

## CHAPTER 6 COMPANY LAW

### Priority 6.1 Adoption of the new Commercial Code

#### 1 Schedule of legislative alignment

Table 6.1.1

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
1	Directives No. 68/151/EEC, 77/91/EEC, 78/855/EEC, 82/891/EEC, 89/667/EEC, 78/660/EEC, 83/349/EEC, 2006/43/EC and 2007/36/EC	Turkish Commercial Code <sup>1</sup>	Ensuring full harmonization with chapters on capital stock companies of the EU legislation on company law, providing the legal infrastructure needed by commercial life and actors of commercial life, improving the international competitive power of our companies.	Ministry of Justice	2009
2	Regulation No. 1606/2002	Law on Enforcement and Implementation of Turkish Commercial Code	Eliminating problems which might occur in the implementation, during the process of the replacement of the Turkish Commercial Code in force with the New Turkish Commercial Code	Ministry of Justice	2009
3	Directives No. 68/151/EEC, 2003/58/EC	Regulation Amending the Commercial Registry Regulation	Identification of administrative structures and implementations regarding establishment of on-line companies, pursuing the obligation of registry and announcement and access in electronic form.	Ministry of Industry and Trade	2009
4	Directives No. 2006/43/EC	Implementing Regulation on the Establishment and Working Principles of Independent Audit Companies and Qualifications of Auditors <sup>2</sup>	Identification of establishment and working principles of independent audit companies and qualifications of auditors	Ministry of Industry and Trade	2009

<sup>1</sup> Secondary legislation within the framework of Strategy Paper and Negotiation Position Document will be issued after the enactment of Turkish Commercial Code.

<sup>2</sup> This function will be performed after the adoption and under the scope of Law on Establishment of Turkish Auditing Standards and Public Oversight Board (Table 6.2.1 Line 10).

## 2 Schedule of institutional capacity building requirements necessary for legislative approximation and implementation

Table 6.1.2

No	Requirements	Year
<b>(Ministry of Justice)</b>		
1	Training of the judges and the personnel of the Ministry of Industry and Trade who will implement the Turkish Commercial Code after the enactment of the new law.	2008-2013
<b>(Ministry of Industry and Trade)</b>		
2	Providing necessary equipment and software to improve the technological infrastructures of Ministry of Industry and Trade and registration organizations.	2010-2013
3	Organizing training programmes for MIT and registry personnel and for the companies on on-line register proceedings.	2010-2013

## 3 Financial requirements and resources

Table 6.1.3.1

(Euro)

Requirements (Ministry of Justice)	Year	National Budget	EU sources	Other	Total
<b>I- Investment</b>					
<b>II- Legislative approximation and implementation</b>					
- Personnel					
- Training	2008-2013	1,070,000	500,000		<b>1,570,000</b>
- Consultancy					
- Translation					
- Other					
<b>Total</b>		<b>1,070,000</b>	<b>500,000</b>		<b>1,570,000</b>

**Table 6.1.3.2**

**(Euro)**

<b>Requirements (Ministry of Industry and Trade)</b>	<b>Year</b>	<b>National Budget</b>	<b>EU sources</b>	<b>Other</b>	<b>Total</b>
<b>I- Investment</b>					
Equipment and software necessary for improving the technological infrastructure of Ministry of Industry and Trade and registration organizations.	2010-2013	1,000,000	1,000,000		<b>2,000,000</b>
<b>II- Legislative approximation and implementation</b>					
<b>- Personnel</b>					
<b>- Training</b>					
Training on on-line register proceedings	2010-2013	1,000,000	1,000,000		<b>2,000,000</b>
<b>- Consultancy</b>					
<b>- Translation</b>					
Translation on on-line register implementations	2010-2013	50,000			<b>50,000</b>
<b>- Other</b>					
<b>Total</b>		<b>2,050,000</b>	<b>2,000,000</b>		<b>4,050,000</b>

**Priority 6.2 Adoption of a general-purpose financial reporting framework in the area of corporate accounting and auditing in line with EU standards**

