



**DIRHAM MONETARY FRAMEWORK
STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES
TERMS & CONDITIONS**

Effective from 01 March 2022

This document sets forth the general Terms & Conditions of the standing credit facilities (the Marginal Lending Facility and the Collateralized Murabaha Facility) and the liquidity insurance facility (the Contingent Liquidity Insurance Facility) of the Central Bank of the United Arab Emirates, inclusive of related guidelines for collateral management. It also describes the operational procedures and settlement arrangements envisaged for opening and closing a given transaction conducted by an Eligible Counterparty through these facilities.

Definitions and interpretations

1. In these Terms & Conditions, unless the context otherwise requires, the following words and expressions shall have the following meanings cited against each:
 - a) “**AED**” means the local currency of the UAE, the Emirati Dirham.
 - b) “**Base Rate**” means the prevailing official policy rate of the Central Bank of the UAE.
 - c) “**Business Day**” means any day except a day on which deposit-taking Licensed Financial Institutions, as defined in accordance with the provisions of Decretal Federal Law No. (14) of 2018, are authorized or required by law, regulation, or executive order to close.
 - d) “**CBUAE**” means the Central Bank of the UAE, the monetary authority of the UAE established under Decretal Federal Law No. (14) of 2018, Regarding the Central Bank & Organization of Financial Institutions and Activities, and amendments thereto.

- e) “**CLIF**” means the Contingent Liquidity Insurance Facility. It is a backstop liquidity facility where Eligible Counterparties can access CBUAE reserves for **term** settlement by pledging securities as collateral via a Repurchase Agreement for conventional funding or via a Collateral Management Agreement for funding in accordance with the Islamic Shariah rules.
- f) “**CMF**” means the Collateralized Murabaha Facility. It is a funding facility where Eligible Counterparties can access the CBUAE reserves, in accordance with Islamic Shariah rules, for **overnight** settlement by pledging securities as collateral via a Collateral Management Agreement or in the form of a foreign exchange swap.
- g) “**CMF System**” means the CBUAE’s Collateralized Murabaha Facility System, accessible via the treasury services portal of the CBUAE.
- h) “**Collateral Management Agent**” means Euroclear Bank SA/NV (“Euroclear”), Clearstream Banking SA (“Clearstream”), or such other successor institution as may be designated by the CBUAE from time to time.
- i) “**Collateral Management Agreement**” means the service agreement in which a Collateral Management Agent undertakes the settlement and management of the securities delivered as collateral for funding in accordance with Islamic Shariah rules. In the case of Clearstream, the relevant service agreement is the Collateral Management Service Agreement (CMSA), along with the Side Letter signed between Clearstream and the Eligible Counterparty, and in the case of Euroclear, the relevant service agreement is the Collateral Service Agreement (CSA) inclusive of related terms and conditions and operating procedures.
- j) “**Collateralized Funding Transaction**” means, with reference to the GMRA, a collateralized exchange of monies, which consists of two stages i.e., the opening and the closing. The opening is when an Eligible Counterparty submits Eligible Collateral and the CBUAE delivers an amount of reserves equivalent to the requested Eligible Funding into the Eligible Counterparty Settlement Account on the value date. The closing is the reversal of the opening, and occurs on the maturity date of this transaction in accordance with the operational and settlement procedures pertinent to each of the standing credit and liquidity insurance facilities referred to in Annexes D and H to these Terms & Conditions, respectively.
- k) “**Collateralized Murabaha Transaction**” means, with reference to the MCMA, a Murabaha trade whereby an Eligible Counterparty (buyer/chargor) shall (1) purchase Commodities/Goods from the CBUAE (seller/secured party) for immediate delivery and sale/deferred payment terms by way of a Murabaha contract made pursuant to Clause 2 of the MCMA, and (2) provide Eligible Collateral to the CBUAE by way of a security arrangement in respect of the sale/deferred payment obligations. The execution of such a transaction shall be in accordance with the operational and settlement

procedures pertinent to each of the standing credit and liquidity insurance facilities referred to in Annexes E and H to these Terms & Conditions, respectively.

- l) “**Commodities/Goods**” means the list of Shariah-compliant commodities that are acceptable by the CBUAE for the conduct of Murabaha transactions by the CBUAE. This list, as updated from time to time, includes, as of the publication of these Terms & Conditions, steel, zinc, aluminum, tin, copper, nickel, palladium, platinum, rice, palm oil, sugar, wheat, cocoa, corn, coffee, soybeans, natural gas, crude oil, coal or any other Shariah-compliant commodities/goods acceptable to the CBUAE and the Eligible Counterparty (excluding gold, silver, and currencies). These commodities shall be identified (allocated/sorted) and received physically or constructively by the CBUAE upon purchase.
- m) “**Eligible Collateral**” means the securities or foreign exchange delivered to the CBUAE as collateral in order to access the MLF, the CMF, or the CLIF, which comply with the eligibility criteria set out in Clauses 32, 33, and 34 of these Terms & Conditions.
- n) “**Eligible Collateral Account**” means a collateral account maintained by either of the Collateral Management Agents to hold securities pledged as collateral received by the CBUAE from Eligible Counterparties in accordance with these Terms & Conditions.
- o) “**Eligible Collateral Market Value**” means the secondary market value of the Eligible Collateral, at prevailing market prices, offered by the Eligible Counterparty to the CBUAE, recorded as per the internal settlement/valuation system of the designated Collateral Management Agent.
- p) “**Eligible Counterparty**” means any deposit-taking Licensed Financial Institution as defined in accordance with the provisions of Decretal Federal Law No. (14) of 2018, **or** any other direct participant in the UAEFTS, **that** has signed the relevant documentation as required by these Terms & Conditions.
- q) “**Eligible Counterparty Settlement Account**” means the current account of an Eligible Counterparty held at the CBUAE.
- r) “**Eligible Funding**” means the Eligible Collateral Market Value adjusted for the applicable Haircut, i.e., the monies paid by the CBUAE to the Eligible Counterparty on the value date of the Collateralized Funding/Murabaha Transaction, provided the transfer of Eligible Collateral. Eligible Funding shall be rounded off to two (2) decimal points.
- s) “**GCC**” means the Gulf Cooperation Council.

