

Rules on share capital increase in listed companies

A comparative overview
for the Baltics, CEE, Turkey
and the United Kingdom

This is a summary of rules on share capital increase in listed companies, together with some general insights on potential obligations related to new shares subscription derived from local and EU capital markets statutory regulations for selected countries of the United Kingdom, the Baltics, CEE and Turkey.*



A. United Kingdom

United Kingdom (*premium listed companies*)

Corporate Approval to increase share capital

Corporate approval to increase share capital is a two-step process involving (i) granting directors the authority to allot shares and (ii) dis-applying the statutory preemption rights that apply to the shares.

Authorisation

Shareholders grant directors either a general authorisation (pursuant to s551 Companies Act 2006 (**CA 2006**) or authorisation in relation to a particular allotment.

General authorisations can be granted by (i) provision in the company's articles of association (**AoA**), (ii) an ordinary resolution of the shareholders (more than 50% of the shareholder votes) or (iii) a combination of both.

Dis-application of preemption rights

Directors with a general authorisation to allot shares, may do so as if the preemption provisions in s561 CA 2006 did not apply.

This power can be given either by special resolution (at least 75% of shareholder votes) or a provision in the company's AoA.

Typically, public companies renew general authorisations to allot and for the disapplication of preemption rights at each annual general meeting (**AGM**). Any prospective non-preemptive offering should be checked against available headroom by reference to the outstanding resolutions in force. The Preemption Group Guidelines (**PEG**), although guidelines, are followed as if mandatory (see row 3).

Virtual meetings

Under the Corporate Insolvency and Governance Act 2020 (**CIGA 2020**) companies can hold meetings, and allow votes to be cast, by electronic means. The requirements of a company's AoA or other applicable rules, continue to have effect but subject to the provisions of CIGA. As such, companies can hold virtual or hybrid meetings in lieu of fully physical meetings.

These provisions are in place until **30 December 2020**.

For a meeting to be validly convened, a notice of meeting must be issued to all shareholders who are entitled to receive notice.

Notice of a general meeting is 14 clear days, notice of an AGM is 21 clear days. Notice must be given in hard copy form, electronically or on the company a website.

For traded and listed companies, the CA 2006, the Listing Rules and the Disclosure and Transparency Rules (**DTRs**) specify additional information that must be included in a notice of meeting e.g., an explanatory circular must accompany the notice if the business of the meeting includes business other than ordinary business.

Shareholders have the right to appoint a proxy to exercise all or any of the shareholder's rights to attend, speak and vote at general meetings.

Types of share offer available	<p>Premium listed companies should follow the Investment Association ‘Share Capital Management Guidelines’ and the PEG guidelines.</p> <p>(i) Usually, directors can allot up to two thirds of the current issued share capital and the authority will normally last for one year, until the next AGM, when a new authority will be sought. The allotment of shares in excess of one-third of existing issued shares should be applied to fully preemptive rights issues only.</p> <p>(ii) The PEG statement of principles allows a general disapplication of preemption rights in respect of the issue of up to 5% of the company’s issued ordinary share capital on an unrestricted basis (or 7.5% on a three-year rolling period). An additional 5% of the company’s issued ordinary share capital may be issued provided it is used only in connection with an acquisition or specified capital investment. Provided that a company has sufficient authority to allot, an issuer can avoid statutory preemption rights (see <i>column 1</i>) if the offer is made for non-cash.</p> <p>A well-trodden device used in UK capital markets is the ‘cash box’, which is designed to implement a non-preemptive offering, but where the statutory preemption rights are not triggered as a result of the offer being on a non-cash basis. The PEG guidelines ignore this device and still treat cash boxes as being subject to the PEG guidelines, irrespective of whether they avoid statutory preemption rights.</p> <p>Consequently, premium listed companies should follow the preemption guidelines, irrespective of whether a cash box raise or other. However, PEG acknowledged the need for significant fundraising at the beginning of April 2020 and due to the COVID-19 pandemic, PEG issued a statement recommending that investors, should consider supporting issuances by companies of up to 20% of their issued share capital on a temporary basis. This recommendation is in place until 30 November 2020.</p> <p>20% is the threshold at which a prospectus is required, which therefore defeats the objective of the relaxation which is ‘speed to market’ (see <i>row 8</i>).</p>
Court registration of capital increases	<p>A copy of the resolutions dis-applying preemption rights and granting directors authority to allot shares should be filed with the registrar at Companies House within 15 days of the resolutions being passed.</p> <p>The register of members at Companies House should be updated within 2 months of the new shares being issued.</p>
Authorized capital and limitations	<p>‘Authorised share capital’ no longer apply to companies incorporated under CA 2006.</p> <p>Consequently, there is generally no limit on the maximum number of shares that can be included in an authority to allot shares pursuant to s51 CA 2006 authority (subject to applicable investor guidelines – see <i>row 3</i>).</p>
Reporting obligations	<p>UK issuer: When the acquisition of shares reaches, exceeds or falls below 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10% and each 1% threshold thereafter up to 100%.</p> <p>Non-UK issuer: When the acquisition of shares is at 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%.</p>

