

### RECENT AMENDMENTS ON INVESTMENT FUNDS

Pursuant to the decision of the Capital Markets Board (“**Board**”) dated 16 February 2024 and numbered 11/255, various amendments were made to the Guideline on Investment Funds (“**Guideline**”), which was adopted as the Board’s Principle Decision numbered i-SPK.52.4 (decision dated 20 June 2014 and numbered 19/614). In addition, the Communiqué on the Amendment (III-52.1.e) (“**Amendment Communiqué**”) to the Communiqué on Principles of Investment Funds (III-52.1) was published in the Official Gazette dated 1 March 2024 and entered into force.

The new regulations introduced pursuant to these amendments are as follows:

#### 1. Amendments to the Communiqué on Principles of Investment Funds

##### *Changes in the Application Process for Hedge Funds*

The Amendment Communiqué regulates that hedge funds **(i)** can only be sold their units to qualified investors and **(ii)** the application processes are aimed to be simplified and carried out more efficiently by taking into account that the fund differs from conventional funds whose units are sold to the public due to the fact that it can be managed without being subject to the concentration rules and risk limits set forth in the applicable legislation. With this regard, in the period following the amendments, the prospectus standard published for hedge funds on the Board’s website should be taken into account during the applications for approval of the prospectus for the issuance of hedge fund units.

##### *Other Changes for Hedge Funds*

- Unlike other types of funds, the prospectus for hedge funds may include the minimum elements listed in the prospectus in accordance with the Amendment Communiqué, namely **(i)** the title, type and duration of the fund, **(ii)** the names and addresses of the founder, manager and portfolio custodian, and **(iii)** the principles regarding the

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expenditures that may be made from the fund assets. However, the fund portfolio managers, investment strategy, investment objective, investment limitations, risks that the fund may be exposed to, risk measurement methods, leverage limit, fund management fee rate, principles of determination of benchmark or threshold value, trading of fund units, management and custody of the portfolio, valuation of the portfolio, transfer of fund income and expense difference to fund unit holders, conditions for joining and leaving the fund, principles regarding the manner of liquidation of the fund, and information on the organization that conducts independent audit of fund financial reports should be published on the relevant fund's page on the Public Disclosure Platform (**PDP**), considering the place of publication and minimum publication content.

- Information on elements other than the minimum requirements mentioned above, the principles for determining the benchmark or threshold value and the fund management fee rate must be announced on the relevant fund's page on the PDP, and the information on the benchmark or threshold value except for the fund conversions can only be changed effective from the beginning of the following accounting period.
- The portfolio management company ("**Founder**"), established as a joint stock company whose main activity is the establishment and management of investment funds, is held responsible for **(i)** compliance with the Board's regulations, **(ii)** consistency with the rules and prospectus for the umbrella funds, **(iii)** accuracy of the content, **(iv)** timeliness, and **(v)** damages arising from incorrect, misleading or incomplete information.
- Announcements regarding prospectus amendments that may affect the investment decision of investors, including hedge funds, and require prior information, such as changes in the fund's investment strategy, benchmark or threshold value, investment objective, investment limitations, risks, trading of fund units, conditions for joining and leaving the fund, fund management fee rate and information regarding the increase of risk limits announced on the PDP must be announced on the relevant fund's PDP page at least 30 days before the effective date of the amendments.
- Other regulations introduced by the Amendment Communiqué are summarized below:

Before the Amendment Communiqué	After the Amendment Communiqué
Hedge funds were able to invest within the investment strategies and limits set out in the fund's disclosure documents without being subject to the portfolio and transaction limitations set out in various articles of the Communiqué on Principles of Investment Funds.	Hedge funds are only able to invest within the investment strategies and limits set out in the relevant fund's PDP page without being subject to the portfolio and transaction limitations set out in various articles of the Communiqué on Principles of Investment Funds.
The prospectus and investor information form of the fund have included the countries in which countries can be included in the portfolio.	The countries in which the fund can be invested in its portfolio may only be determined according to the information included in the investment strategy

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	announced on the relevant fund's PDP page.
The limits for the risks arising from futures and options contracts and swap contracts in the portfolios of hedge funds were stated in the prospectus and investor information forms.	The limits for the risks arising from futures and options contracts and swap contracts in the portfolios of hedge funds are stated on the relevant fund's PDP page.
The limits for the risks arising from futures and options contracts and swap contracts in the portfolios of hedge funds were exceeded, the necessary measures should have been taken by the board of directors of the Founder in order to ensure compliance with the limits and the fund unit holders should have been notified by the most appropriate means of communication.	The limits for the risks arising from futures and options contracts and swap contracts in the portfolios of hedge funds are exceeded, the necessary measures must be taken by the board of directors of the Founder in order to ensure compliance with the limits and the fund unit holders should be notified via announcement to be made on the relevant fund's PDP page.
In the prospectus and investor information forms of hedge funds could have set different and longer periods for the return of units to the fund than the announcement period of the share prices.	In the prospectus and investor information forms of hedge funds may set different and longer, periods than the announcement period of share prices for the return of fund units to the fund in the trading principles of fund units announced on the PDP page.
Hedge funds included the information that is stipulated in other articles to be included in the fund prospectus in their investor information forms.	It is sufficient for hedge funds to announce the information that is stipulated in other articles to be included in the fund prospectus on the PDP page of the fund.

## ***Transitional Provision: Hedge Funds with Approved Prospectus***

- In order to clarify the compliance of hedge funds whose prospectus were approved as of the effective date of the Amendment Communiqué with the aforementioned amendments, it is stated that it is optional for these funds to comply with the new prospectus standard.
- Hedge funds with approved prospectus, which will comply, are required to make the necessary changes without seeking the Board's approval and announce them on the fund's PDP page and the official website of the Founder and notify the Board collectively within six business days following the end of each calendar year.
- In case of any amendments to the already approved hedge fund prospectus, a recommendation was made to the Founder to comply with the new prospectus standard and to apply the above-mentioned procedure in case of changes in the information disclosed on the PDP.

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## 2. Amendments to Article 4.3 of the Guideline on Investment Funds

- With this amendment, **(i)** the investment funds founded/managed by the company that is the founder/manager of the fund, **(ii)** exchange traded funds, **(iii)** pension investment funds, **(iv)** venture capital investment funds and **(v)** real estate investment funds will not be taken into account while calculating of the number of investors.
- If a threshold value consisting only of indices is determined by hedge funds for the purpose of comparing the portfolio return within the framework of the provisions of the Communiqué on Principles of Performance Presentation and Performance-Based Remuneration for Individual Portfolios and Collective Investment Schemes, and of Grading and Ranking Activities of Collective Investment Schemes (VII-128.5), this value may consist of maximum 2 components: **(i)** If a benchmark is set, a minimum of 5% in index weighting and the weight of foreign indices should not exceed 65%; and **(ii)** if the weight of the index included in the benchmark is 80% and above, it should be stated in the investment strategy of the fund that at least 80% of the total value of the fund will be invested in the asset group represented by the index.

The above-mentioned amendments will have significant impacts on the operation and investment processes of hedge funds. Investors and fund managers are required to comply with these amendments save for the transitional provision mentioned above. In particular, it is important to fulfill the requirements regarding the new prospectus standards and PDP disclosures in an accurate and timely manner, and it is necessary to closely follow the current regulations.

## CONTACT



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