

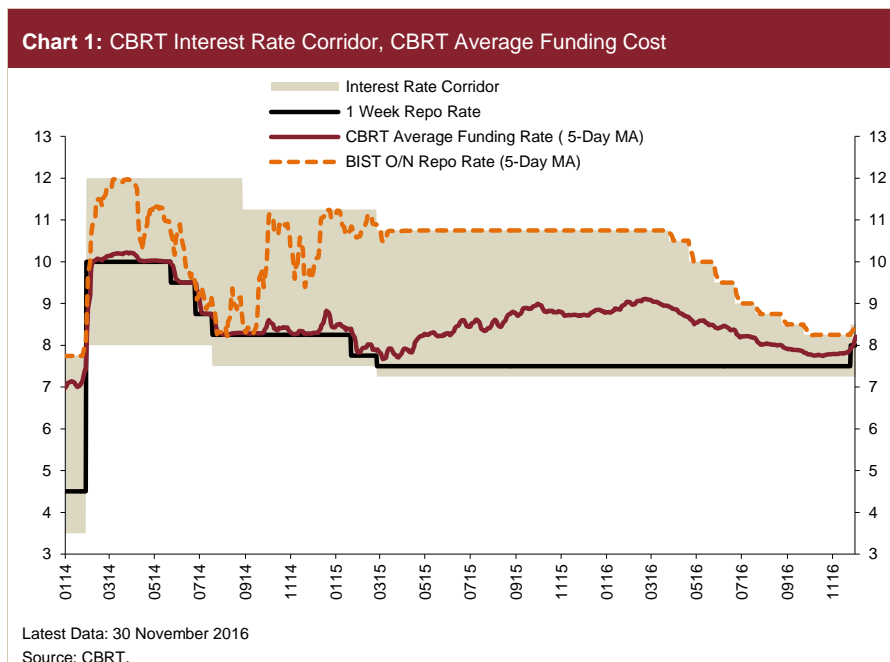
# 2017

## MONETARY AND EXCHANGE RATE POLICY

6 December 2016  
Ankara

1. The CBRT maintains a price stability-oriented monetary policy framework. Monetary policy decisions will be based on inflation expectations, pricing behavior and other factors affecting inflation. The Bank will continue to support financial stability while aiming to keep inflation close to the target.
2. The CBRT's main objective is to achieve and maintain price stability. To this end, the inflation target for the 2017-2019 period is set at 5 percent as per the agreement reached with the government on the Medium Term Program.
3. Being an element of accountability of the CBRT, the uncertainty band is kept at 2 percentage points in both directions, as in previous years. Views about inflation developments will be explained at length via the Inflation Report through the year. The Bank will submit an open letter to the government if inflation falls outside the uncertainty band at the end of the year.
4. The CBRT continues to implement a floating exchange rate regime. Under the floating exchange rate regime, exchange rates are determined by supply and demand conditions in the market. Main determinants of foreign exchange (FX) supply and demand are the monetary and fiscal policies in place, economic fundamentals, international developments and expectations. The CBRT does not have a nominal or real exchange rate target under the current exchange rate regime. Nonetheless, with a view to limiting the risks to financial stability, the CBRT does not remain unresponsive to an excessive Turkish lira appreciation or depreciation at odds with economic fundamentals. Moreover, the CBRT also monitors closely possible excessive fluctuations in exchange rates stemming from speculative behavior or a loss in market depth.
5. The CBRT will continue to take all necessary measures to ensure the efficient functioning of the Turkish FX market. However, it is critical that all economic agents participate in managing the exchange rate risk under the current exchange rate regime.

6. In view of its contribution to the effectiveness of monetary policy transmission, monetary policy has been simplified to a large extent since March 2016. Accordingly, the upper band of the corridor (the CBRT overnight lending rate) was lowered gradually (by a total of 250 basis points) during the March-September 2016 period (Chart 1).
7. In order to contain adverse impact of exchange rate movements stemming from recently heightened global uncertainty and volatility on inflation expectations and the pricing behavior, the Bank opted for some monetary tightening in November. Accordingly, the CBRT weekly repo rate and the CBRT overnight lending rate were raised by 50 and 25 basis points, respectively. Currently, the overnight repo rate is at 8 percent, while the CBRT borrowing and lending rates are at 7.25 and 8.50 percent, respectively. Future monetary policy decisions will be conditional on the inflation outlook. The CBRT will maintain its cautious stance in light of developments in inflation expectations, pricing behavior and other factors affecting inflation.



