



Board of the National Bank of Ukraine

RESOLUTION

10 December 2019

Kyiv

No. 148

On Some Issues Regarding Setting the Official Exchange Rate of the Hryvnia Against Foreign Currencies and Amending the Classifier of Foreign Currencies and Investment Metals

Pursuant to Articles 7, 15, 36, and 56 of the Law of Ukraine *On the National Bank of Ukraine*, for the purpose of improving the procedure for calculating the official hryvnia exchange rate against foreign currencies and accounting prices of investment metals, the NBU Board hereby **resolves as follows**:

1. To approve the Regulation *On Setting the Official Exchange Rate of the Hryvnia against Foreign Currencies and Calculating the Reference Exchange Rate of the Hryvnia against the U.S. Dollar and Accounting Prices of Investment Metals* attached hereto.

2. Paragraph 2, row 12 of the table of the Classifier of Foreign Currencies and Investment Metals, approved by NBU Board Resolution No. 34 dated 4 February 1998 (in the wording of NBU Board Resolution No. 269 dated 19 April 2016 (as amended)) shall read as follows:

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3. The National Bank of Ukraine (hereinafter – the NBU), on the day this Resolution comes into effect and taking into account the data of the Balance of Payments of Ukraine for 2018, approves and publishes the lists of foreign currencies against which the NBU sets the official hryvnia exchange rate on a daily and monthly basis, and the list of investment metals for which the NBU calculates the accounting price on a daily basis, on the NBU official website.

4. The official hryvnia exchange rate against foreign currencies, which was set by the NBU on 27 December 2019 according to the list of foreign currencies based upon which the NBU sets the official hryvnia exchange rate on a monthly basis, will be in effect from 28 December 2019 through 31 January 2020.

5. Regulation, *On Setting the Official Exchange Rate of the Hryvnia against Foreign Currencies and Accounting Prices of Investment Metals and Calculating the Reference Exchange Rate of the Hryvnia against the U.S. Dollar*, approved by the NBU Board Resolution No. 80 dated 19 July 2018, shall be considered to be repealed.

6. Following the official publication, the Open Market Operations Department (Serhii Ponomarenko) shall communicate to the banks of Ukraine the information on the approval of the Resolution.

7. The Resolution comes into effect on 27 December 2019.

Governor

Yakiv Smolii

Ref. 40

APPROVED

by Resolution of the Board
of the National Bank of Ukraine
No. 148 dated 10 December 2019

Regulation

On Setting the Official Exchange Rate of the Hryvnia against Foreign Currencies and Calculating the Reference Exchange Rate of the Hryvnia against the U.S. Dollar and Accounting Prices of Investment Metals

I. General Provisions

1. The Regulation has been developed pursuant to Articles 7, 15, and 36 of the Law of Ukraine, *On the National Bank of Ukraine*, and regulates the issues of setting and using by the National Bank of Ukraine (hereinafter - the NBU) of the official hryvnia exchange rate against foreign currencies, and of calculating the reference exchange rate of the hryvnia against the U.S. dollar and accounting prices of investment metals.
2. For the purpose of this Regulation, the term "BFIX quote" shall read as BGN's (Bloomberg Generic Price) weighted average spot-market exchange rate/price quotes of foreign currencies/investment metals against the U.S. dollar (or those of the U.S. dollar against foreign currencies/investment metals), which are calculated daily by the trading information system BLOOMBERG (hereinafter – TIS BLOOMBERG) as of 3:30 p.m., Kyiv time, and data on which comes from TIS BLOOMBERG to the NBU through customized data transfer solutions.
3. The NBU shall:
 - 1) set the official hryvnia exchange rate against foreign currencies and the international accounting unit (hereinafter – the official hryvnia exchange rate against foreign currencies) on a periodic basis in line with the lists of foreign currencies specified in Section II, paragraph 5, subparagraphs 1 and 2 of this Regulation
 - 2) calculate accounting prices for investment metals on a periodic basis in line with the list of investment metals specified in Section II, paragraph 5, subparagraph 3 of this Regulation

3) set the updated official hryvnia exchange rate against Special Drawing Rights (hereinafter – SDRs) on a monthly basis (on the second business day of the month, as of the last business day of the previous month).

4. The NBU has no obligations related to carrying out transactions on foreign currency purchase/sale at their official rate, and on investment metals purchase/sale at their accounting prices.

