

THE LAW OF ACCOUNTING PROFESSION

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PART ONE

GENERAL PROVISIONS

Objective

ARTICLE 1. The objectives of this Law are to ensure the healthy and reliable functioning of operations and transactions in enterprises to audit and evaluate the results of the operations within the framework of the relevant legislation, to present the actual facts to the use of the concerned persons and authorities, to regulate the fundamentals concerning the establishment, organization, operations, activities and the elections of the principle organs of "Certified Public Accountancy" and "Sworn-in Certified Public Accountancy" and the Chambers of Certified Public Accountants and Sworn in Certified Public Accountants. The brief name of the Union is TÜRMOB

Pursuant to the provisions of this Law, persons authorized to perform the professions are entitled as "Certified Public Accountant (SMMM)" and "Sworn-in Certified Public Accountant (YMM)".

Subject of Profession

ARTICLE 2. A) *The subjects of the profession of Certified Public Accountancy* comprise the following services rendered to enterprises and business concerns owned by real and legal persons.

- a. To keep books; prepare the balance sheets, profit and loss statements, tax returns and other relevant documents in compliance with generally accepted accounting principles and the provisions of the relevant legislation.
- b. To establish and improve accounting systems: to regulate administration, accounting, finance, financial legislation and to perform the jobs related to their applications and to provide advisory services in the related fields.
- c. Based on the relevant documents on issues specified in the aforementioned paragraph, to perform investigations, analyses and audit, to present written opinions regarding financial statements and tax returns, to prepare reports and similar documents, to perform arbitration, expertise and similar services.

Persons, who perform the activities mentioned above independent from a business entity, are defined as Certified Public Accountants.

B) Subject of the profession of Sworn-in Certified Public Accountancy

In addition to the duties specified in sub-paragraphs (b) and (c) of Paragraph (A) above, the subject of the profession of Sworn-in Certified Public Accountancy also includes the

application of certification within the framework of the regulation to be promulgated in compliance with Article 12 of the Law.

Sworn-in Certified Public Accountants can not keep books related to accounting, cannot establish an accounting office and cannot become partners to the accounting offices already established.

Unauthorized Employment of the Professional Titles

ARTICLE 3. The employment of the titles of "Certified Public Accountant", and "Sworn-in Certified Public Accountant" by individuals legally unauthorized, and the employment of titles, signs and symbols simulating the said professional titles, or likely to cause erroneous identification, are prohibited.

The Chambers are required by Law to inform the Public Prosecutor, should they become aware of any such violations. The Chambers and the concerned individuals will be notified on the results of the investigation to be carried out by the Public Prosecutor.

General Conditions

ARTICLE 4. General conditions for being a member of the profession are as follows:

- a. To be a citizen of the Republic of Turkey (provisions for foreign Certified Public Accountants remain reserved).
- b. To be competent in exercising the civil rights.
- c. Not to be deprived of public rights.
- d. Not to be sentenced for offences against state security, offences against Constitutional order and the functioning of this order, offences against national defense, offences against secrets of the state and espionage, embezzlement, official corruption, bribery, theft, swindling, fraud, breach of confidence, fraudulent bankruptcy, bid rigging, corruption in performance of an obligation, laundering the value of assets gained via an offense or smuggling, irrespective of being sentenced to one or more years of imprisonment for intentional offences or granted amnesty, although the periods specified in Article 53 of Turkish Criminal Code have been passed.
- e. Not to be penalized by expulsion from the government service consequent to an investigation.
- f. Not to possess conditions incompatible with the honor and dignity of the profession.

Special Conditions Applicable to Become a Certified Public Accountant

ARTICLE 5. A - In order to become to become a Certified Public Accountant the following conditions apply:

- a. To have at least a B. A. degree in law, economics, business administration, accounting, banking, public administration and political science from a Turkish university, or from foreign universities offering degrees equivalent to their Turkish counterparts, on the condition that this equivalence is ratified by the Higher Education Committee, or to hold a post-graduate degree in one of the disciplines mentioned above, following an undergraduate degree received in a different branch.
- b. To have a practical experience of minimum 3 years.

- c. To pass the examination for Certified Public Accountants.

This condition does not apply to individuals authorized for tax inspection in compliance with the relevant legislation and to individuals who have passed the examination for sworn-in certified public accountants after achieving professional proficiency examination

- d. To receive a license as a Certified Public Accountant.

Practical Experience and Services Considered as Training Period

ARTICLE 6. Practical experience of certified public accountancy are gained at public practices of certified public accountants' or sworn-in certified public accountants' firms. In order to begin the practical experience it is a must to pass the practical experience entrance exam and to successfully complete the education program of the Education and Training Center established by the Union. The periods, not longer than six months, spent at the courses and seminars of the Education and Training Center are considered as practical experience periods. Those have services that considered as practical experience period as indicated in (a), (b), (c), (d), (e), (f), (g), (h) and (i) clauses of the second paragraph, are out of the context of this paragraph.

Below service periods are considered as practical experience period:

- a. Services performed in public services of the persons worked as authorized tax inspectors, following the said authorization.
- b. The service periods of inspection staff who are working at the Treasury Undersecretariat Board of Treasury Controllers having audit authorization according to the Law on the Structures and Duties of the Treasury Undersecretariat and the Foreign Trade Undersecretariat, No. 4059 and who are authorized with bank audit according to the Banking Law, No.5411,
- c. The service periods of persons who are working at the Capital Markets Board of Turkey authorized with audit according to the Capital Market Law, No.2499 and the service periods of experts of Turkish Accounting Standards Board established according to the Supplementary Article 1 of the same Law,
- d. The service periods of inspectors authorized with audit at the Inspection Board of Finance in Turkey according to the Law about Approving the Amended Prime Ministry Authority Decree, no.3056,
- e. The service periods of budget controllers, public accounts controllers and national estate controllers who are working according to the Decree on Structure and Duties of Ministry of Finance, No. 178,
- f. The audit service periods of inspectors and controllers of Ministry of Industry and Commerce who are authorized with audit at commercial companies according to the Law on the Structures and Duties of the Ministry of Industry and Commerce, No.3143 and Turkish Commerce Law, No.6762,
- g. The service periods of judges who are working at tax judgment,
- h. The service periods of bank inspectors, who have attended the profession with the competition examination and have passed the professional proficiency examination, at banks and public institutions and establishments from the date they are given the authority to make fiscal control throughout Turkey,
1. The service periods of the persons who are responsible from the management or auditing of the accounting by holding a signature authority of the first degree in the accounting

departments of the public establishments and of the private establishments that keep books according to the balance sheet principle and the service period of candidate professional members who have opened practical experience file at chamber and passed the practical experience entrance exam enforcing the practical experience requirements from the date they have passed the practical experience exam under the oversight and control of the certified public accountants or sworn-in certified public accountants working at this departments, not exceeding the number of them.

- i. The service periods of the persons who have worked as faculty member, academic or researcher in subjects listed in Paragraph (A) of Article 5 of this Law.

Certified Public Accountancy Examination

ARTICLE 7. The Certified Public Accountancy examination is conducted in written, by the Union.

The examination commission consists of 7 members. Two of these members represent the Ministry of Finance. Three of the members are selected among five candidates proposed by the Higher Education Council, and the remaining two are selected by the Ministry of Finance among the four candidates proposed by the Union.

The candidates for membership in the examination commission are required to have a graduate or post graduate degree in one of the subjects of law, economics, finance, accounting, management, banking, business administration, and are required to have worked in the relevant fields for fifteen years, or to have worked as a member of the teaching staff in a university for the same period.