Tender offer rules	<p>Where a bidder is interested in shares of the target company, the bidder must make a mandatory offer in cash (at no less than the highest price paid during the preceding 12 months) to all the shareholders with voting rights when:</p> <p>(i) The bidder, and a person acting in concert with them acquires an interest in shares that, together, carry 30% or more of the voting rights of a company; or</p> <p>(ii) The bidder together with persons acting in concert, is interested in shares which in the aggregate carry at least 30% of the voting rights of a company but not more than 50% of such voting rights and such person.</p>
Prospectus	<p>For non-preemptive offers, issuers are typically looking to ‘speed of execution’ or ‘speed to market’ and therefore, a basis on which to exclude the need for a prospectus. On the basis that preemptive offers are targeted at a small number of investors, the relevant prospectus trigger relates to the increase of shares which will be admitted to trading on a regulated market. Therefore, the most relevant exemption to avoid the prospectus is the ‘20%’ exemption.</p> <p>Consequently, all / most non-preemptive offers in the UK are capped at 19.9%.</p> <p>Brexit: After the transition period, the Prospectus Regulations will become UK law, however, the obligations to publish a prospectus under the Prospectus Regulation will apply to offers to the public in the UK (rather than in the EU) and admissions to trading on a regulated market situated or operating in the UK (rather than within the EU).</p>

B. Baltics

Lithuania	
Corporate Approval to increase share capital	<p>Requires shareholders’ approval by 2/3 of votes present at the meeting in each share class.</p> <p>A meeting quorum of 50% is required at the EGM. If the required quorum at the initial EGM is not reached, quorum requirement for the repeated shareholders’ meeting does not apply (decision can be passed by the above mentioned 2/3 majority vote).</p>
Virtual meetings	<p>EGM is convened by a public announcement as well as on the company’s website not later than 21 day before the EGM.</p> <p>Shareholders may vote in advance by sending the company a completed voting form before the start of the EGM.</p> <p>The Company may allow shareholders to vote at the EGM by electronic means of communication (such possibility must be indicated in the notification about the EGM). If the company allows such way of participation, the notification period may be shortened to 16 days by 2/3 of votes present at the EGM.</p> <p>Shareholders may also participate in the EGM and vote through a representative.</p>

Types of share offer available	<p>Share issuances may be through:</p> <ul style="list-style-type: none"> a. private placement – by offering new shares to a particular investor(s); b. offering new shares exclusively on a pre-emptive basis; or c. public offering. <p>Generally, shareholders have pre-emptive rights with respect to any share issue. Shareholders may revoke their pre-emptive rights by 3/4 of votes present at the EGM.</p>
Court registration of capital increases	<p>Shareholders' decision to increase share capital must be submitted to the Register of Legal Entities within 10 days from the adoption of such decision.</p> <p>The increase of share capital is effective when the amended AoAs are registered with the Register of Legal Entities (this needs to happen within 6 months from the EGM's decision).</p>
Authorized capital and limitations	<p>The issue price of shares may not be lower than their nominal value.</p> <p>General meeting of shareholders has an exclusive right to increase the share capital and this right cannot be delegated to other governing bodies of the company.</p>
Reporting obligations	<p>Acquisition of 5%, 10%, 15%, 20%, 25%, 30%, 50%, 75% and 95% of shares/votes is subject to a notification to be made by a shareholder to the company and supervisory authority (the Bank of Lithuania).</p> <p>Disposals of shares/votes must be notified as well.</p>
Tender offer rules	<p>Mandatory takeover bid must be submitted by a shareholder who has acquired shares/votes representing 1/3 or more of votes in the issuer.</p> <p>Crossing 95% threshold in an issuer triggers squeeze out rules.</p>

