

New procedure for appointment of authorised signatories in companies

A new procedure has been introduced regarding the appointment of authorised signatories for companies in Turkey. Trade registries will reject the registration of signature circulators that are issued without complying with the new rules.

Based on a change to Article 371 of the Turkish Commercial Code (the TCC) on 11 September 2014, the representation powers of a company can be delegated to certain persons by introducing monetary thresholds and subject matter limitations only after the adoption of an internal directive regulating the principles for delegation of representation powers. For the appointment of authorised signatories with limited representation powers, this procedure must be followed:

1. Board of directors (**BoD**) of joint stock companies (**JSC**) or general assembly (**GA**) of limited liability companies (**LLC**) must adopt an internal directive regulating delegation of representation powers provided that the articles of association of that company explicitly allows delegation of these powers through an internal directive. If there is no such explicit provision in the articles of association of the relevant company, the

articles of association must be amended accordingly.

2. Upon registration of the articles of association amendment (if necessary), BoD of JSC or GA of LLC must prepare and adopt an internal directive. This will regulate the principles of delegation of representation powers, which may also introduce various groups of authorised signatories having different representation powers. Names of authorised signatories will not be set forth in the internal directive. Following the adoption of the internal directive by the competent bodies, it will be registered with the relevant Trade Registry and announced in the Turkish Trade Registry Gazette.
3. Upon registration of the internal directive, specific persons will be appointed

as authorised signatories of that company by BoD or GA resolution which will be registered with the relevant Trade Registry and announced in the Turkish Trade Registry Gazette.

Key facts

- As per the opinion issued by the Istanbul Trade Registry, current authorised signatories of companies (duly appointed prior to this change in the TCC) are entitled to continue to use their representation powers until an internal directive for that company is registered with the relevant Trade Registry.
- It would be advisable to amend your articles of association to include explicit wording regarding delegation of representation powers through an internal directive in the next ordinary general assembly (if necessary) to be prepared for adoption of an internal directive.

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