Foreign Certified Public Accountants

ARTICLE 8. Individuals who are citizens of the countries which have officially codified the profession of Certified Public Accountancy may, under the condition of reciprocity, be authorized to render the services relevant to the rights they have acquired in their own countries, that are included within the scope of Article 2, upon the proposal of the Ministry of Finance, by the approval of the Prime Minister.

Serbest muhasebeci mali müşavirlere rapor düzenlettirme yetkisi ve sorumluluk

ARTICLE 8/A-

The Ministry of Finance is authorized to the Certified Public Accountants who have been authorized by the Law that have CPAs prepare a report based on the return to be made within the scope of Value Added Tax Law No. 3065 dated 25/10/1984; determine the qualifications and conditions to be sought for CPAs to issue reports in this context; determine the return types and maximum refund amounts that can be prepared, participate in the trainings and be successful in the trainings carried out according to the principles and procedures determined by the Ministry of Finance; to participate in the training in accordance with the principles and procedures to be determined, and to determine the other principles and procedures related to implementation, provided that they are limited to the period and taxpayers who have signed their declarations.

Certified Public Accountants are responsible for the accuracy of the reports prepared for the return. In case the report is not correct, limited to the scope of the report, CPAs shall be jointly and severally liable together with taxpayers.

Special Conditions to become a Sworn-in Certified Public Accountant

ARTICLE 9. In order to become to become a Sworn-in Certified Public Accountant the following conditions apply:

- a. At least ten years of experience as a Certified Public Accountant,
- b. To pass the Sworn-in Certified Public Accountant examination
- c. To receive a license for practicing in the field of sworn-in certified public accountancy.

To the effect that, the service periods of those individuals authorized for tax inspection at public institutions or establishments, following such authorizations and the service periods of the persons who are responsible from the management or auditing of the accounting by holding a signature authority of the first degree in the accounting departments of the private establishments that keep books according to the balance sheet principle, service period passed in sworn-in certified public accountancy and certified public accountancy firms; service period of certified public accountants adherent to a business work in that business, as well as the service period of those who have been appointed as an faculty member or academic in one of the fields of law, economics, finance, accounting, business administration, public administration or political science are considered as service periods spent as certified public accountant. But, the service period of those individuals, who are not successful in the proficiency examination from the individuals who are authorized for tax inspection in compliance with the relevant legislation, passed in the public institutions and establishments not having tax inspection authority after the examination date have not been taken into consideration.

Persons who have been authorized for tax inspection and who have passed the professional proficiency examination in compliance with the relevant laws after passing the proficiency exam can participate the Sworn-in Certified Public Accountancy examination according to general conditions. However, in order to have the Sworn-in Certified Public Accountancy certification they should complete period indicated at the (a) clause of the first paragraph.

Sworn-in Certified Public Accountancy Examination

ARTICLE 10. The for Sworn-in Certified Public Accountant examination is conducted in written by the Union. Ministry of Finance is authorized to take necessary actions to make the examination fair, objective and eligible for its legislation.

The examination commission consists of 7 members including a chairman. The Chairman and the members of the Examination Commission are selected by the Ministry of Finance, four are among the tax auditors of the Ministry of Finance, one is among two candidates proposed by the Higher Education Council, and two are among four candidates proposed by TURMOB.

The candidates for membership in the examination commission are required to have a graduate or post graduate degree in one of the subjects of law, economics, finance,

accounting, management, banking, business administration, and are required to have worked in the relevant fields for fifteen years, or to have worked as a member of the teaching staff in a university for the same period.

Terms of reference of the examination commission, examination issues and other procedures and principles about examination are set in regulations issued by the Union taking the relevant opinion of Ministry of Finance.

In the case of the results of the examination for the certified public accountants and sworn-in certified public accountants are submitted to the court and expert examination is required by the court, a triple expert group is assigned consist of one central tax auditor of Ministry of Finance, one professional member having expertise in relevant field and one teaching staff having expertise in sued examination issue provided that they have not served in examination commission.

Oath Taking

ARTICLE 11. Persons accepted for the profession of sworn-in certified public accountancy, take an oath written below in the Court of First Instance, before initiating in the profession:

"Being fully aware that the profession of sworn-in certified public accountancy is a public service, I swear upon my honor that I shall obey the laws of the Turkish Republic, and the rules, and ethics of the profession, that I shall remain fully independent, impartial and honest in the performance of my profession, and that I shall exert utmost care and attention in my undertakings “.

Certification and Responsibility

Article 12. Sworn-in Certified Public Accountants certify the compliance of the financial statements and tax returns prepared by individuals and entities and the enterprises and establishments thereof, with the provisions specified in the legislations, accounting principles and the accounting standards, and further certify that the accounts have been inspected in accordance with the auditing standards.

The documents to be certified by sworn-in Certified Public Accountants, subjects of certification and the rules and principles applicable to certification are determined by the regulations issued by the Ministry of Finance, by taking into consideration the types of liabilities of the individuals or entities, fields of business and turnovers, foreign currency generating transactions, imports and exports, types and amounts of investments and the offices to which these documents will be submitted.

Certified financial statements submitted to public institutions and establishments pursuant to the laws, are considered as documents investigated within the framework of the certification, by the officials of the relevant public institution or establishment. However, issues related to the exercise of authorities of inspection and investigation granted to public administration through various laws and the recurrence of such authorizations if and when deemed necessary, remains reserved.

Sworn-in Certified Public Accountants are responsible from the verifiability of the certification. If a defect occur in the verifiability of the certification, the concerned sworn-in

Certified Public Accountants shall be held responsible jointly and successively with the liable taxpayer in the penalties and the tax losses, confined to the content of the certification.

Sworn-in Certified Public Accountants clearly specify the content of the certification in their reports. The responsibilities of the performers of the profession in compliance with the provisions of this Law as regards to the tax laws and other legislations are reserved.

Sworn-in Certified Accountants' financial and disciplinary responsibilities arising from tax audit are separately determined by a separate report. In this context, the written defense of the sworn financial advisor is required for the written account of the sworn accountant. In this context, a written defense of the sworn accountant is requested to be able to write a responsibility report on the sworn-in certified public accountant. If the defense is not submitted within thirty days following the notification date, sworn-in certified public accountant is deemed to have waived the right of defense.

In accordance with the provisions of this Law, the responsibilities of those who practice are subject to tax laws and other laws.

Persons not to be Employed in Positions Related to the Profession

ARTICLE 13. Members of the profession may not employ persons who are prohibited to perform the profession in their own or associate offices and may not cooperate with such persons on any issue whatsoever.

PART TWO

CHAMBERS OF CERTIFIED PUBLIC ACCOUNTANTS AND SWORN-IN CERTIFIED PUBLIC ACCOUNTANTS

Chambers, Qualitative Characteristics and Limits of Activity

ARTICLE 14. Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants are established separately. Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants are professional organizations regarded as legal entities with the qualities of public institutions, and are established for the objectives of meeting the needs of the members of the profession, facilitating their professional activities, providing the development of the profession in compliance with common benefits, maintaining professional discipline and ethics, and providing the prevalence of honesty and mutual confidence among the members of the profession and in their relations with the entrepreneurs.

The term "chamber" used within the context of this Law implies the chambers of Certified Public Accountants and Sworn-in Certified Public Accountants, to be established separate from one another.

Chambers may not be involved in operations other than their establishment objectives.

