

**BULLETIN ON THE AMENDMENTS MADE WITHIN THE COMMUNIQUE REGARDING
THE PROCEDURES AND PRINCIPLES OF THE APPLICATION OF ARTICLE 376 OF
THE TURKISH COMMERCIAL CODE STIPULATING “LOSS OF CAPITAL AND
INSOLVENCY”**

The procedures and principles stipulated in Article 376 of the Turkish Commercial Code No. 6102 regarding loss of capital and insolvency, has been amended with the **Communiqué Amending the Communiqué Regarding the Procedures and Principles of the Application of Article 376 of the Turkish Commercial Code Stipulating “Loss Of Capital And Insolvency”** (the “Communiqué”), which was entered into force following its publication on the Official Gazette dated 26 December 2020.

In general terms, the Communiqué stipulates the following;

- 1) In the event that at least half, at most up to two-thirds of sum of the capital and legal reserves remain unrequited, the governing body shall submit to the general assembly the remedial measures it deems appropriate.
- 2) It shall be taken into consideration whether the unrequited sum of the capital and legal reserves have been arisen due to deficiency.
- 3) In the event that at least two thirds of the sum of the capital and legal reserves are left unrequited and the general assembly decides to be settled with the remaining capital, the capital reduction shall be made according to Articles 473 to 475 of the Turkish Commercial Code.
- 4) If at least half of the sum of the capital and legal reserves are kept within equity, the capital may be reduced to the minimum amount.
- 5) Capital completion fund can only be used by way of offsetting losses.
- 6) For the calculations made regarding capital loss and insolvency until 1/1/2023, all of the foreign exchange losses arising from foreign currency liabilities that have not yet been fulfilled and half of the total of expenses, depreciation and personnel expenses arising from leases accrued in 2020 and 2021, may not be taken into account.

Kind Regards,

Koyuncuoğlu & Köksal Law Firm

* As the explanations given in our newsletter are prepared pursuant to the legislation in effect in the Republic of Turkey and the disclosures made to the public by the relevant official authorities, in case of uncertainty, we advise you to seek advice and support from us before the final transactions are carried out. Otherwise, our Law Firm cannot be held responsible for the actions to be taken on the basis of the explanations contained herein and the consequences of such actions.