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MONEY AND FOREIGN EXCHANGE MARKETS CONTACT GROUP

Friday, 31 October 2025, 2 p.m. – 4 p.m.

The meeting took place in remote mode via Zoom.

Discussion Summary

Item 1. Regular reviews of UONIA money market indicator

(Speaker: **Oleksandr Arseniuk**, Director, Open Market Operations Department, National Bank of Ukraine).

Results of the UONIA Money Market Indicator's periodic reviews were presented after the Oversight Council for Ukrainian Money Market and FX Market Indicators considered them at its meetings in (February and August) 2025.

The speaker highlighted that the money market continues to experience a significant liquidity surplus that has reduced banks' activity there to a minimum. This is posing significant challenges to the UONIA indicator. UONIA's calculation is currently possible exclusively by taking into account the transactions made by banks with the National Bank of Ukraine (hereinafter referred to as the "NBU"), a condition that is not fully compliant with the International Organization of Securities Commissions' principles for financial benchmarks (hereinafter referred to as "IOSCO principles").

This approach was once seen as a temporary measure. The primary projected scenarios envisage no decrease in liquidity and give no reason to expect a revival of the interbank money market in foreseeable future. This presents considerable challenges to UONIA and requires continued research to improve the benchmark's calculation.

A study of new aspects of the money market's operation has been incorporated into UONIA's periodic reviews in 2025 in order to bring the indicator into full compliance with IOSCO principles. The new features include: assessment of market concentration using the Herfindahl-Hirschman index (HHI) and the

Concentration Ratio (CRn); comparison of the volumes of unsecured transactions between banks in Ukraine's money market based on data from trade information systems and statistical reporting files; and analysis of the impact of bank-to-bank transactions within a single banking group on UONIA's calculation.

The following conclusions were made based on the conducted review. Although the current UONIA calculation methodology is not perfect, UONIA remains an objective indicator of the money market. That said, there is a need to find ways to improve this methodology, which the NBU plans to do through seeking international technical assistance.

During the discussion, one Contact Group member raised the issue of banks making repo agreements with the Central Counterparty whereby the Settlement Center (SC) formally acts as a legal person for a bank that raises hryvnia funds in a repo transaction with controlled risks. This requires the bank to build up reserves against the funds raised through such a transaction. The requirement discourages banks from concluding such agreements and impedes the repo market's development in Ukraine. With this in mind, a proposal was submitted to the NBU to consider exempting banks from the reserve requirements that apply to funds that banks raise on repo terms from other banks under agreements made through the Central Counterparty.

An NBU representative said that the NBU had also been advocating for the repo market's development in Ukraine. The issue raised will be studied further, in particular with regard to the possibility to control how banks build up required reserves for such transactions.

Item 2. Periodic reviews of FX market indicators

*[Speaker: **Iryna Zhak**, Head of the Office for Operational Regulation of the Money Market, Open Market Operations Department, NBU].*

Results of periodic reviews of FX market indicators (the official hryvnia exchange rate against foreign currencies, accounting prices for investment metals, and the reference exchange rate of the hryvnia against the U.S. dollar) were presented after the Oversight Council for Ukrainian Money Market and FX Market Indicators considered them at its meetings.

The speaker said that the Ukrainian FX market's trading volume remains adequate for calculating reliable indicators based on the (reference and official)

hryvnia exchange rates against the U.S. dollar under the current methodology, which defines these indicators as weighted-average values. However, the level of liquidity in the Ukrainian FX market's interbank segment is still insufficient to transition the calculation of FX market indicators to a fixing methodology in foreseeable future.

In the interbank FX market's hryvnia/euro segment, trading volume has risen, but remains marginal. Interbank trading in other currencies is virtually non-existent. In contrast, the share of euro transactions in the FX market's other segments has been trending higher (in part due to a strengthening of the euro in global markets), which is gradually generating the potential to migrate from the dollar to the euro as a peg currency going forward.

According to calculations and statistical data unveiled during the presentation, the criteria for selecting transactions for the primary sample used in the current methodology for calculating the official and reference UAH/USD exchange rates are still relevant.

Research into some of the new aspects of the FX market's operation that are necessary to fully bring the indicator into line with IOSCO principles was also presented. Specifically:

Assessment of FX market concentration using the Herfindahl-Hirschman index (HNI) and the Concentration Ratio (CRn) was introduced.

