

**From the Banking Regulatory and Supervisory Agency**

**REGULATION ON CALCULATION AND APPLICATION OF FOREIGN  
EXCHANGE NET GENERAL POSITION / OWN FUNDS STANDARD RATIO BY  
BANKS ON CONSOLIDATED AND NON-CONSOLIDATED BASES<sup>1</sup>**

*(Published in the Official Gazette edition on November 1, 2006 Nr: 26333)*

**SECTION ONE**

**Purpose and Scope, Grounds and Definitions**

**Objective and Scope**

**ARTICLE 1** – (1) The objective of this Regulation is to set down the procedures and principles relating to foreign exchange net general position / own funds standard ratio to be applicable by banks, in order to ensure that relationship and balances are established between foreign exchange assets and liabilities of banks, and to enable the banks to keep a foreign exchange position at a level consonant with their own funds.

**Basis**

**ARTICLE 2** – (1) This Regulation has been prepared on the basis of Articles 43, 47 and 93 of the Banking Law no. 5411 dated 19/10/2005.

**Definitions**

**ARTICLE 3** – (1) The terms used in this Regulation shall have the meanings designated to them below;

- (a) Bank : Bank defined in Article 3 of the Law;
- (b) Foreign exchange assets: All foreign exchange asset accounts, foreign exchange indexed assets, and forward foreign exchange purchase commitments of banks, including such accounts of their foreign branches;
- (c) Foreign exchange liabilities: All foreign exchange liability accounts, foreign exchange indexed liabilities, and forward foreign exchange sale commitments of banks, including such accounts of their foreign branches;
- (ç) Foreign exchange indexed assets and liabilities: Assets and liabilities which are clearly defined as a foreign exchange indexed instrument on themselves or in the relevant contracts or in the pertinent applicable laws, and the value of which is directly affected from fluctuations and changes in foreign exchange rates;
- (d) Consolidated foreign exchange assets: All foreign exchange asset accounts, foreign exchange indexed assets, and forward foreign exchange purchase commitments of banks, standing as the parent undertaking, consolidated with corresponding accounts of corporations included in their financial group of companies in accordance with the principles of preparation of consolidated financial statements;

---

<sup>1</sup> Version revised and amended by the Regulation published in the Official Gazette edition 28948 on 21/3/2014.

- (e) Consolidated foreign exchange liabilities: All foreign exchange liability accounts, foreign exchange indexed liabilities, and forward foreign exchange sale commitments of banks, standing as the parent undertaking, consolidated with corresponding accounts of corporations included in their financial group of companies in accordance with the principles of preparation of consolidated financial statements;
- (f) Consolidated own funds: Consolidated own funds calculated in accordance with the Regulation on Own funds of Banks;
- (g) Consolidated foreign exchange net general position: The difference between equivalents in Turkish Lira of total consolidated foreign exchange assets and total consolidated foreign exchange liabilities; and
- (ğ) Consolidated foreign exchange net general position / consolidated own funds standard ratio: The ratio to be calculated by dividing the consolidated foreign exchange net general position by the consolidated own funds;
- (h) Law: The Banking Law no. 5411;
- (ı) Agency: The Banking Regulatory and Supervisory Agency;
- (i) Own funds: Own funds calculated in accordance with the Regulation on Own funds of Banks;
- (j) Forward foreign exchange purchase commitments: Forward foreign exchange purchase, swap money purchase, futures money purchase, buying (beneficiary) party money purchase options, selling (drawer) party money sale options and similar other money purchase transactions and foreign exchange purchase transactions with a value date of up to two days, which are included in the accounts as a non-cash commitment and will be settled at a future date;
- (k) Forward foreign exchange sale commitments: Forward foreign exchange sale, swap money sale, futures money sale, selling (drawer) party money purchase options, buying (beneficiary) party money sale options and similar other money sale transactions and foreign exchange sale transactions with a value date of up to two days, which are included in the accounts as a non-cash commitment and will be settled at a future date;
- (l) Foreign exchange net general position: The difference between equivalents in Turkish Lira of total foreign exchange assets and total foreign exchange liabilities;
- (m) Foreign exchange net general position / own funds standard ratio: The ratio to be calculated by dividing the foreign exchange net general position by the own funds.

## **SECTION TWO**

### **Non-consolidated and Consolidated Foreign Exchange Net General Position / Own Funds Standard Ratios, Calculation, Notification and Mismatches**

#### **Non-consolidated Proportionate Limit, Method of Calculation and Notification**

**ARTICLE 4** – (1) Foreign exchange net general position / own funds standard ratio is calculated as of every business day by deposit banks and development and investment banks in accordance with the time sheet given in Annex-1, and by participation banks in accordance with the time sheet given in Annex-3. In calculation of equivalents in Turkish Lira of the amounts included in the time sheet, the principle of assessment specified in the Turkish Accounting Standards and in the regulations issued in accordance with the Law as of the date of calculation

is applied. Weekly simple arithmetical average of absolute values of foreign exchange net general position / own funds standard ratio calculated over business days cannot exceed twenty percent.

