

Read below the latest legal developments in Turkey. This latest roundup provides insight on the latest amended and repealed laws and regulations affecting different sectors.

To discuss how these developments affect your business interests please contact Fethi Pekin, Managing Partner.
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BANKING & FINANCE

Q3/2017 Communiqué on Uniform Accounting Plan and Prospectus Thereof

The Banking Regulation and Supervision Agency has introduced the Communiqué on Uniform Accounting Plan and Prospectus Thereof (*published in the Repetitive Official Gazette dated September 20, 2017 and numbered 30186*) (the “**Communiqué**”) in order to ensure uniformity with respect to the accounting and financial reporting processes of banks and the financial statements prepared by the same. The Communiqué enters into force on January 1, 2018 and abolishes the Communiqué on Uniform Accounting Plan and Prospectus Thereof (*published in the Repetitive Official Gazette dated January 26, 2007 and numbered 26415*). The Communiqué is applicable to the deposit banks and the development and investment banks incorporated in Turkey.

The Communiqué also provides for direct and accurate access to confirmable and examinable information required for the financial analysis, risk analysis and productivity analysis of banks and the audit and supervision of the same.

Pursuant to Article 8 introduced by the Communiqué, the template of the uniform accounting plan has been changed. Furthermore, according to the Communiqué, the banks are required to open the accounts mentioned in the template uniform accounting plan; and the banks cannot open any accounts other than those specified in Article 7 of the Communiqué (e.g. ledger accounts, sub-accounts, secondary accounts).

Q3/2017 Amendment to the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies

The Banking Regulation and Supervision Agency has amended the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies (*published in the Official Gazette dated December 24, 2013 and numbered 28861*) (the “**Regulation**”) on August 17, 2017. The amendment to the Regulation entered into force as of its publication in the Official Gazette.

The Regulation sets forth that the financial leasing companies, factoring companies and financing companies (the “**Financial Institutions**”) shall allocate the same amount of specific reserves in relation to the independent receivables owed by one particular debtor. However, a new provision introduced by the amendment sets the factoring companies aside from other Financial Institutions and provides for the factoring companies to pursue their evaluation on the basis of each specific receivable rather than the particular debtor and allocate different amounts of reserves calculated based on the evaluation of each outstanding receivable, even if there are more than one independent receivables from one particular debtor.

Furthermore, the amended Regulation stipulates that the rate of special reserves to be allocated for the receivables from sovereign-owned institutions and organizations are to be considered as 0%.

Q3/2017 Amendment to the Regulation on Outsourcing of Valuation Services by Banks and Authorization and Activities for Entities to Provide Valuation Services to Banks

The Banking Regulation and Supervision Agency has amended the Regulation on Outsourcing of Valuation Services by Banks and Authorization and Activities for Entities to Provide Valuation Services to Banks (*published in the Official Gazette dated January 12, 2017 and numbered 29946*) (the “**Regulation**”) on August 12, 2017. The amendment to the Regulation entered into force as of its publication in the Official Gazette.

Pursuant to the amendment, Article 5 of the Regulation regarding the impartiality of valuation agencies has been supplemented with a provision, according to which the contracted valuation experts which are not employed by a valuation agency as a full time employee are excluded from the restriction provided for valuation experts (i) to have shares, or to work as a manager, a valuation expert, an independent auditor or a rating expert in another valuation, independent auditing or rating agency and (ii) to engage in another profession other than valuation activities.

The amendment to the Regulation further stipulates that residential valuation experts and contracted residential valuation experts may also perform the valuation services with respect to residential valuations if and when required by the legislation, in accordance with the principles and procedures set forth in the Communiqué on Principles Regarding Appraisal Companies and Their Listings by the Board (*published in the Official Gazette dated August 21, 2001 and numbered 24491*).

Additionally, as per the amendment to the Regulation, the valuation reports may be issued by assistant valuation experts under the supervision of valuation experts.

