

The Law No. 6741 on Establishment of Turkish Wealth Fund Management Company [Türkiye Varlık Fonu Yönetimi Anonim Şirketi] and Amendments in Certain Laws published in the Official Gazette dated 26.08.2016 numbered 29813.

## **The Law No. 6741 on Establishment of Turkish Wealth Fund Management Company and Amendments in Certain Laws**

### **Purpose and scope**

**Article 1** – (1) The purpose of this Law is to incorporate Turkish Wealth Fund Management Company and set forth the principles of its management and activities in order to establish Turkish Wealth Fund [Türkiye Varlık Fonu] and its sub-funds for the purpose of providing capital market's instruments depth and diversity, bringing domestic public assets in economy, procuring external source, taking part in strategical, large-scale investments.

### **Establishment of Turkish Wealth Fund Management Company and its scope of activity**

**Article 2** – (1) Turkish Wealth Fund Management Company is established subject to private laws, affiliated with Presidency, and administered by professional management standards and the main scopes of activities are establishment and management of Turkish Wealth Fund and its sub-funds.

(2) The Company is directly registered to the trade registry on the effective date of this article without further procedure.

(3) Considering the targets designated in strategic investment plan and preferences on investment, risk, liquidity and return, the Company may realize;

a) the sale and purchase of shares of domestic and foreign companies, the shares and debt instruments belonging to issuers established in Turkey and abroad, precious metals and commodity based issued capital market instruments, fund participation units, derivatives, lease certificates, real estate certificates, specially designed foreign investment instruments and other instruments,

b) all kinds of money market transactions,

c) the evaluation of real estate and rights based on real estate together with all kinds of intangible rights,

ç) all kinds of project development, project based fund raising, providing external project credit and transactions providing fund by way of other methods,

d) all kinds of commercial and financial activities,

at primary and secondary national and international markets. The Company can participate in national investment and investments to be made by other countries and/or foreign companies in international areas.

(4) Portfolio management unit, research unit, accounting, register, information, documentation system organization providing regular work-flow and communication, internal control and risk management system and internal audit unit, fund service unit and other necessary units shall be established under the organizational structure. The Company may procure services in terms of its scope of activity. The Articles of Association of the Company comprising the purpose and scope of activity, capital, shares, principles of share assignment, privileged shares, liquidation, transfer, merger, termination, organs, committees and duties, authorities, responsibilities, working procedures and principles and composition of those, accounting and distribution of profits, principles related to organization and other issues are directly registered and announced without being subject to general provisions.

(5) The founding capital of the Company equals to TRY 50.000.000- (Fifty million Turkish Liras) is paid by Privatization Fund. The representative shares of this fully paid capital are owned by Privatization Administration.

(6) The shares of the Company are registered shares.

(7) The Chairman and members of board of directors forming at least five persons and general manager are appointed according to related legislation.

### **Turkish Wealth Fund**

**Article 3** – (1) The principles and procedures of organization and operation of the Company is determined by the President. Turkish Wealth Fund is established upon the registration of the Turkish Wealth Fund's bylaw to the Trade Registry. Besides, Sub-funds affiliated with Turkish Wealth Fund may be established if considered necessary.

(2) A three years strategic investment plan comprising the Company and its subsidiaries along with Turkish Wealth Fund and the sub-funds to be established within Turkish Wealth Fund shall be prepared by board of directors and be effective upon approval of the President.

(3) The Turkish Wealth Fund and sub-fund's establishment, structure, functioning, management and the transactions to be made are determined within the scope of the Turkish Wealth Fund's bylaw and articles and association of the Company.

