



ATAOL & K C K HUKUK B ROSU / LAW FIRM

Mr. H seyin Ataol, LL.D.

After working as an assistant professor, Mr. Ataol admitted to Istanbul Bar and he founded Ataol & K c k Law Firm to practice law. He has been involved with many litigation cases, arbitration of some reputable global companies by utilizing his academic knowledge and work experience.

His entrepreneurship and close relations with major Turkish businessman enabled him to expand his legal skills and represent major Turkish companies. Mr. Ataol has active participation in large business associations. Having obtained his LL.D. degree from Marmara University, he has published various articles and research papers in reputable law reviews.

Mr. Ataol's expertise concentrates on Corporate Law, Construction Law, Maritime Law, Aviation Law, Banking Law and Arbitration.



Investment Climate in Asia Minor

Foreign Direct Investment practices
and relevant regulations in Turkey



Recent developments in the market

- The GDP growth for the last quarter of 2015 was 5.7%
- Turkey has reignited its long-stalled EU Accession Talks due to the recently brokered migrant deal in 2016
- The political instability that has ensued the 2013 social unrest, a series of corruption scandals and a number of consecutive elections has mostly ended
- The main framework regulations such as the Commerce Code, the Code of Civil Proceedings and the Code of Obligations are renewed in accordance with the European Union's relevant directives in 2012
- Istanbul Arbitration Center is found and has published its rules to provide an alternative dispute resolution proceeding