Latvia	
Corporate Approval to increase share capital	<p>Requires shareholders' approval by 75% votes present at the meeting.</p> <p>The shareholders meeting is eligible to pass decisions irrespective of the capital represented at the meeting, unless the articles of association prescribe a particular threshold.</p>
Virtual meetings	<p>Possibility for shareholders to participate in the shareholders' meeting virtually (i.e. by using electronic communication means) can be either provided in the articles of association or initiated by the board when convening the meeting. Order of identification of the shareholders and voting should be established either in the articles of association or by board resolution.</p> <p>Additionally, the shareholders have rights to cast their votes in writing before the date of the meeting, provided that it is possible to identify the shareholder and the vote is received not later than one day before the meeting.</p>

Types of share offer available	<p>Share issue may be performed through:</p> <ol style="list-style-type: none"> Pre-emptive offering of new shares to current shareholders; Non-pre-emptive offering of shares to a placee, on condition that the shareholders' meeting has approved specific disapplication of preemption rights; public offering. <p>Generally, shareholders have pre-emptive rights with respect to any share issue. Shareholders may revoke their pre-emptive rights by 3/4 of votes present at the EGM.</p>
Court registration of capital increases	<p>Share capital increase shall be registered with the Commercial Register without undue delay following (i) receipt of payment for the shares of the new issue; or (ii) after expiry of the term of application to the shares of the new issue (in case not all shares of the new issue are applied for).</p>
Authorized capital and limitations	<p>The provisions of the articles of association can contain an authorisation to the board of the company to increase the share capital within a period of five years. The capital can be increased up to the amount that is established either in the articles of association or in a shareholders' resolution, however, not exceeding 30% from the share capital of the company at the moment of authorisation.</p> <p>The issue price of shares may not be lower than their nominal value.</p>
Reporting obligations	<p>Acquisition of shares giving at least 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of total votes requires a notification by a shareholder to the company and to the Financial and Capital Markets Commission. The Commission is the authority supervising compliance of listed companies with relevant law.</p>
Tender offer rules	<p>If the shareholder obtains (directly/indirectly/acting in concert) voting rights in the company in excess of 30% of total votes in the company, it is obliged to express a buy-out offer to other shareholders of the company.</p>

Estonia

Corporate Approval to increase share capital

Share capital increase of a listed Estonian company (*aktsiaselts*) requires shareholders' approval by at least 2/3 of the votes represented at the general meeting.

Virtual meetings

A shareholders' meeting (AGM or EGM) should be convened by public announcement, including on the company's website, at least three weeks in advance.

The company may allow shareholders to (1) participate in the meetings by electronic means (via video communication) or (2) vote on the draft resolutions before the meetings, and/or (3) adopt resolutions without convening a general meeting.

Shareholders may also participate in a meeting and vote through a representative.

