

TABOGLU & DEMIRHAN

Newsletter

BANKING SECTOR NEWS

- As per the dailies, Fortis Emeklilik ve Hayat, which was acquired by BNP Cardiff in 2010, will continue its activities under a new trade name, BNP Paribas Cardif Emeklilik. The General Manager of the Company has stated that the market share of the Company has become 3.2% as of July 2011 and the Company aims to reach to a market share of 5% in the coming three-year period.
- As per the written statement released by Garanti Bankasi, the Under-secretariat of Treasury has approved the sale of 20% shares of Eureko Sigorta held by Garanti Bankasi to Eureko B.V. in consideration of Euro 70 million.

ENERGY MARKETS HIGHLIGHTS

- As per the statement made by the Minister of Energy and Natural Resources, the Turkish Republic of Northern Cyprus has started to supply electricity power to Southern Cyprus due to lack of power in Southern Cyprus caused by an explosion in one of the military bases.
- The Regulation on the Unlicensed Electrical Power Generation in Electricity Market has been published in the Official Gazette on 21 July 2011. The Regulation sets forth new procedures and principles for real and legal persons having a cogeneration facility to meet their own power needs. According to the Regulation, any real and legal persons generating maximum 500 kW renewable energy at their own facilities will be exempt from license obligation and incorporation of a separate company for electricity generation.
- The Regulation on the Certification and Support of Renewable Energy Resources has been published in the Official Gazette on 21 July 2011. The Regulation governs the procedures and principles on granting "Renewable Energy Resource Certificate" to legal persons which hold production license for renewable energy resources. The Regulation also covers principles regarding establishment and operation of an incentive mechanism.

CAPITAL MARKETS UPDATES

- Ozbal Celik Boru, a Turkish steel producer, plans to raise approximately TL 28 million through an initial public offering on 20 – 21 July, for new investments and financing its short-term debts. The offered shares represent 34.08% of the Company's share capital and the offer price is TL 3.50 – TL 4.10 per share.
- Through the Communiqué Amending the Communiqué on the Principles regarding Asset Backed Securities (ABS) published in the Official Gazette on 20 July 2011, factoring companies are allowed to issue ABS' against receivables under the factoring agreements. The Communiqué sets forth minimum security ratio according to the type of the secured assets and grants the Capital Markets Board the authority to amend these ratios in accordance with economical conditions. Additionally, the Investor Protection Fund may manage and liquidate secured assets to protect investors in case of bankruptcy of issuer. On the other hand, the Communiqué sets forth precautions such as placement of proceeds obtained from secured assets with an independent institution in favor of investors in case of issuer's default.
- Through the Communiqué Amending the Communiqué on Principles to be Followed by Joint Stock Companies Subject to the Capital Markets Law published in the Official Gazette on 20 July 2011, the disclosure requirements for related party transactions have been changed. Accordingly, continuing related party transactions exceeding 10% of the assets and gross sales, the boards of directors companies are required to prepare special reports comparing such transactions with the market terms. Such reports shall be open to the review of the investors 15 days in advance of annual shareholders meetings and included in their annual reports. Additionally, shareholders must be informed of such transactions at the shareholders meetings. With respect to one time transaction, such threshold is reduced to 5%.

Highlights

a. Banking Sector News

b. Energy Markets Highlights

c. Capital Markets Updates

d. Competition News

e. Other News

cont'd.

OTHER NEWS

- According to the Communiqué Amending the Communiqué on the Principles on Registration and Sales-Purchase Transactions of Intermediary Institutions' Warrants published in the Official Gazette on 20 July 2011, in case the issuer is residing abroad, special circumstance announcements (public disclosures) made through market makers must be published on the website of the issuer within two working days. Additionally, the Communiqué has extended the two-month period for the calculation of warrant registry fee to six months.
- Due to the dailies, the paid-in capital of Matas Matbaacilik has been increased from TL 5 million to TL 8 million and the shares with nominal a value of TL 3 million has been offered to public at the Istanbul Stock Exchange National Market. Accordingly, the public offering process has been completed on the first day of the offering due to the sufficient demand. During the public offering, the nominal value of a share has been increased from TL 1 to TL 3.50.
- As per the statement made by Arcelik to the Public Disclosure Platform, the Company has signed a share purchase agreement with Franke Holding to acquire Defy Appliance, the leading home appliances manufacturer in South Africa, in return for US\$ 324 million.
- Altimo, a subsidiary of Russia's Alfa Group, which has 13% stake in Turkcell, has announced that it has acquired an additional 14% stake in Turkcell after a decision adopted by the Eastern Caribbean Supreme Court. The Court had ruled that Alfa validly appropriated shares held by Cukurova Group in Turkcell following a number of defaults committed by Cukurova Group under the loan agreement extended by Alfa to Cukurova Group in November 2005. Cukurova Group has stated that it will use its right to appeal the decision of Eastern Caribbean Supreme Court in the presence of Privy Council.
- As per the dailies, Mensa, a textile firm, has increased its turnover to TL 20 million within the first 6 months of 2011 and the Company's turnover is expected to increase to TL 50 million by the end of 2011.
- Pursuant to the dailies, insurance regulations concerning indemnity to be paid to patients suffering from malpractice have been amended. With the amendment, maximum indemnity amount has been raised to TL 400 thousand and in any case, contractual payment amount shall not exceed TL 1 million 800 thousand.
- As per the statement made by the CEO of Dia Group, the coinvestor of Sabanci Group in DiaSa, DiaSa has opened its 1000th store in Kozyatagi. Dia Group has Euro 10.5 million sales revenues and 6,373 stores in 7 countries.

COMPETITION NEWS

- The Competition Board has decided to impose an administrative fine on Efes Pazarlama ve Dagitim in the amount of approximately TL 8 million for preventing competition by restricting its distributors from selling other beer brands. As per the announcement made by Efes to the Public Disclosure Platform, the Company will consider the possibility to appeal the Board's decision.
- According to the dailies, Turk Telekom has reached to a net profit of TL 1.1 billion in the first quarter of 2011 with an increase of 2.9%.
- Pursuant to the dailies, bid submission period for the Northern Marmara Highway project tender, which includes the 3rd Bridge on the Bosphorus, has been extended to 23 November 2011.

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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