Establishment of Chambers

ARTICLE 15. A chamber is established in centers of provinces where at least 250 members of the profession are available and in towns where at least 250 members of the profession are available in the region (except the towns within the region of the metropolitan municipality). Separately established chambers of Certified Public Accountants and Sworn-in Certified Public Accountants are referred by the name of the provinces or the towns in which they are established. However, in order to establish a chamber in a town, at least 100 professional members should have written application.

In provinces where sufficient number of performers of the profession are not available, and therefore relevant chambers are not established, the affiliation of the said region to the nearest chamber, or the decision as to whether or not a regional chamber would be established, is taken up by the Union. The Ministry of Finance is then notified on the relevant decision.

The chambers acquire legal personality, upon informing the Ministry of Finance through the Board of the Union.

The non-member performers of the profession may not deal in professional activities.

Decisions concerning the termination of the duties of the responsible organs of the chambers who have activities other than their objectives and the election of new organs, are adopted by the local Court of First Instance following the demand of the Ministry of Finance the Local Prosecutor by following a simple judgment procedure and the law suit is concluded within three months.

In case of the termination of the duties of the organs specified in the fifth paragraph by the court, a total of five members are assigned among the Board of the Chamber for the Chamber's Board, and among the Board of the Union for the Union's Board in order to assemble the organs to select the organs terminated thus, in compliance with the procedures specified in this Law. The election is concluded by the five persons assigned as such. During the period of assignment, the said five persons are considered to have the same authorizations and duties as the organs terminated and are held equally as responsible. The new organs to be elected in compliance with the provisions of this Paragraph complete this assignment periods of the previous organs.

The assigned organs of the chambers are responsible for implementing the decisions regarding the operations of the organs of the Chamber, adopted by the Minister of Finance as the competent authority for certification in compliance with the provisions of this Law. The provisions regarding termination, specified in the aforementioned paragraphs are equally applicable to the organs of the chamber, should the said organs fail to implement the decision of the Ministry, the decision of the administrative court on the cessation of the execution, or the execution process; or should they refuse to implement the relevant decisions without a valid legal reason, or should they adopt a new decision which implies a persistence in adherence to the previous decision, or should they refuse to fulfill the procedures obligated by the Law, albeit the warning of the Ministry.

The organs terminated thus are replaced by new organs in not later than one month. The newly elected organs complete the assignment periods of the previous organs.

The penal responsibilities of the members of the organs which have been terminated are reserved. The dispositions of the organ, which have caused their termination, are null and void.

However, in cases when a delay in any such action is considered as a drawback in the circumstances as national security, public order, avoidance of commit a crime or continuance of a crime, the activities of the chamber can be dismissed by the governors of provinces. The decision concerning dismissal should be submitted to the judge in charge within twenty-four hours. The Judge should announce his/her decision within forty-eight hours otherwise this administrative decision abolished automatically.

Provisions regarding dismissal and termination of duties are not applied to the General Assembly of the chamber.

Incomes of the Chambers

ARTICLE 16. Incomes of the Chambers are listed below.

- a. Entrance fee to the Chamber
- b. Annual membership fees
- c. Donations and gifts
- d. Fees of professional education courses and practical experience fee and other various incomes.

Professional members employed in governmental institutions and those who are not in practice in actual terms may pay their entrance fee to chamber and annual membership fee at a discount rate of %50.

Organs of the Chambers

ARTICLE 17. Organs of the Chambers are as follows

- a. General Assembly
- b. Board
- c. Disciplinary Board
- d. Supervisory board

Formation of the General Assembly of the Chambers

ARTICLE 18. General Assembly is the highest organ of the chamber and is formed by the participation of all the members of the profession registered to the Chamber.

Duties of the General Assembly of the Chambers

ARTICLE 19. Duties of the General Assembly are disclosed below:

- a. To adopt the necessary resolutions and measures for the fulfillment of the objectives of the chambers.
- b. To elect the members of the Board, Disciplinary Board and the Supervisory board and the representatives of the Union,
- c. To provide the necessary authorization to the Board for the purchase of the necessary immovable, and the sale of present immovable.
- d. To review the proposals to be made to the Board and to adopt resolution concerning the said proposals.
- e. To make proposals to the Union on the adoption of professional decisions that would have a binding effect among the members of the profession.
- f. To approve the annual budget and the final accounts.
- g. To discharge the Board, to decide upon disciplinary investigations on the responsible persons when deemed necessary.
- h. To determinate entrance fees for the prospective members of the Chamber and annual fees for the registered members, and the days on which such charges become due.
- i. To review and accept the report of the Board.
- j. To review and resolve other issues included within the duties of the Chamber, upon the agenda, or upon the request of the members.
- k. To perform other duties required by Law.

General Assembly Meeting of the Chambers

ARTICLE 20. General Assembly meets every three years during the month of May upon the call of the Chairman to discuss the budget and other issues included within the agenda and to make the necessary elections.

Chairman of the Board of the Chamber, Board and the Supervisory board may call the General Assembly for a meeting when deemed as necessary.

Chairman of the Chamber's Board is required to call the General Assembly for a meeting within 15 days, with a written request specifying the issues to be discussed by one fifth of the members registered to the Chamber.

Registered members of the Chamber are called to the assembly in writing. The letter of invitation is mailed at least 10 days prior to the date of the assembly, as registered letter, delivered to the member through hand. The invitation letter would specify the place, date, time and the agenda of the assembly. Should the required majority not be present at the first meeting, the date, time, place and agenda of the second meeting is also specified in this letter of invitation.

Meeting of the General Assembly is realized upon the attainment of absolute majority among the members of the Chamber. Should the necessary majority not be achieved during the first meeting, the second meeting to be held would carry no requisites regarding the attainments of a majority. However, the number of members attending the assembly may not be below twice the amount of the principal members of the Board, Disciplinary Board, and Supervisory board.

Both in cases of the ordinary and the extraordinary assemblies, the first process to be is the election of a chairman to the assembly, and a Board of Presidency, consisting of deputy chairman and two secretaries. The elections are held separately upon voting m, unless otherwise indicated by the General Assembly and those who obtain the majority of are elected.

Decisions adopted during the assemblies are based upon absolute majority to be achieved among the attendant members of the assembly.

Chairman of the Chamber and members of the Board and Board of Supervision may not be elected to the board of presidency.

Formation of the Board of the Chambers

ARTICLE 21. Board consists of five principal and five reserve members in chambers having less than a thousand member, seven principal and seven reserve members in chambers having between a thousand and five thousand members and 9 principal and 9 reserve members in chambers having more than five thousand members to be elected from amongst the members of the General Assembly, by the members of the Board for three years.

Board selects a chairman, a deputy chairman, treasurer and a secretary among its members through secret voting.

The legal representative of the Chamber is the Chairman of the Board.

Should a vacancy occur among the principal members of the Board, respective reserve members receiving the highest votes are charged to replace the said vacancy. The newly elected member is then called to the first meeting.

Should the Board collectively resign from their posts, or should the number of principal members decline below half with no reserve members available, General Assembly of the

Chamber is called to meeting by the supervisors of the Chamber or the Ministry of Finance and new elections are held to complete the assignment periods of the boards.

Competence for being elected

ARTICLE 22. Members of the Board are elected from amongst the at least three years registered members of the Chamber, who carry professional activities in actual terms by abiding to the provisions of this Law as in practice or in business. Three years requirement is not applied in chambers having less than hundred members. Members elected as chairman of the Board two times at two consecutive election periods, cannot be elected as members of the Board unless two election periods passed.

