

# Regulation on Venture Capital Funds to be Supported by the Ministry of Industry and Technology is Published

## I. Introduction

The Regulation on Participation in Venture Capital Funds and Venture Capital Practices (“**Regulation**”) was published in the Official Gazette dated 28.11.2025 and numbered 33091 and entered into force on the date of its publication. The Regulation has been prepared based on Law No. 5746 on the Support of Research, Development, and Design Activities.

The Regulation sets out the scope, conditions, evaluation, monitoring, and audit procedures, as well as the overall principles governing the implementation of the public resources to be transferred from the Ministry of Industry and Technology’s (“**Ministry**”) budget to venture capital funds for the purpose of supporting technology, technological production and innovation activities.

The full Turkish text of the Regulation is available [here](#).

## II. Scope of the Regulation

Participation in venture capital funds and venture capital practices fall within the scope of the Regulation; however, venture capital funds supported or to be supported by the General Directorate of Development Agencies and development agencies are excluded from its scope.

## III. Call for Proposal and Application Requirements

The Ministry will determine the call objectives and thematic scope of each call in line with the priorities set out in the development plan, strategic documents, and other high-level policy papers. The process of providing resources to venture capital funds will be initiated each year through call announcements published by the Ministry.

These announcements will set out the information and documents required for application, the qualifying characteristics of the fund, the upper limit of public resources that may be allocated to each fund, the upper limit for eligible expenses, the intended use of the allocated resources, as well as other specific conditions and the assessment criteria applicable to the implementation.

Among the applications submitted, those that meet the required conditions will be forwarded to the Fund Evaluation Commission ("**Commission**") for further assessment.

#### **IV. Composition of the Commission and Evaluation Criteria for the Fund**

The Commission shall consist of a total of five members, chaired by the general manager of the national technology or a deputy general manager appointed by the general manager. Commission members shall be selected from among people with expertise and/or experience in at least one of the fields of finance, economics, investment, and venture capital.

The Commission shall convene with the participation of at least four members, and meetings may also be held online. Decisions should be taken by a majority of the members present. In the event of a tie, the chairperson's vote shall count as two votes. Abstentions are not permitted.

Commission evaluations will, as specified in the call announcement, take into account the private equity experience of the fund manager, its track record and expertise in the priority sectors and fields, the returns generated from past investments and the ratio of such returns to total investments, the fund's management expenses, as well as the ratio of the commitments made by other investors to the amount to be committed by the Ministry.

The evaluation prepared by the Commission will be submitted to the Minister of Industry and Technology ("**Minister**"); the final decision regarding the amount and type of resources to be provided through fund selection will be made by the Minister, considering the Commission's opinion.

As per the Regulation, it is possible for the Ministry to decide that the above-mentioned criteria shall not be taken into consideration in the evaluation process for entities

establishing a fund for the first time, provided that at least 50% of the fund is committed by other investors.

**V. Investor Agreement Between the Ministry and the Fund, the Investment Committee and Investment Areas**

An investor agreement that complies with the call will be executed between the Ministry and the fund manager. The elements that must be included in the investor agreement are enumerated in article 7/3 of the Regulation:

It should also be noted that, as further detailed in the investor agreement, all fund-related expenses and costs, including fund expenses, management expenses, investment expenses, management fees, insurance expenses, financing expenses, indemnities, exchange rate losses, asset or investment value depreciation allowances, liquidation expenses, fees to be paid to the fund manager, other management expenses, and similar expenses arising under the investor agreement will be covered from the fund's resources.

Pursuant to the Regulation, an investment committee ("**Committee**") will be established for each fund to which resources are transferred, which shall be responsible for making decisions regarding investments and matters specified in the investor agreement. Matters such as the appointment of the Committee members, whether and to what extent the Ministry will be represented on the investment committee, as well as the Committee's decision-making procedures, will be governed under the investor agreement.

However, if the Ministry commits more than 50% of a fund's resources, members of the Committee must be approved by the Ministry.