- 8.** Communication policy will be used effectively as a supportive instrument. Main communication documents of monetary policy are the Monetary Policy Committee (MPC) announcements and the Inflation Report. The Inflation Report will be published on a quarterly basis as usual. The monetary policy decision and a brief statement explaining its rationale will be announced on the CBRT website at 2 p.m. on the day of the MPC meeting. The summary of the MPC meeting that contains detailed assessments of the Committee will be released on the CBRT website within five working days following the MPC meeting. The Inflation Report will be presented at briefings for a more effective communication.
- 9.** The Financial Stability Report will remain a significant means of communication of the CBRT. Furthermore, announcements regarding the monetary and exchange rate policy framework and presentations given by the Governor about the CBRT's measures and monetary policy actions before the Council of Ministers and the Planning and Budget Commission of the Turkish Grand National Assembly and other platforms will also play an important role in communicating with the public.
- 10.** Moreover, further technical meetings will be set up with investors and analysts, and regular meetings will be organized with investors in financial centers abroad. Additionally, as part of its holistic approach, the Bank will continue to hold meetings with chambers of industry and commerce and other corporate sector representatives in 2017 to provide a forum for an exchange of views. The Bank will also complete studies related to the field-based monitoring of real economic activity at the regional and sectoral level and incorporate them into decision-making.
- 11.** A key priority of the communication policy is to share the importance of price stability for economic stability and its benefits for all economic actors with the public. To this end, the Bank will continue to raise public awareness and collaborate with relevant stakeholders about structural elements causing additional inertia and volatility in inflation.

### General Principles of Liquidity Management

**12.** When setting the framework of liquidity management, the CBRT targets:

- i) maintaining the level of short term interest rates established at the level deemed appropriate within the interest rate corridor determined by the Committee,
- ii) ensuring the efficient and stable operation of money markets in accordance with the liquidity management strategy,
- iii) ensuring the smooth functioning of payment systems,
- iv) ensuring that the instruments in use foster an effective monetary policy,
- v) having an operational structure with sufficient flexibility against unexpected market developments.

In order to attain these objectives and enhance the efficiency of the monetary policy, the liquidity level in the market and the distribution of liquidity in the banking system are also taken into consideration while formulating the outline of the liquidity management.

### Factors Affecting Liquidity and Liquidity Developments in 2016

**13.** The funding need of the banking system is mainly determined by the following factors:

- i) Changes in monetary base,
  - (a) Changes in the volume of currency issued,
  - (b) Changes in banks' Turkish lira (TL) free deposits at the CBRT.
- ii) The CBRT's Turkish lira transactions in the market,
  - a) FX purchase/sale transactions in TL,
  - b) Export rediscount credits,
  - c) Government domestic debt securities (GDDS) and lease certificate purchase/sale transactions,
  - d) Interest paid/earned, current expenditures.
- iii) The Treasury's Turkish lira transactions in the market,

- a) The difference between the redemption and issuance of GDDS and lease certificates (excluding redemptions to the CBRT),
- b) Primary surplus inflows,
- c) Privatization and Savings Deposit Insurance Fund (SDIF)-related transfers and other public transactions.