**1 Schedule of legislative alignment**

**Table 6.2.1**

<b>No</b>	<b>EU legislation in force</b>	<b>Draft Turkish legislation</b>	<b>Scope</b>	<b>Institution in charge</b>	<b>Publication date</b>
<b>1</b>	Directives No. 78/660 EEC and 83/349/EEC Regulation No. 1606/2002	Law on Turkish Accounting Standards Board	Draft law, strengthening administrative capacity of Turkish Accounting Standards Board	Ministry of Finance	2009
<b>2</b>	Directive No. 78/660/EEC	New Communiqué on the basis of General Communiqué of Accounting System Implementation.	Issuing a new Communiqué based on the General Communiqué of Accounting System Implementation in order to comply with the Fourth Council Directive.	Turkish Accounting Standards Board	2009
<b>3</b>	Directive No. 78/660/EEC	Amendment to the Communiqué on the Principles and Rules concerning Financial Statements and Reports in the Capital Market	Following the legislative measures of the Turkish Accounting Standards Board (TASB), aligning annual financial statements of publicly held companies with EU regulations by Capital Markets Board in compliance with arrangements of TASB.	Capital Markets Board	2010
<b>4</b>	Directive No. 83/349/EEC	New Communiqué on Consolidated Financial Statements.	Issuing a new Communiqué in order to comply with the Seventh Council Directive.	Turkish Accounting Standards Board	2009
<b>5</b>	Directive 83/349/EC	Communiqué regarding Preparation of Consolidated Financial Statements	Specification of the rules in drawing up consolidated financial statements	Undersecretariat of Treasury	2009

**Table 6.2.1 (Continued)**

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
6	Directive 83/349/EC	Communiqué Amending the Communiqué regarding Preparation of Consolidated Financial Statements	Following the legislative measures of TASB, revising the principles regarding the preparation of consolidated financial statements by Undersecretariat of Treasury in compliance with those of TASB.	Undersecretariat of Treasury	2010
7	Directive No. 83/349/EEC	Amendment to the Communiqué on Preparation of Consolidated Financial Statements of Banks	Including non financial subsidiaries, which are not in the nature of a credit institution or a financial institution, in consolidated financial statements of banks.	Banking Regulation and Supervision Agency	2010
8	Directive No. 83/349/EEC	Amendment to the Communiqué establishing the procedures and principles of Consolidated Financial Statements and Accounting of Participations in the Capital Market	Following the legislative measures of TASB, aligning consolidated financial statements of publicly held companies with EU regulations by Capital Markets Board in compliance with the arrangements of TASB.	Capital Markets Board	2010
9	Directive 2006/43/EC	Law on Establishment of Turkish Auditing Standards and Public Oversight Board <sup>3</sup>	Establishment of Turkish Auditing Standards and Public Oversight Board having the authority of determining auditing standards, authorizing independent audit companies and overseeing the actions and audit performance of independent auditors in order to ensure the uniform implementation, necessary confidence and quality in the area of independent audit.	Ministry of Finance	2009

<sup>3</sup> Secondary legislation within the framework of Strategy Paper and Negotiation Position Document will be issued after enactment of Law on Establishment of Turkish Auditing Standards and Public Oversight Board.

## **2 Schedule of institutional capacity building requirements necessary for legislative approximation and implementation**

**Table 6.2.2**

<b>No</b>	<b>Requirements</b>	<b>Year</b>
<b>(Turkish Accounting Standards Board)</b>		
1	Recruiting new Assistant Experts for Turkish Accounting Standards Board	2009
2	Training of TASB personnel on International Accounting/Financial Reporting Standards	2009
3	Increasing the capacity of the premises of the Board	2009
4	Providing required consultancy	2009-2013
5	Training of the experts and providing consultancy service for harmonization	2009-2013
<b>(Capital Markets Board)</b>		
6	Completion of project activities with the objective of legislative alignment and establishing implementing measures <sup>4</sup>	2009-2011

<sup>4</sup> Refers to the activities envisaged within the scope of company law components of the project titled “Strengthening the Capital Markets Board (CMB)- TR 08 02 07” under Pre-Accession Financial Assistance 2008 Programme, financial requirements for the relevant components of the project are provided for in Table 6.2.3.2.

