Main Differences Between Joint Stock Companies and Limited Liability Companies

In Joint Stock Companies ("**JSC**"), the liability of shareholders is limited to their capital contribution in accordance with the corporate veil principle whereas in the Limited Liability Companies, the shareholders can be held liable for uncollected public debts (such as corporate tax, social security premiums of employees and income tax withheld from employees' salaries, tax and fines owed to public authorities) pro-rata to their shares. Furthermore, managers of an LLC and board members of a JSC and authorized signatories can be held liable for uncollected public debts. The table below sets forth the main differences between JSCs and LLCs under Turkish law:

<table>
<tr><th></th><th>LLCs</th><th>JSCs</th></tr>
<tr><td>Number of funding shareholders</td><td>Min. 1 – Max. 50</td><td>Min. 1 – Max. none (if exceeds 250, it will be subject to capital markets regulations)</td></tr>
<tr><td rowspan="2">Minimum share capital; nominal value</td><td>TL 10,000 (approx. USD 1,633) - TL 25</td><td>TL 50,000 (approx. USD 8,162)- TL 0.01</td></tr>
<tr><td colspan="2">For JSC, one-quarter (1/4) of the share capital must be paid before registration, with the remainder paid within 24 months. For LLCs, all of the capital amount may be paid within 24 months after the formation and one-quarter (1/4) of the is not required to be paid upfront.</td></tr>
<tr><td>Voting rights</td><td>Each share amounting to TL 25 or its multiples (if agreed in the articles) grants one vote to its holder.</td><td>Each share grants at least one voting right to the shareholder.</td></tr>
<tr><td>Share transfers</td><td>Share transfers in an LLC are required to be notarized before a Notary Public, approved by the general assembly meeting of shareholders, and registered with the Trade Registry.</td><td>Shares of a JSC can easily be transferred if represented by share certificates or temporary share certificates.
Share transfer in a JSC is not required to be notarized and to be registered with the Trade Registry.</td></tr>
<tr><td>Share restrictions transfer</td><td>Various share transfer restrictions (such as tag rights, drag-along rights, or rights of first refusal clauses) can be included in an LLC's articles of association.</td><td>Board of a JSC may reject a share transfer only based on a justified reason explicitly indicated in the articles of association (such as realizing the company's purpose and/or maintaining the economic independence of the company).</td></tr>
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Management		In LLCs, management power is vested in the shareholders assembly and executive power is vested in the managers (at least one shareholder should be appointed as a manager authorized to represent and bind the company in the widest sense). If an LLC has more than one manager, then the shareholders assembly should appoint a chairman to the board of managers and such chairman will have a casting vote. There is no maximum term of duty for a manager.	A JSC is managed by a board of directors composed of at least one member. Board members are not required to be shareholders and legal entities may be appointed as board members. Chairman of a board of directors does not have a casting vote. Maximum term of duty of a board member is three years and board members can be re-elected.
Others		LLC is not eligible for public offering.	A JSC is eligible for public offering.