

AVAILABLE BUSINESS FORMS UNDER TURKISH LAW

I. Capital Companies: Limited Liability Partnership and Joint Stock Corporations

According to the Turkish Commercial Code No. 6102 (“**TCC**”), a joint stock corporation (“**JSC**”) and a limited liability partnership (“**LLP**”) can be established with one or more shareholders/partners.

The minimum capital required for an LLP is TRY 10,000 and for a JSC is TRY 50,000. For the non-public JSCs (which accept the registered capital system), this amount is TRY 100,000.

Both JSCs and LLPs can deal with all types of businesses, as long as such business is not prohibited by law.

The General Assembly of Shareholders (the “**GAS**”) is the highest decision-making body in a JSC and the General Assembly of Partners (the “**GAP**”) is the ultimate decision-making body in an LLP.

The resolutions of the GAS and the GAP have binding effect on all shareholders and partners. There are certain decision-making quora for the GAS and the GAP.

The power to manage the business and affairs of a JSC is vested to its Board of Directors (the “**BoD**”). An LLP does not have a BoD. The management rights and duties of an LLP are granted to the managers.

II. Liaison Office

Under Turkish law, foreign investors are allowed to set up liaison offices (“**LO**”) in Turkey, on the condition that they do not enter into any commercial transactions with third parties. In other words, an LO can only provide “representation” and “relationship management” with respect to the overseas principal company’s Turkish costumers, but it cannot engage in any commercial or trading activity (e.g. it cannot enter into a commercial agreement).

All expenses of the LO have to be covered by the foreign exchange imported from abroad. Since LOs cannot engage in income-generating activities, there would never be a transfer of profit.

III. Branch Office

Branch Office (“**BO**”) may carry out the business their principal company is conducting and freely enjoy the right to pursue commercial activities. The foreign principal company remains liable for all debts of the BO.

BOs have autonomous capital and accounting to carry out commercial transactions with third parties, although they are closely associated with the principal company in respect of internal



management. This means that rights, debts, profits and losses of the BOs are assumed by the principal company.

A BO can only engage in activities of its principal company. In other words, a BO cannot provide goods and services or engage in any commercial activities that are not specified in the principal company's articles of association.

Although there is no legal capital requirement for BOs, it is required that the principal company maintains a capital sufficient to run the BO in practice. In addition, the amount of the capital allocated to the BO should be indicated in the establishment documents.

A fully authorized commercial representative (BO manager) needs to be appointed in order to run day-to-day business of the BO.

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