



Regulatory framework and approach

- The Central Bank of Turkey regulates exchange rate policy and is responsible for implementing monetary policy (<http://www.tcmb.gov.tr>).
- The official policy rate is the one-week repo rate. The CBRT also sets an overnight lending rate, which is currently 125bps over the policy rate, and an overnight borrowing rate, which is currently 75bps below the policy rate. The CBRT also uses the late liquidity window (active between 16:00 and 17:00 on the day), which is currently 425bps over the policy rate. The CBRT set reserve requirements for banks in both local and foreign currency
- The Turkish lira is a fully deliverable and convertible currency.

TRY products

FX spot

Avg. ticket size: USD 10mn
Bid/ask spread: TRY 0.002
Avg. daily volume: USD 4 - 5bn
Ref. source: Reuters Page <CBTA>

FX forward/swap

Avg. ticket size: USD 25mn (FX forwards); USD 100mn (FX swaps up to 1M), USD 10mn (swaps up to 2Y)
Liquid tenors: <2Y
Bid/ask spread: 2-7bps
Avg. daily volume: USD 3.0bn
Ref. source: Reuters Page <DBTRBNK>

FX options

Avg. ticket size: USD 30mn
Liquid tenors: <2Y
Bid/ask spread: 0.4 vol

Cross-currency swaps

Avg. ticket size: USD 10k DV01
Bid/ask spread: 5-7bp
Fixing page: USD 3M LIBOR

Government T-bills and bonds

Regulatory: Settlement and clearing are provided by Takasbank. All custodian banks have accounts at Takasbank. T-bills and bonds are traded both OTC and on the ISE. Settlement conventions depend on the time of trade execution; trades before midday are settled T+0 and trades after midday are settled T+1. Bonds are quoted by clean price and CPI-linkers are quoted clean and real. T-bills are quoted on a simple yield basis. Any withholding taxes only apply to securities issued before 2006. There are no restrictions on foreign ownership of Turkish government debt.

Liquid tenors: 1Y, 2Y, 5Y, 10Y
Avg. ticket size: USD 10mn
Bid/ask spread: 2-5bp (T-bills); 5-8bp (T-bonds)
Ref. source: Reuters Page <DBTRBNK>, Bloomberg page <DBTR>