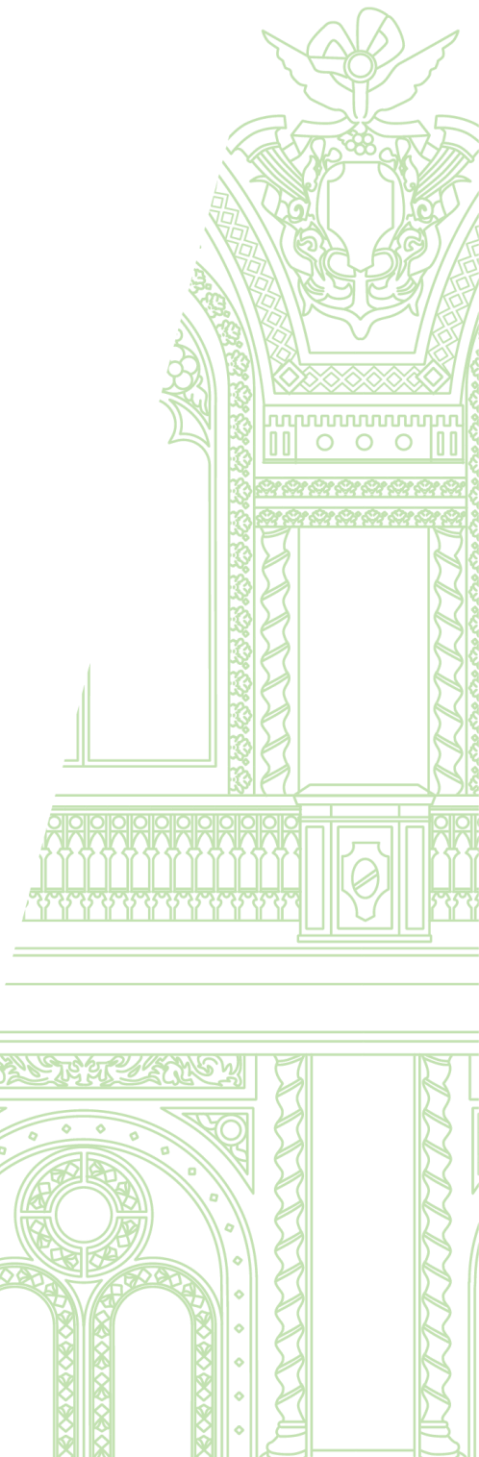




National Bank
of Ukraine

Procedures for Regular Review of Ukrainian Money Market and FX Market Indicators



Regular Review of Indicators: *summary*



PURPOSE OF REVIEW: *establish whether the following is needed:*

- ✓ **replacement of current indicators**
- ✓ **adjustment of methodology**
- ✓ **adjustment of other important aspects** (time for calculation. procedure for publication. etc.)



WHAT NEEDS TO BE REVIEWED

- **Market conditions:** does the market allow for regular calculation of a reliable indicator?
- **Structural changes on the market:** does the existing indicator reflect market reality and meet the needs of market participants?
- **Methodology of indicator:** were any shortcomings, deficiencies or weaknesses of methodology found in its application?
- **Operational aspects:** were any shortcomings or deficiencies of operational aspects of indicator calculation/publication found (unreliable data source, technical failures, etc.)?
- **International experience:** what has changed globally in approaches to indicators definition and calculation? Which international innovations can be applied in Ukraine?



REGULARITY OF REVIEW

- **semiannual** : no later than February and August, respectively
- **ad-hoc** : in case of sudden major changes in market conditions

Regular Review of Indicators: analytical and other information that is submitted to the Council for Oversight of Money Market and FX Market Indicators

UONIA	Analytics for consideration by the Oversight Council	UAH/USD exchange rate
<ul style="list-style-type: none">✓ number and amounts of deals, number of participants and their activity in the ICM unsecured segment✓ number and volume of deals, number of participants and their activity in other segments (repo, swap)✓ UONIA's dynamics compared to other indices✓ use of UONIA as an indicator for market agreements conclusion (comparative to other indicators)✓ number and volume of excluded deals when calculating UONIA✓ cases of use of the methodology for special conditions in UONIA calculation✓ changes in deals distribution during the day✓ other relevant analytical information	<ul style="list-style-type: none">➤ number and amounts of deals, number of participants and their activity in the UAH/USD segment of Ukrainian FX market➤ number and volume of deals, number of participants and their activity in other segments (UAH/USD, hryvnia rates against other currencies)➤ dynamics of an official/reference UAH/USD exchange rate comparative to other Forex indicators➤ use of the official/reference exchange rate as an indicator for market deals conclusion (relative to other indicators)➤ number and volume of deals excluded from calculation of the official/reference exchange rate➤ cases of use of the methodology for special conditions in calculation of UAH/USD official/reference exchange rate➤ changes in deals distribution during the day➤ changes in FX breakdown of deals on Ukrainian FX market	

Other data for the Oversight Council to consider

- ☐ Information on any comments/proposals to change indicators and/or their methodology received from any stakeholders since the previous regular review
- ☐ Information on any found shortcomings in operational aspects of indicators calculation/publication
- ☐ Staff conclusions on necessity/feasibility of making changes to indicators and/or their methodology/procedures

Regular Review of Indicators: *decisions and consequences*

Possible decisions of the Oversight Council

Indicators and their methodology meet market conditions and needs

Information on findings of a regular review:

- ✓ is placed in a summarized form at the NBU website
- ✓ is provided in an extended form to the Money and Foreign Exchange Markets Contact Group for their information

Indicators and/or their methodology DO NOT meet market conditions and/or needs

It is recommended that NBU staff:

- finalize the proposals on change of the indicator and/or its methodology
- launch the procedure for making changes
- commence the procedure for terminating the calculation of indicators, if necessary

Procedures for indicators calculation and/or publication should be improved

It is recommended that NBU staff:

- submit the drafts of changes to the respective procedures for NBU senior management to consider