

Communiqué on Equity Crowdfunding Is Officially Published

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By way of background, in January 2019, the Capital Markets Board (“**CMB**”) had issued an announcement on its website on the Draft Communiqué on Equity Crowdfunding¹. The CMB has now officially published the Communiqué on Crowdfunding No. III-35/A (“**Communiqué**”), on October 3, 2019. The Communiqué entered into force as of October 3, 2019.

The Communiqué appears to be in line with its draft, and addresses several main topics such as, (i) crowdfunding platforms, (ii) activities of crowdfunding platforms, (iii) subscription to crowdfunding platforms and the campaign process and (iv) areas for the use of the funds and venture capital firms.

The Communiqué requires crowdfunding platforms to apply to CMB for listing and to comply with specific requirements. For instance, a crowdfunding platform must be established as a joint stock company with a fully paid minimum capital of TL 1,000,000 and must include “Crowdfunding Platform” in its trade name. Per the Communiqué, crowdfunding platforms cannot carry out activities other than crowdfunding, except for consultancy services to be provided to venture capital firms. They are also required to establish a campaign website for each venture capital firm or project and provide periodical updates for a period of 5 years, in addition to instantaneous updates on the target and remaining amount of funds to be collected, number of investors and the remaining period for each project.

The Communiqué determines a maximum limit of TL 20,000 or 10% of the investor’s declared yearly net income (which cannot exceed TL 100,000) for the amount each investor may invest in a given project within one year, and the maximum amount of funds project owners and venture capital firms may raise through crowdfunding: this is limited to the issue threshold announced by the CMB through its annual bulletin. The Communiqué also limits crowdfunding platforms’ promotional activities, where crowdfunding platforms can only promote completed projects and/or achieved venture capital firms within their advertisements and other promotional activities.

As for the platforms located outside Turkey, the Communiqué excludes crowdfunding activities participated by Turkish citizens through platforms which are located outside of Turkey, and the accounts which are opened and operated abroad for this purpose, on the condition that no promotional or marketing activity has been carried out for these crowdfunding activities in Turkey, in a manner that targets residents in Turkey. For the purposes of this exclusion, establishing a workplace in Turkey by foreign platforms, establishing a Turkish website, directly or indirectly, through persons or institutions resident in Turkey, promoting crowdfunding

¹<http://www.mondaq.com/turkey/x/769986/Fund+Management+REITs/Capital+Markets+Board+Announces+The+Draft+Communiqu+On+Crowdfunding>

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activities will be deemed as “activities that target residents in Turkey” and will fall under the scope of the Communiqué.

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