

FSB- G20 - MONITORING PROGRESS – Turkey September 2011

#	G20/FSB RECOMMENDATIONS			DEADLINE	PROGRESS TO DATE	PLANNED NEXT STEPS
# in brackets are # from the 2010 template					<p style="text-align: center;"><i>Explanatory notes:</i></p> <p><i>In addition to information on progress to date, specifying steps taken, please address the following questions:</i></p> <p><i>1. Have there been any material differences from relevant international principles, guidelines or recommendations in the steps that have been taken so far in your jurisdiction?</i></p> <p><i>2. Have the measures implemented in your jurisdiction achieved, or are they likely to achieve, their intended results?</i></p> <p><i>Also, please provide links to the relevant documents that are published.</i></p>	<p style="text-align: center;"><i>Explanatory notes:</i></p> <p><i>Timeline, main steps to be taken and key mileposts (Do the planned next steps require legislation?)</i></p> <p><i>Are there any material differences from relevant international principles, guidelines or recommendations that are planned in the next steps?</i></p> <p><i>What are the key challenges that your jurisdiction faces in implementing the recommendations?</i></p>
I. Improving bank capital and liquidity standards						
1	(Pitts)	Basel II Adoption	All major G20 financial centres commit to have adopted the Basel II Capital Framework by 2011.	By 2011	A one year parallel run for Basel II-CRD regulations started in mid-2011.	Starting from mid-2012, all banks have to comply with the new Basel II rules.
2	(FSB 2009) (Tor)	Basel II trading book revision	Significantly higher capital requirements for risks in banks' trading books will be implemented, with average capital requirements for the largest banks' trading books at least doubling by end-2010. We welcomed the BCBS agreement on a coordinated start date not later than 31 December 2011 for all elements of the revised trading book rules.	By end-2011	Trading book revisions are expected to make limited/negligible effect on Turkish Banking Sector. Work is ongoing in order to harmonize current regulation with Basel II.5 rules.	The draft will be available by end 2011 and starting from mid-2012, trading book revisions will be implemented.
3 (5, 6, 8)	(Seoul)	Adoption and implementation of international rules to improve bank capital and liquidity	We are committed to adopt and implement fully these standards (Basel III) within the agreed timeframe that is consistent with economic recovery financial stability. The new framework will	January 1, 2013 and fully phased in by January 1, 2019.	QIS works on capital and liquidity standards were done and new ones are currently being done. Works of BCBS sub-committee on the subjects are closely followed by BRSA.	The new framework will be translated into our regulations by mid 2012.

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	(FSB 2009)		practices. Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.		<p>is being improved and revised with regards to developments both in macroeconomic variables and changes in international best practices and international financial regulation.</p> <p>Furthermore stress test on liquidity is being run by BRSA as well. Besides the risk regulations in Turkey contains stress-testing results to be taken into account as a part of management discretion on business activities. The results of these tests are to be used by management of financial institutions in determination of risk limits and decision-making process. With regards to these regulations the supervisory guidelines include supervision of stress testing process and results at banks during the prudential supervision in banks.</p> <p>II. As a standard implementation, liquidity positions of the banks are closely monitored on daily basis and their liquidity risk management quality is assessed in the risk matrix and supervision plans. BRSA's supervisory teams are closely monitoring ongoing international work on these issues.</p> <p>There is a prudential ratio regarding foreign currency, which ensures banks hold a foreign currency position at a level compatible with their own funds. Foreign Currency Net General Position to Own Funds Standard Ratio is calculated on a consolidated and non-consolidated basis and this ratio cannot exceed twenty percent.</p>	
II. Addressing systemically important financial institutions (SIFIs)						
5 (19)	(Pitts)	Consistent, consolidated supervision and	All firms whose failure could pose a risk to financial stability must be subject to consistent,	Ongoing	BRSA's pilot program is under way for consolidated supervision of three large	

