



# Legality

"A seminal publication of Şengün Group"

February - March 2024 | E-Bulletin

Legal Obligations of Board Members  
Under Turkish Commercial Code

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Advantages, Disadvantages and  
Analysis of and Differences Between  
Real Estate Investment Trusts and  
Real Estate Investment Funds

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Foreigners' Acquisition of  
Turkish Citizenship

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Guest Sector:  
Textile Industry

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Special Day:  
World Consumer Rights Day, March 15

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News to the World  
World News

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News from Şengün



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*Happy International  
Women's Day!*

March 8

Nedim Korhan Şengün

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

## Legality Editor's Note

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**Dear Reader,**

Şengün Academy presents its February-March 2024 newsletter that will highlight recent national and international developments once again.

Our articles include “Legal Obligations of Board Members Under Turkish Commercial Code”, “Advantages, Disadvantages and Analysis of and Differences Between Real Estate Investment Trusts and Real Estate Investment Funds”, and “Foreigners’ Acquisition of Turkish Citizenship”.

We will outline the history and development of the textile industry as the guest sector of this month.

We will also cover March 15 World Consumer Rights Day and provide an overview of consumer rights.

Our “News to the World” section will compile the latest regulations, decisions, communiqués, laws, arrangements and amendments concerning national and international relations.

In “World News”, we will report on the latest global developments with transparency as our guiding principle.

We will announce the latest news from our team in “News from Şengün”.

**Enjoy reading!**

**Istanbul, February-March 2024  
Şengün Academy**



# Articles



## Article

# Legal Obligations of Board Members Under Turkish Commercial Code

### A. INTRODUCTION

Companies whose capital is clear and divided into shares and which are only liable for their assets due to their debts are referred to as joint stock companies in article 329 of Turkish Commercial Code no. 6102 (TTK). Joint stock companies are governed and represented by their board of directors unless otherwise agreed in their articles of association. As such, a board of directors makes decisions whenever necessary for company operations, manages the company and represents it before third parties to avoid disruption of company activities.

The Turkish Commercial Code does not collectively address the liabilities of joint stock companies with regard to their establishment, administration, supervision and liquidation and the persons responsible from such operations. Therefore, a system has been adopted based on the

titles of the responsible persons and their tasks. Still, board members are essentially accountable to the company, its shareholders and creditors. In the TTK, the general obligations are laid down through articles 336-341 whereas some indirect obligations of board members are provided in articles 53, 65, 67, 275, 308-310, 321, 332, 334, 335, 342, 346, 363, 399, 412, 433, 450, 473 and 474.

Pursuant to article 553 in the TTK, certain conditions must be met for board members to be held legally responsible. Accordingly, a board member will be liable if they violate obligations arising from the law and the articles of association and they are at fault for the violation, and if damages have occurred and there is a causal link between the damage and the faulty behavior of the relevant member in violation of their duties.

In addition, according to article 369 of the TTK, board members have a duty of care, and if they violate this duty, damages will be indemnified in proportion to members' faults regarding their duties based on the differentiated solidarity principle adopted in the TTK.

### B. TERMS OF LIABILITY

Article 553 in the TTK holds founders, board members, managers and liquidators responsible for damages they cause to the company, its shareholders and its creditors if they violate their obligations arising from the law and the articles of association through their own fault. Evidently, certain conditions must be present for the board of directors of a joint stock company to have liabilities.

#### 1. Fault

The TTK lays down liabilities for board members based on their faults, with the presumption of fault against them. It also stipulates that the board of directors can be held responsible without any fault in such cases as specified in articles 67 and 335.

Article 338 states, "The member who proves that they are not at fault in actions that lead to joint liability will not be liable."

Accordingly, board members are deemed to be at fault until they prove the opposite. In other words, they can only be released from liability by negating their fault.

#### 2. Damages

Damages should occur for board members to be held liable for their fault. They can be a direct reduction in the assets of the injured party or the prevention of an increase in the injured party's wealth.

Board members become liable towards the company when their actions or agreements result in a direct decrease in the company's assets. In that case, company shareholders and creditors suffer indirect damages. The damage caused by board members can also directly affect shareholders or company creditors along with the company's assets. As such, the damage is a direct or primary damage for the shareholders and company creditors.

**Joint stock companies are governed and represented by their board of directors unless otherwise agreed in their articles of association.**



**C. SITUATIONS CREATING LEGAL LIABILITY**

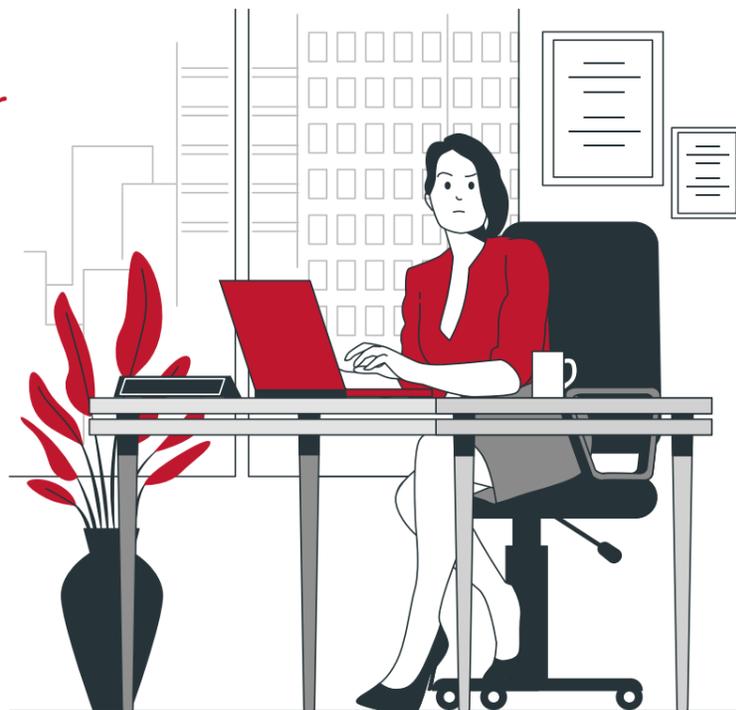
**1. General Provisions (TTK, Article 553)**

Executives are held liable when they are at fault as per article 553/1 in the TTK, which states, “Founders, board members, executives and liquidators will be liable for the damage they cause to the company, its shareholders and its creditors if they are deemed at fault for violating their obligations arising from the law and the articles of association.” This liability arises when the party is at fault, as stated above. Therefore, when board members are not at fault for making decisions or taking actions in accordance with their obligations arising from the law or the articles of association, they will not be held responsible even if damages occur.

Pursuant to the second paragraph in the same article, bodies or persons who have legally transferred their duties or powers arising from the law or the articles of association to others will not be liable for the actions and decisions of the transferees, provided that they have shown reasonable care in the selection of transferees. However, as stated in the same article, liability will arise for damages that occur due to failure in respecting the limitations in the law or selecting individuals with due care.

Finally, the last paragraph of the same article defines the duty of supervision, providing that executives cannot be held liable for fraud and violations of the law or the articles of association that are beyond their control.

**When board members are not at fault for making decisions or taking actions in accordance with their obligations arising from the law or the articles of association, they will not be held responsible even if damages occur.**



**2. Special Provisions (TTK, Article 549 et seq.)**

Articles 549 to 552 along with some other provisions in the TTK specify the situation when a joint stock company suffers damages due to the documentation and statements of board members and the persons working with them during the establishment and capital increase of the joint stock company.

**2.1 Illegal Documents and Statements (TTK, Article 549)**

Article 549 in the TTK states, “If damages occur when the documents, prospectuses<sup>220</sup>, letters of undertaking, statements and guarantees related to the establishment of the company, increase and decrease of the capital, merger, demerger, change of type, issuance of securities<sup>219</sup>, etc. are found to be false, fraudulent, forged, or distorted, or the truth is concealed, or other violations of the law are committed, those who prepare such documents or make the statements and those who help them at fault will be held responsible.” Thus, actions creating liabilities include increase and decrease of the capital, merger, demerger, change of type and issuance of securities in addition to the establishment of a company. Moreover, since the article states “etc.”, the liability is not limited to those that are listed and may include other actions. Board members become liable with other responsible parties in case of illegal documents and statements. Accordingly, those who prepare the documents and make the statements are liable for the damage caused.

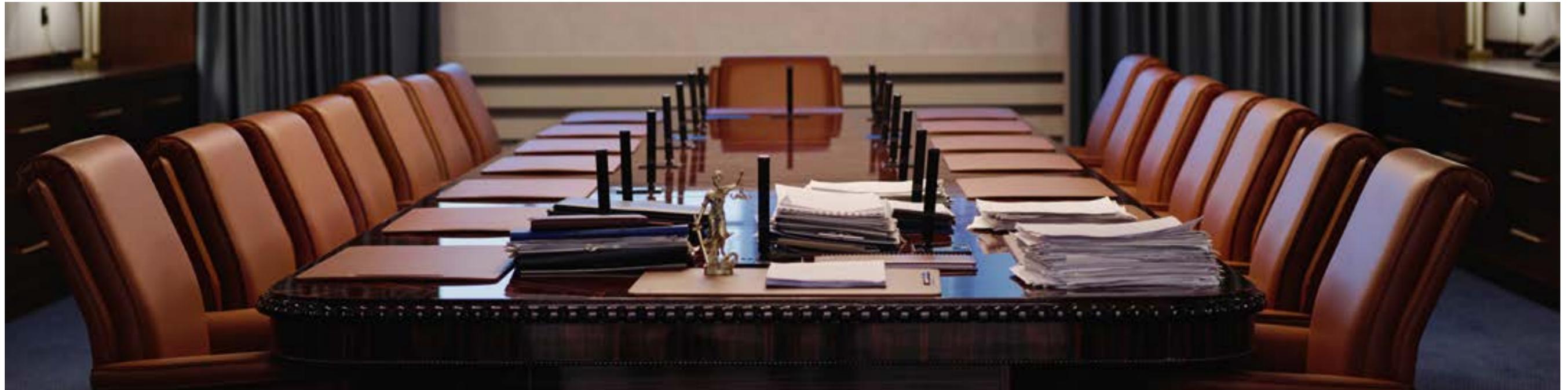
**2.2 Misrepresentation of Capital and Knowledge of Insolvency (TTK, Article 550)**

Capital is the most important element that forms the legal entity of joint stock companies. Therefore, pursuant to article 550 in the TTK, those who pretend that the capital has been committed fully or paid in accordance with the provisions of the law or articles of association when the opposite is true and company officials at fault are obligated to incur the relevant shares and severally compensate provisions and damages plus interest. As per the second paragraph of the article, those who know and approve of the insolvency of investors promising to buy shares will also be held liable for the damages arising from the non-payment of the debt.

