GENTEMIZER

A New Era in The Capital Markets: Public Offerings, Investment Funds and Share Transfers

2026 September

Overview

Priority Criteria in Public Offering Applications (Bulletin 2026/53):

- The CMB has determined three alternative criteria for prioritising, independently of the announced queue, the public offering applications of non-publicly held corporations:
  1. First public offering of the city: The corporation being the first corporation to be traded on the exchange in the city in which, for the last 5 years, it has had its head office or has generated more than 50% of its revenue.
  2. Public control: The Treasury, the TWF or public institutions holding, directly or indirectly, management control.
  3. Large-scale international public offering: The market value of the shares to be offered to the public exceeding TRY 15 billion, an allocation of at least 50% to foreign investors, and the submission of a document set in a foreign language (all three conditions are required together).
- Priority is not automatic; an express request by the corporation is required and the final assessment rests with the CMB.

Amendments to the Guide on Investment Funds (Bulletin 2026/54):

- The number of hedge funds may no longer exceed the number of directly employed portfolio managers; existing companies have been granted a compliance period until 30 June 2029.
- Where more than 50% of the collective portfolio consists of hedge funds, an obligation to increase capital in cash by 10% has been imposed on the founder.
- Repo/reverse repo, committed transactions and murabaha have been regulated within a single framework; the aggregate of off-exchange reverse repo and promise agreements has been limited to 20% of the fund portfolio value.
- New concentration limits for hedge funds: the aggregate of positions exceeding 5% in a single instrument may not exceed 20% of the portfolio.
- The number of funds per portfolio manager has been limited to seven (phased compliance: 2029 and 2031).
- For hedge funds on TEFAS, the portfolio allocation report has been moved from monthly to weekly; immediate KAP notification has been made mandatory at investor unit thresholds.

Share Transfers by Certain Shareholders (Bulletin 2026/55):

- Sale thresholds of 2% (actual free float >50%) or 4% (actual free float ≤50%) within a 12-month period have been introduced for persons holding more than 20% of the capital and for holders of privileged shares.
- Where a threshold is exceeded, a share sale information form approved by the Board is mandatory; sales without approval,

transfers (virman)/assignments and the conversion of shares not traded on the exchange have been prohibited.

» Corporations included in the BIST 30 and corporations under public control have been exempted from these restrictions.

PMC Capital Amounts (2027):

Broadly authorised PMC: TRY 500 million; PMC with limited activities: TRY 250 million minimum paid-in capital.

Criteria to Be Given Priority in the Finalisation of Applications Relating to the Initial Public Offering of Shares

By the Board Decision No. 51/1568 dated 27 August 2026, published in Bulletin No. 2026/53 dated 27 August 2026 of the Capital Markets Board of Türkiye ("**CMB**" or "**Board**"), the Board Principle Decision No. i-SPK 128.30 on the Criteria to Be Given Priority in the Finalisation of Applications Relating to the Initial Public Offering of Shares ("**Principle Decision**") has been adopted.

The Principle Decision enables applications for going public submitted to the CMB by non-publicly held corporations ("**Corporations**") to be finalised on a priority basis, under certain conditions, without being subject to the application queue announced on the CMB's website.

Scope of the Principle Decision

The Principle Decision covers only applications for going public submitted to the CMB by non-publicly held Corporations. For this reason, the same priority mechanism is not regulated in the Principle Decision with respect to subsequent share issuances, capital increases or issuances of other capital market instruments by corporations that are already publicly held.

The subject matter of the regulation is not to amend the assessment criteria relating to the merits of applications, but to enable priority to be given to applications of a certain nature in terms of the review queue announced on the CMB's website. Therefore, the other legislation and approval conditions to which the public offering is subject will continue to apply.

Conditions of the priority mechanism

In order for an application to be finalised on a priority basis, at least one of the criteria below must be satisfied and the relevant Corporation must make a request to that effect. Accordingly, satisfying one of the criteria is not sufficient on its own; the priority mechanism arises upon the express request of the Corporation.

