The New Turkish Commercial Code: Major Corporate Law Reform in Line with EU and Swiss Law

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Introduction

The New Turkish Commercial Code ("New TCC") entered into force as of July 1, 2012.[1] The law aims to modernise and rebuild business life in Turkey. Indeed, the new progressive commercial law system has been introduced to replace the previous Commercial Code of 1956[2] to bring the country's trade and finance rules into line with the European Union ("EU") as well as Swiss legislations.

Turkey has experienced an impressive growth in the post-2001 period, and is hence ranked as one of the world's fastest growing economies. It is the sixth largest economy in Europe, and Turkey's GDP rose by 8.5 per cent in 2011 after a 9 per cent increase in 2010. Furthermore, Turkish markets have become more international owing to an increasing number of foreign investors, along with the political aspiration to join the European Union.

In light of the above findings, there was a need for solid reforms in the country's legal framework to follow the economic developments of the past half-century. The New TCC was therefore enacted to reform and establish a new modern legal regime.

Comprising more than 1,500 articles, the New TCC consists of six main chapters: Enterprise Law, Company Law, Securities Law, Transportation Law, Maritime Commercial Law and Insurance Law. This article will discuss some of the most significant changes to the Turkish corporate law.

Enhanced transparency and corporate governance

The New TCC's key corporate governance principles, such as transparency, fairness, accountability and responsibility, aim to reinforce Turkey's flimsy corporate governance environment, and thereby to restore investor confidence and ensure sustainable development.

The non-binding corporate governance principles issued by the Capital Markets Board of Turkey ("SPK")[3] and based on the OECD Principles of Corporate Governance, were applicable exclusively to publicly held companies. Henceforth, the new corporate governance rules established by the New TCC will apply to all types of companies.

According to the ambitious transparency requirement of the former version of the New TCC, all types of companies, regardless of size and nature, were required to establish a website and publish a comprehensive list of information such as their financial statements, information regarding the interests of shareholders, payments made and benefits provided to managers, and audit reports.[4] Furthermore, extremely severe sanctions such as imprisonment and judicial fines were prescribed in the case of failure to comply with such a website requirement.[5]

This was a highly controversial point in the draft TCC. On the one hand, some robust criticism came from the Istanbul business community with regard to these provisions. For instance, it was claimed that strict disclosure requirements would be suitable only for listed companies, and that small and mid-sized companies would be negatively affected by this requirement.[6] On the other hand, others sang the praises of the enhanced level of transparency that would spur investment in non-listed Turkish companies.[7]

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1 Turkish Commercial Code 6102 was adopted by the Turkish Parliament on January 13, 2011 and published in the Official Gazette on February 14, 2011. According to the TCC and Law 6103 on Validity and Application of the TCC, the Code became effective on July 1, 2012. However, there are two exceptions to this enforcement date: (1) provisions regarding independent audit and keeping financial statements in line with Turkish Accounting Standards came into force on January 1, 2013; and (2) provisions requiring the companies subject to audit to build a website will come into force on July 1, 2013.

2 [Old] Turkish Commercial Code 6762, published in the Official Gazette dated July 9, 1956, No.9353.

3 The Capital Markets Board of Turkey is the regulatory and supervisory authority in charge of the securities markets in Turkey. Empowered by the Capital Markets Law 2499 of July 30, 1981, the SPK makes regulations for organising the markets and performs supervision with the aim of ensuring fairness, efficiency and transparency in Turkish capital markets.

4 Former New TCC art.1524.

5 Former New TCC art.562(12).

6 A. Skinner, "Commercial code: New law puts emphasis on transparency" (December 13, 2011), *Financial Times*, *http://www.ft.com/cms/s/0/02ae6e00-20f1-11e1-8133-00144feabdc0.html#axzz2Cm8KKqHK* [Accessed November 21, 2012].

