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Turkey Loosens Rules for Bank Spin-Offs

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Turkey has loosened its rules for bank spin-offs, introducing a new distinction for partial spin-offs and excluding these transactions from the scope of certain rules. Accordingly, partial bank spin-off transactions no longer fall within the scope of the Regulation Regarding Merger, Acquisition, Spin-Off and Share Transfer of Banks.

The Regulation Amending the Regulation Regarding Merger, Acquisition, Spin-Off and Share Transfer of Banks (**"Amendment Regulation"**) was published in Official Gazette number 30242 on 16 November 2017.

Partial spin-offs will be not in the scope of the Regulation Regarding Merger, Acquisition, Spin-Off and Share Transfer of Banks published in Official Gazette number 26333 on 1 November 2006 ("**Regulation**"), provided these result in the transfer of some of the bank's assets, in a manner that does not cause the bank to dissolve, and the spun-off assets constitute a subsidiary involving the bank acquiring the assignee company's shares.

The Amendment Regulation states for the abovementioned spin-offs that:

- During credit institution spin-offs, deposit or participation accounts may only be transferred to another credit institution.
- If the bank's capital drops under 30 million Turkish Lira, the bank's shareholders must commit to increasing the spin-off's cash capital within three months.

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

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