II. Procedure for Approving and Publishing the Lists of Foreign Currencies for Which the NBU Sets and Publishes the Official Hryvnia Exchange Rate, and of Investment Metals for Which the NBU Calculates Accounting Prices

5. The NBU, on an annual basis and within two weeks after the date of publishing the Balance of Payments of Ukraine for the previous year on the NBU's website, approves and publishes on the NBU's official website the following:

1) the list of foreign currencies for which the NBU daily sets the official hryvnia exchange rate. The list encompasses the foreign currencies included in the first group of the Classifier of foreign currencies and investment metals, approved by NBU Board Resolution No. 34 dated 4 February 1998 (in the wording of NBU Board Resolution No. 269 dated 19 April 2016 (as amended)) (hereinafter – the Classifier), and foreign currencies issued by the countries, which – according to the data of the Balance of Payments of Ukraine for the year preceding the establishing of this list – are among the 30 countries whose goods turnover with Ukraine is the highest.

2) the list of foreign currencies against which the NBU sets the official hryvnia exchange rate on a monthly basis. This list encompasses the foreign currencies (out of those not included in the list of foreign currencies specified in Section II, paragraph 5, subparagraph 1 of this Regulation) whose issuers are the countries formed as a result of the dissolution of the USSR, as well as the countries, which – according to the data of the Balance of Payments of Ukraine for the year preceding the establishing of this list – rank from 31st to 60th according to their goods turnover with Ukraine.

3) the list of investment metals for which the NBU daily calculates accounting prices. This list encompasses the investment metals included in the 1st group of the Classifier.

6. The lists specified in Section II, paragraph 5, subparagraphs 1–3 of the Regulation shall be in force until the NBU publishes new lists.

III. Procedure for Calculating, Publishing, and Using the Official Hryvnia Exchange Rate against Foreign Currencies and Accounting Prices for Investment Metals, and Their Validity

7. The official hryvnia exchange rate against the foreign currencies specified in Section I, paragraph 3, subparagraphs 1 and 3 of this Regulation is calculated as follows:

1) against the U.S. dollar – in line with the calculation of the official exchange rate of the hryvnia against the U.S. dollar and the reference exchange rate of the hryvnia against the U.S. dollar (Annex 1) or the calculation of the official exchange rate of the hryvnia against the U.S. dollar under special conditions (Annex 2).

The calculation of the official UAH/USD exchange rate under special conditions shall be applied in the following cases:

the number of TOD, TOM, and SPOT transactions to buy/sell the U.S. dollar that were conducted by banks with other banks and with the NBU on the FX market of Ukraine on the day of the calculation of the official exchange rate and that were reported to the NBU by trading information systems (hereinafter – TIS) through relevant information exchange channels before 12 p.m. on the same day is less than or equal to 10% of the average daily number of such transactions in the previous running month;

due to an operational risk event at the stages of obtaining and/or processing the information from TIS as regards to the transactions specified in Section III, paragraph 7, subparagraph 1, indent three of this Regulation, the number of transactions, information about which is available as of 12 p.m., is less than or equal to 10% of the average daily number of such transactions in the previous running month.

Between 12:15 p.m. and 1:00 p.m., the NBU requests from the banks conducting transactions in Ukraine's interbank FX market the information on quotes associated with the purchase/sale of USD 1 million via TIS functionality in case there are grounds for using the calculation of the official UAH/USD exchange rate, which are specified in Section III, paragraph 7, subparagraph 1, indents 2–4 of this Regulation. The request is sent to the 20 banks included in the list of banks that is compiled under NBU regulations (hereinafter – the List). The banks comprising the list are eligible to participate in the best exchange-rate intervention, which is conducted by requesting quotes on the purchase/sale of foreign currency from market participants.

The NBU sends a request that is identical to the request outlined in Section III, paragraph 7, subparagraph 1, indent five of this Regulation via telephony to 10 banks from the List if fewer than five banks have provided exchange rate quotes to buy and/or sell the U.S. dollar in response to that request, or if none of TIS is working, for whatever reason. The request is sent to the first 10 banks on the List if the day such

request is made is an even date. Otherwise, the request is sent to the other 10 banks on the List.

If responses containing exchange rate quotes to buy and/or sell the U.S. dollar after the requests that were sent pursuant to Section III, paragraph 7, subparagraph 1, indents five and six of this Regulation, and obtained by no less than five banks, the NBU has the right to use the quotes so received to calculate the official UAH/USD exchange rate according to the calculation of the official UAH/USD exchange rate under special conditions (Annex 2).

