



Board of the National Bank of Ukraine

DECISION

16 June 2020

Kyiv

No. 405-D

On Approval hereof *On Calculating and Publishing the Ukrainian Overnight Index Average (UONIA)*

In accordance with Articles 7, 15, 25 and 56 of the Law of Ukraine *On the National Bank of Ukraine*, in order to implement paragraph 13 of the Action Plan On Inflation-targeting Regime in Ukraine in 2020, approved by NBU Board decision No. 997 dated 24 December 2019, the NBU Board hereby **resolved**:

1. To approve the Regulation *On Calculating and Publishing the Ukrainian Overnight Index Average (UONIA)* (hereinafter referred to as the “Regulation”) attached hereto.

2. To declare null and void the following:

1) NBU Board Resolution *On Calculating and Publishing the Ukrainian Index of Interbank Rates* No. 860 dated 3 December 2015

2) NBU Board *Decision On Approval Amendments to the Procedure for Calculating and Publishing the Ukrainian Index of Interbank Rates (UIIR)* No. 466 dated 19 July 2018

3) paragraph 3 of NBU Board *Decision On Approval of Regulation for Oversight Committee of the UIIR* No. 330 dated 14 May 2020.

3. The Communications Department (Nataliia Bondarenko) shall publish the Regulation on the NBU official website, after the adoption of the decision by the NBU Board.

4. Oleg Churiy, NBU Deputy Governor shall assume responsibility for ensuring the implementation of of this decision.

5. This decision comes into effect on 23 June 2020.

Governor
Ref. 40

Yakiv SMOLII

APPROVED
Decision No.405-D of the Board
National Bank of Ukraine
dated 16 June 2020

*Regulation On Calculating and Publishing the Ukrainian Overnight Index Average
(UONIA)*

(as amended by NBU Board Decisions No. 606-D dated 29 September 2020)

I. General Provisions

1. The Ukrainian Overnight Index Average shall be calculated and published for the purpose of providing market participants with reliable indicators of the hryvnia's value at Ukraine's interbank market.

The name of the Ukrainian overnight interbank rate index in English shall be the Ukrainian Overnight Index Average (hereinafter referred to as "UONIA").

2. UONIA shall be the indicator of value of short-term hryvnia resources provided/raised on the interbank market of Ukraine by lending and deposit transactions made for overnight.

3. The National Bank of Ukraine (hereinafter referred to as the "NBU") shall perform the functions of the UONIA administrator and shall be responsible for managing the process of determining, calculating and publishing UONIA.

4. The NBU shall perform oversight of the UONIA. UONIA oversight is the NBU's function of ensuring its continuous, reliable and effective determining, calculation and publication. The UONIA oversight shall cover monitoring, analysis and decision-making on any issues related to determining, calculating and publishing UONIA. The Money and Foreign Exchange Market Indicators Oversight Committee appointed by the NBU Board considers issues and drafts motions and/or decisions associated with the UONIA oversight.

*(the fourth sentence of paragraph 4 in the wording
of NBU Board Decision
No. 606-D dated 29 September 2020)*

5. The NBU shall use UONIA as a performance indicator of the operational goal of its interest rate policy. The NBU and market participants may use UONIA to execute transactions on money market, but shall not be obligated to do so.

II. Methodology for calculating UONIA

6. UONIA shall be calculated for each business day using the information on transactions specified in paragraph 7, Section II hereof, information about transactions that was available for use when calculating UONIA at 8:00 a.m. Kyiv time of the next business day after the transactions were executed.

If after the time set under indent one of this paragraph the NBU receives any additional/adjusted information on transactions of the preceding business day via the relevant information exchange channels of trade information systems (hereinafter referred to as "TIS"), UONIA shall not be recalculated.

7. UONIA shall be calculated based on the information about:

1) all lending and deposit transactions made between Ukrainian banks in hryvnia for overnight via TIS platforms. The source of information on such transactions shall be the data obtained by the NBU via TIS

2) 10% of overnight lending transactions issued to banks by the NBU and 10% of overnight certificates of deposit placed by the NBU with banks. If 10% of transactions out of total transactions are not an integer, the respective value shall be rounded to an integer. The NBU's software shall be the source of information on such transactions for executing the relevant transactions.