Duties of members of the Board terminate, once they lose their competence for being elected.

Duties of the Board of the Chambers

ARTICLE 23. Duties of the Board

- a. To prepare the budget proposal of the Chamber and to submit this proposal to the approval of the General Assembly.
- b. To report the General Assembly on its operations and to implement the resolutions of the General Assembly.
- c. To authorize the Chairman of The Board or a member of the same board, for the purchase or sale of movable and immovable property, to mortgage and to establish and release rights on such property.
- d. To perform other duties attributed by laws.

Meetings

ARTICLE 24. The Board normally meets once a month or, it may be called for a meeting by the Chairman of the Board directly, or upon a written request to be submitted by at least two members which include the subject matter of the meeting.

Board meets when absolute majority is established. The adoption of the resolutions also requires the accomplishment of absolute majority. In case of the equal amount of votes be received by all sides, the side among which the vote of the Chairman of the Board is included, becomes the dominant side. Chairman of the Chamber's Board and members of the Board do not participate in the discussion of issued related their main operations.

Minutes of the meetings, regarding the resolutions adopted by the Board is signed by the Chairman and the members.

Members of the Board are called to the meeting by a letter. Any member failing to attend three consecutive meeting without a valid excuse are considered to have resigned, upon the decision of the Board.

Objection regarding the said resolution may be raised to the Union within fifteen days as of the date of publication of this notification.

Disciplinary Board of the Chambers

ARTICLE 25. Disciplinary Board of the Chamber consists of three members in chambers having up to 50 members, and five members in chambers having more than 50 members. Furthermore one reserve member is elected in chambers that have 3 of Disciplinary Board members and three reserve members are elected in chambers that have 5 members in Disciplinary Board.

Members of the Disciplinary Board are elected for three years from amongst the at least three years registered members of the Chamber, who carry professional activity in actual terms by abiding to the provisions of this Law as in practice or in business. Three years requirement is not applied in chambers having less than hundred members. Members whose assignment periods terminate may be reelected.

Members elect a chairman among themselves. Should the members resign from their posts, reserve members are elected to replace them.

Disciplinary Board convenes upon the presence of at least three members. Decisions are adopted upon the achievement of absolute majority. Should equal votes be received, the side among which the vote of the Chairman of the Board is included becomes the dominant side.

In the absence of the Chairman, the most experienced member of the profession presides over the Board.

Objection may be raised against the decisions of the Chamber's Disciplinary Board within thirty days as of the date of notification.

Duties of the Disciplinary Board of the Chambers

ARTICLE 26. Duties of the Disciplinary Board consist of undertaking disciplinary investigations upon the relevant decision of the Board of the Chamber, to adopt and implement the decisions and penalties related to the discipline and to execute other authorizations attributed by the Law.

Supervisory Board of the Chambers

ARTICLE 27. Members of the Supervisory Board consists of three members to be elected for three years from amongst the at least three years registered members of the Chamber, who carry professional activity in actual terms by abiding to the of this Law as in practice or in business. A reserve member is also elected. Three years requirement is not applied in chambers having less than hundred members.

Members of the Supervisory board elect a chairman among themselves in their first assembly.

Supervisory board is responsible from supervising the transactions and accounts of the Chamber and from the preparation and the presentation of a relevant report to the General Assembly.

PART THREE

UNION OF CHAMBERS OF CERTIFIED PUBLIC ACCOUNTANTS AND SWORN- IN CERTIFIED PUBLIC ACCOUNTANTS OF TURKEY

ARTICLE 28. Union of Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey is established upon the participation of all the chambers related to Certified Public Accountants and Sworn-in Certified Public Accountants.

The term "Union" employed in this Law refers to the Union of Chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Turkey.

The Union is a professional body having the qualitative characteristic of a public institution, having a legal personality.

The union headquarters is in Ankara.

The Union may not be involved in any activities other than its objectives.

The provisions of the fourth and successive paragraphs of Article 15 are applicable to the responsible boards of the Union who fail to comply with the restrictions specified in the aforementioned paragraph.

Duties of the Union:

ARTICLE 29. Duties of the Union are listed as follows:

- a. To perform activities related to the development of the profession.
- b. To protect the interests of the members of the profession and to preserve professional ethics, order and the traditions.
- c. To present opinions to the competent authorities on issues related to the Chamber.
- d. To provide ultimate settlements to disagreements likely to arise between different chambers and to determine the professional rules that should be obeyed.
- e. To prepare the regulations that will be issued in compliance with this Law.
- f. To become a member to national and international establishments and to participate in international meetings.
- g. To perform the duties to be attributed by the Ministry of Finance.
- h. To perform other duties attributed by Law and to present the required information and opinions to the competent authorities on issues related to the profession.

Funding of the Union

ARTICLE 30. Funding of the Union consist of the shares to be received from the income of the member chambers of the union revenues to be received from properties belonging to the union license fees, and donations and aids to be received within the framework of general provisions.

Organs of the Union

ARTICLE 31. Organs of the Union are given below.

- a. General Assembly
- b. Board
- c. Disciplinary Board
- d. Supervisory board

General Assembly of the Union

ARTICLE 32. General Assembly of the Union consists of the representatives to be elected from amongst the members of the union. Each chamber elects a representative at a rate of one for every seventy-fifth of its total members, and an equal amount of reserves in addition to elect three representatives without depending on its number of members.

The representatives are elected for a period of three years at the general assembly meeting of each chamber. Reelection is possible.

Duties of the General Assembly of the Union

ARTICLE 33. Duties of the General Assembly of the Union are given below:

- a. To select the members of the Board, Disciplinary Board and the Supervisory Board.
- b. To scrutinize and approve the regulations and reports to be prepared by the Board of the Union.
- c. To establish cooperation among the groups and to adopt the necessary measures and decisions to encourage such developments.
- d. To discuss and reach a resolution on budget and final accounts of the union, to determine the rate of shares to be collected from the chambers.
- e. To provide the Board the necessary authorization for the purchase of the necessary immovable and for the sale of the existing ones.
- f. To adopt required professional decisions. ,
- g. The discharge the Board to decide upon, disciplinary investigations on those who are held responsible.
- h. To perform other duties attributed by the Law.

General Assembly of the Union

ARTICLE 34. General Assembly is held every three years upon the call of the Chairman of the Union's Board.

Chairman of the Board of the Union may call for a meeting on occasions deemed appropriate by the Board or the Supervisory Board of the Union. Furthermore, the call of the General Assembly for an extraordinary meeting is requisite upon a written request submitted by one-fifth of the present representatives.

The date, place, time and agenda of the meetings are announced at least twenty days prior to the date of the meeting in a newspaper with circulation of more than one hundred thousand and are further notified to the delegates with a registered letter. Should absolute majority not

be achieved upon the said announcement and the registered letter, the date, place, time and agenda of the second meeting to be held is announced.

General Assembly meets upon the establishment of the absolute majority among the representatives. If absolute majority not be achieved during the first meeting, the requirement for majority is not sought for the second meeting. However, the amount of representatives attending the second meeting may not be less than twice the amount of the principal members of the Board, Disciplinary Board and the Supervisory board.

General Assembly meetings are held on the date, place and time specified in the announcement. The representatives attend the location of the meeting by signing the space provided in the list next to their names. Once the inauguration is made by the chairman of the administrative board, or by a member of a committee assigned as such, a Chairman, a Deputy Chairman and two secretaries are elected to direct the meeting.

