



Bank of Russia



2023 H2 REPORT ON THE RUONIA OVERSIGHT COMMITTEE'S ACTIVITY

Moscow
2024

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PREFACE

This Report by the RUONIA Oversight Committee of the Bank of Russia (hereinafter, the Report) provides a review of the RUONIA administration over the period from July through December 2023. As a draft public document shall be approved by the RUONIA Oversight Committee, the Report is released no earlier than one month after the end of the period under review. Information on the RUONIA administration is also available in the section [RUONIA](#) on the Bank of Russia website.

The terms in bold are defined in the Glossary.

Please send your feedback on the content or structure of the Report through the [inquiries about RUONIA](#) on the Bank of Russia website.

I. RUONIA OVERSIGHT COMMITTEE

Ruble OverNight Index Average (RUONIA) is the weighted average interest rate on overnight interbank ruble loans (deposits) reflecting a **RUONIA panel bank's** estimated cost of unsecured overnight borrowing. The up-to-date version of the Methodology for Producing and Publishing RUONIA – the Ruble Overnight Index Average (hereinafter, the Methodology), approved on 29 November 2021, is [available](#) on the Bank of Russia website.

RUONIA is a risk-free **benchmark** used to monitor and analyse the efficiency of pursuing the operational objective of the Bank of Russia's monetary policy. RUONIA is a benchmark rate used in pricing of a number of financial instruments, including loans, bonds, and derivatives.

In addition to RUONIA overnight, the Bank of Russia also publishes the [RUONIA Averages and the RUONIA Index](#). The RUONIA Averages measure returns on investment for a certain period earned from daily interest capitalisation at RUONIA rates. The RUONIA Index a value that is equal to the value of one ruble capitalised on a daily basis at RUONIA rates, beginning from the first day for which RUONIA overnight was calculated.

The Bank of Russia is the **administrator** of RUONIA and is in charge of all the stages of its **administration**, including the Methodology, the formation of the **RUONIA List**, data collection, and the calculation and publication of the interest rate benchmark.

On 22 June 2020, the Bank of Russia established the **RUONIA Oversight Committee** (hereinafter, the Committee). The Committee oversees the RUONIA administration in terms of its compliance with the [Principles for Financial Benchmarks of the International Organization of Securities Commissions \(IOSCO\)](#).

The Committee's tasks are as follows:

- oversight over the RUONIA administration process;
- coordination of the documents and procedures related to the RUONIA administration; and
- communication with RUONIA users and other stakeholders.

The Regulation on the RUONIA Oversight Committee is [available](#) on the Bank of Russia website.

Members of the Committee as of 9 February 2024:

Vladimir Chistyukhin, First Deputy Governor of the Bank of Russia, Chairman of the Committee;

Sergey Moiseev, Adviser to First Deputy Governor of the Bank of Russia;

Ekaterina Lozgacheva, Director of the Financial Market Strategy Department of the Bank of Russia;

Ivan Shevchuk, Deputy Director of the Financial Stability Department of the Bank of Russia – Head of the Division for Managing Financial Market Risks and Stress Testing;

Nadezhda Ivanova, Economic Adviser at the Research and Forecasting Department of the Bank of Russia;

Ivan Sorokin, Economic Adviser at the Financial Market Infrastructure Department of the Bank of Russia;

Anton Sikorsky – Head of the Division for Analysing and Monitoring Supervision Risks of the Service for Ongoing Banking Supervision of the Bank of Russia;

Evgeny Serzhanov, Head of the Consolidated Analysis Division of the Department for Supervision over Systemically Important Credit Institutions of the Bank of Russia;

Vasily Zablotsky, President of the National Finance Association (as agreed); and

Sergey Golovanev, Head of the Index and Market Data Department of Moscow Exchange (as agreed).

The Committee's Executive Secretary is **Elena Ershova**, Deputy Head of the Division for Lending and Interest Rates Statistics and Statistics Communication at the Statistics Department of the Bank of Russia.

The Committee held two meetings in 2023 H2.

The Bank of Russia releases the Report on the Committee's activity to ensure the transparency of the RUONIA administration, inform financial market participants using RUONIA in financial instrument pricing, assure them of the reliability and high quality of RUONIA, and comply with the international standards. In accordance with the Regulation on the Committee, the Bank of Russia publishes the Report on the Committee's activity every six months on the Bank of Russia website.

II. ACTIVITY OF THE COMMITTEE

Updating the RUONIA List

The Bank of Russia reviews the **RUONIA List** at least every six months to ensure that the benchmark is representative. Based on the analysis of the structure of the interbank market, the Bank of Russia may decide to update the list or keep it unchanged.

Credit institutions are selected according to the procedure approved by [Bank of Russia Order No. OD-1795, dated 24 August 2021](#). Having analysed the current market structure, the Committee approved the updated [List of RUONIA Panel Banks](#) in December 2023. The List now includes Bank ICBC (joint stock company) (Registration No. 3475) and CREDIT BANK OF MOSCOW (public joint-stock company) (Registration No. 1978). The Committee plans to update again the RUONIA List or confirm its current version in 2024 H1.

Information support for the RUONIA Averages

In September 2023, Bank of Russia representatives spoke at the 6th International Banking Forum TREASURY reporting on the results of the transition from the MosPrime Rate to RUONIA group rates in the over-the-counter derivatives market, the IBL and interbank repo markets, the debt securities market, and the corporate credit market. Furthermore, on 27 October 2023, the Moscow Exchange Bond Issuers Committee held a meeting where Bank of Russia representatives reported on the use of RUONIA group rates in various banking products (derivatives, bonds, and loans).

Rotation of the Committee members

From 1 August 2023, Bank of Russia First Deputy Governor Ksenia Yudaeva started to work as Adviser to the Bank of Russia Governor. In view of the changes in the regulation on the allocation of duties among the Deputy Governors of the Bank of Russia, First Deputy Governor of the Bank of Russia Vladimir Chistyukhin, appointed as Chairman of the Committee, began to supervise the administration of RUONIA, the RUONIA Averages, and the RUONIA Index.

