

# Recent Amendments to the Turkish Commercial Code

*June 2024*



Dear Clients, Colleagues and Friends,

Within the scope of the “Law Amending the Turkish Commercial Code and Certain Laws” numbered 7511, published in the Official Gazette dated 29 May 2024 and numbered 32560 (“**Law No. 7511**”), some provisions of the Turkish Commercial Code numbered 6102 (“**TCC**”) have been amended to clarify the existing uncertainties in practice and facilitate companies’ transactions. These amendments entered into force on 29 May 2024.

## **1. Changes in the Terms for Designating the Chairman and Vice-Chairman of the Board of Directors**

Article 366 of the TCC, which regulates the designation of duties among the members of the board of directors formerly required the election of chairman and vice-chairman every year. With the amendment to the law, the obligation for the board of directors to designate duties on an annual basis has been removed. As a result, the term of office of chairman and vice-chairman can now be determined in line with the term of board membership, which shall not exceed three years.

## **2. Amendments to the Scope of Non-Delegable Duties and Authorities of the Board of Directors**

Article 375 of the TCC regulates the non-delegable duties and authorities that the board of directors must fulfil “as a board”. With the amendment to the law, appointment and dismissal of branch managers has been removed from the exclusive scope of authority of the board of directors, making it transferable or assignable. Further, the authority to appoint and dismiss authorized signatories has also been removed from the scope of the non-delegable duties and authorities of the board of directors.

## **3. Amendment to the Invitation Procedure of the Board of Directors**

Article 392 of the TCC formerly stipulated that each member of the board of directors could request from the chairman to call the board for a meeting; however, was silent in relation to such request being rejected or left unaddressed. With the amendment to the law, the chairman of the board of directors is now obliged to call

the board for a meeting within 30 days from the date of receipt of the written request by the majority of the members of the board at the latest. If the chairman fails to fulfill this obligation, or if the chairman or the vice-chairman cannot be reached within this 30-day period, the call for convention of the board of directors may be directly made by the members of the board who have requested such a call. Further, it is provided that procedures for calling the board of directors to a meeting that are different from those mentioned in the TCC can be set forth under the articles of association of companies.

#### 4. Regulation on Minimum Share Capital Amounts

The minimum incorporation share capital requirements for companies established after 1 January 2024 were revised under the Presidential Decree dated 25 November 2023, as per which the minimum incorporation share capital for joint-stock companies was set as TRY 250,000, while for limited liability companies, this was set as TRY 50,000. With the amendment to the law, it has been set forth that companies established before 1 January 2024 are also subject to the foregoing minimum incorporation share capital requirements, and if they fail to meet the minimum capital requirement, they are required to remedy their status by increasing their share capital until 31 December 2026. Companies that fail to comply with the capital requirement by this date will be deemed as dissolved. The Ministry of Trade has the right to extend the specified period for a total of two years.

For unlisted joint-stock companies that have adopted the registered capital system, a similar approach has been taken with a slight difference. These companies are required to increase their initial and issued capital to at least TRY 500,000 by 31 December 2026. Otherwise, they will be considered to have withdrawn from the registered capital system.

It has been regulated that in cases where an increase to the minimum capital amount is required, a meeting quorum will not be required at the general assembly meetings in order to avoid quorum barriers, and the decisions concerning the capital increase will be adopted by the majority of votes present at the meeting. Further, it has been regulated that no privileges may be exercised against these decisions.



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