Issues disclosed in the agenda previously mentioned are discussed in the meetings of the General Assembly. However, issues proposed upon the signature of two fifth of the General Assembly representatives of the Union are also included within the agenda.

Decisions in the General Assembly meetings are adopted upon the absolute majority of the members attending the General Assembly meeting.

The meeting is directed by the Chairman; the secretaries prepare the minutes of the meeting and sign it with the Chairman.

Board of the Union

ARTICLE 35. Board of the Union consists of nine principal and nine reserve members elected for three years among the members of the Union's General Assembly who are at least three years registered members of the Chamber, who carry professional activity in actual terms by abiding to the provisions of this Law as in practice or in business. Five of the members of the Board of the Union are required to be sworn-in certified public accountants. Members elected as chairman of the Board of the Union two times at two consecutive election periods, cannot be elected as members of the Board unless two election periods passed.

The chairman and the members of the Board of the Union, reserving the provisions of the Law regarding to election, have the right to participate in the meetings of The General Assemblies and vote.

Board elects a Chairman, a secretary general and a treasurer among its members. Chairman of the Board is selected among the Sworn-in Certified Public Accountants who at least five-years experience. If the chairman as such not be available, the person to be appointed by the chairman presides over the meeting.

The legal representative of the Union is the Chairman of the Board.

Should a vacancy occur among the principal members of the Board, the reserve number who have received the highest number of voted are elected to replace the said vacancy. The newly elected member is called to the first meeting.

Duties of the Board of the Union

ARTICLE 36. The duties of the Board are as follows:

- a. To implement the decisions of the General Assembly
- b. To make acquisitions and to commit undertakings on behalf of the Union, within the framework of the authorizations bestowed by the Law.
- c. To purchase and sale movable and immovable property, to mortgage and to establish and release rights on such property, and to authorize the chairman or a member of the Board for such transactions.
- d. To prepare and implement the budget.
- e. To present the list comprising the entrance and annual membership fees and professional education and practical experience fees proposed by the Chamber to the approval of the Ministry of Finance.
- f. To present the minimum wage tariffs, prepared in compliance with the views and opinions of the chambers to the approval of the Ministry of Finance.
- g. To held the examinations deemed as necessary by the provisions of this Law.
- h. To provide professional licenses.
- i. To perform other duties attributed by the Law.

Meetings

ARTICLE 37. Board is called to a meeting directly by the Chairman of the Union, or upon the presentation of written request by at least two members, disclosing the proposed subject matter to be discussed at the meeting.

Board convenes upon the accomplishment of absolute majority; accordingly, decisions are adopted upon the accomplishment of absolute majority among the members.

If the equal amount of votes be received by all sides, the side among which the vote of the Chairman of the Board is included becomes the dominant side. Chairman of the Union's Board and members of the Board do not participate in the discussion of issued related their main operations.

Minutes of the meetings, regarding the resolutions adopted by the Board is signed by the Chairman and the members.

Members of the Board are called to the meeting by a letter. Any member failing to attend three consecutive meeting without a valid excuse are considered to have resigned, upon the decision of the Board.

Disciplinary Board of the Union

ARTICLE 38. The Disciplinary Board of the Union consists of five principal and five reserve members elected for three years from amongst the members of the Union's General Assembly who are at least three years registered members of the Chamber, who carry professional activity in actual terms by abiding to the provisions of this Law as in practice or in business.

Disciplinary Board of the Union is responsible from inquiring about the objections to be made against the decisions of the boards of discipline of the chambers, and to take the necessary decisions on these issues.

Resolutions of the Union's Disciplinary Board related to the rejection of the objections become decisive upon the ratification of the Ministry of Finance.

The assembly of the Union is held upon the achievement of absolute majority and accordingly, decisions are adopted upon the accomplishment of absolute majority among all the members. In the case of the equal amount of votes be received by all sides, the side among which the vote of the Chairman of the Board is included, becomes the dominant side.

Supervisory Board of the Union

ARTICLE 39. The Supervisory Board of the Union consists of three principal and three reserve members elected for three years from amongst the members of the Union's General Assembly who are at least three years registered members of the Chamber, who carry professional activity in actual terms by abiding to the provisions of this Law as in practice or in business. At least one member of the Supervisory Board must be Sworn-in Certified Public Accountant. Reelection is available.

The Supervisory Board is responsible from supervising the transactions and accounts of the Union and from presenting a report to the General Assembly. Supervisors may participate in the meetings of the Union's Board; however, may not vote.

PART FOUR

MISCELLANEOUS PROVISIONS

Principles Regarding the Election of the Organs of the Chamber and the Union

ARTICLE 40. Elections concerning the organs of the Chambers and the Union are based upon secret vote system and the procedures of the election are held under the superintendence of the lawsuit, based upon the following principles:

Three copies of the list disclosing the names of the members for the chamber and union elections are handed under to the head of the election committee of the district at least 15 days before the General Assembly where the selection to be made, along with a notification disclosing the agenda, date and place of the meeting, and the relevant information regarding the second meeting to be held, should the required majority not be accomplished during the first one. In the existence of more than one election committees within one district, the election committee to be assigned for the task is determined by the Higher Council of Election. The meeting dates are required to be determined until a Saturday evening by taking into consideration the other issues included within the agenda and the elections should be organized to be held on the following day (Sunday), between 9:00am and 5:00 pm.

The judge provides the necessary approval to the list determining the names of the members joining the elections and to other issues previously mentioned, after revising all the relevant forms and documents. The approved list and other relevant matters are publicly announced for a period of three days by putting on display on the notice boards.

Objections to be made to the announced list during the period of display are examined by the judge and a decision is reached within two days by latest.

Lists thus finalized and other details pertaining to the meeting are ratified and delivered to the concerned chamber or union.

The judge assigns an election committee which consists of a chairman and two members who are employed in the public sector and who are not candidates in the elections. Likewise, three reserve members are also determined in the absence of the chairman to the election committee, the most senior member presides over the said committee.

The election committee is responsible from the performance and organization of the elections in compliance with the principles determined by the Law, and the counting of ballots and remains in charge incessantly until the election process and the counting of ballots are completed.

Should more than four hundred members exist, a ballot box is placed for each four hundred voters and a separate committee is established for each ballot box. Materials and equipment to be utilized in the elections are furnished by the election committee of the district; the locations where the ballot boxes will be installed are determined by the judge.

Members can become a candidate independently or from the lists they constitute among themselves. Separate ballot papers are prepared for Board members and Union's General Assembly representation. Candidates from the group lists are listed under the related group

name, but independent candidates are listed separately in the ballot papers. Ballot papers are prepared to indicate that which group or independent candidate will be voted for which board member, they are duplicated showing square boxes to tick placed beside the names of group names and independent candidates; they are used after sealed with election committee of the district seal. Votes are used by means of signing the boxes beside the group or independent candidates' names. The voting processes based upon secret voting and public ballot accounting system. The member of the profession whose name is not included within the list may not vote. Voting is held following the confirmation of the identity of the voter through the presentation of a special identity card provided by the chamber of the relevant government institution and the signing of the space provided in the list beside the voter's name. The votes are used by inscribing on papers bearing the seal of the election committee, to be provided by the chairman of the district election committee separately for each election, and by inserting the sealed papers into the sealed envelopes. Votes not presented on the sealed papers or envelopes are considered as invalid.

