

THE
THE CARTELS AND
LENIENCY REVIEW

SEVENTH EDITION

Editors

John Buretta and John Terzaken

THE LAWREVIEWS

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LENIENCY REVIEW

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PREFACE

Cartels are a surprisingly persistent feature of economic life. The temptation to rig the game in one's favour is constant, particularly when demand conditions are weak and the product in question is an undifferentiated commodity. Corporate compliance programmes are useful but inherently limited, as managers may come to see their personal interests as divergent from those of the corporation. Detection of cartel arrangements can present a substantial challenge for both internal legal departments and law enforcers. Some notable cartels have managed to remain intact for as long as a decade before being uncovered. Some may never see the light of day. However, for those that are detected, this compendium offers a resource for practitioners around the world.

This book brings together leading competition law experts from 28 jurisdictions to address an issue of growing importance to large corporations, their managers and their lawyers: the potential liability, both civil and criminal, that may arise from unlawful agreements with competitors as to price, markets or output. The broad message of the book is that this risk is growing steadily. In part because of US leadership, stubborn cultural attitudes regarding cartel activity are gradually shifting. Many jurisdictions have moved to give their competition authorities additional investigative tools, including wiretap authority and broad subpoena powers. There is also a burgeoning movement to criminalise cartel activity in jurisdictions where it has previously been regarded as wholly or principally a civil matter. The growing use of leniency programmes has worked to radically destabilise global cartels, creating powerful incentives to report cartel activity when discovered.

The authors are from some of the most widely respected law firms in their jurisdictions. All have substantial experience with cartel investigations and many have served in senior positions in government. They know both what the law says and how it is actually enforced, and we think you will find their guidance regarding the practices of local competition authorities invaluable. This book seeks to provide both breadth of coverage (with a chapter on each of the 28 jurisdictions) and analytical depth for those practitioners who may find themselves on the front line of a government inquiry or an internal investigation into suspect practices.

Our emphasis is necessarily on established law and policy, but discussion of emerging or unsettled issues has been provided where appropriate.

This is the seventh edition of *The Cartels and Leniency Review*. We hope you will find it a useful resource. The views expressed are those of the authors, not of their firms, the editor or the publisher. Every endeavour has been made to make updates until the last possible date before publication to ensure that what you read is the latest intelligence.

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January 2019

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TURKEY

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I ENFORCEMENT POLICIES AND GUIDANCE

The relevant legislation on cartel regulation is the Law on Protection of Competition No. 4054 of 13 December 1994 (the Competition Law). The Competition Law finds its underlying rationale in Article 167 of the Turkish Constitution of 1982, which authorises the government to take appropriate measures and actions to secure a free market economy. The applicable provision for cartel-specific cases is Article 4 of the Competition Law, which lays down the basic principles of cartel regulation.

Article 4 is akin to and closely modelled on Article 101(1) of the Treaty on the Functioning of the European Union (TFEU). It prohibits all agreements between undertakings, decisions by associations of undertakings and concerted practices that have (or may have) as their object or effect the prevention, restriction or distortion of competition within a Turkish product or services market or a part thereof. Article 4 does not set out a definition of ‘cartel’, but rather prohibits all forms of restrictive agreements, which would include any form of cartel agreement.

Article 4 also prohibits any form of agreement that has the potential to prevent, restrict or distort competition. Again, this is a specific feature of the Turkish cartel regulation system, recognising the broad discretionary power of the Competition Board (the Board).

Article 4 sets out a non-exhaustive list of restrictive agreements that is, to a large extent, the same as Article 101(1) of the TFEU. In particular, it prohibits agreements that:

- a* directly or indirectly fix purchase or selling prices or any other trading conditions;
- b* share markets or sources of supply;
- c* limit or control production, output or demand in the market;
- d* place competitors at a competitive disadvantage or involve exclusionary practices, such as boycotts;
- e* apart from exclusive dealing, apply dissimilar conditions to equivalent transactions with other trading parties; and
- f* conclude contracts in a manner contrary to customary commercial practice, subject to acceptance by the other parties of supplementary obligations that, by their nature or according to commercial usage, have no connection with the subject of the contracts.

