

May 6, 2020

Subject : 0.5% Limit on Turkish Lira Transactions

The Banking Regulation and Supervision Agency (the “**BRSA**”) has made an announcement on May 5, 2020 and stated that, in order to ensure that Turkish Lira (“**TRY**”) resources are used efficiently and mainly in meeting the financing needs of the public and private sector in a period when economic activities slow down due to the global COVID-19 outbreak and the real sector is in difficulty in terms of production and employment, total amount of banks’ all TRY placement, TRY deposit, TRY repo, and TRY loan transactions with foreign counterparties, including foreign subsidiaries which are credit or financial entities subject to consolidation with Turkish banks and foreign branches of Turkish banks (the “**Transactions**”), cannot exceed 0.5% of the banks’ most recently calculated regulatory equity pursuant to the Resolution of the Banking Regulation and Supervision Board dated May 5, 2020, and No. 9010.

The BRSA Announcement further indicated that; (i) the ratio shall be calculated daily on a solo basis, (ii) unless current excess is eliminated, no further Transactions of these types could be executed and maturing Transactions shall not be renewed and (iii) this temporary limit shall be applied until the extraordinary conditions related to the COVID-19 outbreak cease to exist.

To discuss the impact of this regulation further, please contact our Senior Partner Özge Okat (ookat@pekin-pekin.com).