The names of the groups and independent candidates in the elections are written one under the other and align with the valid votes. The number of votes is divided into first one, then two and then three...and go on until they reach the number of the members of that board and Union's General Assembly representative including reserve members. The obtained shares and received votes of independent candidates are ranging in descending order. Principle and reserve members of the Board and principle and reserve representatives of Union's General Assembly are allocated according to groups and independent candidates' order size of the numbers. For the last member or representative, if the votes are equal, they are allocated by drawing lots among themselves. Allocation of member of Board and representatives of Union's General Assembly for groups is made according to the order in ballot paper.

Members can only serve in one of the boards of directors, supervisory and disciplinary boards.

At the end of the election process, the results of the elections are determined by minutes and are signed by the chairman and other members of the election committee. If more than one ballot box is, employed in the elections, the separate minutes are compiled and merged by the judge. The temporary results of the elections are made known to the public by displaying a copy of the minutes at the election location. The ballots used at the elections and other documents are delivered to the election committee of the district, along with a copy of the minute box, to be preserved for a period of three months.

The procedures implemented throughout the election process and the objections to be raised against the election results are enquired by the judge on the same day and a binding decision is reached. In the aftermath of the deadline for the objections and the adoption of final decisions, the judge announces the final results in compliance with the aforementioned provisions and notifies the union and the concerned chamber on the election results.

Should the judge decide upon the cancellation of the election due to the determination of an irregular or unlawful implementation; he is required to determine the Sunday on which the renewal of the election would be held, and to notify the union and the concerned chamber in not less than one month and not more than two months. On the predetermined date, only elections are held and the procedures regarding the elections are carried out in compliance with the other provisions of the law disclosed in this article.

The wages of the judge, the chairman of the district election committee and the members are determined by the provisions disclosed in the Law concerning the Basic Principles of the Elections and the Registration of the Voters. Allowance for such wages and other expenses pertaining to the elections are provided from the budgets of the Union and the concerned chambers.

Crimes to be committed against the chairman and other members of the election committee are penalized in the same manner with the crimes committed against the government officials.

Persons, who have not complied with the measures implemented by the judge and the election committee regarding the election process, receive disciplinary penalties pursuant to the Law according to the degree of their crimes.

Supervision of the Chamber and the Union

ARTICLE 41. The Ministry of Finance is authorized to supervise the organs of the chambers and the union to determine whether or not the said organs have performed their duties and their financial operations in compliance with the provisions of the Law.

Chambers are required to complete the information about their current members as of each year-end that will be requested by Ministry of Finance until the end of January.

Chambers and the Union publish their annual reports and financial statements until the end of January of the following year in their web sites in order to remain them till the end of the year.

To Represent the Union and the Chambers at Abroad

ARTICLE 42. Participation in international meetings and congresses as a representative of the chambers or the union is subject to a special permission of the Ministry of Finance.

Secrets of the Profession

ARTICLE 43. Members of the profession and their employees may not expose the classified information and secrets they have acquired during the practice of their businesses and may not benefit from the rights and privileges bestowed on the informers.

However, facts considered as offenses should be denounced to the competent authorities.

Judicial or administrative investigations or enquiries should be kept outside the scope of the provisions of the first paragraph.

Testimony is not considered as an exposure.

The aforementioned provisions also apply to the personnel of the union and the chambers.

Professional development training

ARTICLE 44. Members of the profession are required to attend professional development and training seminars organized by the Union and chambers in order to continue their

professional activities actually. Procedures and principles regarding issues about on-the-job training, training programs and their durations as well as other issues are determined by regulations.

Prohibitions

ARTICLE 45. Certified Public Accountants by using their title, and Sworn-in Certified Public Accountants by using their title and the authorization for certification, may not serve real and legal personalities and may not be employed in their offices on the basis of contract for purposes of performing the works specified in Article 2 of this Law; may, not become involved in commercial enterprises and may not perform deeds that contradict the honor and dignity of the profession.

Sworn-in Certified Public Accountants may not become engaged in the business affairs of their spouses (even if divorced), their parents, children, and their relatives and the third degree relatives (included), and the firms of which such persons are partners; and may not certify the transactions carried out by Sworn-in Certified Public Accountants who have become involved in the affairs of their relatives with the above mentioned kinship ties.

Charity and scientific institutions, public economic enterprises, public economic organizations and their establishments and, related entities and subsidiaries that are subject to the Legislative Decree No. 233 on Public Economic Enterprises, the corporations where the public administrations are directly or indirectly shareholders and the corporations that are under the Savings Deposits and Participation Funds administration providing that they are not performing the activities within the scope of this Law, the chairman, membership and supervisor of the board of those enterprises and corporations and expertise and liquidator positions are not considered as deeds incompatible with the profession.

More than one members of the profession may associate their works in the form of a certified public accountancy or sworn-in certified public accountancy partnership office or a company. The operations carried out in offices as such are not deemed as commercial activities. In the case of this performance of the operations under a Partnership office or a company, the penal responsibility to occur from any operation shall be attributed to the person who has performed the operation under question.

To acquire business, members of the profession may not become involved in activities which might be considered as an advertisement. They may not employ other titles besides their professional titles specified in their licenses.

According to the Law No: 634 dated 23/06/1965, professional activities as certified public accountant or sworn-in certified public accountant can be carried out in independent sections of the main real estate as residential units without the permission of the floor owners and similar conditions. In this respect, the provisions in contrast to the management plan do not apply.

Fees

ARTICLE 46. Fee represents the amount that is equivalent to the services performed by members of the profession. The minimum basis for the fees is determined upon a tariff.

Undertaking of work below the minimum fee specified in the tariff is not allowed and acting otherwise shall be the subject of a disciplinary punishment.

Board of each chamber prepares a tariff indicating the fees to be charged in return for the works and transactions to be performed by Certified Public Accountants and Sworn-in Certified Public Accountants to gain effectiveness as of January of each year and forwards the said tariff to the Union.

Board of the Union determines the groups that include various chambers by taking into consideration the proposals submitted by the Board of the chambers concerned, prepares the tariffs applicable to each of the groups, and forwards them to the Ministry of Finance.

Ministry of Finance approves the tariff forwarded by the Board of the Union in its original form, or following the appropriate amendments. The tariffs gain effectiveness as of the date of their publication in the Official Gazette.

The provision of the current tariff remains in force until the new tariff is approved.

Offenses Related to Assignment

ARTICLE 47. Members of the profession are penalized in accordance with the provisions of the Turkish Penal Code relating to government officials, should an offense be committed by them during the performance or as a consequence of their assignments as such.

Disciplinary Penalties

ARTICLE 48. Members of the profession who act contrary to the honor and dignity of the profession, those who fail to perform their duties, or who upset the confidence that is a requisite of the profession, are penalized according to the sanctions mentioned below, and which varies according to the degree and gravity of the crime, to the effect of performing the accounting and consulting services in the appropriate manner.

Discipline penalties are as follows:

- a. Warning; implies a written notice delivered to the concerned member of the profession, indicating that the said person should be more attentive in the performance of his profession.
- b. Reproach; is a written notice forwarded to the member of the profession, notifying that the said member has been found defective in performance and manners.
- c. Temporary suspension of professional activities; is an implementation executed for a period of not less than six months and not more than one year, on the condition that the professional title remains reserved.
- d. Cancellation of the "Sworn-in" title; implies the annulment of the "Sworn-in" title of the Sworn-in Certified Public Accountants.
- e. Expulsion from the profession; in this case, the license of the member of the profession is cancelled and authorization to perform professional operations are denied for ever.

