

Turkish Legal Newsletter: Basic Series No. 3

Practical Considerations for Company Establishment and Registration in Turkey: Use of MERSIS (CRRS) and Electronic Signature Issues

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1. Introduction

In our second issue, we compared the legal characteristics and updated minimum capital requirements of Joint Stock Companies (AŞ) and Limited Liability Companies (LTD), the principal corporate forms in Turkey. In this issue, we focus on the practical procedures for establishing these entities, the use of digital registration platforms, and document legalization (notarization/apostille) issues frequently encountered by foreign investors.

Since the enactment of the Foreign Direct Investment Law (Law No. 4875) in 2003, Turkey has significantly streamlined procedures for foreign investment, transitioning from a screening/approval regime to a notification-based system. This reform has effectively enabled a “one-stop-shop” mechanism under which company registration can, in principle, be completed within a single day. Foreign investors may establish companies on the same footing as domestic investors, except in certain restricted sectors.

Notwithstanding these improvements, several practical considerations remain, particularly in relation to digitalized application procedures, frequently amended corporate and tax regulations, and the authentication of foreign-issued documents.

2. Digital Infrastructure and Legal Requirements in the Establishment Process

(1) Use of the Central Registry Record System (MERSIS/CRRS)

Commercial registry records in Turkey are centrally maintained through the electronic Central Registry Record System (MERSIS), also referred to as CRRS. All registration procedures — including company incorporation, branch establishment, amendments to the articles of association, and changes of address — must be conducted online through MERSIS.

(2) Authentication Requirements for Foreign-Issued Documents

Documents issued or prepared outside Turkey — such as commercial registry extracts of a foreign parent company or signature declarations of directors — must undergo the following authentication procedures:

- **Notarization abroad** in the relevant jurisdiction;

- **Apostille certification**, if the country is a party to the Hague Apostille Convention (or consular legalization by a Turkish embassy or consulate if not); and
- **Certified Turkish translation and notarization in Turkey** by a sworn translator and Turkish notary public.

As these procedures can be time-consuming, early preparation is essential when planning an incorporation schedule.

(3) Capital Contribution and Competition Authority Fee

For Joint Stock Companies (AŞ), at least one-quarter of the subscribed capital (minimum TRY 250,000 as of 2024) must be paid prior to registration. The capital contribution must be deposited into a temporary bank account opened in the name of the company following the issuance of a potential tax identification number, and a bank confirmation letter must be obtained.

In addition, 0.04% of the company's capital must be paid to the Turkish Competition Authority (TCA) at the time of incorporation, and the payment receipt must be submitted to the Trade Registry Office.

3. Recent Developments in Digital Practice: Electronic Signatures and Proof of Authority

Recent amendments to the Turkish Commercial Code (TCC) have further advanced digitalization in company registration procedures and reduced documentary burdens.

(1) Abolition in Principle of the Requirement to Submit Signature Declarations

Pursuant to the amendment of Article 40 of the TCC by Law No. 7263 (2021), the requirement for authorized representatives of legal entities and sole traders to physically submit signature declarations to the Trade Registry Office has, in principle, been abolished under certain conditions.

If signature data is already recorded in public databases (e.g., through the issuance of new identity cards, driver's licenses, or passports), the Trade Registry Office may retrieve such data electronically and record it directly in MERSIS. This reform reduces the need for in-person appearances and lowers administrative costs.

However, where signature data is not available in public databases, submission of a signature declaration remains necessary. In such cases, flexibility has been introduced, allowing submission of notarized documents without requiring the representative's physical presence at the Trade Registry Office.

(2) Implications for Signature Circular Practice

Following the amendment of Article 373 of the TCC (also applicable to LTD companies), public institutions are required to rely exclusively on information recorded in the commercial registry and published in the Turkish Trade Registry Gazette when verifying representative authority.

Accordingly, public authorities should no longer require companies to submit "signature circulars" (documents evidencing representative authority and signature samples), which have traditionally been widely used in practice. The policy direction is toward abolishing reliance on signature circulars, as they reflect authority only

as of their issuance date and may create transactional risk if subsequent changes occur, in addition to generating unnecessary costs.

(3) Considerations for Foreign Representatives

Where a natural person residing abroad (including a Turkish national residing overseas) acts as a company representative during incorporation, a signature declaration must still be executed before a Turkish embassy or consulate or competent foreign authority (with apostille certification, as applicable), followed by Turkish translation and notarization in Turkey. In such cases, the benefits of digitalization remain limited.

4. Post-Incorporation Compliance Obligations

Following registration, foreign-invested companies are subject to ongoing compliance requirements.

(1) Capital Increase Requirement

As discussed in our previous issue, minimum capital requirements were increased as of 1 January 2024 (AŞ: TRY 250,000; LTD: TRY 50,000). Existing companies whose capital falls below these thresholds must complete the required capital increase by 31 December 2026; otherwise, they may face dissolution proceedings.

(2) E-TUYS Registration (Foreign Investor Information System)

Where a foreign investor (non-resident) acquires shares in a Turkish company — whether through a private transaction (regardless of percentage) or through a stock exchange transaction resulting in ownership of 10% or more of shares or voting rights — the Turkish company must notify the Ministry of Industry and Technology, General Directorate of Incentive Implementation and Foreign Capital (TUYSGM), through the E-TUYS system within one month of the acquisition.

Within one month following user authorization in E-TUYS, the company must complete filling in the relevant sections, including “Investor Information,” “Shareholder List,” and, if applicable, “Affiliated Subsidiaries.”

The same notification requirement applies when a previously wholly domestic company becomes subject to Law No. 4875 due to foreign shareholding.

This notification requirement is primarily for statistical purposes, and no penalties are currently imposed for non-compliance.

(3) VERBIS Registration under the Personal Data Protection Law (KVKK)

Entities processing personal data of employees or customers may be required to register with the Data Controllers Registry Information System (VERBIS) under Law No. 6698 (Personal Data Protection Law – KVKK).

Registration is required for data controllers resident in Turkey if:

- They employ 50 or more employees; or

- Their annual balance sheet total exceeds TRY 100 million; or
- Their principal business involves processing special categories of personal data and they employ 10 or more employees or have an annual balance sheet total of TRY 10 million or more.

Exemptions apply to:

- Controllers with fewer than 50 employees and an annual balance sheet below TRY 100 million, provided their main activity does not involve processing special categories of personal data; and
- Controllers processing special categories of personal data with fewer than 10 employees and an annual balance sheet below TRY 10 million.

Data controllers residing abroad must register with VERBIS if they process personal data relating to individuals in Turkey, irrespective of employee numbers or financial thresholds.

Failure to register may result in substantial administrative fines (currently ranging from TRY 341,809 to TRY 17,092,242 as of 2026).

In our next issue, we will examine the establishment and regulatory restrictions applicable to liaison offices and branches, including the permissibility of commercial activities and reporting obligations under the E-TUYS system, and outline the legal characteristics and practical considerations of market entry structures other than local subsidiaries.

Turkish Law Web Consultation Session

We, in collaboration with the Turkish law firm, AKSAN, will be offering a complimentary online legal consultation session (approximately 30 minutes). Communication with AKSAN will be conducted in English; however, where possible, our firm will provide responses in Japanese. A preparatory meeting in Japanese with us is also available upon request.

If you wish to participate, please contact turkish_newsletter_project@eml.nishimura.com with a brief description of the matters you would like to discuss.

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