Furthermore, in addition to the minimum policy amount requirement of TRY 500,000; the professional liability insurances to be made by the valuation agencies shall also cover an amount not less than 25% of their revenues resulting from the valuation services provided to banks within the previous year. Information on the revenues and on the policies of the professional liability insurance shall be delivered by the valuation agencies to the Banking Regulation and Supervision Agency within one month following the respective accounting period.

Finally, the transition period of 1 year provided in the Regulation with respect to the valuation agencies, which are authorized by the BRSA before the publication of the Regulation has been revised to a period to be defined by the Banking Regulation and Supervision Agency.

Q3/2017 Introduction of the Regulation on Sale of Receivables of State-Owned Banks and Their Financial Institution Subsidiaries to Asset Management Companies

The Banking Regulation and Supervision Agency has introduced the Regulation on Sale of Receivables of State-Owned Banks and Their Financial Institution Subsidiaries to Asset Management Companies (*published in the Official Gazette dated August 11, 2017 and numbered 30151*) (the “**Regulation**”), in order to set forth the principles and procedures regarding the sale of receivables to asset management companies by (i) the banks, the majority capital of which are owned directly or indirectly by the state or are subject to state control (the “**State-Owned Banks**”), and (ii) their subsidiaries which are qualified as financial institutions (the “**FI Subsidiaries**”) as per Article 3 of the Banking Law (Law No. 5411) (*published in the Official Gazette dated November 1, 2005 and numbered 25983*) (the “**Banking Law**”). The Regulation entered into force as of its publication in the Official Gazette.

The Regulation provides for certain requirements for the sale of frozen receivables of the State-Owned Banks and the FI Subsidiaries (the “**Frozen Receivables**”) which constitute of receivables classified (i) as frozen pursuant to the regulations entered into under Article 53 of the Banking Law, and (ii) as “receivables to be liquidated” and “receivables qualified as damage” pursuant to the regulations entered into under Article 16 of the Law on Financial Lease, Factoring and Financing Companies (Law No. 6361) (*published in the Official Gazette dated December 13, 2012 and numbered 28496*) (the “**FI Law**”) to asset management companies. Accordingly, the Regulation stipulates that (i) the characteristics of the Frozen Receivables to be sold to an asset management company and the written policies with respect thereto shall be determined by the board of directors of the State-Owned Banks and the FI Subsidiaries by considering, *inter alia*, efficiency principles, market conditions, payment potential, collateral standing, borrower’s asset status and prospective consequences of legal proceedings; (ii) the sales processes regarding the Frozen Receivables shall be established in line with the provisions of Banking Law and the relevant secondary legislation related to internal systems and (iii) the provisions of the Banking Law and the FI Law in relation to accounting and to keeping records shall be respected with respect to the sale of the Frozen Receivables.

Q3/2017 Amendment to the Communiqué on Financial Statements to be Disclosed by Banks and Statements and Footnotes Related Thereto

The Banking Regulation and Supervision Agency has amended the Communiqué on Financial Statements to be Disclosed by Banks and Statements and Footnotes Related Thereto (*published in the Official Gazette dated June 28, 2012 and numbered 28337*) (the “**Regulation**”) on September 20, 2017 which will enter into force as of January 1, 2018, and made revisions to the tables under the Regulation regarding (i) various information based on the important sectors or type of counterparty, (ii) currency risk; (iii) interest rate risk; (iv) liquidity risk and (v) real value of financial assets and liabilities; (vi) assets in consolidated financials; and (vii) liabilities in consolidated financials. Additionally, Annexes 1, 2, 5 and 6 of the Regulation (wherein the requirements of form and content for the financial statements of deposit banks and development and investment banks are regulated) have been changed.

Q3/2017 Amendment to the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and the Provisions to be Set Aside

The Banking Regulation and Supervision Agency has amended the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and the Provisions to be Set Aside (*published in the Official Gazette dated November 1, 2006 and numbered 26333*) (the “**Regulation**”) on July 18, 2017. The amendment to the Regulation shall enter into force on its publication in the Official Gazette and shall be deemed effective as of January 1, 2017. The amendment to the Regulation has abrogated the provision stipulating that if the first loan that has become a frozen receivable is repaid in full; other loans utilized by a borrower may be reclassified as per Article 4 of the Regulation. According to the amended Regulation, consumer loans may be considered on a separate loan basis; and in case that a loan made available to a borrower (which has previously utilized several consumer loans) is classified as a frozen receivable, remainder of the consumer loans utilized by such borrower may be classified by the respective bank in groups other than the First Group (*Standard Loans and Receivables*).