Those actions contrary to the ethics of the profession or against the honor and dignity of the profession and those who upset the confidence that is a requisite of the profession are

penalized by warning in the first instance and by reproach, in the recurrence of the same effect.

Those who fail to perform their duties independently, objectively and honestly, or those who act contrary to the general principles of this profession are penalized by the sanction of temporary withholding of professional activities.

Sworn-in Certified Public Accountants who have been determined and reported to have exploited the certification of authorization for false evidence, by the Ministry of Finance, are sanctioned by temporary withholding of professional activities on the first discovery; however, upon the continuation of the same misdeed, and when the said circumstance becomes conclusive upon the verdict of a court, the same person is penalized by cancellation of the "Sworn-in" title.

Sworn-in Certified Public Accountants, who have been determined upon a court verdict to have caused tax evasion in collaboration with the taxpayer, are penalized by expulsion from the profession.

A penalty heavier than the previous one may be imposed on a member of the profession who has been penalized on two or more occasions within a period of three years.

Professional members, who repeat the same punishable act following the imposition of two penalties regarding the temporary suspension of professional activities, are penalized by expulsion from the profession.

Boards of discipline may decide upon the imposition of a tighter or a heavier penalty. Prosecution and verdicts may not impede the execution of the investigation and the imposition of disciplinary penalties.

Disciplinary penalties may not be implemented without hearing the defense of the member of the profession. Those who fail to submit a defense within the period specified by the Disciplinary Board which should not be less than 10 days, are deemed as having given up their rights to defend themselves.

Disciplinary penalties are put into effect as of the date on which the verdict has been reached.

Criminal Sentence

ARTICLE 49. Those who act contrary to the provisions specified within Paragraph 1 of Article 3 are sentenced to imprisonment between six months to one year, and are charged with a penalty fine.

Those who act contrary to Articles 12/4, 13, 15/4, 43/1, 43/2 and 45/1 of the Law, are charged with penalty fine until a hundred days, should the misdeed not be punishable by a heavier penalty.

In the case of the application of the penalty regarding Article 12/4, an additional sentence of imprisonment which varies between six months to one year is executed, should the misdeed not be punishable by a heavier penalty.

Regulations

ARTICLE 50. The following provisions respecting this Law are organized in compliance with the regulations to be issued.

- a. Working principles and procedures of Certified Public Accountancy and Sworn-in Certified Public Accountancy.
- b. Working procedures of the examination commission to be established in compliance with Article 7, the basic principles of the examination process, subjects of the examination, training methods, training period and other relevant issues regarding the training to be received under Certified Public Accountants or Sworn-in Certified Public Accountants.
- c. Procedures regarding the certification transactions of Sworn-in Certified Public Accountants.
- d. Application procedures,
- e. Licencing and the employment of titles,
- f. Registration book for members, log book for the profession and professional registration number.
- g. Membership fees
- h. Possession of immovable property.
- i. Principles of professional fees
- j. Books and records to be kept by the professional members and the obligation for notification as such.
- k. The competent authority to adopt the necessary resolutions regarding disciplinary investigations, competent authorities imposing disciplinary penalties, methods and conditions applicable to the objections raised against the disciplinary penalties, and other provisions related to discipline
- l. Provisions related to the employment of the Chamber's personnel and their rights and fringe benefits.
- m. Other provisions related to the implementation of the Law.
- n. Principles and procedures regarding evaluation and examination boards, of whom should such boards consist of and the starting date and place of the work; to be conducted.

Regulations emphasized in paragraphs a, b, c, j, k, l, m are prepared by the Union of Chambers within one year as of the date of establishment of the Union. The said regulations are published in the official gazette, following the approval of the Ministry of Finance.

The regulation specified in paragraph (n) is issued by the Ministry of Finance within six months; all other regulations are issued by the Union within six months as of the date of establishment of the Union.

TEMPORARY ARTICLE 1 - As of March 1st 1989;

- a. Those who perform or who have performed the professional activities defined in Paragraph A, Article 2 of this Law without having been affiliated to a business concern,
- b. Those, who have been authorized for tax inspection in compliance with the laws and those who have been appointed as signatories to the first degree in the accounting units of public institutions in private establishments that prepare balance sheets, and who have been fully authorized from the management of the accounting unit or financial control

acquire the right to become independent accountants notwithstanding the requirement of higher education specified in Article 5, Paragraph (A/ a) of the Law, provided that they meet the required qualifications specified within Article 4 of the Law. However, persons as such may not be entitled as certified public accountant and may not use the said title.

Persons want to be independent accountant are required to present the documents confirming their previous activities to be received from the relevant tax offices or from the establishments and institutions in which they have worked, to the competent authorities to be designated by the Provisional Board and to receive an Authorization Certificate for Independent Accountancy.

Persons referred to in paragraph (a) of the article are required to present the aforementioned documents to the concerned authorities within 6 months in order to receive an Authorization Certificate for Independent Accountancy. The same period for persons referred in paragraph (b) is 5 years. Any delay with respect to the specified periods brings about the loss of this right.

Authorization Certificate for Independent Accountancy is then replaced by Independent Accountancy Certification after the foundation of the Union.

TEMPORARY ARTICLE 2 - As of the effective date of this Law, persons having the following qualifications are entitled to become certified public accountant, provided that they have received a bachelor degree in one of the fields of law, economics, finance, business administration, accounting, banking, public administration or political sciences, or a post graduate degree among one of the aforementioned fields, if they have received their bachelor degree in another subject:

- a. Of the inspectors of public banks authorized to make financial supervision throughout the country and tax inspectors designated as such in compliance with the relevant laws; those who have worked for a period of at least three years in the public sector, as of tax inspection authorization, and who have presently resigned from public service, and those who have been appointed as an instructor or, assistant professor, or professor in one of the fields of laws, economics, finance, accounting, business administration, public administration, or political science for a period of at least three years.
- b. Those who perform or who have performed the professional activities defined in Paragraph A, Article 2 of this Law without having been affiliated to a business concern at least five years
- c. Those who have been appointed as signature authorities to the first degree in the accounting units of public institutions in private establishments that prepare their books on balance sheet basis, and who have been fully authorized from the management of the accounting unit or financial control for a period of at least five years.

Among the candidates entitled to become Certified Public Accountants, those included within paragraphs (a) and (b) are required to present the documents to be received from the concerned tax offices or the relevant establishments and institutions confirming their work periods to the competent authorities within 6 months as of the effective date of this Law. The same period for persons included within paragraph (c) is 5 years.

The applicants who comply with the written provisions specified in this article are presented the title of Certified Public Accountant upon the issuance of a Certified Public Accountancy Permit by the Provisional Board.

The permit is then replaced by Certified Public Accountancy License after the foundation of the Union.

TEMPORARY ARTICLE 3 - As of the effective date of this Law, persons who have the qualifications specified in Article 4 and who have received a bachelor degree in one of the fields specified in Article 5, or a post graduate degree among one of the aforementioned fields, if they have received their bachelor degree in another subject, are entitled to become Sworn-in Certified Public Accountants, provided that they are included within one of the following group.

- a. Among those who have received authorization for tax inspection in accordance with the relevant laws, and succeeded in the test for proficiency, those who have a total work period of eight years including the period of service within the public sector and the subsequent period of work, performed in the fields of Finance, Accounting and Business Administration.
- b. Persons who have become professors in one of the fields of Law, Economics, Finance, Business Administration, Banking, Public Administration and Political Science.
- c. Those who have performed the professional activities defined in Paragraph A, Article 2 of this Law for at least 12 years without having been affiliated to a business concern, and those who have been appointed as signature authorities to the first degree in the accounting units of public institutions in private establishments that keep their books on balance sheet basis, provided that the annual average of the total current assets disclosed in the balance sheets of the taxpayers based upon the tax returns prepared by the concerned financial advisor during the last three years exceed TL. 10 billion.