### **Procurement of Finance and Sources of Turkish Wealth Fund**

**Article 4** – (1) Sources of Turkish Wealth Fund comprises of;

a) The institutions and assets which fall within the scope and program of privatization and decided by the High Board of Privatization to be transferred to the Turkish Wealth Fund and cash surplus decided by the High Board of Privatization Fund to the Turkish Wealth Fund,

b) The surplus income, resources and assets which are in the possession of public entities and institutions within the public sectors and which are decided by the President to be transferred to the Turkish Wealth Fund or managed by the Company,

c) The funding and sources which are provided from national and international money and capital markets by the Turkish Wealth Fund without seeking for the permissions and approvals stated in the related legislations,

ç) The funding and sources provided through other resources in addition to the money and capital markets.

d) **(Supplement: Decree/684-2.1.2017/m.9)** State-owned enterprise, and the public shares of its organization, enterprise, administration, units and assets, the public shares of enterprises more than half or total capital of which are state-owned, and/or the public shares of other commercial enterprises owned by public entities, shares and asset of commercial enterprises the total capital of which are owned by public, the public shares of other State-owned affiliates, the shares of treasury which are resolved to transfer to Turkish Wealth Fund or manage by the Company by the President's Decree.

(2) In case the Company requires, the methods stipulated in the Capital Markets Law numbered 6362 dated 6/12/2012 and the relevant legislation can be followed on the issuance of capital market instruments in a way special to each issuance. In this case, the Board fee shall not be paid in accordance with the Law numbered 6362.

(3) A warrant, pledge and guarantee can be created on the portfolio of the Turkish Wealth Fund while procuring finance.

(4) The Company can agree with real estate valuation company which is included in the Capital Markets Board List in order to assess real estates, real estate projects, or a value of a right and benefit at a specific date affiliated with a real estate by analyzing the quality of the real estate which affects this value, the market and environmental conditions and within the frame of internationally accepted valuation standards.

### **Registration of Assets and Rights on behalf of Turkish Wealth Fund**

**Article 5** – (1) The assets and rights transferred to the Turkish Wealth Fund and any kind of values obtained as a result of from the activities carried out, which can be subject to the registration shall be registered to the related registry or land registry on behalf of Turkish Wealth Fund. Turkish Wealth Fund is deemed to have a legal personality limited to the registration transactions within the scope of this article.

### **Audit**

**Article 6** – (1) The Company, other companies to be established by the Company, Turkish Wealth Fund and sub-funds to be established within Turkish Wealth Fund is subject to independent audit. The Company adapts cooperate governance regulations within the scope of the Law numbered 6362.

(2) The independently audited financial statements and activities of The Company, other companies to be established by the Company, Turkish Wealth Fund and sub-funds to be established within Turkish Wealth Fund is audited by at least three central auditors in accordance with independent audit standards who will be appointed by President and, who shall have experience in capital markets, finance, economy, treasury, banking and development areas. The report, which will be prepared as a result of the audit, shall be submitted to the President annually until the end of June.

(3) Planning and Budget Commission of Turkish Grand National Assembly discusses and audits previous year's financial statements and activities of the Company, other companies to

be established by the Company, Turkish Wealth Fund and sub-funds to be established within Turkish Wealth Fund annually on October through the audit reports addressed by Presidency and prepared pursuant to paragraph 1 and 2.

### **Seizure and Pledge of Turkish Wealth Fund's Assets**

**Article 7** – (1) The assets of Turkish Wealth Fund and assets and rights transferred to be managed by the Company are separate from the Company's assets. Turkish Wealth Fund's assets shall not be provided as collateral or pledged, not to be disposed for another purpose, cannot be subject to seizure with the purpose to collect public receivables, imposed to an interim injunction or included in a bankrupt's estate for any other purpose other than the businesses and transactions regarding the operations of which the Turkish Wealth Fund and sub-funds are entitled to engage, including procurement of finance from money and capital markets provided that such transactions shall be conducted on the account of the Turkish Wealth Fund. The debts and obligations of the Company to third persons and the receivables of the Turkish Wealth Fund from the same third person may not be set off against each other.

### **Exemptions and Exceptions**

**Article 8** – (1) The Company, the Turkish Wealth Fund incorporated as per this Law and the companies and sub funds to be established by the Company are exempt from income and corporate tax. This exemption also covers the tax cuts to be realized over their incomes and revenues as per the Income Tax Law dated 31/12/1960 and numbered 193, and Corporate Tax Law dated 13/06/2006 and numbered 5520.

(2) The Company, the Turkish Wealth Fund and the companies and sub funds to be incorporated by the Company are exempt from taxes, fees, contribution rates and approval fees received as per the Municipal Revenues Law dated 26/5/1981 and numbered 2464, excluding electricity and gas consumption taxes and fire insurance taxes, from real estate tax for the real estates owned, land registry and cadastre revolving fund costs regarding the real estates purchased and sold, and from the obligation to deposit guarantee in all lawsuits and enforcement proceedings.

