



# ROAD MAP DURING THE NORMALIZATION OF GLOBAL MONETARY POLICIES

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**FRAMEWORK OF TURKISH LIRA LIQUIDITY MANAGEMENT AND SIMPLIFICATION STEPS**

	<b>POLICY</b>	<b>TIMING</b>
<b>Interest Rate Corridor</b>	The interest rate corridor will be made more symmetric around one-week repo interest rate and the width of the corridor will be narrowed.	During Normalization <sup>1</sup>
<b>Funding</b>	The funding provided to primary dealers via repo transactions will be added to their limit of one-week repo auctions without changing the funding cost of primary dealers from the CBRT. Thus, quotation on the interest rate on borrowing facilities provided for primary dealers via repo transactions will be terminated.	Before Normalization
<b>Collateral Conditions</b>	Collateral conditions will be simplified.	Before and During Normalization

<sup>1</sup> With the start of the normalization of global monetary policies.

**FX LIQUIDITY MEASURES**

	<b>POLICY</b>	<b>TIMING</b>
<b>Flexible FX Selling Auctions</b>	Flexibility of FX selling auctions will be increased to reduce the exchange rate volatility.	Before Normalization
<b>Reserve Options</b>	FX liquidity will be provided to the financial system through increases in the remuneration rate of Turkish lira required reserves or adjustments of Reserve Options Coefficients (ROC).	Before and During Normalization
<b>Measures on Foreign Exchange Deposit Market</b>	Borrowing limits via foreign exchange deposit accounts will be increased. After the related changes, size of the FX liquidity that financial system can access from CBRT, which is the sum of FX holdings in ROM and limits of the foreign exchange deposit market, will be considerably above the external debt payments of the banks in the coming year.	Before Normalization

**MEASURES TO SUPPORT FINANCIAL STABILITY**

	<b>POLICY</b>	<b>TIMING</b>
<b>Lengthening the Maturity of Noncore FX Liabilities</b>	FX required reserve ratios for the new FX noncore liabilities of the banks will be determined to incentivize maturities of longer than three years, without increasing the costs on the stock of liabilities.	Before Normalization
<b>Supporting Turkish Lira Core Liabilities</b>	If seen necessary, the remuneration rate of Turkish lira required reserves will be revised in the coming period to reduce the intermediation cost of banking sector and to support core liabilities.	Before and During Normalization
<b>Remuneration of FX Required Reserves</b>	The remuneration rate of the USD denominated required reserves, reserve options and free reserves held at the CBRT will be held close to the upper end of the Fed funds target rate range.	Before and During Normalization