

## Turkey Launches Crowdfunding Legislation

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Turkey has introduced a new legislative regime focused on crowdfunding. It is the first time that crowdfunding structures receive specific attention from Turkish legislators. The regime includes definitions, licensing aspects, as well as the roles of various regulators, as previously discussed [here](#).

Notable aspects of the regime include:

- Crowdfunding is defined as fundraising activity conducted by crowdfunding platforms according to the Capital Market Board ("**Board**") regulations. It involves collecting funds for a project or start-up. Despite the public offerings and fund-raising activities under Capital Market Law ("**Law**") being subject to investor compensation mechanisms in principle, the Law excludes crowdfunding from this principle.
- Companies with more than 500 shareholders are usually deemed to be public companies and are subject to detailed rules which apply to this entity type. An exception is introduced to this rule, excluding crowdfunding companies from being considered public companies, even if they have more than 500 shareholders.
- Crowdfunding platforms can only operate in the electronic environment, within the scope of the permit granted by the Board.
- The Board will publish further rules regarding:
  - Establishing crowdfunding platforms.
  - Shareholder structures for crowdfunding platforms.
  - Necessary employee qualification for crowdfunding platforms.
  - Share transfers for crowdfunding platforms.
  - Monetary caps on contributions which each funder can provide to a project or start-up.
- Monetary caps on how much can be collected by each project owner or start-up.
- The Board can take measures and cancel platform licenses in certain circumstances.
- The Information Technologies and Communications Authority will block websites at the Board's request, if the Board determines that:
  - Crowdfunding activity is being performed without a license, or
  - A Turkish resident performs a derivative transaction as a leveraged transaction outside Turkey.

The rules were introduced by Articles 107 to 111 of the Law Regarding Amendment on Certain Tax Laws and Other Laws, published in Official Gazette number 30261 on 5 December 2017. Please see this [link](#) for the full text of the legislation (only available in Turkish).

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