

# Joint Ventures

**Jurisdictional comparisons**

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## **A. DOMESTIC FAMILY OF COMPANIES**

### **1. Are joint ventures expressly regulated in your jurisdiction?**

As per Turkish legislation, JVs are neither expressly defined in the Turkish Commercial Code nor in the Turkish Code of Obligations. However, numerous legislation contain provisions that are applicable to JVs.

Under the Code of Obligations, if the form of a corporation does not satisfy the terms and conditions of any specific regulation, it shall be evaluated in accordance with the 'ordinary partnership' provisions as stipulated under Article 620 that defines this partnership as an agreement under '*which two or more parties combine their services and assets in order to achieve a common purpose*'. This form of an ordinary partnership has a flexible structure. For example, the founders will be subject to unlimited liability and may freely determine the partnership structure. Accordingly, as per Article 621 of the Code of Obligations, each shareholder must subscribe to the share capital either with money, receivables or other assets or services. Unless otherwise stipulated under the articles of association, each subscription of the shareholders to the share capital has to be equal in importance and qualification required for the purposes of the company. Within the scope of the provisions of ordinary partnerships, founders are able to borrow from banks under the name of the JV and are liable for the re-payment of such loans. In this respect, contractual JVs shall be evaluated in accordance with the terms and conditions of ordinary partnerships.

On the other hand, the Communiqué on Foreign Direct Investment Law (adopted by the Ministry of Economy on 17 June 2003), with the aim of encouraging foreign direct investment in Turkey, regulates the principles governing such investments in order to protect the rights of foreign investors, define investment and investor in line with international standards, establish a notification based system for foreign direct investments rather than screening and approval and increase foreign direct investments with support of established policies. This Communiqué states that foreign investors are entitled to invest in companies defined under the Code of Commerce and in ordinary partnerships as stipulated under the Code of Obligations. We should note that corporations established pursuant to an agreement under any name, such as ordinary partnership, consortium, business partnership, JV, and which do not fall within the terms and conditions of the companies set forth under the Code of Commerce shall be defined as ordinary partnerships.

Specific regulations governing JVs can be found in the Competition

Board's Communiqué numbered 2010/4 (dated 7 July 2010) regarding 'Mergers and Acquisitions which are subject to the Competition Board's Approval'. Article 5 of the Communiqué regulates cases of permanent control change in the following cases:

- (i) merger of two or more entities; or
- (ii) 100 per cent or partial control of the company or companies to be transferred either pursuant to an agreement or as a result of an acquisition of the shares or assets of the company; or
- (iii) establishment of a JV that satisfies requirements of an independent economic entity.

Another definition of a JV is provided under Law No.8227 on Public Procurement. Article 4 of the law defines JVs as '*an agreement between two or more private individuals or legal entities for the purpose of participating in a tender*'.

Taking into consideration the aforementioned regulations, Turkish law clearly indicates existence of an economic unit which is subject to joint control and is formed either as a result of the formation of a new JV or change in control of an existing JV.

Considering the importance of foreign direct investments for the Turkish economy, Communiqué No.2009/2 on the 'Registry of the Business Corporations without a Legal Personality and Operated by a Commercial Partnerships' has been introduced by the Ministry of Industry and Commerce (currently named Ministry of Science, Industry and Technology) on 1 April 2012. The objective of this regulation is to provide a legal framework for JVs and specify terms and conditions for business corporations without a legal personality that are operated by commercial partnerships. JVs may be registered with the Trade Registry if so requested by the founders of these JVs, thus creating a safe legal environment for such entities. It also ensures recognition of JVs by third parties; therefore, potential investors may solicit the necessary information regarding any JV, if so required. The aim of ensuring the availability of such information is to provide confidence to potential investors.

Additionally, according to Article 2/7 of Law No.5520 on Corporate Tax, JVs are defined as business partnerships which are established in order to jointly operate a business and, subsequently, share profits. However, even though such partnerships do not have a separate legal personality, they are nevertheless liable for the payment of tax. JV founders are free to select the most suitable tax status resulting either in a JV being subject to corporate tax or payment of income tax by the founders.

Within the scope of the abovementioned, parties of the JV may freely select whether they prefer for the JV to have contractual or corporate legal status. However, there are a number of regulations limiting such selection, especially if the purpose of the JV involves protection of public interest.

For example, Law No.5411 on Banking and Law No.2499 on Capital Markets states that if a bank or an intermediary firm joins a JV as a party, such JV must be set up as a joint-stock company.

