

## Ukrainian government bonds become available for purchase via Clearstream system as Ukraine seeks closer integration with the global financial markets

Clearstream, the international central securities depository of Deutsche Börse Group (ICSD) has connected Ukraine to its electronic network and made Ukraine's government securities available for purchase in its system since May 27. Citibank will act as cash correspondent bank and local operator of Clearstream's account at the National Bank of Ukraine (NBU). The NBU launched the project on establishing correspondent relationships with Clearstream three years ago and now it has been officially implemented.

This move by the NBU and Clearstream would benefit both the Ukrainian government and international investors in several ways:

- settlement of all government bonds denominated in the local currency (hryvnia, UAH) through the international system of Clearstream is expected to improve efficiency of the market while reducing costs for international investors;
- reducing the time related to the purchase of government bonds for international investors (international investors no longer require a bank and a securities account in Ukraine as long as they have an account in Clearstream);
- it is also expected that increased liquidity and accessibility of the hryvnia bonds would lower the interest rates of the government's borrowings in national currency, with latest bonds issued at 16% to 18,5% annual interest.

Being able to enter emerging markets via a stable post-trade environment (i.e., clearing, settlement and custody services) is very attractive to investors all over the world. It is expected that this development will pave the way for a significant increase in the international investors' participation in the local-currency bonds market.

Foreign investors' holdings in Ukrainian domestic (hryvnia-nominated) government bonds currently exceed UAH 35.0 bln (USD 1.3 bln), and the share of international bondholders invested in hryvnia-denominated bonds (excluding the bonds held by the NBU) has increased from 2.3% to 12.8% since early January. The introduction of Clearstream depository services, is expected to lead to a further increase in this share.

Following the launch of government bond trading through the Clearstream depository, primary placements of hryvnia government bonds are to be also handled by the international trading platforms Refinitiv and Bloomberg Tradebook by the end of this summer, according to the National Bank of Ukraine.

Prepared by:



Taras Tertychnyi  
Associate Partner  
tertychnyi@hillmont.com.ua  
+38 044 277 2447

Additional information: [Ukrainian government bond and FX market: CBL-NBU link details](#), slideshow by the National Bank of Ukraine.

For further information please contact Taras Tertychnyi (Email: [tertychnyi@hillmont.com.ua](mailto:tertychnyi@hillmont.com.ua); Tel.: +38 044 277 2447).

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