Persons as such are entitled Sworn-in Certified Public Accountants upon the issuance of a Sworn-in Certified Public Accountancy Permit, by the Provisional Board. The permit is then replaced by Sworn-in Certified Public Accountancy License after the foundation of the Union.

TEMPORARY ARTICLE 4 - The duties attributed to the Chambers and the Union, are performed by the Minister of Finance until the establishment of the union and the chambers.

Provisional Board consists of ten members to be nominated by the Minister of Finance. Honorarium to be charged to the members is determined upon the approval of the Minister of Finance.

The Provisional Board form Appraisal Commissions in the provinces and regions deemed appropriate by the Minister of Finance, consisting of at least three members, until the establishment of the union and the chambers.

Pursuant to the provisions of the Temporary Article, those who may become Certified Public Accountants without taking the test and the candidates who want to take the Certified Public Accountancy examination apply to the Appraisal Commissions which will be formed as such. The examinations to be given to the applicants determined upon the resolution of the Assessment Commission are held by the Examination Commissions to be established by the Minister of Finance, until the completion of the foundation of the chambers and the union.

The Examination Commission consists of three members; one representative of the Minister of Finance and two university instructors. More than one examination Commissions may be established.

TEMPORARY ARTICLE 5 - Persons who are entitled to receive the title of the relevant profession pursuant to Temporary Articles 1, 2, 3, but who can not acquire the professional title by virtue of their position as being a member of the Grand National Assembly of Turkey or as a Mayor, as per the date on which the law has been put into effect, are returned their retained titles if they apply to the concerned chamber within one year, following the termination of their duties.

TEMPORARY ARTICLE 6 - Foreign independent auditor financial counselors who are not allowed benefit from the provisions specified in Article 8, until the adoption of the principle of reciprocity, are allowed to continue their operations until the end of the year, as of the date of effectiveness of this law.

TEMPORARY ARTICLE 7 - All expenses incurring in connection with the implementation of this Law are financed from the budget of Ministry of Finance, until the formation of the Union is completed and started operating.

TEMPORARY ARTICLE 8 - The condition regarding 5 years of experience does not apply during the election of the members of the Board, which will be carried out in compliance with Article 22 of this law, for a period of 6 years.

TEMPORARY ARTICLE 9 - As of the effective date of this Article; the examination requirement:

- a) for certified public accountancy are not apply to of those who are the inspectors of public banks authorized to make financial supervision throughout Turkey and tax inspectors designated as such in compliance with the relevant laws, those who have worked for a period of at least eight years in the public institutions and establishments as of tax inspection authorization, and those who have worked as an instructor or faculty member in one of the fields specified in first paragraph clause (a) of Article 5 for a period of at least eight years,
- b) for sworn-in certified public accountants are not apply to of those who have received authorization for tax inspection in accordance with the relevant laws, and succeeded in the test for proficiency those who have completed the period specified in first paragraph clause (a) of Article 9 and to those who have title of professor in the fields specified in second paragraph of the same article,

Before the effective this Article, of those who have received authorization for tax inspection in accordance with their relevant laws and succeed in the test of proficiency those who have not completed a service period of 10 years specified in first paragraph clause (a) of Article 9 are entitled to take sworn-in certified public accountant license provided that they are succeeded in the special sworn-in certified public accountancy examination to be made by Ministry of Finance of which principles and procedures are determined by the Ministry of Finance. However, they have to complete the period specified in the first paragraph clause (a) of Article 9 in order to take sworn-in certified public accountant license.

TEMPORARY ARTICLE 10 - As of the date of the elections made after 1/4/2008, members elected as chairman of the Board of a Chamber or the Union two times at two

consecutive election periods cannot be elected as members of the Board unless two election periods have passed.

At the elections made for the organs of the chamber and the Union and for members of Union General Assembly until 31/12/2008; the previous provisions of this Law before the amendments made are applied to the provisions regarding election principles in Article 40 and also duties and election periods and number of members of Board and Union General Assembly in Articles 20, 21, 22, 25, 27, 32, 34, 35, 38 and 39.

TEMPORARY ARTICLE 11 - Before the effective date of this Article, persons who have independent accountancy license and of those who are continuing practical experience for independent accountancy those who are successful may attend the education for professional coherence given by TURMOB not exceeding six months and may take special certified public accountancy examination for five times to be made within five years from the completion of this education. Those who are successful in these examinations become entitled to have the title of certified public accountant. Ministry of Finance and TURMOB jointly determine the subject matters and fees of education for professional coherence and also procedures and principles of the special examination.

Those who are not successful at the said examinations or who do not take examination can only work with the title “independent accountant” and cannot use the title “certifies public accountant”. They cannot carry on the activities indicated at Article 2 paragraph A (b) and (c), must abide prohibitions indicated at Article 45 and are subject to the regulations related to members of profession. Furthermore, the wages given to them for their activities and operations are continuing to be determined according to Article 46.

According to this article, those who are entitled to take the title of certified public accountant have to meet the following requirements in addition to the education requirements indicated at Article 5 paragraph (A) (a):

- a) The requirements indicated at Article 9 in order to take the sworn-in certified public accountancy examination;
- b) The requirements indicated at relevant legislation in order to make audit with the title of independent auditor according to their relevant laws.

TEMPORARY ARTICLE 12 - Before the effective date of this Article; the service periods of those individuals authorized for tax inspection at public institutions or establishments, following such authorizations and the service periods of the persons who are responsible from the management or auditing of the accounting by holding a signature authority of the first degree in the accounting departments of the private establishments that keep books according to the balance sheet principle or service period passed in sworn-in certified public accountancy and certified public accountancy firms as well as service period of certified public accountants work in a business are take into consideration in calculating the period indicated at first paragraph item (a) of Article 9.

Those whose licenses are cancelled on the ground that they have not completed the period indicated at the first paragraph item (a) of Article 9 are given sworn-in certified public accountant license without taking examination if they apply to the Union.

TEMPORARY ARTICLE 13 - At the first election to be made after the effective date of this Article, each Chamber selects Union's General Assembly principal members with the ratio of sixty percent of its members and reserve members up to the same number in addition to three principal members to be chosen without depended on number of members.

After the effective date of this Article, until the Annual General Meeting of the Union will be gathered, the Board of the Union is responsible for developing the regulations, that the Law prescribes the issues that the Union can develops regulation on, and amending the existing regulations; those regulations shall be issued on official gazette with obtaining the appropriate opinion of the Ministry of Finance. Related to these regulations, the (b) sub-title of the first paragraph of Article 33 shall not be applied.

The 2010 budgets of the Union and the Chambers shall be developed and implemented by the Board of the Union and the Chambers by way of increasing ten percent of the income and expenses of the 2009 budget.

TEMPORARY ARTICLE 14 - The previous provision of Article 5 paragraph A (b) that is not amended with this Law is applied the persons who have opened a practical experience file at chamber and have passed the practical experience entrance exam before the effective date of this Article.

Effective Date

ARTICLE 51. This law gains effectiveness as of its date of publication.

Execution

ARTICLE 52. The provisions of this law are executed by the Council of Ministers.