8. For the purposes of paragraph 7, Section II hereof, overnight transactions shall mean transactions with the settlements completed on the next business day after the transaction date.

9. Nominal interest rates listed in the information on the relevant transactions shall be used to calculate UONIA. UONIA shall be calculated as a percentage per annum to four decimal places.

10. UONIA shall be calculated in accordance with the procedure set out in Annex 1 hereto.

11. UONIA shall be calculated under special conditions in accordance with the procedure set out in Annex 2 hereto.

UONIA shall be calculated under special conditions, if the total number of transactions available for UONIA calculation is less than five and/or the total number of counterparty banks (including the NBU) is less than three under the transactions specified in paragraph 7, Section II hereof at 8 a.m. of the preceding business day.

12. Amendments to the procedure for calculating UONIA shall enter into force not earlier than one week after the adoption by the NBU Board.

III. Procedure for publishing UONIA

13. UONIA for the relevant business day shall be published before 10 a.m. of the next business day on the Financial Markets' page of the NBU's official website (hereinafter referred to as the Financial Markets' page).

14. In accordance with paragraph 11, Section II hereof the calculation of UONIA shall be announced simultaneously with the publication of UONIA value for the relevant date on the Financial Markets' page.

15. The NBU shall publish a complete archive of UONIA values, starting from its first calculation and all options (including the current one) of the UONIA calculation procedure, indicating the validity term on the Financial Markets' page.

Director
Open Market Operations Department

Serhii PONOMARENKO

APPROVED
Deputy Governor
National Bank of Ukraine

(signature) Oleg CHURIY

(date) 2020

Annex 1
to the Regulation *On Calculating and
Publishing the Ukrainian Overnight
Index Average (UONIA)*
(Section II paragraph 10)

Procedure for Calculating the Ukrainian Overnight Index Average (UONIA)

1. To calculate UONIA the primary sample of transactions shall be selected from transactions chosen in accordance with paragraphs 6 and 7, Section II hereof. All primary sample lending and deposit transactions executed by a single bank with the same counterparty shall be aggregated into a single transaction for the purpose of calculating UONIA by deriving the average value of the interest rate under all such transactions.

2. A range of transactions/aggregated transactions derived according to paragraph 1 of Annex 1 hereof shall be ranked from the lowest to the highest interest rate. From the derived range, 5% of transactions/aggregated transactions shall be cut top-down and 5% transactions/aggregated transactions shall be cut bottom-up.

If 5% of the total number of transactions/aggregated transactions is not an integer, the relevant value shall be rounded to the nearest integer value.

3. The standard deviation of the interest rate shall be calculated from the transactions' range according to paragraph 2, Annex 1 under the following formula:

$$\sigma_r = \sqrt{\frac{\sum_{i=1}^n (X_{ri} - \bar{X}_r)^2}{n}},$$

where σ_r is the standard deviation of the interest rate

X_{ri} is the interest rate of transaction/aggregated transaction

\bar{X}_r is the average value of a range of interest rates

n is a number of transactions/aggregate transactions.

4. Transactions/aggregated transactions with an interest rate that deviates from the average value of the interest rate \bar{X}_r by more than two standard deviation values of the interest rate σ_r shall be cut from the transactions/aggregated transactions' range according to paragraph 2, Annex 1 hereof.

5. The range derived according to paragraph 4, Annex 1 thereof shall be deemed as the base range for the UONIA calculation.

6. UONIA value shall be calculated as an average value of the base range.

Annex 2
to the Regulation *On Calculating and
Publishing the Ukrainian Overnight
Index Average (UONIA)*
(paragraph 11, Section II)

Procedure for Calculating the Ukrainian Overnight Index Average (UONIA) under
special conditions

1. The nominal UONIA deviations from the NBU key policy rate shall be determined for the preceding five business days, when UONIA was calculated in line with the Procedure for Calculating the Ukrainian Overnight Index Average (UONIA) set out in Annex 1 hereto.

2. The largest and the smallest values from the deviations obtained in accordance with paragraph 1 of Annex 2 hereto shall be not considered. The average deviation of UONIA from the NBU key policy rate shall be calculated as the standard average.

3. The value of UONIA for the relevant business day shall be calculated as the value of NBU key policy rate on this day, adjusted for the average deviation of UONIA from NBU key policy rate calculated in accordance with paragraph 2, Annex 2 hereof.