- t) “**GMRA**” means the Global Master Repurchase Agreement published by the International Capital Market Association, along with related annexes/schedules signed between the CBUAE and the Eligible Counterparty for conventional collateralized funding.
- u) “**Governing Law**” means the laws of the United Arab Emirates.
- v) “**Haircut**” means the discount applied to a Collateralized Funding/Murabaha Transaction, which is the difference between the Eligible Collateral Market Value and the Eligible Funding.
- w) “**MCMA**” means the Master Collateralized Murabaha Agreement published by the International Islamic Financial Market, along with related annexes/schedules signed between the CBUAE and the Eligible Counterparty for collateralized funding in accordance with Islamic Shariah rules.
- x) “**MLF**” means the Marginal Lending Facility. It is the conventional funding facility where Eligible Counterparties can access the CBUAE reserves for **overnight** settlement by pledging securities as collateral via a Repurchase Agreement or in the form of foreign exchange swaps.
- y) “**Purchase/Cost Price**” means, with reference to the MCMA and in relation to a Collateralized Murabaha Transaction, all sums payable by the CBUAE (whether directly or through its agent – the Eligible Counterparty) for the purchase of Commodities/Goods, and shall include all incurred costs and expenses (other than delivery costs) and any taxes levied on the sale or transfer of the Commodities/Goods (by the broker/supplier or otherwise).
- z) “**Repurchase Agreement**” means the service agreement in which a Collateral Management Agent undertakes the settlement and management of the securities delivered as collateral for conventional funding. In the case of Clearstream, the relevant service agreement is the Collateral Management Service Agreement (CMSA), and in case of Euroclear, the relevant service agreement is the Repurchase Service Agreement (RSA).
- aa) “**Sale/Deferred Payment Price**” means, with reference to the MCMA and in relation to a Collateralized Murabaha Transaction, the price payable by the Eligible Counterparty to the CBUAE on the deferred payment date, which shall be the aggregate sum of (i) the Purchase/Cost Price, and (ii) the marked-up amount as specified by the CBUAE, i.e., the Murabaha profit.
- bb) “**UAFTS**” means the UAE Fund Transfer System. It is the real time gross settlement system established and operated by the CBUAE.
- cc) “**USD**” means the currency of the United States of America, the US Dollar.

Access conditions and operational aspect

2. Eligible Funding extended under the standing credit and liquidity insurance facilities (the MLF, the CMF, and the CLIF) shall be subject to the availability of Eligible Collateral, with appropriate Haircuts applied.
3. Eligible Counterparties that carry on all or part of their activities and businesses in accordance with the provisions of Shariah rules shall only pledge securities in the nature of **Sukuk other than the Islamic Certificates of Deposit** issued by the CBUAE. Commodity Murabaha transactions pertaining to the CMF or the CLIF shall be conducted as per the guidelines set out in the CMF System.
4. The MLF, the CMF, and the CLIF will be available on any Business Day **except Saturdays**, and during the operating window as defined by the CBUAE from time to time.
5. Settlement of Eligible Funding shall be in AED through the Eligible Counterparty's Settlement Account.
6. All settlement instructions for the MLF, the CMF, and the CLIF shall be free-of-payment.
7. Notwithstanding Clause 4 of these Terms & Conditions, the MLF, CMF, and the CLIF shall be automatically suspended whenever the operation of the UAEFTS or the system of the Collateral Management Agent is suspended or unavailable to Eligible Counterparties for any reason whatsoever.
8. With reference to a Collateralized Murabaha Transaction in accordance with the Islamic Shariah rules, Eligible Funding shall be equal to the Purchase/Cost Price of the Commodities/Goods to be purchased on behalf of the CBUAE.
9. To draw on the CBUAE reserves via pledging securities as collateral, Eligible Counterparties are required to sign the GMRA or MCMA with the CBUAE, as the case may be.
10. Eligible Collateral held with the designated Collateral Management Agent shall be delivered to the CBUAE's collateral account held with the same Collateral Management Agent.

Standing Credit Facilities

11. Eligible Counterparties may, **at their own discretion**, access any of the standing credit facilities (the MLF or the CMF) to draw on the CBUAE reserves on an overnight basis through Collateralized Funding/Murabaha Transactions, in order to deal with temporary **idiosyncratic** liquidity imbalances.
12. The MLF and the CMF allow Eligible Counterparties to draw on CBUAE reserves against high-quality and highly-liquid securities or in the form of a foreign exchange swap.