Types of share offer available	<p>New shares may be offered through a private placement, to the existing shareholders or to the public.</p> <p>The addressee(s) of the offer are determined by the shareholders' resolution. The existing shareholders have a pre-emptive right unless it is cancelled by the shareholders' resolution (by at least 3/4 of the votes represented at the general meeting).</p>
Court registration of capital increases	<p>The share capital increase must be registered with the Estonian Commercial Register (<i>äriregister</i>) maintained by Tartu County Court. The registration is made usually within five business days but only if newly issued shares have also been registered with Nasdaq CSD or another depository, which maintains the list of shareholders of the company.</p>
Authorized capital and limitations	<p>The issue price of shares may not be lower than their nominal or book value.</p> <p>The supervisory board (<i>nõukogu</i>) may be authorized to increase the company's share capital either once or repeatedly within a term of up to three years, and in the amount not exceeding 50% of its share capital that existed before granting such authority. The authorization must be set forth in the AoA approved by the shareholders' meeting.</p>
Reporting obligations	<p>A shareholder is required to notify the company and the Estonian Financial Supervision and Resolution Authority (FSA) if its voting rights exceed or fall below 5%, 10%, 15%, 20%, 25% or 50%, or 1/3 or 2/3 of total votes represented by all shares of the company.</p>
Tender offer rules	<p>A person who has gained dominant influence over the company (e.g. control over 50% of votes represented by the shares) either directly or in concert with other persons is required to make a takeover bid for all shares of the company.</p>

D. CEE

Poland	
Corporate Approval to increase share capital	<p>Requires shareholders' approval by 75% votes present at the meeting in case of issue of shares with preemptive rights and 80% of votes present in case of other type of offerings.</p>
Virtual meetings	<p>EGM should be convened by an announcement on the company's website made at least 26 days before the date of EGM. If the AoA allow so, shareholders may participate in the EGM and vote using electronic means of communication.</p> <p>Additionally, shareholders may participate in EGM and vote by a proxy. PoA may be granted in electronic form (no qualified e-signature is required). A proxy may represent more than one shareholder in EGM.</p>

Types of share offer available	<p>Share issuances may be through:</p> <ul style="list-style-type: none"> a. private placement – by offering new shares to a particular investor; b. offering new shares exclusively on a preemptive basis; or c. public offering (to any investors on a non-preemptive basis).
Court registration of capital increases	<p>Share capital increase requires an entry to the register of companies (KRS) (kept by registry court). Some registry courts are still working, though significant delays in registration are expected. It is possible though to conduct the offering before share capital registration by using right to shares (or PDA) – an instrument which is equivalent to shares if and when issued.</p>
Authorized capital and limitations	<p>The Management Board of the issuer may issue shares pursuant to a shareholder approval (see column (1)) via any of the types of share offer available (see column (3)) provided that (a) sufficient headroom exists under the authorization within the relevant time period (see below) and (b) the shareholder approval received the relevant majority vote with respect to the type of offer proposed (see column (1)). The MB may be authorized to issue shares for up to 3 years within the limit not exceeding 75% of existing share capital.</p> <p>The issue price of the shares may not be lower than their nominal value. Shareholders may impose additional price limits, such as approval of the issue price by the Supervisory Board, setting issue price range or by making reference to market averages.</p>
Reporting obligations	<p>Acquisition of shares giving at least 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50%, 75% or 90% of total votes requires large shareholding notification to be made by a shareholder to the company and the regulator (PFSA).</p>
Tender offer rules	<p>If the subscriber of newly issued shares upon such subscription exceeds (directly/indirectly/acting in concert) the threshold of 33% or 66% total votes it will be obliged to announce a tender offer for the sale of shares of the company in a number that will allow reaching respectively the threshold of 66% or 100% of votes in the company.</p>
Prospectus	<p>As a general rule, a prospectus is required (approved by the home member state of the issuer) for (i) any public offering (addressed to more than one entity) or (ii) admission of newly issued shares to trading on a regulated market. In all EU countries there are common exemptions under the Prospectus Regulation with respect to (i) public offers and (ii) admissions to trading.</p> <p>Examples of (i): <i>offering of shares to qualified investors or to less than 150 investors in a given EU country is exempted from the prospectus requirement.</i></p> <p>Examples of (ii): <i>“securities fungible with securities already admitted to trading on the same regulated market, provided that they represent, over a period of 12 months, less than 20% of the number of securities already admitted to trading on the same regulated market”.</i></p>

Czechia

Corporate Approval to increase share capital

Requires shareholders' approval by 66% of votes present at the meeting in each share class.

Virtual meetings

EGM should be convened by an announcement at least 30 days before the date of EGM. The announcement shall be sent to all shareholders and be published on the company's website.

The decision on the share capital increase adopted at EGM requires certification by the notarial deed issued by any notary present at such EGM.