7 Skinner, "Commercial code: New law puts emphasis on transparency" (December 13, 2011), *Financial Times*, *http://www.ft.com/cms/s/0/02ae6e00-20f1-11e1-8133-00144feabdc0.html#axzz2Cm8KKqHK* [Accessed November 21, 2012].

As a consequence, in a last-minute change to the Bill, the Turkish Parliament restricted, among others, the scope of the above-mentioned transparency requirement.[8] According to these changes, such a transparency requirement has become obligatory only for those equity companies which are subject to an independent audit.[9] Furthermore, the information that will be published on these websites has been narrowed, and the requirement for companies to publish different kinds of financial statements and reports on their websites has been repealed.[10] Accordingly, these companies are now required to publish only obligatory announcements on their website.[11] In the case of non-compliance, the sanction of imprisonment has been converted to judicial fines.[12] Thus this amendment reduces not only the cost burden for small businesses, but also the over-ambitious scope of the Code.

The New TCC's corporate governance rules call for establishing enterprise risk management and internal control systems. The board of directors ("BoD") has the non-delegable duty of establishing an efficient system of internal control,[13] hence implementing the internal audit. In the same direction, it has been stated that the BoD is entitled to establish, from its members or outside the board, committees and commissions to supervise the progress of the activities, to prepare reports on the submitted subjects, to enforce its resolutions or to perform internal audits.[14]

Moreover, the BoD of a company whose shares are listed on the stock exchange is obliged to establish a Committee for Early Detection and Management of Risks ("the committee").[15] This committee is specialised in ensuring the early diagnosis of any causes that would endanger the existence, development and continuity of the company, implementing the measures and remedies required in this respect, and managing the risk. No specific rules regarding the composition of the committee have been framed by the New TCC. De facto, the BoD can nominate the members of the committee from among its members as well as from independent experts. This committee can also be established in companies whose shares are not traded at the stock exchange, provided that the auditor deems it necessary and notifies the BoD to that effect in written form.[16] The necessity for the establishment of the committee should be determined on a case-by-case basis since the provisions related to the committee do not mention the factors that the auditor should take into account when deciding whether such an establishment is necessary. The committee will evaluate the situation in a report to be submitted to the BoD every two months, pointing out the risks, if any, and providing solutions,[17] which will also be sent to the auditor.

Corporate governance developments in the capital market find themselves in a constantly evolving system. Hence it was fundamental to establish a strong corporate governance structure to ensure a stable and transparent investment environment for both foreign and local investors.

Independent auditing and auditors

The New TCC introduces a new system of independent auditing. According to the previous auditing mechanism, the auditor was among the statutory organs of the companies and was not necessarily expert in the subject-matter. Under the New TCC, in some cases, the auditor will no longer be a body of the company and hence auditing will be carried out by external professional and independent auditors such as independent audit firms, sworn financial advisers (*Yeminli Mali Müşavir*) or independent accountant and fiscal advisers (*Serbest Muhasebeci Mali Müşavir*) both having been certified according to Law 3568 and authorised by the Turkish Public Supervision, Accounting and Auditing Standards Board in order to perform an independent audit.[18]

The auditor will be designated by the general assembly of the company.[19] In the same way, the auditor of a group of companies will be designated by the general assembly of the parent company. The designation of the auditor will be registered in the Trade Registry and announced in the Trade Registry Gazette and website.

The New TCC does not allow the following to be appointed as an independent auditor[20]:

(a) if the proposed person is a shareholder of the company subject to auditing;

(b) if he is a manager or employee of the company subject to auditing, or worked in this position during the last three years prior to his appointment as an auditor;

(c) if he is the legal representative or proxy, member of the BoD, executive or owner of a corporation related to the company subject to audit, or owns more than 20 per cent of the shares of these companies, or he is a family member of an executive or a member of the BoD of the company;

8 Law 6335 of June 26, 2012 modifying the TCC and Law 6103 on Validity and Application of the TCC (Law 6335 modifying the TCC).
9 Please refer to the following section, "Independent auditing and auditors".
10 Law 6335 modifying the TCC art.34.
11 New TCC art.1524.
12 New TCC art.562(12). Generally speaking, most of the provisions of the New TCC that impose prison sentences on founding shareholders and directors have been replaced by administrative and judicial fines.
13 New TCC art.375(1)(c).
14 New TCC art.366(2).
15 New TCC art.378(1).
16 New TCC art.378(1) *in fine*.
17 New TCC art.378(2).
18 New TCC art.400(1).
19 New TCC art.399(1).
20 Law 6335 modifying the TCC art.19, and New TCC art.400(1)(a) to (h).