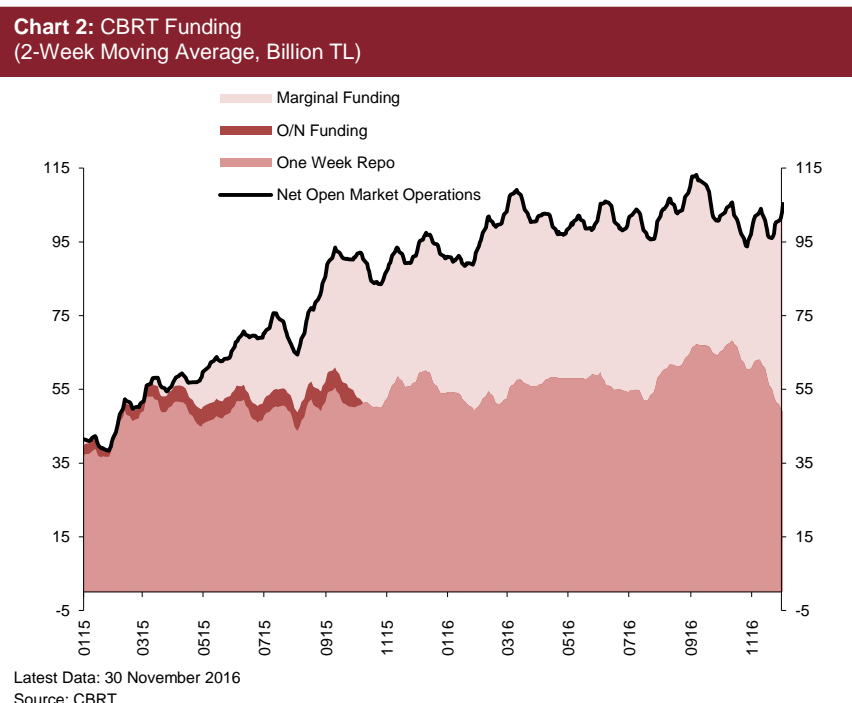
14. Given their importance in determining the TL-denominated borrowing need of the Treasury, the net foreign currency denominated collections or payments including domestic and external borrowing, the Treasury's redemption to the CBRT and the profit transfers of CBRT to the Treasury indirectly affect the liquidity in the banking system. Table 1 shows the main factors affecting the funding need of the system for 2016 as of 30 November. The funding need of the system in 2016 remained broadly unchanged from 2015.

<b>Table 1: Factors Affecting the Funding Need of the System</b> (Billion TL)			
	<b>31.12.2015</b>	<b>30.11.2016</b>	<b>Effect</b>
<b>Funding Need of the System (A+B+C) *</b>	<b>-95.4</b>	<b>-93.8</b>	<b>1.6</b>
<b>Money Base (A)</b>	<b>121.8</b>	<b>152.4</b>	<b>-30.6</b>
Currency in Circulation	103	120.7	-17.7
Free Deposits	18.8	31.7	-12.9
<b>CBRT Transactions Affecting the Funding Need of the System (B)</b>			<b>22.3</b>
Net FX Sales Against TL**			-24.0
Interest Earned and Other Payments			-6.8
GDDS Purchases			6.4
Export Rediscount Credits (Eximbank and Banks)			46.7
<b>Public Transactions (Excl. Redemptions to the CBRT) (C)</b>			<b>9.9</b>
Net TL GDDS Redemption (Redemption-Issue)***			2.3
Primary Surplus			2.3
Privatization in TL and Other Transactions			5.3

(\*) : The funding need of the system represents the net liquidity need in the market. Negative numbers mean net liquidity shortage in the market.  
(\*\*) : Also includes FX sales to energy importing SOEs by the Treasury.  
(\*\*\*) : Including premium income.  
(\*\*\*\*) : Excluding premium income.

15. The CBRT provided the substantial portion of the liquidity from the the marginal funding rate through 2016 (Chart 2). To increase the effectiveness and predictability of the Turkish lira liquidity management, the Bank decided to target a balanced distribution of weekly term funding stock to the days of the week when determining the daily auction amount of one week repo funding provided by the quantity auction method as of 3 June 2016. Furthermore, the

Bank decided to continue conducting the outright purchase auctions until the end of 2016, raised the size of the open market operations portfolio from a nominal 9 billion TL to 14 billion TL, and lowered the commission rate for Intraday Liquidity Facility (ILF) from 48 to 10 per million.



16. In addition, Turkish lira reserve requirement ratios for all maturity brackets were decreased by a total of 100 basis points in August and September, providing about 2.3 billion TL liquidity into the system.
17. The Bank changed the method of remuneration for Turkish lira required reserves held at the CBRT by financial institutions and decided to remunerate each institution at the same rate. In this context, starting from 1 January 2017, the remuneration rate for Turkish lira required reserves will be the one week repo auction rate minus 400 basis points.
18. The technical works launched in 2015 for simpler and more transparent collateral conditions in TL transactions at the CBRT continued in 2016 and the CBRT collateral framework for 2017 was rearranged as follows:
  - i) Collateral FX deposit limits were increased to 3.6 billion USD and 1.8 billion EUR as of 7 January 2016 and readjusted to 5 billion USD and 1.8 billion EUR on 6 June 2016. In addition to 1-month tenor, banks

were granted the option of holding FX deposits as collateral with 2-week tenor as of 16 May 2016.

