

# TABOGLU, ATES & DEMIRHAN

## Newsletter

### **BANKING SECTOR NEWS**

- The framework contract within the scope of “Anatolian Approach” which designates the restructuring of the debts of small and medium size enterprises (SMEs) has been opened for signature by the banks. The Banks Association of Turkey has drafted the framework contract. The banks are given 10 working days to sign the document. An additional 60 days will be given to those that do not execute the contract in the allotted time, provided that the approval of the Banking Regulation and Supervision Agency is obtained for the extension.
- The Constitutional Court has annulled the temporary Article 23 of the Banking Law concerning the transfer of the pension funds, which were established for the personnel of the banks, to the Social Security Authority. Article 23 of the Banking Law regulates that the pension funds created for physical disability, death and old age insurance of the personnel of the banks shall be transferred to the Social Security Authority.

### **CAPITAL MARKETS HIGHLIGHTS**

- According to the statement made by the Istanbul Stock Exchange with respect to the application of Halkbank, the Bank’s shares representing 21.72% of the share capital will be offered to public. The ratio to be offered is going to be 24.98% after the green-shoe option. As to the Capital Markets Board decision published in its weekly bulletin last week, the shares with a nominal value of TRY 312,250,256 in the portfolio of the Privatization Administration would be offered, including the green-shoe option. Additionally, Halkbank is continuing to renew its branches better to meet the needs of its customers. Recently, the Bank has opened a new branch in Kapalicarsi in Istanbul.

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- The Amending Communiqué on Principals Concerning the Inside Control System to be applied to the intermediary institutions has been published on 22 March 2007. According to the amendments, three groups of intermediary institutions are required to send their annual independent control reports to be drafted within the framework of the Capital Markets Board’s regulations concerning the independent control standards to the Board. The aforesaid groups consist of those (i) which are offered to public; (ii) which have branches and representative offices more than 10; and (iii) which have the authorization for mediation to sell and to purchase derivatives products being traded in international markets.
- According to the announcements of the Capital Markets Board, Silverline Industry will offer bonus shares, TRY 11 million 400 thousand of which will be met from internal resources. On the other hand, Cemtas Celik will issue bonus shares, TRY 11 million 442 thousand 615 of which will be met from internal resources, while TRY 13 million 267 million 785, of which shall be met from dividends.

### **PRIVATIZATION NEWS**

- The Minister of Housing and Settlement, Mr. Faruk Nafiz Ozak, has remarked that they are planning to privatize the right to operate the highways and has added that they will spend the income in question on new highway construction. The Managing Director of the State Highway Authority, Mr. Cahit Turhan has said that there are significant issues to be resolved, including price fixing, illegal avoidance of road charges and third party liability. He has added that they were planning to make the bid within this year, once these issues are clarified. Additionally, Mr. Turhan has stated that determination of the transfer period was a political decision and operating licenses should last not more than 10-15 years.

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#### *Highlights*

*a. Banking Sector News*

*b. Capital Markets Highlights*

*c. Privatization News*

*d. Other News*

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- As per the dailies, the land at the location of Levent-Istanbul which had been used as the State owned public transportation area in the past has been sold to Sama Dubai on 22 March 2007. Sama Dubai had given the highest offer for the 46,000 square meters parcel of land with a bidding value of US\$705 million plus 18% value added tax.
- In its report concerning the Privatization Administration, the Prime Ministry Supervision High Authority has called attention to the Privatization Law (Law No: 4046), stating that there had not been any public disclosure concerning the valuation of the privatized companies since the year 1994. The Authority emphasized that privatizations should be carried out within the framework of the transparency principle.

#### **OTHER NEWS**

- In the announcement made by the Dogan Group Companies to the Istanbul Stock Exchange, it was stated that an agreement was signed on 19 March 2007 between TBIH Financial Services Group, whose investors are Kalvan NV (one of the international investment groups) and Wiener Staedtische Versicherung AG the Vienna Insurance Group, the largest insurance company in Austria, and Ray Sigorta for the sale of Ray Sigorta's shares amounting to 58.2% in return for US\$81.48 billion. This value will be adjusted according to the results of the due diligence to be made by TBIH compiling from the financial tables which will be prepared according to UFRS as of 31 December 2006. Dogan Holding has remarked that according to the agreement, 20% of the shares of Ray Sigorta will continue to be held by Dogan Holding but TBIH will have a put option right on them between the years 2010 and 2011.

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Pursuant to the dailies, the Competition Board has given the permission for the transfer of Ladik Cimento, which is under the control of Turkerler Insaat, to Akcansa. Based on the reason that the transaction is not deemed as capable of creating a dominant position or strengthening such position in the relevant market as indicated under the Communiqué No. 1997/1 on Mergers and Acquisitions.

*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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