

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

Purpose and scope

Article 1 – (1) The purpose of this Law is to establish the Türkiye Wealth Fund Management Joint Stock Company (Company) and set forth the principles of its management and activities in order to establish Türkiye Wealth Fund and its sub-funds for the purpose of making contribution to capital markets in terms of depth and diversity of instruments, bringing domestic public assets into the economy, procuring external sources, taking part in strategical, large-scale investments.

Establishment of Türkiye Wealth Fund Management Company and its Scope of Activity

Article 2 – (1) As an affiliate of the Presidency, the Türkiye Wealth Fund Management Joint Stock Company, the main field of activity of which is establishment and management of Türkiye Wealth Fund and its sub-funds as prescribed in this Law, is established as subject to provisions of private law and shall be administered by professional management standards.^[1]

(2) The Company is registered automatically (*ex officio*) with the trade registry on the effective date of this article without further action.

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

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

b) any and all kinds of money market transactions,

c) utilization of real estates and rights based on real estate as well as all kinds of intangible rights,

ç) any and all kinds of funding procurement activities by way of project development, project based funding, external project loan extension and other methods,

d) any and 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, organization to ensure regular workflow and communication and systems for accounting, recording, information and documentation, internal control and risk management system and internal audit unit, fund service unit and other necessary units shall be established under the organizational structure of the Company. The Company may procure services in respect of its areas of activity. The articles of association of

^[1] Pursuant to Article 157 of the Decree dated 2/7/2018 and numbered 703, the term of “Prime Ministry” has been amended as “Presidency”.

the Company comprising issues such as purpose and subject matter, share capital, shares, principles of share transfers, privileged shares, liquidation, acquisition, merger, termination, organs, committees and duties, authorities, responsibilities, working procedures and principles and composition thereof, accounts and distribution of profits, and principles related to organization and other issues are directly registered and published without being subject to general provisions.

(5) The initial share capital of the Company equals to 50.000.000- (fifty million) Turkish Liras and is paid by Privatization Fund. The shares representing this fully paid capital belong to the Directorate of Privatization Administration.

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

(7) The Chairman and members of board of directors composed at least five persons and general manager are appointed according to related legislation. (Abolished second sentence: 2/7/2018- Decree- 703/ Art.157) (...) ^[2]

Türkiye Wealth Fund^[3]

Article 3 – (1) The principles and procedures regarding organization and operation of the Company are determined by the President. Türkiye Wealth Fund is established upon the registration of the Türkiye Wealth Fund’s by-law, which is prepared by the Company, with the trade registry. In addition, sub-funds affiliated with Türkiye Wealth Fund may be established, if needed.

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

(3) The establishment, structure, functioning, management and transactions of such funds shall be determined within the scope of the Türkiye Wealth Fund’s by-law and the articles and association of the Company.

Türkiye Wealth Fund’s Sources and Procurement of Financing^[4]

Article 4 – (1) Sources of Türkiye Wealth Fund comprise of;

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

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

c) The funding and sources which are procured from national and international money and capital markets by the Türkiye Wealth Fund without having required to obtain permissions and approvals set out in the related legislations,

ç) The funding and sources procured through methods other than money and capital markets.

^[2] Pursuant to Article 157 of the Decree dated 2/7/2018 and numbered 703, the term of “by the Prime Minister” has been amended as “in accordance with relevant legislation”.

^[3] Pursuant to Article 157 of the Decree dated 2/7/2018 and numbered 703, the term of “Council of Ministers” in the first paragraph of this article has been amended as “Presidency”, the term of “of the Council of Ministers” in the second paragraph has been amended as “of the President”.

^[4] Pursuant to Article 157 of the Decree dated 2/7/2018 and numbered 703, the terms of “Council of Ministers” in subparagraphs (a) and (b) of the first paragraph of this article has been amended as “Presidency”.

d) **(Supplemented: 2/1/2017- Decree-684/ Art.9; Accepted: 1/2/2018- 7074/ Art.9)** Public economic enterprises and the State-owned shares of their affiliates, enterprises, enterprise units and assets and subsidiaries, the State-owned shares of commercial enterprises more than half or all share capital of which are owned by the State and/or other public legal entities, shares and assets of commercial enterprises the total share capital of which are owned by the State, the State-owned shares of other State-owned subsidiaries, the shares owned by the Treasury which are decided to be transferred to the Türkiye Wealth Fund or managed by the Company by the President.

(2) If required by the Company, the methods stipulated in the Capital Markets Law numbered 6362 dated 6/12/2012 and the relevant legislation may be followed in case of issuance of capital market instruments specific to each issuance. In this case, the Board fee shall not be paid in accordance with the Law numbered 6362.

