

Turkey Supports Infrastructure Investments by Establishing Sovereign Wealth Fund

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Turkey has established sovereign wealth fund, with a primarily domestic focus. The fund is expected to be worth 200 billion TL and is intended to generate long-term and low-cost finance for strategic, large-scale investments, contributing to Turkey's development. The Turkish government prioritized the fund's establishment in recent years in order to provide foreign financing for planned infrastructure projects. The fund is expected to be ranked in the Top 20 sovereign wealth funds globally, based on the value of announced assets under management.

The Law on the Establishment of Turkish Wealth Fund ("**Law**") was published in Official Gazette number 29813 on 26 August 2016.

The Law incorporates a wealth fund management company ("**Fund Company**"), responsible for establishing and managing the Turkish Wealth Fund ("**Wealth Fund**") as an umbrella fund for other subsidiary funds to be incorporated in the future.

The Fund Company is empowered to undertake:

- Sale and purchase of:
 - Shares in Turkish or foreign companies.
 - Shares and debt instruments issued in Turkey or abroad.
 - Capital market instruments issued on the basis of precious metals.
 - Lease certificate and specially-designed foreign investment instruments etc.
- All types of money market transactions.
- Valuation of real estate and real estate-based rights and intangible rights.
- All types of project development, project-based fund raising, providing external project loans, and procuring sources by other methods.
- Realizing business and financial operations in Turkish and international markets.
- - Participating in domestic investments and investments in international fields, together with other countries or/and foreign companies.

The Fund Company has an initial share capital of TRY 50 million, covered by the Privatization Administration. It will operate under the Prime Ministry and the Prime Minister will appoint the Fund Company's board members and general manager.

A large list of assets are already planned to be transferred to the Fund Company:

- Institutions and assets in the scope of privatization program, and cash surplus from the Privatization Fund.
- Surplus income and assets of state institutions to be determined by Council of Ministers.
- Finance and sources procured by other methods, from domestic and global money and capital markets.

Although the Fund Company completely state owned, it will operate like an ordinary joint stock company. Therefore, it will be subject to private law provisions, audited in line with independent audit standards, and be required to follow professional management policies. Accordingly, corporate governance principles under the Capital Markets Law (Law No: 6362) will apply.

The Wealth Fund, Fund Company, and all other affiliates will be exempt from various taxes and fees. These exemptions include corporate tax, stamp tax, municipal taxes, real estate tax, resource utilization support fund, banking and insurance transaction tax, capital markets fees, and court and enforcement fees.

For financing arrangements, the Wealth Fund's assets can be pledged, mortgaged or otherwise encumbered. However, other than security interests granted for financing arrangements, the Wealth Fund's own assets cannot be pledged, attached, or included in bankrupt estates.

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

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