



# Legality

"A seminal publication of Şengün Group"  
December 2023 - January 2024 | E-Bulletin

An Analysis of Money Laundering  
in Light of Recent National News

Things to Know to Avoid "Exclusion"  
from Sustainable Investments

Guest Sector:  
The Industry of Paper Packaging

Special Day:  
January 10 Working Journalists' Day

News to the World  
World News

News from Şengün



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**HAPPY NEW YEAR**

Nedim Korhan Şengün

Attorney-at-Law and Founding Partner of Şengün & Partners Attorney Partnership

## Legality Editor's Note

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**Dear Reader,**

We are leaving 2023 in the past while embracing 2024 with fresh aspirations. Over the past year, we expanded our organizations and enhanced our research areas at Şengün Group. In the first newsletter of the new year, we continue to closely follow all the recent events and facts.

Thus, we are delighted to present the December 2023-January 2024 issue of the newsletter by Şengün Academy.

Our articles will include An Analysis of Money Laundering in Light of Recent National News as well as Things to Know to Avoid "Exclusion" from Sustainable Investments.

Our industry-in-focus will cover the production of paper packaging in Türkiye.

In our special day section, we will inform you about the history of Working Journalists' Day, January 10.

Our "News to the World" section will address the latest regulations, decisions, communiqués, laws, requirements and amendments affecting national and international relations.

In the "World News" section, we will deliver the latest global news with the principle of transparency.

Finally, we will announce the latest activities from our team in "News from Şengün".

**Enjoy reading!**

**Istanbul, December 2023-January 2024, Şengün Academy  
Şengün Academy**



# Articles



## Article

# An Analysis of Money Laundering in Light of Recent National News

seem legal. Therefore, countries are taking regulatory and supervisory measures against money laundering as part of their financial systems. International cooperation is crucial in that criminals tend to prefer countries with insufficient legislation and supervision.

Money laundering is a crime that we see in every headline these days as a result of recent investigations against certain social media influencers. The crime has turned into a crisis in Türkiye and around the world because of globalization in commerce and economy. Indeed, the detection of the crime is difficult due to the current financial system, which makes it

**Illicit money refers to proceeds generated by illegal acts. Criminals may engage in money laundering to disguise the origin of certain proceeds, obscure the connection between the crime and the proceeds, and legitimize such proceeds.**



## Relationship between Dirty Money and Organized Crime

Money laundering and organized crime are interrelated, making the fight against this crime even more crucial. Thus, anti-money laundering also implies fighting against organized crime. In fact, proceeds obtained from organized crime may interrupt financial flow and balance at national and international level. As a result, the authorities endeavor to prevent criminal organizations from being formed, getting powerful, and concentrating activities in certain countries. Common sources of money laundering are drug trafficking, arms trafficking, terrorism, fraud, forgery of official or private documents, theft, plunder, and embezzlement.

## Crime Criteria

- An asset or a value, whose origin constitutes a crime, should be generated from an illegal act. The regulations do not specify the asset's amount since any such proceeds qualify.

- A predicate crime should be concealed. The predicate crime should be one of those that require at least 6 months of imprisonment.

- Illegally gained assets should be laundered. Laundering can take the form of physical or digital transfers, as mentioned above.

- Dirty money should be laundered to conceal and legitimize the crime that is the known source of such money.

**Money Laundering, and Its Common Sources in Türkiye**

As the purpose of money laundering is to legitimize the source of illicit funds, the obtained proceeds are transferred or converted into other types of cash in different ways. Money launderers can use sophisticated methods with the help of advanced technology and global commerce, which complicates tracking and identifying them. Thus, the proceeds from a predicate crime are transferred either physically (e.g. by transporting them in a suitcase between countries, or crossing them across the border as hidden in a car) or electronically via financial systems or the Internet.

There are various ways to launder money. Common methods include outflow of cash to other countries, Internet banking, smurfing, fictitious trade, structuring, and dummy corporations.

Recently, the authorities have initiated several investigations against suspected money laundering through beauty salons. But what is the link between beauty salons and money laundering? Beauty salons are popular centers that circulate cash under the franchise system with exaggerated advertisement and promotions through complex supply chains. As a result, it is difficult to track their actual business income and expenses. Those salons easily introduce, structure and ultimately deposit cash as part of a money laundering organization operating from a single location. Contract manufacturing in the cosmetics industry has also become a source of money laundering since it facilitates manufacturing products at a

low cost in another country, disguising raw materials, and overpricing at the time of sale.

**MASAK's Fight**

The Financial Crimes Investigation Board ("MASAK") is a Turkish state institution operating under the Ministry of Finance. In general terms, MASAK fights against financial crimes (money laundering, financing of terrorism, and proliferation financing) with significant duties to investigate and prevent them.

As the recent events show, MASAK is unyielding in its anti-money laundering activities. Money laundering is difficult to detect and prevent due to the complexity of transactions involved, advanced

technology, and the problem of uncovering hidden sources. MASAK uses a variety of methods to fight this crime. First of all, it collects financial intelligence, makes analyses and identifies suspicious activities. For purposes of prevention, MASAK also oversees the activities of financial organizations, money services businesses, and other enterprises. It conducts money laundering investigations and enforces the relevant regulations. As money laundering may have an international aspect, MASAK exchanges information and cooperates with foreign countries.