**2.3 Fraud in Valuation (TTK, Article 551)**

As stated in the articles of association of a joint stock company, the principle of protection of assets requires the completion of assets. Pursuant to article 551 in the TTK, those who commit fraud in the valuation of the capital in kind or the business to be acquired or the property will be held liable. The article lays down fault liability; hence, the court will both investigate the fault and resolve the matter by exercising its discretionary power.

Furthermore, in case of a breach of the liability set forth in this article, a judicial fine of not less than ninety days will be imposed pursuant to article 562/10 in the TTK.



**2.4 Raising Money through the Public Without Permission (TTK, Article 552)**

Article 552 in the TTK states, “Without prejudice to the provisions of the Capital Markets Law, it is forbidden to raise funds by making appeals to the public by any means for the purpose or with the promise of establishing a company or increasing its capital.” Therefore, the Capital Markets Law must be respected to establish a joint stock company, increase its capital or raise money through the public.

The criminal liability arising from the criminal offense of raising money through the public is imprisonment from six months to two years under article 562/11 in the TTK.

**2.5 Failure to Set up a Website for a Joint Stock Company (TTK, Article 1524)**

In accordance with article 1524 of the TTK, equity companies to be audited pursuant to the fourth paragraph of article 397 are obligated to set up a website within three months following their registration with the trade registry and to dedicate some of the website to the publication of the matters designated in article 1524 in the TTK. In case of a breach of this obligation, executives and board members deemed at fault will be liable for all the violations of the Law and the damages incurred.

**2.6 Unlawful Practice of Control in a Group of Companies (TTK, Articles 195-206)**

In summary, pursuant to the relevant provisions of the TTK, a controlling

company may not take actions that may cause damages to its subsidiary. If the controlling company causes damages to its subsidiary and the damages arising from the unlawful practice of control is not compensated as stipulated in article 202/1-b in the TTK, the controlling company and the board members causing the damages will be held liable for such damages. Damages may occur in the form of diminution or prevention of the increase of assets or in the form of ill luck or the failure to succeed in business, as in the case of the transfer of business, funds and personnel.

**2.7 Incomplete Actions Regarding Merger, Demerger and Change of Type (TTK, Article 193)**

The law must be respected in decisions on mergers, demergers and changes of type. Documents, prospectuses, commitments and

statements regarding such decisions must be truthful. Since article 193 in the TTK reserves the liability of the founders, article 553 et seq. of the TTK will apply to that liability.

**2.8 Failure to Take the Necessary Actions When the Number of Shareholders Falls to One (TTK, Article 338/2)**

Pursuant to article 338/2 in the TTK, “When a joint stock company’s number of shareholders falls to one, the situation must be notified to the board of directors within seven days from the date of the action resulting in this situation. Within seven days upon receipt of such notification, the board of directors shall register and announce that the joint stock company has a single shareholder. Moreover, if the company is established with a single shareholder and the shares are held by a single person,

the name, place of residence and citizenship of that shareholder will also be registered and announced. Otherwise, the shareholder who fails to notify and the board of directors who fails to register and announce the situation will be liable for the subsequent damages.”

**2.9 Prohibition of Transacting with and Borrowing from the Company**

In accordance with article 395/1 in the TTK, “A board member may not make any transaction with the company on their own behalf or on behalf of others without the consent of the general assembly; otherwise, the company may consider the transaction to be null and void. The other party may not claim the same.”

The purpose of the provision is to prevent board members from using their powers to the detriment of the joint stock company.

Pursuant to article 395/2 in the TTK, “The board members who are not shareholders as well as the relatives of board members listed in article 393 who are not shareholders may not borrow cash from the company. For these persons, the Company may not provide surety, guarantee and collateral, assume liability and take over their debts. Otherwise, the company’s creditors may directly pursue these persons for the amount owed to the company regarding the company’s debts in the amount to be paid by the company.”

**2.10 Violation of the Prohibition to Compete with the Company**

The prohibition of competition stipulated in article 396 of the TTK applies to all board members in a joint stock company. In accordance with article 370 in the TTK, if the power of representation is delegated to the managing members, they will also be subject to the prohibition of competition. Executives who are not board members are excluded from the prohibition of competition. The prohibition of competition starts with the designation of board members, continues throughout their membership and ends with the termination of their membership.

In joint stock companies, the prohibition of competition of board members is not mandatory; hence, a board member may compete with the joint stock company if the general assembly has a decision regarding the prohibition of competition.



**2.11 Violation of the Prohibition on Participation in Negotiations**

Board members may not negotiate matters concerning their personal interests, the interests of their relatives or the interests of the legal entity they represent. This prohibition also applies in cases where the rule of good faith requires the board member not to attend the negotiations. The justification of the provision states that a board member may not participate in negotiations when there is a conflict of interest involving their partner, a private company in which they are a partner, or their former spouse.

**Gizem Can Bilici, Senior Associate**



## Article

# Advantages, Disadvantages and Analysis of and Differences Between Real Estate Investment Trusts and Real Estate Investment Funds

**Real estate-related sectors significantly influence the global economy. Therefore, different methods are employed in construction while financial systems are created worldwide for the real estate industry to drive the economy.**

Under Turkish capital markets legislation, there are two basic models for the securitization of real estate, namely real estate investment trusts (REITs) and real estate investment funds (REIFs), which are explained in detail below.

### What is REIT?

Real Estate Investment Trusts (REITs) were introduced to diversify the financial instruments to be used for this valuable investment instrument and to make real estate more liquid in the market. Emerging in the United States, REITs do not have a long history in Türkiye. Procedures and principles regarding REITs' establishment, operating principles and rules, and public offering are provided in the "Communiqué on Principles Regarding Real Estate Investment Trusts (III-48.1)."



Regulated by the Capital Markets Board, REITs are "capital market institutions which may invest in real estate, real estate projects, real estate rights and capital market instruments, may be established to carry out certain projects or invest in a specific real estate, and may engage in other permitted activities, and whose income is exempted from corporate tax, pursuant to the Capital Markets Law." (CMB, Real Estate Investment Trusts Introductory Guide) In terms of structure, REITs are publicly traded joint stock companies governed by the Capital Markets Law.

REITs aim to invest in real estate and real estate projects with high return potential and to generate rental and trading income from the real estate added to their portfolios. In REITs, the gained profits can be distributed to shareholders as dividends at the end of a fiscal year, thus transferring real estate income to shareholders. Therefore, an investor who buys the shares of a real estate investment trust and thus becomes a shareholder will indirectly benefit from the profits gained from high-yielding real estate.

### Advantages and Disadvantages of REITs

REITs offer advantages to investors as institutions that securitize immovable assets, making them divisible and easily exchangeable as economic value, and allowing investors to pool their resources and invest in large-scale real estate projects. Thus, stocks provide liquidity to real estate investments, and investors benefit from price fluctuations in the stock market. Moreover, the investment portfolio is managed by experts; therefore, investors achieve much more effective results than personal investments, which is among the key advantages of REITs.

REITs also contribute to the economy by financing large-scale real estate projects such as business centers or large shopping malls. International organizations constitute a major percentage of the investors investing in these companies, which is another indicator of REITs' contribution to the economy. On the other hand, REITs are constantly audited by the Capital Markets Board and have to follow various strict procedures, which can make the processes challenging. The load of paperwork required in public offering is among the disadvantages of REITs. Moreover, investors may face some sectoral or market risks, as in the case of other investment instruments.

**What is REIF?**

A real estate investment fund (REIF) is another form of collective investment regulated by the Capital Markets Board. Similarly to REITs, REIFs also help qualified investors become partners in large-scale real estate projects through the securitization of real estate. Principles regarding REIFs are provided in Communiqué on Principles Regarding Real Estate Investment Funds (Communiqué) no. III-52.3. In short, real estate investment funds are assets “established by portfolio management companies and real estate portfolio management companies for a limited or unlimited period to operate a portfolio of assets and transactions determined by the Capital Markets Board (the Board) as per the principles of fiduciary ownership for the account of shareholders with the money collected from qualified investors in return for their participation shares, with no legal personality”. (CMB, Real Estate Investment Fund Introductory Guide)

The term “qualified investors” matters in real estate investment funds. In fact, REIFs are an alternative investment instrument preferred by qualified investors who are interested in real estate investment but do not want to deal with transactions such as the purchase, sale and renting of real estate or do not have enough time to perform these transactions. The legislation defines qualified investors as “investment funds, pension funds, securities investment trusts, venture capital investment trusts, real estate investment trusts, brokerage houses, banks, insurance companies, private financial institutions, portfolio management companies, pension and welfare funds, foundations, funds

established pursuant to provisional article 20 of Social Security Law no. 506, public benefit associations, and other investors deemed by the Board to be similar to these institutions due to their characteristics, and real persons and legal entities with Turkish and/or foreign money and capital market instruments worth at least 1 million Turkish Liras as of the date of public offering.” Participation shares of REIFs can only be sold to qualified investors. Moreover, in respect of REIFs, it is obligatory for the fund portfolio value to reach at least ₺10,000,000 within maximum a year as of the beginning of the sale of participation shares to qualified investors and for the funds collected from participation share holders to be directed to investments within the portfolio limitations specified in Communiqué on Principles Regarding Real Estate Investment Funds no. III-52.3.