Plans for 2024 H1

In 2024 H1, the Committee plans to:

- update the List of RUONIA Panel Banks or confirm its current version every six months;
- carry out monitoring of the interbank market and relevance of the RUONIA Methodology for its structure;
- continue providing information support for the RUONIA Averages; and
- publish explanatory materials on RUONIA on the Bank of Russia website to enhance the accessibility of the information about RUONIA and the RUONIA Averages.

III. REVIEW OF RUONIA IN 2023 H2

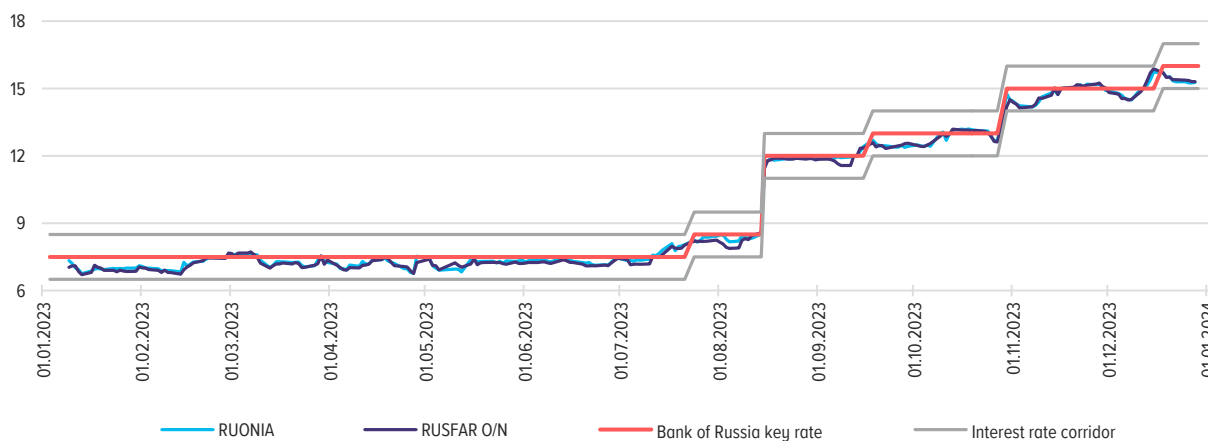
RUONIA as an IBL market benchmark

In 2023 H2, according to the decisions of the Bank of Russia Board of Directors on the key rate, the regulator raised the key rate five times. During the period under review, changes in RUONIA values were coherent with the Bank of Russia key rate, occasionally surpassing its growth, and stayed within the interest rate corridor as before. Changes in RUSFAR, the exchange benchmark of the secured overnight borrowing rate, were consistent with RUONIA movements (Chart 1).

In 2023 H2, the RUONIA movements were representative of the demand and supply in the interbank market. The amount of transactions increased, hitting a record high of over ₴1 trillion in December 2023. Chart 2 shows changes in the amount of the RUONIA panel banks' transactions. The average daily amount of the transactions included in the RUONIA calculation for 2023 H2 reached ₴464 billion, growing by 13% compared to ₴412 billion in 2023 H1.

RUONIA, INTEREST RATE CORRIDOR, AND RUSFAR
(%)

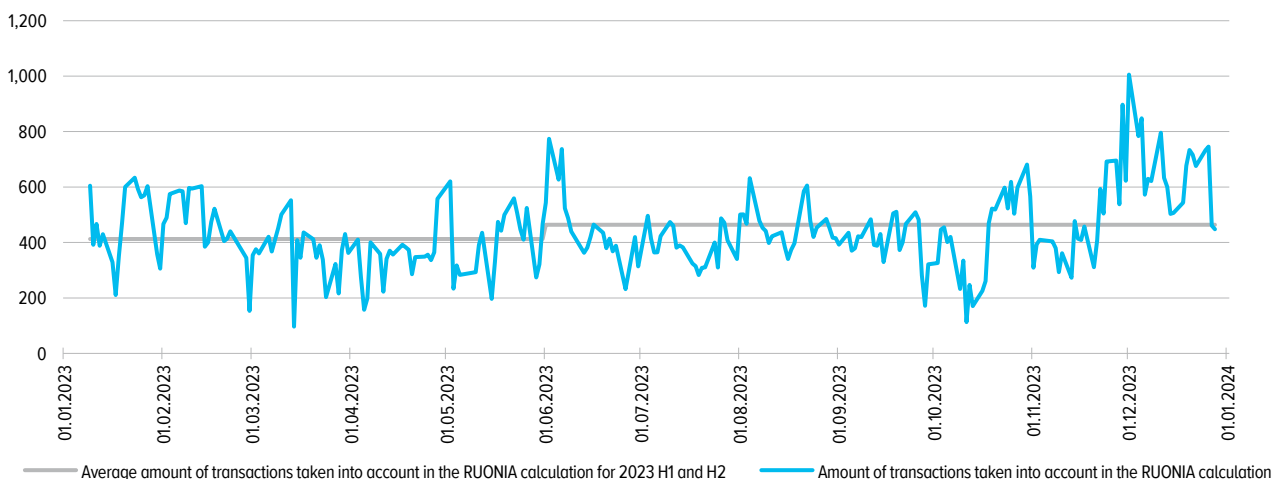
Chart 1



Sources: Bank of Russia, Moscow Exchange.