**Judgment on Predicate Crime**

A relevant trial will first evaluate the predicate crime that is the source of assets. The result of the trial for the predicate

crime will be binding for that of money laundering as well. For instance, a person acquitted of the predicate crime of drug trafficking should also be acquitted of the money laundering crime. If there is no trial for a predicate crime, the judgment is made comparatively by resolving a dispute that is outside the jurisdiction of a court. Thus, in the absence of any trial for the predicate crime, the court should arrive at a comparative judgment, which occurs when a court resolves a dispute that is not within its jurisdiction to resolve the main dispute. If there is no trial for the predicate crime, the court itself can reach a decision by collecting evidence.



### Punishment

The legislation lays down the following punishment for money laundering:

- Where a person conducts any act in relation to an asset, which has been acquired as a result of an offence which carries a minimum penalty of six months imprisonment, in order to transfer such asset abroad or to give the impression that such asset has been legitimately acquired and conceal the illegitimate source of such, shall be subject to a penalty of imprisonment for a term of three to seven years and a judicial fine of up to twenty thousand days.

- Any person who, without participation in commission of the offence set out in the first paragraph, purchases, accepts, keeps or uses this asset by being aware of its value and such nature shall be subject to a penalty of imprisonment for a term of two to five years.

- Where this offence is committed by a public officer or professional person in the course of his duty then the penalty to be imposed shall be increased one half.

- Where this offence is conducted in the course of the activities of an organisation established for the purpose of committing an offence, the penalty to be imposed shall be doubled.

- Where a legal entity is involved in the commission of this offence it shall be subject to security measures specific to the legal entities.

### Effective Remorse

Effective remorse refers to the actions of an offender who voluntarily tries to compensate for a crime that they have committed. Due to the impossibility of eliminating an injustice arising from a crime that violates public order, the offender's efforts for compensation will be awarded as a reduced sentence. To show effective remorse, the offender should hand over or report the whereabouts of the asset before prosecution.

### Limitation Period

The Turkish Penal Code does not specify a limitation period for money laundering; therefore, it is considered to be 20 years, which is the general limitation period. The period begins from the date of the last transaction.

### Conclusion

Money laundering is a crime that can cause national and international harm in the absence of necessary measures, as explained above. Being aware of the crime's severity and preventing its damages require increased supervision and collaboration with financial organizations and foreign countries. Even if that is our wish, in an investigation or prosecution initiated as a result of relevant operations, the offenders searching for a way to reduce their sentence and the victims of the crime should receive legal advice for better handling of the process.

**Birgi Kuzumoğlu, Senior Associate**





## Article

# Things to Know to Avoid “Exclusion” from Sustainable Investments: ESG, the German Supply Chain Act, and Relevant Deals

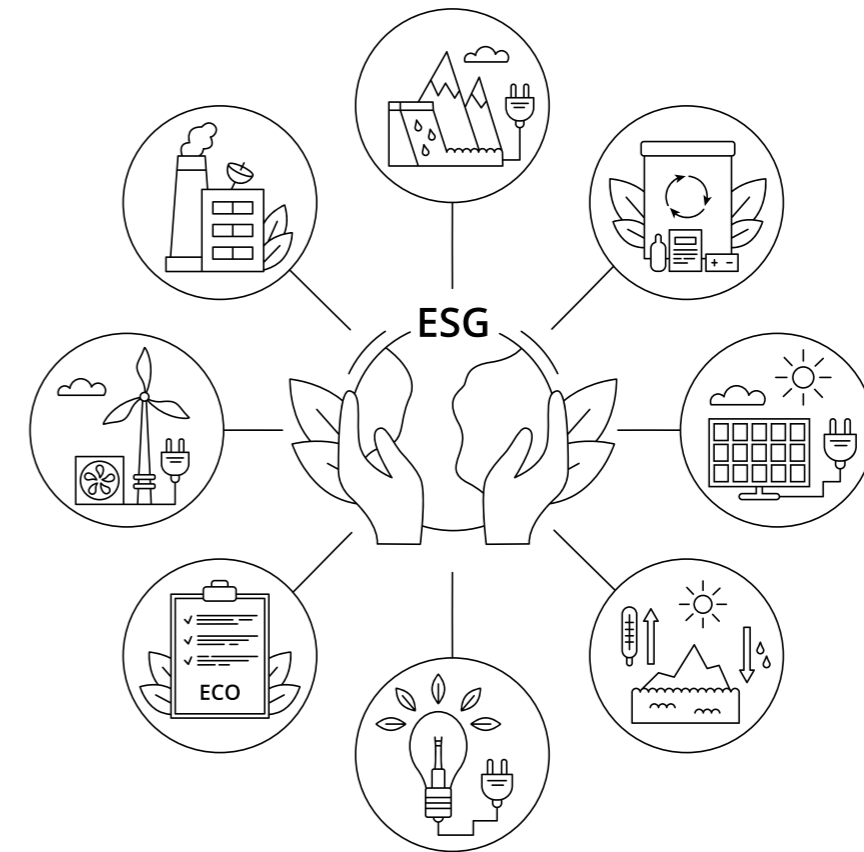
Even if the “sustainability” concept defies a full definition today, sustainability regulations are explicitly enforced. The definitive nature of the regulations suggests that they will be legally binding in the future.