**Advantages and Disadvantages of REIFs**

REIFs offer many advantages to investors. First of all, REIFs allow investments to be managed by professional fund managers. Funds are one of the most liquid financial assets, which is a key advantage of this investment model. As REIFs are transparent investments, they allow individual investors to invest in some prestigious properties which would normally be challenging for them to do so. Moreover, it is difficult to achieve an efficient and diversified portfolio by investing directly in real estate due to high costs of properties. As such, investors can have a diversified portfolio in terms of property type or geographical location with the help of a REIF. The ability to reduce risk through such diversification is an attractive feature of REIFs and REITs. As a result, REIFs help investors earn income from real estate leases and sales in a transparent and controlled environment. However, REIFs cannot invest in real estate projects, or real estate without an occupancy permit and condominium ownership. However, the achievement of expected return from a REIF depends on the characteristics of the fund’s management company, the quality of management, the state of the real estate market, and other factors. Investors do not acquire the right to participate in fund management with their participation shares.



**As REIFs are transparent investments, they allow individual investors to invest in some prestigious properties which would normally be challenging for them to do so.**

### Differences between REIT and REIF

As mentioned above, there are several key differences between REITs and REIFs despite their overall similarities. First of all, REITs are public joint stock companies whereas REIFs are not “companies” established under the Turkish Commercial Code and do not have a legal personality except for a title deed registration. Therefore, investors acquire the stocks of a joint stock company in REITs, while they acquire participation shares in REIFs, as in other mutual funds.

Moreover, REITs must offer at least 25% of their shares to the public, when there is no such obligation for REIFs. REIFs’ participation shares are only sold to qualified investors.

In Türkiye, REIFs also differ from REITs in that while the latter can engage in real estate development activities, the former cannot. Therefore, REIFs cannot engage in investments which do not have an occupancy permit and condominium ownership, and they cannot perform internal project development activities. Finally, while both REITs and REIFs are exempted from corporate tax, REIFs also enjoy other important tax advantages.

### Conclusion and Analysis

REIFs and REITs are investment instruments that generate returns in and diversify the real estate industry while driving the national economy. REITs and REIFs facilitate investors’ access to real estate investments and help them eliminate some of the risks associated with direct ownership of real estate. As explained above, both investment instruments have their own differences, advantages and disadvantages. Therefore, an investor should make a thorough research and evaluate the differences between and the risks of the two instruments prior to investing. The choice between them depends on the concrete case. Indeed, each variable may lead to different outcomes. In any case, it is clear that the interest in REITs and REIFs will continue to rise in the upcoming years, and that these developments will contribute to an increase in qualified investments, the enhancement of the capital market and the growth of the real estate industry.

**Selin Ünverdi, Associate**



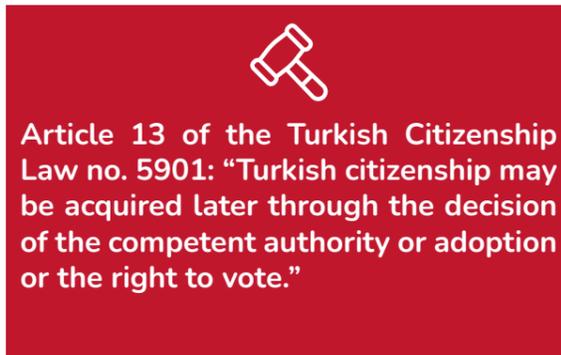
## Article

# Foreingners' Acquisition of Turkish Citizenship

### A. Introduction

The main legal reference regarding foreigners' acquisition of Turkish citizenship is the Turkish Citizenship Law no. 5901. This law regulates in detail, e.g., the acquisition and loss of Turkish citizenship and the granting of temporary protection. Matters related to the Law on Foreigners, such as foreigners' transition to Turkish citizenship, work permits and residence permits, are also governed by this law. Turkish Citizenship Law no. 5901 plays a critical role in the regulation of Türkiye's national identity and its relations with foreigners, being recognized as one of the key resources determining the legal framework in this area.

This article will address how foreigners can acquire Turkish Citizenship, and how Turkish Citizenship may be acquired later.



### B. WAYS FOR FOREIGNERS TO ACQUIRE TURKISH CITIZENSHIP

#### Acquisition of Turkish Citizenship in General

A foreigner wishing to acquire Turkish citizenship may do so through the decision of the competent authority, provided that they meet the conditions in the Turkish Citizenship Law no. 5901. The competent authority is the Ministry of Interior, and its decision is subject to administrative judicial review. Even if all the conditions in the law are met, the competent authority may still decide not to grant Turkish citizenship.

Legal requirements for acquiring Turkish citizenship are as follows:

- Being at the age of maturity possessing the distinguishing power,
- Residing in Türkiye for five years, without interruption, prior to their date of application,
- Having the intention of settling in Türkiye and proving this intention with action,
- Not having any disease that constitutes a danger to public health,
- Being a person of good morals, and refraining from theft, smuggling, fraud, or any other undesirable offenses or acts as a habit or profession,
- Speaking an adequate level of Turkish,
- Having an income or profession to provide for their own livelihood and those of their dependents in Türkiye,
- Not posing a threat to national security and public order.

**Making the relevant investments does not guarantee the acquisition of Turkish citizenship, which is ultimately in the discretion of the administration.**

**Exceptional Acquisition of Turkish Citizenship**

The only condition for exceptional acquisition of Turkish citizenship is that the foreigner does not pose a threat to national security and public order. Otherwise, the Ministry of Interior will reject the citizenship application.

According to article 12 of Turkish Citizenship Law no. 5901, foreigners who can acquire Turkish citizenship exceptionally through a Presidential decree are as follows:

1. Those who bring into Türkiye industrial facilities or have rendered or believed to render an outstanding service in the social or economic arena or in the fields of science, technology, sports, culture or arts and regarding whom a reasoned offer is made by the relevant ministries,

This regulation aims to facilitate the acquisition of citizenship by foreigners who can be beneficial to Türkiye without being subject to conditions in general. These persons must first be proposed by the relevant ministries with justification and then the President must approve their citizenship.

2. Those who obtained a residence permit as per article 31 of the Law no. 6458 on Foreigners and International Protection dated 4/4/2013, and foreigners holding a Turquoise Card and their foreigner spouse, their spouse's minor or dependent foreigner child,

3. Those whose citizenship is deemed to be necessary,

The Ministry of Interior is the competent authority to determine the necessity for granting citizenship, and persons who are deemed to present that necessity may acquire Turkish citizenship.

4. Those who are admitted as migrants,

Under Turkish law, persons recognized as migrants may acquire Turkish citizenship upon ministry decision, as long as they do not pose any threat to national security and public order. According to the Settlement Law, those who are of Turkish ancestry and are devoted to the Turkish culture and who arrive in Türkiye individually or collectively for the purpose of settlement and who are welcomed as per this law are called migrants.

**Acquisition of Turkish Citizenship through Investment**

The Regulation on the Implementation of the Turkish Citizenship Law lays down the condition of making the investments specified in article 20 for "Acquisition of Turkish Citizenship through Investment." Accordingly, foreigners making the investments specified in the regulation can acquire Turkish citizenship by a Presidential decree. However, making such investments does not guarantee the acquisition of Turkish citizenship, which is ultimately in the discretion of the administration. In fact, as mentioned above, the citizenship requests of foreigners who pose a threat to national security and public order are rejected.

The foreign spouses of foreigners who make the investments specified in article 20 of the Regulation on the Implementation of the Turkish Citizenship Law, and minor or dependent foreign child of the investor and their spouse may also acquire Turkish citizenship.

**Investments Stipulated in the Relevant Regulation**

**Fixed Capital Investment**

Persons who are identified by the Ministry of Industry and Technology to have made a fixed capital investment of at least \$500,000 or an equivalent amount in foreign currency may acquire Turkish citizenship through such investment. Accordingly, the fixed capital investment may occur when some or all of a non-publicly traded company is acquired. In any case, the amount corresponding to the shares purchased by the foreign investor must be at least \$500,000 or an equivalent amount in foreign currency.

However, real estates and vehicles that are not directly related to the field of activity are not included in the fixed investment amount. Foreigners who are entitled to acquire Turkish citizenship by making a fixed capital investment cannot transfer their shares in the company for at least 3 (three) years following the issuance of the "eligibility certificate".



**Purchase of Immovable Property or Execution of Preliminary Contract for Sale of Immovable Property**

Turkish citizenship may be granted to foreigners who are identified by the Ministry of Environment, Urbanization and Climate Change to have (i) purchased a land qualified as real estate with property ownership or condominium easement or with a building on it for at least \$400,000 or its equivalent in foreign currency, on condition of placing an annotation not to sell it for three years on the title deed records, or (ii) made a notarized contract promising to sell a real estate with property ownership or condominium easement, for which at least \$400,000 or its equivalent in foreign currency has been deposited in advance and the commitment that it will not be transferred and abandoned for three years is annotated in the title deed records.

**Offering Jobs**

Foreigners who are identified by the Ministry of Labor and Social Security to have employed at least 50 people may acquire Turkish citizenship.

**Depositing Money to a Deposit Account**

Foreigners who are identified by the Banking Regulation and Supervision Agency (BBDK) to have deposited at least \$500,000 or an equivalent amount in foreign currency in banks operating in Türkiye may acquire Turkish citizenship, provided that they keep the deposit for three years.

They can deposit this amount into a single account or into multiple accounts. In fact, while determining whether a foreign investor is eligible, what matters is the

total deposit amount of all their accounts opened in banks in Türkiye.

