



DOMESTIC MERGERS OF PUBLICLY HELD COMPANIES



RELEVANT LEGISLATION

- **Capital Market Law**
- **Capital Markets Board (CMB) Communiqué Serial:1 No:31 on Principles regarding Mergers**



MERGERS OF PUBLICLY HELD COMPANIES

- **Scope: Publicly held companies**

- **Mergers covered:**
 - ✓ **Merger by acquisition of one or more companies**

 - ✓ **Merger by formation of a new company**



PROCEDURE

- Preliminary resolution of companies' authorised bodies
- Independent auditing report
- Expert report
- Board of director's report
- CMB approval
- Publication of an announcement
- General assembly approval
- Registration of securities with the CMB
- Registration of Articles of Association



REPORTS

➤ Board of Director's Report

✓ Explaining merger contract, economic and legal grounds, condition that affect the valuation

➤ Independent Audit Report

✓ Audit report on the financial statements which form the basis of the merger procedure



(cont.)

➤ **Expert Reports**

➤ **First expert report**

- ✓ Prepared by the experts appointed by the court
- ✓ Indicate the methods used to arrive at the share exchange ratio and indicate the amount of capital after merging

➤ **Second expert report**

- ✓ Prepared by independent auditing companies, the consultancy firms or intermediary institutions
- ✓ Indicate the method used to calculate the share exchange ratio, the opinion concerning merger ratio, efficiency of the methods, any special valuation difficulties which are arisen.



METHODS OF CALCULATING THE MERGING RATIO

- The merging ratio is calculated according to the method accepted by the merging companies.**

- Merging ratios, share exchange ratio and the capital amount after merging shall be included in the expert report. These information;**
 - ✓ Will be shown according to equity method, if equity method will be applied,**
 - ✓ Will be shown according to equity method and the chosen method, if a method other than equity method will be applied.**



RIGHTS OF SHAREHOLDERS

- **Announcement to shareholders**
- **Access to following documents at least one month before the general assembly:**
 - ✓ **The merger contract, last three annual financial statements of the merging parties, independent auditing reports and annual reports, expert reports, the board of directors' report, announcement form, the last quarterly financial statements, the estimated financial statements for the next three years, the estimated opening balance sheet after the merging.**
- **Right to obtain copies of these documents free of charge**



THANK YOU FOR YOUR ATTENTION