



Turkey's Mergers & Acquisitions: Optimizing Financial Opportunities

Maximizing Financial Opportunities with Mergers and Acquisitions in Turkey

Mergers and acquisitions are legal transactions in which one company (the acquiring company) combines with or purchases another company (the target company) through a variety of methods, such as a stock purchase, asset purchase, or merger, resulting in a change of ownership and control over the target company's assets, operations, and liabilities.

The reasons for the mergers and acquisitions of companies specified in the Turkish Commercial Code (TCC) numbered 6102 are as follows;

- Reduce competition,
- Increasing its share in the market, that is, increasing its power and competence in the economy,
- Increase efficiency,
- The key is to provide a cost advantage by enabling the regular supply of input, that is, to prevent money flow to a company and increase the profitability margin of the company by passing cost-effective factors such as raw materials to the management of the company.

Company M&A in Turkey is generally carried out in 3 ways;

1. The merger is the acquisition of a company by another company with all its debts and receivables, and the liquidation of the acquired company and losing its legal existence.



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2. The acquisition is when one company purchases all or some of the assets of another company. The legal existence of the company whose assets were purchased continues.
3. Consolidation; is the termination of the legal existence of two or more companies and the creation of a new company.

TCC 6102 categorizes mergers as acquisitions or new enterprises. The concepts of complete succession, dissolution without liquidation, continuance, and partnership protection predominate in corporate mergers and acquisitions.

In terms of company characteristics, company mergers and acquisitions are capital companies; may combine with private firms if they are capital companies, cooperatives, or transferee companies. Sole proprietorships; As long as they are sole proprietorships and acquired corporations, they may combine with capital companies and cooperatives.

Mergers and acquisitions are conceivable in liquidation firms that will achieve corporate mergers and acquisitions, but specific requirements must be met. These are:

- 1- The company in liquidation must be the transferee company.
- 2-The fact that the company in liquidation has not started distributing its assets yet.

In the presence of these prerequisites, mergers, and acquisitions are carried out in liquidated firms by demonstrating and providing papers to the trade register directorate of the location where the transferee company's main office is situated.

Companies that have lost capital or are in debt and want to do mergers and acquisitions may combine with a firm that has equity and can freely save enough to cover the lost capital or, if required, bankruptcy to make mergers and acquisitions. The presence of this circumstance must be verified by documentation filed to the trade register office in the location of the transferee company's headquarters.

Avoiding Costly Mistakes with Due Diligence in M&A Transactions

Due diligence is an important process in mergers and acquisitions because it helps the acquiring company to evaluate and assess the potential risks and opportunities associated with the target company, including its financial and legal liabilities, assets, contracts, operations, and other aspects of its business.

By conducting due diligence, the acquiring company can identify any potential red flags or issues that may impact the value or feasibility of the transaction, and take steps to address them before the deal is finalized. This can help to mitigate risks, minimize potential liabilities, and ensure that the transaction is in the best interests of the acquiring company and its shareholders.

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Overall, due diligence is a critical component of the mergers and acquisitions process, helping to ensure that both parties have a clear understanding of the risks, opportunities, and obligations associated with the transaction, and helping to ensure a successful outcome for all parties involved.

The form, conclusion, and substance of the merger agreement, its acceptance by the general assembly, and the merger report to be produced are all aspects to consider when carrying out mergers and acquisitions. They are detailed in detail in the TCC provisions numbered 6102.

A Certified Public Accountant must also value property and rights susceptible to change in ownership in corporate mergers and acquisitions. This judgment might be made by the auditor in audited firms.

The management bodies of the firms involved in mergers and acquisitions record these choices as soon as the merger decision is made, and the transferred company is dissolved by registration. The merger becomes legal with this registration. Concurrent with the registration of the merger decision, the Trade Registry Office where the acquiring company is registered notifies the transferred company's title deed, ship, and intellectual property registries, as well as the goods and rights registered in similar registries, to the relevant registries.

Certain transactions are overlooked in corporate mergers and acquisitions, enabling corporations to expedite mergers and acquisitions in specific situations. These conditions and who they apply to are detailed in TCC Articles 155 and 156, numbered 6102.

To safeguard the receivables and workers of the firms participating in the merger and acquisition of companies, the transferee company guarantees their receivables if the companies participating in the merger submit a request within three months after the legal validity. Businesses involved in the merger; They notify their creditors of their rights via three 7-day advertisements in the Turkish Trade Registry Gazette, as well as an advertisement on their website.

Consequently, the notion of a business merger encompasses the issue of corporate takeover, and the most relevant source to consult is TCC No. 6102. However, mergers and acquisitions in companies, which are an important part of business life today, require the [assistance](#) of a lawyer or a law firm specializing in mergers and acquisitions, from the establishment of relevant agreements at the outset of these transactions to the notification of the latest state of the company to the trade registry. It is an important component that should not be disregarded.