A comparison was presented of the FX market's bank-to-bank transaction volumes, based on data from trade information systems (TIS) and banks' statistical reporting, in order to assess the relevance of data sources used to calculate FX market indicators at the UAH/USD exchange rate.

An analysis was presented of how transactions between banks in the same banking group affect the calculation of FX market indicators.

Based on the presentation, a conclusion was drawn that the official and reference UAH/USD exchange rates meet the demands and needs of the market at the current stage in its development, as does the methodology for their calculation. At this time, no changes need to be made to the methodology or other aspects of the calculation and publication of the UAH/USD FX market's indicators.

It was also mentioned that implementation is ongoing of previously approved proposals to introduce the calculation of a new FX market benchmark – reference UAH/EUR exchange rate as of 12 p.m. – and to change the methodology

for calculating the official exchange rate against other currencies (except for the U.S. dollar).

During the discussion, a Contact Group expert raised the possibility of displaying, on the NBU's website, statistical information on transactions made by individuals and legal persons to purchase/sell investment metals in the Ukrainian FX market. NBU representatives pointed out that the proposal has been supported and will be processed.

Item 3. Proposals to enshrine in regulations certain features of the definition, calculation, and publication of money market and FX market indicators

[Speaker: Oleksandr Arseniuk, Director, Open Market Operations Department, National Bank of Ukraine].

Also presented were proposals to enshrine in regulations some of the aspects of the definition, calculation, and publication of money market and FX market indicators in order to better align them with IOSCO principles.

3.1. Enshrining in regulations the definition of FX market indicators

The speaker said that the NBU has made significant progress in aligning the money and FX market indicators with IOSCO principles. However, a number of important steps are necessary to achieve full alignment with all of the criteria of these principles and with best practices that pertain to financial benchmarks.

In particular, IOSCO principles require that the administrator operate a clearly defined indicator. The document that governs UONIA's calculation does contain such a definition already, but the regulations governing the issues related to FX market indicators do not.

The Contact Group meeting's participants familiarized themselves with proposals on the normative definition of Ukrainian FX market indicators. The proposals draw on international experience. The indicators include the UAH/USD official/reference exchange rate, the hryvnia's official exchange rate against foreign currencies (except the U.S. dollar) and the SDR, the UAH/EUR reference exchange rate, and the accounting price of investment metals.

Additionally, the speaker said that the proposed definitions for the hryvnia's official exchange rate against foreign currencies (except the U.S. dollar) and

the SDR, as well as for the accounting price of investment metals, are essentially different from the definition of the UAH/USD official/reference exchange rate. One difference is that the latter is based on actual market transactions, while other indicators are calculated using the UAH/USD exchange rate and BFIX quotes for the relevant currencies.

The bottom line: all Contact Group participants endorsed the proposed definitions of FX market indicators with the aim of eventually enshrining them in regulations.

3.2. Writing into regulations the procedures to rectify errors in the calculation and publication of money market and FX market indicators

During the meeting, proposals were presented to introduce procedures to handle errors that may occur when calculating and/or publishing the indicators of the money and FX markets (in the context of bringing them into line with IOSCO principles).

Contact Group participants familiarized themselves with international experience in responding to errors in financial benchmarks and looked into the possibility of its application in Ukraine. The proposed policy for correcting errors that may arise during the calculation or publication of the money and FX market indicators is generally consistent with international standards and IOSCO principles.

When detected during the calculation and/or publication of money market indicators, errors were proposed to be handled as follows:

For UONIA: set the error's minimum threshold value to 10 bp, set the re-publication deadline at 12 p.m. of the current business day, republish UONIA if an error is detected in the indicator's published value, and inform everyone about the repeat publication on the NBU's official website.

For metrics derived from UONIA: republish in the event of a repeat publication of UONIA.

Regarding FX market indicators, it was mentioned that the global practice is for administrators of such indicators to not disclose re-publication policies, including error thresholds that trigger an indicator's re-publication. This is due to specifics of the FX market and significant financial consequences for market participants if the indicator is republished.

Therefore, if detected during the calculation and/or publication of FX market indicators, errors were proposed to be processed as follows:

The NBU has a right to re-establish/recalculate an FX market indicator if the indicator's previously published calculated value turned out erroneous.

After being recalculated, the indicator's new value is posted to the NBU's official website no later than 4:30 p.m. the day of the calculation, along with a notice of republication.

The bottom line: all participants in the Contact Group meeting supported the proposals on procedures for dealing with errors when calculating and/or publishing the indicators of the money and FX markets.

