

# Latest Amendments to the Turkish Commercial Code

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The Law on the Prevention of Financing of the Propagation of Weapons of Mass Destruction (“**Law**”), which was published in the Official Gazette numbered 31351 on 31 December 2020 has introduced significant changes to certain provisions of the Turkish Commercial Code No. 6102 (“**TCC**”).

- **Keeping the corporate books electronically:** A provision has been added to the TCC according to which the Ministry of Trade may require that the share ledger, board of directors’ resolution book and the shareholders’ resolution book shall be kept electronically, without prejudice to the provisions of the Capital Market Law. This provision has entered into force as of 31 December 2020.
- **Identification of owners of bearer shares present at the general assembly meeting:** The provision of the TCC, which sets forth that the owners of the bearer shares may attend general assembly meetings by
  - (i) obtaining an entrance card upon proving that they possess the respective bearer share certificates at least one day prior to the general assembly meeting date, and submitting such entrance card or
  - (ii) proving that they acquired the respective bearer share certificate after the issuance of the entrance card

has been abolished. Accordingly, as of 1 April 2021, the owners of bearer shares will not be able to attend general assembly meetings of the companies by way of the above-mentioned methods.

As per another provision of the Law which shall enter into force as of 1 April 2021, the board of directors will no longer check the entrance cards for identification of ownership of bearer shares during the course of confirming the attendees of the general assembly meeting; and instead, shall prepare the list of attendants based on the “shareholders list” issued by the Central Securities Depository. The Law provides that the principles and procedures regarding the issuance of the shareholders list for the owners of the bearer shares by the Central Securities Depository, the restriction on the transfer of the bearer shares when necessary limited to the general assembly meeting date and other relevant matters will be regulated under a communiqué to be issued by the Ministry of Trade.

- **Exercise of the rights arising from the bearer shares:** Effective as of 1 April 2021, in order to be able to exercise the rights arising out of the bearer shares, in addition to proving the possession of the relevant bearer share certificate, the Central Securities Depository will need to be notified of the ownership of the bearer shares.

- **Issuance of the bearer share certificates:** The bearer share certificates shall be issued and delivered to the shareholders by the board of directors within three months upon full payment of the share value. The board of directors' resolution regarding the issuance of the bearer share certificates shall be registered and announced, and published on the company's website. In addition, the Law provides that the information on the bearer shares and their owners shall be notified to the Central Securities Depository prior to the delivery of these to the shareholders. These provisions of the Law shall be effective as of 1 April 2021.
- **Transfer of the bearer shares:** While bearer shares can be transferred via transfer of possession of the share certificates representing such shares under the currently effective provisions of the TCC, in addition to this, it shall be necessary as of 1 April 2021 to notify the Central Securities Depository of such transfer by the transferee. If such notification is not made to the Central Securities Depository, holders of the bearer share certificates will not be able to exercise their shareholding rights under the TCC until a notification is made. The date of the notification made to the Central Securities Depository is taken into account for the exercise of the rights attached to the bearer shares vis-a-vis the company and third parties.

The principles and procedures regarding the notification of the bearer shares to and recording of these at the Central Securities Depository and the fees to be paid with this regard will be determined under a communiqué to be issued by the Ministry of Trade. It has further been set forth that the Central Securities Depository is entitled to share the records with respect to the bearer shares with the authorities empowered under the relevant laws.

- **Administrative fines:** In case of breach of the above-mentioned notification requirements regarding the issuance and transfer of the bearer share certificates, administrative fines in the amount of TRY 20,000 and TRY 5,000, respectively shall be imposed as per paragraph 13 added to Article 562 of the TCC.
- **Notification regarding the current owners of bearer shares:** The current owners of bearer shares are required to apply to the respective joint stock company with the share certificates in order to be notified to the Central Securities Depository until 31 December 2021. Upon such application, the board of directors of the joint stock company shall make a notification to the Central Securities Depository within five business days regarding the bearer shares and their owners. Otherwise, the owners of the bearer shares will not be able to exercise the rights attached to the shares under the TCC. Further, in case of failure to make an application to the company for notification to the Central Securities Depository, the above-mentioned administrative fines set forth under Article 562 of the TCC shall be applied. The effective date of this provision is also 1 April 2021.



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