

BİLGENER CİRCULAR

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Significant Amendments to the Turkish Commercial Code Published in the Official Gazette

The Law No. 7511, which makes important amendments to the Turkish Commercial Code, was published in the Official Gazette on May 29, 2024, issue number 32560.

The amendments made to the Turkish Commercial Code by this Law are summarized below:

1. Amendment on the Election of Board Members in Joint Stock Companies

The phrase *"the board of directors elects a chairman from among its members each year, and at least one vice chairman to act on his behalf in his absence"* in Article 366 of the Turkish Commercial Code has been changed to *"the board of directors, from among its members..."* This allows the chairman and vice chairman of the board to be elected in line with the board's term of office.

2. Authority of the Board of Directors on Senior Executive Appointments in Joint Stock Companies

Article 375 of the Turkish Commercial Code lists the non-delegable and indispensable duties and powers of the board of directors. The phrase *"appointment and dismissal of managers and persons with the same function, and those authorized to sign"* in paragraph (d) of the first paragraph of this article has been changed to *"appointment and dismissal of managers and persons with the same function, excluding branch managers."* This amendment removes the appointment and dismissal of branch managers from the non-delegable and indispensable powers of the board of directors.

3. Calling a Meeting of the Board of Directors by Board Members in Joint Stock Companies

Article 392/7 of the Turkish Commercial Code, titled "Right to Obtain Information and Examination," stated that "each board member may request the chairman in writing to call a meeting of the board of directors."

The following provisions have been added to the article:

"If the request is deemed appropriate, the call shall be made by the chairman of the board of directors. However, upon the written request of the majority of the board members, the chairman of the board of directors must call the board of directors to a meeting within no later than thirty days from the date the request reaches him. If the board is not called to a meeting within this period or if the chairman or vice-chairman of the board cannot be reached, the call may be made directly by the requestors. The quorum for meetings and decisions regarding calls made upon request shall be governed by the first paragraph of Article 390. A different procedure

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for calling board meetings may be specified in the articles of association."

Accordingly, the chairman of the board of directors is obligated to call the board to a meeting **within 30 days** if requested by the majority of the board members. If this obligation is not fulfilled, the call may be made directly by the requestors.

4. Minimum Capital Requirement in Joint Stock and Limited Companies

The Presidential Decision No. 7887 published in the Official Gazette on November 25, 2023, had amended the minimum capital requirements in joint stock and limited companies. According to this amendment, effective from January 1, 2024, the minimum capital amounts for newly established companies were increased to:

- **50,000.00 TL from 50,000.00 TL** in joint stock companies,
- **500,000.00 TL from 100,000.00 TL** in non-public joint stock companies that have adopted the registered capital system,
- **50,000.00 TL from 10,000.00 TL** in limited companies.

This regulation did not impose an obligation on companies with existing capital below the new amounts. With Law No. 7511, companies with existing capital below the newly stipulated amounts are required to increase their capital to the specified amounts **by December 31, 2026**.

Accordingly:

- Joint stock and limited companies with capital below the minimum amount will be deemed dissolved.
- Non-public joint stock companies that have adopted the registered capital system and have a paid-in capital of **at least 250,000.00 TL** will be deemed to have exited this system if they do not increase their initial and paid-in capital to **500,000.00 TL** by the aforementioned date.

Additionally, the regulation stipulates that no quorum will be required for general assembly meetings held to increase capital to the specified amounts, decisions will be made by the majority of votes present, and no privileges can be exercised against these decisions.

Best Regards,

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