AMOUNT OF TRANSACTIONS TAKEN INTO ACCOUNT IN THE RUONIA CALCULATION
(₴ BN)

Chart 2



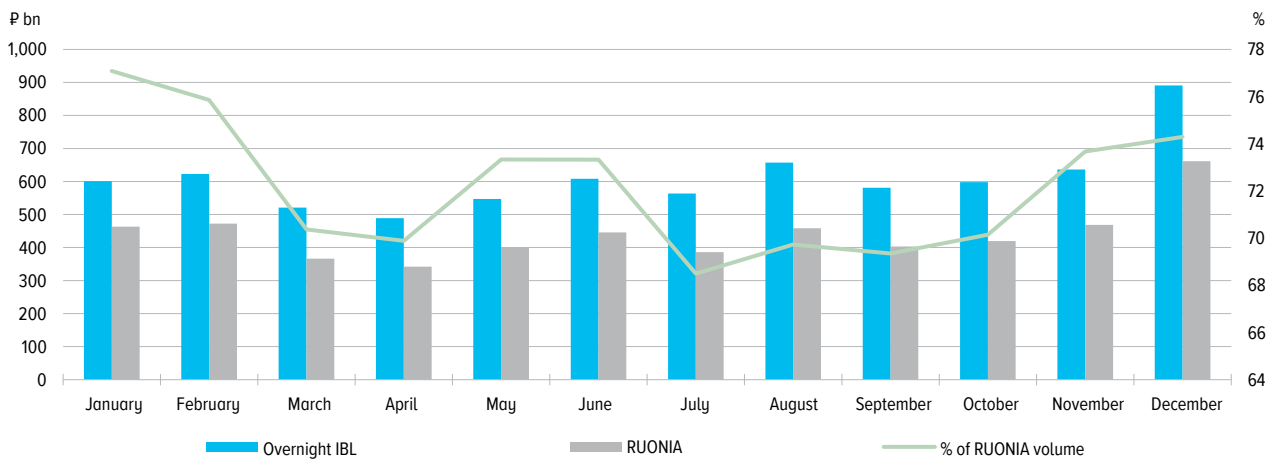
Source: Bank of Russia.

Activity in the **IBL** market, especially among the RUONIA panel banks, increased (Chart 3). The amount of transactions in the **IBL**¹ market was up by 15.9% over 2023 H2, as compared to 2023 H1, to reach **₽3,927 billion**, while the amount of RUONIA-linked transactions rose by 12.3% over the period under review to total **₽2,797 billion**. Accordingly, over 2023 H2, RUONIA market participants' turnover accounted for 71% of the total **IBL** amount.

The diagram of the network structure (Chart 4) shows that the RUONIA panel banks' transactions over the period under review represented the transactions of the core of overnight IBL.

AVERAGE DAILY TURNOVER OF RUBLE-DENOMINATED OVERNIGHT INTERBANK LOANS WITH RESIDENTS AND AVERAGE DAILY RUONIA VOLUME* OVER 2023

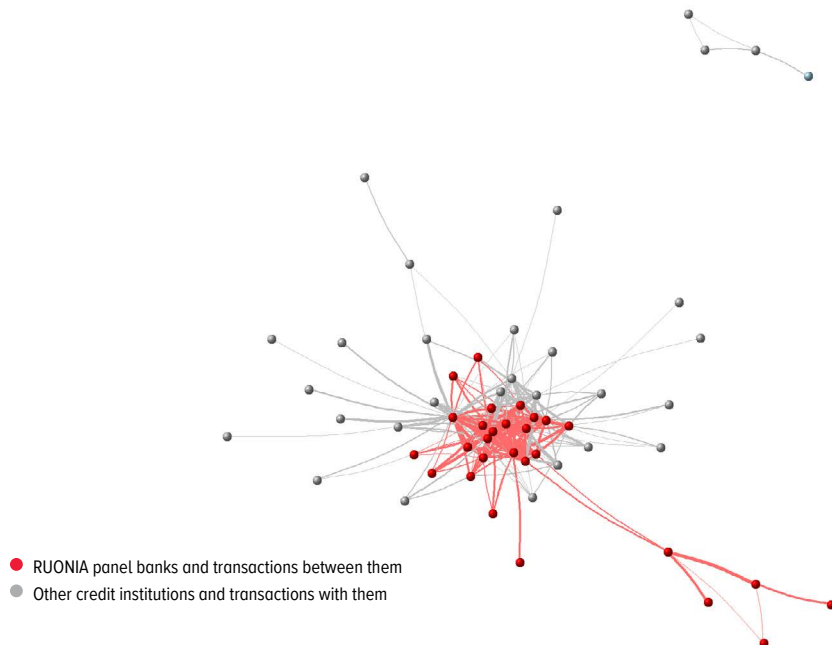
Chart 3



* The average daily turnover of ruble-denominated overnight interbank loans is calculated as the total of overnight turnovers among resident credit institutions, net of intrabank and intragroup transactions. The average daily volume of RUONIA is calculated as the total of RUONIA volumes over a month. Source: Bank of Russia.

NETWORK STRUCTURE OF TRANSACTIONS IN THE OVERNIGHT IBL MARKET OVER 2023 H2

Chart 4



Source: Bank of Russia.

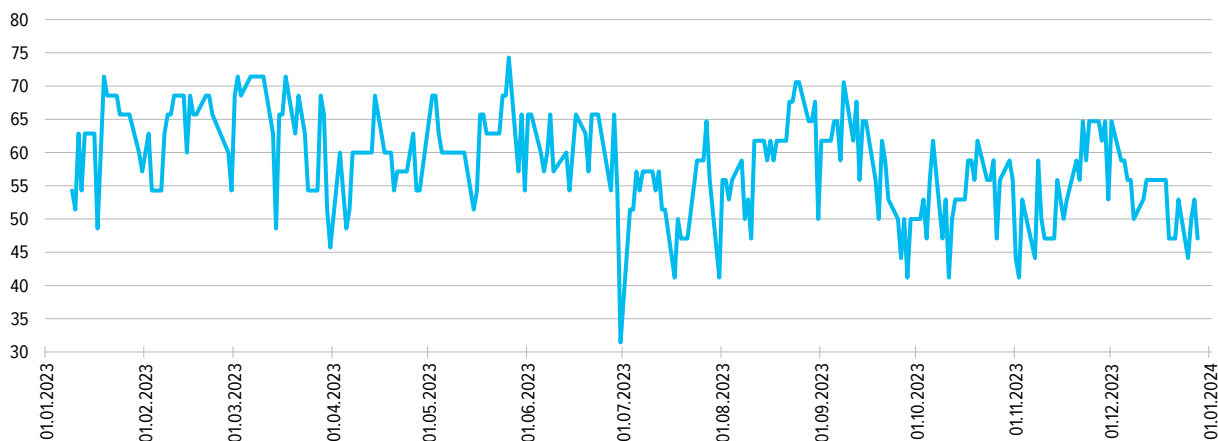
¹ The amount of IBL with residents, net of intrabank and intragroup transactions.

