

# TABOGLU & DEMIRHAN

## Newsletter

### PRIVATIZATION NEWS

- As per the announcement of the Privatization Administration, the tender held for the assignment of consultants in relation to the privatization of the affiliates, subsidiaries, businesses, business units and assets of EUAS, electricity generation co. has been finalized. The consortium consisting of Citi Group, Oyak Yatirim, Master Danismanlik and Scoin has become the winning bidder of the tender.
- The Housing Development Administration will hold a new tender for the areas located in Atakoy, Istanbul which had been previously suspended by the court through a stay of execution decision. After analyzing the claims and counterclaims, the court has rejected the lawsuit regarding the sale of the areas filed by DATI Yatirim Holding against the Administration and lifted the stay of execution decision. The Administration has stated that the new tender will be announced by the Administration in the forthcoming days.

### CAPITAL MARKETS UPDATE

- As per the statement made by Mert Gida to the Public Disclosure Platform, in order to strengthen the financial structure of the Company, the Board of Directors of the Company has decided to increase its share capital by TRY 5 million 91 thousand 56 from TRY 8 million 408 thousand 944 to TRY 13 million 500 thousand. It has been further stated that the preemptive rights will be exercised within 15 days for TRY 1 per share. The remaining shares arising out of the unexercised preemptive rights, if any, will be offered to public through the Istanbul Stock Exchange for a period of 10 business days.

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- The Capital Markets Board has prepared the Draft Communiqué on Intermediation Activities in Derivatives Trading (the “**Draft Communiqué**”). In fact, the intermediation activities in derivatives trading have been regulated in the Communiqué on Principles Regarding Intermediary Activities and Intermediary Institutions Serial. V No. 46 (the “**Communiqué**”), published in the Official Gazette on 7 September 2000. The Draft Communiqué is being prepared by taking into consideration of the developments in derivatives trading that have taken place after the promulgation of the Communiqué. The trading volume of derivative instruments has visibly increased and its scope has significantly broadened in time following the publication of the Communiqué. Accordingly, the scope of applications by the intermediary institutions to the Board in order to obtain its permission especially for the activities to be conducted abroad has diversified. Within this context, in order to provide an adequate legislation for trading the derivative instruments, the Board has contemplated to cancel Articles 53 to 57 of the Communiqué and to promulgate the Draft Communiqué. The Draft Communiqué intends to regulate the definition, scope and conditions of intermediary activities in derivatives trading. The Board has started to receive opinions on the Draft Communiqué from the professionals qualified in derivative trading.
- Pursuant to the dailies, the Confederation of Businessmen and Industrialists of Turkey and the Russian Union of Industrialists and Entrepreneurs will enter into an agreement in order to improve the cooperation between the parties.

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#### Highlights

- a. Privatization News
- b. Capital Markets Update
- c. Banking Sector Highlights
- d. Other News

### **BANKING SECTOR HIGHLIGHTS**

- The Banking Regulation and Supervision Agency has granted its permission to Turkishbank for providing support and consultancy services. As per the decision of the Agency published in the Official Gazette on 24 September 2009, Turkishbank may provide support and consultancy services in legal, tax, advisory, organizational and process management areas to its affiliates on conditions that (i) the Bank shall not conduct the operations of the companies to which it provides services, and (ii) the department or the personnel conducting the activities subject to the services shall be employed by the companies to which the services are provided.
- As per the dailies, the Council of State has cancelled the administrative fine amounting to approximately TRY 300 million imposed on Vakiflar Bankasi Pension Fund in 2006. The Fund had been sentenced to the administrative fine by the Ministry of Finance because of its investments in treasury bonds and equity as of 2001. Since the Fund's income has been derived from stock and bond sales and its continuous transactions, the Ministry has decided that the Fund is a financial enterprise and obliged to pay corporate tax, and finally sentenced the Fund to pay an administrative fine on the grounds that the Fund has not paid any taxes arising out of such sales. The Fund challenged the fine before the tax court, and following the court's decision in favor of the Fund, the Ministry appealed to the Council of State. Upon the current decision of the Council of State, the Ministry requested the revision of the decision.

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- Pursuant to the dailies, Standard and Poor's, an international credit rating institution, has announced that the long term national credit rating of Albaraka Turk Katilim Bankasi is "trA", and short term national credit rating is "trA-1". It has been further stated that such ratings are determined due to sufficient liquidity of the Bank and limited market risk.

### **OTHER NEWS**

- As per the dailies, Hilton Hotel Corporation has amended its trade name as Hilton Worldwide. The headquarters of the Company had previously moved to McLean, Virginia and following the movement, its trade name and logo have been amended in order to reflect international growth of the hotel chain. Pursuant to the announcement made by the Company, the new trade name and logo unify whole Hilton hotels all over the world.
- As per the announcement of Dogan Yayin Holding, the Company and its subsidiaries namely D Yapi Reklamcilik ve Dagitim, Dogan Produksiyon and Alp Gorsel Iletisim have been requested by the relevant tax authorities to deposit a security amounting to approximately TRY 4 billion 824 million due to the tax obligation, administrative fine and interest, within 15 days. The Company and its subsidiaries had been sentenced to administrative fine because of the unpaid tax arising from intra group share transfers that took place in 2005, 2006 and 2007. The Company will challenge such fine alleging that the intra group share transfers subject to the fine fall within the scope of exemptions set forth in the relevant legislation.

*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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