



Board of the National Bank of Ukraine

DECISION

16 June 2020

Kyiv

No. 405

On Approval of the Resolution On Calculating and Publishing the Ukrainian Overnight Index Average (UONIA)

as amended by NBU Board Decisions

No. 606 dated 25 September 2020,

No. 599 dated 30 November 2021

(amendments introduced by paragraph 1 of NBU Board Decision No. 599 dated 30 November 2021 enter into force on 4 January 2022))

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. 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:

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 the Regulation On the Oversight Committee of the UIIR* No. 330 dated 14 May 2020.

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

4. The implementation of this Decision shall be supervised by NBU Deputy Governor Oleg Churiy.

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

Governor

Yakiv SMOLII

Ref. 40

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

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

*(as amended by NBU Board Decisions
No. 606 dated 25 September 2020,
No. 599 dated 30 November 2021
(amendments introduced by paragraph 1 of NBU Board Decision No. 599
dated 30 November 2021 enter into force on 4 January 2022))*

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 deals 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 UONIA oversight. 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.

*(Section I paragraph 4 sentence four in the wording of
NBU Board Decision
No. 606 dated 25 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 deals on the 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 deals specified in Section II paragraph 7 hereof, and information about deals that was available for use when calculating UONIA at 8:00 a.m. Kyiv time of the next business day after the deals were executed.

If after the time set under indent one of this paragraph the NBU receives any additional/adjusted information on deals 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 deals made between Ukrainian banks in hryvnia for overnight via TIS platforms. The source of information on such deals shall be the data obtained by the NBU via TIS.

All lending and deposit deals executed by a single bank with the same counterparty shall be aggregated into a single deal with the value equal to the sum of the value of all such deals, and with the interest rate calculated as the weighted average value of the interest rate under all such deals.

The value of calculated deals/aggregated deals range from UAH 10 to UAH 200 million;

2) overnight lending deals to banks by the NBU.

To calculate UONIA, such deals are ranged from the highest to the lowest value, after which 45% of deals shall be cut off from the top-down and 45% of the deals shall be cut off from the bottom-up.

The respective value shall be rounded to an integer if 45% of the total deals are not an integer.

Deals that remained after the cutting-off are included in the UONIA calculation;

3) banks' deals with the NBU on placing overnight certificates of deposit.

To calculate UONIA, such deals are ranged from the highest to the lowest value, after which 45% of deals shall be cut off from the top-down and 45% of deals shall be cut off from the bottom-up.

The respective value shall be rounded to an integer if 45% of the total deals are not an integer.

Deals left after the cutting-off are included in the UONIA calculation.

The NBU's software for executing the relevant deals specified in Section II paragraph 7 subparagraphs 2 and 3 hereof shall be the source of information.

*(Section II paragraph 7 in the wording of
NBU Board Decision
No. 599 dated 30 November 2021)*

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

9. Nominal interest rates listed in the information on the relevant deals 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 at 8 a.m. of the preceding business day the total number of deals available for UONIA calculation specified in Section II paragraph 7 hereof is less than five and/or the total number of counterparty banks (including the NBU) is less than three under the deals and/or the number of deals available for UONIA calculation is equal or less than 10% of the average daily value of deals in the previous month.

*(Section II paragraph 11 indent two as amended by
NBU Board Decision
No. 599 dated 30 November 2021)*

12. Amendments to the procedure for calculating UONIA shall enter into force not earlier than one week after 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 “Financial Markets page”).

14. In accordance with Section II paragraph 11 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 regulation 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.

*(Section III paragraph 15 as amended by
NBU Board Decision
No. 599 dated 30 November 2021)*

Director of the
Open Market Operations Department Serhii PONOMARENKO

APPROVED
Deputy Governor
of the National Bank of Ukraine
_____ Oleg CHURIY

(signature)

_____ 2020
(date)

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 deals shall be selected from deals/aggregated deals (hereinafter referred to as “deals”) chosen in accordance with Section II paragraphs 6 and 7 hereof.

*(Annex I paragraph 1 in the wording of
NBU Board Decision
No. 599 dated 30 November 2021)*

2. The primary sample of deals shall be ranged from the lowest to the highest interest rate value.

In the resulting range, 5% of deals shall be cut off from the top-down and 5% of deals shall be cut off from the bottom-up (deals with higher volume shall be cut off from deals with the same interest rate).

If 5% of the total number of deals in the resulting range is not an integer, the corresponding value is rounded to the nearest integer value.

*(Annex I paragraph 2 in the wording of
NBU Board Decision
No. 599 dated 30 November 2021)*

3. The standard deviation of the interest rate shall be calculated from the deals’ range according to Annex 1 paragraph 2 hereof according to 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 i-deal

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

n is the number of deals.

*(Annex I paragraph 3 as amended by
NBU Board Decision*

No. 599 dated 30 November 2021)

4. Deals 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 off from the deals' range according to Annex 1 paragraph 2 hereof.

*(Annex I paragraph 4 as amended by
NBU Board Decision
No. 599 dated 30 November 2021)*

5. The range derived according to Annex I paragraph 4 hereof shall be deemed as the base range for the UONIA calculation.

6. UONIA is calculated as the weighted average interest rate value of the base range according to the following formula:

$$\text{UONIA} = \frac{\sum_{i=1}^n (O_i * r_i)}{\sum_{i=1}^n O_i} ,$$

where O_i is the amount of the i th deal
 r_i is the interest rate under i th deal
 n is the number of deals.

*(Annex I paragraph 6 in the wording of
NBU Board Decision
No. 599 dated 30 November 2021)*

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

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 Annex 2 paragraph 1 hereto shall not be 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 the NBU key policy rate on this day, adjusted for the average deviation of UONIA from the NBU key policy rate calculated in accordance with Annex 2 paragraph 2 hereof.