The list is intended to generate further examples of restrictive agreements.

The Competition Law authorises the Board to regulate, through communiqués, certain matters under Competition Law, such as Communiqué No. 2010/2 on Oral Hearings Before

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the Board, which regulates the procedures under which oral hearings are held before the Board, and Communiqué No. 2012/2 on the Application Procedure for Infringements of Competition, which regulates the procedures and principles related to applications to the Turkish Competition Authority (TCA) on infringement of Articles 4, 6 or 7 of the Competition Law.

The secondary legislation specifying the details of the leniency mechanism, namely the Regulation on Active Cooperation for Discovery of Cartels (the Leniency Regulation), entered into force on 15 February 2009. Moreover, the Regulation on Monetary Fines for Restrictive Agreements, Concerted Practices, Decisions and Abuses of Dominance (the Regulation on Fines) sets out detailed guidelines as to the calculation of monetary penalties applicable in the case of an antitrust violation.

The Board published the Guideline Regarding the Regulation on Active Cooperation for the Purpose of Discovery of Cartels (the Leniency Guideline) on 19 April 2013. This Guideline was prepared to provide certainty in interpretations, to reduce uncertainty in practice and, as a requirement of the transparency principle, to provide guidance for undertakings to enable them to benefit from the leniency programme more efficiently.

II COOPERATION WITH OTHER JURISDICTIONS

Article 43 of Decision No. 1/95 of the EC-Turkey Association Council (Decision No. 1/95) authorises the TCA to notify and request the European Commission (Directorate-General for Competition) to apply relevant measures if the Board believes that cartels organised in the European Union adversely affect competition in Turkey. The provision grants reciprocal rights and obligations to the parties (the European Union and Turkey), and thus the European Commission has the authority to request that the Board apply necessary measures to restore competition in the relevant markets.

There are also a number of bilateral cooperation agreements on cartel enforcement matters between the TCA and the competition agencies of other jurisdictions (e.g., Romania, Korea, Bulgaria, Portugal, Bosnia-Herzegovina, Russia, Croatia and Mongolia). The TCA also has close ties with the Organisation of Economic Co-operation and Development, the United Nations Conference on Trade and Development, the World Trade Organization, the International Competition Network and the World Bank.

The research department of the TCA makes periodic consultations with relevant domestic and foreign institutions and organisations about the protection of competition in order to assess their results, and submits its recommendations to the Board. A cooperation protocol was signed on 14 October 2009 between the TCA and the Turkish Public Procurement Authority to procure a healthy competition environment with regard to public tenders by cooperating and sharing information. Informal contacts do not constitute a legal basis for the Turkish Competition Authority's actions.

Nevertheless, the interplay between jurisdictions does not materially affect the way the Board handles cartel investigations. The principle of comity is not included as an explicit provision in the Competition Law. Cartel conduct (whether Turkish or non-Turkish) that was investigated elsewhere in the world can be prosecuted in Turkey even if it has had an effect on non-Turkish markets.

There is no regulation under the Competition Law on restricting or supporting international cooperation regarding extradition or extraterritorial discovery. Nevertheless, in the same way as many other competition authorities, the TCA faces various issues in which

international cooperation is required. In this respect, there have been various decisions² for which the TCA has requested cooperation on dawn raids, information exchange, notifications and collection of monetary penalties from the competition authorities in other jurisdictions via the Ministry of Foreign Affairs and the Ministry of Justice. However, the TCA has been unsuccessful in these requests.

