

Regulation on the Transfer of Resources to Venture Capital Funds by the Ministry Has Entered into Force

A. Introduction

The Regulation on Participation in Venture Capital Funds and Venture Capital Practices (the “**Regulation**”) was published in the Official Gazette dated November 28, 2025, and numbered 33091. Prepared by the Ministry of Industry and Technology and the Ministry of Treasury and Finance, this Regulation sets out the procedures and principles for the transfer of public resources to technology and innovation-oriented venture capital funds.

The Regulation, which contains detailed provisions on calls for venture capital funds to be provided with resources, application requirements, the fund evaluation committee responsible for assessing the funds and the applicable evaluation criteria, as well as investment processes and reporting and auditing practices, aims to establish a standardized, transparent, and auditable mechanism for providing resources in the field of venture capital.

You can access the Regulation [here](#).

B. Scope of the Regulation and Applicable Funds

In the Regulation, venture capital funds supported or to be supported by the General Directorate of Development Agencies and development agencies are excluded from the scope of application.

Apart from this, no definition has been introduced with respect to venture capital funds under the Regulation, nor has any other limitation been imposed. Accordingly, the details and qualifications of the funds to be provided with resources will be set out in the call text.

C. Stages of Benefiting from Public Resources

i. Call for Proposals and Application Requirements

The Ministry of Industry and Technology (“**Ministry**”) issues a call announcement after determining the objectives and areas of the call. Each call announcement shall include details

such as the documents required from venture capital funds, the upper limit of the resources to be provided to the funds, the purpose for which the resources may be used, and the evaluation criteria.

For those who will establish a venture capital fund for the first time, the Ministry may decide that the evaluation criteria need not be applied, provided that at least 50% of the fund is committed by other investors.

ii. Fund Evaluation Committee and Evaluation Criteria

Venture capital funds that apply in response to the call and meet the call-specific conditions shall be submitted to the Fund Evaluation Committee (the “**Committee**”)

The Committee shall convene under the chairmanship of the Director General of National Technology or a Deputy Director General designated by him/her, and shall consist of a total of five members, including four persons with expertise in at least one of the fields of finance, economics, investment, and venture capital. Under the Regulation, the venture capital fund to be invested in shall be determined by the Minister of Industry and Technology upon obtaining the opinion of the Committee.

The following criteria shall be taken into consideration by the Committee:

- the experience of the fund manager in the field of venture capital or private equity funds,
- the experience of the fund manager in the priority sectors and fields,
- the returns obtained from the investments previously made by the fund manager and the ratio of returns to the total investment,
- the management expenses of the fund,
- the ratio of the amount committed to the fund by other investors to the amount committed by the Ministry,
- the qualitative or quantitative criteria and other matters determined by the Ministry in the call announcement.

D. Investor Agreement and Mandatory Elements

The venture capital fund to which resources are transferred under the Regulation is obliged to make investments in line with the purposes and objectives set out in the investor agreement.

The investor agreement, which constitutes the legal basis of the fund and is executed between the fund manager and the Ministry, must mandatorily include provisions on the purpose, powers, management and representation of the fund; the responsibilities of the Ministry and the fund manager; the participation ratios of investors in the fund resources, returns, management fees and expenses and the method of calculation thereof; the methods, rules and limitations applicable to investments; the term of the fund; the investment and exit periods; the liquidation process; management fees; investor obligations; and matters relating to the transfer of resources and the custody of the fund assets.

Although the details shall be determined in the investor agreement, items such as fund expenses, management fees, and investment costs shall be covered from the assets of the fund.

E. Prohibited Investment Areas and Sanctions

The venture capital fund to which resources are transferred is prohibited from investing in companies engaged in activities relating to the production or trade of products or the provision of services in violation of legislation; activities contrary to law, public order, and public morality; activities relating to tobacco, alcohol, casinos, and betting games; activities exclusively aimed at real estate investments; and activities of a political or ethnic nature.

In the event that the Ministry directly or indirectly determines that the resources transferred to the fund have been used improperly or for purposes other than those intended, the Ministry shall be entitled to refrain from fulfilling its resource commitment, take measures such as the liquidation of the fund, notify the relevant public institutions or organizations, and resort to legal remedies.

F. Other Matters

i. Monitoring and Auditing of the Fund

The fund manager shall submit a report to the Ministry every three months, covering the current status of the investments, ongoing

activities, progress made, and risks encountered. At the end of each financial period, an annual audit report shall be prepared by an independent auditing firm.

ii. Representation of the Ministry in the Investment Committee

Investment decisions are made by the investment committee, and the investor agreement sets out whether the Ministry will be represented on the committee, the number of its representatives, and the committee's decision-making process.

Additionally, for funds in which the Ministry has committed more than 50% of the fund resources, the individuals to be appointed to the investment committee are determined with the approval of the Ministry.

iii. Investment Areas and Conditions for Investment in Other Funds

The public resources allocated to the funds may be used to invest in ventures, direct ventures, or venture capital funds to support technology, technological production, and innovation activities. Where the resource-receiving fund invests in other venture capital funds, the target fund must meet the call-specific conditions.

iv. Duration of the Fund and Exit from Investments

The duration of venture capital funds, the extension of the duration, the liquidation of the fund, the fate of the remaining balance in the fund, and the relevant authority, committee, or individuals responsible for decisions regarding these matters shall be determined in the investor agreement, in line with the fund's objectives.

The income generated from the partial or full transfer of shares in companies invested in by venture capital funds is returned to the fund. If the investment period is ongoing, these resources can be used for reinvestment. However, if the investment period has ended, the returned resources are transferred to the collection account of the Ministry's central accounting unit at the Central Bank of the Republic of Turkey and recorded as revenue in the general budget.

G. Conclusion

The Regulation establishes a comprehensive and systematic framework for the transfer of public resources to technology-and innovation-focused venture capital funds. The Regulation entered into force on 28 November 2025, the date of its publication.

For more information and assistance, please feel free to contact us.



Elif opur elebi
Partner
e.copur@lbfpartners.com



Burak elebi
Managing Associate
b.celebi@lbfpartners.com



Furkan Bozdağ
Associate
f.bozdag@lbfpartners.com



Sude Göl
Legal Intern
s.gul@lbfpartners.com