Investments will be made according to the methods and criteria determined in line with the fund's objectives and goals, and investment decisions will be made by the Committee. Fund resources may be used to support technology, technological production, and innovation activities through direct investment in ventures or indirect investment through other venture capital funds. It should be noted that investments made in other funds must be consistent with the objectives and criteria of the relevant fund, and if the fund in which the Ministry has invested makes investments in other venture capital funds, these funds must meet the specific conditions of the call.

Activities related to production, trade, or provision of services that violate the law; activities that violate the law, public order, or public morality; tobacco, alcohol, betting, and gambling; exclusive real estate investments; and companies engaged in political or ethnic activities are excluded from the scope of investment.

## **VI. Monitoring and Supervision of the Fund Sources**

The fund manager is required to report regularly to the Ministry every three months on the fund's activities, the status of investments, risks, and progress. The Ministry shall communicate to the fund manager any measures deemed necessary regarding the fund's operations.

At the end of each accounting period, an annual audit report will be prepared by an independent audit firm selected by the Committee from among the options determined by the fund manager. Subject to the exceptions defined in special laws governing funds established in Turkey, it is mandatory to keep the fund accounts, books, and records in accordance with the Capital Markets Law, the fund's internal regulations, the Turkish Commercial Code, tax legislation, and the uniform accounting plan.

If the Ministry determines that the fund resources have been used for purposes other than those intended or in an irregular manner, it shall have broad powers to take measures required by the process, such as failure to fulfill the resource commitment, liquidation of the fund, notification to the relevant public institutions or organizations, and initiation of the necessary legal processes.

## **VII. Fund Term and Exit from Investments**

The fund term, extension of the term, liquidation, and the fate of the fund balance, as well as matters related to the authorized board, committee, or individuals in decisions regarding these, and issues related to the principal and profit sharing of the fund during the fund term shall be determined in the investor agreement. The liquidation period is not included in the fund term.

The resources obtained from the transfer of the shares of the companies in which the fund has invested will be returned to the fund; if the investment period has not ended, they can be used for reinvestment, and if it has ended, they will be transferred to the collection

account of the Ministry's central accounting unit at the Central Bank of the Republic of Turkey to be recorded in the general budget.

### **VIII. Responsibilities**

The responsibilities of both the Ministry and the fund manager are determined in accordance with the Regulation.

- The Ministry will determine the fund to which it will commit resources and is responsible for transferring resources from the Ministry budget to the relevant account to be opened on behalf of the fund upon the fund manager's call for resources or to the account to be opened on behalf of the fund upon the fund manager's call for resources. It should also be noted that, within the scope of the implementation to be carried out under the Regulation, sources may be provided by investors other than those allocated from the Ministry's budget, and that bilateral or multilateral protocols may be executed between the other investors, the fund manager and the Ministry with respect to the implementation.
- The Ministry may assign one or more members and/or observers at least at the level of department head to the investment committee on a fund-by-fund basis.
- The fund manager shall ensure the efficient and effective use of fund resources, conduct research and analysis to identify companies in which investments can be made, and provide the information and documents required for the investment committee's evaluations. The fund manager is obligated to provide any information and documents requested by the Ministry regarding the fund.
- Other responsibilities of the Ministry and the fund manager will be determined by the investor agreement.

If the Ministry determines that the fund manager has breached its obligations, the liability mechanisms set forth under the relevant legislation, particularly Capital Markets Law No. 6362, the Turkish Commercial Code No. 6102, may be invoked.

### **IX. Conclusion**

The Regulation aims to ensure that public resources provided to venture capital funds are managed in accordance with principles of transparency, measurability, and accountability. It may also be stated that the Regulation aims to ensure the efficient use of

public resources by tying the allocation of funds to objective criteria. The Regulation is expected to contribute significantly to the institutionalization of the venture capital ecosystem in Turkey and to the financing opportunities of ventures operating in Turkey.

**Elif Aksöz Bayraktar, Senior Associate**

**Sıla Eyvaz Şir, Associate**

**Berk Can İşbilen, Associate**