

CLIENT ALERT

CORPORATE LAW | TURKEY

OCTOBER 2020

CHANGES IN GENERAL ASSEMBLY MEETINGS AND APPOINTMENT OF LIMITED AUTHORISED SIGNATORIES

By virtue of an amending regulation No. 31269 published on the Official Gazette dated 9 October 2020, the newly called Regulation on Procedures and Principles Applicable to the General Assembly Meetings of Joint-Stock Companies and Ministry Representatives to be Present at such Meetings (the "**Regulation**") has been amended by the Turkish Ministry of Commerce (the "**Ministry**"). Certain changes have been made in the procedures and principles of the general assembly meetings of joint stock companies, especially for sole-shareholder companies, and certain simplified mechanisms have been introduced.

Furthermore, the Istanbul Chamber of Commerce (the "**ICC**") has announced certain practical changes regarding (i) the issuance of internal directives relating to limited representation of joint-stock and limited companies as well as the branches of Turkish companies, and (ii) the appointment of limited authorised signatories based on the said internal directives.

SIMPLIFICATIONS FOR GENERAL ASSEMBLY MEETINGS OF JOINT STOCK COMPANIES WITH SOLE SHAREHOLDER

Removal of obligation to establish meeting chairmanship and attendance list

The obligations to establish meeting chairmanship and to prepare a *list of persons entitled to attend the general assembly meeting*, named the *attendance list* upon its signature by the attendants in general assembly meetings of joint-stock companies with sole shareholder, have been revoked.

Removal of obligation to invite Ministry representative to general assembly meetings

The obligation to invite a Ministry representative to general assembly meetings of companies with sole shareholder has been revoked, except for those companies whose incorporation and articles of association amendment procedures are subject to approval. A Ministry representative shall be appointed for the said general assembly meetings only if it is requested and such request is found appropriate by the appointing authority.

In other words, for those companies whose incorporation and articles of association amendments are not subject to approval, the obligation to have a Ministry representative during the general assembly meetings having agenda items such as increase or decrease of the capital, change in the field of activity, merger, acquisition and change in company type, has been cancelled.

INVITATION OF MINISTRY REPRESENTATIVES TO GENERAL ASSEMBLY MEETINGS

Opportunity to invite Ministry representatives via MERSIS

According to the Regulation, Ministry representatives can also be invited to general assemblies of joint stock companies through an electronic online application to be made via the Central Trade Registry System (*MERSIS*), as an alternative to physical applications made by submission of a petition.

Possibility for all the shareholders to general assembly meetings of joint-stock companies to invite Ministry representatives

According to the Regulation, where a board of directors does not exist or a board of directors meeting quorum cannot be reached, a Ministry representative may be invited by all the shareholders or their representatives to the general assembly meeting to be held without a call and exclusively for the appointment of board of directors members, with a petition bearing the signatures of all of the shareholders or their representatives approved by a notary public.

Accordingly, the invitation of a Ministry representative may be performed without need for a court decision directly by all of the shareholders to general assembly meetings of joint-stock companies that all shareholders will attend in person or by proxy and where the board of directors is not able to adopt a decision.

OBLIGATION TO ATTEND A MEETING WITH NOTARISED POWER OF ATTORNEY

The possibility of submitting non-notarised powers of attorney together with a declaration of signature issued by the public notary for shareholders for their representation by proxy at general assembly meetings of non-public joint-stock companies has been cancelled.

Accordingly, for attendance at meetings by proxy, only notarised powers of attorney issued in accordance with the example provided in the Regulation shall be accepted.

IMPLEMENTATION OF SIMPLE MEETING AND DECISION QUORA IN MEETINGS TO BE HELD AFTER POSTPONEMENT

For meetings to be held because of postponement, participation of shareholders or their representatives representing at least one quarter of the share capital shall be required and the decisions shall be taken by majority of the participants, unless the meeting agenda item specifically requires a higher quorum or unless a higher quorum is provided for in the articles of association for the relevant agenda items. This amendment does not apply to general assembly meetings postponed due to failure of minimum meeting quorum or failure in representation of shares for calculated decision quorum.

UPDATE OF SAMPLE DOCUMENTS ANNEXED TO THE REGULATION

Sample documents annexed to the Regulation such as Ministry representative invitation petition, attendance list, power of attorney for general assembly meetings, general assembly meeting minutes, general assembly internal directives, have been updated.

PRACTICE CHANGE IN PROCEDURES FOR APPOINTMENT OF LIMITED AUTHORISED SIGNATORY

The ICC has specified in an announcement published on its website in October that, for the appointment of limited authorised signatories, internal directives relating to limited representation authorities shall be primarily registered and announced. Upon completion of the said registration process, applications for the appointment of limited authorised signatories made by referring to the registered internal directive and to its announcement shall be accepted by the ICC.

As a result of the said modification, contrary to previous practice, registration applications made for the issuance of internal directives relating to limited representation authorities and to the appointment of limited authorised signatories based on the latter, shall not be accepted at the same time by the ICC.



In compliance with Turkish bar regulations, opinions relating to Turkish law matters that are included in this client alert have been issued by Özdirekcan Dündar Şenocak Avukatlık Ortaklığı, a Turkish law firm acting as correspondent firm of Gide Loyrette Nouel in Turkey.

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