### A. Introduction

ESG, the German Supply Chain Act, and the European Green Deal, which are initiatives addressing corporate social responsibility, aim at voluntary integration of social and ecological concerns while taking active and responsible actions.

Investors’ “green” or “sustainable” labels vary depending on the product because of the complexity of the sustainability concept. Meanwhile, legal professionals try to find measurable and comparable criteria to offer proper legal guidance and help investors be aware of and avoid preventable mistakes.

**Thus, the function of the ESG criteria is to exclude companies and states that disregard certain values and criteria from an investor’s investment portfolio. This process is referred to as negative screening or exclusion.**



### B. ESG

There are a number of strategies for sustainable investments. Among those, one of the most common is the adoption of the ESG criteria. In this approach, the goal is to achieve more transparency in the relevant investments to make investors see their investments’ impact on nature, society, and economy more clearly.

At the same time, certain ESG scores consider positive criteria. For instance, a positive screening evaluates whether a company is one of the most sustainable actors in its industry. If a company is among the best of its industry, it is scored positively based on the best-in-class approach.

Thus, the function of the ESG criteria is to exclude companies and states that disregard certain values and criteria from an investor’s investment portfolio. This process is referred to as negative screening or exclusion.

Thus, the ESG approach provides information about a capital investment beyond regular financial indicators. As such, stocks, funds and bonds can be evaluated more closely.

**C. Obligation of Due Diligence in German Supply Chains**

The German Supply Chain Due Diligence Act (“LkSG”) entered into force on 1 January 2023 to be effective in phases to enforce certain liabilities that will prevent any violations in terms of human rights and environmental concerns in business operations and supply chains.

LkSG concerns nearly 1,000 German companies operating in any industry with more than 3,000 employees. However, as of 1 January 2024, LkSG will also be binding for almost 5,000 German companies with more than 1,000 employees. Indeed, the obligations will affect the suppliers operating outside Germany as well.

**Extent of LkSG:** Companies have liabilities in terms of both their own operations and their direct suppliers’ business relationships and production methods. If there is any proof that a company’s indirect suppliers violate human rights or environmental obligations, the relevant violation should be immediately eliminated.

Companies do not need to address all the identified human rights issues at the same time; rather, they should first focus on the fundamental risks. According to the compliance principle, a company cannot be sued if it takes all the reasonable (compliant) measures against human rights violations, but they still occur in its supply chain.

In this context, Turkish companies must identify their positions in supply chains. If a German company is the parent company of a Turkish subsidiary, LkSG will apply to

the Turkish subsidiary. In this case, LkSG considers the subsidiary’s activities equal with those of the parent company and dictates that the relationship between them extends beyond the supply chain and that they have stricter obligations.



**D. Compliance with the European Green Deal**

Türkiye’s “Green Deal Action Plan” aims to facilitate the country’s transition to a sustainable and resource efficient economy to support its improvement.

While encouraging Türkiye to remain competitive in a key economic driver, exports, the European Green Deal also aspires to turn Europe into a climate-neutral continent, achieving zero emissions, by 2050.

In this respect, the use of electricity and hydrogen in transportation will be urged as well. The Deal contains policies and targets in various areas such as environment, climate, economy, energy, agriculture, transportation, industry and innovation.

**E. Conclusion**

Today, everyone can learn about a company’s previous activities and whether it has taken sustainability measures via electronic communication, including social media. In fact, the public immediately discovers when a company does not follow ethical principles and standards.

Therefore, along with companies, society should also be aware of aspects safeguarding environment and human rights. In that case, there will be no need for additional penalties and regulations.

**Hilal Yayla, Associate**

# Guest Sector



## Guest Sector

# The Industry of Paper Packaging

### History of the Industry

The history of packaging started with the use of natural materials, such as leaves, followed by mass production with woven materials and other products such as pottery. Glass and wooden packages are estimated to be used for almost 5000 years.

Englishman called Peter Durand received the patent for the first metal packaging made of sheet metal. In 1900, people started to use double seam and three-piece cans. Paper and cardboard were essential packaging materials in the 1900s. However, this situation changed with the invention of plastic, which started to replace paper packaging soon.

The earliest flexible packaging material was paper. While the bark of paper mulberry trees was used to wrap food in China in the 1st and 2nd centuries BC, papermaking improved in the next 1500 years, and the techniques were passed to

the Middle East. Papermaking techniques reached England in 1310 and America in 1690. The first commercial cardboard box was produced in England in 1817, 200 years after China, and corrugated paper emerged in the 1850s. Thus, corrugated cardboard boxes began to replace handmade wood crates in commerce. Then, paper and cardboard packaging took center stage in the 20th century.