**Investing in Government Debt Instruments**

Foreigners who are identified by the Ministry of Treasury and Finance to have purchased government debt instruments worth at least \$500,000 or an equivalent amount in foreign currency may acquire Turkish citizenship, provided that they keep the instruments for three years.

There are 9 (nine) types of government debt instruments that foreigners can invest in:

- Domestic government bonds
- Liquidity Bills issued by the Central Bank of the Republic of Türkiye
- Commercial papers
- Bank bills
- Asset and mortgage-backed securities
- Asset and mortgage-based securities
- Revenue-indexed securities
- Revenue sharing certificates
- Private sector bonds

**Investing in a Real Estate Investment Fund or Venture Capital Investment Fund**

Foreigners who are identified by the Capital Markets Board to have purchased real estate investment fund shares or venture capital investment fund shares worth at

least \$500,000 or an equivalent amount in foreign currency may acquire Turkish citizenship, provided that they keep them for at least three years.

In this context, shares cannot be reduced by the will of foreign investors through transactions such as sales and transfers. In addition, the right to acquire Turkish citizenship will not be lost even if the value of shares falls below \$500,000 due to changes in the exchange rate. Therefore, the minimum investment requirement will still be valid if the value of the investment or the number of shares decreases against the will of the foreign investor.

**Investing in the Private Pension Scheme**

Foreigners who are identified by the Insurance and Private Pension Regulation and Supervision Agency to have invested at least \$500,000 or an equivalent amount in foreign currency in the private pension scheme may acquire Turkish citizenship, provided that they keep the amount in

funds whose scope is determined by the Insurance and Private Pension Regulation and Supervision Agency, and they stay in the system for three years.

**Acquisition of Turkish Citizenship through Marriage**

Being married to a Turkish citizen does not directly confer Turkish citizenship. However, foreigners who have been married to a Turkish citizen for at least three years and are still married may apply for Turkish citizenship.

Conditions for becoming a Turkish citizen through marriage are provided in article 16 of Turkish Citizenship Law no. 5901. These conditions are as follows:

- i. Leading a family life,
- ii. Avoiding any activity that would harm the marriage,
- iii. Not posing any threat to national security and public order.

However, if the applicant's Turkish citizen spouse dies after the application for Turkish citizenship, and the marriage becomes void for that reason, the condition of "leading a family life" will not be sought.

Likewise, foreigners who have become a Turkish citizen through marriage that have been declared null and void afterwards will retain their Turkish citizenship if they were in good faith in the marriage.



• **ACQUISITION OF TURKISH CITIZENSHIP THROUGH ADOPTION**

Pursuant to article 17 of Turkish Citizenship Law no. 5901, a foreigner who is adopted by a Turkish citizen and who has not yet reached the legal age may acquire Turkish citizenship. The condition that “the foreigner does not pose a threat to national security and public order” still applies to the acquisition of Turkish citizenship through adoption as in other cases of acquisition of Turkish citizenship.

• **ACQUISITION OF TURKISH CITIZENSHIP THROUGH THE RIGHT TO VOTE**

Article 27 of Turkish Citizenship Law no. 5901 sets forth that children who have lost their Turkish citizenship due to their parents may become a Turkish citizen again by exercising the right to vote within three years from the date of reaching the legal age.

Turkish citizens can renounce their Turkish citizenship by requesting renunciation from the competent authority under certain conditions and circumstances. Still, people who have lost their Turkish citizenship by obtaining a renunciation permit are

granted a “blue card”, which entitles them to the rights exclusively enjoyed by Turkish citizens. Likewise, the children of these persons are considered to have the same rights as their parents even if they do not acquire Turkish citizenship. Moreover, children of parents who renounced their Turkish citizenship by exercising their right to renunciation may become a Turkish citizen by exercising the “right to vote”. Indeed, since these children lose their Turkish citizenship due to their parents against their will, they have the right to choose to become a Turkish citizen. These persons can acquire Turkish citizenship if they apply within three years from the date of reaching the legal age.

**C. Conclusion**

The acquisition of Turkish citizenship is governed by Turkish Citizenship Law no. 5901, and the Regulation on the Implementation of the Turkish Citizenship Law lays down the procedures and principles regarding the acquisition of Turkish citizenship. Accordingly, foreigners can acquire Turkish citizenship through the decision of the competent authority, adoption or exercise of the right to vote as a case of “Later Acquisition of Turkish Citizenship”. These situations are subject to certain controls and conditions depending on the type of the foreigner’s application and should be evaluated separately for each application.

**Ezgi Cömert, Associate**



# Guest Sector



## Guest Sector

# Textile Industry

### 1. History and Development of the Industry in Türkiye

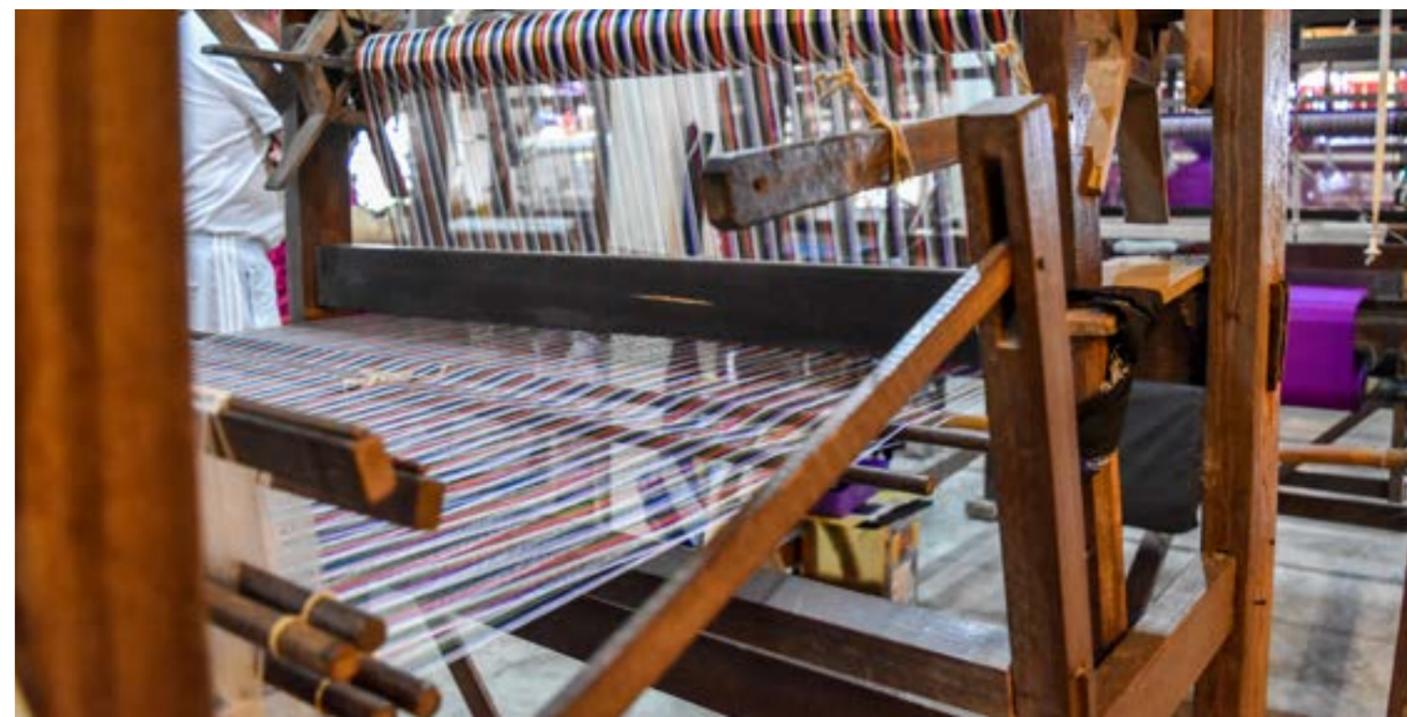
The textile industry is one of the oldest branches of industry in Türkiye, having a history dating back to the Hittite and Assyrian periods, which were ancient civilizations in Anatolia. Meanwhile, the history of Ankara's mohair weaving, which enjoys a regional fame, dates back to the time of Phrygians. Textile production has been a key trade in Anatolia for more than three thousand years.

Historical records show that carpets, rugs and silk weavings produced in Anatolia were delivered to various parts of the world as of the early 13th century. For example, documents from the 14th century suggest that the number of silk looms in Bursa reached one thousand.

Silk was also woven in Italy during the same period; however, findings reveal that Italian weavers imitated the silk weavings coming from Anatolia.

It is observed that in addition to silk and cotton, weavings made of wool, hemp and flax also created branches of industry in various cities. The notable cities in the production of "kirbas" and muslin were Kastamonu, Amasya, Tokat, Çorum, Burdur, Isparta, Konya, Karaman, Kayseri, Tire, Bergama, Denizli, Menemen, Akhisar and Nazilli.

Common in the Aegean and Mediterranean regions, the rugs and carpets woven by Turkmen tribes ("Yörüks") became popular starting from the 13th century. However, in time, Uşak became the most famous city in carpet production.



After the 18th century, textile products coming from the West, which developed new production techniques at the time, became predominant, and artisans in Türkiye started to give up on their looms. Initially preferred by the wealthy, the British cottons and French woolens spread to other parts of the Ottoman Empire after becoming more affordable.

As of the 19th century, textile manufacturing largely declined in the big cities within the borders of the Ottoman Empire, with only small looms left to meet local needs. During this period, the Broadcloth Factory in Beykoz (1805), the Fez Factory in Haliç (1826) and the Print Works in Bakırköy, established by the state, produced only to meet the needs of the army. The few private workshops and factories established by individuals generally went bankrupt, and only several of them could survive into the Republican era.