(d) if he is employed in a corporation that is related to the company subject to audit or in a corporation that owns more than 20 per cent of the shares of such company or provides services for a real person who holds more than 20 per cent of the shares of the company where he is to be appointed as auditor;

(e) if he has contributed to any other activity besides auditing, such as keeping companies' books and preparing financial tables;

(f) if he is the legal representative, proxy, employee, member of the BoD, partner, owner of a legal entity or one of its partners or a real person disqualified as auditor in conformity with the previous paragraph due to his/its contribution to an activity of the company subject to audit, besides audit service, such as keeping companies' books and preparing financial tables;

(g) if he works for a person who is disqualified due to the reasons set forth in paragraphs (a) and (f); and

(h) if more than 30 per cent of the income gained from professional activities during the last five years is acquired from the auditing and consultancy services provided to a company or to a corporation holding more than 20 per cent of the shares of the company limited by shares; and if the same income is expected also in the current year.

In addition, with respect to auditor rotation, the New TCC allows an auditor of an independent audit firm to prepare audit reports of the same company for only seven years in a 10-year time period.[21] In other words, after the end of the seventh year, such an auditor shall be replaced by another auditor for a minimum of three years.

According to the former version of the New TCC, *all* joint stock companies were subject to independent audit. This provision also underwent a last-minute change, and hence the companies that are subject to an audit within the scope of art.398 of the New TCC will be determined by the Council of Ministers.[22] In line with this article, the Council of Ministers needs to issue a regulation regarding the companies that will fall within the scope of this independent audit requirement. This regulation is expected to clarify whether such a requirement would apply by degrees depending on the size of the companies and the way it would be applied.

Financial statements of companies and conglomerates that will be subject to independent audit shall be audited by an independent auditor according to the Turkish Audit Standards.[23] Those companies that are subject to audit are obliged to disclose under their financial statements whether the latter have been audited or not, and if audited, should include the independent auditor's report. This provision is also applied to the annual report of the BoD. Any financial statements and annual reports of the same, which have not been audited although subject to audit, shall be deemed to be null and void.[24]

The due date for the appointment of an independent auditor who will audit the legal books had been extended until March 31, 2013.[25] However, it is advisable for the companies subject to independent audit to prepare their January 1, 2013 dated IFRS compatible financial statements and consult opening adjustments with their auditors, to start interim audit by the end of 2012 and to ensure that the auditors attend to the stocktaking on December 31, 2012 instead of waiting for the due date for appointing such auditors.

Compliance with International Financial Reporting Standards ("IFRS")

A significant reform of the TCC is putting into force up-to-date widely used accounting rules on commercial books.

Within this framework, the New TCC requires that the auditing of the financial statements of a company or a group of companies will be performed pursuant to the New TCC and Turkish Auditing Standards ("TAS") published by the Public Supervision, Accounting and Auditing Standards Board.[26] These rules are in line with the International Financial Reporting Standards ("IFRS"), which are generally accepted throughout the world.[27]

Nevertheless, the Turkish Auditing Standards Board may introduce specific standards for enterprises and sectors of different sizes as well as non-profit organisations.[28] These standards are also part of the TAS. The agencies and boards established specifically by the law to regulate and to supervise certain areas may also make regulations limited to details of the standards applicable in these fields.[29] However, such regulations must comply with the TAS.