2) against foreign currencies (except the U.S. dollar and SDRs):

based on data on the hryvnia exchange rate against the U.S. dollar calculated in accordance with Section III, paragraph 7, subparagraph 1 of this Regulation, and on BFIX quotes of foreign currencies – for currencies for which TIS BLOOMBERG publishes the BFIX quotation on the day the official hryvnia exchange rate is calculated

based on data on the hryvnia exchange rate against the U.S. dollar, which was calculated pursuant to Section III, paragraph 7, subparagraph 1 of this Regulation and the latest available information, at the time of the calculation of the official hryvnia exchange rate, about foreign exchange rates against the U.S. dollar (or those of the U.S. dollar against foreign currencies) that are set by the respective central (national) currency-issuing banks, or about current exchange rates of foreign currencies against the U.S. dollar (or those of the U.S. dollar against foreign currencies) in the international currency markets that are received through TIS – for currencies for which, on the day the official exchange rate of the hryvnia was calculated, TIS BLOOMBERG did not calculate BFIX quotes or if these quotes were unavailable at the time the official hryvnia exchange rate was calculated due to an operational risk event at the stages of obtaining and/or processing information from TIS BLOOMBERG

3) against SDRs (daily) – based on information about the hryvnia exchange rate against the U.S. dollar, which was calculated pursuant to Section III, paragraph 7, subparagraph 1 of this Regulation, and about the estimated exchange rate of SDRs against the U.S. dollar that is calculated using the approaches outlined on the SDR Valuation page of the official website of the International Monetary Fund (hereinafter – the IMF), using BFIX currency quotes as exchange rate values included in the SDR basket.

If on the day the official hryvnia exchange rate is calculated, TIS BLOOMBERG did not publish a BFIX quote for the currency included in the SDR basket, or if the information on that quotation was not available at the time the official hryvnia exchange rate was calculated due to an operational risk event at the stages of obtaining and/or processing information from TIS BLOOMBERG, then to calculate the

estimated SDR exchange rate against the U.S. dollar, the latest information is used that is available at the time the official hryvnia exchange rate is calculated about the exchange rate of that currency against the U.S. dollar (or that of the U.S. dollar against that currency) that is set by the central (national) bank that issues that currency

4) against SDRs (this method has been clarified) – on the second business day of the month, based on information on the UAH/USD exchange rate on the last working day of the previous month, which was calculated pursuant to Section III, paragraph 7, subparagraph 1 of this Regulation, and on information on the SDR exchange rate against the U.S. dollar that is set by the IMF on its last working day of the previous month.

8. An accounting price for investment metals, as specified in Section I, paragraph 3, subparagraph 2 of this Regulation, is calculated as follows:

1) based on data on the UAH/USD exchange rate calculated in accordance with Section III, paragraph 7, subparagraph 1 of this Regulation, and on BFIX-quoted U.S. dollar prices for investment metals for which TIS BLOOMBERG publishes the BFIX prices for investment metals in U.S. dollars on the day the official hryvnia exchange rate is calculated

2) based on data on the UAH/USD exchange rate that was calculated pursuant to Section III, paragraph 7, subparagraph 1 of this Regulation – and on information about the last available price for investment metals quoted on the official website of the London Bullion Market Association (LBMA) or TIS – for investment metals for which TIS BLOOMBERG did not publish BFIX price quotations in U.S. dollars on the day the accounting price for investment metals was calculated, or if no information on these price quotations was available at the time the accounting price was calculated due to an operational risk event at the stages of obtaining and/or processing information from TIS BLOOMBERG.

9. The value of the official UAH/USD exchange rate is determined as a hryvnia amount per unit of foreign currency, while the values of the official hryvnia exchange rates against other foreign currencies, as well as the accounting price of investment metals, are determined in accordance with the lists of foreign currencies and investment metals referred to in Section II, paragraph 5 of this Regulation.

The official hryvnia exchange rate against foreign currencies is set to four decimal places, while accounting prices for investment metals are calculated to two decimal places.

10. The official hryvnia exchange rate against foreign currencies and the accounting price of investment metals, which are referred to in Section II, paragraph 5,

subparagraphs 1 and 3 of this Regulation, will take effect the next business day after the day of setting and/or settlement.