The collateral FX deposit facility served as an alternative to currency swap transactions and somewhat lowered banks' need for swap deals with the market. As an alternative to currency swap transactions, the collateral FX deposit facility helped to limit the divergence between the rate of overnight currency swap transactions and BIST overnight rates caused by heightened hedging costs during the times of financial stress. Accordingly, the CBRT's collateral FX deposit facility allowed short-term exchange rate swap transactions to be conducted through the CBRT, and hence duly contributed to the liquidity management of banks and a more effective monetary transmission mechanism.

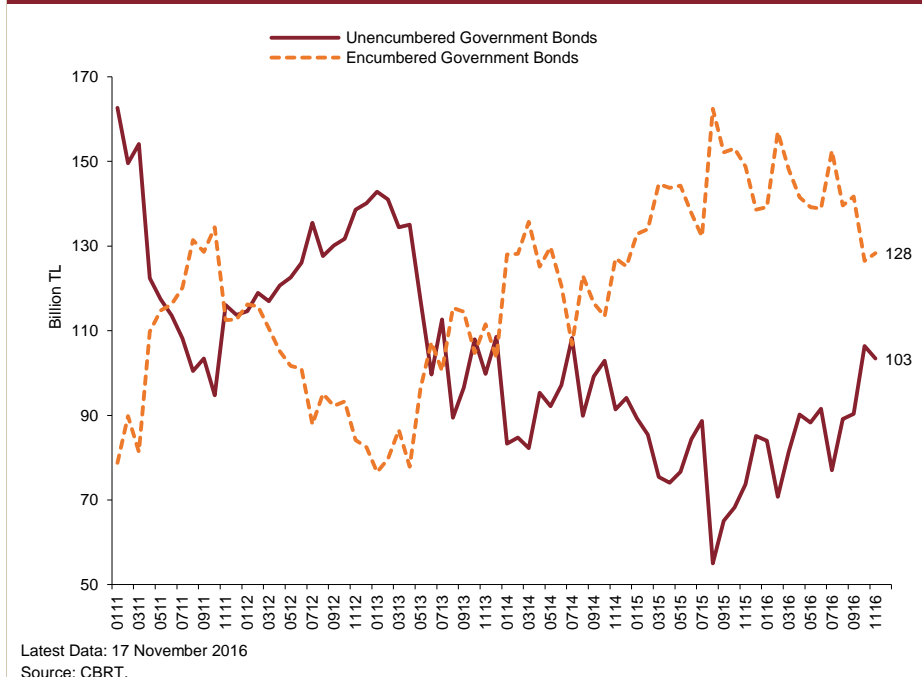
- ii)** As a measure to maintain the smooth functioning of financial markets, the commission rate for the ILF was set at zero as of 17 July 2016 and banks were allowed to place limitless foreign exchange deposits as collateral for needed Turkish lira liquidity. On 6 October 2016, the CBRT reinstated the use of limits on collateral FX deposits as of 11 November 2016, which were 4 times higher than the limits allocated before 17 July 2016. As of 15 November 2016, collateral FX deposit limits are 20 billion USD and 7.2 billion EUR. These limits are distributed among 52 banks in line with the proportion to their balance sheet sizes.
- iii)** As of 13 January 2016, the requirement of maintaining GDDSs and/or lease certificates issued by the Asset Leasing Company of the Turkish Treasury (ALCTT) as collateral for Turkish lira deposit transactions at the CBRT was lowered from a minimum of 50 percent to a minimum of 30 percent of the amount borrowed.
- iv)** In order to support the efficient liquidity management of banks, the haircut rates of Turkish lira and foreign currency denominated collaterals pledged against Turkish lira transactions were changed on 16 May and 28 July 2016 by taking into account of their types and maturities, thus contributed to the unencumbered asset size of the banking sector.



