



Board of the National Bank of Ukraine

DECISION

29 December 2021

Kyiv

No.641-D

On Amendments to Some Regulatory Documents of the National Bank of Ukraine

In accordance with Articles 6, 7, 15, 25, 42, 56, and 73 of the Law of Ukraine *On the National Bank of Ukraine* and in order to improve approaches to measuring the fair value of the nonresidents' debt securities held or accepted as collateral for liabilities by the National Bank of Ukraine (NBU), the NBU Board hereby **resolves**:

1. In the text of the Procedure for measurement at fair value of residents' securities held or accepted by the NBU as collateral for liabilities, approved by NBU Board Resolution No. 732 dated 26 October 2015 (as amended), the words "Financial and Operational Risk Office" in all cases shall be replaced with the words "risk management unit" in all cases, respectively.

2. The Procedure for measurement at fair value of residents' debt securities held or accepted by the NBU as collateral for liabilities, approved by NBU Board Resolution No. 732 dated 26 October 2015 (as amended), shall be amended as follows:

1) Section II paragraph 7 subparagraph 1 shall read as follows:

"1) data from Bloomberg terminal, in particular:

CBBT (Composite Bloomberg Bond Trader) is a market price that is compiled using data from hundreds of different dealers

BGN (Bloomberg Generic Price) is a consensus market price of a bond that is determined on the basis of quotations received by Bloomberg from several sources, and other data that Bloomberg deems appropriate. BGN is a market indicator of bond valuation that uses both hard and indicative quotations, depending on which of them are available at the moment of valuation

BVAL (Bloomberg Valuation Service) is a Bloomberg terminal feature that provides reasonable market prices available as of the end of day for various instruments.

For securities with a single source of prices , the additional analysis of hierarchy levels is conducted by BVAL regularly but not less than once a year, using the field BRAM_STANDARD_FV_HIERARCHY_LEVEL.

BRAM_STANDARD_FV_HIERARCHY_LEVEL which classifies prices as level 1, 2, or 3 based on significance of unobserved inputs, is defined according to IFRS 13 and accounting standards that require the disclosure of these levels in financial reporting. The values are calculated using the standard rules established and supported by Bloomberg and the pricing transparency data included into the BVAL price.

To determine the fair value of securities of the 3rd level of hierarchy, DCF (discount cash flow) model is used

2) in the text of the Procedure, the words "Financial and Operational Risk Office" in all cases shall be replaced with the words "risk management unit" in all cases, respectively.

3. Control of implementing the decision rests with NBU Governor Kyrylo Shevchenko.

4. The Decision enters into force on the day following its signing.

Governor

Kyrylo SHEVCHENKO

Ref.12