The official hryvnia exchange rate against foreign currencies and the accounting price of investment metals that:

1) are set/calculated on the last business day of the week or on the eve of a holiday and are valid on the following weekends or holidays

2) are set/calculated on the last business day of the week or on the eve of a holiday and take effect on the first business day of the following week or on the first business day following the holiday.

The official hryvnia exchange rate against foreign currencies specified in Section II, paragraph 5, subparagraph 2 of this Regulation is set on the last business day of the month and takes effect from the first day of the following calendar month and is valid until the end of that month.

11. The NBU has the right to set the official hryvnia exchange rate against foreign currencies and to calculate the accounting price of investment metals on a specified date at the level of the previous business day in case of a transfer of business days.

12. The official hryvnia exchange rate against foreign currencies and the accounting price of investment metals are used by residents and nonresidents of Ukraine:

1) to reflect FX and investment metals transactions in accounting records

2) to conduct FX transactions between the NBU and the State Treasury Service of Ukraine

3) in other cases determined by the legislation of Ukraine.

The revised official hryvnia exchange rate against SDRs specified in Section III, paragraph 7, subparagraph 4 of this Regulation is used to compile the NBU's monthly balance sheet and other accounting and statistical statements.

13. Information on the official hryvnia exchange rate against foreign currencies and the calculated accounting price of investment metals is published on the NBU's official website no later than 4 p.m. on the day of setting/calculation and is sent to subscribers of the NBU's email system.

If the official UAH/USD exchange rate was calculated using the calculation of the official hryvnia exchange rate against the U.S. dollar under special conditions (Annex 2), the NBU announces it on its official website at the same time that it

publishes information on the official hryvnia exchange rate against foreign currencies and the calculated accounting prices for investment metals.

IV. Procedure for Calculating and Publishing the Reference UAH/USD Exchange Rate

14. The NBU calculates the reference UAH/USD exchange rate based on FX market transactions as of 12 p.m. (hereinafter – the reference UAH/USD exchange rate) and publishes it on its official website in order to provide market players with a real-time indicator of the UAH/USD exchange rate.

The NBU has no obligation to make transactions based on the reference value of the UAH/USD exchange rate.

15. The reference UAH/USD exchange rate is calculated every business day in line with the calculation of the official UAH/USD exchange rate and the reference UAH/USD exchange rate (Annex 1).

The reference UAH/USD exchange rate is published on the NBU's official website by 12:30 p.m. of the day when it is calculated.

16. No calculation of the reference UAH/USD exchange rate is performed if:

1) the number of TOD, TOM, and SPOT transactions to buy/sell the U.S. dollar that were conducted by banks with other banks and with the NBU on the FX market of Ukraine on the day of the calculation of the official exchange rate and that were reported to the NBU by TIS through relevant information exchange channels before 12 p.m. on the same day is less than or equal to 10% of the average daily number of said transactions in the previous running month

2) due to an operational risk event at the stages of obtaining and/or processing the information from TIS about the transactions specified in Section IV, paragraph 15, subparagraph 1 of this Regulation, the number of transactions described using the data that is available as of 12 p.m. is less than or equal to 10% of the average daily number of said transactions in the previous month.

In this case, the “–” symbol is displayed in the relevant box on the NBU's official website, along with other information the NBU publishes there.

Department Director
Open Market Operations Department

Serhii PONOMARENKO

APPROVED
Deputy Governor
National Bank of Ukraine

(signature) Oleg CHURIY
“ ” _____ 2019
(date)

Annex 1

*to the Regulation On Setting
the Official Hryvnia Exchange Rate
against Foreign Currencies and
Calculating the Hryvnia Reference
Exchange Rate against the U.S. Dollar
and Accounting Prices of
Investment Metals*
(Section III, paragraph 7, subparagraph 1)

Calculation of the Official Hryvnia Exchange Rate against the U.S. Dollar and the Reference Hryvnia Exchange Rate against the U.S. Dollar

1. The calculation of the official hryvnia exchange rate against the U.S. dollar and the reference hryvnia exchange rate against the U.S. dollar (hereinafter – the Calculation) takes into account the information about all TOD, TOM, and SPOT transactions to buy/sell U.S. dollars that were conducted in the FX market by banks with other banks and with the NBU on the day of the calculation of the official exchange rate and that were reported to the NBU by TIS via relevant information exchange channels:

1) by 12 p.m. – for the purposes of calculating the reference UAH/USD exchange rate

2) by 3:30 p.m. – for the purposes of calculating the official UAH/USD exchange rate.