## **2. Which kinds of JV are allowed in your jurisdiction:**

### **(a) Contractual?**

### **(b) Corporate?**

Due to lack of a clear definition of JVs under Turkish legislation, Turkish legal doctrine and jurisprudence have determined that a JV may take the form of a contractual or corporate entity. Corporate JVs are formed as a result of capital contributions. For instance, consortium members of a big project may form a JV based on their agreement in order to realise the JV's purpose, and it is also possible for the founders of a JV to establish a commercial entity or join one that has already been established. On the other hand contractual JV's are usually formed for specific projects to be carried out by multiple parties

## **3. Are corporate JVs subject – *sic et simpliciter*– to your jurisdiction's corporate law?**

Neither the old nor the new Turkish Code of Commerce explicitly refers to JVs. However, in practice, JVs have been governed by corporate law as a result of satisfying the provisions applicable to 'ordinary partnerships' listed in Article 620 of the Turkish Code of Obligations which states that: '*Ordinary Partnership agreement is an agreement pursuant to which two or more parties combine their services and assets in order to realize a common goal. If the form of a corporation does not fall within the terms and conditions of any specific regulation, it shall be evaluated by applying the provisions regulating ordinary partnerships*'.

## **4. Is there any restriction in the use of foreign language in the founding documents of a JV (both contractual and corporate)?**

Law No.805 on the 'Compulsory Usage of Turkish Language in Economic Institutions' contains a restriction on the use of foreign languages in transactions that take place among Turkish citizens/ companies. According to Article 1 of the Law No. 805:

*'All kinds of Turkish companies and entities are obligated to keep their agreements and company books regarding transactions that take place in Turkey in Turkish.'*

As such, this restriction is applicable to contractual and corporate JVs where all parties are Turkish citizens. Please refer to B1 for language requirements in transaction where one of the parties is a foreign entity.

## **5. Are public officers (eg, public notary) involved in the formation procedure of a JV?**

The formation of corporate JVs is addressed under Article 40 of the Turkish Code of Commerce and under Article 2(b) of the Communiqué Concerning the Principles for the Establishment and Amendments of articles of association of joint-stock companies and limited liability companies which state that:

*'within 15 days after the notarization of the articles of association, the company shall be registered with the respective Trade Registry covering the area where the company's headquarters is located or associated with'.*

Within this context, the founding documents have to be notarised by

the notary public and registered with the trade registry. After registration, the company becomes a legal entity. Accordingly, information subject to announcement after registration must be published in the *Trade Registry Gazette*.

Furthermore, during the establishment process of a JV, numerous public authorities may be involved depending on the scope of the respective project. For example, for JVs operating in the construction sector, in order for the JV to operate, JVs shall apply for and obtain a 'construction certificate' from the Ministry of Environment and Urban Planning. On the other hand, for companies operating in the energy sector, it is obligatory to apply for and obtain a transmission, distribution, wholesale, generation or trade licence, (depending on the activities of the company) from the Energy Market Regulatory Authority.

**6. Are JVs registered with any local registries? Are there public sector bodies' authorisations required for the establishment of a JV (eg, national regulatory or antitrust authorities)? If yes, subject to which conditions? Moreover, can this approval be avoided through a self-assessment carried out by the JV members? If yes, subject to which conditions?**

JVs are registered with the local trade registry offices. These offices report to Chambers of Commerce and Industry or Chambers of Commerce, as determined by the Ministry of Science, Industry and Technology. Application for the registration of a JV must be submitted to the Trade Registry office located in the area supervised by such respective Trade Registry where JV is registered. Furthermore, Trade Registry Offices where JV parties are registered shall be notified regarding the JV registration by the relevant Trade Registry on the same day.

Other public sector bodies such as the Energy Market Regulatory Authority, Competition Board and Capital Markets Board, may also be involved in the JV establishment process, depending on the purpose and subject matter of the company. In this regard, as per regulations of the Energy Market Regulatory Authority, JVs which operate in the electricity, natural gas, petroleum market and LPG sectors are obligated to request a final approval in the form of a licence per declaration of the Energy Market Regulatory Authority.

Additionally, according to Article 4 of Law No.2499 on Capital Markets, companies whose capital market instruments are to be issued and publicly offered, are subject to capital markets law. Such companies include publicly-held companies and they must be registered with the Capital Market Board.