Pursuant to the expression "sonuçlandırıla-bilecektir" (may be finalised) used in the Principle Decision, the fulfilment of the said conditions does not give rise to an automatic right of priority, but grants the CMB the possibility of finalising the application by prioritising it independently of the announced queue. The Principle Decision furthermore does not provide any assurance that the application will be finalised positively or completed within a specific period.

Criterion of being the first Corporation to go public in a city

Where a Corporation is the first Corporation to go public and to be traded on the exchange in the city in which its head office is located and in which the factory/production facility or service offices generating more than 50% of its revenue are located, provided that there has been no change in the last five years, priority may be given to the application.

Under this criterion, not only the place where the head office is located, but also the city in which the factory, production facility or service offices generating more than 50% of the Corporation's revenue are located, is taken into account. In addition, the text of the criterion contains a condition that the said connection with the city must not have changed in the last five years.

For priority purposes, it is not sufficient for the Corporation merely to operate in the relevant city; it must also be the first Corporation to go public and to be traded on the exchange. For this criterion in particular, no minimum public offering size or foreign investor allocation ratio is additionally specified in the Principle Decision.

Public control criterion

Where the management control of a Corporation is held, directly or indirectly, by the Ministry of Treasury and Finance of the Republic of Türkiye, Türkiye Varlık Fonu Yönetimi AŞ (Turkey Wealth Fund Management Inc.) and public institutions, the application may be finalised on a priority basis.

In this context, the Principle Decision does not draw a distinction between management control being established directly and being established indirectly. However, the element taken as the basis in the text is not that public institutions hold shares at any ratio, but that they hold management control. For this reason, the voting rights and the arrangements conferring decisive influence over the management will be as important as the shareholding structure.

Criterion of a large-scale public offering complying with international standards

Under this criterion, the following conditions must be satisfied together:

» the market value of the shares to be offered to the public being more than TRY 15,000,000,000;

» an allocation of at least 50% being envisaged for the foreign investor group; and

» the submission to the CMB of a draft document set prepared in a foreign language, for the purpose of carrying out the public offering in accordance with generally accepted international legislation in addition to the Capital Markets Law and the relevant secondary legislation.

The threshold of TRY 15,000,000,000 relates to the market value of the shares to be offered to the public, and not to the total market value of the Corporation or to the estimated company value following the public offering. Pursuant to the regulation, it is not sufficient for this amount to be equal to TRY 15,000,000,000; the said value must be more than that amount.

The allocation to be made to the foreign investor group must constitute at least 50% of the shares to be offered to the public. In addition, the submission to the CMB of a draft document set prepared in a foreign language, for the purpose of conducting the public offering in accordance with generally accepted international legislation together with the Capital Markets Law and the relevant secondary legislation, is one of the mandatory elements.

The relationship among the three criteria

The three main criteria set out in the Principle Decision are alternative in nature. In order for a Corporation to be able to request priority, it is not necessary for it to satisfy all three of these criteria together; satisfying at least one of the criteria is sufficient. By contrast, the conditions listed within the third criterion itself — the public offering size, the foreign allocation ratio and the document set in a foreign language — must be fulfilled together.

The application queue and the CMB's assessment

Where priority is granted, the application may be handled without being subject to the queue announced on the CMB's website. However, satisfying the criteria and making a request do not create automatic priority; the final assessment is made by the CMB.

Priority relates only to the order in which the application is reviewed and finalised; it does not guarantee the approval of the prospectus or the realisation of the public offering, and it does not eliminate the CMB's review on the merits or its authority to request additional information or documents.

The Principle Decision does not separately determine the form of the request, the supporting documents, a separate review period, the scope of the foreign investor group, the international legislation to be taken as a basis, or the content of the document set in a foreign language. These matters will take concrete shape on an application-specific basis.

Points to be taken into account in practice

It is important for the Corporation to state expressly the criterion on which it relies and to submit current information and documents evidencing this. For the first criterion, the last five-year period and the location of the head office, facilities and offices; for the second criterion, the shareholding, voting rights and management structure evidencing direct or indirect management control must be taken into account.