### Development of the Industry in Türkiye

In the 1960s, packaging materials in Türkiye consisted of paper, cardboard, cellophane, glass and wood. For exports, wood boxes, crates and jute sacks were used while other materials were seen as luxury with increased costs. In the 1970s, packaging industry became important especially in exports.

In 1977, an initiative was taken to establish the Packaging Research Center. The packaging industry first started to develop in Türkiye with the production of cans. At the time, packaging companies began to be founded in addition to businesses engaged in packaging for their own products. This development in the production of cans later spread to cardboard and plastic packaging.

In the early 1980s, Türkiye began to produce plastic bottles. Initially used in water packaging, plastic bottles soon became common in the packaging of liquid foodstuffs. The 1980s also saw the production of aluminum cans, which were imported until then.

The corrugated cardboard industry was introduced in Türkiye in 1954 when SEKA opened its first corrugated cardboard plant at its facilities in Izmit. After 1960, the private sector became interested in investing and producing corrugated cardboard. From 1981 to 1995, Türkiye witnessed a rapid rise of the corrugated cardboard industry.

### The Industry's State in Türkiye

Paper packaging is among rapidly developing industries in Türkiye. The key drivers of the industry's development include rapid urbanization, population growth, improvement in the living standards, increase in women's participation in the workforce, changes in consumption habits, the trend of retail shopping with the rising popularity of shopping malls, increased demand for consumer products, and increase in exports.

Paper, cardboard and corrugated cardboard products are now essential elements of the packaging industry, with most of the production in the industry belonging to this segment. The paper packaging industry has grown more popular each day due to its sustainable and recyclable features. It continues to grow thanks to the society's increased environmental awareness as well as advances in production technologies.

In 2022, the paper packaging industry grew by 4.7%, its total consumption reaching 7,180,075 tonnes. In Türkiye, paper-cardboard consumption per capita increased from 81 kg in 2021 to 84.2 kg in 2022, a rise by 4%.

The production capacity of the Turkish paper industry is currently close to 5 million tonnes. The tonnage is expected to exceed 8 million tonnes in the next 4 years with new investments and capacity increases while the industry, which has an asset size of \$12 billion, is foreseen to reach a production capacity of 10 million tonnes in 2030.

In 2022, the industry of paper and paper products grew by 33% with exports totaling \$3.1 billion. Meanwhile, the export of paper cardboard packaging increased by 14.3% to worth almost \$1.2 billion. The exports in cardboard packaging industry also increased by 38%, totaling \$250 million, in 2022.

**The Turkish Paper Packaging Industry's Position in the World**

The paper industry, which often goes hand in hand with economic growth, has been quite dynamic in Türkiye recently. Production has grown as a result of modernization, capacity increases, and improvement investments at a majority of private entities. However, Türkiye has failed to catch up with the levels across the world despite increasing its cardboard production and consumption each year except for periods of economic crisis. Still, the ongoing investments in the industry, including those of foreign investors, suggest high growth potential.

According to the statistics of the Food and Agriculture Organization of the United Nations ("FAO"), 41.7% of the world's paper and cardboard is produced in Asia, 27.4% in Europe and 22.8% in North America. As for the countries' shares in the world's paper-cardboard production, the PEOPLE'S REPUBLIC OF CHINA emerges as the largest paper-cardboard producer. Leader in the world's paper and cellulose production, China performs almost 24% of world production. The second in line is the United States, followed by Japan, Germany, Canada, Sweden, Finland and South Korea. Türkiye has a middle rank in the list of paper-cardboard manufacturers.

In 2020, Türkiye was ranked 23rd in exports and 16th in imports for paper and cardboard among the list of countries. In 2022, the country exported most of its packaging products to the following countries: the UK, Germany, Italy, USA, and Israel.

**Key Challenges of the Industry**

**Impact of Recession**

Production and sales are decreasing in the kraft paper and corrugated cardboard industries due to high inflation, decrease in disposable personal income, shrinking of e-commerce after reopening, and contractions in export markets for similar reasons.

The data from the Association of Corrugated Cardboard Manufacturers ("OMÜD") show that corrugated cardboard sales decreased by 8.5% to 1.92 million tonnes in the first 9 months as compared to the same period last year. According to the data from the Pulp and Paper Industry Foundation ("SKSV"), the domestic use of corrugated cardboard paper increased by 1% to 2.17 million tonnes during the same



period (including imports and exports) while there was a 4.1% decrease in the industry's third quarter production figures compared to the same period last year.

**Transition to Other Types of Packaging**

Increased costs of packaging often result in a preference for reusable packaging. These days, certain product groups prefer plastic cases or corrugated plastic boxes instead of corrugated cardboard. Packaging buyers try to balance their use of single-use and reusable packaging in an effort to optimize the total packaging costs.