**Table 2: Collateral Types and Haircut/Discount Rates**

-FX deposits	
- Liquidity bills	
- Less than 3 years (less than 1095 days)	<b>% 5</b>
GDDS	
Lease certificates that are issued in domestic markets by ALCTT	
- Foreign exchange banknotes deposits	
- Eurobonds	
- Lease certificates that are issued abroad by ALCTT	
- Foreign bonds and notes	<b>% 10</b>
- IILM Issuances	
- More than 3 years (1095 days and above)	
GDDS	
Lease certificates that are issued in domestic markets by ALCTT	

**Chart 3 : Unencumbered and Encumbered GDDS**



- v) Starting from August 3, 2016, the Bank introduced the Late Liquidity Window repo facility (LON repo) provided from the LON lending rate, to enhance the diversification of the toolset in banks' access to TL liquidity.

## Liquidity Policy in 2017 and the Operational Framework

**19.** The operational framework of the CBRT's liquidity policy and liquidity management in 2017 is as follows:

- i)** One-week repo transactions will be the main funding instrument of the CBRT during the simplification.
- ii)** On days when deemed unnecessary, repo auctions may not be held, whereas if deemed necessary, traditional repo auctions may be held at maturities no longer than 91 days and TL deposit selling auctions may be resumed should conditions require.
- iii)** If deemed necessary, one-week "Intraday Repo Auctions" may be held via the traditional auction method. The total amount of bids to be offered will be limited to the announced auction amount.
- iv)** All participants are entitled to use the overnight repo facility through quotation against TL-denominated lease certificates issued by the ALCTT. The CBRT will continue with the LON repo transactions against GDDSs and/or TL lease certificates issued by the ALCTT.
- v)** The CBRT will continue to announce overnight interest rates within the interest rate corridor on a daily basis at the BIST Repo - Reverse Repo Market and the Interbank Repo - Reverse Repo Market.
- vi)** The CBRT will continue to announce overnight borrowing and lending rates in the Interbank Money Market within the CBRT. If banks deem it necessary, they will be able to borrow at the CBRT's lending rate against collateral within their limits<sup>1</sup>. In case of excess liquidity, banks will be able to lend Turkish lira to the CBRT at the CBRT's borrowing rate without any limit.
- vii)** The CBRT will continue to announce borrowing and lending rates for the Late Liquidity Window (LON) Facility as currently structured. Banks

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<sup>1</sup> Implemented without limits since 18 July 2016.

will be able to borrow from the CBRT or lend to the CBRT against collateral without any limit.

**viii)** The CBRT will continue to announce the details and the results of liquidity operations through data dissemination companies.

**20.** Considering all possibilities in liquidity conditions; to be able to control interest rates at the BIST Repo-Reverse Repo Market and the Interbank Repo-Reverse Repo Market, to manage the funding need of the financial system, to preserve the instrument diversification for liquidity management and operational flexibility, the CBRT needs to maintain a sufficient amount of GDDSs or TL-denominated lease certificates issued by the Asset Leasing Company of the Turkish Treasury (ALCTT) for technical reasons. Accordingly,

- i)** In nominal terms, a total of TL 1.4 billion of the CBRT's open market operations portfolio will be due in 2017. Thus, the OMO portfolio size, which was set as TL 14 billion for 2016, will be raised to TL 15 billion in 2017 without prejudice to the additional purchasing option.
- ii)** In months deemed appropriate in 2017, maturing securities will be replaced with GDDSs or lease certificates to be announced through data dissemination companies at 10:00 a.m. on the first working day of the respective month,
- iii)** Buying auctions will be held on Mondays, Wednesdays and/or Fridays effective as of the next business day,
- iv)** Each auction amount will be no more than a nominal of TL 150 million,
- v)** Other issues related to the auctions will be subject to the current arrangements and be subject to changes if deemed necessary.

## 4 FX LIQUIDITY MANAGEMENT AND RESERVE DEVELOPMENTS

### FX Liquidity and Reserve Developments in 2016

- 21.** In 2016, the CBRT employed FX purchase/sales auctions against TL, FX sales to energy-importing state-owned enterprises and required reserves in its FX liquidity management primarily. On the other hand, despite being among FX liquidity tools, direct FX purchases/sales against TL were not needed in 2016. Similarly, although banks were entitled to a total limit of around USD 50 billion from the CBRT for FX deposits, they did not make use of this facility in 2016.
- 22.** In the January-April period of 2016, through auctions a total of USD 3.4 billion was sold, and no FX was sold after 28 April 2016. Approximately USD 4.2 billion was sold to energy-importing state-owned enterprises. No direct FX sales were made in 2016 (Table 3).