After the proclamation of the Republic, the number of state-owned factories began to increase. With the establishment of

Sümerbank, the textile sector turned into an industry. The creation of new textile factories and workshops was encouraged by the Industrial Incentive Law. By the 1930s, textile facilities constituted 23 percent of the total production facilities in the economy.

The Great Depression of 1929 damaged the textile industry along with the entire economy.

Until the 1950s, state-owned organizations (Sümerbank) were the driver of the textile industry in terms of production capacity, employment capacity and production value. As of the mid-1960s, the private sector grew with incentives and support. In 1950, there were approximately 32 thousand employees in 441 large businesses operating in the private sector, whereas, 10 years later, the number of businesses exceeded one thousand and the number of workers reached approximately 74 thousand.

Protected by customs throughout the 1970s, the domestic market contributed to the progress of the textile industry, similarly to almost all other industrial sectors. In the 1980s, 29 percent of workers employed in the manufacturing industry were working in the textile industry.

Especially, as of the 1980s, an export-oriented industrialization policy helped revive the textile industry. Thanks to the incentives offered to the industry in the 1990s, new facilities were established in many cities other than the well-known textile centers, while production capacity and employment increased, and the share of textile manufacturing in the manufacturing industry increased to 45 percent by the end of the 1990s.

## 2. Industry's Position in the World, and Türkiye's Position

Following a 2.9% growth in quantity in 2018, global goods trade experienced a 0.1% decline in 2019 due to trade conflicts and slowing economic growth. In 2019, world trade volume dropped by 2.9% compared to the previous year in value to \$38.1 trillion, when global exports and imports amounted to \$18.9 trillion and \$19.2 trillion, respectively. The World Trade Organization (WTO) releases projections on global trade twice a year, usually in April and October. In its April 2020 report covering developments in 2019, the WTO offered two scenarios, an 'optimistic' and a 'pessimistic' one, for global trade in 2020 and 2021, noting its change of methodology due to the intense uncertainty surrounding the economic damage of the Covid-19 pandemic. The optimistic scenario envisioned a sharp decline in trade followed by a recovery in the second half of 2020, while the pessimistic scenario expected the initial decline to be more severe requiring a longer recovery. As a result, global trade was projected to decline between 13% and 32%, influenced by the scale of uncertainties.

## 3. Impact of Covid-19

The WTO report expects the impact of the Covid-19 pandemic on trade in goods to surpass that of the financial crisis in 2008-2009. The key factors that distinguish this impact from the previous financial crisis are the direct and serious impact on the service

industry due to travel and transportation restrictions, and the disruption in value chains because of dependence on China and Asia for production and supply. If economic growth falls short of the optimistic scenario, trade recovery will also take longer than expected since trade projections are based on economic growth data. According to the report, the volume of global goods trade decreased by 3% in the first quarter compared to the same period of the previous year. Given the increase in Covid-19 and quarantine measures as of March 2020, a decline of 18.5% in trade is anticipated in the second quarter of the year. As for the full year, a decline by 32% previously expected in April in the pessimistic scenario is no longer awaited since the 13% decline projected in the optimistic scenario now seems more likely. The WTO report of October 2020 indicates that the sharpest shrinkage in goods trade occurred in Europe (21%) and North America (20%), compared to the 7% drop in Asia.

On 30 November 2020, China was the leader in total exports of goods and services (\$2.15 trillion), followed by the United States (\$1.57 trillion), and Germany (\$1.401 trillion), with Türkiye ranking 32nd (\$139 billion) in the list of countries.

On the same date, China was again the leader in ready-made clothing exports (€141 billion), followed by 28 EU member states (€128 billion), Bangladesh (€16 billion), with Türkiye ranking fourth (€14 billion).

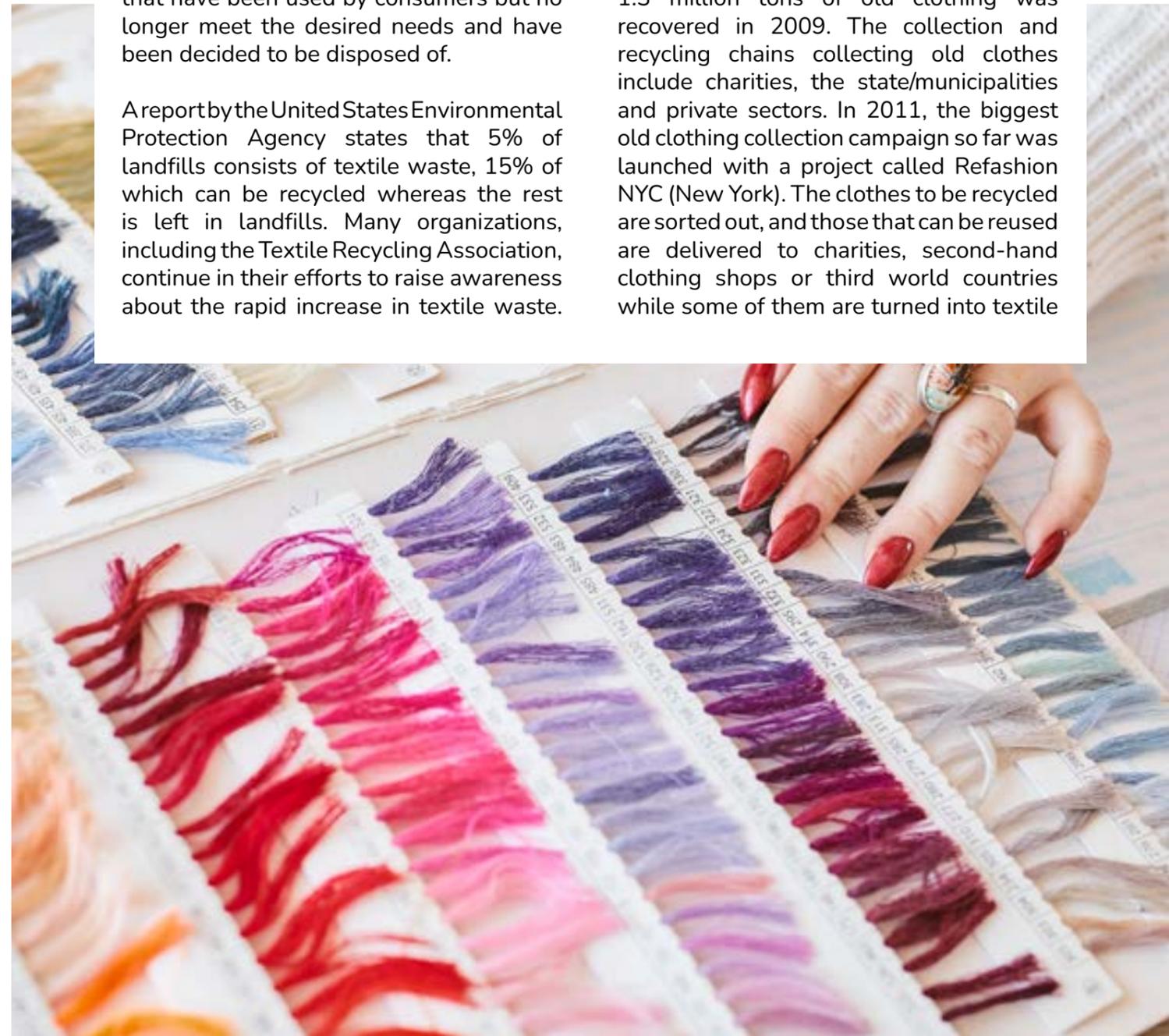
## 4. Sustainability in the Textile Industry

Today, the use of textile materials is not limited to regular textile products (clothing and home textile) but extends to technical fields. Textile waste can be grouped under producer waste and end user waste. Producer waste is generated at each step of the production of garments, home textile and technical textile. End user waste refers to ready-made clothing or textile products that have been used by consumers but no longer meet the desired needs and have been decided to be disposed of.

A report by the United States Environmental Protection Agency states that 5% of landfills consists of textile waste, 15% of which can be recycled whereas the rest is left in landfills. Many organizations, including the Textile Recycling Association, continue in their efforts to raise awareness about the rapid increase in textile waste.

Those efforts include strategies such as textile waste treatment, reduction, reuse, recycling, and energy recovery. They aim to extend product life and ensure the greatest possible benefit during recycling.

In Europe and the United States, the textile recycling activities focus on the collection and recycling of textile waste. The collection rate of old clothing in Europe is 7 kg/year per capita. In the United States, 1.3 million tons of old clothing was recovered in 2009. The collection and recycling chains collecting old clothes include charities, the state/municipalities and private sectors. In 2011, the biggest old clothing collection campaign so far was launched with a project called Refashion NYC (New York). The clothes to be recycled are sorted out, and those that can be reused are delivered to charities, second-hand clothing shops or third world countries while some of them are turned into textile





products in recycling facilities. Production activities generate solid waste such as fiber, yarn, rags, cotton waste and velvet powder. Some of this waste is processed into fibers and yarns to be reused in the textile industry while the rest is used for insulation, filling and paper manufacturing, and velvet trimming powder is used to produce glue and banknotes[10]. In the United States, there are approximately 500 enterprises recycling textile waste. In Germany, there are over 300 recycling companies. European countries use textile waste as rags through direct reuse or in the production of mops and carpets

through mechanical recovery. EU countries are turning to recycling due to the high cost of waste disposal. Worldwide examples include brands such as Gina Tricot, KappAhl and Lindex, which produce recycled clothing of polyester and cotton. The activities of H&M can be given as an example of recycling activities in Türkiye. In addition, some major brands (Inditex, etc.) produce a certain percentage of their products from recycled fibers, thus raising awareness about the matter and making a significant contribution to the environment.