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		regulation of SIFIs	consolidated supervision and regulation with high standards.		<p>banks. Supervision agenda encompasses the subsidiaries (including foreign), joint ventures, branches, and representative offices to be reviewed. The pilot program will be completed during 2011.</p> <p>The guidelines and the draft protocol between the BRSA, the Treasury and CMB regarding Consolidated Supervision was established and started to be used when performing inspections.</p> <p>Also the financial reporting system regarding non financial subsidiaries of the supervised institutions is initiated by June 2011.</p>	
6 (43, 44)	(Pitts)	Mandatory international recovery and resolution planning for G-SIFIs	Systemically important financial firms should develop internationally-consistent firm-specific contingency and resolution plans. Our authorities should establish crisis management groups for the major cross-border firms and a legal framework for crisis intervention as well as improve information sharing in times of stress.	End-2010 (for setting up crisis management groups)	<p>FSB work on systemically important institutions is closely followed by the authorities.</p> <p>In Turkey, there are no institutions to be classified as G-SIFI's. However, all relevant national authorities work alone and together to determine and assess the domestic institutions with systemic importance in their own jurisdictions. Due to relatively small size of Turkish banks' foreign subsidiaries and affiliated partnerships, BRSA as a home country supervisor, did not arrange any meetings in Turkey with counterpart authorities. On the other hand, BRSA has attended the meetings arranged by home country supervisory authorities of cross-border financial groups operating in Turkey. In addition, when it is necessary, BRSA exchanges information with foreign counterpart authorities during the supervisory process.</p> <p>For the investment firms while defining systemically important firms, Capital Markets Board (CMB) ranked them according to several criteria, which are</p>	<p>FSB's schedule on implementation of guidelines on SIFI issue will be taken into account.</p> <p>Further implementation steps can take place within existing regulatory and supervisory powers.</p>
	(Seoul)		We agreed that G-SIFIs should be subject to a sustained process of mandatory international recovery and resolution planning. We agreed to conduct rigorous risk assessment on G-SIFIs through international supervisory colleges and negotiate institution-specific crisis cooperation agreements within crisis management groups.	Ongoing		
	(Lon)		To implement the FSF principles for cross-border crisis			

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			national authorities for dealing with weak and failing banks.		
8 (41)	(Lon) (Seoul)	Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...	June 2009 (for establishing supervisory colleges) Ongoing	BRSA as a home country supervisor, did not arrange any supervisory colleges in Turkey with counterpart authorities up to now. On the other hand, BRSA has attended the supervisory colleges arranged by home country supervisory authorities of cross-border financial groups operating in Turkey.. In addition, when it is necessary, BRSA exchanges information with foreign counterpart authorities during the supervisory process. There is no insurance company with large cross - border business in Turkey. However, Turkey is participating to the supervisory colleges organized by other home countries such as Netherlands and Belgium.
9 (42)	(FSF 2008)	Supervisory exchange of information and coordination	V.7 To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels.	Ongoing	With reference to row 27; the MoU between the Undersecretariat of Treasury, BRSA and the Savings Deposit Insurance Fund (SDIF), the Central Bank (CBRT) and Capital Markets Board (CMB) on exchange of information which was signed in April 2009, is an initiative taken at national level regarding supervisory exchange of information and coordination. Sub protocols of this MoU was signed and started to be executed. Also, to determine general guidelines to be followed regarding supervisory exchange of information and coordination with other parties, BRSA developed a communiqué. This communiqué encompasses general principles regarding the areas of cooperation including supervisory colleges, the means of supervisory cooperation including supervisory colleges, the main terms to be included in MoU's, enforcement of the

