Squeeze out from Two-Shareholder Limited Liability Companies: The Annulment Decision of the Constitutional Court

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By its decision, dated 25 December 2025, with file number 2025/128 and decision number 2025/273, published in the Official Gazette, dated 17 March 2026, and rendered following proceedings initiated upon the court of first instance's request for annulment on the grounds of unconstitutionality, the Constitutional Court examined the following provisions together : (i) Article 616/1(h) of the Turkish Commercial Code No. 6102 ("TCC"), which provides that "*...(1) The non-delegable powers of the general assembly are as follows: [...] (h) applying to a court for a shareholder squeeze out*", and (ii) Article 621/1(h) of the TCC, which provides that *"The following general assembly resolutions may be adopted provided that at least two-thirds of the votes represented and the absolute majority of the entire share capital carrying voting rights are present concurrently: [...] (h) applying to the court for the expulsion of a shareholder from the company for just cause*" and judged for the annulment of both provisions to apply to two-shareholder limited liability companies.

The annulled provisions (Articles 616(1)(h) and 621(1)(h) of TCC), would seek for the initiation of a squeeze out from a two-shareholder limited liability company the adoption of a general assembly resolution meeting the statutory qualified quorum.

The Constitutional Court evaluated that, in two-shareholder limited liability companies:

(i) a shareholder holding less than absolute majority of the share capital is unable to apply to the court for squeeze out of the other shareholder for just cause.

This was because the required general assembly resolution could not be adopted, as the statutory decision-making quorum could not be satisfied in terms of the number of shareholders in a two-shareholder limited liability company.

(ii) Applying to court to dissolve the company pursuant to Article 636(3) of TCC does not constitute an effective and adequate mechanism for securing the squeeze out since the court might instead decide the plaintiff shareholder to sell his shares on the market value.

The Constitutional Court therefore concluded that the above provisions violated Articles 40 and 48 of the Constitution, particularly with regard to the ***freedom of enterprise*** and the ***right to an effective remedy*** principles, which serve to protect shareholders against each other's actions while ensuring the continued operation of the company.

Pursuant to the aforementioned reasonings, the Constitutional Court ruled that the phrase "*applying to the court for the expulsion of a shareholder from the company for just cause*" in Articles 616(1)(h) and 621(1)(h) of TCC are contrary to Articles 40 and 48 of the Constitution and annulled solely for two-shareholder limited liability companies.

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