Chart 5 shows the ratio of the RUONIA panel banks that conducted transactions between each other taken into account in the RUONIA calculation to the number of the RUONIA panel banks over the period under review.

Over 2023 H2, the average six-month level of the ratio of the RUONIA panel banks that conducted transactions between each other to the number of credit institutions on the RUONIA List dropped by 6 pp from 61.5% to 55.5%. To improve this indicator, the Bank of Russia revised the RUONIA List. The updated RUONIA List became effective from the moment of the benchmark calculation for 18 February 2024.

PANEL BANKS THAT CONDUCTED TRANSACTIONS IN THE TOTAL NUMBER OF THE RUONIA PANEL BANKS (%)

Chart 5



Source: Bank of Russia.

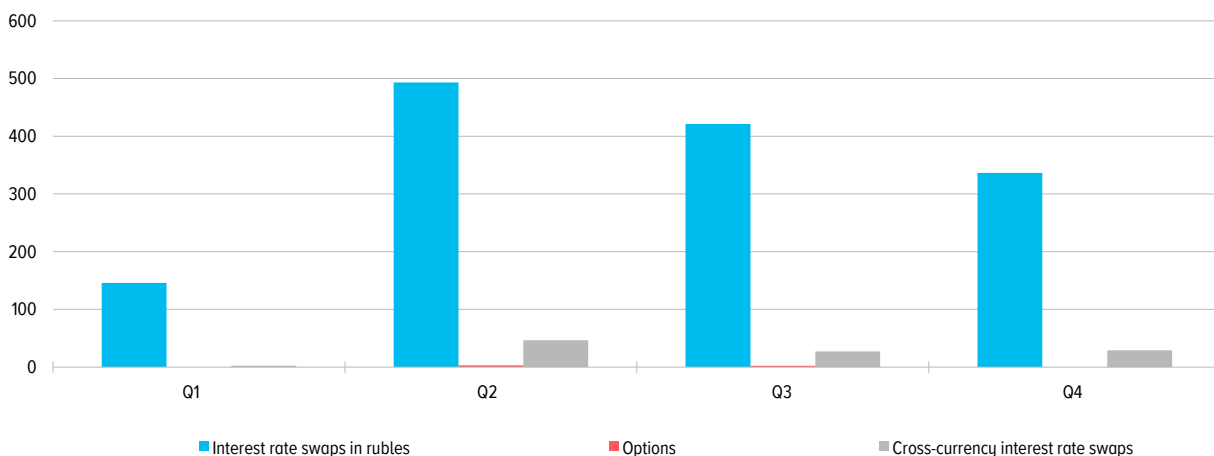
RUONIA in financial instruments

Over 2023 H2, the turnover of over-the-counter **derivatives** linked to RUONIA expanded by 18.11% compared to the previous six months (Chart 6).

In 2023, market participants again started to extensively use RUONIA group rates in over-the-counter cross-currency interest rate swaps with the three main currencies, namely the Chinese yuan, the euro, and the US dollar (Chart 7).

TURNOVER OF OVER-THE-COUNTER DERIVATIVES LINKED TO RUONIA IN 2023 (P BN)

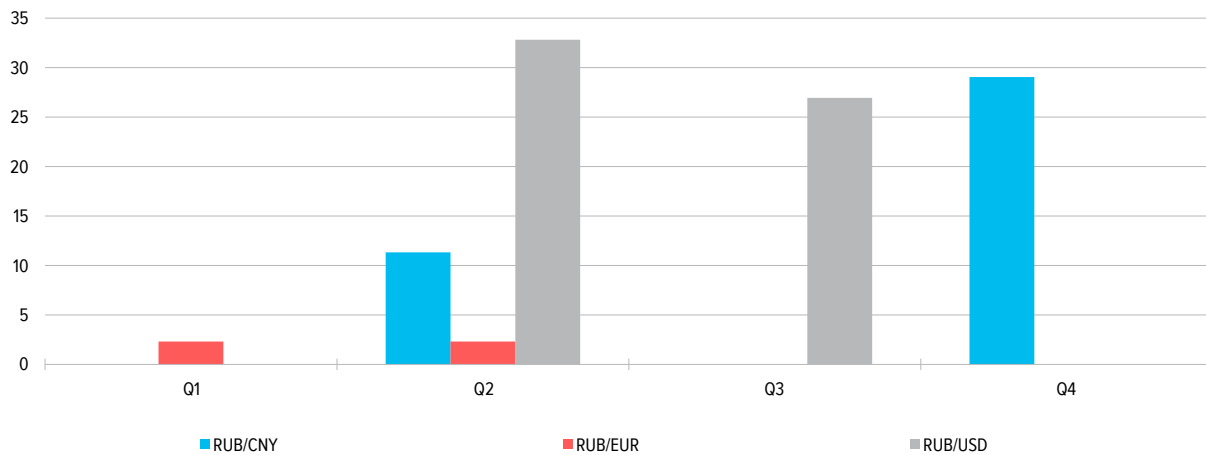
Chart 6



Source: Bank of Russia.

TURNOVER OF OVER-THE-COUNTER CROSS-CURRENCY INTEREST RATE SWAPS LINKED TO RUONIA IN 2023
(₽ BN)

Chart 7



Source: Bank of Russia.