Q3/2017 Amendment to the Regulation on the Own Funds

The Banking Regulation and Supervision Agency has amended the Regulation on Own Funds (*published in the Official Gazette dated September 5, 2013 and numbered 28756*) on July 11, 2017 to be effective as of its publication in the Official Gazette. According to the amendment, one of the items which shall be deducted from the sum of Tier I Capital and Tier II Capital for the purpose core capital calculations has been abrogated.



Q3/2017 General Corporate

The Communiqué on Electronic Commerce Information System and Notification Liabilities has been published in the Official Gazette dated August 11, 2017 and numbered 30151 (the “**Communiqué**”).

The scope of this Communiqué is to regulate the registration and notification principles related to the electronic commerce made by service providers who conduct sales or provide service or goods via network, intermediary service providers and all other real and legal persons stated in this Communiqué. Such service providers shall be obliged to register to electronic commerce information system (the “**ECIS**”) and fulfil the required notifications which have been mentioned in this Communiqué.

The service providers that should be registered to ECIS have been listed as follows;

- Service providers that operate over their own electronic commercial platform
- Intermediary service providers
- Service providers that do not operate electronic commercial business in Turkey while being located in Turkey but enter into agreements or take order via other service providers which are located abroad

Q3/2017 Transportation, Logistics & Defence

- The Additional Protocol to the Convention on the Contract for the International Carriage of Goods by Road Concerning the Electronic Consignment Note has been published in the Official Gazette dated August 22, 2017 and numbered 30162 by the Council of Ministers in their Decision numbered 2017/10619 (the “**Additional Protocol**”). The Additional Protocol allows for the consignment notes subject to the Convention on the Contract for the International Carriage of Goods by Road (the “**Convention**”) to be executed, recorded and processed electronically. As per Article 2 of the Additional Protocol, the consignment notes and the requests, explanations, instructions, orders, reservations and notifications subject to the Convention can be executed electronically and they will have the same evidentiary power regulated under the Convention.
- Article 5 of the Regulation on the Registration and the Registry of Railway Vehicles (the “**Regulation**”) which has been published in the Official Gazette dated July 16, 2015 and numbered 29418 has been amended (*published in the Official Gazette dated July 18, 2017 and numbered 30127*).

As per Article 5 of the Regulation, railway vehicles which are manufactured in Turkey or imported from abroad as of the date in which the Regulation has entered into force shall fulfil the conditions mentioned in the Regulation along with the technical and administrative conditions of the TSI (Technical Specification for Interoperability) which has been published by the European Commission. Pursuant to the additional provision regulated by such amendment, suburban trains which operate as public transportation vehicles for urban use are not required to fulfil the technical and administrative conditions of TSI providing that such vehicle is in accordance with the national railway infrastructure standards.

- The Regulation on the Information Security in Industrial Control Systems Used in the Energy Sector (the “**Regulation**”) was published in the Official Gazette dated July 13, 2017 and numbered 30123. The Regulation

regulates the procedures and principles regarding monitoring the information process, ensuring sustainability and security of industrial control systems in certain energy facilities which are deemed critical.

The entities which are considered responsible pursuant to the Regulation are as follows:

- Electricity transmission license holders
- Electricity distribution license holders
- Electricity generation facility owners that have temporary acceptance and installed power of 100 MW or more
- Natural gas transmission license holders which undertake transmission via pipeline
- Natural gas distribution license holders which are obliged to establish a shipping control centre
- Natural gas storage license holders
- Crude oil transmission license holders
- Refinery license holders

Aforementioned entities are required to prepare a risk inventory to monitor the information process and ensure safety of industrial control systems used in critical energy infrastructure, prepare a treatment plan clearly outlining risk mitigation actions and provide the Energy Market Regulatory Authority with an industrial control system recognition form, outlining related processes, as well as work which has been performed for information security and source information.

