

# Meeting and Decision Quorums for the General Assembly in Joint Stock Companies

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## Introduction

Joint stock companies act through their bodies and these bodies are the General -Assembly (“GA”) and the Board of Directors (“BoD”). Shareholders exercise their shareholding rights at the GA meetings and the GA may take decisions in cases explicitly stipulated in the law and Articles of Association (“AoA”). All other management powers belong to the BoD.

The GA convenes ordinary and extraordinary meetings. An ordinary meeting is held within three months following the end of each fiscal year. Pursuant to the Turkish Commercial Code (“TCC”), the agenda of the ordinary GA meeting includes the election of the company bodies, approval of the financial statements and the annual report of the BoD, the usage of the profit, if any, and the proportions of profit and earnings shares to be distributed, discharge of the board members and other matters deemed necessary.

If required, GA may be called for an extraordinary meeting. There is no minimum agenda set by law for an extraordinary meeting. Any matter duly included in the agenda may be discussed.

## Convoking for the GA Meeting

BoD, even if its term of office is expired, may call for a GA meeting. Liquidators also can call the GA to a meeting related to their duties.

If the BoD fails to convene continuously, or the quorum for a BOD meeting is not met or if the BoD is not present, then one of the shareholders may call the GA to a meeting with the permission of the court. In such cases, the court's decision is final.

"Minority shareholders" may also call GA for a meeting. Within the scope of TCC, shareholders representing one-tenth of the capital or one-twentieth of the capital in public companies are defined as minority shareholders.

A GA meeting shall be convoked through an announcement published in the Turkish Trade Registry Gazette. The announcement shall be made two weeks before the meeting day at the latest.

It should be noted that if all shareholders or their representatives attend the meeting and no objection is raised, a GA meeting may be held without complying with the procedure. For a decision to be taken in a meeting that was held without the convoking procedure, all shareholders must be present at the meeting.

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## Participants of the GA Meeting

Shareholders or their representatives have the right to attend the meeting. The BoD shall prepare a "list of attendees" and the attendees shall sign this list at the meeting. Apart from the shareholders or their representatives, managing members and at least one of the members of BoD must be present at the meeting. Other board members may also attend the meeting. The auditor's participation is mandatory.

## Meeting and Decision Quorums

### General Quorum

Except in the cases for which a greater quorum is stipulated in TCC or the AoA, GA meetings are held in the presence of shareholders or

their representatives constituting a minimum of one-fourth of the share capital. This quorum must be maintained throughout the meeting. If the aforesaid quorum is not reached in the first meeting, a quorum shall not be required for the second meeting to be held. However, special quorums may be required in TCC or the AoA.

The general decision quorum is the majority of the votes of those present at the meeting.

### **Decisions Requiring Amendments to the AoA**

At least half of the company's capital must be represented at the first meeting for amendments to the AoA. In case the meeting quorum for the first meeting is not achieved, a second meeting may be held within one month at the latest. At the second meeting, a minimum of one-third of the company's capital must be represented.

As a general rule, the decision quorum for the amendments to the AoA is the majority of the votes present at the meeting.

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### **Decisions Requiring the Unanimity of All Shareholders**

Under TCC, certain decisions for amending the AoA have to be taken unanimously by the shareholders or their representatives. These are resolutions providing obligations or secondary obligations for the settlement of balance sheet loss and resolutions concerning moving the company's headquarters abroad.

### **Decisions Requiring the Votes of Shareholders who Constitute at least 75% of Share Capital**

Some decisions amending the AoA have to be taken with the affirmative votes of the shareholders constituting a minimum of 75% of the share capital. These are; modifications of the entire purpose and scope of the company, issuance of preference shares, and limitation of transfer of nominative shares.

Mergers require the representation of the majority of the principal capital or issued capital at the meeting and the approval of 75% of the votes present.

**Decisions Requiring the Votes of Shareholders who Constitute at least 60% of Share Capital**

TCC provides a special quorum for a company to reverse liquidation. Shareholders representing at least 60% of the share capital must be present at the meeting and the continuation decision must be taken with votes of shareholders constituting at least 60% of the share capital or their representatives.

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