13. The settlement date of the opening stage shall be on the same Business Day (T+0) for all processed Collateralized Funding/Murabaha Transactions. The closing stage (reversal) shall occur on the next Business Day (T+1).
14. Where an Eligible Counterparty has obtained reserves from the CBUAE on an overnight basis, the cost of drawing on any of the standing credit facilities is computed as below:

$$\text{Cost of Drawing on MLF/ CMF} = \text{Eligible Funding} \times (\text{Base Rate} + \text{Spread in basis points}) / 360$$

Where the Spread is as determined and published, from time to time, by the CBUAE.

In case of an Eligible Counterparty wishing to access the MLF/CMF in the form of a foreign exchange swap, the applicable swap points shall be that as published by the CBUAE. The swap points shall be set such that the cost of drawing via a foreign exchange swap is equivalent to that of a Collateralized Funding/Murabaha Transaction.

15. With reference to the Collateralized Murabaha Transaction, the Murabaha profit, which is the difference between the Sale/Deferred price and the Purchase/Cost Price, shall be equal to the cost of drawing referred to in Clause 14 of these Terms & Conditions.
16. The operating window of the MLF and the CMF is **from 09:00 hours to 15:00 hours** UAE local time. The CBUAE may, from time to time, amend this operating window as deemed necessary. Such an amendment shall be communicated to Eligible Counterparties through an official notice.

Liquidity insurance

17. The CBUAE may, **on a contingent basis and at its own discretion**, activate the CLIF in response to actual or prospective stress of an exceptional nature, which could be **market-wide or idiosyncratic**, where Eligible Counterparties are in need of ample reserves from the CBUAE for an extended term.
18. The CLIF allows Eligible Counterparties to draw on the CBUAE reserves against different sets of collateral, ranging from high-quality and highly-liquid securities to less liquid securities. The CLIF is designed to be flexible to respond to evolving market conditions for term borrowing for a period of **one (1) month and above**.
19. The key aspect for the CBUAE is to intervene in the domestic market, quickly and as simply as possible, to insure liquidity whenever required and to lend reserves in large scales. Such intervention by the CBUAE shall be subject to the level of stress in the market, i.e., whether the stress is categorized as low, medium, high, or idiosyncratic in nature.

20. If the **stress is categorized as low-to-medium**, some, but not all, Eligible Counterparties might need reserves in such a case. The CBUAE shall then set a fixed amount of reserves to auction (**single auction**) and shall allow Eligible Counterparties to bid for their respective needs in terms of reserves without specifying the kind of Eligible Collateral to be delivered. This would allow Eligible Counterparties to bid regardless of the quality of Eligible Collateral to be delivered. The auction methodology shall depend on a number of factors, such as the pattern of the liquidity distribution in the market, the nature of the liquidity squeeze, to what extent the stress is generalized in the market, and whether the stress is generated by a particular segment of Eligible Counterparties or not, or any other factors deemed relevant to the CBUAE.
- a) Eligible Counterparties shall bid at a **spread above the Base Rate**. This is to ensure that Eligible Counterparties participating in such auction are not taking any views on the future path of the Base Rate, and hence allows the CBUAE to reduce its exposure to market risk. The clearing price (lending rate) to be paid ex-post by Eligible Counterparties would be the prevailing Base Rate plus the applicable a spread (the price add-on) corresponding to the final allotment. Specifically:
 - i. should the auction’s pricing mechanism use the so-called ‘fixed-price’ format, the CBUAE shall, after ordering the bids’ spreads from the highest to the lowest, allocate the quantities requested by each successful bidder and apply a common auction clearing price.
 - ii. should the auction’s pricing mechanism use a ‘multiple-price’ format, the CBUAE shall, after ordering the bids from the highest to the lowest, assign that quantity and bid spread corresponding to each successful bidder.
 - b) having allocated the quantities of reserves, the CBUAE shall then ask the successful bidders what Eligible Collateral they intend to deliver and charge each successful bidder the corresponding auction clearing price.
21. If the **stress is categorized as high**, the CBUAE shall undertake a full allotment operation at a **fixed clearing price** (lending rate). Each Eligible Counterparty is required to specify the quantity of reserves needed and shall be charged a fixed spread (price add-on), predetermined by the CBUAE, to be indexed to the prevailing Base Rate, subject to collateral availability and the quality of collateral to be delivered.
22. If the **stress is idiosyncratic** in nature, the concerned Eligible Counterparty needs to specify the quantity of required reserves and shall be charged a lending rate **equal to the prevailing rate applicable to the standing credit facilities**, subject to collateral availability and the quality of collateral to be delivered.
23. Notwithstanding Clauses 20 and 21 of these Terms & Conditions, the CBUAE may set minimum price add-ons to be charged on top of the Base Rate, specific to each

- circumstance – these minimum price add-ons will be well known in sufficient time before the conduct of a CLIF operation. The calibration of these price add-ons should be based on spreads that are reflective of prevailing market conditions.
24. Eligible Counterparties are strongly encouraged to keep sufficient Eligible Collateral with the designated Collateral Management Agent at least one (1) Business Day before drawing on the CLIF to ensure swift and smooth access to the CBUAE reserves should the need arise.
 25. The CBUAE reserves to be auctioned under the CLIF shall be conducted using the Bloomberg auction system.
 26. Where an Eligible Counterparty has obtained term funding from the CBUAE on a given Business Day under the CLIF, the reversal of such transaction (closing) shall be executed in accordance with the specified maturity date.
 27. The CBUAE may publish the total usage of the CLIF, whenever activated, on its website soon after the close of the opening stage of such operation.

Minimum Collateralized Funding Transaction size

28. Eligible Counterparties shall only be able to enter into a Collateralized Funding/Murabaha Transaction with a minimum transaction size of **AED 10 million**.

