the report on the determination of conversion and exchange ratios,

12. With respect to domestic issuances of precious metal bills, the document verifying that the precious metals intermediary institution is a member of the exchange where the precious metal is traded,
13. Rating report relating to the issuer, and the debt securities to be sold, if any***,
14. Documents confirming the information provided if deemed necessary by the Board and other documents that may be requested by the Board.

ANNEX/3

(As amended: OG 18.02.2017 – 29983)

**INFORMATION AND DOCUMENTS TO BE SUBMITTED TO THE BOARD
BEFORE EACH ISSUE WITHIN THE VALIDITY PERIOD OF THE PROSPECTUS**

1. Final terms or securities note and summary prepared pursuant to the regulations of the Board,
2. In cases where an amendment is required on matters stated in the registration document or base prospectus, the texts consisting amendment on this matter; if amendment is not required, a declaration of the issuer thereon,
3. A copy of the intermediation contract for public offering signed with the authorized institution which will execute the sale (In cases where the intermediation contract previously sent to the Board is still in force and no amendment has been made to this contract, it is not required to send this contract again. Declaration of the issuer is satisfactory in this case.),
4. In cases where a rating report on the issuer has been conveyed to the Board during a previous application for issue ceiling, a declaration on whether there has been any change in the credit rating,
5. Documents confirming the information provided if deemed necessary by the Board and other documents that may be requested by the Board.

* In cases where the information and documents set forth in Annex/1 and Annex/2 have been announced on PDP and the issuer has declared that such information and documents are up-to-date, it is not required to send them to the Board in writing.

** Footnotes of relevant financial statements and the opinion page of the independent auditor report on the financial statements must state clearly that the financial statements have been drawn up and audited pursuant to the regulations of the Board.

*** The rating report on the issuer must be conveyed to the Board in cases where an increased limit is sought under the provisions of this Communiqué,