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					<p>MoU's, resources and privacy.</p> <p>With reference to row 23, at the national level we have several committees that ensures efficient coordination and cooperation in establishing supervisory policies. The said committees are Financial Stability Committee, Systemic Risk Coordination Committee and financial Sector Commission.</p> <p>For information gathering/sharing across jurisdictions, BRSA is participating in all coordination efforts on this issue.</p>	
10 (New)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention.	Ongoing	Our stress testing framework has been significantly improved. After studies within FSAP stress testing period and ECB's technical assistance program, our stress testing approach shifted to an economic risk based approach with statistical tools. We can now estimate two years ahead within our projections, see the effects of the risks that the market is exposed, and provide forward looking results on bank by bank basis.	Within every study period we review and update our stress tests and we are open to new implications. Our next step will be on the liquidity stress testing. On the other side, our main challenge is regarding the settlement of macro scenarios. We want to employ a macro economic model in order to get consistent adverse scenarios.
III. Extending the regulatory perimeter to entities/activities that pose risks to the financial system						
11 (27)	(Lon)	Review of the boundaries of the regulatory framework	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level.	Ongoing	Considering institutions that are regulated by BRSA, CMB and General Directorate of Insurance, it can be stated that existing regulatory framework covers all systematically important actors.	Turkey will continue to review its regulatory framework to follow the developments in financial markets and international regulatory framework
12 (30)	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand	Ongoing	This issue is part of our ongoing regulatory and supervisory framework.	Further implementation steps can take place within existing regulatory and supervisory powers.

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			cooperating through the FSB, develop measures that implement these principles by the end of 2009.			
15 (35)	(Lon)	Effective management of counter-party risk associated with hedge funds	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures.	Ongoing	<p>According to current implementation the founders provide necessary prime brokerage services to the hedge funds. The banks and intermediary institutions (founders) shall establish internal control systems including risk management systems according to their own relevant regulations.</p> <p>Part of ongoing supervision process. We will take into account of BCBS and FSB works on this issue.</p>	Further implementation steps can take place within existing regulatory and supervisory powers.
16 (36)	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	<p>OTC traded structured products like exotic options which satisfy certain qualifications e.g. rating of the counterparty must be minimum investment grade, liquidity clauses.</p> <p>In addition for the hedge funds case, OTC derivative exposures are subject to limits set in the founder's rule and prospectus. All funds should have risk management units independent from the portfolio management unit. The risk management unit is responsible for make relevant risk assessments and reporting to both the fund board and qualified investors.</p>	
Securitisation						
17 (50)	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	During 2010, supervisors and regulators will: implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish clear rules for banks' management and disclosure; implement IOSCO's proposals to	During 2010	<p>Changes related to securitisation positions have already been reflected in Basel II/Securitisations communiqué...</p> <p>A one year parallel run for Basel II-CRD regulations has started in mid-2011.</p>	Starting from mid-2012, all banks have to comply with the new rules.

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			strengthen practices in securitisation markets.			
18 (51, 52)	(Lon) (Pitts)	Improvement in the risk management of securitisation, including retainment of a part of the risk of the underlying assets by securitisation sponsors or originators	The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.	By 2010	Changes related to securitisation positions have already been reflected in Basel II/Securitisations communiqué. A one year parallel run for Basel II-CRD regulations has started in mid-2011.	Starting from mid-2012, all banks have to comply with the new rules.
19 (10)	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing		
20 (54)	(FSF 2008)	Strengthening of supervisory requirements or best practices for investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing		
21 (14)	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing		
IV. Improving OTC derivatives markets						
22 (17, 18)	(Seoul)	Reforming OTC derivative markets, including the standardisation of CDS markets (e.g. CCP); and trading of all	We endorsed the FSB's recommendations for implementing our previous commitments in an internationally consistent manner, recognizing the importance of a level playing field.	By end-2012 at the latest	Investment firms can't deal in OTC derivatives in Turkey. Banks use mostly plain vanilla products which mostly have common standardized features. Making the central clearing agency of Turkey to serve as CCP for derivatives products is under review.	