(3) A security, pledge, surety and mortgage can be created on the portfolio of the Türkiye Wealth Fund while procuring financing.

(4) The Company may engage with real estate valuation companies which are enlisted in the Capital Markets Board's list in order to analyze the value of real estates, a real estate project or the value of rights and benefits related to a real estate at a specific date, and the characteristics, market and environmental conditions that affect such value and to carry out the valuation in accordance with internationally accepted valuation standards.

Registration of Assets and Rights on behalf of the Türkiye Wealth Fund

Article 5 – (1) Any and all assets and rights transferred to the Türkiye Wealth Fund and any other benefits obtained as a result of the activities carried out by the Company, which may be subject to the registration, shall be registered with the relevant registry or register on behalf of the Türkiye Wealth Fund. The Türkiye Wealth Fund shall be deemed to have a legal personality limited to registration transactions within the scope of this article.

Audit^[5]

Article 6 – (1) The Company, other companies to be established by the Company, the Türkiye Wealth Fund and sub-funds to be established within the Türkiye Wealth Fund shall be subject to independent audit. The Company shall abide by corporate governance regulations within the scope of the Law numbered 6362.

(2) The independently audited financial statements for previous years and activities of the Company, other companies to be established by the Company, the Türkiye Wealth Fund and sub-funds to be established within Türkiye Wealth Fund shall be audited in accordance with independent audit standards by at least three centralized audit staff to be appointed by the President having expertise in capital markets, finance, economy, treasury, banking and development areas. The report to be prepared as a result of the audit shall be submitted to the President annually until the end of August.^[6]

(3) Each year within October, the Planning and Budget Commission of Turkish Grand National Assembly discusses and controls the previous year's financial statements and activities of the Company, other companies to be established by the Company, the Türkiye Wealth Fund and sub-funds to be established within Türkiye Wealth Fund through the audit reports prepared within the

^[5] Pursuant to Article 157 of the Decree dated 2/7/2018 and numbered 703, the term of "Prime Minister" in the second paragraph of this article has been amended as "President" and the term of "to the Council of Ministers" has been amended as "to the "President", the term of "Prime Ministry" in the third paragraph has been amended as "Presidency".

^[6] Pursuant to Article 15 of the Law dated 16/4/2020 and numbered 7244, the term of "June" in the last sentence of this paragraph has been amended as "August".

scope of sub-paragraphs 2 and 3 herein and sent by the Presidency.

Seizure and Pledge of Assets of Türkiye Wealth Fund

Article 7 – (1) The assets of the Türkiye Wealth Fund and assets and rights transferred to and for management by the Company are separate from the Company’s assets. Türkiye Wealth Fund’s assets, shall not be provided as collateral or pledged, for any other purpose other than the businesses and transactions regarding the operations of which the Türkiye 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 Türkiye Wealth Fund, not to be disposed for another purpose, cannot be subject to seizure, imposed to an interim injunction or included in a bankrupt’s estate with the purpose to collect any receivables including public receivables. The debts and obligations of the Company owed to third persons and the receivables of the Türkiye Wealth Fund from the same third persons may not be set off against each other.

Exemptions and Exceptions

Article 8 – (1) The Company which is established as per this Law and the Türkiye Wealth Fund and the companies and sub-funds to be established as the controlling shareholder by the Company or by Türkiye Wealth Fund are exempt from income and corporate tax. This exemption also covers the tax withholdings to be made on 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.^[7]

(2) The Company and the Türkiye Wealth Fund and the companies and sub-funds to be established as the controlling shareholder by the Company or by Türkiye Wealth Fund are exempt from taxes, fees, participation shares, and approval fees collected as per the Municipal Revenues Law dated 26/5/1981 and numbered 2464, except for electricity and gas consumption taxes and fire insurance taxes, and from real estate tax for owned real estates, land registry and cadastre revolving fund costs regarding the purchased and sold real estates, 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 as well as the registration and publication transactions of articles of association, of the Company and the Türkiye Wealth Fund and the companies and sub-funds to be incorporated as the controlling shareholder by the Company or by Türkiye Wealth Fund, are exempt from stamp tax, all of their actions and transactions are exempt from all kinds of fees, the amounts regardless of the name under which they paid in cash or on account to the taxpayers of banking and insurance transaction tax and the monies regardless of the name under which they are received in cash or on account to their benefit are exempt from the banking and insurance transaction tax, all loan utilization transactions are exception to the resource utilization support fund.^[8]

(4) **(Changed: 26/5/2022- 7407/ Art. 14)** The Company and the Türkiye Wealth Fund and the companies and sub-funds to be established as the controlling shareholder by the Company or by Türkiye Wealth Fund and the companies, the sub-funds and their affiliates in which they hold more than half of the capital or the participation shares by paying their costs; are not subject to the legislations, implementations and restrictions applicable to the public institutions, entities and partnerships, more than half of the share capital of which are state-owned or which are established pursuant to specific laws, including state economic enterprises as of the date of share transfer.

