

Latest Measures Introduced Within Turkey's State of Emergency Remove Liability for Banks and Financiers

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Turkey has taken a series of new measures involving companies and public institutions in the wake of the State of Emergency declared on 21 July 2016. Latest measures include removing criminal liability for banks and financial institutions which provide financial services to closed companies; appointing the Saving Deposit Insurance Fund as a trustee to manage and represent minority shares held by terror-linked individuals and entities; removing personal liability regarding debt payments for appointed trustees and managers; deeming certain property transfers as collusion, as well as discontinuing a range of legal actions or enforcement proceedings as lacking a cause of action, without having to wait for a court hearing date.

Decree No 675 on Taking Certain Measures within the scope of the State of Emergency ("**Decree**") was published in Official Gazette number 29872 on 29 October 2016.

Notable provisions introduced by the Decree include:

- Banks and financial institutions (including staff) will not have any criminal liability for financial services provided to institutions and organizations which have been closed during the State of Emergency Period. Similarly, criminal liability will not apply with regard to companies which were automatically cancelled from the trade registry records, or natural persons and legal entities which have been deemed to be linked to the FETÖ/PDY terror organizations.
- The Saving Deposit Insurance Fund will be appointed as a trustee to companies to manage and represent the shares held by individuals and legal entities linked to the FETÖ/PDY terror organisations (provided they are less than 50% of overall share capital).
- Trustees, managers and liquidators will not be personally liable for public debts, Social Security Institutions debts, employee claims, or other debts that may accrue regarding entities closed during the State of Emergency. These include institutions, organizations, private radio and television stations, newspapers, magazines, publishing house, distribution channels. Provisions in the Law on Collection Procedure of Assets and Law on Tax Procedure will not be applied to such persons.
- Property transfers by private education institutions and organizations and the private student dormitories and pensions to third persons between 1 January 2014 and their date of closure will be deemed as collusive. Such immovable will be directly registered in the title deed without any restrictions or charges to the name of General Directorate for Foundations.
- Certain legal actions will be discontinued as lacking a cause of action, without having to wait for a court hearing date. These include actions against entities institutions, organizations, private radio and television stations, newspaper, magazines, publishing houses, or distribution channels which have been closed down (including natural persons or legal entity owners), bought before 17 August 2016, along with actions against the Treasury and General Directorate of Foundations initiated before that date. Enforcement and bankruptcy proceedings brought against these institutions, organizations and persons will also be discontinued.
- Plaintiffs or creditors receive 30 days from being notified to apply to the Administrative Authority and initiate an action against the decision before the administrative courts. Decisions by administrative

courts will be final.

- Legal actions or enforcement proceedings against the Ministry of Finance and General Directorate for Foundations initiated after 17 August 2016 regarding closure or direct cancellation of institutions, organizations, or closed companies will be dismissed due to the lack of cause of action or proceedings.

Please see this [link](#) for the full text of the Decree (only available in Turkish).

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