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	(Pitts)	standardized OTC derivatives on exchanges, clearing and trade repository reporting.	All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. OTC derivative contracts should be reported to trade repositories. Non-centrally cleared contracts should be subject to higher capital requirements.		Exchange or electronic platform trading requirements, transparency and trading, reporting to trade repositories and application of reporting requirements are also under review.	
	(Lon)		We will promote the standardization and resilience of credit derivatives markets, in particular through the establishment of central clearing counterparties subject to effective regulation and supervision. We call on the industry to develop an action plan on standardisation by autumn 2009.			
V. Developing macro-prudential frameworks and tools						
23 (25)	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk.	Ongoing	Turkey's regulation is already quite extensive, and takes into account the aspects noted. Financial Stability Committee (FSC) was established in June, 2011 by the amendment in the Treasury Law. FSC is composed of the Undersecretary of Treasury and the heads of the Central Bank of Turkey, Banking Regulation and Supervision Agency, Capital Markets Board and Saving Deposit Insurance Fund under the chairmanship of Deputy Prime Minister for economic and financial affairs. The FSC monitors and identifies the systemic risks and determines possible	Further implementation steps can take place within existing regulatory and supervisory powers.

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					<p>necessary macroprudential measures to mitigate them.</p> <p>Systemic Risk Coordination Committee consisting of senior members from Treasury Undersecretariat, BRSA, SDIF, CMB and CBRT is also currently active. The committee meets regularly to make thorough assessment of financial market developments and to strengthen cooperation and coordination in timely identification of systemic risk and its effective management. In this sense, the committee supports the work of FSC.</p> <p>Financial Sector Commission consisting of the representatives of BRSA, Ministry of Finance, the Treasury Undersecretariat, Central Bank, CMB, SDIF, Competition Board, Undersecretariat of State Planning Organization, Istanbul Gold Exchange, securities stock exchanges, Futures and Options Markets and the associations of institutions is established under the body of the BRSA. The Commission ensures exchange of information, cooperation and coordination among institutions, proposes joint policies and expresses views regarding the matters that relate to the future of the financial sector, with a view to establishing and ensuring confidence and stability as well as development in the financial markets.</p>	
24 (26)	(Lon)	Powers for gathering relevant information by national regulators	Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to	Ongoing	<p>National authorities possess the necessary powers to gather information on all material financial institutions, markets and instruments in order to fulfil their duties.</p> <p>For information gathering/sharing across jurisdictions, BRSA is participating in all coordination efforts on this issue.</p>	Further implementation steps can take place within existing regulatory and supervisory powers.

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			achieve as much consistency as possible across jurisdictions.		The relevant Law enforces the FSC to gather the information from all relevant parties and to coordinate the policy implementations among them.	
25 (28)	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level... Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.	End-2009 and ongoing	As stated earlier, Turkish banks' capital levels are very high and leverage ratio in the banking system is considerably low. Still, some macroprudential tools, like increasing the general provisions, are applied in cases such as rapid credit growth. On the other hand, BRSA is closely monitoring FSB and BCBS work on these issues. Regarding the securities markets, the leverage ratios on margin trading and securities financing practices deemed to be adequate and being closely monitored on a weekly basis.	Once the FSB and BCBS works are finalized, necessary assessments will be made. Further implementation steps can take place within existing regulatory and supervisory powers.
26 (29)	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	Development of a system to monitor changes in asset prices was put on the agenda by BRSA in parallel to its announced Strategic Plan.	
27 (32)	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain.	Ongoing	In August 2000, MoU has been signed among the supervisors and the central bank which enables exchange of information. In April 2009, the MoU has been reviewed and amended to increase the scope and content of information exchange and to include Capital Markets Board. New amendment came into force as of December 31st, 2010. Subprotocols of this MoU that clearly determines the specific data and other information to be shared between the Agencies was signed and started to be executed. The existence of several committees for the financial system as stated above	Further implementation steps can take place within existing regulatory and supervisory powers.

