

## **Minutes of the 6<sup>th</sup> meeting of the Working Group on Money Market Indices (MMWG)**

*January 23, 2020, Almaty*

On January 23, 2020, the 6<sup>th</sup> meeting of the Working Group on Money Market Indices (hereinafter - the MMWG) was held in Almaty with the participation of representatives of the National Bank of Kazakhstan (NBK), “Kazakhstan Stock Exchange” JSC (KASE), European Bank for Reconstruction and Development (EBRD), second-tier banks (Banks), Association of Legal Entities “Association of Financiers of Kazakhstan” (AFK).

According to the Agenda, the following issues were discussed during the meeting:

### **I. Update by KASE on implementation of the agreed changes to TONIA**

1. Following an agreement of new methodology that calculates TONIA as a trimmed mean based on a central 90% of the volume-weighted transactions, KASE is considering the option to switch the average TONIA spread from the previous five days to three, if the total volume of transactions is below 100 billion tenge.
2. By March 30<sup>th</sup>, 2020 it is planned to introduce a new trading system and a new repo basket with netting.

### **II. Update by NBK on the additional liquidity window**

1. Starting from October 15, 2019, KASE launched an additional liquidity window allowing the provision and withdrawal of liquidity in the national currency on a daily basis, at the initiative of banks from 17-00 to 17-30 through SWAP and REPO operations. This additional window is used by commercial banks mainly for the purposes of placing the excess liquidity in tenge. Banks favor an additional window facility because of the more rapid return of placed funds the next day (at 11.30 am).

### **III. Presentation from EBRD on TONIA methodology**

1. As proposed, reformed TONIA methodology is calculated as the volume weighted trimmed rate of eligible transactions (executed on KASE on a given day), based on the central 90% of the volume-weighted distribution of rates. The next steps include implementation and publication of the revised definition.
2. TONIA methodology provides more efficient pricing for longer tenors and reflects the market rate where banks can manage their overnight liquidity.
3. The proposed method of using TONIA in transactions is the compounded risk-free rate setting in arrears.

### **IV. During MMWG meeting, the parties agreed as follows**

1. Continue monitoring the situation on the money market and studying the impact of the additional liquidity window as well as of the new repo basket to be introduced on KASE, on the formation of the TONIA.

2. All sides agreed on participating in the Money Market Diagnostic Framework that will provide a gap analysis of current state of development of the domestic money market and recommendations to support the development of the money market.

**V. On holding the next meeting of the MMWG**

1. The parties agreed to hold the next meeting of the Working Group in May 2020 in Almaty.
2. The specific dates and venue of the next meeting will be agreed upon additionally.