III JURISDICTIONAL LIMITATIONS, AFFIRMATIVE DEFENCES AND EXEMPTIONS

Turkey is an ‘effects theory’ jurisdiction in which the main concern is whether the cartel activity has affected the Turkish markets, regardless of the nationality of the cartel members, where the cartel activity took place or whether the members have a subsidiary in Turkey. The Board has refrained from declining jurisdiction over non-Turkish cartels or cartel members in the past, unless there is an effect on Turkish markets.³ The Board is yet to enforce monetary or other sanctions against firms located outside Turkey without any presence in Turkey, mostly because of enforcement handicaps (such as difficulties of formal service). The specific circumstances surrounding indirect sales have not been tried under Turkish cartel rules. Article 2 of the Competition Law could potentially support an argument that the Turkish cartel regime does not extend to indirect sales because the cartel activity that takes place outside Turkey does not in and of itself produce effects in Turkey.

The underlying basis of the Board’s jurisdiction is found in Article 2 of the Competition Law, which captures all restrictive agreements, decisions, transactions and practices to the extent that they have an effect on a Turkish market, regardless of where the conduct takes place.

The Competition Law applies both to undertakings and associations of undertakings. An undertaking is defined as a single integrated economic unit capable of acting independently in the market to produce, market or sell goods and services. Therefore, the Competition Law applies to individuals and corporations alike if they act as an undertaking.

Unlike the TFEU, the Competition Law does not refer to ‘appreciable effect’ or ‘substantial part of a market’, and thereby excludes any *de minimis* exception. However, the enforcement trends and proposed changes to the legislation are increasingly focusing on *de minimis* defences and exceptions.

There are no industry-specific offences or defences. The Competition Law applies to all industries, without exception. To the extent that they act as an undertaking within the meaning of the Competition Law, state-owned entities also fall within the scope of Article 4. Nevertheless, there are sector-specific antitrust exemptions. The prohibition on restrictive agreements and practices does not apply to agreements that benefit from a block exemption or an individual exemption (or both) issued by the Board.

2 The TCA’s Elektrik Turbini decision No. 04-43/538-133 dated 24 June 2004, Ithal Komur decision No. 06-55/712-202 dated 25 July 2006, Ithal Komur II decision No. 06-62/848-241 dated 11 September 2006, Cam Ambalaj decision No. 07-17/155-50 dated 28 February 2007 and Condor Flugdienst decision No. 11-54/1431-507 dated 27 October 2011.

3 See, for example, Sisecam/Yioula No. 07-17/155-50 dated 28 February 2007, Gas Insulated Switchgears No. 04-43/538-133 dated 24 June 2004 and Refrigerator Compressors No. 09-31/668-156 dated 1 July 2009.

The applicable block exemption rules are:

- a* Block Exemption Communiqué No. 2002/2 on Vertical Agreements;
- b* Block Exemption Communiqué No. 2008/3 for the Insurance Sector;
- c* Block Exemption Communiqué No. 2008/2 on Technology Transfer Agreements;
- d* Block Exemption Communiqué No. 2013/3 on Specialisation Agreements;
- e* Block Exemption Communiqué No. 2016/5 on Research and Development Agreements;
and
- f* Block Exemption Communiqué No. 2017/3 on Vertical Agreements in the Motor Vehicles Sector.

The Board has also published a significant secondary legislation instrument, namely the Guidelines on Horizontal Cooperation, which contains a general analysis of Articles 4 and 5 of the Competition Law and general competition law concerns on information exchanges, research and development agreements, joint production agreements, joint purchasing agreements, commercialisation agreements and standardisation agreements. These are all modelled on their respective equivalents in the European Union.

Restrictive agreements that do not benefit from the block exemption under the relevant communiqué or an individual exemption issued by the Board are caught by the prohibition in Article 4. A number of horizontal restrictive agreement types, such as price-fixing, market allocation, collective refusals to deal (group boycotts) and bid rigging, have consistently been deemed to be illegal *per se*.

The antitrust regime also condemns concerted practices, and the TCA easily shifts the burden of proof in connection with concerted practice allegations through a mechanism called the presumption of concerted practice. A concerted practice is a form of coordination without a formal agreement or decision by which two or more companies come to an understanding to avoid competing with each other. The coordination need not be in writing. It is sufficient that the parties have expressed their joint intention to behave in a particular way, for example in a meeting, a telephone call or an exchange of letters.