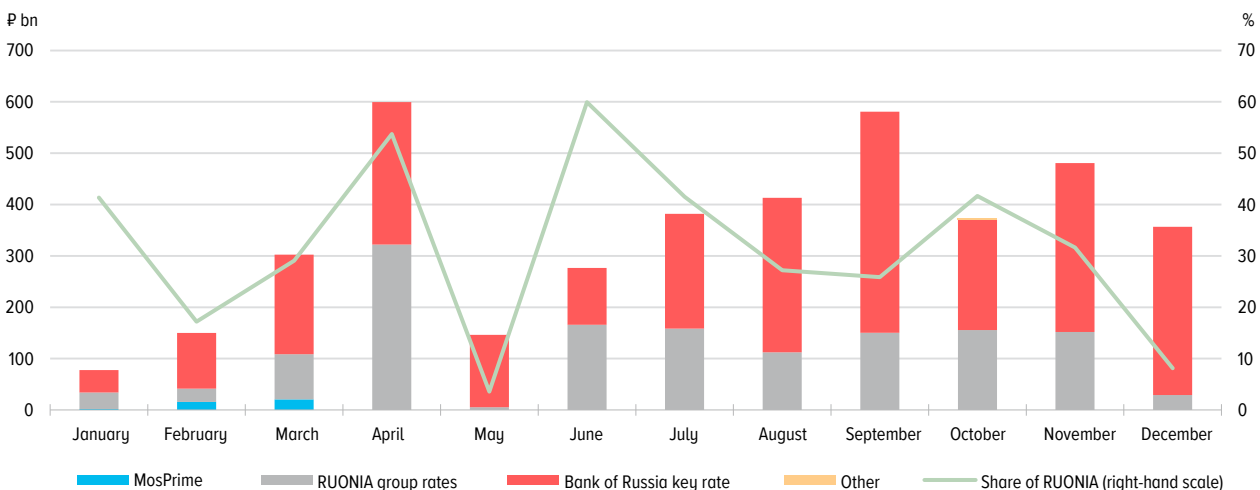
In 2023 H2, market participants applied two floating rates in ruble-denominated interest rate swaps – RUONIA and the Bank of Russia key rate. As compared to 2023 H1, the proportion of RUONIA-linked transactions edged down by 4.8 pp from 34.1% to 29.3%, while that of transactions linked to the Bank of Russia key rate was up by 7.9 pp from 62.6% to 70.5% (Chart 8).

In 2023 H2, the amount of open positions in ruble-denominated interest rate swaps in Moscow Exchange's **standardised derivatives** market doubled from ₽898 billion to ₽1,850 billion. Interest rate swaps linked to the Bank of Russia key rate demonstrated the most significant growth rate (152%, or ₽804 billion), while interest rate swaps linked to RUONIA also increased notably, although to a lesser extent (40%, or ₽148 billion) (Chart 9).

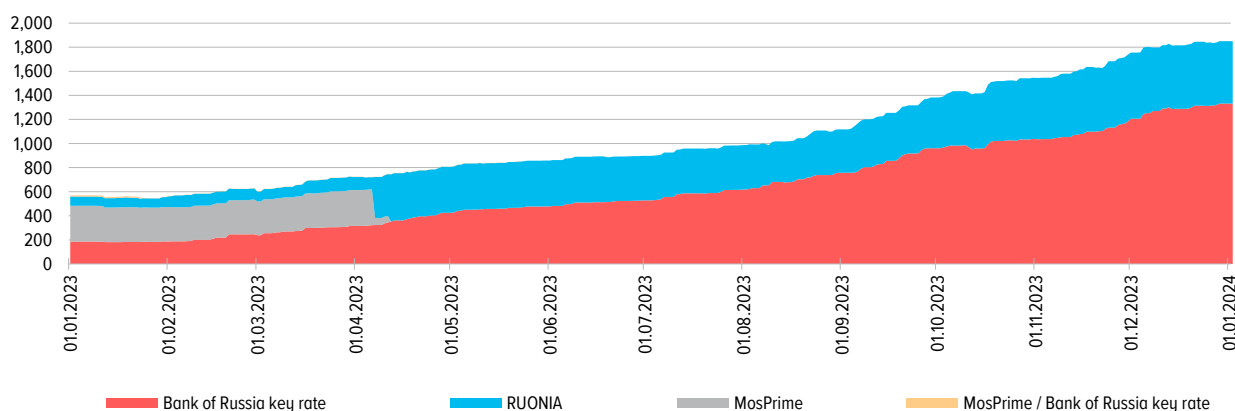
As of the end of 2023, the segment of ruble-denominated interest rate swaps ensured a stable liquidity level, which enabled Moscow Exchange to switch to the collection of pricing information in the standardised derivatives market for the purpose of calculating the fair value, the initial margin and margin requirements ([previously, it had been using indicative prices e-mailed by a limited number of market participants](#)).

COMPARISON OF THE USE OF RUONIA AND OTHER FLOATING RATES IN RUBLE INTEREST RATE SWAPS
IN THE SAME CURRENCY IN 2023

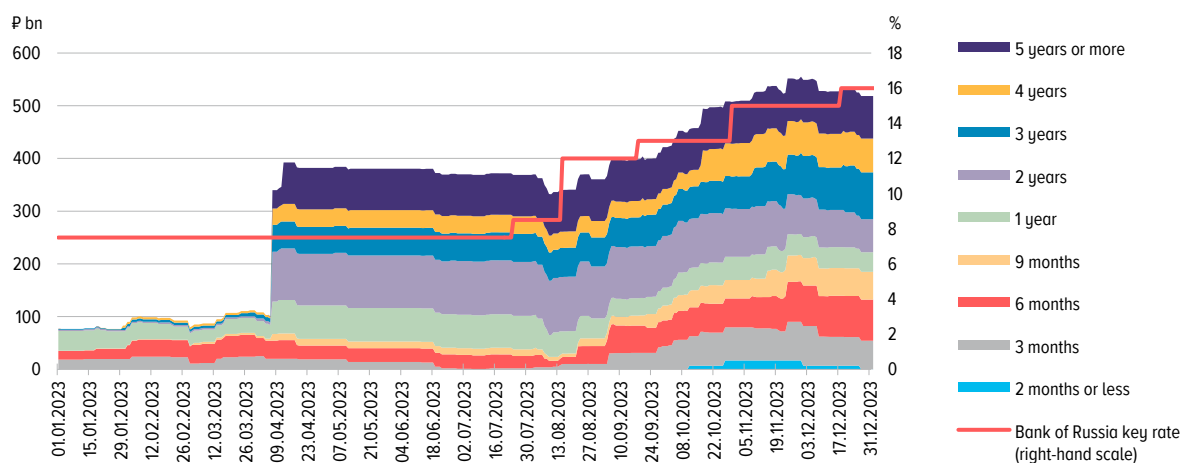
Chart 8



Source: Bank of Russia.