As for the industry in Türkiye, Uşak plays a crucial role in the recycling sector. For the first time in 2007, a legal policy was introduced in France to unite textile producers to collect and recycle old clothing, lining, fabric, shoes, etc. Generating high amounts of textile production waste, Türkiye concentrates its recycling activities mostly on the collection and recycling of production waste. Clothing habits are changing in Türkiye with the rise in economic prosperity. Clothes are being replaced rapidly, with their period of use gradually decreasing. In the country, textile recycling is an overlooked industry while it actually has a great value for economy and the environment, creating job opportunities at the same time. In fact, the textile waste in Türkiye can be easily recycled through a comprehensive collection network. The country generates almost more than 1 million tons of recyclable textile waste each year, industrial and domestic waste combined.

benchmarking (benchmarking, which signifies comparison or learning from others, is a powerful management tool, referring to an organization's process of self-development & improvement through comparing its performance in all areas with a successful organization from its own sector or from outside in an effort to improve itself.), lack of informative and guiding sectoral strategies and policies, weak interaction between universities-industries-professional organizations, failure to create the necessary synergy between textile and apparel industries, lack of regulation, and legal gaps in the protection of intellectual property rights.

These deficiencies may be overcome with the joint efforts of chambers of industry, investors, and employers.

**İpek Kurtoğlu, Associate**

### 5. Issues in the Industry

Issues in the industry include:

Inadequate equity, lack of risk capital, deficiencies in working capital and cash flow management skills, high input costs, inadequate global integration and participation in global networks, failure to create brands, the size of the informal economy, lack of technology development and R&D, inadequate utilization of national and international R&D funds, insufficient development of information technology applications in the sector, weak textile machinery and textile chemistry industries, insufficient development of quality control, process automation and virtual production technologies, lack of internal and external

# Special Day



## Special Day

# World Consumer Rights Day, March 15

**World Consumer Rights Day is celebrated each year on March 15 as a day to raise awareness about consumers' problems, relevant solutions, and the importance of consumer rights.**

The concept of "consumer rights" was first recognized on March 15, 1962, with a speech by the late US President Kennedy in the House of Representatives. Inspired by Kennedy's statement that consumer rights deserve to be legally protected, the United Nations adopted the "United Nations Guidelines for Consumer Protection" with a resolution taken in 1985, marking March 15 as World Consumer Rights Day.

The United Nations Guidelines for Consumer Protection, which are also recognized by Türkiye, set forth 9 fundamental consumer rights as follows:

- 1) The right to meet essential needs
- 2) The right to health and safety
- 3) The right to access to information
- 4) The right to choose
- 5) The right to be represented, form organizations, and make themselves heard
- 6) The right to claim redress
- 7) The right to education
- 8) The right to a healthy environment
- 9) The right to protection of economic interests.

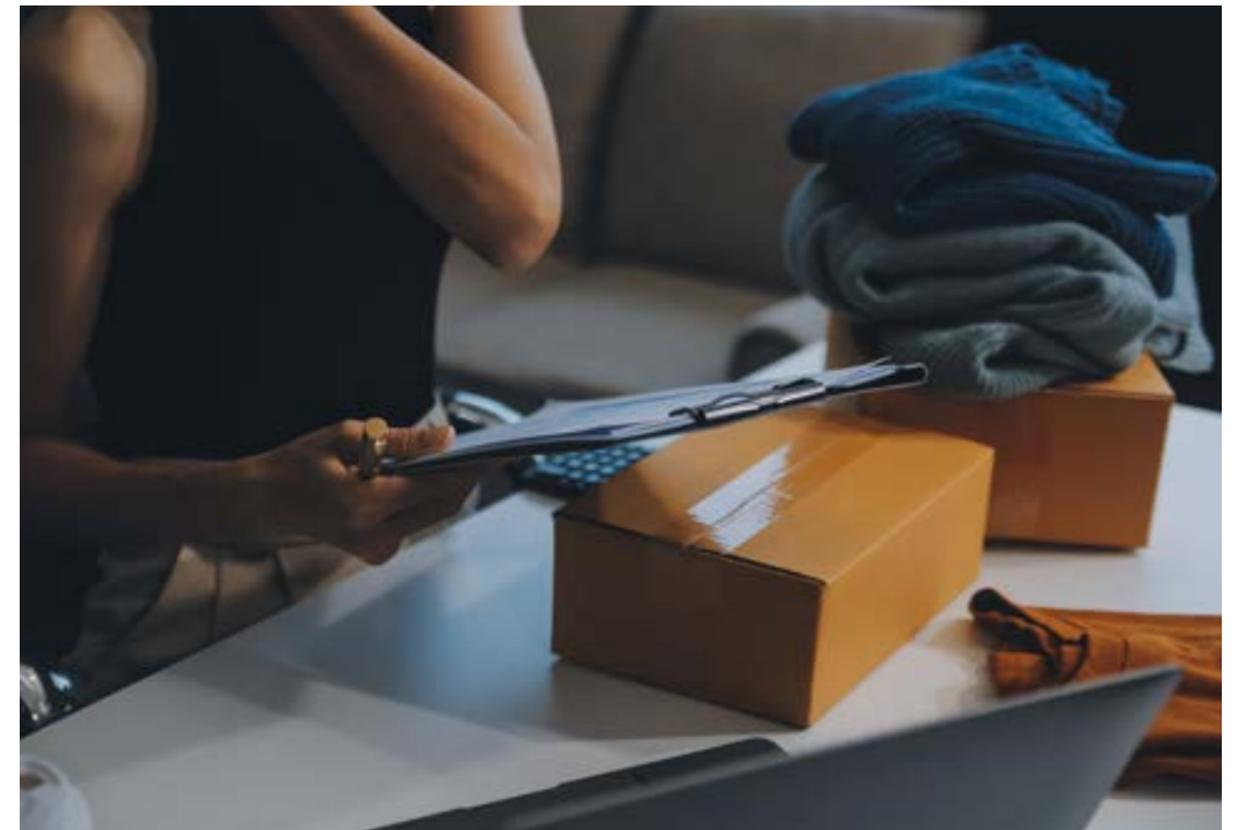
In this context, Türkiye laid down various regulations to protect consumer rights based on fundamental consumer rights.

## Protection of Consumer Rights in Türkiye

Consumer rights can be protected reliably and effectively only if they are laid down and regulated in the constitution of a country. Therefore, article 172 in the Turkish Constitution states, "The State shall take measures to protect and inform consumers; shall encourage their initiatives to protect themselves," thus holding the state responsible for protecting consumers. In 1995, a separate legislation was created for consumer rights with Law no. 4077 on Consumer Protection. In 2013, the current **Law no. 6502 on Consumer Protection** was introduced to harmonize with the European Union legislation and developments.

This Law regulates issues related to protecting consumers' health, safety, and economic interests, compensating their damages, protecting them from environmental hazards, taking measures to enlighten them and raise their awareness, and encouraging them to protect themselves in line with the principle of public interest.

The Law aims to protect consumers' rights and maintain social stability and public order. In this respect, an agreement to the detriment of consumers will violate the Law and be deemed as null and void. Under the Law, disputes between consumers and sellers and providers will be resolved by Consumer Arbitration Committees and Consumer Courts in provincial centers and designated district centers in accordance with the monetary limit.



### Relevance of World Consumer Rights Day to the Legal Sphere

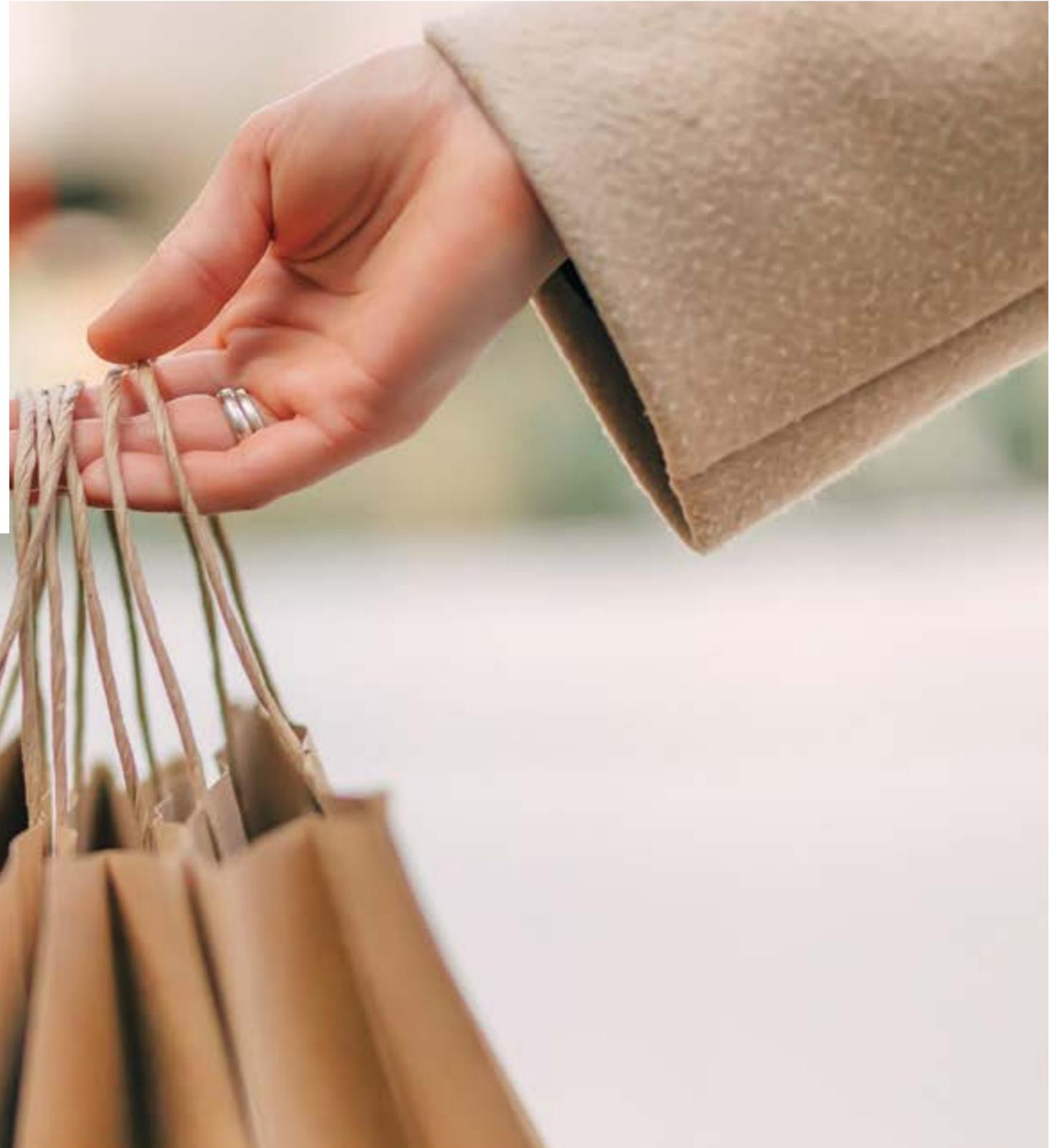
Celebrated across the world, this special day is also meaningful for legal professionals. Indeed, this day, which aims to protect and defend consumer rights, provides an opportunity for lawyers to draw attention to the problems of consumers and violations of their rights.

