

*Publication date*

*30 April 2020*

## **MONEY AND FOREIGN EXCHANGE MARKETS CONTACT GROUP**

Friday, 10 April 2020, 2:30 p.m. – 4:30 p.m.

The meeting was held remotely in Zoom

### ***Discussion Summary***

**Issue 1: Appointing members to the Oversight Committee of Ukrainian Index of Interbank Rate (UIIR)** (*speaker: **Oleksandr Arseniuk**, Head of the Office for Operative Regulation of Money Market of the Open Market Operations Department*).

Members to the Oversight Committee of Ukrainian Index of Interbank Rate (UIIR Oversight Committee) from the National Bank of Ukraine (NBU) were presented to Money and Foreign Exchange Markets Contact Group (Contact Group): **Oleg Churiy**, Deputy Governor, who oversees the Market Operations function; **Nadiia Meshenko**, Head of Financial and Operational Risks Office; **Vitalii Vavryshchuk**, Director of the Financial Stability Department; **Oleksii Romaniuk**, Director of the Analytics and SupTech Department.

Also, members of the Contact Group voted for external representatives to the committee of 8 candidates nominated earlier by the group members. According to the vote, the following persons were selected to the UIIR Oversight Committee: **Anton Kovalenko** (Treasury Director at OTP BANK), **Andrii Potapov** (Head of the Financial Markets and Treasury Office at ING Bank Ukraine), and **Anton Stadnyk** (Director of the Investment Business Department at FUIB).

The UIIR Oversight Committee is expected to start working in May 2020 after adoption of respective NBU regulations. The first meeting will hear issues on analysis of representativeness and revision of the UIIR methodology.

Members of the Contact Group have discussed possible options to revise the UIIR methodology. In particular, attention was focused on the motion made by EBRD Treasury Department experts to consider in UIIR

estimations not only interbank deals (as it is now), but also deals between banks and the NBU on Money Market (placement of NBU certificates of deposit and issuing refinancing loan). This step could resolve the issue of low number of deals on the interbank lending market under major liquidity surplus in the banking system. Some members of the Contact Group noted that this could be both a comprehensive (with consideration of all overnight deals for each day) and a fragmental approach (partial consideration of banks' deals with the NBU, consideration of NBU deals only, when the number of interbank deals is insufficient). Among other motions on improving the UIIR methodology was to consider interbank repo deals and bank deals with legal entities. Each motion put by members of the Contract Group will be forwarded for consideration of the UIIR Oversight Committee.

**Issue 2: Financial markets operation under increasing risks associated with coronavirus infection** (speaker: **Oleksandr Arseniuk**, Head of the Office for Operative Regulation of Money Market of the Open Market Operations Department).

With regards to this issue, the Money Market and Forex overview were conducted in the period covering March and early April 2020. The second and the third March decades were noted for certain aggravation due to increased risks associated with the spread of the coronavirus infection. However, already at the end of March Money Market and Forex greatly improved. In particular, members of the Contact Group noted the positive effect of NBU measures.

The meeting attendees have brought up the issue of feasibility of additional regulatory measures under such circumstances that covered individual security measures on Forex and securities transactions on the secondary market. NBU representatives noted that so far they have no intention of taking such actions. Instead, the NBU was recognized for devising additional measures to support banks' liquidity (including long-term), as well as introducing the instrument for managing interest rate risk (interest rate swap).

**Issue 3: NBU transacting interest rate swaps (IRS): Further progress** (speaker: **Mykola Selekman**, Deputy Director of the Open Markets Department, Head of the Open Market Operations and Government Securities Placement Office of the National Bank of Ukraine).

Information was provided on further progress in introducing the new instrument, i.e. interest rate swap, by the NBU. The NBU presented findings of its bank survey on interest in such transactions.

Also, some issues were discussed associated with such NBU transactions (collateral, terms and conditions of early termination of deals, etc.) that would be of interest to market players.

When discussing the mentioned issues, some meeting attendees noted that banks are interested in NBU's advancement of such transactions.

**Issue 4: NBU issue of long-term refinancing loans: Practical issues** (speaker: **Mykola Selekman**, Deputy Director of the Open Markets Department, Head of the Open Market Operations and Government Securities Placement Office of the National Bank of Ukraine).

Approaches were presented related to the NBU's future longer-term refinancing operations and information was provided on some practical issues relating to technical issues of executing such transactions.

When discussing issues of the banking system liquidity support instruments, some members of the Contact Group suggested promoting repo transaction with government securities. NBU representatives responded that at present such instrument had no substantial advantage comparing to refinancing loans pledged by government securities.

#### Meeting attended by:

Chair of the Contact Group Oleg Churiy	National Bank of Ukraine
Deputy Chairman of the Contact Group Serhii Ponomarenko	National Bank of Ukraine
Members of the Contact Group Oleksandr Borshchuk	BANK FOR INVESTMENTS AN-SAVINGS
Yurii Hrynenko	Raiffeisen Bank Aval
Oleksii Dmytriiev	UNIVERSAL BANK
Olena Domanova	Oschadbank
Oleksandr Duda	UKRSIBBANK
Anton Kovalenko	OTP BANK
Dmytro Lazariev	CB GLOBUS
Stanislav Lysianskyi	BANK ALLIANCE

Yurii Maliuk  
Andrii Oliinyk  
Liudmyla Pylypiv  
Tetiana Popovych  
Andrii Potapov  
Oleh Sekun  
Yurii Spasov  
Anton Stadnyk  
Mykhailo Stetsiuk

KREDOBANK  
MEGABANK  
PROCREDIT BANK  
ALFA-BANK  
ING Bank Ukraine  
Ukreximbank  
CB PrivatBank  
FUIB  
INDUSTRIALBANK

Meeting invitees:

Oleksandr Arseniuk  
Mykola Selekman  
Nadiia Meshenko  
Vitalii Vavryshchuk  
Oleksii Romaniuk  
Andrii Burovskyi  
Oksana Shveda

National Bank of Ukraine  
National Bank of Ukraine  
National Bank of Ukraine  
National Bank of Ukraine  
National Bank of Ukraine  
AVANGARD BANK  
AVANGARD BANK