**Energy**

Increased energy costs are a significant concern for the kraft paper & corrugated cardboard industries. In the second quarter of 2022, the cost of kraft liners reached \$480/tonne in Europe, whose 25% corresponded to costs of energy. In the same year, the ratio of energy costs in the cost of kraft liner was nearly 30% in Türkiye. Energy costs that affected the cost of the same product increased from less than 20% in late 2021 to more than 40% in October 2022.

**Declining Demand**

Inflation decreases disposable personal income in both domestic and foreign markets, making people spend less than before. This situation also causes a decline in Turkish packaging exports. Meanwhile, the recession originating from Europe causes industrial companies at least to demand less packaging.

Following the end of the pandemic, people returned to their past consumption habits, and the high demand for e-commerce disappeared. The plants that renewed operations increased the need for kraft paper and corrugated cardboard inland and overseas. At the Eurasia Packaging Fair in October 2022, even countries such as Kazakhstan and Uzbekistan came to Türkiye to sell paper.



**New Rules**

Europe has adopted new rules such as the Green Deal, the Carbon Border Adjustment Mechanism, and the scrap transportation regulation. Therefore, selling goods to Europe is getting more difficult each day. In an effort to protect its own industry from competition, Europe is enforcing new customs measures by adopting new rules. Countries should follow and take measures for such rules since companies cannot be expected to do that themselves.

**Sustainability in the Industry**

As environmental consciousness continues to increase around the world, sustainability has also turned into a significant concern in the packaging industry. Each country, especially the European Union, is taking substantial measures in this regard to raise awareness among producers and

consumers. In this context, cardboard packaging stands out among its alternatives since it does not pollute the environment as an easily recyclable and shortly biodegradable raw material.

Today, sustainability efforts have become a trend around the world, and consumers demand eco-friendly services from brands. In view of consumer demands for sustainable products, cardboard packaging offers many advantages due to its eco-friendly and rapidly biodegradable features that promote circular economy. Aican Duran, Chairman of the Board of the Association of Cardboard Packaging Manufacturers (KASAD), states that although the Turkish cardboard packaging industry already delivers sustainable products that promptly meet current needs, it continues to develop R&D projects to make cardboard packaging 100% recyclable.

Worldwide, the main raw material of cardboard packaging is 60% recycled papers while the remaining 40% is composed of primary fibers obtained from forests, also known as Bristol board. These cardboards that are not produced in Türkiye are obtained from almost fully managed industrial forests in the world. According to TU Graz data, the fact that paper and cardboard can be recycled 25 times makes the industry stand out.

The paper industry in Türkiye prevented the cutting down of 80 million trees in 2022 thanks to the use of recycled paper, and the number of trees saved is expected to exceed 90 million in 2023. The total amount of recycled (imported and domestic) paper increased by 0.5% from 4,931,275 tonnes in 2021 to 4,958,142 tonnes in 2022.

In Europe, the recycling rate of paper and cardboard was 71.4% based on 2022 figures (the Confederation of European Paper Industries/CEPI). Eurostat 2022 data shows that Europe’s paper-cardboard packaging recycling rate is currently 85.8%, which is targeted to reach 90% in 2030. According to data from the Turkish Pulp and Paper Industry Foundation (SKSV), this rate was around 75% in Türkiye in 2022. The rate is rising with the rapid development of industries engaged in the recycling of paper & cardboard. With its ability to be recycled up to 25 times and other remarkable qualities, cardboard packaging is indispensable for the world’s future.

**Yiğit Okuldaş, Associate**



# Special Day



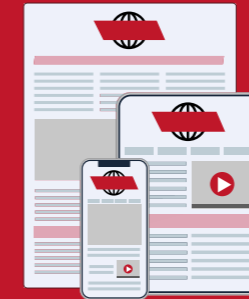
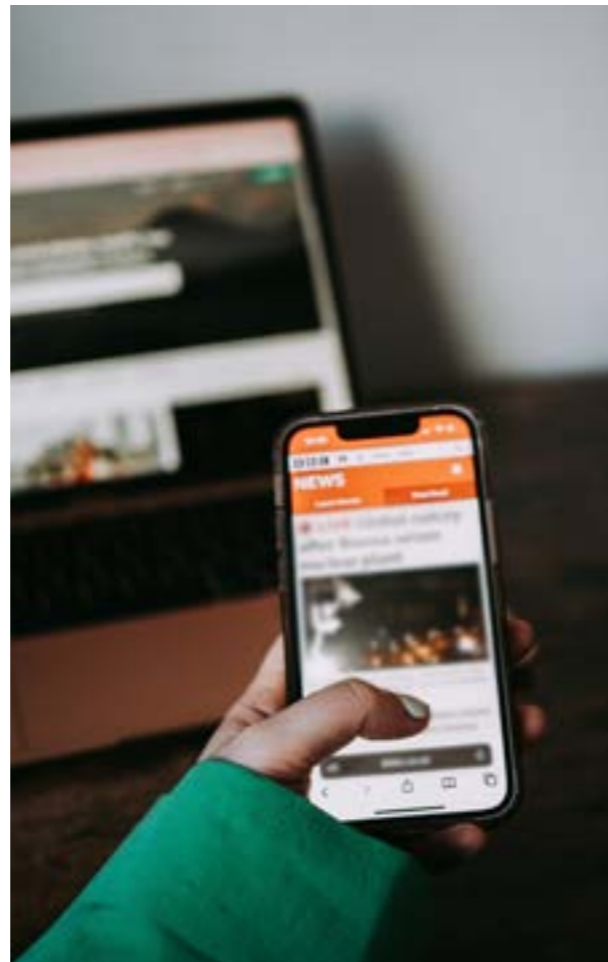
## Special Day

