

The Law No. 7262 further stipulates that companies that issue bearer share certificates shall notify the CRA of the owners of such certificates and their shares before they are distributed to the relevant shareholders. Accordingly, the amended version of the 2nd paragraph of Article 426 of the TCC, effective as of April 1, 2021, regulates that owners of bearer share certificates may

exercise their rights arising from their shareholding against the company provided that they have proven the possession of such certificates and have been notified to the CRA. The obligation for notification to the CRA under Law No. 7262 does not only apply to first owners of bearer share certificates. Under the amended article 489 of the TCC, the transfer of bearer share certificates is valid against the company and third parties only if the transferee notifies the CRA of the transfer. As per the same article, those who fail to notify the CRA may not exercise their shareholding rights arising from the TCC. Therefore, as of April 1, 2021, the possession of bearer share certificates alone will not grant the authority to exercise shareholding rights.

The 2nd paragraph of Article 489 of the TCC also provides that the date of notification to the CRA shall be taken as the basis for claiming the rights arising from bearer shares against the company and third parties. By way of this paragraph, the Law No 7262 clarifies that the notification to the CRA will not be effective retrospectively. The principles and procedures regarding the notification to be made to the CRA will be determined by a communiqué to be issued by the Ministry of Trade.

As there are bearer share certificates that are already issued and currently circulating, the Law No. 7262 also refers to their status and regulates that owners of bearer share certificates shall apply to the company with their certificates to notify the CRA of their certificates until December 31, 2021. Upon the application, companies' board of directors shall notify the CRA of the owners of such certificates and their shares within 5 business days. If owners of bearer share certificates fail to apply to the company, they may not exercise their rights arising from the bearer shares under the TCC until a due application.

In addition to the suspension of shareholding rights and invalidity of share transfers regarding bearer share certificates, the Law No. 7262 also regulates administrative fines to be imposed on those who fail to fulfill their obligations of application and notification from TRY 5,000 to TRY 20,000.

As these novelties will have impacts on the owners of bearers share certificates and failure with the notifications will lead companies/shareholders to face with the administrative fines and suspension of shareholding rights, it is important



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