STRUCTURE OF OPEN POSITIONS IN THE ON-EXCHANGE MARKET OF RUBLE INTEREST RATE SWAPS, BY THE BASE RATE *Chart 9*
(P BN)

Source: Moscow Exchange.

STRUCTURE OF OPEN POSITIONS IN THE ON-EXCHANGE MARKET OF RUONIA-LINKED RUBLE SWAPS, BY MATURITY *Chart 10*

Source: Moscow Exchange.

New transactions were driven by the regular (from July 2023) increase in the Bank of Russia key rate, as a result of which market participants needed to manage interest rate risk more accurately.

Historically, the on-exchange market of ruble-denominated interest rate swaps linked to RUONIA had been highly concentrated. However, in 2023 H2, the number of market participants operating there increased from 17 to 23. Nevertheless, as before, large amounts were accounted for by **standardised derivatives** transactions (Chart 11).

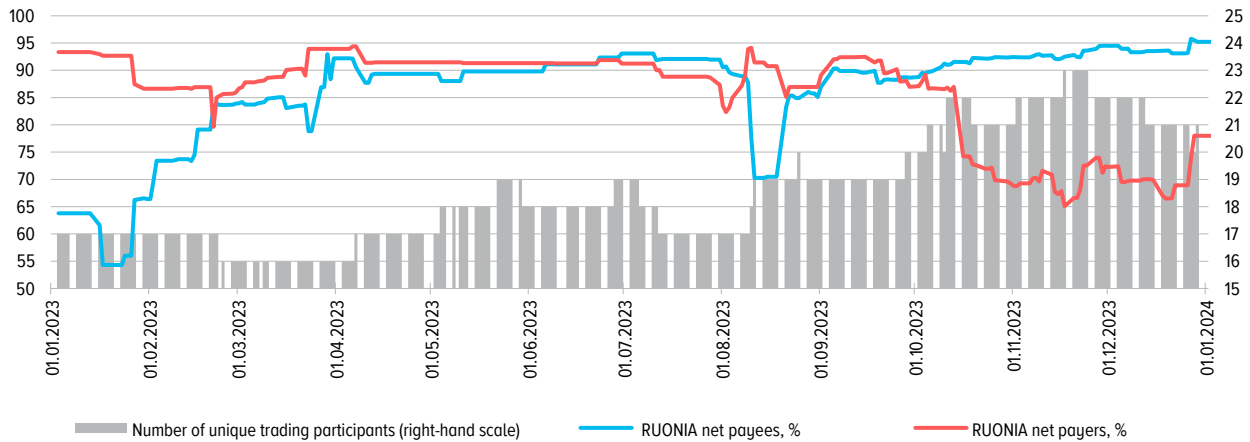
Chart 12.1 shows the issue of variable-coupon debt securities in rubles by credit institutions, broken down by the benchmark type. In May 2023, credit institutions started to issue RUONIA-linked securities. As of 1 January 2024, the issuers included two Russian and one foreign credit institutions.

Chart 12.2 shows the issue of variable-coupon debt securities in rubles by financial institutions classified as 'other financial institutions', broken down by the benchmark type.

Out of the four instruments the data on which are presented in Chart 12.2, debt on issued bond loans linked to the Bank of Russia key rate increased by 23% and debt on RUONIA-linked securities – 4.6 times over 2023 H2 compared to the previous six months. The issue of the other instruments declined.

CONCENTRATION IN THE ON-EXCHANGE MARKET OF RUBLE-DENOMINATED INTEREST RATE SWAPS LINKED TO RUONIA (TOP-3 TRADING PARTICIPANTS)

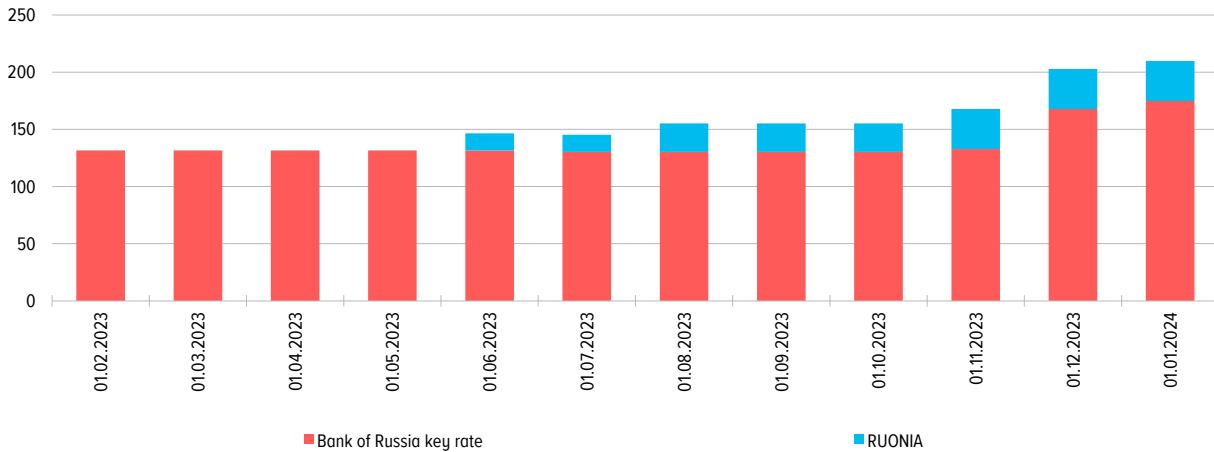
Chart 11



Source: Moscow Exchange.