# January 10: Working Journalists' Day

of the printing of newspapers. During that time, journalists regularly published a newspaper called "Basın" (i.e. Press) to defend their rights. This struggle ended with the recognition of the 10th of January as Working Journalists' Day.

**Türkiye has been celebrating the 10th of January as Working Journalists' Day since 1961, when the rights of journalists were recognized as a result of their struggle.**

On 4 January 1961, Law no. 212 was published on the Official Gazette and laid down certain rights and legal protection for press members. The Law provided social rights to journalists, including the obligation to conclude employment agreements in writing and include the specific tasks and the wage amount there. Some newspaper leaders resisted and protested Law no. 212, claiming that Law no. 212 as well as Law no. 195 on the establishment of the Press Advertisement Institution would harm the profession. The ensuing boycott resulted in the interruption



**The main duty of journalists is to communicate the truth to the society without distorting the facts by exercising their freedom of expression. Since disclosure of facts is in the public interest, it is crucial for a democracy that journalists make real news and do not misuse their position. This is the only way to prevent falsehood, irregularities, and unlawfulness.**

Freedom of expression is a key element of a democracy, similar to the separation of powers or the rule of law. Therefore, freedom of the press and freedom of expression are legally protected in Türkiye and other democratic countries. In short, journalism guides the society and individuals as a critical element of democratic states.

Professionals engaged in journalism should embrace certain ethical values as part of their duties. Aiden White, the founder of the Ethical Journalism Network (EJN), thinks that journalists should adhere to the following five core values: accuracy, independence, impartiality, humanity, and accountability. To address those values at large, the Global Charter of Ethics for Journalists was adopted on 12 June 2019. In line with those core values, the Charter states that journalists will have respect for the facts, report only in accordance with facts of which they know the origin, not suppress essential information or falsify any document, use only fair methods to obtain information, and documents, respect privacy, and do their utmost to avoid facilitating the spread of discrimination on grounds such as geographical, social or ethnic origin, race, gender, sexual orientation, language, religion, disability, political and other opinions. Similar to any other profession, ethical values are crucial for journalism, where the mission is to search for and communicate the truth, and provide guidance on how to practice one's profession properly.

Freedom of thought and freedom of expression are mostly exercised through the press. However, the Turkish press has always encountered some challenges. Excessive censorship of the Internet and other media, especially since 2010, has turned into a real problem in journalism. In a period when the duty to make the best effort to inform the society about the facts is critical, the obstruction of reporting local and foreign events to the society is illegal under the Turkish Republic Constitution. Moreover, a survey conducted in 2005 shows that local press employees' top three problems are lack of government



support, financial difficulties, and unfavorable working conditions. Today, journalists feel the need to practice other professions, which proves their ongoing financial issues.

With the advancement of technology, publications became integrated with the Internet. This situation affected journalism and started a new era in the sector. The widespread use of the Internet encouraged the emergence of online journalism, and the readers and audience began to collaborate with media professionals in the creation process. These trends interrupted traditional journalism, affecting the printing of newspapers adversely and causing circulation problems.

Another debate about journalism concerns “the ethical issues in journalism” that can be covered under the umbrella of media ethics. Ethical challenges for journalists include plagiarism and the use of local media as a tool for advertising, politics, propaganda and blackmail. Surveys on newspaper leaders reveal that the primary reasons for ethical issues are lack of education and commercial interests. One of the contributing factors is that an academic degree is not required to practice the profession of journalism even if it is an occupation that calls for a sectoral and specific education. Given that experience inside the industry also takes time, people who want to be engaged in journalism should become more informed and qualified with the necessary training to eliminate such problems in the long term.

It is clear that “the right of the public to truth” has always been and will remain crucial for societies. In this context, we hope for a future in which journalism adapts to the present era and overcomes its sectoral challenges for its sustained effectiveness.

Under the umbrella of Şengün Group, Şengün Media will continue to run, improve and offer its news platforms in compliance with ethical principles and values in recognition of the significance of freedom of expression as well as accurate and impartial coverage.

**Özüm Cömert, LL.M., Associate**



**In a period when the duty to make the best effort to inform the society about the facts is critical, the obstruction of reporting local and foreign events to the society is illegal under the Turkish Republic Constitution.**





# News to the World

# Legality News to the World

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## Legislative Changes in Minimum Capital Requirements for Joint Stock and Limited Liability Companies

The first paragraph of Article 322 in Turkish Commercial Code no. 6102 of 13.01.2011 prescribes the minimum principal amount as ₺50,000 (fifty thousand Turkish Liras) for joint stock companies and ₺100,000 (one hundred thousand Turkish Liras) for non-public joint stock companies that have adopted the registered capital system.