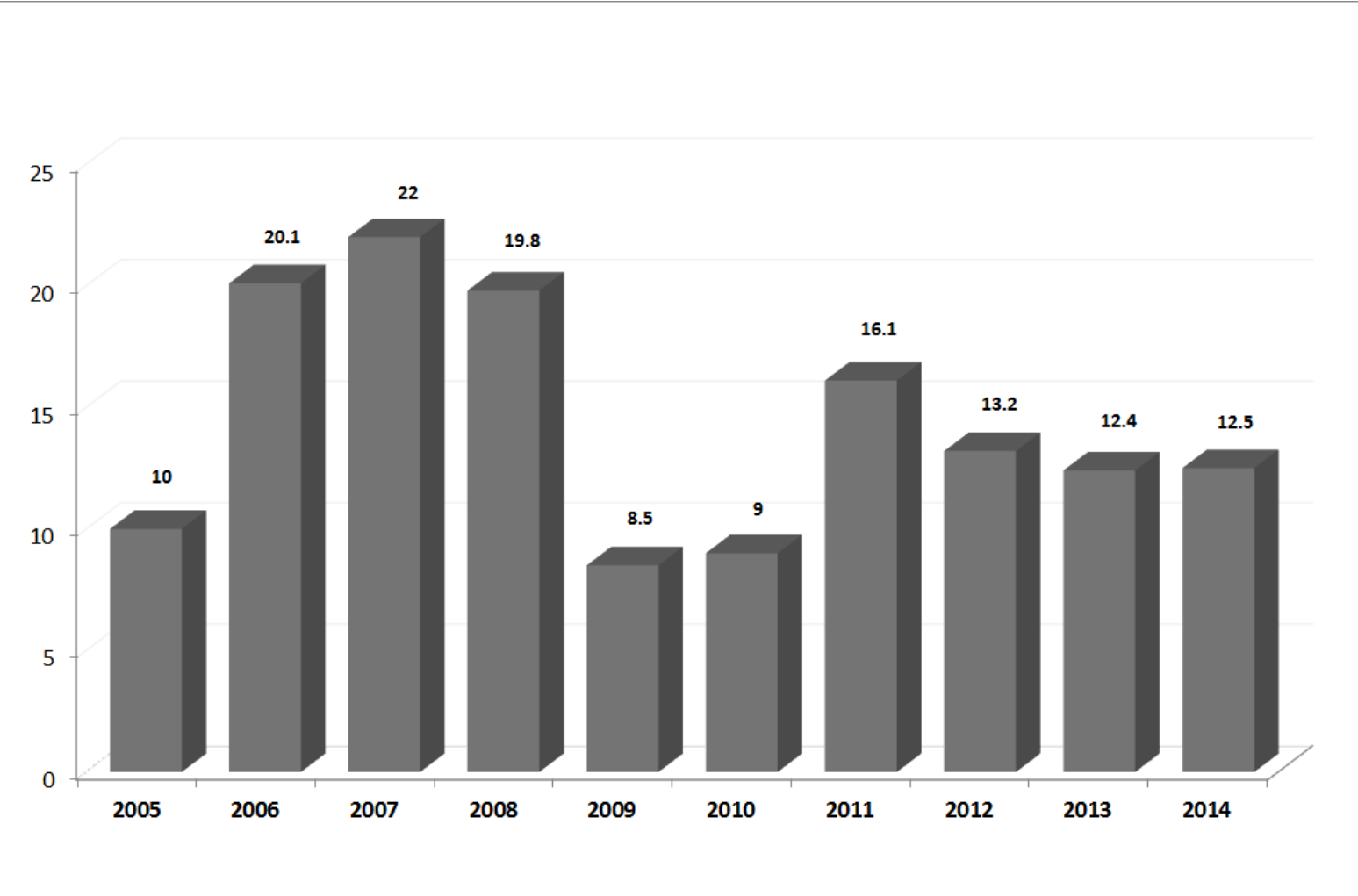
Ease of Doing Business Index

Turkey has drastically improved its business-friendly environment over the course of years.

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
51	62	92	112	120	123	120	118	111	107	95	Russia
53	40	35	38	34	29	29	30	30	26	26	Israel
54	34	43	45	42	39	37	49	67	74	63	Colombia
<u>55</u>	<u>55</u>	<u>69</u>	<u>71</u>	<u>71</u>	<u>65</u>	<u>73</u>	<u>63</u>	<u>60</u>	<u>71</u>	<u>60</u>	<u>Turkey</u>
57	47	40	41	43	47	35	33	32	27	27	Puerto Rico
58	94	90	88	81	75	67	62	57	49	..	Jamaica
60	61	72	78	100	109	109	100	108	97	87	Greece

Source: Wikipedia

FDI inflow to Turkey per annum (Billion USD)



Source: Central Bank of the Republic of Turkey

Principles governing the FDI Regulations

- Equal treatment with local investors
- Implementation of Rule of Law
- Incentives to attract foreign capital
- Open market policy

Company types

Corporate forms

- Joint Stock Company
- Limited Liability Company
- Cooperative company

Non-corporate forms

- Collective company
- Commandite company

Although some financial thresholds (i.e., minimum capital) and organs differ from each other, the procedure to be followed for establishing a JSC or an LLC are the same.

Procedure to adhere to establish a company

1. Submit the memorandum and articles of association online at MERSIS
2. Execute and notarize company documents
3. Obtain potential tax identity number
4. Deposit a percentage of capital to the account of the Competition Authority
5. Deposit at least 25 percent of the startup capital in a bank and obtain proof thereof
6. Apply for registration at the Trade Registry Office
7. Certify the legal books by a notary public
8. Follow up with the tax office on the Trade Registry Office's company establishment notification

Alternatives

Should an investor deem the Company establishment process voluminous, s/he may set up one of the following alternatives:

- Branch Office
- Liaison Office

Asset transfer

- When a legal person takes over an enterprise (company) together with the assets and liabilities thereof, such legal person shall also be responsible for the liabilities and receivables of such company.
- The transferor and the transferee shall be jointly liable for the payment of debts for a period of two years as of the notification to the creditors or announcement.
- Mergers and transfers of a nature that would create a dominant situation or strengthen an existing dominant situation in a specific sector have been prohibited and transfers over a certain value, that would fall into this category have been bound by permission by the Competition Authority.

Financing the business

- Investors can meet their need for project financing easily in the Turkish credit market. Today, the Turkish banking system sets a good example to the global banking system in terms of operation, providing financing for all types of projects or supporting them.
- The credit market consists of banks, factoring, leasing and insurance companies. There are three types of banks in Turkey: deposit banks, development/investment banks and participation banks.
- In addition to the ones based in Turkey, international development banks, such as the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), and the International Finance Corporation (IFC) also provide funding for many projects in Turkey.

Employment

Terms of employment in Turkey are mainly governed by the Labor Law and Trade Union Law.

- Pursuant to the Labor Law, there are various types of employment contracts: Temporary, permanent, definite, indefinite, part-time, full-time, work-upon-call, trial period etc.
- Employment contracts are exempt from stamp tax and any type of duties and fees.
- Any kind of discrimination among employees with respect to language, race, gender, political opinion, philosophical approach, religion, sexual orientation or similar criteria is prohibited by law.
- As per the Labor Law, in case the employer recruits at least 10 workers within the same workplace or across the whole country; any premium, wage, compensation, etc. to be paid to workers shall be paid in Turkish Lira (TRY) to the bank accounts of employees.
- Due to the Labor Law's protective nature for the employees against the employers, an employer is strongly advised to obtain a skillful law firm's assistance every step of the way.

Thank you for listening

You can download the detailed paper elaborating all the subjects given herein from the League of Lawyers' website.