

**PRESS RELEASE ON
INTRADAY FOREIGN EXCHANGE SELLING AUCTIONS**

As is known, starting from 5 August 2011, the Central Bank of the Republic of Turkey began to supply foreign exchange liquidity to the market via foreign exchange selling auctions, when deemed necessary. It was decided that, effective from 27 December 2011, the maximum amount that could be sold at the daily selling auctions will be USD 1,350 million and the total maximum amount that could be sold for the following two working days will be USD 1,700 million for the term up until the next Monetary Policy Committee Meeting; and that except for extraordinary circumstances, only up to USD 50 million of the offers received will be met.

The “Press Release on Monetary Policy to be Implemented on Exceptional Days” announced on 2 January 2012 stated that the Central Bank embarked on additional monetary tightening as of 29 December 2011, additional monetary tightening will be implemented mainly via open market operations, foreign exchange sales and interventions might also be used as complementary instruments when necessary; and the aim was to prevent an adverse effect on inflation expectations by exchange rate movements detached from fundamentals.

In order to support the additional monetary tightening, the Central Bank may hold intraday foreign exchange selling auctions as necessary from 6 January 2012. At each intraday auction, USD 50 million will be sold and the full amount of offers received will be met up to the auction amount.

Guidelines for intraday foreign exchange selling auctions are provided in the Annex.

ANNEX: Guidelines for Intraday Foreign Exchange Selling Auctions:

1. Only banks authorized to operate in Foreign Exchange and Banknotes Markets in the Central Bank are eligible to participate in intraday auctions.
2. The number and other details of the auction will be posted on Reuters page CBTQ. Following the announcement of the auction, banks will submit their offers within fifteen (15) minutes.
3. Offers will be sent via Electronic Fund Transfer (EFT) as previously.
4. Auctions will be held under the multiple price method.
5. The results of the auctions will be posted on Reuters page CBTQ within 15 minutes of the deadline for submitting the offers.
6. The minimum offer amount will be USD 1 million and multiples thereof.
7. The maximum offer amount for each bank is limited to 20 percent of the total auction amount.
8. Banks are not permitted to change their offer amounts and/or prices during the auction.
9. The selling amount for each intraday auction will be USD 50 million and the full amount of offers received will be met up to the auction amount.
10. If there is more than one offer at the price where the auction is finalized, the distribution will be made on pro-rata basis.
11. The banks that do not fulfill their obligations arising from the auctions will be subject to the sanctions specified in the Implementation Instructions of the Foreign Exchange and Banknotes Markets.