VARIABLE-COUPON DEBT SECURITIES ISSUED BY THE SECTOR 'CREDIT INSTITUTIONS', BY THE BENCHMARK RATE TYPE (P BN)

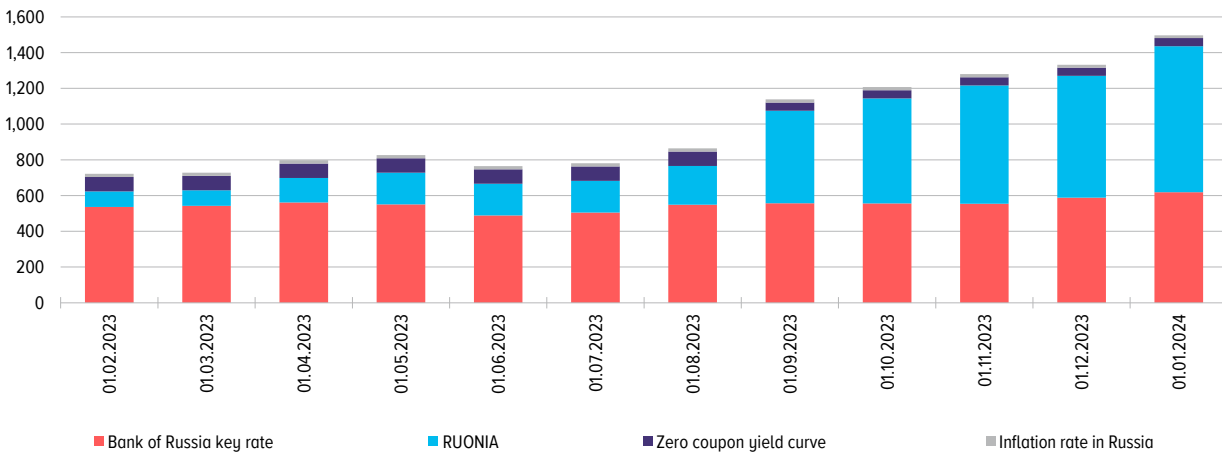
Chart 12.1



Source: Bank of Russia.

VARIABLE-COUPON DEBT SECURITIES ISSUED BY THE SECTOR 'OTHER FINANCIAL INSTITUTIONS', BY THE BENCHMARK RATE TYPE (P BN)

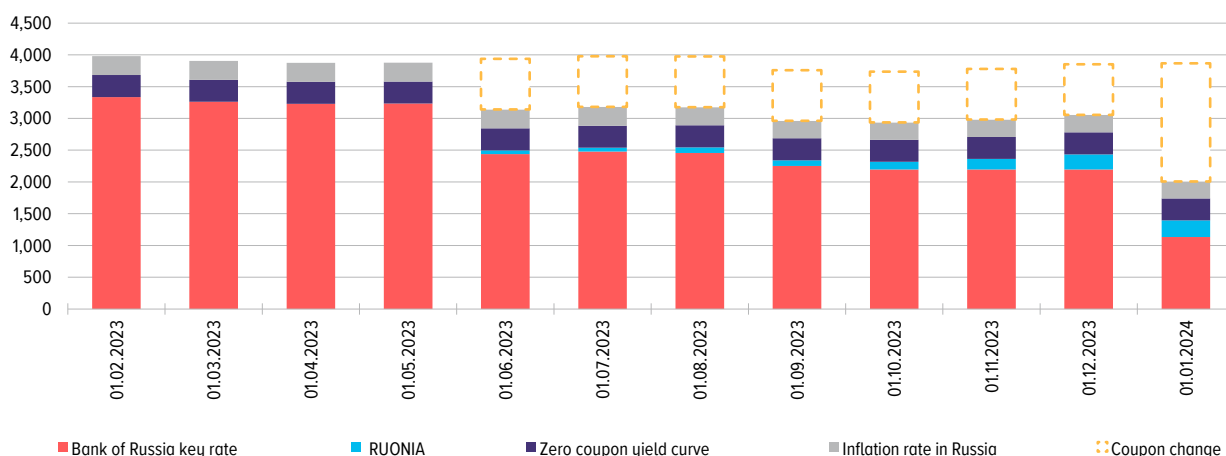
Chart 12.2



Source: Bank of Russia.

VARIABLE-COUPON DEBT SECURITIES ISSUED BY NON-FINANCIAL ORGANISATIONS, BY THE BENCHMARK TYPE (P BN)

Chart 12.3



Source: Bank of Russia.

In addition, it is worth noting the fact of additional issues of variable-coupon debt securities linked to RUONIA by non-financial organisations (Chart 12.3).

Detailed information on the indicators for RUONIA calculation

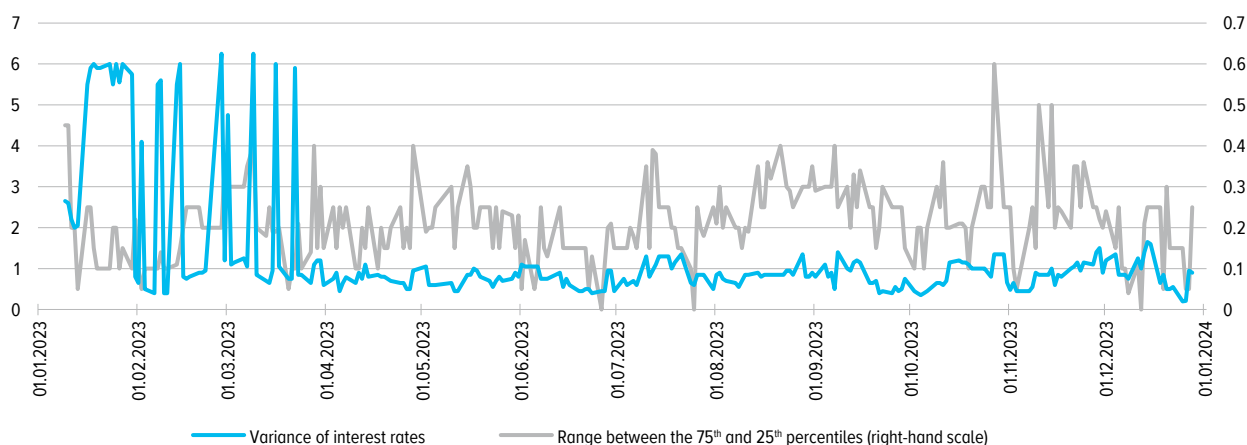
Chart 13 shows the dynamics of the variance between the maximum and minimum rates and the dynamics of the range between the 75th and the 25th percentiles of the RUONIA panel banks' interest rates over 2023.