Credit Rating Requirements

29. Credit ratings of securities pledged as collateral shall be assigned by any of the following internationally recognized credit rating agencies: Fitch, Moody's, and Standard & Poor's.
30. For purposes of Eligible Collateral classification, the lowest rating shall apply in circumstances where multiple ratings exist.
31. **Annex A** to these Terms & Conditions specifies the credit rating scale adopted by the CBUAE for the purpose of pledging securities as collateral.

Eligible Collateral Classification

32. The CBUAE accepts a broad range of securities (bonds and Sukuk) and foreign exchange as Eligible Collateral, classified into seven (7) classes in terms of quality and liquidity. Eligible Collateral must be of sufficient quantity and quality to protect the CBUAE balance sheet from the risk of a given Eligible Counterparty failing to pay back borrowed reserves:
 - a) **Class A** collateral consists of short-term sovereign securities, originated in the UAE, that are **expected to remain highly liquid in all market conditions**, namely monetary bills issued by the CBUAE and treasury bills issued by the UAE federal government and governments of Union member emirates. These securities shall be traded with an identifier recognized by the

Collateral Management Agent with minimum acceptable short-term credit ratings, except for monetary bills, of Grade 1 as per Annex A.

- b) **Class B** collateral consists of foreign exchange where the **USD is accepted as collateral** to draw on the CBAUE reserves, making it equivalent to an overnight USD/AED foreign exchange swap.
- c) **Class C** collateral consists of securities, originated in the UAE or in other jurisdictions, that are **expected to remain highly liquid in all market conditions**, such as supranational, sovereign, agency, municipal, public sector, structured, financial, and corporate high-grade securities. These securities shall be traded with an identifier recognized by the Collateral Management Agent in very deep markets with minimum acceptable credit ratings of Grade 1 as per Annex A.
- d) **Class D** collateral consists of securities, originated in the UAE or in other jurisdictions, that will **typically be liquid in all market conditions**, such as supranational, sovereign, agency, municipal, public sector, structured, financial, and corporate upper-medium-grade securities. These securities shall be traded with an identifier recognized by the Collateral Management Agent in deep markets with minimum acceptable credit ratings of Grade 2 as per Annex A.
- e) **Class E** collateral consists of securities, originated in the GCC, that will **typically be less liquid in normal market conditions**, such as sovereign, agency, municipal, public sector, structured, financial, and corporate lower-medium-grade securities. These securities shall be traded with an identifier recognized by the Collateral Management Agent in shallow markets with minimum acceptable credit ratings of Grade 3 as per Annex A.
- f) **Class F** collateral consists of securities, originated in the GCC, that will **typically be highly illiquid in normal market conditions**, such as sovereign, agency, municipal, public sector, structured, financial, and corporate non-investment grade securities. These securities shall be traded with an identifier recognized by the Collateral Management Agent in very shallow markets with minimum acceptable credit ratings of Grade 4 as per Annex A.
- g) **Class G** collateral consists of other sovereign securities, **originated in the UAE by governments of Union member emirates**. These securities shall be traded with an identifier recognized by the Collateral Management Agent with no credit ratings or with credit ratings of Grade 5 / Grade 6 as per Annex A.

33. Notwithstanding the eligibility criteria set in Clause 32 of these Terms & Conditions, not all securities offered as collateral are eligible for the liquidity standing credit and liquidity insurance facilities. The following schedule specifies the class of Eligible Collateral that can be used for each facility:

Facility	Collateral Class
MLF/ CMF	A, B, and C
CLIF	A, C, D, E, F, and G

34. A summary table for Eligible Collateral classification is provided in **Annex B** to these Terms & Conditions.

Eligible Collateral valuation

35. The designated Collateral Management Agent shall, on behalf of the CBUAE, value the securities offered by the Eligible Counterparty as collateral, as per these Terms & Conditions and the provisions set in the Collateral Management Agreement or the Repurchase Agreement, as the case may be.

36. Securities offered by the Eligible Counterparty to the CBUAE as collateral shall be subject to the Haircuts, as published on **Annex C** of these Terms & Conditions along with any Haircut add-ons, if applicable, **or** such other rates as determined by the CBUAE from time to time. The size of these Haircuts, which are applied to the Eligible Collateral Market Value, reflects the size, duration and classification of the Eligible Collateral, as per the criteria listed in Clause 32 herein and Annex B to these Terms & Conditions.

37. The designated Collateral Management Agent shall only accept such securities as Eligible Collateral whose secondary market prices are recorded within its internal settlement system on a given Business Day. Securities whose secondary **price age exceeds five (5) Business Days** will be subject to an additional margin (Haircut add-on) as per the following schedule:

Security Price Age	Haircut Add-on in %
Business Days \leq 5	0
5 < Business Days \leq 9	10
9 < Business Days \leq 15	20
15 < Business Days	100

38. A cross currency Haircut add-on of **five percentage points (5%)** shall be applied to Eligible Collateral which are denominated in currencies other than the AED and the USD to allow for currency volatility.

39. Eligible Funding shall be determined in accordance with the Eligible Collateral Market Value less applicable Haircuts as set out below:

$$\text{Eligible Funding} = \text{Eligible Collateral Market Value} \times [1 - (\text{Haircut} + \text{Price Age Add-on} + \text{Cross Currency Add-on})]$$

40. No model-generated prices shall be accepted for pricing securities pledged as collateral by the CBUAE and the designated Collateral Management Agent.