(2) **(Amended OG 28948 on 21/3/2014)** The sheet issued on weekly basis so as to contain standard ratios calculated over business days is sent to the Agency within periods of time to be determined by the Board.

(3) In calculation of foreign exchange net general position / own funds standard ratio, the own funds of the last period calculated according to the Regulation on Own Funds of Banks is taken into consideration.

### **Foreign Exchange Net General Position / Own Funds Standard Ratio Calculated Over Consolidated Financial Statements**

**ARTICLE 5 –** (1) Deposit banks and development and investment banks which stand as the parent undertaking and is under obligation to prepare and issue consolidated financial statements in accordance with the regulations issued pursuant to and under the Law calculate the foreign exchange net general position / own funds standard ratio also on consolidated basis as of the consolidated own funds calculation periods in accordance with the time sheet given in Annex-2 within the frame of the procedures and principles set forth in this Regulation, and participation banks make the same calculated in accordance with the time sheet given in Annex-4. In calculation of equivalents in Turkish Lira of the amounts included in the time sheet, the principle of assessment specified in Article 4 as of the date of calculation is applied. Absolute value of foreign exchange net general position / own funds standard ratio calculated over the consolidated financial statements cannot exceed twenty percent.

(2) Deposit banks and development and investment banks, required to calculate a consolidated foreign exchange net general position / consolidated own funds standard ratio, are required to consolidate all foreign exchange asset accounts, foreign exchange indexed assets, forward foreign exchange purchase commitments and all foreign exchange liability accounts, foreign exchange indexed liabilities and forward foreign exchange sale commitments of their consolidated companies included in their financial group of companies under the accounts contained in Annex-2, and participation banks make the same consolidation under the accounts contained in Annex-4.

(3) **(Amended OG 28948 on 21/3/2014)** Time sheets issued as of interim periods and time sheet issued as of the end of year by the banks standing as a parent undertaking will be sent to the Agency within the periods to be determined by the Board.

### **Mismatch to Proportionate Limits**

**ARTICLE 6 –** (1) Weekly ratio to be taken as a base in determination of excess amount in foreign exchange net general position / own funds standard ratio is the simple arithmetical average of absolute values of daily ratios calculated over business days.

(2) In the event that the maximum limit of foreign exchange net general position / own funds standard ratio is exceeded, the banks are under obligation to report the causes of excess within the period of delivery of the time sheet to the Agency. The probable amount of excess in weekly ratios is required to be remedied within the following two weeks. Within a calendar year, the weekly ratios cannot be exceeded for more than six times, also including the remedied excesses.

(3) In the event that the maximum limit of consolidated foreign exchange net general position / own funds standard ratio is exceeded, the banks are under obligation to report the causes of excess within the period of delivery of the time sheet to the Agency. The amount of excess in consolidated foreign exchange net general position / own funds standard ratio is taken into consideration as of the calculation period.

(4) The amount of excess in consolidated foreign exchange net general position / own funds standard ratio is remedied until the next calculation period, and this amount cannot be exceeded for more than once in a calendar year, even if the excess is remedied within this period of time.

(5) In the case of an excess in standard ratios due to probable falls in own funds, and if the conditions require so, these excesses are remedied within a period of time to be determined by the Agency.

(6) If the supervision reveals a fictitious transaction aimed at reaching the standard ratios set forth in this Regulation, the standard ratios of the relevant period are recalculated by retroactively deducting the amounts of these transactions from the assets and liabilities. Whether a transaction is fictitious or not is determined by taking into consideration both the economic logic and reasoning of transaction and the customer involved in the transaction.

### **SECTION THREE**

#### **Miscellaneous and Final Provisions**

#### **Abolished Regulation**

**ARTICLE 7** – (1) The Regulation on Calculation and Application of Foreign Exchange Net General Position / Own Funds Standard Ratio by Banks on Consolidated and Non-consolidated Bases published in the Official Gazette edition 26085 on 19/2/2006 is hereby abolished and superseded.

#### **Effective Date**

**ARTICLE 8** – (1) This Regulation will become effective as of the date of publishing.

#### **Enforcement**

**ARTICLE 9** – (1) The provisions of this Regulation will be enforced and executed by the President of the Banking Regulatory and Supervisory Agency.

	Official Gazette Where the Regulation is Published	
	Date	Edition
	1/11/2006	26333
	Official Gazettes Where Regulations Revising and Amending the Regulation are Published	
	Date	Edition
1.	21/3/2014	28948
2.		
3.		