

CAPITAL MARKET LAW

Law Nr. 6362 Adoption Date: 6/12/2012

FIRST SECTION

General Provisions

FIRST CHAPTER

Purpose, Scope and Definitions

Purpose

ARTICLE 1 – (1) The purpose of this Law is to regulate and supervise capital markets to ensure the functioning and development of capital markets in a secure, transparent, efficient, stable, fair and competitive environment and to protect the rights and interests of investors.

Scope

ARTICLE 2 – (1) Capital market instruments, the issue of these instruments, issuers, those who public offerors, capital market activities, capital market institutions, exchanges and other organised markets where capital market instruments are traded, market operators, Capital Markets Association of Turkey, Appraisal Experts Association of Turkey, central clearing institutions, central securities depositories, the Central Registry Agency and the Capital Markets Board are subject to the provisions of this Law. Private sales of shares of non-public joint stock corporations are outside the scope of this Law.

(2) General provisions shall apply to matters where no applicable provision exists in this Law and in the secondary legislation promulgated on the basis of this Law and where it is stated in other laws that this Law shall not be applied.

Abbreviations and definitions

ARTICLE 3 – (1) In the implementation of this Law the following definitions shall apply;

- a) Intermediary institution: An investment firm authorised by the Board, exclusively for investment services and activities defined in sub-paragraphs (a), (b), (c), (e) and (f) of the first paragraph of the Article 37.
- b) Initial capital: Minimum issued capital that joint stock corporations with authorised capital are required to possess,
- c) The Association: Capital Markets Association of Turkey,
- e) Exchange: Systems and market places authorised in accordance with this Law and established in the form of joint stock corporations that are operated and/or managed by themselves or a market operator to ensure smooth and secure trading of capital market instruments, foreign exchange, precious metals and precious stones and other contracts, documents and assets deemed appropriate by the Board under free competition conditions and to determine and declare the prices formed, which operate on a regular basis to bring together purchase and sale orders so as to execute them or to facilitate bringing together of such orders,
- d) Issued capital: Capital representing the sold shares of joint stock corporations with authorised capital,
- e) Publicly-held corporation: A joint stock corporation, the shares of which are offered to public or are deemed to be offered to public,
- f) Public offer: A general call made through any means for the purchase of capital market instruments and the sale realised after this call,
- g) Public offeror: Real persons or legal entities applying to the Board in order to offer to public the capital market instruments they possess,
- ğ) Issue: The issue of capital market instruments by issuers and their sale with or without public offer.
- h) Issuer: Legal entities, who issue capital market instruments, who apply to the Board for issue or whose capital market instruments are offered to public and mutual funds subject to this Law,
- i) Related Minister: Minister assigned by the Prime Minister,
- i) Mortgaged capital market instrument: Mortgage covered securities, mortgage-backed securities, capital market

instruments other than shares issued by mortgage finance institutions and other capital market instruments which are backed by the receivables derived from housing finance or under the guarantee of these receivables,

j) Prospectus: Public disclosure document which includes all information with respect to the financial status, performance, prospects, and operations of the issuer and guarantor, if any, or the characteristics of capital market instruments to be issued or traded on the exchange and the rights and risks associated with them in order to enable investors to make an informed assessment.

k) Public Disclosure Platform: The electronic system where information that has to be publicly disclosed according to legislation is transmitted and disclosed to public with electronic signature,

l) Authorised Capital: Capital of joint stock corporations registered and announced in the trade registry, showing the maximum amount of shares that can be issued by a decision of their board of directors without being subject to the provisions of the Turkish Commercial Code dated 13/1/2011 and numbered 6102 related to the increase of the equity capital, provided that there is a provision in their articles of association,

m) Collective Investment Schemes: Investment funds and investment companies,

n) Board: Capital Markets Board,

o) Securities: With the exception of money, cheques, bills of exchange and promissory notes;

1) Shares, other securities similar to shares and depository receipts related to these shares,

2) Debt instruments or debt instruments based on securitised assets and revenues as well as depository receipts related to these securities,

ö) Central counterparty: The central clearing institution which undertakes to complete clearing by acting as seller against the buyer and buyer against the seller

p) CRA: The Central Registry Agency Incorporation which is a private law legal entity established in order to execute the operations related to the dematerialisation of capital market instruments, to monitor the records of these dematerialised instruments and their associated rights in the electronic environment as of members and right holders, to provide their central custody and to perform other tasks assigned by the Board pursuant to Capital Market Legislation,

r) Market operator: Joint stock corporations managing and/or operating exchanges or markets under exchanges,

s) Custody Service: Services related to capital market instruments deposited or delivered in dematerialised or physical form in relation to capital market activities, whether due to capital market activities or as custodian or in order to manage or as a guarantee or regardless of the name,

ş) Capital market instruments: Securities and derivative instruments as well as other capital market instruments designated in this context by the Board, including investment contracts,

t) Capital market institutions: Institutions listed in Article 35,

u) Derivative instruments: Instruments listed below or other derivative instruments designated in this context by the Board:

1) Derivative instruments giving the right to buy, sell or interchange securities,

2) Derivative instruments the values of which depend on the price or return of a security; the price or a price change of a foreign currency; an interest rate or a change in the rate; the price or a price change of a precious metal or precious stone; the price or a price change of a commodity; statistics published by institutions deemed appropriate by the Board and changes in them; derivative instruments which provide the transfer of credit risk, which have measurement values such as energy prices and climatic variables and depend on an index level which is formed by these listed items or on changes in this index level; the derivatives of these instruments and derivatives giving the right to interchange the listed underlying assets.

3) Leveraged transactions on foreign exchange and precious metals as well as other assets to be designated by the Board,

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

v) Investment firm: Intermediary institutions as well as other capital market institutions established to perform

investment services and activities, the establishment and operation principles of which are designated by the Board, and banks

y) ICC: The Investor Compensation Center which is a public legal entity established with the purpose of executing compensation decisions taken by the Board pursuant to this Law in cases where investment firms fail to fulfill their cash payment and capital market instrument delivery obligations deriving from investment services and activities.