Transaction processing and settlement arrangements

41. Collateralized Funding/Murabaha Transaction processing and settlement arrangements through the UAEFTS and the systems of the designated Collateral Management Agent are set forth separately in **Annexes D, E, F, G, or H** to these Terms & Conditions as specified in the following schedule:

Facility	Collateral	Relevant Documentation	Annex
MLF	Securities	GMRA	D
CMF	Securities	MCMA	E
MLF	Foreign Exchange	--	F
CMF	Foreign Exchange	--	G
CLIF	Securities	GMRA/ MCMA	H

(--) Not Applicable

42. The functional specifications pertinent to the CMF System (User's Guide) are defined in a separate technical document titled "CMF Functional Specification Document" – **Annex J** to these Terms & Conditions. This User's Guide is available on the Service Portal of the CBUAE under Treasury Platform.

Termination without liquidation, suspension, imposing restrictions, and/or conditions

43. An Eligible Counterparty may decide to opt out of these Terms & Conditions by officially notifying the CBUAE with a prior written notification, and such termination shall take effect after five (5) Business Days of the CBUAE's receipt of such notice, during which time the withdrawing Eligible Counterparty is prohibited from accessing the MLF, the CMF, or the CLIF.
44. The CBUAE may suspend access to the MLF, the CMF, or the CLIF, temporarily or ad infinitum, or impose restrictions or conditions on obtaining CBUAE reserves if an Eligible Counterparty fails to comply with, observe, or perform:
- any of the provisions set out in these Terms & Conditions;
 - any breach of guidance/directions from the CBUAE;
 - any operational and settlement arrangements set out in Annex D, E, F, G, or H to these Terms & Conditions;
 - any operational instructions or guidelines set out in the CMF System User's Guide, pertaining to the conduct of Murabaha transactions.
 - a breach of the GMRA/MCMA by an Eligible Counterparty; or
 - any other regulations, decisions and circulars issued by the CBUAE.

45. The termination or suspension of these Terms & Conditions shall not affect the liability of any party to pay any outstanding amount that may be due from one party to the other under any Collateralized Funding/Murabaha Transaction.

Amendments

46. The CBUAE may, at its own discretion, amend or supplement these Terms & Conditions at any time provided that:
- a) the modification is of a minor or technical nature, or is made to correct a manifest error;
 - b) the modification is required to comply with mandatory provisions of law and to ensure that the CBUAE's statutory objectives are fulfilled; or
 - c) the modification does not materially affect the beneficial ownership of the Eligible Collateral.
47. The CBUAE may, from time to time, amend the list of Commodities/Goods eligible for the conduct of Collateralized Murabaha Transactions, as per the requirements of the Higher Shariah Authority of the CBUAE.
48. Any amendment to these Terms & Conditions shall be published on the CBUAE's website and communicated officially by a written notice to all Eligible Counterparties. Such amendments shall also specify the effective date of the amendments.

Governing Law

49. These Terms & Conditions shall be governed by and construed in accordance with the laws of the United Arab Emirates.
50. All disputes, claims, or proceedings arising from or in connection with these Terms & Conditions shall be subject to the exclusive jurisdiction of the competent federal courts of the United Arab Emirates. Each of the Parties irrevocably consents to the award or grant of any relief in any such proceedings before the competent federal courts of the United Arab Emirates.

General provisions

51. The CBUAE reserves the right to, as and when required, access data pertaining to the security holdings of Eligible Counterparties held with the Collateral Management Agent.
52. In the event of inconsistency between these Terms & Conditions and the provisions of the GMRA/MCMA, these Terms & Conditions shall prevail.
53. In the event of default of the Eligible Counterparty, as defined in the GMRA/MCMA, as the case may be, the CBUAE shall have the right to:

- a) sell or dispose of the Eligible Collateral delivered to the CBUAE as part of a Collateralized Transaction at any time and in any manner it deems appropriate and
 - b) apply the proceeds from the liquidation of the Eligible Collateral to offset any outstanding obligation that may be due to the CBUAE, including any liquidated damages that may have accrued, in accordance with the provisions of Decretal Federal Law No. (14) of 2018. For the avoidance of doubt, all fees, charges and expenses that may be incurred by the CBUAE as a result of such action shall be borne by the concerned Eligible Counterparty.
54. Eligible Counterparties shall ensure that the delivered Eligible Collateral is **unencumbered**, i.e., free of legal, regulatory, contractual or other restrictions vis-à-vis the Eligible Counterparties' ability to liquidate, sell, transfer, or assign the Eligible Collateral.
55. Eligible Counterparties may be required to pay an annual fee for accessing the MLF, the CMF, or the CLIF at such rate as the CBUAE may from time to time notify Eligible Counterparties through an official notice.
56. Amendments to collateral eligibility criteria can be made at the discretion of the CBUAE at any time. The CBUAE will keep under review the securities eligible as collateral for its operations to ensure that it only accepts collateral whose inherent risk can be effectively managed within the parameters of the CBUAE's risk appetite. The CBUAE reserves the right to reject any security offered or provided as collateral, for any reason, at any time.
57. The use of the Collateral Management Agreement in the CMF and the CLIF is solely to facilitate the settlement and management of the securities delivered as collateral in accordance with the Islamic Shariah rules. Certain terminology used in this agreement, which relate to different services provided by the Collateral Management Agent, do not fit into the scope of collateralized funding in accordance with the Islamic Shariah rules, either because they are non-Shariah compliant or because they pertain to activities other than the settlement and management of the collateral. Consequently, it should be noted that any terminology used to confer non-Shariah-compliant meanings in the Collateral Management Agreement beyond that of a pledge of securities, including but not limited to, "opportunity costs", "interest", "accrued interest", "Cash Margin", "Margin percentage", "Margin deficit", "Margin Value", "Lending", "Borrowing", "Purchaser", "Seller", "Automatic Borrower" and "Securities lending and borrowing" shall be construed only in terms of its Shariah-compliant equivalent.
58. Eligible Counterparties wishing to avail CBUAE reserves via pledging the Islamic Certificates of Deposit issued by the CBUAE as collateral shall be required to submit their requests directly to the CBUAE via (a) official dealing lines and without recourse to any of the Collateral Management Agent, and (b) in accordance with the guidelines set forth in the CMF System User's Guide.