Q3/2017 Industrial Property

Regulation on the Inventions of the Employees, Inventions created in Higher Education Institutions and Inventions created during the Projects Supported by the Public has been published in the Official Gazette dated September 29, 2017 and numbered 30195 (the “**Regulation**”). The Regulation specifies the procedures and principles on the registration, price tariff and the dispute resolution mechanism regarding the inventions of the employees the inventions created in higher education institutions and the inventions which are supported by public institutions and organizations. As per Article 5 of the Regulation, when an employee makes an invention, he is obliged to notify the employer in writing and without delay and as per Article 6, the employer may request full or partial claim regarding such invention. Accordingly, in the event that the employer claims full rights to the invention, the employee may ask the employer for a consideration payment which shall be determined as per the provisions of the Regulation. Similarly, as per Article 29 of the Regulation, inventions created as a result of the scientific studies carried out in higher education institutions or researches shall be notified in writing and without delay to the higher education institution and as per Article 31, the higher education institution may request the ownership regarding such invention. As per Article 37 of the Regulation, the same rule has been stipulated for the inventions developed during the experimental studies carried out within the scope of a publicly funded project, research development and similar activities, and such inventions shall be notified in writing and without delay to the relevant public institution. The regulation stipulates several payment mechanisms for the inventions developed in higher education institutions and during the publicly funded projects.

Q3/2017 Energy & Natural Resources

- The Mining Regulation has been issued by the Ministry of Energy and Natural Resources (*published in the Official Gazette dated September 21, 2017 and numbered 30187*) (the “**Regulation**”) in order to regulate the procedures and principles regarding granting rights and permits provided under the Mining Law (Law No. 3213) to real or legal entities for the purpose of searching, operating, developing and producing the mineral resources and abolished the Regulation on Implementation of Mining Activities (*published in the Official*

Gazette dated November 6, 2010 and numbered 27751). As per Article 7 of the Regulation, mining rights can be entitled to citizens of the Republic of Turkey, the legal entities incorporated as per the Turkish laws whose articles of association stipulate that they can operate in mining sector, to state economic enterprises and institutions, their subsidiaries and affiliates, and other public institutions, organizations and administrations. As per Article 5 of the Regulation, the mines are grouped based on the substances they are formed and the principles and procedures for the entitlement of mining rights and permits are regulated based on the groups designated by the Regulation.

The Regulation also amended the principles and procedures regarding the operating licenses and operating permits, mine delivery, the tender regarding the permits and rights of the Turkish Republic, as well as the administrative fines stipulated for violations of the Regulation.

- The Regulation on the Tenders regarding the Mining Sites has been published in the Official Gazette dated September 21, 2017 and numbered 30187 (the “**Regulation**”). The Regulation stipulates the procedures and principles concerning the tender of mining sites or areas. As per Article 5 of the Regulation, the tenders are held by open tender procedure and the offers are obtained on a closed basis. The tender procedure is continued with an open auction tender among the participants who exceed 50% of the arithmetic average of the current closed tenders. As per Article 6 of the Regulation, citizens of the Republic of Turkey, the legal entities incorporated as per the Turkish laws whose articles of association stipulate that they can operate in mining sector, to state economic enterprises and institutions, their subsidiaries and affiliates, and other public institutions, organizations and administrations can participate to the tenders.

As per Article 26 of the Regulation, the one year disqualification period for participants who are engaged in or who attempt collusive tendering by fraud, threat, exerting influence or other ways, or who are using forged documents has been increased to two years. Accordingly, as per Article 26 of the Regulation, real persons and legal entities that they act on behalf of may not participate in the tenders made by the General Directorate of Mining on their behalf or by proxy for a period of two years.

