

# TABOGLU & DEMIRHAN

## Newsletter

### **CAPITAL MARKETS UPDATES**

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- According to the statement made by Isiklar Ambalaj, a subsidiary of Isiklar Yatirim Holding, the board of directors of the Holding has resolved to establish a plant manufacturing kraft cement bags in Iraq, which was the biggest cement bag consumer with 400 million bags per year before the Gulf War. It has been emphasized that the plant will either be incorporated with a local partner or as a 100% subsidiary of the Holding and the Iraqi market will be the plant's target.
- According to the statement made by Reysas to the Public Disclosure Platform, the Company and Yatas have executed a storage and transportation agreement for a term of 3 years. Furthermore, within the context of the agreement, in return for storage and transportation services to be provided, the Company expects an annual revenue of approximately TL 6 million
- According to the weekly bulletin of the Capital Markets Board, Turkiye Is Bankasi has applied to the Board for bond issuance amounting to TL 1.45 billion. The plan is to sell such bonds to legal entities and real persons abroad.

### **PRIVATIZATION NEWS**

- The Privatization High Council has approved the sale of Firat Elektrik Dagitim, a subsidiary of Turkiye Elektrik Dagitim, with a purchase price of US\$ 230 million 250 thousand to the winning bidder, Aksa Elektrik. In case Aksa Elektrik does not fulfill its requirements, the Company will be sold to Calik Enerji which has submitted the second highest bid amounting to US\$ 230 million.
- As per the dailies, the Privatization Administration has realized the privatization tenders of several immovable properties that are owned by the State Railways Administration and the Turkish Treasury on 6 October 2010. Such immovables are located in Zonguldak and Mugla.

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- The Savings Deposit Insurance Fund put on sale 3.67% of Euro Sigorta corresponding to around 735.395 shares with an appraised value of TL 750,000.

### **ENERGY MARKET NEWS**

- The agreement between Turkey and Russia regarding the construction of Turkey's first nuclear power plant in Akkuyu has been published in the Official Gazette. Accordingly, the project company that will engage in operating of the plant and conducting the project will be established within 3 months provided that the stake of Russian authorized institutions in this project company will not be below 51%. Furthermore, construction of the power plant will start within a year. Unit one of the station will be completed and start operating within 7 years whilst unit two, three and four will start their operations, consecutively, one year after unit one's completion. Upon obtaining energy production licence by the project company from the Energy Market Regulatory Authority, TETAS will execute an agreement with the project company in order to guarantee the purchase of electricity to be produced by the plant at a price of 12.35 cents per kw hour.
- As per the statement made by Petrol Ofisi in the Public Disclosure Platform, the Energy Market Regulatory Authority has imposed an administrative fine amounting to TL 29 million 400 thousand to the Company on the grounds that after 14 April 2005, the Company had supplied fuel to 588 legal entity and real person that were operating without any valid licence. It has been added that the Authority had previously decided to impose the Company on the same grounds a fine of around TL 498 million which was cancelled by the 13<sup>th</sup> Chamber of the Council of State.

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#### *Highlights*

*a. Capital Markets Updates*

*b. Privatization News*

*c. Energy Market News*

*d. Other News*

**OTHER NEWS***cont'd*

- The Communiqué on the Mergers and Acquisitions which are subject to the approval of the Competition Board No: 2010/4 has been published in the Official Gazette. It will be effected on 01 January 2011. The Communiqué regulates the procedures and principles on mergers and acquisitions more detailed than the previous regulation which is revoked with this Communiqué. Under the Communiqué, listed events shall be considered as a merger or acquisition provided that there will be a permanent change in the control of the target company, whereas internal group transactions and other transactions that do not cause a control change have been listed among the cases being not considered as a merger or acquisition. Additionally, as a very significant amendment, threshold regarding turnovers of the parties which is a condition for being subject to the Competition Board's approval has been amended as whilst the 25% market share threshold has been cancelled. Finally, provisions regarding evaluation of mergers and acquisitions, procedure for calculating the turnovers and the notification form have been broadly amended.
- Pursuant to the dailies, Turkiye Is Bankasi is at the final stage of the negotiations relating to the acquisition of Bank Sofia based in Russia with an investment of US\$ 50 million. The General Manager of the Bank had previously remarked that their negotiations on purchasing a bank in Russia are continuing and will be finalized at the end of this year.
- As per the dailies, Yasar Holding, is making negotiations in order to sell US\$ bonds with a maturity of 5 years to finance its debts to Barclays Bank Plc.
- The Regulation on Acquisition of Real Estate and Limited Rights in Rem by the Companies with Foreign Capital has been published in the Official Gazette and has come into effect under the Regulation. The procedure for the acquisition of real estate and limited rights in rem are much simplified and the definition of the foreign investor is inserted by the Regulation. The approval periods for the governmental authorities have been shortened and in case there is no positive or negative reply within a specific period, it shall be deemed as approved. Additionally, the Regulation prescribes an undertaking obligation which obliges companies to undertake that the acquisition of the immovable is realized to conduct the operations of the company and to use the real estate in line with the company's articles of association.
- Investment incentive certificates granted by the Turkish Treasury to 45 foreign companies in March, April and May to support their investments have been published in the Official Gazette. Accordingly, incentive certificates had been granted to certain sectors such as manufacturing industry, modernization, electricity, natural gas and water production, transportation, communication and mining.
- It has been reported that Turk Telekom has prepared a product with Hansenet, a telecommunications company under O2, which is a subsidiary of Telefonica, for the Turkish people in Germany so that they will be able to call Turk Telekom subscribers without any time restrictions and receive unlimited calls from 3 Turk Telekom subscribers in Turkey.

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*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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