2. The Calculation is performed as follows:

1) transactions based on exchange rates that deviate by more than 2 percent ($\pm 2\%$) from the arithmetic mean of the exchange rates of a series of transactions are excluded from the available series of transactions determined in accordance with paragraph 1 of the Calculation

2) after paragraph 2 subparagraph 1 of the Calculation has been fulfilled, the resulting series of transactions is used to calculate the standard deviation of the exchange rate according to the formula:

$$\sigma_K = \sqrt{\frac{\sum_{i=1}^n (X_{ki} - \bar{X}_k)^2}{n}},$$

where σ_k is the standard deviation of the exchange rate

X_{ki} is the exchange rate in the i-th transaction

\bar{X}_k is the arithmetic mean of a series of exchange rates

n is the number of transactions

3) after paragraph 2, subparagraph 1 of the Calculation has been fulfilled, the resulting series of transactions is used to calculate the standard deviation of the transaction amount according to the formula:

$$\sigma_o = \sqrt{\frac{\sum_{i=1}^n (X_{oi} - \bar{X}_o)^2}{n}},$$

where σ_o is the standard deviation of the transaction amount

X_{oi} is the amount of the i-th transaction X_o

\bar{X}_o is the arithmetic mean value of the transaction amount series

n is the number of transactions

4) the following are excluded from the series of transactions resulting from the fulfillment of paragraph 1 of the Calculation:

transactions with exchange rates deviating from the arithmetic mean of the exchange rates \bar{X}_k by more than two standard deviations σ_k

transactions with amounts deviating from the arithmetic mean value of transaction amounts \bar{X}_o by more than two standard deviations of the transaction amount σ_o

5) the transaction series obtained upon fulfillment of paragraph 2, subparagraph 4 of the Calculation is used as the base series for calculating the official UAH/USD exchange rate and the reference UAH/USD exchange rate.

The values of the official UAH/USD exchange rate and the reference UAH/USD exchange rate are calculated as the weighted average exchange rate of the base series using the formula:

$$\bar{K} = \frac{\sum_{i=1}^n (K_i \times O_i)}{\sum_{i=1}^n O_i},$$

where \bar{K} is the weighted average exchange rate

O_i is the amount of the i-th transaction

K_i is the exchange rate in the i-th transaction

n is the number of transactions.

Annex 2

to the Regulation *On Setting the Official Hryvnia Exchange Rate against Foreign Currencies and Calculating the Reference Hryvnia Exchange Rate against the U.S. Dollar and Accounting Prices of Investment Metals* (Section III, paragraph 7, subparagraph 1)

Calculation of the Official UAH/USD Exchange Rate under Special Conditions

1. The official UAH/USD exchange rate is calculated as follows:

1) in line with the Calculation given in Annex 1 to the Regulation *On Setting the Official Hryvnia Exchange Rate against Foreign Currencies and Calculating the Reference Hryvnia Exchange Rate against the U.S. Dollar and Accounting Prices of Investment Metals* (hereinafter - the Regulation) if the number of TOD, TOM, and SPOT transactions to buy/sell U.S. dollars that were conducted in the FX market of Ukraine by banks with other banks and with the NBU on the day of the calculation of the official exchange rate and that were reported to the NBU by the TIS through relevant information exchange channels before 3:30 p.m. on the same day is greater than or equal to 10% of the average daily number of said transactions in the previous month

2) as the simple arithmetic mean of all exchange rate quotes to buy and/or sell U.S. dollars that were obtained under Section III, paragraph 7, subparagraph 1, indents five or six of the Regulation if the number of TOD, TOM, and SPOT transactions to buy/sell U.S. dollars that were conducted in the interbank FX market by banks with other banks and with the NBU on the day of the calculation of the official exchange rate and that were reported to the NBU by TIS through relevant information exchange channels before 3:30 p.m. on the same day is less than or equal to 10% of the average daily number of such transactions in the previous running month and if the conditions stipulated in Section III, paragraph 7, subparagraph 1, indent seven of the Regulation are upheld

3) as a value that equals the official UAH/USD exchange rate effective on the day of the calculation – if none of the calculation conditions stipulated in Section III, paragraph 7, subparagraphs 1 and 5 of the Regulation are satisfied.