If reliance is to be placed on the third criterion, the foreign investor allocation must be planned at a minimum of 50% and the draft document set in a foreign language must be prepared consistently with the application. A priority request does not replace the obligations to comply with the general legislation relating to public offerings.

Practical impact of the Principle Decision

The Principle Decision enables the applications of Corporations in three groups to be handled independently of the announced queue. The actual impact of the decision will emerge as a result of the Corporation's request and the CMB's assessment specific to each application.

CMB Bulletin No. 2026/53 dated 27 August 2026, in which the Principle Decision was published, is available here.

Investment Funds and Share Transfers in Publicly Held Corporations

Scope of the Regulation

By the Board Decision No. 52/1589, published in Bulletin No. 2026/54 dated 28 August 2026 of the Capital Markets Board of Türkiye ("**CMB**" or "**Board**"), comprehensive amendments have been made to the Guide on Investment Funds ("**Guide**") with respect to investment funds. The regulations cover the establishment and investment principles of hedge funds, repo and money market transactions, portfolio management, sales of participation units, and disclosures on the Turkish Electronic Fund Trading Platform ("**TEFAS**"), the Public Disclosure Platform ("**KAP**") and Merkezi Kayıt Kuruluşu A.Ş. (the Central Securities Depository) ("**MKK**"). By the Principle Decision No. i-SPK.128.31.a, published in the Board's Bulletin No. 2026/55 dated 31 August 2026, the principles relating to share transfers by the persons falling within the scope of Article 27(1) of the Communiqué on Shares No. VII-128.1 ("**Communiqué on Shares**") have also been updated.

Number of Hedge Funds and Capital Obligations

Article 1.2(c) of the Guide has amended the criterion relating to the number of hedge funds. Under the previous regulation, the number of hedge funds, excluding special funds, could not exceed three times the total of the portfolio managers and a maximum of three assistants per manager. Under the new regulation, special funds are also taken into account and the number of hedge funds may not exceed the number of directly employed portfolio managers. The rule applies as from 29 August 2026 to issuance, conversion and transfer applications that have not been finalised; existing companies must achieve compliance by 30 June 2029.

Article 1.2(ç) of the Guide furthermore provides that, where more than 50% of the monthly average collective portfolio managed as at the end of the accounting period consists of hedge funds, the founder must apply to the Board within 20 business days in order to increase its issued capital in cash by 10%. The first check will be carried out as at year-end 2026; subsequent checks will commence at the end of each year. This increase will be applied separately from the annual minimum capital amount determined pursuant to the Communiqué on the Principles Regarding Portfolio Management Companies and the Activities of Such Companies No. III-55.1 ("**Communiqué on PMCs**").

A new prohibition has also been added to the existing restrictions relating to fund titles. Funds that do not include the expression "yabancı" (foreign) in their titles may not use the names of foreign countries, regions or institutions, and similar expressions, such as “Gelişmekte Olan Ülkeler” (Emerging Countries), “G20 Ülkeleri” (G20 Countries) or “OECD”.

Repo, Reverse Repo, Committed Transactions and Murabaha

Article 4.2.3 of the Guide regulates on-exchange and off-exchange repo/reverse repo, committed transactions and promise agreements (vaad) within a single framework. For off-exchange transactions, a written framework agreement containing the minimum elements to be determined by Takasbank must be executed and the transaction annex document must be sent to the portfolio custodian before the transaction. The founder and the portfolio custodian are jointly responsible for the compliance of the transaction with the Guide.

The instruments set out in Article 6 of the Communiqué on Repo and Reverse Repo may be used in such transactions; fund participation units may not be underlying assets or collateral, and only BIST 30 shares may be used among corporation shares. At least one third of the instruments must consist of low-risk assets and at least one third of BIST 30 shares; the aggregate of the funds and instruments belonging to the parties and to their related parties may not exceed 25%. As a rule, the collateral for reverse repo will be at least 105% of the return amount, and 100% in the case of certain low-risk assets.