Every year, the United Nations celebrates this day with a different theme in view of consumers' current problems. For example, its theme for 2024 is "Consumer Rights and Digital Transformation", which will focus on the problems, rights and opportunities that consumers encounter online. This occasion will contribute to the

improvement of the legal sphere since legal professionals will be able to develop new legal mechanisms and strategies to protect and promote consumers' digital rights. Meanwhile, consumers' knowledge of and demand for their rights in today's changing and digitalized world will facilitate fair and effective law enforcement.

In conclusion, World Consumer Rights Day holds great significance for both consumers and legal professionals. In today's world, with the rising importance of consumer rights and environmental consciousness, we wish for the worldwide adoption of conscious consumption and celebrate World Consumer Rights Day, March 15th.

**İrem Öztürkmen, Associate**





# News to the World

## Legality News to the World

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### Communiqué Amending the Communiqué on the Promotion of Conversion into Turkish Lira Deposit and Participation Accounts

Communiqué (No: 2024/3) Amending the Communiqué (No: 2021/14) on the Promotion of Conversion into Turkish Lira Deposit and Participation Accounts became effective upon publication in Official Gazette no. 32451 of 5 February 2024.

The new communiqué amends the first paragraph of article 4 of the Communiqué on the Promotion of Conversion into Turkish Lira Deposit and Participation Accounts (Number: 2021/14), published in Official Gazette duplicate no. 31696 of 21/12/2021. Accordingly:

- **As of 31.01.2024, real persons** resident in Türkiye, and
- **As of 30.06.2023, legal entities** resident in Türkiye

may convert their foreign currency deposit account and participation fund account balances denominated in US dollars, Euros and British pounds in banks into Turkish lira at the applicable conversion rate upon their request.



See the full Communiqué at:

<https://www.resmigazete.gov.tr/eskiler/2024/02/20240205-2.htm>





### Communiqué Amending the Communiqué on the Promotion of Conversion from Gold Accounts into Turkish Lira Deposit and Participation Accounts

Communiqué (No: 2024/4) Amending the Communiqué (No: 2021/16) on the Promotion of Conversion from Gold Accounts into Turkish Lira Deposit and Participation Accounts became effective upon publication in Official Gazette no. 32451 of 5 February 2024.

The new communiqué amends the first paragraph of article 4 of the Communiqué (No: 2021/16) on the Promotion of Conversion from Gold Accounts into Turkish Lira Deposit and Participation Accounts, published in Official Gazette no. 31704 of 29.12.2021. Accordingly:

- **As of 31.01.2024, real persons** resident in Türkiye, and
- **As of 31.12.2021, legal entities** resident in Türkiye

may convert their gold accounts in banks into Turkish lira at the applicable conversion rate upon their request.



See the full Communiqué at:

<https://www.resmigazete.gov.tr/eskiler/2024/02/20240205-3.htm>



### General Communiqué on Tax Procedure Law

The General Communiqué on Tax Procedure Law (Sequence No: 559) became effective upon publication in Official Gazette no. 32448 of 2 February 2024.

The Communiqué defines the exchange rates that will form the basis for the valuation of foreign currencies without a market value in the stock exchange in 2023, as per Tax Procedure Law no. 213 of 04.01.1961.

Accordingly, the exchange rates in the list attached to this Communiqué will be applied for the valuation of foreign currencies that do not have a market value in the stock exchange and of certified and uncertified receivables and payables in such currencies as of the end of 2023.



See the attached list at:

<https://www.resmigazete.gov.tr/eskiler/2024/02/20240202-2-1.pdf>



### 8th Judicial Package

The Bill on Amendments to the Code of Criminal Procedure, Certain Laws and Decree Law No. 659 (“Law”), also known as the “8th Judicial Package”, was passed in the General Assembly of the Grand National Assembly of Türkiye (“TBMM”).

Significant changes arising from the enactment of this Law by the TBMM are as follows:

- Pursuant to the Law, since the Enforcement and Bankruptcy Law (“İİK”) sets the time limit for taking legal action in terms of weeks, certain amendments have been made to harmonize with this regulation in view of similar provisions in the Code of Civil Procedure (“HMK”):
  - i. The time limit set in terms of weeks will end in the last week on the day that corresponds to the day it started.
  - ii. The debtor and the creditors who have filed objections during the attestation hearing will be able to appeal within two weeks from the date of notification against the decision of approval or rejection, and they will be able to appeal against the decision rendered upon the appeal investigation within two weeks from the date of notification.



- The Anti-Terror Law’s regulation on “Terrorist Organizations” has been harmonized with the amendments to the Turkish Penal Code (“TCK”):
  - i. Since adults have the capacity to act, the restriction of the convict in the Penal Institution for the purpose of execution of the finalized prison sentence is mainly left to their own choice, whereas the restriction of the convict for the execution of the finalized imprisonment sentence of at least 5 years in total will be subject to the criterion of protecting their personality or assets, and the guardianship authority will have the right to decide in this regard.
- The Law has amended the Turkish Penal Code as follows:
  - i. The lower amount of a one-day judicial fine will be ₺100, and the upper amount will be ₺500. In case of non-payment of a judicial fine reduced from a heavy fine, ₺500 will be paid per day while determining the term of imprisonment.
  - ii. The finality limit of the decisions made by magistrates upon appeal against administrative fines will be ₺15 thousand.
  - iii. A person who is not a member of an organization but commits a crime on behalf of the organization will also be sentenced to imprisonment from 2 years and 6 months to 6 years. Depending on the nature of the crime, the sentence may be reduced by up to half. However, this provision will only apply to armed organizations. In addition, a person who commits a crime on behalf of an organization will be punished both for the crime itself and for committing a crime on behalf of the organization.
  - iv. In the framework of “crimes against the security of the state, the constitutional order and the functioning of this order”, a person who is not a member of an armed organization but commits a crime on behalf of that organization will also be sentenced to imprisonment from 5 to 10 years.

- The Law has also amended the Code of Criminal Procedure (“CMK”) as follows:
  - i. Regarding the announcement of the verdict and the deferment of the announcement of the verdict, the court will be able to decide to defer the announcement of the verdict if the sentence given to the defendant at the end of the trial for the relevant offense is imprisonment for 2 years or less or a judicial fine.
  - ii. If the announcement of the verdict is deferred, the defendant will be on probation for 5 years. If the defendant commits a deliberate crime while on probation, the announcement of the verdict will not be deferred once again.
  - iii. The provisions on the deferment of the announcement of the verdict will not apply to offenses under the reform laws protected by the Constitution.
  - iv. To ensure uniformity in the application periods for legal remedies, the amendment to CMK also lays down that the appeal requests can be made within 2 weeks from the date of notification of the detailed ruling.
  - v. The Compensation Commission will decide on claims for immaterial damages.



- The Law has amended the “Conditions for Processing Special Categories of Personal Data” in line with current needs and the European Union General Data Protection Regulation:
  - i. Special categories of personal data that are prohibited to be processed may now be processed when the data subject gives explicit consent and when the processing is explicitly required under the law, is required for the protection of the life and physical integrity of a person who is unable to express their consent or whose consent is not legally valid, or of another person, is related to the personal data made public by the data subject and is in accordance with their will to make it public, is required for the establishment, exercise or protection of a right, is necessary for the protection of public health, preventive medicine, medical diagnosis, treatment and care services, and the planning, management and financing of health services by persons under the obligation of confidentiality or authorized institutions, and is required to fulfill legal obligations regarding employment, occupational health and safety, social security, social services and social relief.
  - ii. Personal data may be transferred abroad by data controllers and data processors if any of the conditions for the processing of personal data and special categories of personal data is fulfilled and if there is an eligibility decision on the international organization or on sectors in the country of data transfer.

See the full Law at:

<https://www.resmigazete.gov.tr/eskiler/2024/03/20240312-1.htm>

# World News



# Legality World News

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## The US Discusses Patenting of AI Inventions

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The US government has made a significant decision stating that only real people can patent inventions, despite the development of the artificial intelligence (AI) technology. In an official guidance released on Tuesday, the US Patent and Trademark Office (USPTO) noted that a real person must have made a “significant contribution” for the patenting of an invention. Acknowledging the patentability of inventions involving AI, the guidance requires a significant human contribution to the invention to be named as an inventor.

The USPTO’s announcement aims to protect the human element at the core of the patent system, while recognizing the role of AI in the processes of creativity and invention. The guidance indicates that technologies such as AI chatbots can be used in design processes, but a real person must have contributed to the creation of the final invention to be able to obtain a patent.

