

# Management Control in Public Companies

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An amendment[1] has been made to the communique[2] on rules and regulations to be followed in merger and division proceedings in publicly-held companies, in which case at least one of the parties to the transaction is a publicly-held company according to the Capital Market Law.

First of all, a new definition is added to article 4 of the communique. According to such definition, *“management control”* is, when a company owns more than fifty percent of the publicly-held company, implicitly or explicitly, solitary or along with whom they take joint action with; and has shares with privileged rights to elect the absolute majority of members to the Board of Directors, or to nominate candidates for such majority of memberships in the General Assembly.

With another amendment made in the article 12 of the communique, titled *“Specific Circumstances Regarding Mergers”*; *“companies, whose shares are traded and which the public agencies and institutions has management control over”* have also been excluded from provisions to be applied to publicly-held companies that are parties to the merger and whose shares are in case traded.

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[1] Communique of Mergers & Divisions (II-23.2), published in Official Gazette, Date:28.12.2013, Number:28865

[2] Amendment on the Communique of Mergers & Divisions (II-23.2), published in Official Gazette, Date: 20.05.2020, Number:31140, paragraph of 4, 5, 6 of Art.4 and paragraph 8 of Art.12