

# TABOGLU & DEMIRHAN Newsletter

## **BANKING SECTOR UPDATES**

- As per the dailies, Millennium BCP is planning to sell its shares in Millennium Bank, its subsidiary in Turkey. Millennium BCP had taken over Sitebank from the Savings Deposit Insurance Fund and entered the Turkish market under the trade name BankEuropa in 2003. The Chairman of the Board of Directors of Millennium Bank has confirmed that Millennium BCP is contemplating such sale but noted that no negotiation has taken place yet.
- The Banking Regulation and Supervision Authority has promulgated three regulations on 23 January 2009. According to the amending Regulation on Bank's Loans and Reserves, the classification of defaulted loans are reformed so as to help both banking sector and customers in terms of loan making. Pursuant to the amending Regulation on Liquidity Sufficiency of the Banks, certain exhibits of the Regulation have been restructured. Finally, as per the amending Regulation on the Activities of the Banks subject to Permission, the capital adequacy standards of off-shore banks' affiliates or subsidiaries are reformulated.
- As per the dailies, by November 2008, the banks in Turkey have extended a total cash loan of TRY 420.3 billion in 11 months, 82% of which has been extended by private banks. As reported by the Central Bank of Turkey, 68.2% of the cash loans were extended in Istanbul, Ankara, and Izmir.

## **NEWS RE PRIVATIZATION**

- Dogus Holding, Alarko Holding, Fina Holding and OPAP S.A. have formed a consortium for the privatization of the National Lottery. OPAP S.A. is currently the biggest public betting company in Europe. According to the dailies, the first offer has been submitted by this consortium. The deadlines for pre-sufficiency and submission of the offer are 16 February and 15 April, respectively.

## **CAPITAL MARKETS NEWS**

- The Capital Markets Board has published new Communiqués regarding Non-voting Shares, Debt Instruments and Company Warrants. According to the Communiqué on Non-voting Shares, the principles with respect to the issuance and public offering of non-voting shares have been regulated. Pursuant to the Communiqué on Debt Instruments, the principles with respect to the issuance and public offering of debt instruments are introduced. Additionally, this Communiqué has also adopted the features of debt instruments. As per the Communiqué on Company Warrants, the principles with respect to the registration of warrants and their issuance standards have been defined. The Communiqué has also regulated the purchase and sale of such warrants save for the stock exchange regulations.
- The Capital Markets Board has also amended the Communiqués on Venture Capital Investment Companies and Investment Funds. According to the amendment to the Communiqué on Venture Capital Investment Companies, the investment scope of such companies is extended to include investment abroad. The amended Communiqué has also determined the activity restrictions with respect to such new scope. As per the amendment to the Communiqué on Investment Funds, these funds are allowed to invest in small and medium-sized enterprises up to 10% of their portfolio value.

- Pursuant to the announcement of the President of the Istanbul Stock Exchange, in order to prevent extreme share price movements in the market, the Istanbul Stock Exchange will implement the "market maker" system, where intermediary institutions shall act as "life coach" to companies. As reported, the Istanbul Stock Exchange aims to protect small investors.

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### *Highlights*

*a. Banking Sector Updates*

*b. News re Privatization*

*c. Capital Markets News*

*d. Energy Sector Highlights*

*e. Other News*

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- As per the statement made by Turkcell to the Istanbul Stock Exchange, Turkcell continues to evaluate potential investments in several countries and in this respect, the Company has made a non-binding offer for Cosmofon, a company operating in Macedonia.
- The Capital Markets Board has approved Park Elektrik's takeover of Ceytas Madencilik. As per the statement made by Park Elektrik to the Istanbul Stock Exchange, in accordance with the merger agreement, the Company shall increase its capital from TRY 120 million to TRY 148,867,243.

#### **ENERGY SECTOR HIGHLIGHTS**

- As per the dailies, Turkish Electricity Trading and Contracting Company has opened the third and final envelope of JSC Atomstroyexport-JSC Inter Raoues-Park Teknik Joint Venture in the tender process to build a nuclear power plant in Turkey. The joint venture, which was the only bidder, has offered a price of 21.16 cents per kWh. Current electricity prices in Turkey vary between 4 cents to 14 cents per kWh. Following the opening of the envelope, the joint venture has announced that they have submitted another envelope with a price revision that reflected current market prices, as the price has been higher than expected.
- As per the statement of the Chairman of Cakmaktepe Enerji, active in Izmir Aliaga, the Company will make an investment amounting to Euro 174 million despite financial crisis. The investment is expected to be completed by 2010 with a production estimation of 280 Megawatt per hour. The Chairman has also added that the Company's capital has been increased from TRY 16 million to TRY 33 million in line with such investment decision.

#### **OTHER NEWS**

- Tukas has agreed to use a capital advance of TRY 15 million from Oyak Group in order to strengthen its financial structure. Currently, Oyak Group holds 72% of Tukas. In the meanwhile, Tukas has decided to increase its registered share capital ceiling to TRY 200 million; such decision shall be submitted to the General Assembly for its approval.
- The new Regulation on Payment of Salaries, Premiums, Bonuses and all Similar Remuneration to be Paid via Banks requiring enterprises with 10 or more employees to make all payments, including salary, premium, bonus and all other similar remuneration through banks has entered into force on 1 January 2009.
- The Turkish Grand National Assembly has commenced an initiative to pass a law on credit record cleanings with respect to bank's customers who have defaulted on credit card payments, checks and debt notes, allowing millions of customers to have their names taken off of such black lists for loans and credit cards. In line with that, the commentators in the sector have continuously stated that banks are reluctant to extend loans due to the current legislation addressing the defaulted debtors in the bank's black lists.
- As per the dailies, the Social Security Institution, the government agency providing health benefits and coverage for pharmaceuticals, and the Turkish Pharmacists' Union, a chamber of pharmacists have reached a consensus and signed a drug purchase protocol.

*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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