

A New Platform: Borsa Istanbul Private Market www.bistozelpazar.com



By Turgay Kuleli
Attorney-at-Law
Kuleli Attorneys-at-Law
Istanbul

Borsa Istanbul Private Market is the first and most comprehensive web-based platform established by a stock exchange throughout the world. This platform enables entrepreneurs and investors to obtain financing without public offering and provides liquidity to company shareholders who want to sell their shares in a company. It also allows investors to find investment alternatives in companies of different sizes in various industries as well as buyers to liquidate their investments. The most important feature of this marketplace, which is called Private Market, is that it provides start-up companies and rising companies with the opportunity of financing and liquidity exempt from the regulations of the Turkish Capital Markets Board without public offering.

The Private Market aims to improve the entrepreneurial ecosystem and investment environment in Turkey by providing the corporate sector with equity financing opportunities contributing to

stable economic growth and to become the leading regional platform where private investors and those seeking capital meet.

What is the Private Market?

The Private Market is a web- and membership-based platform which brings together companies and investors in order to buy and sell shares without going public. Here, all services required for share holdings and share transfer agreements are provided over a single platform.

During the first stage, member companies provide investors only with the essential introductory information about the company. At this stage, if preferred, title of the company can be hidden. After all essential information that enables investors and a company to form an opinion about each other are presented to all members, the Private Market directs parties by making an algorithmic match according to preferences of company and investors. In addition, members also have the opportunity to select an investor or a company that suits their preferences using a comprehensive search engine.

An investor or company that is interested in the counterparty sends an "indication of interest" to the other party. If the counterparty accepts such an indication, both parties are included in a "data and deal room" that operates as a closed circuit. All information and documents to be provided during these negotiations, conducted in a safe environment, are open to access of the two parties only. All information and documents shared on a virtual platform are stored with encryption. In addition, all relevant parties involved in the valuation process can participate in the virtual "data and deal room" and document management can be made. If the parties prefer, they can make use of intermediaries during these negotiations, including consultants, legal advisors, financial institutions and independent

auditors provided by the Private Market. If an agreement is reached at the end of the negotiations, not only can transfer of shares and payments resulting from transactions conducted on the Private Market by means of a bank or an intermediary firm accredited by the Private Market, but share and cash exchange can also be made freely at a location outside the Private Market as determined by the parties. When member investors become shareholders in a company, they can log in to the system as shareholders of the company and sell their shares to other investors by means of the Private Market.

Who can apply for membership?

Companies, shareholders of companies, investors, intermediaries and service providers can become members of this platform.

Conclusion

This platform, established for the purpose of improving the ecosystem of entrepreneurship, is not a place where continuous transactions are made and which does not have obligations such as public disclosure like classic stock exchange marketplaces. Borsa Istanbul Private Market should be followed with diligence and attention by relevant persons and establishments due to the conveniences that it provides 1) to companies that need financing for their investments in choosing their shareholders, fulfilling their financing and liquidity needs easily, quickly and with minimum costs, 2) to companies that want to expand by acquiring companies or that want to keep their supply chains under control by being able to find companies that they are interested in and 3) to investors who wish to meet many companies of different sizes from various industries to take advantage of a wide range of investment opportunities in rapidly rising companies.

info@kuleli.av.tr
www.kuleli.av.tr