Contact

59. Enquiries about the eligibility of individual securities along with operational and settlement arrangements pertinent to the MLF, the CMF, or the CLIF should be sent to:

- a) Monetary.Management@cbae.gov.ae
- b) Treasury.Operations@cbae.gov.ae

Annex A

**DIRHAM MONETARY FRAMEWORK
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The CBUAE Credit Rating Scale

Credit Rating Scale	Fitch		Moody's		Standard & Poor's	
	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
Grade 1	AAA AA+ AA AA-	F1+ F1	Aaa Aa1 Aa2 Aa3	P-1	AAA AA+ AA AA-	A-1+ A-1
Grade 2	A+ A A-	F2	A1 A2 A3	P-2	A+ A A-	A-2
Grade 3	BBB+ BBB BBB-	F3	Baa1 Baa2 Baa3	P-3	BBB+ BBB BBB-	A-3
Grade 4	BB+ BB BB-	B	Ba1 Ba2 Ba3	NP	BB+ BB BB-	B
Grade 5	B+ B B-	C	B1 B2 B3	NP	B+ B B-	C
Grade 6	CCC+ CCC CCC- CC C	--	Caa1 Caa2 Caa3 Ca	--	CCC+ CCC CCC- CC C	--

(--) Not Applicable

Annex B

**DIRHAM MONETARY FRAMEWORK
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Eligible Collateral Classification

	Collateral Classes						
	A	B	C	D	E	F	G
Eligible Facility – MLF CMF CLIF	• • •	• •	• • •	•	•	•	•
Minimum Acceptable Credit Rating	Grade 1 ^a	--	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5, 6 NR ^b
Collateral Origin – UAE GCC Foreign Other	•	•	• • •	• • •	• •	• •	•
Collateral Type – Supranational Sovereign Agency Municipal Public Sector Structural Financial Corporate Foreign Exchange	•	•	• • • • • • • •	• • • • • • • •	• • • • • • • •	• • • • • • • •	• ^c
Currency of Denomination – AED USD All Other Currencies	•	•	• • •	• • •	• • •	• • •	• • •

(a) Excluding Monetary Bills

(b) Not Rated

(c) Sovereign securities originated in the UAE by government of Union member emirates

(--) Not Applicable

Annex C

**DIRHAM MONETARY FRAMEWORK
STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES**

Haircuts Applicable to Eligible Collateral Classes (A ~ G)

Collateral Type and Remaining Time To Maturity	Collateral Outstanding Amount (OA) in AED Million	Haircuts in %						
		A	B	C	D	E	F	G
Floating Rate (All Maturities) / Fixed Rate Years to Maturity < 1	500 ≤ OA	2	--	2	11	25	38	• a
	OA < 500	2	--	3	12	26	39	
Fixed Rate 1 ≤ Years to Maturity < 3	500 ≤ OA	--	--	4	13	27	40	
	OA < 500	--	--	5	14	28	42	
Fixed Rate 3 ≤ Years to Maturity < 5	500 ≤ OA	--	--	6	15	30	44	
	OA < 500	--	--	7	16	32	46	
Fixed Rate 5 ≤ Years to Maturity	500 ≤ OA	--	--	8	17	34	48	
	OA < 500	--	--	9	18	36	50	

(a) A uniform Haircut as determined by the CBUAE from time to time

(--) Not Applicable

Annex D

DIRHAM MONETARY FRAMEWORK STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES

MLF Operational & Settlement Procedures

Opening Stage – MLF initiation instructions

1. During the operating window of the MLF (from 9:00 to 15:00 hours, UAE local time), an Eligible Counterparty wishing to access the MLF shall submit a request via the CBUAE Bloomberg Terminal page (CUAE <GO>) after designating the Collateral Management Agent. The Eligible Counterparty shall then click on the corresponding RPOV link to launch the deal ticket.
2. The Eligible Counterparty shall enter and validate the deal information (the notional amount, settlement/termination dates, the legal entity account reference, etc.) and forward them to the CBUAE via the VCON function.
3. The CBUAE dealers shall affirm the request subject to the relevance of deal details submitted via the VCON function. In case of inaccuracy, the CBUAE shall reject the request and may provide a justification to the concerned Eligible Counterparty about the reasons for such a rejection.
4. Should the access to the MLF be affirmed, the CBUAE shall send a triparty instruction (closed ended) to the designated Collateral Management Agent via SWIFT (MT527) to specify the transaction details. In parallel, the Eligible Counterparty shall submit a matching instruction (closed ended) to the same Collateral Management Agent via SWIFT (MT527) or its internal settlement system prior to the closure of the operating window.
5. The Eligible Counterparty shall then transfer the securities pledged as collateral for the Collateralized Funding Transaction via MLF to the CBUAE free-of-payment, where it has to ensure that the Eligible Value is in excess of the reserves intended to be drawn on the MLF.
6. Subsequently, the Collateral Management Agent shall value the securities offered as collateral for the Collateralized Funding Transaction as per its internal valuation system.
7. After the collateral valuation is completed, the Collateral Management Agent shall confirm to the CBUAE the list of securities being delivered by the Eligible Counterparty as collateral along with the corresponding Eligible Funding via its web portal, SWIFT, and email reports.

