



Board of the National Bank of Ukraine
RESOLUTION

8 April 2020

Kyiv city

No. 47

On Approval of the Regulation *On the Money and Foreign Exchange Markets Contact Group* (as amended by Resolutions of the Board of the National Bank of Ukraine No. 48 dated 13 April 2020, No. 63 dated 14 May 2020, No. 78 dated 19 June 2020, effective date: 23 June 2020, No. 21 dated 26 February 2021)

According to Articles 6, 7, 15, and 56 of the Law of Ukraine *On the National Bank of Ukraine*, for the purpose of developing the money, foreign currency, interest, and FX derivatives markets, the Board of the National Bank of Ukraine (NBU) hereby **resolves as follows**:

1. To approve the Regulation *On the Money and Foreign Exchange Markets Contact Group* attached hereto.
2. The Open Market Operations Department (Serhii Ponomarenko) shall communicate to the banks of Ukraine the information on the approval of the Resolution.
3. The Resolution enters into force on the day following its official publication.

Governor

Yakiv SMOLII

Ref. 40

APPROVED
by Resolution of the Board
of the National Bank of Ukraine
No. 47 dated 8 April 2020

Regulation On the Money and Foreign Exchange Markets Contact Group

I. General Provisions

1. The Money and Foreign Exchange Markets Contact Group (hereinafter referred to as the “Contact Group”) is an advisory body appointed for sharing information and opinions between the National Bank of Ukraine (hereinafter referred to as the “NBU”) and market players on the current status and developments of Money and Foreign Exchange Markets, as well as interest rate and FX derivatives’ markets (hereinafter referred to as “MFD markets”).

2. The Contact Group is guided by this Regulation.

3. The main tasks of the Contact group is to handle and discuss issues on:

1) current status, structure, and operational framework of MFD markets;

2) issues, threats, and hurdles in the way of developing MFD markets;

3) outlining the development directions and advancement of transactions on MFD markets;

4) effects of MFD market on other segments of financial markets, as well as effects of global markets on MFD markets;

5) application of indicators (benchmarks) of Money and Foreign Exchange Markets for transactions on financial markets;

6) best practices in MFD markets;

7) developing the regulatory environment and its impact on transactions in MFD markets;

8) codes of business conduct/ best practices of MFD markets participants;

8¹) recommendations to the NBU on nominees to the Money and Foreign Exchange Market Indicators Oversight Committee as external members;

(paragraph 3, Section I is supplemented with subparagraph 8¹ pursuant to Resolutions of the Board of the National Bank of Ukraine No. 63 dated 14 May 2020, subparagraph 8¹, paragraph 3, Section I as amended by Resolutions of the Board of the National Bank of Ukraine No. 78 dated 19 June 2020, No. 21 dated 26 February 2021)

9) other issues of interest for development of MFD markets.

4. The Contact Group reports on its performance by posting materials, summaries, discussions, and other information on operations on the webpage of “Money and Foreign Exchange Markets Contact Group” in section “Financial Markets” on the official NBU website (hereinafter referred to as the “Contact Group Page”).

5. The NBU and banks in pursuit of their functions may take into account the results of discussing issues at Contact Group meetings, and such can be brought to the attention of state authorities and other organizations.

II. Members of the Contact Group

6. The members of the Contact Group are NBU representatives as set out in paragraph 8, Section II hereof, as well as experts recommended by Ukrainian banks.

7. The members of the Contact Group that are bank-nominated experts are to be reviewed on annual basis.

The members of the Contact Group shall be approved by the NBU order.

8. The Deputy Governor in charge of market operations shall chair the Contact Group. The Director of the Open Market Operations Department shall be deputy chair of the Contact Group.

9. The Analytical Office of the Open Market Operations Department shall provide organizational support for the Contact Group.

The Head of the Analytical Office of the Open Market Operations Department shall be the Secretary of the Contact Group.

10. Meetings of the Contact Group shall be chaired by the chair of the Contact Group, and if the chair is absent – by the deputy chair.

11. The privilege to nominate experts to the Contact Group shall be granted to banks from the 25-bank list with the best overall rating according to Q4 of the previous year. The bank's overall rating shall be determined according to the calculation, as set out in the Annex hereto (find attached).

Information on the list of banks entitled to nominate experts to the Contact Group shall be published on the Contact Group webpage before 15 January of the current year.

12. Within the timeframe set out by the chair of the Contact Group, the banks shortlisted according to Section II paragraph 11 hereof shall present proposals to the secretary regarding the experts to become members of the Contact Group. The nominees presented to the secretary after the deadline set by the NBU shall not be considered.

Each bank is entitled to nominate not more than one expert, either the bank's employee or other. Experts nominated for the membership in the Contact Group should be experienced in issues set out in Section I paragraph 3 hereof.