Final decisions of the Board, including its decisions on interim measures and fines, can be submitted for judicial review before the administrative courts in Ankara by filing an appeal case within 60 days of receipt by the parties of the justified decision of the Board. As per Article 27 of the Administrative Procedural Law, filing an administrative action does not automatically stay the execution of the decision of the Board. However, upon request of the plaintiff, the court, by providing its justifications, may decide to stay the execution of the decision if its execution is likely to cause serious and irreparable damage, and the decision is highly likely to be against the law (that is, showing of a *prima facie* case).

The judicial review period before the Ankara administrative courts usually takes between 12 and 24 months. As a result of recent legislative changes, which came into force in July, 2016, administrative litigation cases (and private litigation cases) are subject to judicial review before the newly established regional courts (established in 2016), creating a three-level appellate court system consisting of administrative courts, regional courts and the Council of State (the Court of Appeals for private cases).

A regional court will go through a case file both on procedural and substantive grounds, and investigate the case file, then make a decision considering the merits of the case. The regional court's decision will be considered final, but in exceptional circumstances will be subject to review by the Council of State, as set out in Article 46 of the Administrative Procedure Law. In such cases, the decision of the regional court will not be considered final

and the Council of State may decide to uphold or reverse that decision. If the decision is reversed by the Council of State, it will be returned to the deciding regional court, which will in turn issue a new decision that takes into account the Council of State's decision.

As the regional courts are newly established, there is as yet insufficient experience of how long it takes for a regional court to finalise its review of a file. Accordingly, the Council of State's review period (for a regional court's decision) within the new system should also be tested before providing an estimated time period. Court decisions in private suits are appealable before the Supreme Court of Appeals. The appeal process in private suits is governed by the general procedural laws and usually lasts between 24 and 30 months.

IV LENIENCY PROGRAMMES

The leniency programme is available to cartel members. The Leniency Regulation does not apply to other forms of antitrust infringement. Section 3 of the Leniency Regulation provides for a definition of cartel that encompasses price-fixing, customer, supplier or market sharing, restricting output or placing quotas and bid rigging.

A cartel member may apply for leniency up to the point that the investigation report is officially served. Depending on the application order, there may be total immunity from, or reduction of, a fine.

Pursuant to the Leniency Regulation, the following conditions must be met before a cartel member can benefit from immunity or fine reduction. The applicant must submit:

- a* information on the products affected by the cartel;
- b* information on the duration of the cartel;
- c* the names of the cartelists;
- d* the dates, locations and participants of the cartel meetings; and
- e* other information or documents about the cartel activity.

The required information may be submitted verbally. Additionally:

- a* the applicant must avoid concealing or destroying information or documents on the cartel activity;
- b* unless the Leniency Division decides otherwise, the applicant must stop taking part in the cartel;
- c* unless the Leniency Division instructs otherwise, the application must be kept confidential until the investigation report has been served; and
- d* the applicant must continue to actively cooperate with the TCA until the final decision on the case has been rendered.

In any case where an application containing limited information is accepted, further information needs to be submitted subsequently. Although no detailed principles on the marker system are provided under the Leniency Regulation, pursuant to Section 6 of the Regulation, a document (showing the date and time of the application and request for time (if such a request is in question) to prepare the requested information and evidence) will be given to the applicant by the assigned unit.

The first firm to file an appropriately prepared application for leniency may benefit from total immunity if the application is made before the investigation report is officially served and the TCA is not in possession of any evidence indicating a cartel infringement. Employees or managers of the first applicant will also be totally immune; however, the

applicant must not have been the ringleader. If the applicant has forced any other cartel members to participate in the cartel, a reduction in the fine of only 33 to 50 per cent is available for the firm and between 33 and 100 per cent for the employees or managers.