This requirement supports a ruling announced by the US Courts of Appeal last year in the case of *Thaler v. Vidal*, which stated that AI could not be named as an inventor on US patents. With the growing use of AI in inventions, new guidelines aim to address uncertainties that may affect the development and use of AI by defining the limits of patent protections.

Therefore, the USPTO’s announcement is crucial in shaping the relationship between patent law and AI technologies. The guidance emphasizes the indispensability of human contribution to inventions against the backdrop of AI’s growing use and influence.





**EU Supply Chain Law  
Divides German Economy**

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The European Union’s (EU) new Supply Chain Law is getting mixed reactions from the German economy. In a Capital interview, Christoph Werner, President of the personal care and cosmetics retail chain “dm”, told that the proposed law was misguided, and that dm fit the purpose of the law and pioneered in sustainability and the protection of human rights.

Corporate Sustainability Due Diligence Directive:

According to reports, the planned Corporate Sustainability Due Diligence Directive (CSDDD) has been announced as the official title of the EU Supply Chain Law. The CSDDD lays down companies’ obligations regarding sustainability and human rights in their supply chains.

Some German companies support compliance with the CSDDD rules because they hope that the directive will create a fairer competitive landscape for companies that are disadvantaged in international competition due to existing German regulations. On the other hand, some German companies are worried about the disadvantages of EU legislation because of their negative experience abroad.



**Amazon Sued Over Prime  
Video Ads**

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Amazon’s decision to play ads on its Prime Video streaming service is getting reaction from consumer rights organizations. The Federation of German Consumer Organisations (Vzbv) has decided to sue Amazon over its ads. From February 5, Prime Video subscribers in Germany will have to pay an additional €2.99 per month to stream without ads. This move has sparked a heated discussion about consumer rights.

Vzbv’s lawsuit against Amazon serves as a significant example of consumer rights protection in digital services. Consumer advocates find it unfair that Prime Video subscribers could stream without ads previously but are now being forced to pay an additional fee for ad-free streaming. They think this is unacceptable in terms of consumer rights.

Amazon’s decision to play ads on its Prime Video platform points to a change in the company’s revenue model. The company may be trying to compete with other streaming platforms and increase profitability. However, this strategy poses risks in terms of consumer satisfaction and loyalty.



## European Union Investigates TikTok

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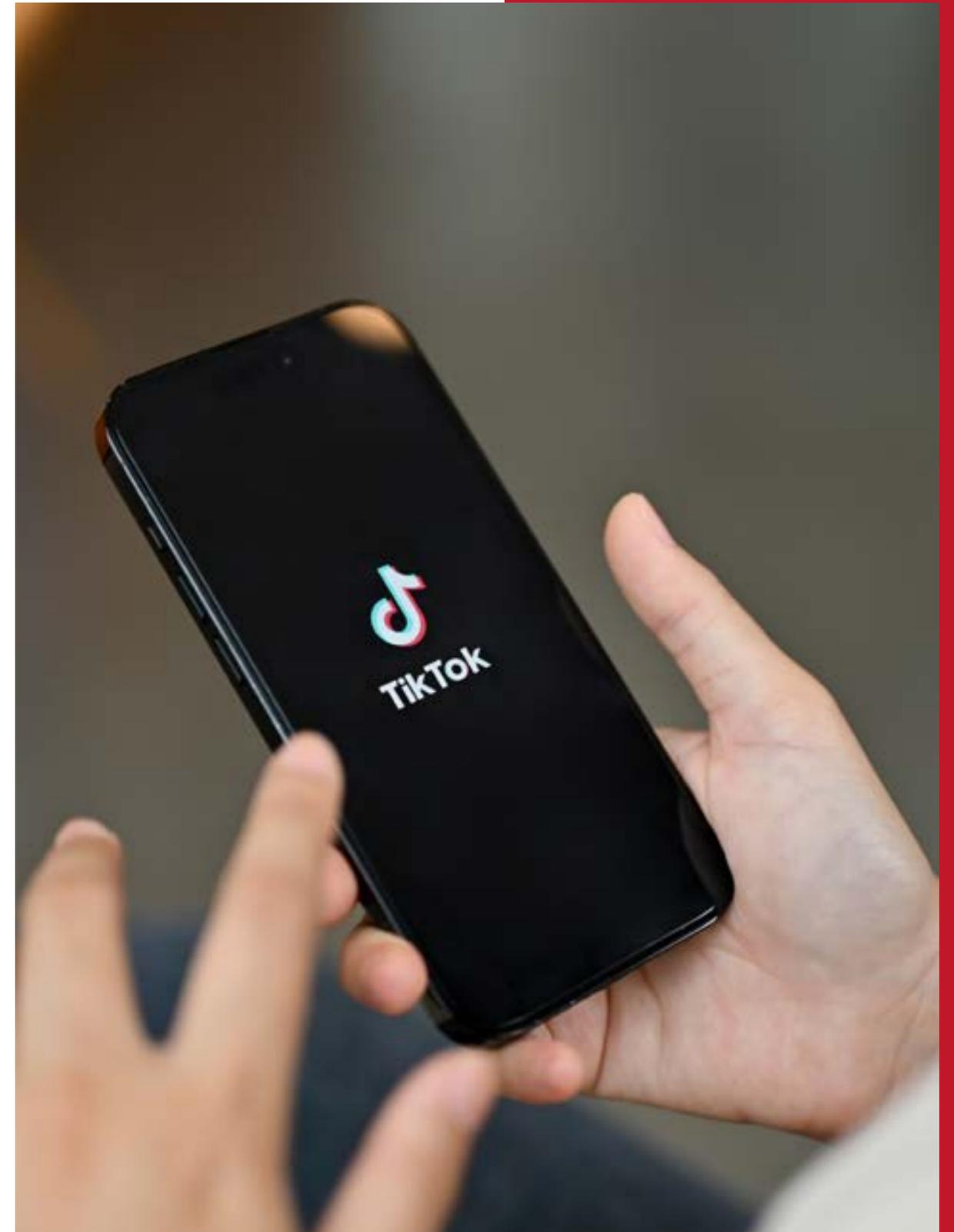
The European Union (EU) has initiated a formal investigation into the popular social media platform TikTok to see whether it violates the Digital Services Act (DSA). The investigation will assess whether TikTok's practices regarding user safety and privacy respect legal requirements, especially for child protection and transparent advertising.

According to the EU Commission's statement, the investigation will focus on child protection, transparent advertising, data access for researchers, and the risks of the platform's addictive design and harmful content. There are doubts surrounding the adequacy, appropriateness and effectiveness of TikTok's measures. In particular, the platform's age verification systems used to prevent minors from accessing inappropriate content are being questioned.

The investigation will assess the measures that TikTok has put in place to ensure a high level of privacy and security for minors. This means that the investigation will concern the negative effects of the platform's addictive design, including its algorithms, and those effects' potential harm to children's rights and users' physical and mental health.

The investigation will also assess the compliance of advertisements on TikTok with the DSA. This will include questioning the transparency of the platform's advertising practices and whether they are misleading to users.

Entering into force in August 2023, the EU's new act imposes strict requirements on major digital platforms, with heavy fines of up to six percent of their global turnover for violations. If the platforms persist in their violations, they may no longer operate in the EU.



# News from Şengün



## Legality News from Şengün



Şengün Strategic Management Services, an organization of Şengün Group, accepted the invitation of Girişim Savaşçısı and addressed the participants with a presentation titled “Entrepreneurship, Law and Strategic Perspective” on entrepreneurship law and the relevant challenges.

The presentation was led by Nedim Korhan Şengün, Chairman of the Board of Şengün Strategic Management Services, with contributions from Gazali Soysal, Senior Executive Associate.



Set on a mission of providing a common ground to legal professionals and businesses by following global developments under Şengün Group, Şengün Academy and Şengün Strategic Management Services completed their training sessions in February.

Şengün Academy was in Denizli on 8 February 2024 for a leading company in the corrugated cardboard and paper industry and in Çorlu on 14 February 2024 for a leading company in the paper industry to make a presentation on “Life with Trade Unions” to the white-collar managers of the companies. The presentation was led by Gülşah Güven, Senior Executive Associate and manager at Şengün Academy, with contributions from Öykü Güldürmez, Associate.

## Legality News from Şengün



Şengün Group and its subsidiary Şengün Media announced being a sponsor at the arbitration event of Istanbul Arbitration Days.

In the event that will host the world's leading arbitration professionals in Istanbul between April 18-20, Şengün Group will be a Gold Sponsor whereas Şengün Media will be a Media Partner.



Sales Network's Women Talk event was held at KidZania Istanbul.

The event was hosted by Güliz Öztürk, Pegasus Airlines CEO & WiSN Co-Chair, and focused on topics such as the change in the ratio of women to men in sectors, equal opportunities, and the glass ceiling. The guests included Burcu Geriş, TAV Airports Executive Vice President & CFO, Ebru Timur, KidZania Istanbul General Manager, and İlknur Uzunoğlu, Param Group CSO & Executive Committee Member in Charge of Sales.

In the event uniting Women in Sales Network representatives and Leaders Club members, the participants included Nedim Korhan Şengün, Founder of Şengün Group and Şengün & Partners Attorney Partnership, and Özüm Cömert, Associate.



Şengün & Partners Attorney Partnership has announced that it is getting ready for publications that will serve a number of countries in an effort to expand the company's international activities.

## Legality Sources

- <https://www.resmigazete.gov.tr/eskiler/2024/02/20240205-2.htm>
- <https://www.resmigazete.gov.tr/eskiler/2024/02/20240205-3.htm>
- <https://www.resmigazete.gov.tr/eskiler/2024/02/20240202-2-1.pdf>
- <https://www.resmigazete.gov.tr/eskiler/2024/03/20240312-1.htm>

## Legality Location



ISTANBUL



IZMIR



ANKARA



CAIRO



VIENNA



MILAN



NICE



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