

AMENDMENT TO THE RULES FOR OFFERING SECURITIES AND CONTINUING OBLIGATIONS

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On March 3, 2022, the Board of the Capital Market Authority (the “CMA”) approved the amendment to The Rules on the Offer of Securities and Continuing Obligations. The amendments regulate an additional option through which the capital of companies listed in the capital market (both the main market and the parallel market (Nomu)) is increased through share issuance with the suspension of preemptive rights. This new option, now available for listed companies, is in accordance with Article 140 of the Companies Law, which states that the extraordinary general assembly of a joint-stock company has the right to increase its capital by issuing new shares with the suspension of preemptive right to shareholders.

Limitations

The maximum percentage of the capital increase with the suspension of preemptive right has been set at 15% of the issued capital. The CMA stated that it will continue to study this percentage and may increase it in the future. The amendments also limit the categories of investors to whom the shares are issued through this option to: “Qualified Clients” and “Institutional Clients,” as defined by the CMA. Investors owning the shares through this option may not dispose of such shares for six months following their listing date.

ISSUANCE REQUIREMENTS

Issuance through this option requires the submission of a prospectus in accordance with the requirements of Annex 10(a) of the Rules on the Offer of Securities and Continuing Obligations. But, unlike in the case of a rights issue, underwriting is not required.

OFFERING PERIOD

The financial advisor, in consultation with the issuer, may extend the offering period stipulated in the prospectus before the period expires. But investors who subscribed before the extension have the right to cancel or amend their subscriptions.

CAPITAL INCREASE OPTIONS

This new option comes as an additional option to the currently available options to increase the capital of listed companies, which are: 1) rights issue, 2) capitalization issue, 3) debt conversion, 4) acquisition of a company, and 5) asset purchase. All capital increase options require the approval of the CMA before convening the issuer's Extraordinary General Assembly. The approval of the issuer's Extraordinary General Assembly must also be obtained within six months from the CMA's approval.

**Contact us for further
information**



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