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Turkey Announces Principles and Procedures for Companies Under Trusteeship of the Savings Deposit Insurance Fund Due to Alleged Terror Links

2 Mar 2017

Turkey's Deputy Prime Ministry has announced procedures and principles for management, sale, termination and liquidation of companies which are under the trusteeship of the Savings Deposit Insurance Fund ("**Fund**"). The provisions apply until the end of the investigation and prosecution processes initiated against such companies due to their alleged connection with terrorist organisations.

The Communiqué ("**Communiqué**") was published in Official Gazette number 29951 on 17 January 2017, entering into effect on the same date. The duties and authorizations of such trustees were adopted by Law no. 6758 within the scope of State of Emergency (more).

The latest Communiqué empowers the minister affiliated with the Fund to:

- Appoint the board of directors/managers, general manager, executive directors, executive managers and other representatives with equivalent authorities.
- Dismiss and replace company managers, including those appointed by the Fund.
- Decide on sale, termination and liquidation of the company or company assets, if the company status is not sustainable due to its financial status, shareholding structure, market conditions or other reasons.

If the company or its assets are sold or liquidated, the income and post-liquidation balance will be blocked in a public bank on behalf of the company's shareholders until the end of the investigation and prosecution processes.

As the statutory intervenor, the Fund will carry on claims initiated against controlling shareholders and managers of a liquidated company, as well as third parties. If any award is received, such amounts will be distributed among the company creditors in accordance with the creditors' ranking.

Please see this link for the full text of the Regulation (only available in Turkish).

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