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					<p>eases cooperation and information exchange.</p> <p>For information gathering/sharing across jurisdictions, BRSA is participating in all coordination efforts on this issue.</p>	
VI. Strengthening accounting standards						
28 (11)	(WAP)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.	Ongoing	<p>In the Board of Directors of the Turkish Accounting Standards Board (TASB) other regulator, supervisor bodies and relevant private sector organisations of Turkey are represented (the Board is composed of nine members, one from each; - the Ministry of Finance, - the Ministry of Industry and Trade, - the Council of Higher Education, - the Undersecretariat of Treasury, - the Capital Markets Board, the Banking Regulation and Supervision Agency, - the Commodity Exchanges and the Association of Chambers of Commerce, - one self-employed accountant and one certified financial consultant from the Union of Chambers of Self-Employed Accountants, Financial Consultants and Certified Financial Consultants of Turkey).</p> <p>Moreover, if needed, working and advisory commissions are formed within the TASB. All of the members of these commissions work on part-time basis and has generally been selected from various internationally accepted accounting & auditing firms, especially from their partners or senior manager levels, from academicians of various institutes or from those who work for the financial sector and implement/use those standards in their daily duties. Thanks to the above mentioned structure of the Board, consistent application of high-quality accounting standards is ensured.</p>	Further implementation steps can take place within existing regulatory and supervisory powers.

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					<p>CMB uses a software program in order to examine the valuation reserves and adjustments through a risk based method.</p> <p>Listed companies and capital market institutions; banks, leasing, factoring and financing companies; insurance companies, reinsurance companies and individual pension companies apply IFRSs.</p>	
29 (New)	(Seoul)	Convergence of accounting standards	We re-emphasized the importance we place on achieving a single set of improved high quality global accounting standards and called on the International Accounting Standards Board and the Financial Accounting Standards Board to complete their convergence project.	End-2011	<p>In June 2010 the IASB and the FASB announced a modification to their convergence strategy. The strategy retained the June 2011 target date to complete those projects for which the need for improvement of IFRSs and US GAAP is the most urgent, whilst identifying those projects for which a later completion date would be appropriate because they address matters that have a relatively lower priority or for which further research and analysis is necessary.</p> <p>Listed companies and capital market institutions; banks, leasing, factoring and financing companies; insurance companies, reinsurance companies and individual pension companies apply IFRSs.</p>	Turkish Accounting Standards Board closely follows the projects undertaken by IASB, including convergence projects and parallel to the completed projects it will make relevant updates in the Turkish legislation.
30 (12)	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak.	End-2009	<p>Banks' valuation methods are examined in audit process by BRSA.</p> <p>CMB uses a software program in order to examine the valuation reserves and adjustments through a risk based method.</p> <p>Listed companies and capital market institutions; banks, leasing, factoring and financing companies; insurance companies, reinsurance companies and</p>	BRSA is closely monitoring ongoing international work on these issues. Further implementation steps can take place within existing regulatory and supervisory powers.

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					individual pension companies apply IFRSs.	
31 (13)	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements.	End-2009	<p>Listed companies and capital market institutions; banks, leasing, factoring and financing companies; insurance companies, reinsurance companies and individual pension companies apply IFRSs.</p> <p>The sufficiencies of the models, which designate current value are examined by audit teams and if needed, recommendations are also provided. The policies of financial institutions regarding hedge accounting are also monitored. The work of IASB on this issue will be actively followed up by CMB.</p> <p>IASB undertakes a project to simplify the classification and measurement requirements for financial instruments. This project includes 3 phases. Regarding Phase 1: Classification and measurement, IFRS 9 Financial Instruments for financial assets was published in November 2009. Requirements for financial liabilities were added to IFRS 9 in October 2010 by IASB. Impairment and hedging phases of the project are still going on.</p> <p>Parallel to these developments Turkish Accounting Standards Board (TASB) translated and published the IFRS 9 as Turkish Financial Reporting Standard (TFRS) 9 in April 2010 and in accordance with recent improvements, requirements for financial liabilities were added to TFRS 9 in March 2011.</p> <p>The global financial crisis emphasized the importance of having common fair value measurement and disclosure requirements—with identical wording—in</p>	A translation study of IFRS 13 is going on and it is planned to publish the Standard in October 2011. Also, further implementation steps can take place within existing regulatory and supervisory powers.