**Table 3: FX Amounts Purchased-Sold by the CBRT**  
(2002-2016\*, million USD)

Year	Auctions		Interventions		Sales to Energy-Importing SOEs	Export Rediscount credits
	PURCHASE	SALES	PURCHASE	SALES	SALES	NET
2002	795	0	16	12		25
2003	5.652	0	4.229	0		34
2004	4.104	0	1.283	9		27
2005	7.442	0	14.565	0		25
2006	4.296	1.000	5.441	2.105		4
2007	9.906	0	0	0		2
2008	7.584	100	0	0		5
2009	4.314	900	0	0		1.040
2010	14.865	0	0	0		1.104
2011	6.450	11.210	0	2.390		1.920
2012	0	1.450	0	1.006		8.295
2013	0	17.610	0	0		12.664
2014	0	9.879	0	3.151	1.321	12.999
2015	0	12.366	0	0	10.505	15.182
2016	0	3.400	0	0	4.179	12.198
<b>Total</b>	<b>65.408</b>	<b>57.915</b>	<b>25.534</b>	<b>8.673</b>	<b>16.005</b>	<b>65.524</b>

\* As of 31 October 2016

Source: CBRT

**23.** Required reserves and Reserve Option Mechanism (ROM) are the other significant tools affecting FX reserves and FX liquidity. Arrangements made in 2016 regarding required reserves and the ROM are summarized in Table 4. With the arrangements explained below, the market was provided with total FX liquidity of USD 4.1 billion.

- i)** Turkish lira reserve requirement ratios were decreased by 100 basis points in total<sup>2</sup> in August and September. This reduction provided the market with FX liquidity of USD 600 and 670 billion, respectively, under the ROM.
- ii)** FX reserve option coefficients were reduced in October and November, resulting in an additional provision of FX liquidity of USD 620 and 700 million, respectively.
- iii)** In November, FX reserve requirement ratios were reduced by 50 basis points, and an FX liquidity of approximately USD 1.5 billion was provided to the market.
- iv)** In addition, to provide banks with flexibility in their FX liquidity management, the upper limit of FX reserve requirements that can be maintained as average were raised from 3 points to 4 points in October. Thanks to this amendment, banks were able to freely use an additional amount of approximately USD 2.9 billion to meet their FX liquidity needs within the maintenance period.

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<sup>2</sup> Gold reserve option coefficients were increased in order to offset the decline in gold reserves due to the reduction in TL reserve requirement ratios, while FX reserve option coefficients were increased in order to adjust the amount of FX to be injected to the market.

Table 4: Liquidity Injected to the Market through Arrangements made in 2016 on Required Reserves and the Reserve Option Mechanism