Hedge funds have also been made subject to these transaction conditions. Repo transactions may not exceed 20% of the current market value of the assets eligible for repo, and the aggregate of off-exchange reverse repo and promise agreements may not exceed 20% of the fund portfolio value. Off-exchange repo/reverse repo and promise transactions may not be carried out with the founder’s real person related parties or with the funds in which they are investors; transactions with legal entity related parties will also be limited to 10% of the fund portfolio value. Information relating to the transaction size, ratio, counterparty and instruments will be disclosed on KAP.

Article 4.2.10 of the Guide regulates murabaha and reverse murabaha transactions separately for the first time. Funds will be able to carry out murabaha transactions within the participation account or time deposit limits depending on the fund type; reverse murabaha will be subject to the 10% borrowing limit set out in the Communiqué on the Principles Regarding Investment Funds (“**Communiqué on Funds**”). Only assets that may be included in the portfolio may be the subject of such transactions, and the KAP provisions will apply by analogy.

Investment and Concentration Limits of Hedge Funds

While the general proportional flexibility of hedge funds has been maintained, new concentration limits have been introduced in Article 4.3 of the Guide. In a hedge fund, the aggregate of the capital market instruments each individually having a weight of more than 5% may not exceed 20% of the fund portfolio value; nor may the total investment made in the instruments of issuers controlled by those controlling the Manager, by its senior management or by its shareholders exceed 20%.

Depending on an issuer's actual free float ratio, the shares that a single hedge fund may acquire have been limited to 8%, 6%, 4% or 2%, respectively, of the shares in actual free float; and the total investment of the funds belonging to a single founder and managed by the same manager has been limited to 16%, 12%, 8% or 4%. For issuers controlled by investors, the limit is 1% for a single fund and 2% for the aggregate of the securities investment funds belonging to the same founder.

A single hedge fund may not acquire more than 10% of an issuer's outstanding debt instruments and lease certificates based on a management agreement, or more than 25% of its other lease certificates. Other than fund-of-funds hedge funds, the participation units of other funds may not exceed 15% of the portfolio and investment in a single fund may not exceed 10%; investment in the capital market instruments of the same group may not exceed 20% of the portfolio. The exceptions set out in the Guide for the Treasury, the Central Bank of the Republic of Türkiye, the Turkey Wealth Fund and certain public-related issuances, as well as for BIST 30 shares, have been maintained.

The control relating to the number of investors will commence at the end of the second month following the first sale, and the threshold sought for at least 15 days within the month will be increased from 10 investors to 50 or fewer investors. Existing excesses may not be increased as from 29 August 2026; without prejudice to the exceptions relating to funds having an investment period, they will be gradually eliminated by 31 December 2026.

Portfolio Management and Control Obligations

Pursuant to Article 4.4 of the Guide, at least two portfolio managers will be appointed for each fund by a resolution of the board of directors, and one of them will be the responsible manager. The responsible manager will be responsible for the compliance of investment decisions with the fund documents, with the strategy and limits disclosed on KAP and with the legislation; the founder's responsibility for representation, management and supervision will continue.

The number of funds that a portfolio manager may manage has been limited to seven, including hedge funds; real estate and venture capital investment funds are outside this calculation. For existing companies, the limit will be reduced to ten funds on 1 January 2029 and to seven funds on 1 January 2031.

Where the 30-day average value of a capital market instrument reaches 5% of the fund's average value in the same period, the research and analysis relating to each purchase-sale decision will be submitted for the approval of the general manager and will be retained for five years. Where, following the approval, there is a change of at least 15% in value, counterparty risk or concentration, the responsible manager will prepare a report within 15 days. The Founder is responsible for the complete, accurate and timely transmission of data to the custodian, Takasbank, MKK and other institutions.