^[7] Pursuant to Article 14 of the Law dated 26/5/2022 and numbered 7407, the term of “as the controlling shareholder” has been inserted to come after the phrase of “to be incorporated” and the term “or by Türkiye Wealth Fund” has been inserted to come after the phrases of “by the Company”.

^[8] Pursuant to Article 14 of the Law dated 26/5/2022 and numbered 7407, the term of “as the controlling shareholder” has been inserted to come after the phrase of “to be incorporated” and the term “or by Türkiye Wealth Fund” has been inserted to come after the phrases of “by the Company”.

(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 Law dated 4/1/2002 and numbered 4734, Public Tender Contracts Law dated 5/1/2002 and numbered 4735, State Tender Law dated 8/9/1983 and numbered 2886, Vehicle Law dated 5/1/1961 and numbered 237, Public Housings Law dated 9/11/1983 and numbered 2946, Law on Formation of Press-Announcement Institution 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 Türkiye Wealth Fund, the Company, sub-funds and other companies to be incorporated as the controlling shareholder by the Company or by Türkiye Wealth Fund. **(Supplemented sentence: 26/5/2022- 7407/ Art. 14)** The laws specified in this paragraph other than the Law numbered 6362 and the Law numbered 4054 shall not be applied to the companies, sub-funds and their affiliates in which the Company, Türkiye Wealth Fund or the companies or sub-funds established or to be established by them are the founders or hold more than half of the capital or participation shares by paying their costs. **(Supplemented sentences: 16/4/2020- 7244/ Art. 16)** The articles 23 and 27 of the Law numbered 6362 and relevant secondary legislation enacted pursuant to that Law shall not apply to the parties of transactions enabling the Türkiye Wealth Fund, the Company, sub-funds and companies incorporated by the Company to have control over other companies solely or jointly with third parties, as well as their direct and indirect shareholders, subsidiaries, affiliates and such companies that are under control, limited only to such transactions. The article 202 of the Turkish Commercial Code numbered 6102 and dated 13/1/2011 shall not apply to Türkiye Wealth Fund, the Company, sub-funds and companies incorporated by the Company, companies that are directly or indirectly controlled by them solely or jointly with third parties, and the parties of transactions in respect of establishing such control as well as their direct and indirect shareholders, subsidiaries and affiliates, limited only to such transactions. Relevant provisions of laws regarding employment of personnel by public institutions and entities shall not apply to the personnel to be employed by the Company.^[9]

(6) Asset leasing companies to be incorporated by the Company shall benefit from 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 by the issuers, regarding the securities issued.

(7) **(Supplemented: 26/5/2022-7407/ Art. 14)** The exemptions and exceptions specified in the first, the second, the third, the fourth and the fifth paragraphs of this article shall continue to be applied as long as the Türkiye Wealth Fund, the Company or the sub-funds hold the direct or indirect control of the relevant company or the sub-funds.

Article 9 – (Incorporated into Value Added Tax Law dated 25/10/1984 and numbered 3065 as relevant thereto.)

Article 10 - 11 – (Incorporated into the Public Financing and Debt Management Law dated 28/3/2002 and numbered 4749 as relevant thereto.)

^[9] Pursuant to Article 14 of the Law dated 26/5/2022 and numbered 7407, the term of “as the controlling shareholder” has been inserted to come after the phrase of “to be incorporated” and the term “or by Türkiye Wealth Fund” has been inserted to come after the phrases of “by the Company”.

Temporary Article 1 – (Supplemented: 20/11/2017- Decree -696/ Art. 120; (Accepted: 1/2/2018-7079/ Art. 112)

Within the scope of Article 4 of this Law, the Undersecretariat of Treasury shall continue to use the lending allowances that are assigned to the Undersecretariat of Treasury under the Central Management Budget Law For Year 2017 dated 16/12/2016 and numbered 6767, with respect to the entities that are transferred to Türkiye Wealth Fund, in order to transfer such lending allowances to related institutions within the relevant year.

Temporary Article 2 – (Supplemented: 26/5/2022- 7407/ Art. 15)

(1) With the amendment made in Article 8 of this this Law, the exemptions and exceptions provided to the company and the sub-funds to be established by the Türkiye Wealth Fund shall also be applied to the company and the sub-funds established prior to the effective date of this article.

(2) Depending on the amendment made in Article 8 by this Law, no retroactive payment or refund by the public authorities shall be made regarding the periods prior to the effective date of this article.

Article 12 – (1) This Law enters into force upon publication.

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