Presidential Decree no. 7887, published in Official Gazette no. 32380 of 25 November 2023, has raised the minimum capital amounts for joint stock and limited liability companies.

Accordingly, the minimum principal amount has been raised from ₺50,000 (fifty thousand Turkish Liras) to ₺250,000 (two hundred fifty thousand Turkish Liras) for joint stock companies and from ₺100,000 (one hundred thousand Turkish Liras) to ₺500,000 (five hundred thousand Turkish Liras) for non-public joint stock companies that have adopted the registered capital system.

Moreover, the first paragraph of article 580 in the same Law has raised the minimum principal amount for limited liability companies from ₺10,000 (ten thousand Turkish Liras) to ₺50,000 (fifty thousand Turkish Liras).

	Previously Required Minimum Capital Amount	Currently Required Minimum Capital Amount
Limited Liability Companies	10.000 TL	50.000 TL
Joint Stock Companies	50.000 TL	250.000 TL
Non-public Joint Stock Companies That Have Adopted the Registered Capital System	100.000 TL	500.000 TL



The Ministry of Trade stated that the new amounts would be binding for joint stock and limited liability companies established as of 1 January 2024, and that already existing companies whose capital was below the specified amounts were not obligated to increase their capital at this point.

	Until 1 January 2024	As of 1 January 2024
Limited Liability Companies	10.000 TL	50.000 TL
Joint Stock Companies	50.000 TL	250.000 TL
Non-public Joint Stock Companies That Have Adopted the Registered Capital System	100.000 TL	500.000 TL

**Limit of the Obligation to Employ a Contract Attorney:** The third paragraph of article 35 in Attorneyship Law no. 1136 stipulates that joint stock companies with five times or more of the principal amount shall employ a contract attorney.



Article 35/3:

“All persons competent to bring proceedings are entitled to prepare documents for their own legal proceedings, and may themselves bring proceedings and monitor the progress of such proceedings. However, **incorporated companies with a principal capital equivalent to five times the principal capital amount specified under article 272 of the Turkish Commercial Code or more, and building cooperatives with a membership of 100 or more must retain a contracted attorney.** Organisations in breach of the provisions of this article shall be subject to an administrative fine imposed by the public prosecutor in the sum of the gross two month minimum salary of a worker in the industrial sector above 16 years of age as of the date of the offence for each month that they failed to retain an attorney.”

Accordingly, the limit of the obligation to employ a contract attorney at joint stock companies has been raised to ₺1.25 million.

Thus, joint stock companies with a principal of ₺1,250,000 or more will be required to employ a contract attorney as of 1 January 2024.



For the full Decree, see:

<https://www.resmigazete.gov.tr/eskiler/2023/11/20231125-23.pdf>



### Communiqué on Determination of Interest Rates to be Applied in Rediscount and Advance Transactions

The term “rediscount” is used when a bank discounts one of its bills and turns it into cash before its due date in line with the conditions set by the bank.

The Central Bank of the Republic of Türkiye increased the discount interest rate to be applied in rediscount transactions and interest rates to be applied in advance transactions by 5 basis points, which were announced and took effect with the publication of Official Gazette no. 32386 of 1 December 2023.

Accordingly, the annual discount interest rate to be applied in rediscount transactions involving bills with up to a 3-month maturity will be 40.75%, and the interest rate to be applied in advance transactions will be 41.75%.



For the full Communiqué, see:

<https://www.resmigazete.gov.tr/eskiler/2023/12/20231201-10.pdf>



### General Communiqué on Tax Procedure Law (Sequence No: 554)

The Turkish Statistical Institute (TÜİK) has released 2023 revaluation figures that will be applied to taxes, fees and penalties for 2024. Last October, the domestic producer price index increased by 58.46% compared to 12-month averages.

Pursuant to paragraph (B) of repetitive article 298 in Tax Procedure Law no. 213 (“Law”), the revaluation rate corresponds to the average price increase rate of TÜİK in domestic producer price index in October of the revaluation year (including October) compared to the same period of the previous year and should be announced by the Ministry of Treasury and Finance in the Official Gazette.

As such, the revaluation rate for 2023 was recognized as 58.46% (fifty-eight point forty six) and announced in Official Gazette no. 32380 of 25 November 2023.

As a side note, the President is entitled to reduce and increase the revaluation rate on taxes and fees by up to 50% pursuant to the Tax Procedure Law (repetitive article 414/3 in the Law).



For the full Communiqué, see:

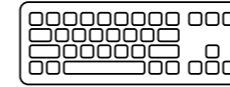
<https://www.resmigazete.gov.tr/eskiler/2023/11/20231125-27.htm>

# World News



# Legality World News

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## Microsoft Adds Artificial Intelligence Key to Keyboards

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Microsoft has announced a significant change in its keyboards. The new keyboards will feature an artificial intelligence (AI) key that can be used on Windows 11 PCs. This key will provide access to Microsoft's AI application, Copilot, developed in collaboration with OpenAI. Copilot will assist users in tasks such as using search engines and writing emails. Microsoft hopes that this key will simplify and enhance users' lives.