In addition to this, the applicant must:

- a* end its involvement in the infringement;
- b* provide the TCA with all relevant information on the infringement (e.g., dates and locations of meetings, the products affected, the companies and individuals implicated);
- c* not conceal or destroy any information; and
- d* continue to cooperate with the TCA after applying for leniency and to the extent necessary.

The second firm to file an appropriately prepared application will receive a fine reduction of between 33 and 50 per cent. Employees or managers of the second applicant who actively cooperate with the TCA will benefit from a fine reduction of between 33 and 100 per cent.

The third applicant will receive a reduction of between 25 and 33 per cent. Employees or managers of the third applicant who actively cooperate with the TCA will benefit from a reduction of 25 to 100 per cent.

Finally, subsequent applicants will receive a reduction of between 16 and 25 per cent. Employees or managers of subsequent applicants will benefit from a reduction of between 16 and 100 per cent.

The current employees of a cartel member also benefit from the same level of leniency or immunity that is granted to the entity. There are, as yet, no precedents about the status of former employees. Apart from this, according to the Leniency Regulation, a manager or employee of a cartel member may also apply for leniency until the investigation report is officially served. Such an application would be independent from applications (if any) by the cartel member itself. Depending on the application order, there may be total immunity from, or a reduction of, a fine imposed on the manager or employee. The reduction rates and conditions for immunity or reduction are the same as those designated for the cartel members.

In addition, according to the Regulation on Fines, cooperation by a party is one of the mitigating factors that the Board can consider while determining the amount of the fine to be imposed. In such a case, if mitigating circumstances are established by the violator, the fine would be reduced by between 25 and 60 per cent.

Turkish law does not prevent counsel from representing both the investigated corporation and its employees as long as there are no conflicts of interest. That said, employees are hardly ever investigated separately.

V PENALTIES

The sanctions that may be imposed under the Competition Law are administrative in nature. Therefore, the Competition Law leads to administrative fines (and civil liability) but no criminal sanctions. Cartel conduct will not result in imprisonment of the individuals implicated. That said, there have been cases in which the matter was referred to a public prosecutor before and after the investigation under the Competition Law was complete. On that note, bid rigging activity may be criminally prosecutable under Sections 235 et seq. of the Criminal Code. Illegal price manipulation (i.e., manipulation through disinformation or other fraudulent means) may also be punished by up to two years' imprisonment and a judicial monetary penalty under Section 237 of the Criminal Code.

In cases of proven cartel activity, the undertakings concerned will be separately subject to fines of up to 10 per cent of the turnover generated in Turkey in the financial year prior to the date of the fining decision (or, if this is not calculable, the turnover generated in the financial year nearest to the date of the fining decision will be taken into account). Employees or members of the executive bodies of the undertakings or associations of undertakings that had a determining effect on the creation of the violation may also be fined up to 5 per cent of the fine imposed on the undertaking or association of undertakings. The Competition Law makes reference to Article 17 of the Law on Minor Offences to require the Board to take into consideration factors, such as the following, in determining the magnitude of the monetary penalty:

- a* the level of fault and the amount of possible damage in the relevant market;
- b* the market power of the undertakings within the relevant market;
- c* the duration and recurrence of the infringement;
- d* the cooperation or driving role of the undertakings in the infringement; and
- e* the financial power of the undertakings or their compliance with their commitments.

The Regulation on Fines applies to both cartel activity and abuse of dominance but does not cover illegal concentrations. According to the Regulation, fines are calculated by first determining the basic level, which, in the case of cartels, is between 2 and 4 per cent of the company's turnover in the financial year preceding the date of the fining decision (or, if this is not calculable, the turnover for the financial year nearest to the date of the decision); aggravating and mitigating factors are then factored in. The Regulation on Fines applies also to managers or employees who had a determining effect on the violation (such as participating in cartel meetings and making decisions that would involve the company in cartel activity) and provides for certain reductions in their favour.

