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Notification on Results of Periodic Review of FX Market Indicators

At the meeting on 19 February 2025, the Oversight Council for Ukrainian Money Market and FX Market Indicators (hereinafter referred to as the “Oversight Council”) conducted the third regular review of FX market indicators (the official exchange rate of the hryvnia against foreign currencies, accounting prices for investment metals, and the reference exchange rate of the hryvnia against the U.S. dollar).

The review findings confirmed that the trading volume of the Ukrainian FX market remains sufficient to calculate reliable indicators based on the (reference and official) exchange rates of the hryvnia against the U.S. dollar under the current methodology for determining a weighted average value. H2 2024 saw an uptrend in both the number and the value of the UAH/USD interbank trade segment. Despite that, the liquidity is not sufficient to warrant a possible transition to calculating FX market indicators under the fixing methodology in the foreseeable future.

The currency composition of transactions in the Ukrainian FX market still confirms the status of the U.S. dollar as the main currency shaping the exchange rate. U.S.-dollar-denominated transactions dominate in all FX market segments. The share of UAH/EUR transactions in the interbank market remains negligible (about 3%).

In contrast, the euro’s role has been trending up in other segments of the FX market, paving the way for a possible migration from the U.S. dollar to the euro as an exchange-rate-shaping currency. In 2024, the share of euro transactions in the cash segment increased to 23%–24% from 22%. In the cashless segment, euro transactions made up almost 50% of all FX purchases, compared to pre-war levels. The share of other currencies in all segments remains marginal.

According to calculations and statistical data presented during the review, 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. The restrictions on the single-transaction volume (from USD 0.1 million to USD 5 million) and on the timeframe of the transaction sample (until 12 p.m. for the reference exchange rate and until 3 p.m. for the official UAH/USD exchange rate) remain applicable, considering that market participants need to have an estimated benchmark at a specific time in the trading day. A certain decrease in the share (primarily by volume) of transactions executed during the period is associated with an increase in TOM transactions. However, the number of these transactions is negligible. At the same time, in H2 2024, the share of primary-sample transactions that were dismissed as outliers by the algorithm for estimating the official exchange rate shrank both by number and by value.

During the regular review, the Ukrainian interbank FX market's concentration was estimated using the Herfindahl-Hirschman Index for the first time. Excluding banks' transactions with the NBU, concentration of transactions in the interbank FX market remained low in 2024, never breaching the negligible range. Taking into account the banks' transactions with the NBU, the FX market concentration was close to the lower limit of the band of average-concentration values, for most of the 2024 months (except for December).

During H2 2024, stakeholders filed no complaints or requests about identifying, estimating, or releasing FX market indicators.

The review of FX market indicators led to a conclusion that the official and reference UAH/USD exchange rates and the methodology for their calculation meet the market's conditions and needs at the current stage in its development. Currently, the methodology or other procedures for estimating and releasing the indicators of the UAH/USD foreign-exchange market do not require any changes.

The next review of FX market indicators (the official exchange rate of the hryvnia against foreign currencies, accounting price for investment metals, and the reference exchange rate of the hryvnia against the U.S. dollar) will be conducted tentatively in August 2024.

Also, implementation is ongoing for the previously approved proposals to introduce the calculation of the new benchmark – the reference value of the UAH/EUR exchange rate as of 12 p.m. – and to change the methodology for estimating the official exchange rate against other currencies (save for the U.S. dollar).

For reference: a periodic review of FX market indicators is a special procedure for assessing the structural changes in the market and/or other grounds that may indicate the need to replace existing indicators, adjust their methodology, or consider other important aspects related to their calculation and publication (calculation time, publication procedure, and more).

Periodic reviews are carried out by the [Money and Foreign Exchange Market Indicators Oversight Council](#). The first review took place in February 2024. Going forward, this review will take place every six months: no later than in February and in August respectively.

Money and FX market indicators are periodically reviewed to ensure that they comply with the principles outlined in the following [IOSCO document: Principles for Financial Benchmarks Final Report July 2013](#). Principle 10 “Periodic Review” of this document states that:

“The Administrator should **periodically review the conditions in the underlying Interest** that the Benchmark measures to determine whether the Interest has undergone structural changes that might require changes to the design of the Methodology. The Administrator also should **periodically review whether the Interest has diminished or is non-functioning** such that it can no longer function as the basis for a credible Benchmark.

The **Administrator should Publish** or Make Available a **summary of such reviews** where material revisions have been made to a Benchmark, including the rationale for the revisions.”