If required, the NBU is entitled to request from banks information on the nominee (a short CV of the expert listing his/her education, position held, experience, and other information on the expertise).

13. The Chair of the Contact Group reserves the right to refuse an expert nominated to the Contact Group, if the nominated person lacks experience in issues listed in Section I paragraph 3 hereof. The secretary informs the respective nominating bank on this decision. In this case, the bank is entitled to nominate another expert within the timeframe set out by the secretary.

14. Members of the Contact Group shall be published on Contact Group website. Change of position held by the expert at the time of his/her appointment to the Contact Group may cause his/her removal from the Contact Group. In such case, the bank is entitled to nominate another expert, if four months remain until the end of the year. If less than four month remain until the end of the year, the bank shall not submit a nominee.

III. Organizational Framework of the Contact Group

15. The Contact Group holds meetings, as a rule, once a quarter, but no less than twice a year. The meeting schedule of the Contact Group shall be published on Contact Group website.

The Contact Group shall hold meetings at NBU premises.

The Chair of the Contact Group shall decide on holding a meeting of the Contact Group in distant mode via audio, video communications.

A meeting of the Contact Group shall be deemed legitimate, if more than a half of members are present.

16. The chair of the Contact Group shall determine the meeting agenda based on motions of Contact Group members and units of the NBU submitted to the Secretary within the timeframe agreed at the meeting of the Contact Group.

The secretary shall publish on Contact Group webpage the agenda of the meeting and documents put for consideration (if any).

The procedure for considering issues shall be determined by the chair of the Contact Group at the meeting.

17. Representatives of NBU units, representatives of other financial regulators, bank associations, and other invitees may take part in Contact Group meetings as observers and/or guests.

The members of the Contact Group shall submit to the secretary motions on inviting persons that could be useful for consideration of agenda items.

The chair of the Contact Group shall decide on inviting persons and permitting them to take part as observers at Contact Group meetings.

18. Both the members of the Contact Group and invitees can present on agenda items.

19. Based on the outcomes of each meeting of the Contact Group, the following is published on Contact Group website: the meeting agenda, distributed documents (if any), as well as summary of each Contact Group discussion of respective issues.

20. Outcomes of Contact Group meeting are drawn up as summary of Contact Group discussion (hereinafter referred to as the "Summary"). The document shall contain brief contents of presentations of Contact Group members and invitees, as well as comments and objections expressed at the discussion.

Approval of the Summary shall be in the form of a tacit consent, i.e. the Summary shall be deemed approved if no comments or objections were presented within the timeframe set by the NBU.

The Summary shall be published on Contact Group website after the approval of Contact Group members.

Serhii PONOMARENKO

Director, Open Market Operations Department

APPROVED
by the Deputy Governor
of the National Bank of Ukraine

_____ Oleg CHURIY

_____ 2020

Estimating the overall bank rating

1. Formula for calculating the overall bank rating is as follows:

$$R = \sum_{i=1}^3 w_i * x_i; \quad \sum_{i=1}^3 w_i = 1,$$

where R is the bank's general rating (the lowest value is the best),

x_1 is the bank's position in the bank rating, determined by the volume of foreign currency sale and purchase transactions with other banks and the NBU, except for the volume of swap transactions, according to the banks' statistics (the positions in the rating are determined from the largest volume of transactions to the lowest one, the first position corresponding to the largest volume),

x_2 is the bank's position in the bank rating, determined by the volume of interbank transactions that include – for the purpose hereof – transactions with other banks on foreign currency sale and purchase on swap terms according to the banks' statistical reporting forms (the positions in the rating are determined from the largest volume of transactions to the lowest one, the first position corresponding to the largest volume),

x_3 is the bank's position in the bank rating, determined by the size of the bank's assets as on the first business day of the current year (the positions in the rating are determined from the largest size of assets to the smallest one, the first position corresponding to the largest size), and

w_1, w_2, w_3 are the weights according to the bank rating, w_1 and w_2 equal 0.4, and w_3 equals 0.2.

(paragraph 1 subparagraph 13 indent 5 in wording of Resolution of the National Bank of Ukraine No. 48 dated 13 April 2020)

2. When positioning the bank in the ratings determining the x_1, x_2 or x_3 elements, the banks with the same value of the respective indicator (the volume of the foreign currency sale and purchase transactions with other banks and the NBU, the volume of noncash foreign currency sale and purchase transactions on Money Market or other assets) shall be identically positioned in the relevant rating, placed in

the lowest possible position for these banks in the rating. The bank following them shall not be subject to downgrade.

3. If several banks are ranked 25 in the general banks' rating, the bank with the largest volume of the foreign currency sale and purchase with other banks and the NBU shall be listed as entitled to nominate experts to the Contact Group.

Serhii PONOMARENKO
Director, Open Market Operations Department

*(annex as amended by Resolution of the Board
of the National Bank of Ukraine
No. 48 dated 13 April 2020)*