In addition to the monetary sanction, the Board is authorised to take all necessary measures to terminate the restrictive agreement, to remove all *de facto* and legal consequences of every action that has been taken unlawfully, and to take all other measures necessary to restore the level of competition and status to that existing prior to the infringement. Furthermore, such a restrictive agreement will be deemed legally invalid and unenforceable with all its legal consequences. Similarly, in cases where there is a possibility of serious and irreparable damages, the Competition Law authorises the Board to take interim measures until the final resolution on the matter.

Therefore, in brief, the Board is authorised to take all necessary measures to terminate the restrictive agreement, remove all factual and legal consequences of every action that has been taken unlawfully, and take all other necessary measures to restore the level of competition and status that existed before the infringement.

The Board does not enter into plea bargaining arrangements, and mutual agreements (which must take the form of an administrative contract) on other liability matters have not been tested in Turkey.

Besides the above-mentioned leniency programme, Article 9 of the Competition Law, which generally entitles the Board to order structural or behavioural remedies to restore the status quo, sometimes operates as a conduit through which infringement allegations are settled before a full-blown investigation is launched. This can only be established by a diligent review of the relevant implicated businesses to identify all the problems, and adequate professional coaching in eliminating all competition law issues and risks. In cases where the infringement

was too far advanced for it to be subject only to an Article 9 warning, the Board at least found a mitigating factor in the fact that the entity immediately took measures to cease any wrongdoing and to remedy the situation where possible.

Additionally, the participation of an undertaking in cartel activities requires proof that there was such a cartel activity or, in the case of multilateral discussions or cooperation, that the particular undertaking was a participant. With a broadening interpretation of the Competition Law, and especially of the ‘object or effect of which’ rationale, the Board has established an extremely low standard of proof concerning cartel activity. The standard of proof is even lower as far as concerted practices are concerned; in practice, if parallel behaviour is established, a concerted practice might readily be inferred, and the undertakings concerned might be required to prove that the parallelism is not the result of a concerted practice. The Competition Law brings a ‘presumption of concerted practice’, which enables the Board to engage in an Article 4 enforcement if price changes in the market, the supply and demand equilibrium or fields of activity of enterprises bear a resemblance to those in markets where competition is obstructed, disrupted or restricted. Turkish antitrust precedents recognise that conscious parallelism is rebuttable evidence of forbidden behaviour and constitutes sufficient grounds to impose fines on the undertakings concerned. The burden of proof is very easily swapped, and it becomes incumbent upon the defendants to demonstrate that the parallelism in question is not based on concerted practice but has economic and rational reasons behind it.

VI ‘DAY ONE’ RESPONSE

Article 15 of the Competition Law authorises the Board to conduct dawn raids. Accordingly, the Board is entitled to:

- a* examine the books, paperwork and documents of undertakings and trade associations, and, if necessary, take copies of the same;
- b* request undertakings and trade associations to provide written or verbal explanations on specific topics;
- c* conduct on-site investigations with regard to any asset of an undertaking; and
- d* fully examine computer records, including but not limited to deleted items.

Refusal to grant the staff of the TCA access to business premises may lead to the imposition of a fixed fine of 0.5 per cent of the turnover generated in the financial year preceding the date of the fining decision (or, if this is not calculable, the turnover generated in the financial year nearest to the date of the fining decision will be taken into account). The minimum fine for 2018 is 21,036 Turkish lira. A refusal may also lead to the imposition of a periodic daily fine rate of 0.05 per cent of the turnover generated in the financial year preceding the date of the fining decision (or, if this is not calculable, the turnover generated in the financial year nearest to the date of the fining decision will be taken into account) for each day of the violation.

The Competition Law therefore provides broad authority to the TCA on dawn raids. A judicial authorisation is obtained by the Board only if the subject undertaking refuses to allow the dawn raid. While the specific wording of the Law allows verbal testimony to be compelled of employees, case handlers do allow a delay in giving an answer as long as this is quickly followed up by written correspondence. Therefore, in practice, employees can avoid providing answers on issues about which they are uncertain, provided that a written response is submitted within a mutually agreed timeline. Computer records are fully examined by the experts of the TCA, including, but not limited to, deleted items.