Money Market and Takasbank Transactions

For money market and short-term funds, the deposit/participation account and single bank limits and the 25% limit for the Equity Repo Market have been maintained. However, it has been made mandatory for the additional collateral to be at least two thirds of the transaction size and to consist of certain low-risk assets and BIST 30 shares. In addition to government domestic debt securities, the lease certificates of Hazine ve Maliye Bakanlığı Varlık Kiralama AŞ (the Ministry of Treasury and Finance Asset Leasing Company) have also been included within the minimum 10% investment in public assets.

Hedge funds whose titles include "para piyasası" (money market) or "kısa vadeli" (short-term) will also be subject to these limits on the basis of the fund portfolio value. Existing excesses will be gradually reduced and full compliance will be achieved by 31 March 2027.

For domestic organised money market transactions, a clearing structure in which Takasbank acts as the central counterparty has been introduced, together with fund-based collateral and clearing segregation and additional collateral rules. Hedge funds' Takasbank Money Market transactions may not exceed 20% of the fund portfolio value, including borrowings. Existing excesses will be gradually reduced on 30 September 2026 and 31 October 2026, and will be fully eliminated on 30 November 2026.

Sales of Participation Units, TEFAS and Public Disclosure

The upper limit for participation units may be determined in the initial prospectus or in an application for the amendment of the prospectus, on objective grounds such as market liquidity; the ground of preserving or increasing performance may not be used. For hedge funds, an application for the amendment of the prospectus has been made mandatory for the upper limit, and the principles that sales are to cease once the upper limit is reached and that the threshold for the resumption of sales is to be disclosed in the prospectus have been maintained.

For funds on TEFAS, including hedge funds, a minimum transaction number and a unit quantity that is a multiple thereof may be determined for purchase orders. Compliance will be achieved by 31 December 2026; prospectus amendments will be made pursuant to the Communiqué on Funds without Board approval.

It has been made mandatory for the sale of funds, including hedge funds, to commence within 60 days from the service of the prospectus. If the sale does not commence, the founder and the portfolio custodian will inform the Board within six business days; the approval of the prospectus will automatically become invalid and the fund will be liquidated ex officio.

The portfolio allocation report of hedge funds on TEFAS will be prepared weekly instead of monthly and will be announced on KAP within three business days instead of the following six business days. Where an investor's holding in a fund on TEFAS reaches 30%, 40%, 50%, 60%, 70%, 80% or 90% of the outstanding participation units, or falls below these thresholds, the person and the ratio will be disclosed on KAP by MKK on the same day. Where the change results from the number of units, the information will additionally be published on the TEFAS Fund Information Platform.

Investment Funds and Share Transactions by Certain Shareholders

Article 12.5 of the Guide has introduced a Board-approved share sale information form system for the share transactions of investment funds falling within the scope of Article 27 of the Communiqué on Shares. The prohibition on special funds, hedge funds, real estate investment funds and venture capital investment funds acting as buyers by way of a special order or on the BİAŞ Wholesale Trades Market (“**WTM**”) has been maintained; special funds and hedge funds have also been prohibited from acting as sellers. In the sale of shares of publicly held corporations that are not traded on the exchange and that have entered real estate and venture capital investment funds by way of transfer (virman) or assignment, an information form will be submitted to the Board before the conversion application to MKK.

For funds other than these funds, belonging to the same manager and to a single founder, the shares that may be acquired in a single transaction by way of a special order or on the WTM may not exceed 1% of the capital or voting rights, and 3% in aggregate over 12 months. The 12-month limit of 3% will also apply to special order or WTM sales made to securities investment funds by the persons referred to in Article 27(1) of the Communiqué on Shares. Where the limit is exceeded, an information form and Board approval will be required before the transaction; no transaction may be carried out without approval.

In a corporation whose shares are traded on the exchange, shareholders directly holding, alone or together with persons acting in concert, more than 20% of the capital, and shareholders holding privileged shares conferring the right to elect at least one of the members of the board of directors or to nominate candidates at the general assembly, fall within the scope of Article 27(1) of the Communiqué on Shares.

