Cross-Border Listings Guide - Borsa Istanbul

Continuing obligations/periodic reporting

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# Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

*Disclosure requirements*

*Public Disclosure Platform*. All listed companies are required to disclose, through the PDP, their financial statements, footnotes thereto, material events and all other information and/or events that may affect an investor's decision to invest in securities. The PDP is a Borsa Istanbul-operated and managed electronic system utilizing internet and electronic signature technologies. The system enables all users to access both current and past notifications of a listed company, to obtain current announcements and up-to-date general information on listed companies in a transparent and timely manner and to make basic comparisons of listed companies. The internet address of the system is *www.kap.gov.tr*.

*Financial disclosure requirements*. Companies listed on the Borsa Istanbul are required to comply with Borsa Istanbul information and disclosure requirements. There are two types of disclosure requirements: one relating to financial statements, the other to material events. For financial statements:

Companies must apply TAS/TFRS (which are substantially in line with IAS/IFRS). Companies are required to publish annual and interim financial statements and independent audit reports through the PDP. These statements and reports must also be published on the companies' websites, if any.

Listed companies must provide a financial statement annually and interim financial statements quarterly each calendar quarter. Interim statements must contain a comparison statement against the annual statement.

Independently audited year-end financial statements and reports must be submitted to the Borsa Istanbul and CMB within 60 days following the end of the accounting period (if a company is required to submit consolidated financial statements, this is extended to 70 days). The report must remain publicly available for at least five years on the company's website.

Independently audited interim financial statements must be submitted within 40 days following the end of the respective interim period (if a company is required to submit consolidated financial statements, this is extended to 50 days).

Audited interim financial statements must be submitted within 30 days following the end of the respective interim period (if a company is required submit consolidated financial statements, this is extended to 40 days).

*Disclosure of material events*. On 23 January 2014, the CMB issued the new Communiqué on Material Events No. II-15.1 (the Disclosure Communiqué) which repeals the Communiqué Serial VIII and No. 54 on principles regulating public disclosure of material events (former communiqué), to integrate new rules under the Capital Markets Law. The Disclosure Communiqué expands disclosure requirements to also include private companies that have offered debt instruments, non-public companies issuing securities through private placement and companies listed in the Equity Market for Qualified Investors (i.e. non-public companies whose shares are traded in the foregoing sub-market). Beyond that, the Disclosure Communiqué follows the former communiqué, which had a fairly broad scope of disclosure. Under Article 27 of the Disclosure Communiqué, the CMB is authorized to publish disclosure guidelines that define and discuss the disclosure requirements, and provide illustrative examples. Accordingly, the CMB has published the new public disclosure guidelines on implementing these new disclosure rules on 27 June 2014 and abolished the CMB's disclosure guidelines published in 2009. The new disclosure guidelines, however, does not provide any major changes as there is no major change in the rules' underlying aim.

The Disclosure Communiqué applies to (i) public companies, and (ii) private companies issuing capital market instruments in Türkiye.

Generally, under the Disclosure Communiqué, any information, event or development that may affect investors' investment decisions and/or the value or price of capital market instruments must be publicly disclosed.

In addition, the Disclosure Communiqué provides for cases that must be disclosed without regard to their effect on investment decisions or capital market securities prices. These special disclosure requirements also concern block sales of issuers' shares.

*Disclosure of beneficial interests in shares*. Persons who become direct or indirect holders of 5%, 10%, 15%, 20%, 25%, 33%, 50%, 67% or 95% of an issuer's issued share capital or voting rights are required to publicly disclose such event. The same requirement also applies to shareholders of issuers when the total number of their shares or voting rights falls below or exceeds these thresholds. All of the voting rights, including the circumstances where a voting right freezes, are considered in calculating the percentages above. This calculation is made separately for different groups of shares and their attached voting rights.

Disclosures on acquisition of blocks of shares must contain the (i) name of the person making the disclosure, (ii) name of the company that is the subject of the disclosure, (iii) date of the transaction, (iv) number, nominal value of the shares and transaction value, and (v) number of shares and shareholding structure pre- and post-transaction.

Shareholding of persons acting together must be aggregated to determine if the above thresholds are exceeded. For instance, the shareholdings or voting rights held by an entity are aggregated with the shareholdings or voting rights of (i) its controlled subsidiary, and (ii) persons who have agreed explicitly or implicitly, verbally or in writing to vote in the same way on the same matter.

*Other disclosure requirements*. Any changes in issuers' general information published on the Public Disclosure Platform must be updated by the issuers within two business days following the change.

There are several other detailed public disclosure requirements in connection with events such as mergers and acquisitions specifically governed by the Disclosure Communiqué.

*Regimes applicable to corrupt trading*

*Insider trading*. Insider trading is a crime defined in the Capital Markets Law as benefiting from, or permitting others to benefit from, or avoiding losses through, or enabling others to avoid losses through, the use of non-public information which may affect the value of securities. Benefiting from non-public information is the essential element. For an act to constitute an insider trading violation, the information must be utilized in a manner which provides an unfair advantage over other investors. Insider trading violations are punishable by a prison term of three to five years or by fines. The minimum monetary fine imposed may not be less than two times the monetary benefit obtained through such actions.

*Manipulation*. The Capital Markets Law defines two types of market manipulation. The provision of information, disseminating news or making comments in a false, falsified, misleading or groundless manner and not disclosing information which is required to be disclosed by law is defined as "market manipulation based on information"; whereas, the sale and purchase of securities for the purpose of artificially affecting supply and demand, creating an impression of an active market, keeping the prices at a particular level or artificially increasing or decreasing the prices is defined as "market manipulation." Manipulation violations are punishable by a prison term of three to five years and by fines. The minimum monetary fine imposed may not be less than the monetary benefit obtained through such actions.

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