	Pre-Adjustment	Effective Dates*				
		12.08.16	09.09.16	21.10.16	18.11.16	
<b>TL Required Reserve Ratios (%)</b>						
<b>Deposit / Participation Fund **</b>						
Maturity up to 3 months	11.5	11	10.5			
Maturity up to 6 months	8.5	8	7.5			
Maturity up to 1 year	6.5	6	5.5			
Maturity longer than 1 year	5	4.5	4			
<b>Borrowers' Funds</b>	11.5	11	10.5			
<b>Other Liabilities</b>						
Maturity up to 1 year	11.5	11	10.5			
Maturity up to 3 years	8	7.5	7			
Maturity longer than 3 years	5	4.5	4			
<b>FX Required Reserve Ratios (%)</b>						
<b>Deposit / Participation Fund **</b>						
Maturity up to 1 year	13				12.5	
Maturity longer than 1 year	9				8.5	
<b>Borrowers' Funds</b>	13				12.5	
<b>Other Liabilities ***</b>		<u>Stock</u>	<u>Flow</u>		<u>Stock</u>	<u>Flow</u>
Maturity up to 1 year	20	25			19.5	24.5
Maturity up to 2 years	14	20			13.5	19.5
Maturity up to 3 years	8	15			7.5	14.5
Maturity up to 5 years	7	7			6.5	6.5
Maturity longer than 5 years	6	5			5.5	4.5
<b>ROM FX - Reserve Option Coefficients</b>						
0-30 (including 30)	1	1	1	1	1	
30-35 (including 35)	1.5	1.6	1.7	1.5	1.4	
35-40 (including 40)	1.9	2	2.1	1.9	1.7	
40-45 (including 45)	2.3	2.4	2.5	2.3	2.1	
45-50 (including 50)	2.7	2.7	2.7	2.7	2.5	
50-55 (including 55)	3.1	3.1	3.1	3.1	2.9	
55-56 (including 56)	3.9	3.9	3.9	3.9	3.7	
56-57 (including 57)	4.1	4.1	4.1	4.1	3.9	
57-58 (including 58)	4.3	4.3	4.3	4.3	4.1	
58-59 (including 59)	4.5	4.5	4.5	4.5	4.3	
59-60 (including 60)	4.7	4.7	4.7	4.7	4.5	
<b>ROM Gold - Reserve Option Coefficients</b>						
0-15 (including 15)	1.4	1.5	1.6			
15-20 (including 20)	1.5	1.6	1.7			
20-25 (including 25)	2	2	2.1			
25-30 (including 30)	2.5	2.5	2.5			
<b>LIQUIDITY EFFECT</b>						
TL liquidity (billion TL)		1.1	1.2	-	-	2.3
FX liquidity (billion USD)		0.6	0.67	0.62	2.2	4.1

\*Arrangements were put into effect as of the liability calculation dates, and the effects of arrangements on liquidity appear 14 days later, at the start of the maintenance

period.

\*\* Deposit / participation funds of non-resident banks are subject to the required reserve ratios of other liabilities.

\*\*\* The rise in required reserve ratios for FX other liabilities, which took effect on 9 October 2015, was applied to flow liabilities after 28 August 2015, and stock liabilities as of 28 August 2015 were subject to lower ratios until they mature.

- 24.** To bring out gold savings into the economy and to increase foreign exchange reserves, regarding the admission of wrought or scrap gold as required reserves, a new facility of 5 percent was introduced under the ROM, and the reserve option coefficient of this facility was set as 1. These wrought or scrap gold were required to be collected from residents by banks beginning from 3 October 2016, and the implementation of the new facility started at the maintenance period of 21 October 2016.
- 25.** Financial institutions steadily utilize of the ROM facilities and adjust their ROM utilization ratios in every maintenance period in consideration of their short-term liquidity needs and the change in relative costs of the TL and FX.
- 26.** On the other hand, export rediscount credits extended to exporters in TL through Türk Eximbank and commercial banks through the acceptance of FX bills for rediscount pursuant to the Article 45 of the Central Bank Law have remained as an instrument to boost the CBRT's FX reserves in 2016 with its feature that allows reimbursement in FX at the maturity date.
- 27.** To spur balanced growth, considering the contribution of export rediscount credits to reduce the current account deficit and to strengthen the CBRT's FX reserves in 2016,
  - i)** Credit limits, which had been set as USD 17 billion, were raised to USD 20 billion. Out of this amount, USD 17 billion was allocated to Türk Eximbank and USD 3 billion was allocated to commercial banks.
  - ii)** Credit limits per company were raised to USD 400 million for foreign trade capital companies and to USD 350 million for other companies. Additionally, firms with net sales revenue above TL 10, 15 and 20 billion in the latest financial year were provided with the facility to utilize credits up to two, three and four times, respectively, the limit introduced to them,

- iii) The requirement for minimum three signatures of solvent persons on the commercial bills of rediscount credits was reduced to two signatures,
- iv) The upper limit for maturity, which was 240 days was raised to 360 days for the exports of high-tech industrial products, exports oriented to new markets and the financing of FX-earning services,
- v) Rates set at 11:00 a.m. started to prevail the payments of rediscount credits by the CBRT to banks rather than the rates set at 03:30 p.m.