3.3. Introducing the publication of descriptive information (including statistics) on money and FX market indicators

During the consideration of this issue, proposals were made to introduce, along with the publication of the indicators of the money and FX markets, the publication of descriptive information on transactions that go into the calculation of the money and FX market indicators (in the context of bringing them into line with IOSCO principles).

International experience in displaying descriptive information that goes into the calculation of indicators was presented, and proposals were made to apply similar practices to indicators of the money and FX market of Ukraine.

Following the discussion of this issue at the Contact Group meeting, two options for how to fill in the descriptive part of the publication were proposed, specifically:

Option 1: Publication of the volume and number of initial-sample transactions (including those without the NBU – only for UONIA), the minimum and maximum rate and/or the initial-sample transactions rate, the type of calculation (standard and/or under special conditions), and the type of publication (regular/re-publication).

Option 2: Publication of the volume and number of core-sample transactions (including those without the NBU – only for UONIA), the minimum and maximum rate and/or core-sample transactions rate, the type of calculation (standard and/or under special conditions), and the type of publication (regular/re-publication).

The bottom line: Contact Group members endorsed Option 2, which involves filling the daily descriptions with data on the core sample of transactions that went into the calculation of the indicators.

Item 4. Proposals on the makeup of the Oversight Council for Ukrainian Money Market and FX Market Indicators

(Speaker: **Oleksandr Arseniuk**, Director, Open Market Operations Department, National Bank of Ukraine)

The speaker outlined the results of the Oversight Council's work. He highlighted that during its operating period (2024–2025), the Oversight Council had held seven meetings, carried out four periodic reviews (starting February 2024) of the money and FX market indicators, and considered the following issues:

- approaches to introducing a reference UAH/EUR exchange rate
- changes in the methodology for calculating the official hryvnia exchange rate, and principles for making up lists of currencies that go into the official exchange rate's calculation
- feasibility of introducing the institution of primary dealers in the Ukrainian money market to maintain a certain amount of liquidity there and lay the groundwork for UONIA calculation
- procedural measures to bring the money and FX market indicators into line with IOSCO principles.

The Contact Group also identified candidates it recommended the NBU include in the Oversight Council. These candidates are:

- Anton Kovalenko** (Director, Capital Markets Department, CB PRIVAT-BANK JSC)
- Andrii Potapov** (Board Member for Financial Markets and Treasury, ING Bank Ukraine JSC)
- Anton Stadnyk** (Director, Investment Business Department, FUIB JSC).

List of discussion participants

Deputy Chair of the Contact Group: Oleksandr Arseniuk	– National Bank of Ukraine
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Members of the Contact Group:

Alla Brovkova	– OSCHADBANK JSC
Yurii Hrynenko	– BANK CREDIT DNIPRO JSC
Igor Dashkovskyi	– BANK VOSTOK PJSC
Oleksii Dmytriiev	– UNIVERSAL BANK JSC
Oleksandr Duda	– UKRSIBBANK JSC
Hanna Zolotko	– UNEX BANK JSC
Oleh Kyrychenko	– UKRGASBANK JSB
Oleh Klimas	– RAIFFEISEN BANK AVAL JSC
Anton Kovalenko	– CB PRIVATBANK JSC
Oleksandr Kutsovskyi	– SENSE BANK JSC
Serhii Kucheriavyi	– KREDOBANK JSC
Taras Liesovyi	– CB GLOBUS JSC
Stanislav Lysianskyi	– BANK ALLIANCE JSC
Viacheslav Ozerov	– CREDIT AGRICOLE BANK JSC
Liudmyla Pylypiv	– PROCREDIT BANK JSC
Andrii Shpylevskyi	– OTP BANK JSC

Secretary of the Contact Group –

Iryna Zhak	– National Bank of Ukraine
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Invited participants:

Oleh Serdiuk	– UKREXIMBANK JSC
Andrii Kyrylenko	– National Bank of Ukraine
Yurii Polovnov	– National Bank of Ukraine
Maksym Drobayazgin	– National Bank of Ukraine
Andrii Patenko	– National Bank of Ukraine
Tetiana Yerlina	– National Bank of Ukraine
Andrii Kozlovs	– National Bank of Ukraine
Tetiana Nurmukhametova	– National Bank of Ukraine

Mykola Selekhman

Viktoriia Kostiuk

– National Bank of Ukraine

– National Bank of Ukraine.