- The Regulation on the Implementation of Turkish Petroleum Law (the “**Regulation**”) has been amended with the Regulation on the Amendment of the Regulation on the Implementation of Turkish Petroleum Law which is published in the Official Gazette dated September 22, 2017 and numbered 30188. Several amendments have been made with regards to the information and documents to be submitted for the first application to be made for the petroleum exploration license and for petroleum right holder's research permit, exploration and operation license or the existing licenses. Accordingly, the 15-day period for the investment guarantee and loss warranties to be provided by the applicant whose application has been approved, has been increased to 30 days. If the investment guarantee and loss warranties are not provided or they are incomplete within the stated period, the applicant will be deemed to have waived his application.

As per Article 8 of the Regulation, the petroleum operation licenses can be given for a maximum of 20 years depending on the field reserve, economic life, production schedule, business and investment program of the mining field.

- The Communiqué on the Payment for Support on Plant Production numbered 2017/39 has been published in the Official Gazette dated September 17, 2017 and numbered 30183 (the “**Communiqué**”). The Communiqué regulates the principles and procedures for supporting the farmers in order to increase the productivity of plant production, yields and quality, to ensure the sustainability and the development of alternative environment-friendly farming techniques. As per Article 7 of the Communiqué, the farmers registered with the National Registry of Farmers or to the Conservatory Registry (farmers registered as per the Regulation on

the Conservatory Registration published in the Official Gazette dated May 25, 2014 and numbered 29041) who wants to benefit from the support shall apply to the provincial / district directorates. The Communiqué regulates several support payments such as diesel fuel and fertilizer support, special supports for several agricultural basins, soil analysis support, supports for small family businesses, organic farming supports, support for “good agricultural practices”, bumblebee support, forage crops support, support for use of certified domestic seeds, support for production of certified domestic seeds and saplings, use of certified and standard saplings and seedlings, support for rehabilitation of the traditional olive gardens, and supports for hazelnuts.

- Cabinet Decree numbered 2017/10451 has been amended the provisional article 4 of Electricity Market Law numbered 6556 published in the Official Gazette dated March 30, 2013 and numbered 28603 which regulates the incentives which shall be granted to the legal entities that own the production license owners. Pursuant to the amendment, such incentives shall be provided until December 12, 2025.

Q3/2017 Industrial Manufacturing & Service Industries

Regulation on the Amendment of Organized Industrial Zones Implementation Regulation has been published in the Official Gazette dated September 26, 2017 and numbered 30197 and entered into force. With the amendments made in Articles 11 and 26 of the Organized Industrial Zones Implementation Regulation (the “**Regulation**”), one participant is given the authority to represent more than one person in the general assemblies of the organized industrial zones. As per the amended Article 29 of the Regulation, the requirement of a notarized proxy in order to be represented in the general assembly has been revoked.

Q3/2017 Pharmaceutical

- The Turkish Pharmaceuticals and Medical Devices Agency has been admitted to the Pharmaceutical Inspection Co-operation Scheme (“**PIC/S**”) as a member which is one of the most recognized pharmaceutical inspection committees in the world. PIC/S evaluates the members’ adaption to the “Good Manufacturing Practice” which will allow the medicines produced in Turkey to be globally recognized.
- The new Communiqué on Pricing of Human Medicinal Products (the “**Communiqué**”) of the Ministry of Health has been published on the Official Gazette dated September 29, 2017 and numbered 30195. The Communiqué has abolished the Communiqué on Pricing of Human Medicinal Products. In general, the Communiqué regulates the pricing principles of human medicinal products while incentivizing the drug manufacturing in Turkey. The Communiqué has amended the price change frequency from two times to one time a year. In addition, the price increase procedures have been amended in order to reflect the increased prices in the source country to be reflected to the product prices in Turkey.

Q3/2017 Real Estate & Construction

Regulation on the Amendment of Planned Zoning Regulations has been published in the Official Gazette dated September 30, 2017 and numbered 30196 (the “**Regulation**”). The Regulation has amended the technical calculations regarding the measurements and ratios of the fire escapes, parking spaces, elevator gaps and staircases, generator and energy rooms etc. on the calculation of the exemplary areas as per the zoning regulations, as well as several criterions under the zoning regulations.