Officials conducting an on-site investigation must be in possession of a deed of authorisation from the Board. The deed of authorisation must specify the subject matter and purpose of the investigation. The inspectors are not entitled to exercise their investigative powers (copying records, recording statements by company staff, etc.) in relation to matters that do not fall within the scope of the investigation (which is written on the deed of authorisation).

The Board may also request all information it deems necessary from all public institutions and organisations, undertakings and trade associations. Officials of these bodies, undertakings and trade associations are obliged to provide the necessary information within the period fixed by the Board. Failure to comply with a decision ordering the production of information may lead to the imposition of a turnover-based fine of 0.1 per cent of the turnover generated in the financial year preceding the date of the fining decision (or, if this is not calculable, the turnover generated in the financial year nearest to the date of the fining decision will be taken into account). In cases where incorrect or incomplete information has been provided in response to a request for information, the same penalty may be imposed.

VII PRIVATE ENFORCEMENT

A cartel matter is primarily adjudicated by the Board. Enforcement is also supplemented with private lawsuits. In private suits, cartel members are adjudicated before regular courts.

One of the most distinctive features of the Turkish competition law regime is that it provides for lawsuits for treble damages. Articles 57 et seq. of the Competition Law entitle any person injured in his or her business or property by reason of anything forbidden by the antitrust laws to sue the violators for three times their damages plus litigation costs and attorney fees. Owing to a treble damages clause allowing litigants to obtain three times their loss as compensation, private antitrust litigations increasingly make their presence felt in the cartel enforcement arena. Most courts wait for the decision of the TCA, then build their own decision on that finding.

Turkish procedural law does not allow for class actions or procedures. Class certification requests would not be granted by Turkish courts. Antitrust-based private lawsuits are rare but increasing in practice. The majority of private lawsuits in Turkish antitrust enforcement rely on refusal to supply allegations. Moreover, as previously mentioned, final decisions of the Board, including its decisions on interim measures and fines, can be submitted to judicial review before the administrative courts in Ankara.

VIII CURRENT DEVELOPMENTS

The most recent change with respect to the Turkish cartel regime is the publication of the amended Guidelines on Vertical Agreements, which concluded two years of work by the Competition Authority. The amended version of the Guidelines now includes internet sales, which are acknowledged to provide a wider data set that allows price comparison to the consumers. Furthermore, there are revisions concerning most-favoured customer clauses, a contemporary topic deemed significant by competition authorities around the globe.

In addition to that, the Prime Ministry sent the Draft Law on Protection of Competition, which is designed to introduce new concepts to the Turkish competition cartel regime such as the *de minimis* defence and the settlement procedure, to the Presidency of the Parliament on 23 January 2014. In 2015, the Draft Law became obsolete again because of the general elections in June and November 2015. It is yet to be seen whether the new

parliament or the government will renew the Draft Law. As stated in its 2015 Annual Report, the TCA requested the reinitiation of the legislative procedure concerning the Draft Law. The Report notes that the TCA may take steps towards the amendment of certain articles if parliament does not pass the Draft Law – it is currently statute barred. In order to reinitiate the parliamentary process, the Draft Law must again be proposed and submitted to the presidency of the Turkish parliament. Although it is not possible to indicate an exact timing, it is likely that a draft reform law will remain on the parliamentary agenda.

The TCA also announced a public consultation on the Draft Regulation on Administrative Monetary Fines. This is due to replace the current Regulation on Monetary Fines for Restrictive Agreements, Concerted Practices, Decisions and Abuses of Dominance. Consultations on the Draft Regulation are still under way.

