



# New Turkish Commercial Code: Challenges and Opportunities

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# New Turkish Commercial Code: The future of a civilized society...

“The law of future to which Turkish commercial, financial, and capital markets will abide.

The future is not a single and same future for everyone in every nation. Each country chooses and defines its own future. The future, in which Turkey can survive, the future in which Turkey must survive, is the "future that is unique to a civilized society". If we take part in that future, our country will gain respect, our nation will move forward and we will be fulfilled. There is a cost for such a future. However, this cost is much less than the cost that will be paid by a society that rejects the future of a civilized society”.

Prof. Dr. Ünal Tekinalp  
Chairman of the New Turkish Commercial Code Committee

## Outlook



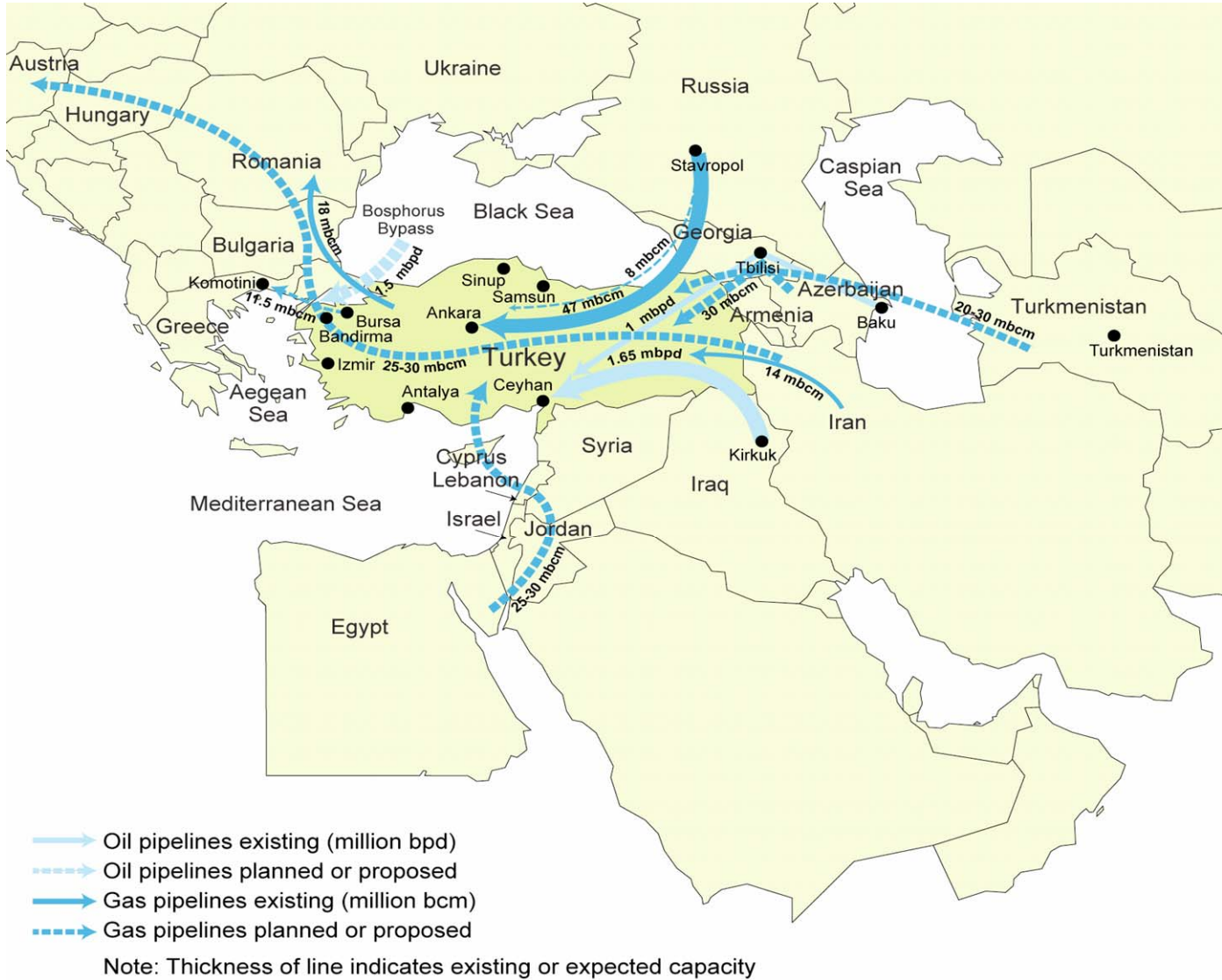
## Turkey

17th biggest economy in the world

one of the world's ten "Big Emerging Markets"