Finally, according to Communiqué No.2010/04 on 'Mergers and Acquisitions which are subject to Competition Board's Approval', a company must comply with an outlined notification procedure since mergers, acquisitions and JVs are transactions which have lasting effects on the markets that may lead to significant issues of competition. As such, acquisition of a dominant position or strengthening of an existing dominant position as a result of such transactions is of particular importance. The reason for notifying the Competition Board regarding transactions that

form a concentration is to ensure prior identification and elimination of transactions that may have a negative impact on competition or society. Applications in relation to the merger and acquisition transactions or JVs provided under Article 7 of the 'Law on the Protection of Competition' No.4054 are submitted after filling out the notification form provided in the Communiqué No.2010/4 on 'Mergers and Acquisitions which are subject to Competition Board's Approval', as issued by the Competition Board together with the stipulated documents. Information required in the notification form related to mergers and acquisitions' applications must be complete and accurate. Any changes to the submitted form must also be notified to the Competition Board. In the event of failing to notify the transaction subject to notification procedure or provision of misleading or false information, the Competition Board is authorised to apply administrative fines. According to the Communiqué No.2010/4, the Competition Board's approval is required for the relevant transaction to be legally recognised in cases of: (a) total turnover in Turkey of all involved parties exceeding 100 million Turkish Lira and turnover in Turkey of at least two parties exceeding 30 million Turkish Lira, or (b) global turnover of one of the parties exceeding 500 million Turkish Lira and the turnover in Turkey of at least one of the parties exceeding 5 million Turkish Lira.

None of the above-mentioned approvals may be omitted.

**7. Are there any other formal requirements to comply with in order to validly constitute a JV (eg, filing JV's formation documents with antitrust authority)?**

No additional requirements other than the ones mentioned above for the establishment of a JV are necessary.

**8. Can the JV instrument be used in every field of the economy of your country? Are there restrictions to be considered and carefully assessed before investing?**

Turkey offers a very liberal business environment to investors. In this regard, there are no general restrictions to be considered. However, prudent investors should examine the possibilities according to specific conditions of the field or area in which the investment is to be conducted.

**9. Can a JV be established with any purpose, as to the contractual JV? Or corporate purpose, as to the corporate JV?**

As per the fundamental rule of 'freedom of contract', as stipulated under Article 26 of the Code of Obligations, parties of a JV are entitled to enter into a contract for all types of purposes within the boundaries set by the law. Accordingly, both contractual and corporate JVs are entitled to be established for any purpose. However, it must be noted that under Article 27 of the Code of Obligations, a general restriction clause exists with regard to the limits of the freedom of contract principle. As such, parties may not execute any kind of an agreement that would be contrary to:

- (i) the imperative provisions of Turkish law;

- (ii) Turkish public order;
- (iii) individual rights; and
- (iv) all contracts *contra bonos mores* and with subject matter that cannot be honoured will be considered invalid.

**10. Which are the possible forms of participations to the share capital of a JV? What are the possible ways to contribute by a JV member (eg, cash, goods, assets, etc.)? Are there statutory limits to the possibility of contributions in kind?**

As per Articles 342 and 581 of the Turkish Commercial Code No.6102, which has entered into force on 1 July 2012, corporate JV shareholders are entitled to participate in the share capital of the company by subscribing to capital in kind, including intellectual property rights and virtual environments (such as domain names). However, in order to subscribe to the abovementioned assets, they must be free of any limitations on rights *in rem*, attachment or precaution and then should be appraised or calculated in cash and be transferrable.

**11. Can the share capital of a corporate JV be indicated by making reference to a foreign currency?**

While there is no clear legal regulation restricting the establishment of JVs with foreign currency, in practice it is not possible – local trade registries require amounts stated in the JV agreements to be stipulated in Turkish Lira. This practice stems from the Turkish Code of Commerce that list shareholder thresholds in Turkish Lira. However, it is possible to include within a JV agreement a foreign currency which would be immediately translated into Turkish Lira (with the official exchange rate on the establishment date) and the accounting will always be carried out in Turkish Lira terms. The official share capital of a Turkish company needs to be expressed in Turkish Lira terms at all times. However, both the share capital invested by the foreign JV partner and all the activities of the JV based on foreign currency will be shown on the balance sheet with the exchange rate gains and losses according to the accounting policies in Turkey.