The TCA's annual report for 2017 states that the Board finalised 80 cases relating to competition law violations. Of those 80 cases, 37 were subject to Article 4 (anticompetitive agreements) only, 29 were subject to both Article 4 and Article 6 (abuse of dominant position) and one case was subject to Articles 4, 6 and 7 (merger control). There were 41 cases relating to anticompetitive agreements, 26 of which concerned horizontal agreements. The Board issued fines amounting to a total of 41,320,930 Turkish liras, 38,776,937 Turkish liras for cases analysed in terms of Article 4 and 2,543,993 Turkish liras for cases analysed in terms of Articles 4 and 6. The figures for fines imposed in 2017 show that, in total, the Board imposed roughly four times less in fines to Article 4 cases while the fines imposed on Article 6 cases has tripled. Further, the Board imposed fines relating to cases that were evaluated with respect to both Article 4 and Article 6 for the first time in five years (133,693,788 Turkish liras for anticompetitive agreements in 2016). This figure shows that there was an increase in 2016 in terms of fines issued for anticompetitive agreements, compared with the remarkable drop that had been seen in recent years. Therefore, the trend during the course of several years has shown that the Board does not hesitate to impose administrative monetary penalties when it comes to horizontal anticompetitive and cartel arrangements.

In terms of its recent cartel enforcement activity, one of the Board's most recent and important decisions concerning leniency applications is the Corporate Loans decision (28 November 2017, 17-39/636-276). The Board launched an investigation against 13 financial institutions, including local and international banks active in the corporate and commercial banking markets in Turkey with respect to whether they have violated Article 4 of Law No. 4054 by way of exchanging competitively sensitive information on loan conditions (such as interest and maturity) regarding current loan agreements and other financial transactions. The Bank of Tokyo-Mitsubishi UFJ Turkey AŞ (BTMU) made a leniency application on 14 October 2015 to benefit from Article 4 of the Regulation on Leniency. After an in-depth investigation lasting 19 months, the Board unanimously concluded that BTMU, ING Bank AŞ (ING) and the Royal Bank of Scotland Plc Merkezi Edinburg İstanbul Merkez Şubesi (RBS) had violated Article 4 of Law No. 4054. In this respect, the Board imposed administrative monetary penalties on ING and RBS of 21.1 million Turkish liras and 66,400 Turkish liras, respectively, relative to their annual turnover in fiscal year 2016. However, the Board resolved that BTMU should not have an administrative monetary penalty imposed pursuant to its leniency application, granting full immunity to BTMU while also relieving the other investigated undertakings from an administrative monetary penalty.

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Gönenç Gürkaynak is a founding partner of ELIG Gürkaynak Attorneys-at-Law, a leading law firm of 90 lawyers based in Istanbul, Turkey. Mr Gürkaynak graduated from Ankara University, Faculty of Law in 1997, and was called to the Istanbul Bar in 1998. Mr Gürkaynak received his LLM degree from Harvard Law School and is qualified to practise in Istanbul, New York, Brussels and England and Wales (currently a non-practising solicitor). Before founding ELIG Gürkaynak Attorneys-at-Law in 2005, Mr Gürkaynak worked as an attorney at the Istanbul, New York and Brussels offices of a global law firm for more than eight years.

Mr Gürkaynak heads the competition law and regulatory department of ELIG Gürkaynak Attorneys-at-Law, which currently consists of 45 lawyers. He has unparalleled experience in Turkish competition law counselling issues with more than 20 years of competition law experience, starting with the establishment of the Turkish Competition Authority. Every year Mr Gürkaynak represents multinational companies and large domestic clients in more than 35 written and oral defences in investigations of the Turkish Competition Authority, about 15 antitrust appeal cases in the high administrative court, and more than 85 merger clearances of the Turkish Competition Authority, in addition to coordinating various worldwide merger notifications, drafting non-compete agreements and clauses, and preparing hundreds of legal memoranda concerning a wide array of Turkish and EC competition law topics.

Mr Gürkaynak frequently speaks at conferences and symposia on competition law matters. He has published more than 150 articles in English and Turkish by various international and local publishers. Mr Gürkaynak also holds teaching positions at undergraduate and graduate levels at two universities, and gives lectures in other universities in Turkey.

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