

THE NEW TURKISH COMMERCIAL CODE

On January 13, 2011 the Turkish Parliament ratified The New Turkish Commercial Code (the "New TCC"). According to expectations, the New TCC will enter into force on July 1, 2012 and replace the current Turkish Commercial Code, which has been in use for more than fifty years.

The New TCC brings substantial changes and innovations affecting the business life in Turkey. These changes are important for entrepreneurs already doing business in Turkey or intend to establish a business in Turkey. Below, the highlights of the New TCC are discussed briefly.

A remarkable change will be that every capital stock company has to create a website dedicated to publishing all data relevant for shareholders, such as annual and interim financial statements and audit reports. The auditing of companies shall be carried out by independent auditors who are professionally competent, in compliance with international auditing standards.

Under the New TCC, shareholders' rights have been reinforced (e.g., the right to claim cash payment and cash compensation in mergers, the appraisal right and the squeeze out right, etc.). Furthermore, the New TCC introduces the possibility of entering a single member board and stipulates professionalism and specialization of directors.

The one-man businesses are also subject to the New TCC. Such a business will have to be legally formed and registered at the trade registry. Additionally, a one-man business will required to become legally defined as either 'incorporated' or 'limited'.

Briefly summarized, the New TCC aims to harmonize the Turkish Law with the European Union Law in order to strengthen the foreign economic relations.

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