**12. Are there statutory limits as to the duration of a JV (eg, minimum and maximum periods)?**

With respect to corporate JVs, they may be established for an indefinite period of time as Turkish law does not impose any limitation. However, taking into account that contractual JVs are generally established in connection with the execution of a specific project, the period foreseen for the project constitutes the duration of the JV unless otherwise agreed by the parties.

**13. Are there statutory limits as to the number of members participating to a JV (eg, minimum and maximum)?**

Taking into consideration that JVs are generally established as joint-stock companies and as such are regulated under Article 338 of the Turkish Code

of Commerce, the minimum number of shareholders is two. In case the number of participants exceeds 250, such companies are deemed to become publicly-held joint-stock companies, thus subject to regulatory activities of the Capital Markets Board.

However, the threshold for the establishment of limited liability companies is one, in order for a JV to be established as a limited liability company under Articles 573 and 574 such threshold for participating shareholders is a minimum of two and a maximum of 50.

**14. Is it possible for a public sector body to enter into a JV agreement? If yes, subject to which conditions? In particular, do PPP (public-private partnerships) laws and regulations – if any – apply?**

Due to lack of any restriction on the character of the JV parties, it is possible for public sector bodies to enter into a JV agreement, in which the conditions are to be considered among the parties.

As of today, no Public-Private Partnership Law exists. While a draft law was prepared in 2007, it was not adopted by the Turkish National Assembly. As such, when public sector bodies engage in JVs, legal aspects regulating their activity will depend on the relevant regulations – depending on the public body and the activity undertaken. For example, in order to establish a production facility with electric power within the scope of the build-operate-transfer model, specific terms and conditions stipulated under Law No.4283 shall be applied such as obtaining approval of TEIAS (State Electricity Generation and Transmission Corporation); while it is obligatory for the companies which operate in the construction sector to obtain a ‘contracting certificate’ from the Ministry of Environment and Urban Planning.

**15. Are there statutory constraints to the use of non-competition or antitrust clauses in a JV agreement? If yes, please specify your response particularly with respect to the validity and effectiveness of non-competition clauses regulating the relations between the JV members (i) during the period of effectiveness of the JV agreement, and (ii) following the termination of the JV agreement.**

Parties to a JV agreement are entitled to stipulate a non-competition clause according to the regulations adopted by the Competition Board and provisions of the Turkish Code of Obligations.

According to the provisions of Article 626 of the Code of Obligations, shareholders may not conduct a business for their personal or third parties’ benefit which restricts the common purpose of the company or which damages the company’s business.

Articles 444 to 447 of the Code of Obligations that entered into force on 1 July 2012, stipulate a non-competition clause between an employer and an employee within the scope of the employment relationship. In this regard, an employee may be obliged not to compete with his employer and not work for another company/entity that operates in the same field of activity, both during the term of the agreement and for a maximum of two years after the expiration date of the employment contract.



With respect to regulations of the Competition Board, the Communiqué on Block Exemption regarding Vertical Agreements applies to agreements executed for the purpose of buying and selling goods and services by two or more entities, operating on different levels of production and distribution chains. According to this regulation, parties are entitled to stipulate a non-competition clause, provided that such a provision does not foresee more than five years of non-competition within the term of the agreement. Accordingly, a one-year non-compete period may be stipulated within the term upon expiration of the agreement for the companies.

**16. Are there any conditions to be satisfied by the contractual JV in order to avoid to fall within the definition of ‘de facto company/partnership’?**

Turkish legislation does not set conditions that would cause contractual JVs to fall within the definition of *de facto* company/partnership. As such, it can be noted that the parties can make such decision.

**17. Can a JV agreement provide that a JV member may participate to the venture without incurring in any risk? Loss? Or reward?**

With regard to contractual JVs, under Article 622 of the Turkish Code of Obligations, shareholders are entitled to share the company profits equally among themselves. Unless otherwise stipulated in the articles of association, without consideration of the share of contribution to the capital, each shareholder’s proportion of the company profits and loss shall be equal. The stipulation of a provision on the entitlement to profit by any of the shareholders without bearing any loss is only valid for a shareholder who contributes to the share capital through his services.

For corporate JVs, under Article 478 of the Turkish Code of Commerce, it is possible to grant to a certain group of shares a privilege on the dividend distribution, liquidation profit, right of first refusal and voting rights either by specifying such rights in the articles of association or by amending the articles of association. On the other hand, as per Article 507 of the Turkish Code of Commerce, each shareholder is entitled to benefit from the company’s profit proportionately to his/her contribution to the share capital. However, it is not possible for the members to participate in a JV without bearing any risk or loss or benefiting from profit distributions, other than the exception for the shareholder who contributes to the share capital through his/her services as stated above.

