

# TABOGLU, ATEŞ & DEMIRHAN

## Newsletter

### ENERGY MARKET UPDATES

- The Draft Law on the Amendment to the Petroleum Market Law has been passed by the Turkish Parliament on 25 January 2007. Accordingly, persons involved in the petroleum smuggling will be sentenced to 2 to 5 year imprisonment. It has been also stated that the same punishment will be applied for persons using national marker without authorization. Persons who are found guilty of petroleum smuggling will be announced to the public and be deprived of obtaining a petroleum license. Despite the Draft Law, it has been debated to postpone the application of national marker imprisonments, since the system has caused serious problems.
- The General Assembly of Administrative Chambers of the Council of State has rendered the suspension of the execution of pecuniary fine amounting to TRY 1.6 billion issued by the Energy Market Regulatory Authority against 22 companies. The suspension decision has been given upon such companies' appeal of the 13<sup>th</sup> Chamber of the Council of State's decision on the rejection of such companies' previous challenge on the said fines. Upon the decision, the Authority will issue new fines based on Article 3 of the Petroleum Market Law rather than Article 19, which was found as erroneously applied.
- As reported in the dailies, EnerjiSA, Sabanci Group's energy company, will construct 3 power plants in Adana Tufanbeyli Region through BOT model. The completion date of the construction is estimated as 2010. Previously, EnerjiSA has purchased the company namely, Tufanbeyli Elektrik Uretim A.S., that holds the mining certificates of Tufanbeyli coal mines and power plant licenses. It has also been added that in addition to the certificates hold by the acquired company, the certificates hold by EnerjiSA will expand the coal reserves of the project up to 250,000 tones.

### PRIVATIZATION HIGHLIGHTS

- The Competition Board has repeated its affirmative approval on the privatization of the tobacco business of TEKEL. Accordingly, the Board has stated that its previous opinion still prevails and that separate sales of cigarette brands may generate a more competitive environment.
- Various thresholds in the Public Procurement Law have been updated as per the wholesale price index of the year 2006 by the promulgation of the Public Procurement General Communiqué in the Official Gazette on 25 January 2007. Accordingly, procurements with the total value amounting to TRY 4.4 million, previously TRY 3.9 million, will not be subject to the Public Procurement Law.
- The Draft Law on the Amendment to the State Tender Law has been passed by the Turkish Parliament. Accordingly, the auction method has also been applicable in the sales by the state.

### CAPITAL MARKETS HIGHLIGHTS

- The Capital Markets Board has continued its works on determination of the standards to be applied on the companies who have publicly offered their shares without applying the registration standards. Currently, 6 companies have applied to the Board for registration and 10 companies have requested to do so. 28 companies have not been communicated and that notifications to the Ministry of Trade and Industry have been made related thereto.
- According to the announcements of the Capital Markets Board, Kartonsan shares amounting to TRY 810,000 and bonds amounting to US\$ 1 million with different interest and maturity dates have been quoted on the Istanbul Stock Exchange.

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#### Highlights

a. Energy Market Updates

b. Privatization Highlights

c. Capital Markets Highlights

d. News re Banking Sector

e. Other News

cont'd.

- The Amending Regulation on Istanbul Gold Exchange Regulation has been published in the Official Gazette on 25 January 2007. Accordingly, the member representatives are required to complete the age of 20 to act as an authorized representative.
- The Deputy Chairman of the Capital Markets Board has stated that the privatization of Halkbank upon the realization of a successful initial public offering would be a better strategy taking into account the public interest in the bank and participation banks' public offerings. He has added that initial public offering shall result in the bank to be subject to the capital markets legislation and thus become transparent and attract the interest of the foreign investors.

#### NEWS RE BANKING SECTOR

- As reported in the dailies, National Bank of Greece, which had purchased 86.7% of Finansbank, has decided to sell 5% of the Bank's shares to International Finance Corporation. The sale price of the shares will be the price paid by NBG in the mandatory tender offer.
- The Minister of State has stated that Eximbank will support the exporters with the contribution of the funds amounting to US\$ 9 billion, US\$ 4.1 billion of which will be cash credit. The last year's support by Eximbank was around US\$ 7.8 billion.
- It has been set forth in the dailies that Citigroup has decided to buy the mortgage unit of ABN AMRO by the end of the first quarter of 2007.

#### OTHER NEWS

- The Amending Regulation on the Trade of Alcohol and Alcoholic Beverages has been published in the Official Gazette on 23 January 2007. Accordingly, the pricing of these beverages are taken out of the scope and the standards to export availability certificates are amended.
- The Competition Board have rendered fines amounting to TRY 330,000 in total to Kavaklıdere and Doluca, two important local wine producers, for the restriction of competition through acting in concerted practices. The General Manager of Kavaklıdere has criticized the decision.
- The Competition Board has announced that the Vertical Group Exemption Communiqué will be amended. Accordingly, the prevention of new market players' entrance by current ones to the market will be tried to be impeded.
- The Free Trade Zones Regulation has been amended by the promulgation of the Amending Regulation on 26 January 2007. Accordingly, the persons who have carried out constructions on the immovable within free trade zones which are leased from the Treasury will be given a right to own the title to such leased immovable.
- Dogan Yayin Group has made an agreement with Ringier AG for the broadcasting business in Romania. Accordingly, 25.1% of the shares of Kanal D Romania will be sold to Ringier AG.

*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, Ates & 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, Ates & Demirhan, a full-service law firm based in Istanbul.*

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