

TABOGLU, ATES & DEMIRHAN

Newsletter

ENERGY MARKET UPDATES

cont'd.

- As per the dailies, the Chairman of Sabanci Holding's Energy Group has stated that the Government's decision regarding postponement of privatizations of three electricity distribution regions, which were to be realized on 19 January 2007, is unexpected. On the other hand, the Minister of Finance has declared that the privatization of such electricity distribution regions will be performed upon completion of infrastructural developments.
- The Amending Regulation on Electricity Market Licensing has been published in the Official Gazette on 9 January 2007 by the Energy Market Regulatory Authority. According to the Amending Regulation, which comes into effect as of 1 January 2007, in the event of application to the Energy Market Regulatory Authority by the reason of not being able to provide distribution and retail sale of the electricity, the Authority may permit to obtain electricity energy from production plant until 1 December 2007 in order to be used in production facilities residing outside of residential areas and facilities that has already completed its production activity and/or integration of the facilities active in side product with the other production facilities.
- The Amending Regulation on Electricity Market Tariffs Regulation has been published in the Official Gazette on 11 January 2006 and has come into effect as of 1 January 2007. As per the Amending Regulation, Article 9 (2) and Article 10 (2) of the Regulation on calculation of distribution tariffs for legal persons holding distribution license, and retail sale price, will not be applied for the distribution companies, which are within the scope of the Communiqué on Revenue Arrangement Regarding Initial Application Period of 20 Distribution Companies, until 31 December 2010.
- The Amending Regulations on Regulation Concerning Electricity Market Consumer Services and Regulation on Electricity Transmission System Supply Reliability and Quality have been published in the Official Gazette on 9 January 2007 and have come into effect as of 1 January 2007.
- The Amending Regulation on Regulation Concerning Technical Criteria Applied in Petroleum Market has been published in the Official Gazette on 9 January 2007. The Amending Regulation sets forth interim provision regarding determination of accredited laboratory for petroleum products.
- As per the dailies, the Minister of Energy and Natural Resources has stated that Report on Technology Selection, which includes technological measurements for installation of nuclear power plants, had been completed and the draft law on nuclear energy has been submitted to the Parliament.
- The Regulation on Value Assessment and Procurement Procedures in Privatization has been amended. Accordingly, during the process of call for bidding, the Privatization Authority shall extend dates for bidding to a later time and such extension shall be announced before the expiry of the bidding period.
- According to the dailies, the Council of State has approved the decision of Ankara 12th Administrative Court regarding the cancellation of sale of TUPRAS' 14.76% shares at the Wholesale Market of the Istanbul Stock Exchange by the Privatization Administration. Previously, Ankara 12th Administrative Court had cancelled the sale on various grounds.

cont'd.

Highlights

a. Energy Market Updates

b. Privatization Highlights

c. Capital Markets Highlights

d. News re Banking Sector

e. Telecommunication News

f. Other News

CAPITAL MARKETS HIGHLIGHTS

- According to the announcement of the Istanbul Stock Exchange, it has been decided to list the shares of Adana Cimento Sanayi and Yapi Kredi Finansal Kiralama, with nominal share values of TRY 69,034,579 and TRY 287,927,705, respectively.
- The Communiqué Serial: V No. 88 Regarding Amendments to the Communiqué Serial: V No.6 on Principles of Book and Record Keeping has been published in the Official Gazette on 10 January 2007 and has come into effect as of 31 December 2006. With the amendment, the interim period for intermediary institutions, which do not apply transmission through remote access system for customer orders and are subject to certain rules, is extended until 29 June 2007 in order to adopt such system.

NEWS RE BANKING SECTOR

- According to the dailies, Citigroup and Akbank announced that following the accomplishment of all required regulatory approvals; the parties had successfully completed the acquisition by Citigroup of a 20% stake in Akbank with a value of approximately US\$ 3.1 billion. Furthermore, Sir Winfried Bischoff, Citigroup's nominee, had been appointed to Akbank's Board of Directors and Mr. Ege Caglar, Sabanci Holding's nominee, had been appointed to the Board of Directors of Citigroup's Turkish banking subsidiary, Citibank A.S.
- As per the dailies, National Bank of Greece, which had purchased 34.44% shares of Finansbank in return of US\$ 2,7 billion, raised its stake to 80.4% in Finansbank upon the tender offer process performed to purchase shares from minority shareholders.

TELECOMMUNICATIONS NEWS

- Pursuant to the dailies, Telsim-Vodafone has signed an agreement for an amount of US\$ 1 billion with Motorola and Nokia in order to modernize and renew its GSM network. Vodafone Turkey's CEO, Mr. Atitila Vitai, has stated that they have been collaborating with Motorola to strengthen their infrastructure and with Nokia to become ready for 3G and Internet phone use.
- Turkcell has authorized Akbank, Citibank, Garanti Bank, HSBC Bank, JP Morgan and Standard Bank to obtain syndicated loan with a value of US\$ 3 billion for financing of international investments.

OTHER NEWS

- A new Communiqué on Classification of Goods and Services Subject to Application for Registration of Trademark has been published in the Official Gazette on 8 January 2007 and has come into effect as of 1 January 2007. The Communiqué includes amendments made on International Nice Treaty Regarding International Classification of Goods and Services. Such classifications will be used for the applications initiated following enforcement date of the Communiqué.
- Pursuant to the dailies, the Government has prepared a draft law on disclosure of confidential information of banks, insurance companies and other companies upon requests of public prosecutors and courts. The Draft Law aims to prevent terrorism, money laundering, etc. and imposes imprisonment from 1 to 3 years and pecuniary penalty in case of default in disclosure of such information.

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.

TABOGLU, ATES & DEMIRHAN

Attorneys at Law

Levent Cad. No. 9

1. Levent, 34330, Istanbul, Turkey

E-MAIL: enquiries@taboglu.av.tr

www.taboglu.av.tr

PHONE: (212) 339 8800

FAX: (212) 339 8899