Source: World Bank Report

# Energy Corridor



## Turkey's Most Powerful Sectors



## Turkey's Most Powerful Sectors

World's **10<sup>th</sup> largest** destination

22.3 mn tourists in 2007



## Turkey's Most Powerful Sectors



**#1 TV Manufacturer in Europe**

Europe's **5<sup>th</sup> largest**  
manufacturer of  
refrigerators



## Turkey's Most Powerful Sectors



World's **6<sup>st</sup>** largest  
manufacturer of cement

Europe's **3<sup>rd</sup>** largest  
manufacturer of iron & steel



## Turkey's Most Powerful Sectors



One of the **5<sup>th</sup> largest** jewelry manufacturers of the world

Europe's **7<sup>th</sup> largest** manufacturer of automotive



## What do you expect as an investor?

- Political stability
- Economic openness
- Public trust
- Credible law system
- Fair competition
- Sustainability
- Transparency



# Aims of the New CC

- Integrates CC with EU Law
- Fair competition
- Infrastructure for transparency and information society
- Corporate Governance principles
- Generally accepted accounting and audit standards
- Democracy among shareholders
- Use of information technology tools



# MAIN PILLARS OF THE NEW CC

## STANDARDS

### CORPORATE GOVERNANCE

GOOD GOVERNANCE

AUDIT MECHANISM

### TRANSPARENCY

### INFORMATION COMMUNITY

ACCOUNTABILITY OF BOD AND MANAGEMENT

SHAREHOLDERS DEMOCRACY

PROFESSIONAL BOARDS OF DIRECTORS

## Corporate Governance elements reflected to the New CC...

<p>More Transparency</p>	<ul style="list-style-type: none"><li>•Turkish Accounting Standards identical to IFRS and announcement of the audited accounts through websites</li><li>•Annual reports</li><li>•Independent audit</li><li>•Comprehensive disclosure of transactions with group companies</li><li>•Corporate Governance report to be published by public companies</li><li>•Internet site</li></ul>
<p>Fairness</p>	<ul style="list-style-type: none"><li>•Electronic voting on General Board and Board of Directors</li><li>•Corporate representation</li><li>•Protection of rights of minority shareholders</li></ul>
<p>Accountability and Responsibility</p>	<ul style="list-style-type: none"><li>•Professionalism and specialization in bodies emphasized</li><li>•Finance management, internal audit, financial planning and risk management</li></ul>



## Changes in Accounting Standards

- IFRS has become widespread
- Transparency – common language
- Turkish Accounting Standards – identical to IFRS
- Turkish Accounting Standards Boards
- Concepts like materiality, substance over forms, comparability, true and fair view

## Changes in Auditing

- Fundamental system change
- Independent audit required for all capital companies
- International Auditing Standards&Turkish Auditing Standards
- Audit of Compliance of Annual Report with Financial Statements
- Early Identification of Risks and Risk Management (Risk Committee)
- Outcome of unaudited Financial statements
- Auditing Oversight Board (similar to Public Company Accounting Oversight Board)

## “The World in 2050” report by PwC – March 2008

The Turkish economy will grow by **5.1% from 2005-2050** and **Turkey will increase more than triple its national income and more than double its purchasing power by 2050** (at 2006 prices) and will reach **USD36,300 per capita income**, becoming the **12th** largest economy of the world.

Conclusion of the report reveals:

“The Turkish economy could be of similar size to the Italian economy by 2050”.

**The New Commercial Code establish advanced legal grounds impacting Turkish business life on the way forward...**

# Thank you.