The TAS should come into effect as of January 1, 2013. Moreover, according to this framework, the opening balance sheet for the year 2013 should be prepared to meet the requirements of TAS.

Reforms of the Turkish national accounting legislation and regulations by implementing the IFRS rules in the New TCC make its financial reports understandable

[21] Law 6335 modifying the TCC art.19, and New TCC art.400(2).
[22] New TCC art.397(4).
[23] New TCC art.397(1).
[24] New TCC art.397(2).
[25] Law 6335 modifying the TCC art.37, and New TCC provisional art.6(2).
[26] New TCC art.88(1).
[27] New TCC art.88(2).
[28] New TCC art.88(3).
[29] New TCC art.88(3) and (4).

worldwide and comparable with all world companies. This is an important step for Turkey to bring its business standards into line with its global partners.

Single member partnership with limited liability and single shareholder joint stock company

Turkish company law hitherto required at least five shareholders to set up a joint stock company whereas at least two partners were required for a limited liability partnership. This rule often appears alien to foreign investors.

According to EU law, a limited liability company may have a sole member when it is formed and also when all its shares come to be held by a single person.[30] Considering these developments in EU law, the New TCC introduced a significant change with regard to the establishment of the joint stock company[31] (*Anonim şirket, A.Ş.*: "JSC") or the limited liability company[32] (*Limited şirket, L.Ş.*: "LLC") with a single shareholder or partner, respectively, eliminating the need for foreign companies to enter mandatory partnerships.

This reform is particularly important from the foreign capital perspective. Indeed, the "one-man company" has been introduced by the New TCC to match up the company law regime to the economic reality and to set up an investor-friendly model. Foreign investors prefer to invest in a country through a company that exclusively belongs to themselves in order to avoid legal difficulties. Foreign direct investments in Turkey are therefore likely to increase through the single member partnership with LLC or the single shareholder JSC.

Furthermore, the single shareholder company regime means that corporations and institutions that do not wish to be a shareholder or partner with others are allowed to establish a single shareholder JSC or LLC. In other words, an existing JSC or LLC can hold a similar type of company as subsidiary. Accordingly, this rule will improve the regime for group of companies.

This reform allows also a shareholder to buy other shareholders' shares and turn the company into a sole shareholder company.[33] Hence a company previously founded by the participation of several shareholders can be restructured as a single shareholder company without being subject to the risk of dissolution. To put it differently, the transfer of shares to a single shareholder will no longer be a ground for dissolution. In the case of such a transfer, the BoD is bound to register this fact to the commercial registry within seven days from the transfer of shares. Otherwise, the BoD shall be liable for the damages caused to third parties due to this transfer in accordance with the New TCC.[34]

The single shareholder or single member partner can exercise all the authorisations granted to the general assembly, and hence can take all types of decisions. Besides, that person can elect not only himself to the BoD as the sole director but also any other individuals he deems appropriate.

Group of companies

The group of companies, regulated for the first time in Turkish law, appears as a new feature of the New TCC.[35] Similarly to Germany, where a sophisticated law of the *Konzern*[36] has been developed, it has been made clear that in the case of a group of companies, the controlling (parent) company and dependent companies (subsidiaries) operate as a single economic entity (group) through a common source of control.

The New TCC therefore identifies the conditions needed to qualify a group of company. The "dominance" principle, as per art.195 of New TCC, is the fundamental concept on which is based the regime of the group of companies. In accordance with this rule, dominance may arise out of three categories: shareholding, agreement or other means. First, dominance through shareholding is set forth when a company: (1) holds the majority of the voting rights of another company; (2) has the power to elect a sufficient number of members that constitute the majority in the executive body of another company on the basis of its articles of association; or (3) holds the majority of the voting rights individually or with other shareholders besides its own rights on the basis of a contract.[37] Secondly, dominance through agreement is exercised when a company can control another company by virtue of a contract.[38] Thirdly, the dominance relationship is not limited to the listed circumstances above; rather it assumes the existence of dominance when it is in any way apparent.[39] This approach, also adopted by the German law, is wide enough so that the rules on the group of companies cannot be evaded by the choice of more subtle and secret forms of groupings. In addition to the above, a statutory presumption is set forth under art.195(2). Accordingly, when a company holds the majority of the shares or the shares that have the effect of majority in the company, the existence of dominance, hence a group of companies, is assumed prima facie.