CAPITAL MARKETS

Q3/2017 Amendment on the Decree No. 32 Regarding the Protection of the Value of Turkish Currency

The Council of Ministers issued the Decree dated March 13, 2017 and numbered 2017/10328 on the amendment of the Decree No. 32 Regarding the Protection of the Value of Turkish Currency (*published in the Official Gazette dated August 11, 198 and numbered, 20249*) (the “**Decree No. 32**”) in the Official Gazette dated July 3, 2017 and numbered 30113 (the “**Decree No. 2017/10328**”).

Pursuant to Article (2) and Article (4) of the Decree No. 2017/10328, which amended Article 6(9) and Article 15(e) of the Decree No. 32, persons resident in Turkey may enter into leveraged transactions or derivative transactions that are determined to be subject to the same provisions as leveraged transactions only through the intermediation of an appropriate brokerage company with a licence granted by the Capital Markets Board (the “**CMB**”).

Accordingly, in the case of a leveraged transaction or a derivative transaction that is determined to be subject to the same provisions as leveraged transactions (such as CFDs) with a Turkish counterparty, such Turkish counterparty must use the intermediation of an appropriate brokerage company with a licence granted by the CMB.

Q3/2017 Council of Ministers Decree No. 2017/10718 Regarding Payments in Turkish Lira in Free Zones

The Council of Ministers Decree No. 2017/10718 Regarding Payments in Turkish Lira in Free Zones (“**Decree No. 2017/10718**”) has been published in the Official Gazette dated September 20, 2017 to be effective as of October 1, 2017. As per the Decree No. 2017/10718, any kind of payments related to activities in free zones could be made in foreign currency or Turkish Lira.

Previously, the Council of Ministers Decree No. 2017/10051 dated May 11, 2017 (which is abolished with Decree No. 2017/10718) had enforced to make payments in the free zones in Turkish Lira, excluding the trade between the free zones and countries other than Turkey.



DISPUTE RESOLUTION

Q3/2017 Amendment on the Appeal Periods

Periods for appeal regarding civil law cases and criminal law cases have been amended by the Law Amending Certain Laws for the Purposes of Resolving the Issues Arising from the Operation of Regional Courts of Justice and Regional Administrative Courts (“**Law No. 7035**”) (*published in Repetitive Official Gazette dated August 5, 2017 and numbered 30145*).

Accordingly, the periods for appeal stated under the Article 291 of the Criminal Procedure Law (*published in Official Gazette dated December 4, 2004 numbered 5271*) and under the Article 361 of the Civil Procedure Law (*published in Official Gazette dated February 4, 2011 and numbered 6100*) have been amended.

According to Article 21 of the Law No. 7035, the seven days appeal period stipulated in Article 291 of Criminal Procedure Law has been extended to fifteen days. Amended Article 291/1 hereinafter sets forth: *“A motion of appeal on law shall be filed within fifteen days after the announcement of judgement by either submitting a written application to the court or by making a declaration to the registration clerk and having him prepare the necessary documents; the declaration shall be included in the records and be approved by the judge”*. Therefore appeal shall be lodged within fifteen days as from the announcement date of the judgment. The aim of such amendment is that the parties use their appeal rights more efficiently in criminal procedure.

The period for appeal stated under the Article 361 of the Civil Procedure Law has been shortened from “one month” to “two weeks” starting from the date of service of the judgement. With such amendment, period of appeal before the Regional Courts of Appeal became in harmony with the period of appeal before the Court of Cassation.

As per the Provisional Article 1 of Law No. 7035, the amendments made concerning the periods shall apply to judgements rendered on and after the enforcement date of the Law. According to Article 34 of Law No. 7035, the Law came into force on the date of publication of the same which is August 5, 2017. Therefore, concerning judgments rendered before August 5, 2017, the seven days of appeal period will be applied in terms of criminal law proceedings and the one month appeal period will be applied in terms of civil law proceedings.

The mentioned new appeal periods for civil law cases and criminal cases should be followed up carefully in order not to cause any loss of right.