8. The CBUAE shall then credit AED reserves equal to the Eligible Funding to the Eligible Counterparty's Settlement Account on a T+0 basis.

Closing Stage – MLF reversal instructions

9. At the start of the following Business Day (T+1), the designated Collateral Management Agent shall proceed with the transfer of the securities posted as collateral from the CBUAE's account back to the Eligible Counterparty's account held with it. Simultaneously, the CBUAE will automatically debit the borrowed reserves plus the cost of drawing as per Clause 14 of these Terms & Conditions from the Eligible Counterparty's Settlement Account.
10. To close the reversal, the designated Collateral Management Agent shall then deliver requisite reporting confirmation on the termination of the Collateralized Funding Transaction under MLF via its web portal, SWIFT, and email notifications to both parties, the CBUAE and the Eligible Counterparty.

Annex E

DIRHAM MONETARY FRAMEWORK
STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES

CMF Operational & Settlement Procedures

Opening Stage – Execution of the Murabaha Trade and Pledge of Eligible Collateral

1. During the operating window of the CMF (from 9:00 to 15:00 hours, UAE local time), an Eligible Counterparty wishing to access the CMF shall submit a request via the CBUAE Bloomberg Terminal page (CUAE <GO>) after designating the Collateral Management Agent. The Eligible Counterparty shall then click on the corresponding RPOV link to launch the deal ticket.
2. The Eligible Counterparty shall enter and validate the deal information (the notional amount, settlement/termination dates, the legal entity account reference, the collateral reference, the intended type and quantity of Commodities/Goods to be used, etc.,) and forward them to the CBUAE via the VCON function and the CMF System.
3. The CBUAE dealers shall affirm the request subject to the relevance of deal details submitted via the VCON function. In case of inaccuracy, the CBUAE shall reject the request and may provide a justification to the concerned Eligible Counterparty about the reasons for such a rejection.
4. Should the access to the CMF be affirmed, the CBUAE shall formally appoint the Eligible Counterparty as its agent to undertake the purchase of the Commodities/Goods pertinent to the execution of the Collateralized Murabaha Transaction for a par amount equal to the Eligible Value as set out in the CMF System and in the Purchase Instruction with Promise to Purchase.
5. The CBUAE shall then deliver a duly completed Purchase Instruction with Promise to Purchase to the Eligible Counterparty, where the CBUAE confirms the specificities of the Commodities/Goods to be purchased on its behalf. The Purchase/Cost Price shall be made on the spot value date and delivery of the purchased Commodities/Goods shall be on spot basis. In parallel, the Eligible Counterparty undertake to purchase the Commodities/Goods from the CBUAE pursuant to a Collateralized Murabaha Transaction. The Sale/Deferred Payment Price shall be the Purchase/Cost Price plus the agreed-on Murabaha profit rate (equal to the cost of drawing on CMF) on a deferred payment date (T+1) and a delivery of the same on spot basis.

6. The Eligible Counterparty shall then, on behalf of the CBUAE, purchase the specified Commodities/Goods from a broker/supplier and acknowledge that the delivery of the same was taken constructively without selling them to any other party.
7. In turn, the CBUAE shall offer to sell the commodities to the Eligible Counterparty (Offer Notice) on Murabaha basis without any representation or warranty in relation to the quality of the Commodities/Goods to be delivered. In turn, the Eligible Counterparty shall deliver a duly completed "Acceptance Notice" to the CBUAE.
8. Subsequently, the CBUAE shall send a triparty instruction (closed ended) to the designated Collateral Management Agent via SWIFT (MT527) to specify the transaction details. In parallel, the Eligible Counterparty shall submit a matching instruction (closed ended) to the same Collateral Management Agent via SWIFT (MT527) or its internal settlement system prior to the closure of the operating window.
9. The Eligible Counterparty shall then transfer the securities pledged as collateral for the Collateralized Murabaha Transaction via CMF to the CBUAE free-of-payment, where it has to ensure that the Eligible Value is in excess of the reserves intended to be drawn on the CMF. The Collateral Management Agent shall value the securities offered as collateral for the Collateralized Funding Transaction as per its internal valuation system.
10. After the collateral valuation is completed, the Collateral Management Agent shall confirm to the CBUAE the list of securities being delivered by the Eligible Counterparty as collateral along with the corresponding Eligible Funding via its web portal, SWIFT, and email reports.
11. The Murabaha trade (sale of the Commodities/Goods from the CBUAE to the Eligible Counterparty) shall be concluded as per the terms set out in the Offer Notice.
12. The Eligible Counterparty may then sell the commodities to a broker/supplier for the same Purchase/Cost Price on spot value date and delivery on spot basis.

