

TABOGLU & DEMIRHAN

Newsletter

PRIVATIZATION HIGHLIGHTS

cont'd.

- Although the privatization tenders of Mersin, Izmir, Bandirma, Derince and Samsun Ports, all of which are owned by the Turkish State Railways, have been realized last year and in 2008, it has been reported that only the tender for Mersin Port has been finalized so far. The transfer procedures for the remaining ports will begin upon the respective decisions of the Council of State. The Privatization Administration has stated that Iskenderun Port would also be privatized once the transfers of all ports are finalized. In 2005, the Privatization Administration had put out to tender Iskenderun Port through transfer of operating rights for a period of 36 years and PSA-Akfen Joint Venture had become the winning bidder in such privatization tender with its offer amounting to US\$ 80 million. However, the tender was cancelled afterwards.
- After the cancellation of Galataport tender, in which the consortium led by Royal Caribbean became the winning bidder by offering the highest bid amounting to US\$ 4.3 billion in 2005, the Privatization Administration prepared a new zoning plan of Galataport and submitted such plan to the High Council of Cultural and Natural Heritage 2 years ago in order to realize the Galataport tender for a second time. Currently, the approval of the High Council of Cultural and Natural Heritage is still being expected.
- According to the dailies, Seker Is, the labour union for workers in sugar factories, has filed a lawsuit for the cancellation of the privatization of sugar factories in Kars, Ercis, Agri, Mus and Erzurum, all of which are owned by Turkiye Seker Fabrikalari. The grounds of the lawsuit indicated that the report prepared by the advisors appointed by the Privatization Administration has failed to comply with the proposals which would prevent failure of the sector.
- The Privatization Administration has applied to the Competition Board for the prior approval regarding privatization of the National Lottery to be realized through license transfer method. As soon as the Competition Board issues its primary opinion, the National Lottery will be put out to tender. It is expected that the Competition Board will reach a decision within 28 business days. As per the dailies, the regulation regarding lottery licenses drafted by the Turkish National Lottery Administration has also been submitted to the Ministry of Finance for approval. According to the statement made by the Chairman of the Privatization Administration, privatization projects of banks, especially Halkbank, are not in the agenda, whereas privatizations of lottery, and companies in sectors of energy and sugar are the primary targets of the Administration. Furthermore, the Chairman has noted that the economical crisis shall affect neither privatizations nor the merger and acquisition transactions in the private sector in Turkey.
- As per the statement made by Yapi ve Kredi Bankasi to the Istanbul Stock Exchange, Unicredit Group, the largest bank of Italy, which is significantly affected by the financial crisis, is not considering to sell its shares in its indirect shareholding in Yapi ve Kredi Bankasi.
- As per the written statement made by Tekstil Bankasi to the Istanbul Stock Exchange, the sale process conducted by JP Morgan PLC regarding the sale of Tekstil Bankasi shares owned by GSD Holding, which is the major shareholder of the Bank, to the potential buyers is continuing.

cont'd.

Highlights

a. Privatization Highlights

b. Banking Sector News

c. Capital Markets Highlights

d. Telecommunication News

e. Other News

CAPITAL MARKETS HIGHLIGHTS

- The Chairman of the Capital Markets Board has declared that the Communiqué on Principles Regarding the Internal Auditing Systems of Intermediary Institutions will be amended. The amendment shall be related to the emergency and disaster recovery plan which would prescribe written procedures to be included in the workflow of each intermediary institution. The Chairman has also stressed that the Communiqué on Principles Regarding Public Disclosure will be amended in order to extend the scope of information pertaining to legal cases which may impact the financial status of the intermediary institutions. Thus, not only the civil cases will be subject to the public disclosure but also disclosure of tax and other public law cases would be subject to public disclosure. Another amendment regarding intermediary institutions would be on the qualifications of internal inspectors working in the intermediary institutions.
- Following purchase of 50.8% stake of Migros in return for TRY 1 billion 977 million, Moonlight Capital has increased its shareholding ratio to 81.6% through purchases on the stock exchange. In the meantime, Moonlight Perakendecilik, Turkish subsidiary of Moonlight Capital, has raised an objection to the decision of the Capital Markets Board regarding the mandatory tender offer price of TRY 21.95 per share to be paid to the small investors of Migros. Should Moonlight purchase the remaining shares on such price, US\$ 600 million investment shall be required.
- Gedik Portfoy Yonetimi has obtained the authorization certificate regarding portfolio management activities and started to conduct portfolio management services for corporations and individuals. According to the statement made by Gedik, the initial share capital of the Company is TRY 1 million.

TELECOMMUNICATIONS NEWS

- The Telecommunication Board has set the date of the tender for third generation mobile communications system (3G) as 28 November 2008. The interested operators would obtain the specifications between 10 October and 18 October 2008. The offer period will begin on 24 November 2008 and end on 27 November 2008. The operators will bid through sealed envelope method for 4 types of licenses which will be granted by the 3G tender.
- Borusan Yatirim ve Pazarlama has declared that the sale of Borusan Telekom, a subsidiary of Borusan Teknolojik Yatirimlar Holding, to an Indian company, Dhanus Technologies, has been cancelled. As the parties could not reach a mutual understanding due to their different future plans, business targets and expectations, Borusan Holding has ended the sale process in accordance with the rights arising from the agreement executed between the parties.

OTHER NEWS

- Cez, a leading Czech Republic company in the energy sector, has agreed to purchase 37.4% of the shares of Akenerji in return for US\$ 302.6 million. According to the statement made by the parties to the Istanbul Stock Exchange, the purpose of such share transfer is to grow and become a leading company in the energy sector. In order to complete the transfer of the shares belonging to the shareholders of Akenerji, necessary approvals from the Energy Market Regulatory Authority, the Competition Board and the Capital Markets Board would need to be obtained. It is further mentioned in the statement that Cez may request an exemption for the mandatory tender offer requirement from the Capital Markets Board.

The aim of this weekly newsletter is to highlight mainly the regulatory changes made by the Turkish Government during the relevant week. The content of this bulletin is limited to those areas Taboglu & Demirhan advises its clients. It contains a general summary of the changes and the areas it covers are broader. Thus, one should not rely on it for specific advice. For further information or advice please contact Taboglu & Demirhan, a full-service law firm based in Istanbul.

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