Such persons may not, in any 12-month period, carry out share sales by way of a special trade notification, the WTM or transfer (virman)/assignment methods exceeding 2% of the capital or voting rights in corporations whose actual free float ratio is above 50%, or 4% in corporations whose actual free float ratio is 50% or below, without a share sale information form approved by the Board. The threshold to be applied will be determined according to the actual free float ratio as at the date of sale, and sales made by the said methods will be taken into account together.

Where the thresholds are exceeded, a share sale information form will be prepared before the transfer and submitted for the approval of the Board, without applying the conditions set out in Articles 27(5) and 15 of the Communiqué on Shares. Without an approved share sale information form, sales may not be the subject of a special trade notification or of WTM transactions, transfers (virman)/assignments may not be carried out, and the shares of such shareholders that are not traded on the exchange may not in any way be converted into shares of a nature traded on the exchange. The shareholder transferring the shares and the investment firm intermediating the transaction are responsible for compliance with these obligations.

Sales carried out off-exchange before 29 August 2026 will not be included in the calculation of the 12-month ratio. These restrictions and conditions will not apply to corporations included in the BIST 30 Index or to corporations whose management control is held, directly or indirectly, by the Ministry of Treasury and Finance of the Republic of Türkiye, Türkiye Varlık Fonu Yönetimi AŞ or public institutions.

2027 Capital Amounts of Portfolio Management Companies

Pursuant to Article 41 of the Communiqué on PMCs, the initial capital and minimum paid-in capital amount for 2027 has been determined as TRY 500,000,000 for broadly authorised portfolio management companies and TRY 250,000,000 for companies with limited activities. These annual thresholds are separate from the 10% cash capital increase obligation subject to the condition set out in Article 1.2(ç) of the Guide.

Entry into Force and Compliance Timeline

The rule on the number of hedge funds and certain transitional provisions entered into force on 29 August 2026. For excesses in the Takasbank Money Market limit, 30 September 2026 and 31 October 2026 have been set as the reduction dates and 30 November 2026 as the full compliance date. General compliance for a significant part of the repo/reverse repo and hedge fund concentration provisions will commence on 31 October 2026; compliance will be achieved by 31 December 2026 in respect of central clearing, collateral, the TEFAS minimum transaction number and many investment limits.

Excesses in money market or short-term hedge funds will be gradually eliminated by 28 February 2027 and 31 March 2027; the fund-based clearing provisions for certain exchange and organised money market transactions will enter into force on 31 December 2027. The limit on the number of funds per portfolio manager will be applied gradually on 1 January 2029 and 1 January 2031; the final compliance date for existing companies with the rule on the number of hedge funds will be 30 June 2029.

Under Bulletin No. 2026/54, the establishment and investment limits of hedge funds, repo and money market transactions, portfolio management, sales of participation units, and TEFAS, KAP and MKK disclosures have been re-regulated. Entry into force and phased compliance dates varying according to the subject matter have been determined for these regulations. By Bulletin No. 2026/55, the 2% and 4% thresholds in share transfers by certain shareholders and the share sale information form and Board approval system have also been re-regulated; the conversion of shares not traded on the exchange prior to approval has been prohibited, and BIST 30 corporations and corporations under public control have been left outside the scope.

CMB Bulletin No. 2026/54 is available here, Bulletin No. 2026/55 here, the current Guide dated 28 August 2026 here and the previous version of the Guide, as updated on 14 August 2025, which was taken as the basis for the comparison, here.

GenTemizer is a Turkish law firm based in Istanbul, Türkiye. We advise various businesses in relation to their investments, M&A, competition law/antitrust, project financing and construction projects as well as on operational and dispute resolution matters in the context of the Turkish regulatory framework. We have also advised investors in relation to government sponsored privatisation projects.

We are listed in *Legal 500, IFLR1000* and *Chambers and Partners* as one of the leading law firms in Türkiye. Each of our partners have also been recognised as one of the leading lawyers in Türkiye. We understand and can meet the demanding requirements and innovative, responsive thinking required for an investment transaction in Türkiye.

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