

**CENTRAL BANK OF THE REPUBLIC OF TURKEY**  
**PRESS RELEASE**

**A) PHASING OUT INTERMEDIATION FUNCTION IN THE FOREIGN  
EXCHANGE AND BANKNOTES MARKETS**

Following the announcement in the Central Bank's press release titled "Monetary Policy and Exchange Rate Policy in 2002 and Prospective Developments", dated January 2, 2002 with reference no: 2002-1, the Central Bank started to phase out its intermediary role in the Foreign Exchange and Banknotes Markets during 2002. By abandoning its intermediation function, the Central Bank aims at a deeper foreign exchange market, enabling the creation of a pricing behaviour which fully reflects the risk perceptions. It also aims at avoiding the transmission of mixed messages to the markets with regard to monetary and foreign exchange policies, because some operations performed in these markets are perceived as if the Central Bank were the counter party.

Within this framework, the interbank transactions carried out among the market participants were terminated in the FX deposits against TL deposits (swap) market and forward FX purchase/sale against TL (forward) market on March 1, 2002 and in the foreign banknotes purchase/sale against TL market on July 1, 2002. The Central Bank began to phase out its intermediary function in the foreign exchange deposits market starting on July 1, 2002 to be completely terminated on December 2, 2002.

As of September 2, 2002, the transactions, conducted among those institutions, authorized to deal in the FX purchase/sale against TL market with the intermediation of the Central Bank, will be terminated in accordance with the schedule announced in the above-mentioned press release of the Central Bank.

## **B) TURKISH LIRA DEPOSIT BUYING AUCTIONS PROGRAM FOR SEPTEMBER**

In September, the Central Bank will continue to conduct Turkish Lira deposit buying auctions with a standard maturity of 4 weeks that were initiated in April 2002 as a supplement to its existing instruments with the aim of enhancing the effectiveness of its efforts to sterilize the excess Turkish Lira liquidity in the system.

As was the case in August, the Central Bank will hold Turkish Lira deposit buying auctions on Wednesdays and Fridays each week and the maximum amount to be auctioned at each auction will be limited to 200 trillion Turkish Liras.