

MAY 2021

A new Communiqué on Bearer Shares

The Law No. 7262 which was enacted on December 31, 2020 made certain amendments to the Turkish Commercial Code (“TCC”) regarding bearer shares, their transfer, and registration. These amendments which concern privately-held joint stock companies, have entered into force on April 1, 2021. Thereupon, a new Communiqué regulating the notification and registration of bearer shares to the Central Registry Agency (“CRA”) was issued by the Ministry of Trade on April 6, 2021.

Notification to the Central Registry Agency

Before the amendments took effect, the transfer of bearer shares used to be done through the transfer of possession. However, TCC now explicitly states under Article 489 that all transfer of bearer shares must be made through the transfer of possession along with their notification to CRA. Therefore, the rights arising out of bearer shares will only be used against the company and the third parties after their notification and, the date of the notification will be considered as a basis for the commencement of related rights. The notification to CRA has to be made by the transferee.

Issuance of Shares

The Communiqué also regulates the terms and conditions of the issuance of bearer shares. Indeed, these shares, once paid, can only be issued upon decision of the Board of Directors. According to the Communiqué, the decision which has to provide necessary information regarding the shareholder shall be notified to CRA, registered to the Trade Registry and published in the Trade Registry Gazette.

Attendance to General Assembly Meetings

The procedure regarding the attendance to general assembly meetings by only proving the possession of the bearer share certificate has been revoked. Accordingly, under Article 6 of the Communiqué, attendees to the general assembly meetings will be determined by the list provided by CRA.

Breach of the Rules

The company and holders of bearer shares will be subject to an administrative fine for the breach of the abovementioned provisions.

Furthermore, holders of bearer shares are under obligation to apply to the company with their share certificates until December 31, 2021 and companies are under obligation to notify this information about the shareholders and their shares to CRA within 5 business days. Non-compliant shareholders will not be able to use their rights arising out of their shares until the necessary proceedings are fulfilled.

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