If the AoA allow so, shareholders may also participate in EGM and vote by technical means (correspondence voting).

Additionally, shareholders may also participate in EGM, and vote, by a proxy. A proxy may represent more than one shareholder at EGM, subject to no conflict of interests.

Types of share offer available

Share issue may be performed through:

- a. private placement – by offering new shares to the particular addressee;
- b. offering new shares exclusively to current shareholders having the preemptive rights (rights issue); or
- c. public offering.

Generally, shareholders have a preemptive with respect to any share issue. Such right may be restricted/ excluded only the important interest of the company (e.g. in case of need of immediate capital increase without which the company would not be able to operate).

Shareholders may waive their preemptive rights either in writing with certified signatures or during the EGM, however, always in relation to a specific share issue.

Court registration of capital increases

Share capital increase shall be registered with the Commercial Register (kept by respective registry court) without undue delay following (i) issuance of the shares and (ii) payment by the shareholder of at least 30% of their nominal value.

Authorized capital and limitations	<p>The share capital may be increased by the resolution of Board of Directors (“BoD”) or Administrative Board (“AB”) within the authorized share capital limits if such authorization is granted to the BoD/AB by EGM. In each case, the authorization by EGM is subject to 66% of votes present at the meeting in each share class.</p> <p>EGM may authorize BoD/AB to increase the share capital by issuance of new shares for up to 5 years within the limit not exceeding 50% of existing share capital at the time of granting the authorization.</p> <p>Generally, exclusion or restriction of pre-emptive rights to a share issue is not permissible with respect to a share capital increase made under the authorization granted by EGM to BoD or AB.</p> <p>However, such exclusion or restriction may be permissible in certain very specific cases, (e.g. if the authorization would already contain the important interest of the company which calls for the exclusion/restriction of the preemptive right).</p>
Reporting obligations	<p>Acquisition of shares giving at least 1% (in case of share capital of the company of at least CZK 500 million), 3% (in case of share capital of the company of at least CZK 100 million), 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50% or 75% of total votes requires a notification by a shareholder to the company and the Czech National Bank.</p> <p>Notwithstanding the above, the proposal of the resolution on share capital increase must also be submitted to the organizer of a regulated market on which shares are admitted for trading as well as to the Czech National Bank.</p>
Tender offer rules	<p>If the subscriber of newly issued shares upon such subscription exceeds (directly/indirectly/acting in concert) the threshold of 30% of total votes in the company under which it (directly/indirectly/acting in concert) controls the company, it will be obliged to announce a tender offer for the sale of shares to all shareholders of the company whose shares are traded on the regulated market.</p>
Prospectus	<p><i>Please see general rule for EU countries under row 8 in the table for Poland.</i></p>

Slovakia	
Corporate Approval to increase share capital	<p>Requires shareholders’ approval by 66% of votes present at the meeting in each share class.</p>
Virtual meetings	<p>EGM or AGM should be convened by an announcement at least 30 days before the date of EGM or AGM. The announcement shall be sent to all shareholders or made public in the press.</p> <p>The decision on the share capital increase adopted at EGM or AGM requires certification by notarial deed issued by any notary present at such EGM or AGM.</p> <p>If the AoA allows, shareholders may also participate in EGM and vote by technical means (correspondence voting or electronic means).</p> <p>Additionally, shareholders may also participate in EGM or AGM, and vote, by a proxy.</p>

Types of share offer available	Preemptive only (unless this right is waived by approval of shareholder in general meeting when approving the increase with a majority of 66%. A proposal to waive preemption rights may only be made for serious reasons (meaning, e.g. the need for a strategic investor, the need to issue employee shares)).
Court registration of capital increases	Share capital increase must be registered with the Commercial Register (kept by respective registry court) without undue delay following (i) issuance of the shares and (ii) payment by the shareholder of at least 30% of their nominal value.
Authorized capital and limitations	<p>Shares may be issued by resolution of Board of Directors ("BoD") within the authorized share capital limits if such authorization is granted to the BoD by EGM or AGM (see column (1)).</p> <p>EGM or AGM may authorize BoD to increase the share capital by issuance of new shares within the period up to 5 years.</p> <p>When authorizing the BoD to increase the share capital, the EGM or AGM may also waive preemption rights.</p> <p>The subscription price of the shares may not be lower than their nominal value.</p>
Reporting obligations	Acquisition of shares giving at least 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of total votes requires a notification by a shareholder to the company.
Tender offer rules	Mandatory takeover bid upon acquisition of 33% in a listed company.
Prospectus	<i>Please see general rule for EU countries under row 8 in the table for Poland.</i>

