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## CIRCULAR 18/23

**Subject:** Determination of the Companies to be subject to Independent Audit

The decision regarding "the Determination of the Companies to be subject to Independent Audit" was published on the Official Gazette dated 26 May 2018 and no 30432 and came into force.

The companies subject to independent audit;

are subject to independent audit within the framework of the Law no 6102 and the Decree Law on Organization and Duties of the Public Oversight, Accounting and Auditing Standards Authority dated 26/9/2011 and no 660.

1. Companies specified in the attached list no (I) without depending on any criterion.
2. Other companies exceeding the threshold values of at least two of the following three criteria within two successive account periods:

Threshold values for the companies the capital market instruments of which are not traded in a stock exchange or other organized markets, but which are deemed as public under the Capital Market Law dated 6/12/2012 and no 6362:

1. The total assets are at the amount of 15 million Turkish Liras.
2. The annual net sales revenue is at the amount of 20 million Turkish Liras.
3. The number of employees is 50 persons.

Threshold values for the companies specified in the attached list no (II) (The details of the list are given below):

1. The total assets are at the amount of 30 million Turkish Liras.
2. The annual net sales revenue is at the amount of 40 million Turkish Liras.
3. The number of employees is 125 persons.

Threshold values for the companies which are not within the scope of those specified in the sub-items no (1) and (2):

1. The total assets are at the amount of 35 million Turkish Liras.
2. The annual net sales revenue is at the amount of 70 million Turkish Liras.
3. The number of employees is 175 persons.

Companies which are excluded from the scope

The following companies are out of the scope of this Decision:

a) Except for those included in the attached list no (I), the companies subject to the Law on Privatization Applications dated 24/11/1994 and no 4046.

b) Except for the companies specified in the attached list no (I) and in the item 5(b) of the attached list no (II), the companies of which at least 50% of their capital is owned by the state, the special provincial administrations, the foundation established by law and the other public institutions and organizations.

#### **LIST NO (I)**

1) From the companies subject to the regulation and audit of the Capital Market Board pursuant to the Law no 6362;

- a) Investment enterprises,
- b) Collective investment enterprises,
- c) Portfolio management companies,
- ç) Mortgage finance institutions,
- d) Asset leasing companies,
- e) Central bartering institutions,
- f) Central keeping institutions,
- g) Data storage institutions,
- ğ) Rating agencies,
- h) Valuation institutions,

i) Joint stock companies the capital market instruments of which are traded in a stock exchange or other organized markets or which have a registration statement or an issuance certificate with validity period approved by the Capital Market Board for the same to be traded,  
i) Joint stock companies which are not traded in a stock exchange or other organized markets and which issue capital market instrument except for share without being offered to public (until the end of the account period within which the capital market instruments that they issue are amortized) or which have issuance certificate with validity period approved by the Capital Market Board for this purpose.

2) From the companies subject to the regulation and audit of the Banking Regulation and Supervision Agency pursuant to the Banking Law dated 19/10/2005 and no 5411;

- a) Banks,
- b) Rating agencies,
- c) Financial holding companies,
- ç) Financial leasing companies,
- d) Factoring companies,
- e) Financing companies,
- f) Asset management companies,
- g) Companies which have qualified share on the financial holding companies as described in the Law no 5411.

3) Insurance, re-insurance and pension companies operating under the Insurance Law dated 3/6/2007 and no 5684 and the Individual Pension Savings and Investment System Law dated 28/3/2001 and no 4632.

4) Authorized enterprises, precious metals intermediary firms, companies engaged in precious metal production or trade, which are allowed to operate in the markets of Borsa Istanbul.

5) Licensed warehouse enterprises established in accordance with the Agricultural Products Licensed Warehousing Law dated 10/2/2005 and no 5300 and public warehouses established in accordance with the Public Warehouses Law dated 11/8/1982 and no 2699.

- 6) Media service provider institutions having at least one of the following rights or licenses:
- a) Right to make national television broadcasting from terrestrial environment.
  - b) Satellite television broadcasting licence.
  - c) Cable television broadcasting licence.

**LIST NO (II)**

- 1) Companies of which at least 25% of its capital is directly or indirectly owned by professional organizations having the nature of public institution, unions, associations, foundations, cooperatives and their superior institutions.
- 2) Companies which public gazette daily throughout the country.
- 3) Except for the call center companies, companies subject to the regulation and audit of the Information Technologies and Communications Authority under the Electronic Signature Law dated 15/1/2004 and no 5070, the Electronic Communication Law dated 5/11/2008 and no 5809, Postal Services Law dated 9/5/2013 and no 6475 and the article 1525 of the Law no 6102.
- 4) Companies operating as subject to the regulations of the Energy Market Regulatory Board by obtaining licence, certificate or authorization certificate from this Board.
- 5) Except for those which are included in the list no (I);
  - a) Except for the affiliates and companies which are inactive or the activities of which have been temporarily suspended or cancelled (including those the necessary articles of incorporation amendments and similar procedure transactions have not been performed yet), affiliates of the Savings Deposit and Insurance Fund (TMSF) and companies the audit and management of which has been taken over by TMSF under the abolished Banking Law no 4389 and the Law no 5411.
  - b) Public economic enterprises and their subsidiaries operating under the Decree Law on Public Economic Enterprises dated 8/6/1984 and no 233 and companies of which at least 50% of its capital is owned by municipalities.

Yours respectfully,

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