[30] Directive 2009/102 in the area of company law on single-member private limited liability companies replacing the Twelfth Council Company Law Directive 89/667 on single-member private limited-liability companies.
[31] New TCC art.338.
[32] New TCC art.573.
[33] New TCC art.338(2).
[34] New TCC art.338(2).
[35] New TCC arts 195–209.
[36] According to s.18 of the German Stock Corporation Act of 1965 (Aktiengesetz), the group is defined as follows: "If one dominant and one or more dependent companies under the unified leadership of the ruling company together, they form a Group and the individual companies are affiliated companies."
[37] New TCC art.195(1)(a).
[38] New TCC art.195(1)(b).
[39] New TCC art.195(1)(b) *in fine*.

In addition, several provisions of the New TCC prevent the abuse of control by the parent company. Accordingly, the new system implements special liability regimes for parent companies. First, such liability is based on the misuse of the control. In particular, the parent company cannot exercise its control in such a way as to cause financial loss to its subsidiary.[40] This rule mainly regulates the transactions performed under the authority of the BoD. Secondly, the parent company has liability for the significant decisions taken by the general assembly of the subsidiary company under the dominance of the parent company, when there is no justifiable or clearly understandable reason for the subsidiary.[41] In this case, the right of action against the parent company is only granted to the shareholders who previously voted against the decision and disclosed their objections to the resolution in a written form. Finally, the parent company is liable for the confidence restored by the parent company in the view of third parties.[42]

To conclude, the New TCC introduces a new system of a group of companies for the purpose of regulating complex company structures and relationships in response to legitimate business needs. This new model improves the legal regime of the group of companies by facilitating its establishment and organisation, and hence the institutionalisation of enterprises and foundations.

Restructuring of companies

During the past years, Turkish corporate law faced an increasing number of mergers and acquisitions, scissions and transformations of capital companies. In order to meet this growing demand and the needs of Turkey's business community, the New TCC takes EU legislation such as the Sixth Council Directive[43] and the Swiss Merger Act[44] as a model, and introduces material rules on these structural changes within companies.[45] By doing so, the New TCC emphasises the importance of these legal institutions and enforces a comprehensive legal regime for the restructuring of companies.

First of all, the New TCC recognises two types of mergers: (1) merger by acquisition, and (2) merger by formation of a new company.[46] Furthermore, different combinations of companies that are allowed to merge have been listed.[47]

The merger agreement will now be regulated by the New TCC.[48] In order to proceed with the merger, the executive bodies of the relevant companies are also required to prepare, separately or together, a merger report.[49] Together with these documents, financial statements of the last three years, an annual activity report and the interim balance sheets if necessary shall be presented to the owners of redeemed shares, bearers of securities, and any beneficiaries or stakeholders of the companies.[50] In view of that, all stakeholders have the right to inspect these documents, which should be further published on the website of the capital companies.[51]

If significant changes occurred in assets and liabilities of the companies participating in merger, or if more than six months elapsed between the date on which the merger agreement is signed and the date of the balance sheet, an interim balance sheet should be prepared by the companies so as to reflect accurate financial figures.[52]

The creditors of the companies participating in the merger are required to declare their claims within three months from the date on which the merger became legally valid,[53] which is the date of the publication of the merger in the Turkish Trade Registry Gazette.[54]

Secondly, the New TCC enacts rules for scissions of corporations that were previously regulated roughly by the Communiqué of 2003,[55] and by the Turkish Corporate Tax Law with regard to tax issues.[56] Finally, the concepts such as spin-off and split-up of capital stock companies and co-operatives are now regulated by detailed provisions of the New TCC. Through the introduction of these rules on scissions, special attention has been paid to improve the rights of creditors as well as partners and employees in conformity with the provisions of the EU's Sixth Council Directive.

