



Turkey: Voting Rights of Shareholders in Joint Stock Companies

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I. Introduction

In accordance with the Turkish Commercial Code (“TCC”), shareholders have certain rights in joint stock companies. The rights of the shareholders according to the TCC are as follows: Right to attend the general assembly, right to vote, right to information and examination, right to request the appointment of a special auditor, right of priority in acquiring new shares, profit share (dividend) right, right to demand interest for the preparatory period, right to demand the distribution of the remaining balance as a result of the liquidation, obtaining shares in capital increase from internal resources. In this article, we will focus on voting rights of shareholders in joint stock companies in Turkey.

II. Voting Rights of Shareholders

Pursuant to Article 435 of the TCC, voting rights arise upon the payment of the minimum share subscription amount determined by law or by the articles of association. In other words, the shareholders' commitment to pay the capital will not be sufficient for them to gain voting rights.

According to the TCC, the voting right must be used by the shareholder at the general meeting. As per Article 434 of the TCC, shareholders exercise their voting rights in the general assembly in proportion to the total nominal value of their shares unless the share has privileges in that regard.

This general assembly can take place physically or as an electronic general assembly. The shareholder himself or a representative determined by the shareholder may attend the general assembly meeting and use his voting right. If the representative will attend the general assembly meeting on behalf of the shareholder, a proxy stating that he has been designated as the representative must be submitted by the representative.

As per Article 434/2 of TCC, each shareholder has at least one voting right, even if they have only one share. However, if a shareholder holds more than one share, his/her voting rights may be limited by the articles of association of the joint stock company.



III. Deprivation from the Voting Right

Pursuant to Article 436 of the TCC, the shareholder may not vote in negotiations concerning a personal business or transaction between himself, his spouse, descendants, or the sole proprietorships of which they are partners, or the equity companies under their control, or a lawsuit in any judicial institution or arbitrator. In addition, as per Article 436/2 of the TCC, members of the board of directors and the persons who are authorized to sign for the management cannot use their voting rights arising from their own shares in the resolutions regarding the release of the members of the board of directors.

IV. Conclusion

Turkish Commercial Code grants certain rights to shareholders in joint stock companies. One of these rights is the voting right. In accordance with the provisions of the TCC, the shareholders are required to exercise their voting rights in the general assembly. Shareholders may exercise their voting rights in person or by proxy. Each shareholder has at least one voting right, even if they have only one share. However, situations where shareholders cannot use their voting rights are also regulated in the TCC.

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