

Turkey Tightens Regulator Oversight and Powers to Terminate Licenses for Games of Chance

23 May 2016

Turkey has amended regulations regarding games of chance, as well as related license agreements. Changes apply to exclusivity of licenses and restrictions on license assignments, as well as clarification on use of subcontractors. Changes also apply to consents required from the General Directorate of the National Lottery ("**Directorate**") for share transfers and changes to partnership structures, as well as removes appeal processes in certain license termination circumstances.

The Regulation Amending the Licensing of Chance Games, Regulation and Control of Licensed Activities Regulation ("**Amendment Regulation**") was published in Official Gazette number 29671 on 1 April 2016, entering into effect on the same date.

Significant changes introduced by the Amendment Regulation include:

- During the license term, the licensee is now exclusively entitled to operate the licensed games of chance.
- Licenses cannot be assigned, either in whole or in part. However, the Amendment Regulation provides that the operation and support services received by licensee will not be deemed to be an assignment of license, nor will changes to a licensee's partnership structure which are in line with the regulation.
- Clarification that games of chance are prohibited from being completely or partially carried out by subcontractors.
- Introduction of a provision prohibiting the Directorate from organize the licensed games of chance, or giving another license for such games, during the license term.
- During the license term, the Directorate's consent is now required to change partnership structure, as well as directly or indirectly buy and sell 10% of shares or more, or transfer shares causing transfer of the company's control.
- License agreements enter into force on signing by the Directorate of Privatization Administration, the Directorate and the successful tenderer licensee. Previously, the Council of State's consent was also required.
- If a licensee hides income during the license term on three occasions, license agreement can now be terminated without appeal.
- If certain circumstances in Article 19 exist, license agreements can now be terminated without appeal.
- If a license is terminated, the Directorate is entitled to operate or use the licensee's central game system, network, terminals, equipment, or software, along with all their components. Before the Amendment Regulation, the intellectual and industrial property rights were also transferred to the Directorate. The licensee cannot restrain use of these rights nor demand payment for the Directorate's use of these rights.

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

Related Attorneys

- BURAK BAYDAR

Moroglu Arseven | www.morogluarseven.com