

## *Turkey's Banking Regulatory Authority's New Decision Restricts Certain International Banks' Access to TRY Currency Market*

7 May 2020

The Banking Regulation and Supervision Agency of Turkey (**BRSA**) announced that BNP Paribas SA, Citi NA and UBS AG failed to fulfill their Turkish Lira (**TRY**) obligations towards their Turkish counterparts and instructed Turkish banks not to enter into foreign currency transactions with a TRY leg (**Currency Transactions**) with BNP Paribas SA, Citibank NA and UBS AG and with their relevant group companies located outside of Turkey.

The new prohibition does not apply to existing transactions but Turkish Banks are no longer permitted to enter into new Currency Transactions or renew their existing Currency Transactions with the aforementioned banks and their respective group companies located outside of Turkey. The ban does not apply to domestic subsidiaries or domestic branches of prohibited banks located in Turkey.

The BRSA further requires Turkish banks to notify the BRSA of the existing trades with these banks. The BRSA also stated that it will apply these measures against any foreign bank that fails to meet its TRY obligations. Other international banks may soon find themselves in the same position as the recent TRY related currency measures put into place by the BRSA have already decreased TRY liquidity in the international markets.

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