Hungary	
Corporate Approval to increase share capital	Generally, a capital increase requires shareholders' approval by a simple majority of votes present, provided that for the relevant decision to be effective each type and class of shares affected by the capital increase must approve the increase in a manner regulated in the AoA.
Virtual meetings	<p>As a general rule, GM should be convened by an announcement at least 30 days before the date of GM. The announcement shall be published on the company's website.</p> <p>If the AoA allows so, shareholders may also participate in GM and vote by technical means (correspondence voting or electronic means).</p> <p>Additionally, shareholders may also participate in GM, and vote, by a proxy.</p>

Types of share offer available	<p>Share issuances may be through:</p> <ul style="list-style-type: none"> a. private placements for non-cash consideration on a non-preemptive basis; b. private placements for cash consideration on a preemptive basis (subject to preemption rights of the existing shareholders, holders of convertible bonds and bonds with subscription rights); or c. public offering (to any investors on a preemptive basis in line with (b) above). d. Issue price of the new shares cannot be lower than their respective face value.
Court registration of capital increases	<p>Share capital increase requires amendment of the AoA and must be registered with the Companies Register (kept by the relevant registry court) within 30 days from the effective date of the amendment of the AoA.</p> <p>Issuance of new shares by the company is subject to (i) registration of the capital increase by the relevant registry court and (ii) shares being fully paid-up at their issue price.</p>
Authorized capital and limitations	<p>Shares may be issued by resolution of the Board of Directors ("BoD"), if such authorization is granted to the BoD by GM. Considerations relating to preemptive rights and issue in column (3) apply to the share issuances based on the decision of BoD accordingly.</p> <p>Authorization to BoD must (i) specify the maximum amount by which BoD is allowed to increase the company's registered share capital and (ii) must set a period up to 5 years during which BoD can increase the registered share capital.</p>
Reporting obligations	<p>Acquisition (directly or indirectly) of shares giving at least 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75%, 80%, 85%, 90%, 91%, 92%, 93%, 94%, 95%, 96%, 97%, 98% and 99% of total votes requires a notification by a shareholder to the company and the Hungarian National Bank.</p>
Tender offer rules	<p>Acquisition (directly/indirectly/acting in concert) of more than (i) 33%, or, if there is no other shareholder holding more than 10% of the total votes, (ii) 25% of total votes, is subject to mandatory takeover bid.</p>
Prospectus	<p><i>Please see general rule for EU countries under row 8 in the table for Poland.</i></p>

Romania

Corporate Approval to increase share capital

For **cash contributions only**: requires EGM passing a decision in the presence of at least a quarter of total votes¹ and the vote of at least 66% of the present shareholders.

For in-kind contributions: EGM with the presence of at least 85% of the subscribed share capital and the vote of at least 3/4 of votes.

EGM should be convened by an announcement made with at least 30 days in advance.

Voting by correspondence must be ensured as an alternative and is often used.

Virtual meetings

Issuers may use electronic means to allow for the participation of shareholders to the GMS if a relevant procedure was approved by the BoD and certain technical requirements are met.

Voting by proxy is also allowed and often used, including electronically.

Types of share offer available

Any newly issued shares must be first offered to existing shareholders for a 30-day period. Any shares not subscribed by them can be either annulled, or offered to the public or to investors in a private placement.

Preemption rights can be waived by the EGM if shareholders representing 85% of the share capital are present and the waiver is approved by 3/4 of total votes.

Court registration of capital increases

Share capital increase requires an entry to the Commercial Register.