The provisions and mechanisms of the protection of the shareholders, creditors and employees are mostly the same as those for mergers. For instance, similarly to

[40] New TCC art.202(1).
[41] New TCC art.202(2).
[42] New TCC art.209.
[43] Sixth Council Directive 82/891 based on art.54(3)(g) of the Treaty establishing the European Economic Community, concerning the division of public limited liability companies.
[44] Bundesgesetz vom 3. Oktober 2003 über Fusion, Spaltung, Umwandlung und Vermögensübertragung/Loi fédérale du 3 octobre 2003 sur la fusion, la scission, la transformation et le transfert de patrimoine, SR 221.301.
[45] New TCC arts 134–194.
[46] New TCC art.136(1).
[47] New TCC art.137(1).
[48] New TCC arts 145 and 146.
[49] New TCC art.147(1). However, art.147(4) allows small and medium-sized companies not to prepare the merger report if all shareholders agree.
[50] New TCC art.149(1).
[51] New TCC art.149(1) *in fine*.
[52] New TCC art.144(1).
[53] New TCC art.157.
[54] New TCC art.153(1).
[55] *Communiqué on the Principles and Procedures of Partial Spin offs in the Joint Stock and Limited Liability Companies* adopted jointly by the Ministry of Finance and Ministry of Trade and Industry, published in the Official Gazette on September 16, 2003.
[56] In 2001, Act 4684 of June 20, 2001 amended the art.38 of the [Old] Turkish Corporate Tax Law 5422, and hence allowed private Turkish companies to demerge for the first time. In 2006, the new Corporate Tax Law 5520, which repealed the previous Corporate Tax Law 5422, came into force as of June 21, 2006. As a consequence, the new Corporate Tax Law regulated partial and full scissions under its arts 19 and 20. The reason underlying the regulation of scissions under the Corporate Tax Law was to allow capital stock companies to demerge without any taxation provided that the scission is transacted under the specific terms and conditions of the Corporate Tax Law.

mergers, it has been ensured that in scissions the company's shares and rights are maintained in accordance with the principle of continuity of rights.[57] Therefore the partners of the transferor company acquire shares within the transferee company in proportion to their shares in the transferor company.

Thirdly, the concept of transformation of corporations under the previous law was mainly codified on the basis of the jurisprudence of the Turkish Supreme Court of Appeals. Accordingly, the free selection of the legal form of company transformations that was admitted by the previous law has been limited by the New TCC. Indeed, a list of valid transformations has been provided by the latter.[58]

As discussed above, the rights of the shareholders, creditors and employees in the restructuring process are a fundamental point of the New TCC. Again, these provisions and transparency mechanisms in transformations are the same as for mergers and scissions. Besides, the stakeholders' rights to inspect and their rights of legal action, which were non-existent under the previous Code, have been introduced into the New TCC through detailed provisions.

Unfair competition

Unfair competition provisions have been reformed and introduced into the New TCC in line with EU and Swiss law.[59] In particular, art.55 of the New TCC, which defines the concept of unfair competition and enumerates the main unfair trade practices, is almost identical to art.3 of the Swiss Federal Law on Unfair Competition.[60] The enumeration of these commercial practices as unfair competition cases is also in line with the jurisprudence of the European Court of Justice. On the other hand, the New TCC preserves the Turkish jurisprudence developed by the Turkish Court of Cassation.

The unfair competition cases set forth under the above-mentioned article do not have a *numerus clausus* limitation. Trade practices between the market participants which are misleading and against the bona fide principle are unfair and hence fall under the scope of the New TCC. These cases are classified under six main categories as follows[61]:

(a) advertisements and sales methods against good faith and other unlawful acts;
(b) to direct to infringe or to terminate an agreement;
(c) to benefit from others' business products without authorisation;
(d) to divulge manufacturing and business secrets illegally;
(e) to violate the generally accepted rules of business; and
(f) to use transactional conditions against good faith.

