

Turkey's Saving Deposit Insurance Fund to Act as Guardian for Companies Linked to Terror Organizations

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Turkey has transferred the powers of court-appointed company guardians to the Saving Deposit Insurance Fund ("Fund"), as well as revised the Fund's abilities to sell and liquidate companies, in the wake of the 90 day of State of Emergency declared on 21 July 2016. Accordingly, from 1 September 2016 until the end of the State of Emergency, the Fund will be allocated guardianship for any company which is assigned a guardian under the Code of Criminal Procedure numbered 5271 due to its connection to terror organisations.

For companies deemed to be connected to terror organisations under the Code of Criminal Procedure, the powers of any related court-appointed guardians which were assigned before 1 September 2016 are also transferred to the Fund.

If the Fund determines that a company under its control in this context is not in a sustainable position due to financial status, partnership structure, other issues, or market conditions, the Fund can choose to sell the company, the company's assets, or liquidate the company entirely.

Other provisions related to the Fund are also revised as follows:

- Rules regarding sale and liquidation of seized companies in the Banking Law numbered 5411 will also apply to the Funds sale and liquidation of companies.
- The Fund will determine a liquidation commission to perform liquidation transactions. The liquidation commission can be a party to procedural acts and legal proceedings.
- The amount received from sale of companies will be held in an account until conclusion of the trial.
- After selling a company's assets, if the company's debts are not based on commercial transactions with parties connected to FETÖ/PDY, the Fund can decide to pay the debt from the tender price or ask the purchaser to pay the debt.
- Detailed rules are outlined for the Fund's powers if the Ministry of Finance authorise it to sell or liquidate the assets of a closed institution, establishment, special broadcasting entity, gazette, journal, publishing firm or distribution channel (or affiliated company) which was taken over by the Treasury Department.
- Proceeds from the sale of transferred assets will be given to the Ministry of Finance.

Please see this [link](#) for the full text of Decree No 674 Making Certain Arrangements within the scope of the State of Emergency (2nd Duplicate Official Gazette, published on 1 September 2016; only available in Turkish).

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