### 3 Financial requirements and resources

Table 6.2.3.1

(Euro)

Requirements (Turkish Accounting Standards Board)	Year	National Budget	EU sources	Other	Total
<b>I- Investment</b>	2009	300,000			<b>300,000</b>
<b>II- Legislative approximation and implementation</b>					
- Personnel	2009	150,000			<b>150,000</b>
- Training	2010-2013	200,000	150,000		<b>350,000</b>
- Consultancy	2010-2013	100,000	335,000		<b>435,000</b>
- Translation	2010-2013	150,000			<b>150,000</b>
- Other					
<b>Total</b>		<b>900,000</b>	<b>485,000</b>		<b>1,385,000</b>

Table 6.2.3.2

(Euro)

Requirements (Capital Markets Board)	Year	National Budget	EU sources	Other	Total
<b>I- Investment</b>					
<b>II- Legislative approximation and implementation</b>					
- Personnel					
- Training	2009-2011	2,398	45,558	-	<b>47,956</b>
- Consultancy	2009-2011	12,598	239,358	-	<b>251,956</b>
- Translation	2009-2011	1,605	30,489	-	<b>32,094</b>
- Other					
<b>Total</b>		<b>16,601</b>	<b>315,405</b>		<b>332,006</b>

**Priority 6.3 Strengthening disclosure requirements. In particular, adoption of a general requirement for companies to file audited legal entity and consolidated financial statements in order to make them publicly available**

**1 Schedule of legislative alignment**

**Table 6.3.1**

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
1	Directives No. 77/91/EEC, 78/855/EEC, 82/891/EEC, 2004/25/EC and 2007/36/EC	Capital Market Law <sup>5</sup>	Transposing EU legislation on company law for publicly held companies by an amendment after the adoption of Turkish Commercial Code.	Capital Markets Board	2009
2	Directive No. 77/91/EEC	Amendment to the Communiqué on the Principles of Registered Capital System	Harmonization of the registered capital system for publicly held companies with the EU legislation after the adoption of Turkish Commercial Code and Capital Market Law	Capital Markets Board	2009
3	Directive No. 78/855/EEC	Amendment to the Communiqué on the Principles regarding Merger Operations	Harmonization of merger operations of publicly held companies with the EU legislations after the adoption of Turkish Commercial Code and Capital Market Law	Capital Markets Board	2009
4	Directive No. 82/891/EEC	Amendment to the Communiqué on the Principles of Registering Shares at the Board and Sale of Shares	Harmonization of merger operations of publicly held companies with the EU legislations after the adoption of Turkish Commercial Code and Capital Market Law	Capital Markets Board	2009
5	Directive No. 2004/25/EC, 2007/36/EC	Amendment to the Communiqué on the Principles of Voting on Commission at the General Assembly of Publicly Held Companies and Takeover	Harmonization of takeovers of publicly held companies with the EU legislation after the Amendment to Capital Market Law.  Harmonization of principles to be complied in general assemblies of publicly held companies with the EU legislations after the adoption of Turkish Commercial Code and Capital Market Law	Capital Markets Board	2009

<sup>5</sup> It is also mentioned under the “Priority 9.2 Strengthen prudential and supervisory standards both in banking and in the non-bank financial sector. Establish an independent regulatory and supervisory authority in the insurance and pension sector”.



**Table 6.3.1 (Continued)**

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
6	Directive No. 2007/36/EC	Communiqué on the Implementation of Article 1527 of the New Turkish Commercial Code	Preparation of a communiqué regarding procedures for participation in general assembly in electronic form which will be obligatory for the companies trading on the stock exchange	Ministry of Industry and Trade	2009
7	Commission Recommendation on independent directors and directors' remuneration	Capital Markets Board Corporate Governance Principles	Harmonisation of CMB Corporate Governance Codes with the EU Recommendations, taking into account market conditions.	Capital Markets Board	2009

**2 Schedule of institutional capacity building requirements necessary for legislative approximation and implementation**

No institutional capacity building requirement is envisaged under this priority at this stage.

**3 Financial requirements and resources**

No financial requirement is envisaged under this priority at this stage.