



**Dear Polish Delegate, Dear IOSCO Participants
and Distinguished Guests**

Warmest welcome to İstanbul and the Seminar on "Enforcement Aspects of Takeover Regulation.

As chairman of the CMB, I express my pleasure to host this joint Seminar with the Polish Financial Supervision Authority.

I wish to express my thanks to all colleagues from IOSCO member countries for their participation. Also I wish to extend my warmest thanks to the Polish Financial Supervision Authority for all their support and cooperation. Last but not least, many thanks to all of our Turkish sponsors for enabling us to organize our social events and occasions.

I strongly feel that all participants will enjoy this valuable Seminar and I hope this event will be another memorable Seminar for all IOSCO participants and for the other guests.

Dear guests,

Today, we have come together to share the work of IOSCO Emerging Markets Committee-Working Group IV and to discuss the different regulations and experiences on takeovers. This event carries an important role for improving and strengthening our rules and regulations. Hereby, I would like to thank to all the Working Group VI members for their valuable contributions to this work. As IOSCO has the mission of improving the dialog and cooperation between the member countries, I believe that, organizing this IOSCO seminar in İstanbul is meaningful and it perfectly fits historical mission of this city.

Distinguished guests,

In today's globalised world, takeovers have become increasingly important. Especially in emerging market economies, there are incentives to promote takeover activities in order to increase the inflow of foreign capital. Takeover activities usually lead to a change in the management control and change in capital structure.

It is of utmost importance that, minority shareholders should be timely informed with the relevant disclosures about take over activities and the future plans of the new management. When the control of the company changes, minority shareholders might not want to carry on their positions. Therefore, they could be given a chance to sell their shares with a fair price to the new controlling partner.

The way that takeover operations have been done in a country is so much related to the country's historical, cultural and social development. While there is some significant variation to the way takeovers regulated, many of the obstacles faced by different countries are common.

The starting point of this seminar is the report prepared by the Working Group Four. The report aims to provide a comparative analysis of the existing regulatory frameworks for the acquisition of substantial blocks of shares and take-overs of public companies in the 34 member countries of the Emerging Markets Committee – including Turkey.

I am sure that this seminar will achieve its goal by means of providing us with useful insights of takeovers.

Ladies and Gentlemen,

At this point, I would like to take this opportunity to provide you with some information about the CMB regulations about takeovers.

Takeovers have been regulated by the CMB since 1994. Capital Markets Law, currently gives the power to CMB to regulate takeover bid, by means of protecting the interests of minority shareholders and public disclosure. Secondary regulations have been adopted according to this authorisation.

In Turkey, mostly the controlling shareholders of the listed companies have the majority of the shares. Therefore; unlike the countries where dispersed shareholder structure is dominant, voluntary bids are rarely observed. Company take-overs occur through the block sale of the majority shares. As a result, mandatory bid rules are effectively used in take over cases.

“Takeover bid” is also one of the chapters of our EU harmonization project and we have prepared new drafts of our laws and communiqués to harmonize our legislation with the European Union regulations. These amendments will mainly include

- liability for the offer document,
- effective sanctions against failures to comply with mandatory bids and
- Squeeze-out and sell-out rights

The requirements for defence mechanism will also be defined in the new regulation.

We believe that the new legislation, that sets more public disclosure requirements, will help the shareholders to make more informed decisions. Likewise, the sell-out rights will provide the investor a more flexible business environment.

I believe that with the presentations of our distinguished speakers and your valuable contributions, the seminar will prove to be most fruitful for all of us.

Without further due, I welcome you yet again to Istanbul, and wish you a pleasant stay.

Thank you.

Turan Erol (Ph.D)

Chairman of the CMB Turkey