However, the total amount of profit share for members may differ among shareholders, in which case such decision is taken by the general assembly.

**18. Are there antitrust rules, guidelines and/or policies applicable to a JV agreement (eg, with respect to R&D JV)?**

Establishment of fully functioning JVs for the purpose of permanently fulfilling functions of an independent economic entity is subject to the Competition Board’s approval since JVs are included in the definition of mergers and acquisitions according to the Communiqué numbered 2010/4

on 'Mergers and Acquisitions which are subject to Competition Board's Approval'. If the form of a JV cannot be defined as a fully functioning JV, it shall be considered as a concerted action among the parties and thus shall be subject to the approval of the Competition Board and an 'exemption' shall be requested.

Antitrust rules for Research & Development Agreements are provided in the Communiqué dated 27 August 2003 numbered 2003/2 of the Competition Board.

**19. Are the parties of a JV entirely free to regulate the JV or are they subject to certain restrictions (eg, voting rights, veto, JV members' loans given to the JV, etc.)?**

The form and structure of power allocation between the corporate bodies of the company is not stipulated under any regulation. In this regard, under the Turkish Code of Commerce, as recently amended by Law No.6335, parties are free to regulate a JV through the articles of association, shareholders' agreement and also through resolutions adopted by the board of directors and general assembly. However, with respect to the Code of Commerce, certain restrictions are as follows:

- Right to veto may not be vested only in one party, and if such a condition is foreseen, the clause regulating that one party is in possession of a veto right shall be deemed invalid. Therefore, it is required that different groups of shares and shareholders are granted similar veto rights.
- The board of directors may be appointed for a maximum period of three years. Unless otherwise stipulated in the articles of association, members whose period of duty has expired may be re-elected for another three years.
- Board meetings shall be validly held with the majority of members present during the relevant meeting and resolutions shall be validly adopted if the majority of the members present in the meeting vote affirmatively. However, certain major decisions regarding the company's business may only be passed with a unanimous vote.
- Unless a higher quorum is stipulated in the articles of association of the company, general assembly meetings shall be validly held with a one-quarter majority of the attending members.
- Each share gives the holder at least one vote and a maximum of 15. Shareholders are to use their right to vote proportional to the nominal values of the total shares. As for limited liability companies, 25 Turkish Lira represents one vote.
- Shareholders are not entitled to issue loans on behalf of the JV unless all shareholder debts are paid in full and profits, including free reserves of the company, exceed the previous year's losses.

**20. Are there limits or restrictions to the eligibility for an individual as a member of the board of directors/statutory auditors (eg, nationality)?**

Prior to the aforementioned recent amendment, the initial stipulation under

the Turkish Code of Commerce was that at least one member of the board of directors had to be a Turkish citizen, with a resident address in Turkey, and one-quarter of the members of the board had to be in possession of a higher education diploma.

However, after the amendment, these initial terms were withdrawn. It is not necessary to be a shareholder in order to be nominated to a membership position on the board of directors.

The board of directors is set up with a minimum of one member who can either be a real or legal person.

Statutory auditors, however, must consist of either independent auditors or an independent auditing firm, and appointed by the relevant authority, recently established under the name of Public Supervision, Accounting and Auditing Standards Institution.

**21. What is the legal regime applicable to the termination of a JV? Can a JV be terminated for just cause upon request of one party?**

With regard to contractual JVs, terms and conditions for termination as stipulated under Article 639 of the Code of Obligations shall be applied. These terms and conditions are as follows:

- fulfillment of the purpose of the company or impossibility of fulfillment of the purpose of the company;
- death of a partner, unless articles of association foresee continuation of the partnership with legal heirs;
- bankruptcy of a party, determination of legal incapacity of a party or liquidation of the shares of a party;
- case of no clear stipulation in the articles of association regarding continuation of the partnership;
- pursuant to a unanimous decision of all parties;
- expiration of the period determined for the partnership;
- in cases of a reserved unilateral termination right or if the partnership is setup for an indefinite period of time or for the duration of a partner's lifetime, pursuant to a termination notification sent by a partner; and
- if a valid reason exists, shareholders may apply to the court to decide the termination of the company.