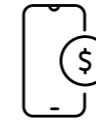
The new keyboards are planned to be released after February. Copilot's notable features include recording and summarizing meetings, as well as preparing presentations. According to a Goldman Sachs report, AI production can handle a quarter of current jobs, and automation could potentially take away jobs from 300 million people in the United States and the European Union countries. However, some experts emphasize that tasks requiring human-specific qualities, such as emotional intelligence or creative thinking, still cannot be performed by AI.



**Case Against Israel Committing 'Genocide' in Gaza Starts at the International Court of Justice**

The preliminary hearing of the case filed by South Africa, alleging that Israel committed genocide in the war it waged in Gaza after the October 7 attacks, started on 11.01.2024 at the International Court of Justice (ICJ) in the Hague. At the hearing, an injunction was requested to immediately end Israel's military actions in Gaza. South Africa stated that Israel committed genocide against Palestinians by both killing them and inflicting serious mental and physical harm, creating "conditions that will lead to their physical destruction."

The 1948 United Nations Convention on the Prevention and Punishment of the Crime of Genocide defines genocide as "acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group." South Africa also claimed that Israel was violating other fundamental obligations under the Convention. Israel sent a powerful legal team to defend the military operation. Brazil and Colombia also announced their support for South Africa.



**Apple to Pay Compensation for Intentionally Slowing Down iPhones**

Apple has started paying compensation in the United States as a result of a long-standing class-action lawsuit, where it was accused of deliberately slowing down certain iPhones. The total compensation amount was determined to be \$500 million, translating to approximately \$92 per claimant.

The basis of the lawsuit dates back to December 2017, with allegations that Apple intentionally slowed down the performance of certain iPhone models as their batteries aged. Although Apple argued that the impact of aging batteries on lower performance was a measure to extend the lifespan of phones, the company faced accusations of acting without informing customers.

In 2020, Apple reached an agreement to settle the lawsuit, emphasizing that it did not admit any wrongdoing but expressed concerns about escalating costs. A similar lawsuit is ongoing in the United Kingdom, where Apple is facing a compensation demand of around \$2 billion.

While the settlement in the U.S. specifically covers the iPhone 6 and 7 series, the lawsuit in the UK includes claims related to iPhone 8, 8 Plus, and X models. However, the UK claimants assert their commitment to pursuing the case, despite Apple's dismissal of its merits. One of the claimants mentioned satisfaction with the payments in the U.S. but added that it did not impact the case in the UK. Additionally, it was noted that Apple was actively contesting the legal proceedings in the UK.



# News from Şengün



## Legality News from Şengün



Şengün & Partners Attorney Partnership held a team coordination meeting led by Gazali Soysal, Managing Senior Associate, to get ready for the “Digital Competition Law Exercise” to be offered to its clients.



Türkiye Media Symposium, co-hosted by Galatasaray University and the International Press Institute (IPI), was held at Aydın Doğan Hall of Galatasaray University.

Türk Ytong celebrated its 60th anniversary with the exhibition titled “Sarı'nın İzi” at Bomontiada.

The Association of Natural Gas Devices Manufacturers and Businessmen (DOSİDER) shared its future vision at its 30th anniversary summit in Istanbul.

Şengün Media of Şengün Group was invited to these events as a member of media to be represented by the team's editor Ezgi Aydoğanolu.

## Legality News from Şengün



N. Korhan Şengün, attorney and the founder of Şengün & Partners Attorney Partnership and Şengün Group, announced the details of an active business model involving communication with six different countries at the firm's Executive Board Meeting.



Şengün & Partners Attorney Partnership attended to the Leaders Club breakfast organized as part of the Women in Sales Network programme at HAN Spaces Piyalepaşa.

The firm was represented by Gülşah Güven (Managing Senior Associate) and Özüm Cömert (Associate).



Şengün & Partners Attorney Partnership held its General Assembly Meeting on January 3 at Cemile Sultan Grove.

Although all employees were going to be present at the meeting, the team at Izmir office could not attend it due to bad weather while others at Istanbul office could not make it due to their health issues.

Nedim Korhan Şengün, Attorney and the Founder of Şengün Group and Şengün & Partners Attorney Partnership, made the opening speech of the meeting, where the goal was to evaluate the last year and reveal the plans for 2024.

In the meeting, Managing Senior Associates of Şengün & Partners Attorney Partnership shared their professional experience, and then other team members made presentations on current topics.

## Legality Sources

- <https://www.resmigazete.gov.tr/eskiler/2023/11/20231125-23.pdf>
- <https://www.resmigazete.gov.tr/eskiler/2023/12/20231201-10.pdf>
- <https://www.resmigazete.gov.tr/eskiler/2023/11/20231125-27.htm>

## Legality Locations



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