In 2023 H2, the variance between interest rates returned to its usual values and the coefficient of correlation of the said indicator with the range between the 75th and the 25th percentiles equalled 0.24 with sufficient statistical significance.

The data published statistically confirm the correlation between the amount of RUONIA-linked transactions and the number of the panel banks: the coefficient of their correlation in 2023 H2 rose to 0.83 with sufficient statistical significance. Based on the data provided, it is possible to conclude that transactions of similar amounts prevail in the transactions conducted between the RUONIA

VARIANCE BETWEEN THE MINIMUM AND MAXIMUM RATES AND THE RANGE BETWEEN THE 75TH AND THE 25TH PERCENTILES OF THE RUONIA PANEL BANKS' INTEREST RATES (PP)

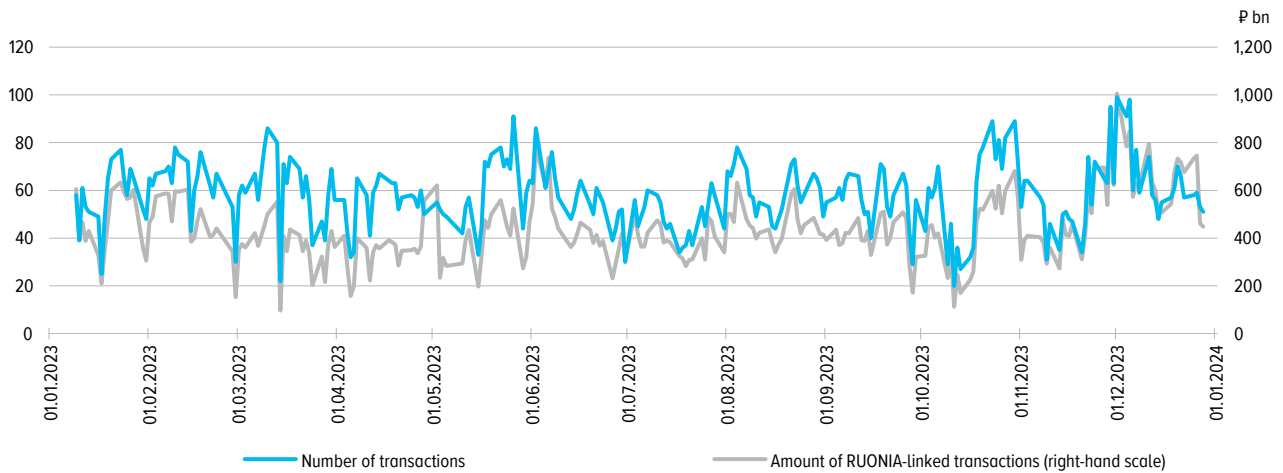
Chart 13



Source: Bank of Russia.

AMOUNT AND NUMBER OF THE RUONIA PANEL BANKS' TRANSACTIONS

Chart 14



Source: Bank of Russia.

panel banks and that a rise in the amount is often achieved through an increase in the number of conducted transactions.

Chart 14 shows changes in the number and amount of the RUONIA panel banks' transactions. The average amount of a transaction in 2023 H2 reached $\text{₽}8.09$ billion, increasing by 15.2% compared to $\text{₽}7.02$ billion in 2023 H1.

Summary on errors in reporting affecting the published RUONIA value and on RUONIA Fallback Value calculation

The calculation of RUONIA covering unmatched transactions in the benchmark calculation base was not made in 2023 H2. The RUONIA Fallback Value was not calculated either.

GLOSSARY

Administration – the set of functions for developing and communicating the benchmark, including the definition of the benchmark, elaboration of its methodology, collection and processing of source data, and calculation and communication (publication) of the benchmark.

Administrator – the organisation responsible for the benchmark administration.

Benchmark – an aggregated indicator in the form of an index, interest rate, or exchange rate enabling the analysis of changes in the value of underlying assets over time and the assessment of the situation in the market of underlying assets both as a whole and of its individual segments.

IBL – interbank lending.

Oversight – one of the functions of the administrator who should control the revision and change of important administration processes, including the intended, expected, or known use of the benchmark, as well as any significant actual or potential conflict of interest.

RUONIA Average – an interest rate benchmark measuring returns on investment for a certain period (term) earned from daily interest capitalisation at RUONIA rates. RUONIA Averages are calculated and published by the Bank of Russia for one, three and six months.

RUONIA Fallback Value – a RUONIA value calculated to ensure the continuity of the calculation of this benchmark where it cannot be calculated according to the standard procedure.

RUONIA Index – a value that is equal to the value of one ruble capitalised on a daily basis at RUONIA rates, beginning from 11 January 2010 (the first day for which RUONIA was calculated). Using the RUONIA index, every market participant can calculate interest rates for any (non-standard) reference periods.

RUONIA List – the list of Russian credit institutions whose transactions are used to calculate RUONIA; this list is approved by the Bank of Russia according to the established procedure.

RUONIA Oversight Committee – the Bank of Russia's collegial body responsible for overseeing the RUONIA administration process to be performed in compliance with the IOSCO Principles for Financial Benchmarks).

Ruble OverNight Index Average (RUONIA) – an interest rate benchmark which is the weighted average interest rate on unsecured overnight ruble lending transactions carried out between the credit institutions put on the RUONIA list.

RUONIA Panel Bank – a credit institution put on the RUONIA list.

SICI – systemically important credit institution.