

### NEW COMMUNIQUÉ ON SQUEEZE-OUT AND SELL-OUT RIGHTS

Following up on the announcement of the Capital Markets Board of Turkey (“**CMB**”) regarding the Draft Communiqué on Squeeze-Out and Sell-Out Rights on 28 October 2020, the Communiqué on Squeeze-Out and Sell-Out Rights No. II-27.3 (“**Communiqué**”) was published in the Official Gazette dated 31 December 2020 and numbered 31351 with immediate effect, replacing the previous communiqué on the same matter. On 31 December 2020, CMB further published an announcement regarding the amendments brought with the Communiqué.

#### 1. General Overview

The Communiqué regulates the squeeze-out right of the controlling shareholder(s) and the sell-out rights of the non-controlling shareholders in public joint stock companies (“**Company**”). Parallel to the previous communiqué, squeeze-out and sell-out rights can be exercised if the direct or indirect voting rights held by a shareholder individually or by multiple shareholders acting in concert reach 98% (ninety eight percent) of the Company’s total voting rights. Although threshold in the draft communiqué published on 28 October 2020 was envisaged as 95% (ninety five percent), the Communiqué kept the threshold at the same level as its predecessor. The scope of cases which trigger the sell-out and squeeze-out rights were also amended and accordingly, these rights will not be triggered in case the voting rights are obtained through a capital increase with bonus issues or paid capital increases where the shareholders’ pre-emption rights are not restricted, or through inheritance, share buybacks and voting rights being frozen.

Further to the above, if the control of the Company is obtained simultaneously with the rights of sell-out and squeeze-out being triggered, the controlling shareholder(s) will not be required to provide mandatory tender offers.

Based on the explanations above, we present a summary of the applicable procedures for the exercise of both rights under the new Communiqué as well as additional remarks relating to the amendments.

## **2. Sell-Out Right**

Once the voting rights held by controlling shareholder(s) reach the above threshold, a public disclosure shall be made with respect to this event and a valuation report regarding the share price shall be obtained within 1 (one) month, of which a summary shall also be disclosed to public. Following the announcement of the valuation report, the non-controlling shareholders are entitled to apply to the Company for the exercise of sell-out rights within 2 (two) months.

The applications are then reviewed by the Company for the confirmation of the applicants' shareholding status and transmitted to the controlling shareholder(s) within 2 (two) business days. After the receipt of the applications, the controlling shareholder(s) shall pay the share prices to the accounts of the Company which is then transferred to the shareholders who exercised their sell-out rights by the Company, the following business day in which the share transfer is also concluded.

Parallel to the previous regulation, the Communiqué allows the sell-out rights to be exercised through investment institutions.

## **3. Squeeze-Out Right**

The controlling shareholder(s) seeking the exercise of squeeze-out right, shall apply to the Company within 3 (three) business days after the two-months period for the exercise of sell-out rights. This application shall include a bank guarantee letter or documents regarding a specific frozen account covering the total amount for the exercise of squeeze-out right. After the receipt of this application, the Company's board of directors shall adopt a resolution for the cancellation of shares held by non-controlling shareholders and issue of new shares to be delivered to the controlling shareholder(s) within 5 (five) business days and file an application to CMB within 10 (ten) days after the resolution.

Companies listed in Borsa İstanbul A.Ş. (*Istanbul Stock Exchange*, “**BIST**”) shall also apply to BIST for relevant listing procedures.

Within 3 (three) business days after the approval of CMB, the controlling shareholder(s) shall transfer the total amount regarding the exercise of squeeze-out right to the accounts of the Company and the Company shall register the issue document before the trade registry. The shares held by non-controlling shareholders are cancelled on the day the issue document is registered.

After the payment made by the controlling shareholder(s), the Company conducts the procedures relating to the cancellation of shares and payments to be made to the non-controlling shareholders;

- (i) Through Merkezi Kayıt Kuruluşu A.Ş. (*central securities depository*) in case the Company is listed in BIST or is not listed in BIST but its shares are dematerialized,
- (ii) Directly with the shareholders in case the Company is not listed in BIST and its shares are not dematerialized.

With the completion of the squeeze-out procedures, the Company will be delisted from BIST and excluded from the scope of Capital Markets Law No. 6362.

#### **4. Other Considerations**

Below are certain points of importance in addition to the matters summarized above:

- (a) In case of Companies listed in BIST or not listed in BIST but the shares of which are dematerialized, the amounts to be deposited to İstanbul Takas ve Saklama Bankası A.Ş. for the guarantee of the dematerialized shares monitored in the account of the Company and for the shares that are not yet dematerialized for 3 (three) years, can only be deposited as cash, whereas the previous regulation permitted the delivery of guarantee letters as well.
- (b) The Communiqué envisages the same calculation method for the exercise price of sell-out and squeeze-out rights which includes different approaches for (i) the shares traded in BIST Star Sub-Market, (ii) shares traded in other sub-markets and platforms and (iii) shares not in traded in BIST. Further to this, in case the change of control has occurred simultaneously with the acquisition of

the status as controlling shareholder, the calculations shall be made in accordance with the regulations applicable to tender offers.

- (c) The Communiqué on Squeeze-Out and Sell-Out Rights No. II-27.2 will be applicable to calculation of the exercise price of the sell-out and squeeze-out rights in cases where the public disclosure required for sell-out and squeeze-out rights was announced prior to the date the Communiqué entered into force.

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