EMPLOYMENT

Q3/2017 Approval of the Social Security Treaty between Turkey and Belgium

The Decree of Council of Ministers (Decree No. 2017/10679) on the Social Security Treaty between Turkish and Belgium governments was published in the Official Gazette dated September 28, 2017 and numbered 30194.

The Treaty within the attachment of the Decree will become effective as of the first day of the third month following the date that parties' have accomplished the last one of reciprocal notifications.

Q3/2017 Announcement regarding the Work Permits of Foreigners working in Free Trade Zones

In accordance with the announcement published in the official website of General Directorate of International Workforce; foreigners to work within the free trade zones will be obliged to make the work permit application to the authorized free trade zone directorate situated in the district where the business place of such foreigner is located.

Q3/2017 Amendment to the Regulation Regarding the Subcontractors

The Regulation entered into force on August 25, 2017.

Prior to the Amendment, the reasoned inspector report and the minutes regarding the determination of the collusive transaction were notified to the employers by the regional directorate. However, with the amendment, such notification is made to the employers by the Provincial Directorate of Labor and Employment Institution.

In addition, the objection period with regards to the above-mentioned report has been increased from 6 days to 30 days. The lawsuit which is filed after the objection shall be concluded within 4 months in accordance with the simple judicial procedure. In the event that such decision has been appealed by one of the parties, the Court of Appeal shall resolve the matter within 6 months.

In the event that the parties have not objected to the report within 30 days or the court has been approved the presence of the collusive transaction, the registration shall be cancelled and the employees of the subcontractor shall be deemed as employees of the primary employer.

Q3/2017 Amendment to the Working Time Regulation in relation to the Labor Law

The Regulation entered into force on August 25, 2017.

The amendment involves provisions regarding the duration of work of underground mining employees and employees working in tourism sector.

According to the Amendment, the duration of work of underground mining employees is determined as maximum 7.5 hours a day and maximum 37.5 hours a week.

In addition, the average weekly working time of the employee cannot exceed the normal weekly working time within 4 months in tourism sector. The settlement period may be increased up to six months by collective labor agreements.

Q3/2017 Amendment to the Regulation on Overtime and Extra Hours in relation to the Labor Law

The Regulation entered into force on August 25, 2017.

As stipulated under the Article 9 of the Regulation, the written consent of the employee must be obtained for overwork and overtime work. As per the amendment, the employer who is in need of extra work, such consent shall be taken while conducting employment agreement or when such need arises and the written consent shall be stored in the personal file of the employee. The employee who does not want to work overtime or on extra hours may withdraw his/her consent on condition that the employer is notified in writing 30 days in advance.

Q3/2017 Approval of the Social Security Treaty between Turkey and Tunisia

The Decree of Council of Ministers (Decree No. 2017/10700) on the Social Security Treaty between Turkish and Tunisian governments was published in the Official Gazette dated August 24, 2017 and numbered 30164.

The Treaty within the attachment of the Decree will become effective as of the first day of the third month following the date that parties' have accomplished the last one of reciprocal notifications.

Q3/2017 Approval of the Social Security Treaty between Turkey and Hungary

The Decree of Council of Ministers (Decree No. 2017/10700) on the Social Security Treaty between Turkish and Hungarian governments was published in the Official Gazette dated August 24, 2017 and numbered 30164.

The Treaty within the attachment of the Decree will become effective as of the first day of the third month following the date that parties' have accomplished the last one of reciprocal notifications.

Q3/2017 Amendments on the Paid Annual Leave Regulation

The Regulation making Amendments on the Paid Annual Leave Regulation was published in the Official Gazette dated August 18, 2017 and numbered 30158. Such amendments would be stated as follows:

- Annual vacation periods may be used in segments by mutual consent, provided that one of the segments cannot be less than 10 days.
- For employees of subcontractor; in case the employee continues to work in the same workplace even after the subcontractor changed, their annual vacation period will be determined according to the time worked in this same workplace.
- Primary employer is under the obligation of ensuring employees of subcontractor are let to use their entitled leave periods, and subcontractor has to submit one of the copies of vacation record book to the primary employer.
- Vacation periods of employees working in underground work shall be applied by raising 4 days

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