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			extraordinary public intervention.		<p>banks. Besides, those ratings are an important element in the assessment of banks' situations in enforcement actions. According to the Banking Law Nr. 5411, BRSA has several powers such as Corrective measures, Rehabilitating measures and Restrictive measures in certain situations. These measures include the ability to modify compensation structures, to stop any payments to employees and etc.</p> <p>For the investment firms, the problems about the implementation will be reviewed according to the results of the compensation policies received through annual financial reports of 2011.</p>	
VIII. Other issues						
Credit rating agencies						
35 (37)	(Lon)	Registration of CRAs etc.	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals.	End-2009	<p>Starting from 2006, a prudential regulation on credit rating agencies that was prepared in line with IOSCO's standards is in force. BRSA authorizes and supervises CRAs.</p> <p>For the securities markets the CRAs are regulated and supervised by the CMB which issued a communiqué including registration principles and compatible with IOSCO code of conduct.</p>	<p>Further implementation steps can take place within existing regulatory and supervisory powers.</p> <p>In securities market the legislation is in line with the IOSCO Standards and international practice and guidelines are closely monitored.</p>
36 (38)	(Lon)	CRA practices and procedures etc.	<p>National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.</p> <p>CRAs should differentiate ratings for structured products and provide full disclosure of their</p>	End-2009	<p>BRSA regulation on CRAs is already quite extensive, and takes into account the aspects noted. In addition, there is a draft amendment on CRA regulation and this takes structured products into account. According to draft amendment, CRAs have to use differentiated rating methodologies for each type of exposure which has different structure.</p> <p>In securities markets the legislation which</p>	<p>Further implementation steps can take place within existing regulatory and supervisory powers.</p>

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					<p>level encompasses both sensitivity and scenario analysis. It takes into account the effects of different levels of shocks applied to wide range of risk factors. The risk factors are directional change in interest rates, FX rates, major exchange rates and stock market values; the loss arised from non-performing loans and off balance sheet guarantees, etc. The results are published in the Financial Markets Report on a 3 month-basis.</p> <p>Also CBRT performs sector wide stress tests on credit, market and liquidity risks and publishes the results in its Financial Stability Reports twice a year.</p>	
40 (49)	(Pitts)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed.	Ongoing	Currently, when we take the financial position of Turkish banking sector into consideration there is no need for such kind of efforts at this stage.	
41 (53)	(WAP)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate.	Ongoing	According to The Communiqué On The Financial Statements To Be Announced To the Public By Banks As Well As Explanations And Footnotes Thereof the banks should disclose a very detailed set of information including the information on the terms and conditions of the main features of all own funds items, minimum capital requirements, risk they are facing and losses, their risk management practices etc.. As part of the migration to Basel II, mentioned Communiqué has been revised as covering all other information which has been proposed by Basel II Pillar III	The revised version is going to be in effect by mid 2012..
Others						
42 (46)	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen	Ongoing	SDIF has been closely monitoring international works on deposit insurance frameworks.	Further steps would be assessed with respect to the final version of “Core Principles for Effective Deposit Insurance Systems Methodology” document.

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			arrangements where needed.		
43 (55)	(Pitts)	Development of cooperative and coordinated exit strategies	We need to develop a transparent and credible process for withdrawing our extraordinary fiscal, monetary and financial sector support, to be implemented when recovery becomes fully secured. We task our Finance Ministers, working with input from the IMF and FSB, to continue developing cooperative and coordinated exit strategies recognizing that the scale, timing and sequencing of this process will vary across countries or regions and across the type of policy measures.	Ongoing	

Origin of recommendations:

Seoul: The Seoul Summit Document (11-12 November 2010)

Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)

Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)

Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)

WAP: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)

FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)

FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)

FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)