As for the corporate JVs, termination of JVs is addressed in Articles 529 to 548 and Article 636 of the Turkish Code of Commerce for joint-stock companies and limited companies. Conditions for termination are as follows:

- (i) termination of the period as agreed in the initial agreement unless the business is continuing and the term is extended to an indefinite period;
- (ii) occurrence of any termination condition as stipulated in the initial agreement;
- (iii) subject matter or main purpose of the company may not be realised;
- (iv) pursuant to a decision by the general assembly;
- (v) if one of the key departments of the company has been idle for a prolonged time period;
- (vi) for a just cause;

- (vii) bankruptcy; and
- (viii) liquidation.

Unless otherwise stipulated in the articles of the association of the JV, it can also be terminated upon request of one of the parties.

## **22. Are there constraints to the choice of the law and the jurisdiction applicable to the JV?**

Parties are free to decide on the governing law according to the rule of Freedom of Contract stipulated in the Code of Obligations. However, Article 24 of the International Private and Civil Procedure Law states that Turkish law shall be applicable to agreements executed between Turkish parties since in such transactions all elements of the JV fall within the jurisdiction of Turkish law and do not carry a foreign element.

## **23. Is the termination of a JV agreement subject to any public sector body's approval?**

The shareholders' resolution regarding termination has to be approved and notarised by the notary public. Subsequently, such resolution shall be presented to the Presidency of the Chamber of Commerce.

## **B. FOREIGN COMPANY AS A MEMBER OF THE JV**

### **1. If one or more members of the JV is incorporated under or governed by the laws of a foreign country, does that change your answers to any of the questions set forth under 'A' above?**

Application of certain regulations differs if there is foreign membership in a JV.

With respect to the governing language, according to Article 3 of Law No.805 on 'Obligation of Using Turkish Language in Economic Institutions', a foreign language may be used for transactions between Turkish citizens/companies and foreigners. However, for the documents drafted in foreign languages to be valid, Turkish legal procedure requires a Turkish version. Thus, while a foreign language may be used between Turkish and foreign citizens/companies due to the existence of a foreign element in such cases, founding documents submitted to the relevant authorities must be translated into Turkish, notarised and apostilled. Even though it would be possible a foreign law to govern, in case the selected foreign law is deemed contrary to Turkish public order, Turkish law will be applied to the transaction.

For example, in a case before the Court of Cassation, the Court decided that German law provisions regarding the period of limitation were contrary to the Turkish public order and thus, in that specific case, Turkish law shall be honored, even though German law was selected by the parties as the governing law.

According to the International Private and Civil Procedure Law, applicable law may be freely determined by the parties. Article 24 of the International Private and Civil Procedure Law stipulates that:

*'The relationship between the parties which arises from an agreement is subject to*

*a specifically identified law by the parties. In case the parties have not identified governing law, the law recognized from the provisions of the agreement is to be deemed validly selected. Parties are entitled to choose the applicable law to govern the agreement partially or as a whole. Parties are also entitled to select or change the applicable law at any time. In case the parties did not select the applicable law, the law to be applied to the agreement shall be the law most closely related to that agreement.'*

Termination conditions may differ depending on the applicable law.

**2. Are JVs with foreign parties allowed in your jurisdiction? And if so, is there a minimum/maximum number of parties who have to be local? Is there any special authorisation required?**

Turkish law allows JVs with foreign parties. Similarly, Turkish law does not stipulate any specific thresholds for the number of foreign parties to be involved in a JV.

According to the Communiqué on the Implementation of the Foreign Direct Investment Law such investments are subject to approval from the Incentive and Foreign Capital General Directorate of the Ministry of Economy. Companies that are subject to the provisions of this law must notify the Foreign Capital General Directorate regarding the JV's capital, activity, payments to the capital account and any share transfers between the current national or foreign partners or to national or foreign investors.

**3. Are there economic or financial incentives for foreign direct investments in a JV?**

Detailed economic and financial incentives are outlined in the Law on Foreign Direct Investments.

A recent Decision of the Council of Ministers (No.2012/3305) on 'State Aid to Investments' adopted on 19 June 2012, outlined a detailed incentive scheme for general, regional, large scale and strategic investments.

Depending on investment, incentives include, but are not limited to, exemption from customs and VAT, VAT returns, withholding from income tax, assistance with the employers share of assurance premium, assistance with the investment location and assistance with interest rates.

**4. Are there mandatory minimum equity investment and/or contributions in kind thresholds required for a foreign JV member?**

In Turkey foreigners enjoy equal treatment with Turkish citizens in this respect.