

Turkey

Employment

Labor Concerns

General principles of Turkish Labour Law would also apply to the use of restricted stock by the employee. Due and accrued restricted stock rights would constitute part of contractual benefits assigned to an employee. The exclusion of employees on legal leave including employees on disability or maternity leave generally constitutes unlawful discrimination. Appropriate language should be included in Plan documents stating that the employees have no right to compensation for loss of rights under the Plan in the event of valid or rightful termination of their employment by the employer on the basis of Articles 17 and 25 of Turkish Labour Law numbered 4857 or the employee's resignation before the maturity date of the restricted stock.

Communications

There are no legal requirements specific to employee communications. However, execution of written agreements or acknowledgements is recommended; electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Statutory Compliance

For Turkish private companies, restrictions on transfer stock must be reflected in the Articles of Association of the company to be binding against third parties. Under the new Turkish Commercial Code that came into effect on July 1, 2012, for registered shares that are not listed, a company's board cannot refuse to register a share transfer in the absence of important reasons for so doing in the company's articles. The application of the important reason rule will be determined on a case by case basis. Therefore it is imperative that any restrictions appear in the company's articles. For listed registered shares, however, the transfer may only be rejected for the shares that exceed the upper limit, in the existence in the articles of association of an upper limit for the amount of maximum number of shares that can be obtained.

Securities Compliance

As a general rule, pursuant to Turkish capital markets legislation, all capital market instruments to be issued or publicly offered must be registered with the Capital Markets Board of Turkey ("**CMB**").

The CMB communiqué no. III/44 regarding the registration and sale of foreign capital markets instruments and depository receipts ("Foreign Securities Communiqué") provides an exemption to foreign companies to grant "stock options" to their employees in Turkey without being subject to a registration requirement if: (i) the sale transaction is executed outside of Turkey; (ii) the stock option is not granted in a way to constitute a "public offering"; and (iii) the information to be provided to the employees does not include indications of a public offering (e.g. there must be no use of mass media communication).

Disclosure Rules

Under the CMB communiqué no. IV/56 regarding the determination and implementation of corporate governance principles, with respect to public companies listed on the Istanbul Stock Exchange, principles of remuneration of the members of the board and senior managers must be stated in writing, published on the company website and be submitted to the information of the shareholders in shareholders' meetings.

Under the same regulation, remuneration and all benefits provided by the public companies to the members of their boards and senior managers should be disclosed to public through annual activity report on a comply or explain basis.

Furthermore, under the Turkish capital markets public disclosure rules, persons with administrative responsibility in a public company as well as their related parties must publicly disclose all transactions conducted in relation to the securities of the relevant company, irrespective of the amount of securities purchased/sold.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and option plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans.

With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.

Turkey (cont.)

Insider Trading and Market Manipulation

The new Capital Markets Law that entered into force on December 30, 2012 provides that stock option/purchase plans and allocation of shares to a public company's or its subsidiaries' employees do not constitute insider trading or market manipulation.

Foreign Exchange

Under Article 15(d)(II) of Council of Ministers Decree No. 32 on the Protection of the Value of the Turkish Currency, residents of Turkey may only purchase shares (or beneficial interests therein) traded in markets outside of Turkey through banks or intermediary institutions authorized pursuant to CMB regulations.

Data Protection

Employee consent for the processing and transfer of personal data is a recommended method of compliance with existing data privacy requirements.

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