The new rules on unfair competition improve the consumer rights as well. Unlike Swiss law, which lacks a general corpus of consumer law,[62] Turkish law established a special regulation to protect consumers.[63] Nevertheless, the New TCC further strengthens the consumer value in order to protect all the participants in the market.

Finally, the New TCC makes provisions for compensation for the damages arising from unfair competition.[64] Accordingly, a legal action may be filed in order to determine the unfairness of the act, to prevent unfair competition, to suppress material conditions resulting from unfair competition, to rectify false statements on which unfair competition is based, to destroy means and goods that serve unfair competition unless the prevention of the latter is possible otherwise, to compensate for loss or damage resulting from fault, and to pay moral damages in specific circumstances.[65]

Conclusion

The introduction of the New TCC represents a quantum leap and a major reform in Turkish corporate law over the last 50 years. Turkish commercial law has been harmonised in line with Swiss and EU law. In this respect, certain legal institutions that were previously non-existent have been introduced in the New TCC, whereas other out-of-date rules have been replaced by modern rules.

The New TCC enhances transparency, which is a fundamental point of the Code, by adopting International Financial Reporting Standards and auditing principles alongside modern corporate governance practices. The draft Code used to be even more ambitious prior to the above-discussed last-minute modifications such as the limitation of the scope of the website information or independent audit rules. Indeed, the application of both these rules, regardless the size of the company, would go too far. Yet the adaptation of the companies to the new rules remains a critical issue.

A major reform of the New TCC attaches great importance to companies in terms of establishment, organisation and structure. First, company structures have been significantly simplified. For instance, the previous Code used to require a minimum of five shareholders to

[57] New TCC arts 161 and 140.
[58] New TCC arts 181 and 182.
[59] New TCC arts 54–63 New TCC.
[60] Bundesgesetz vom 19. Dezember 1986 gegen den unlauteren Wettbewerb/Loi fédérale du 19 décembre 1986 contre la concurrence déloyale, SR 241.
[61] New TCC art.55(a) to (f).
[62] Specific provisions are provided in regulations such as the Federal Act on Consumer Information of October 5, 1990 (SR 944.0), on Product Liability of June 18, 1993 (SR 221.112.944), on Product Safety of July 1, 2010 (SR 930.11), on Consumer Credits of March 23, 2001 (SR 221.214.1), on Package Tours of June 18, 1993 (SR 944.3), on Electronic Signature (SR 943.03) or Code of Obligations of March 30, 1911 (SR 220). A complete list of Swiss laws and regulations in the field of consumer protection may be found on the website of the Swiss Federal Consumer Affairs Bureau, *http://www.konsum.admin.ch/* [Accessed November 21, 2012].
[63] Consumer Protection Law 4077 as amended by Act 4822 and published in the Official Gazette No.22221 dated March 8, 1995.
[64] New TCC arts 56 *et seq*.
[65] See conditions of New TCC art.58.

establish a joint stock company, whereas a single person can now own the entire company. Secondly, the group of companies is regulated for the first time by the New TCC, thereby facilitating the recourse to these complex company structures. Thirdly, detailed provisions on restructuring mechanisms such as fusions, scissions and transformations are laid down in the New TCC.

Finally, unfair competition rules have been improved and brought into line with the EU and Swiss law.

Although penalties and sanctions are envisaged in cases of non-compliance with the requirements, there is still uncertainty whether the Turkish authorities will take a stringent approach in enforcing the New TCC. Companies are therefore advised to avoid an over-simplistic approach with regard to the implementation of the provisions, and to act, if applicable, in accordance with the new corporate governance rules and independent auditing requirement. In addition, companies should reconsider their relationships regarding their shareholders and parent companies and/or subsidiaries.