Authorized capital and limitations

If permitted by the constitutive act, the EGM can delegate powers to the BoD for approving an increase up to a certain amount, for a period of no more than 3 years. The same EGM can also waive preemption rights, with the mentioned quorum and majority requirements.

The price for shares offered to the public or privately placed cannot be lower than the price offered for subscription to existing shareholders.

Reporting obligations

Transactions that lead to the shareholding quota being equal, less or more than 5%, 10%, 15%, 20%, 25%, 33%, 33⅓%, 50% and 75% of total votes requires notification to the company and the regulator (Romanian FSA).

Tender offer rules

If the subscriber of newly issued shares upon such subscription exceeds (directly/indirectly/acting in concert) the threshold of 33% of total votes it will be obliged to announce mandatory takeover offer for the purchase of all shares issued by the company.

Prospectus

Please see general rule for EU countries under row 8 in the table for Poland.

¹ Second calling requires a presence of at least 1/5 of the total votes.

Turkey

Corporate Approval to increase share capital

Unless a higher quorum is indicated under the articles of association (AoA), a capital increase requires the simple majority of shareholders with a meeting quorum of 25% in the first EGM. If this meeting quorum cannot be reached in the first meeting, a second meeting can be held without a meeting quorum.

If pre-emption rights are to be restricted, this requires the positive vote of 66.66% of the shareholders during a general assembly meeting. However, if a minimum of 50% of the shareholders are present during this general assembly meeting, such a resolution can be taken with simple majority.

EGM should be convened by an announcement on the company's website and an announcement on Public Disclosure Platform (KAP) at least 3 weeks before the date of general assembly meeting.

Virtual meetings

The public company must ensure that any shareholder can attend the EGM and vote via electronic means of communication. Additionally, shareholders may participate in the EGM and vote by a proxy.

Please note that a ministry official must also be present at any general assembly amending the AoA.

Types of share offer available

Share issuances may be through:

- issuing new shares to existing shareholders (preemptive share offering)
- offering new shares to shareholders free of charge through capital increase via internal resources (bonus issue)
- issuing new shares to prospective shareholders via public offering, private placement or sales to qualified investors, after the exhaustion of pre-emption rights or by restricting the preemption rights of the shareholders.

Court registration of capital increases

Share capital increases must be registered with the relevant trade registry and announced in the Turkish Trade Registry Gazette.

Authorized capital and limitations

The BoD is authorized to issue new shares if such authorization was granted to the BoD in a previous general assembly (see column (1)). This approval is valid for 5 years and may not exceed five times the paid-up/issued capital or equity (whichever is higher). The shareholder approval can be further combined with an approval to issue such shares on a non-preemptive basis (provided that the relevant majority was obtained (see column (1))).

Therefore, if the AoA allows it, a capital increase (with/without restricting the pre-emption rights) can be carried out with a BoD resolution without convening a general assembly.

However, in any case, an approval from the Capital Markets Board (CMB) is required to adopt the authorized share capital.

Public/non-public Issuance of shares under nominal value/market price are subject to limitations. Most notably, the share price in rights issues to qualified investors and/or through private placement by restricting preemptive rights must be within +/- 20% range of the market price average of preceding 10 days.

All material events must be disclosed on the Public Disclosure Platform.

Reporting obligations

Furthermore, if a person's direct or indirect shareholding in a company exceeds or falls below 5%, 10%, 20%, 25%, 33%, 50%, 67% or 100%, such event must be disclosed in the Public Disclosure Platform. In addition, if the shareholder and the public company form a group of companies, the event must also be registered with the relevant trade registry and announced in the Turkish Trade Registry Gazette.

Tender offer rules

Direct or indirect acquisition of management control (acquiring/securing more than 50% of voting rights in any way incl. entering into voting agreements, or acquiring privileged shares granting rights to appoint the majority of the BoD members or rights to nominate the majority of the BoD as candidates to the general assembly) require a mandatory tender offering.

Prospectus

As a general rule any public offering to the domestic market requires a prospectus (*izahname*) in Turkish. There are also some exemptions for the prospectus requirement for domestic issuances, some examples include public offerings with a minimum nominal value of at least TL 250 thousand, public offerings to qualified investors, private placement.

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