**28.** The CBRT applies the interest rates to credits varying according to maturities as follows:

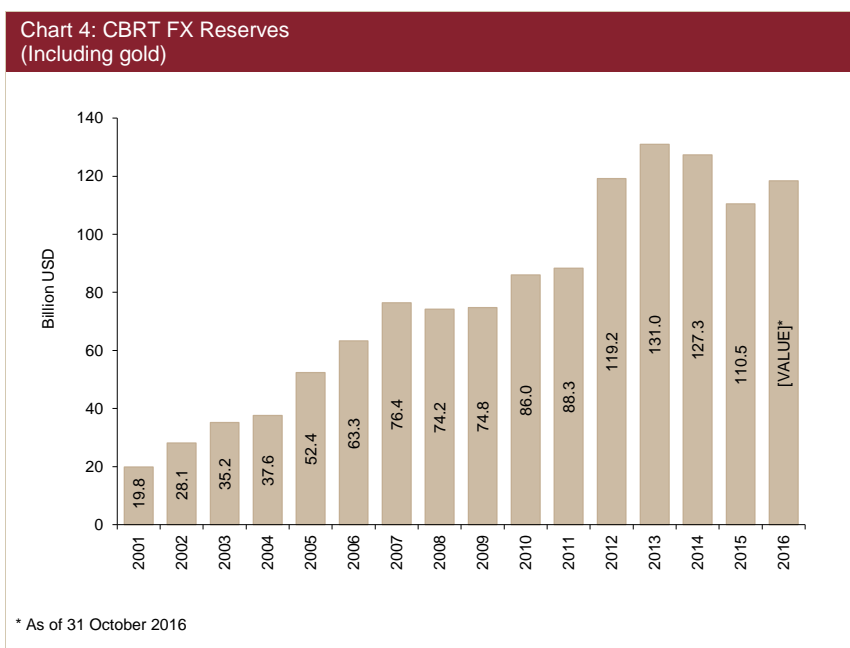
- i) 1-month LIBOR/EURIBOR interest rate for credits with maturities up to 120 days,
- ii) 6-month LIBOR/EURIBOR interest rate for credits with maturities from 121 to 360 days.

**29.** The increase in credit distribution by sectors and regions supports the exports sector by contributing to the diversification of export markets and export products of our country, and improve balancing of the foreign trade by also bolstering FX-earning services.

**30.** Thanks to the changes in arrangements allowing for raised limits, reduced costs, extended maturities and widened scope in rediscount credits, both the number of firms demanding credit and the contribution of these credits to the CBRT'S reserves are expected to increase. Accordingly, credit utilization, which is estimated to be around USD 16.5 billion at the end of 2016, may reach USD 18.0 billion at the end of 2017. Meanwhile, the contribution of these credits to the CBRT's reserves, which is expected to be USD 15.4 billion at the end of 2016, may hover around USD 16.1 billion in 2017.

**31.** As a result of these transactions affecting the FX liquidity, gross FX reserves recorded a year-on-year increase by USD 8 billion in 2016.





## FX Liquidity Management in 2017

- 32.** Banks are provided with the FX liquidity opportunity with 1-week maturity at the CBRT FX Deposit Market of around 50 billion USD in total.
- 33.** Banks are allowed to hold FX deposits of 1-month and 2-week maturity at the CBRT within the limits introduced to them.
- 34.** Given changing global and local financial market conditions, USD required reserves, reserve options and free reserves held at the CBRT were remunerated starting from 5 May 2015. These ratios were kept unchanged in 2016.
- 35.** Euro-denominated FX balances at blocked required reserves and at the noticed FX deposit accounts of the banks and financing companies held at the CBRT are subject to commission rates of 0 percent.

- 36.** An appropriate portion of the FX needs of the energy-importing state-owned enterprises are met directly by the CBRT and the Undersecretariat of Treasury.
- 37.** The CBRT will continue to closely monitor FX supply and demand conditions and will take the necessary measures to ensure the healthy functioning and balancing of the FX market and to support the FX liquidity in 2017 as usual.
- 38.** The CBRT may intervene directly or through flexible auctions in the market, in case excessive volatility and unhealthy price formations occur due to speculative behavior stemming from a loss in the market depth.
- 39.** FX transactions against FX banknotes conducted between the CBRT and those institutions entitled to operate in the FX and Banknotes Markets will continue in 2017.
- 40.** With the aim of boosting reserves by bringing residents' gold savings into the economy, purchases of wrought or scrap gold transformed into standard gold will be collected by banks from residents against TL.