(3) All documents drawn up regarding the transactions executed within the scope of the activities including incorporation and registration transactions of the Company and the Turkish Wealth Fund and the companies and sub funds to be incorporated by the Company, registration and announcement proceedings of its articles of association are exception to the stamp tax, their all proceedings and transactions are exception to all kinds of fees, the amounts paid to the taxpayers of banking and insurance transaction tax in cash or on account under any circumstances, and the monies received in cash or on behalf for advantage under any circumstances are exception to the banking and insurance transaction tax, all credit usage transactions are exception to the resource utilization support fund.

(4) The Company and the Turkish Wealth Fund and the companies and sub funds to be incorporated by the Company are not subject to the legislations, implementations and restrictions applied for public institutions and establishments which hold more than half of the capital or which are incorporated with a private law, including state economic enterprises.

(5) Law on the Courts of Account dated 3/12/2010 and numbered 6085, Law numbered 6362 and its secondary legislation entered into force with this Law, Statutory Decree on State

Economic Enterprises dated 8/6/1984 and numbered 233, Statutory Decree dated 22/1/1990 and numbered 399 regarding Adjustment of State Economic Enterprises Personnel Regime and Abolishing of Some Provisions of the Statutory Decree numbered 233, State Personnel Law dated 14/7/1965 and numbered 657, Statutory Decree dated 4/7/2001 and numbered 631 regarding Regulations on Financial and Social Rights of Civil Servants and Other Public Officials and Making Amendments on Some Laws and Statutory Decrees, Statutory Decree dated 13/12/1983 and numbered 190 regarding General Personnel and its Procedure, Statutory Decree dated 18/5/1994 and numbered 527 regarding Making Amendments on some Laws and Statutory Decrees about Civil Servants and Other Public Officials, Travelling Expense Law dated 10/2/1954 and numbered 6245, Law dated 2/4/1987 and numbered 3346 regarding Auditing of State Economic Enterprises and Funds by the Turkish Grand National Assembly, Public Tender Act dated 4/1/2002 and numbered 4734, Public Tender Contracts Law dated 5/1/2002 and numbered 4735, Public Tender Act dated 8/9/1983 and numbered 2886, Transportation Law dated 5/1/1961 and numbered 237, Public Housings Law dated 9/11/1983 and numbered 2946, Law on Formation of Press-Announcement Association dated 2/1/1961 and numbered 195, Law on the Protection of Competition dated 7/12/1994 and numbered 4054, Privatization Applications Law dated 24/11/1994 and numbered 4046, and provisions regarding additions to and amendments on them, shall not apply to the Turkish Wealth Fund, the Company, sub funds and other companies incorporated by the Company. Relevant provisions of laws regarding recruiting of personnel to public institutions and establishments shall not apply to the personnel who will be recruited by the Company.

(6) Asset leasing companies to be incorporated by the Company gets advantages of all rights, exceptions, reductions and exemptions granted to asset leasing companies which are incorporated within the framework of article 7/A of the Public Financing and Debt Management dated 28/3/2002 and numbered 4749. Asset leasing companies incorporated as per this article are exempt from registration fee and listing fee, which are required to be paid to Borsa Istanbul Anonim Şirketi that issuers are subject to, regarding the securities issued.

**Article 9 – (It is related and added to Value Added Tax dated 25/10/1984 and numbered 3065.)**

**Article 10 - 11 – (It is related and added to the Public Financing and Debt Management Law dated 28/3/2002 and numbered 4749. )**

**Temporary Article 1 –** Based on Article 4 of this law, the Undersecretariat of Treasury will continue to use the lending allowances based on 2017 Central Management Budget Law dated 16/12/2016 and numbered 6767, assigned to the Undersecretariat of Treasury for the companies transferred to Turkey Wealth Fund, during the year in order to transfer to related institutions

**Article 12 –** (1) This Law enters into force upon its announcement.

**Article 13 –** (1) The Council of Ministers conducts the provision of this Law.