Closing Stage – Sale/Deferred Payment Settlement

13. At the start of the following Business Day (T+1), the designated Collateral Management Agent shall proceed with the transfer of the securities posted as collateral from the CBUAE's account back to the Eligible Counterparty's account held with it. Simultaneously, the CBUAE will automatically debit the deferred payment (Sale/Deferred Payment Price) from the Eligible Counterparty's Settlement Account.
14. To close the reversal, the designated Collateral Management Agent shall then deliver requisite reporting confirmation on the termination of the Collateralized Murabaha Transaction under CMF via its web portal, SWIFT, and email notifications to both parties, the CBUAE and the Eligible Counterparty.

Annex F

**DIRHAM MONETARY FRAMEWORK
STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES**

Overnight FX Swap Settlement Instructions under MLF

Near Leg – The CBUAE buys USD and sells AED

1. During the operating window of the standing credit facilities (from 9:00 to 15:00 hours, UAE local time), the Eligible Counterparty wishing to access the MLF via overnight FX Swap shall submit a request for quote via Bloomberg FXGO or Re-finitiv FX Trading.
2. The Eligible Counterparty shall enter and validate the deal information (the notional amount, settlement/termination dates, the legal entity deal code, etc.) and specify under “Notes” the reference of this request (MLF Overnight FX Swap) prior to submitting a request for quote from the CBUAE.
3. The CBUAE shall then submit its quote subject to the relevance of deal details submitted. In case of inaccuracy, the CBUAE shall reject the request and may provide a justification to the concerned Eligible Counterparty about the reasons for such a rejection.
4. Should the quote be confirmed by the Eligible Counterparty, the CBUAE shall send advance instructions via SWIFT (MT300) for the near and far legs as per the following sample messages:

Sample MT300 Near Leg –

```
{1:F01CBAUAEAAAXXX0000000000}{2:I300xxxxx020}{3:{108:MT300000413376}}{4:
:15A:
:20:413376
:22A:NEWT
:94A:BILA
:22C::82A:CBAUAEAA
:87A:Bank's BIC Code
:17F:N
:15B:
:30T:20201231
:30V:20201231
:36:3,672
:32B:USD10,000,000,
:53A:/Banks' SSI
:57A:/825157519
CHASUS33
:33B:AED36,720,000,
```

```
:57A:/
CBAUAEAA
:58A:Bank's BIC Code
:15C:
:24D:ELEC/REUTERS D-3000
-}
```

Sample MT300 Far Leg –

```
{1:F01CBAUAEAAAXXX0000000000}{2:I300xxxx020}{3:{108:MT300000413377}}{4:
:15A:
:20:413377
:22A:NEWT
:94A:BILA
:22C:
:82A:CBAUAEAA
:87A:Bank's BIC Code
:17F:N
:15B:
:30T:20201231
:30V:20210101
:36:3,6721
:32B:AED 36,721,000
:57A:/
CBAUAEAA
:33B:USD10,000,000,
:53A:/825157519
CHASUS33
:57A:/Bank's SSI
:58A:/Bank's BIC Code
:15C:
:24D:ELEC/REUTERS D-3000
-}
```

In turn, the Eligible Counterparty shall exchange similar advance instructions with the CBUAE to match the deal.

- Subsequently, the CBUAE shall send an advance instruction to its USD account servicing institution (its correspondent bank) via SWIFT (MT210) to inform that it will receive USD funds from the Eligible Counterparty to be credited to the CBUAE's account in the following sample format:

Sample MT210 Near Leg –

```
{1:F01CBAUAE-
AAAXXX00000000000}{2:I210CHASUS33XXXXN2020}{3:{108:MT210000413378}}{4:
:20:413378
:25:825157519
:30:201231
:21:61747
:32B:USD10,000,000,
:52A:Bank's BIC Code
```

:56A:

In parallel, the Eligible Counterparty shall submit a matching instruction to its USD account servicing institution via SWIFT (MT202) to remit the deal amount to the CBUAE's USD account servicing institution prior to the closure of the operating window.

6. The CBUAE shall credit AED reserves equal to the Eligible Funding to the Eligible Counterparty's Settlement Account on value date basis.

Far Leg – The CBUAE buys AED and sells USD

7. On value date of the far leg, the CBUAE shall send an advance instruction to its USD account servicing institution via SWIFT (MT202) to remit the deal amount to the Eligible Counterparty's USD account servicing institution in the following sample format:

Sample MT202 Far Leg –

```
{1:F01CBAUAE-
AAAXXX0000000000}{2:I202CHASUS33XXXXN2020}{3:{108:MT202000413379}}{4:
:20:413379
:21:61747
:32A:210107USD1,000,
:53B:/825157519
:57A:
:58A:/Bank's SSI
```

In parallel, the Eligible Counterparty may, if required, send an advance instruction to its USD account servicing institution via SWIFT (MT210) that it will receive USD funds from the CBUAE.

8. Upon confirmation of the matching advance instructions via SWIFT (MT300), the CBUAE will automatically debit the borrowed reserves plus the cost of drawing as per Clause 14 of these Terms & Conditions from the Eligible Counterparty's Settlement Account.

Annex G

DIRHAM MONETARY FRAMEWORK STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES

Overnight FX Swap Settlement Instructions under CMF

Day 1 – The CBUAE buys USD and sells AED on T+0 basis

Eligible Counterparty promises to sell AED and buys USD on T+1 basis

1. During the operating window of the standing credit facilities (from 9:00 to 15:00 hours, UAE local time), the Eligible Counterparty shall notify the CBUAE of its intention to conduct an overnight FX Swap via the dealing system.
2. The Eligible Counterparty shall then submit the following via email to Monetary.Management@cbuae.gov.ae, the CBUAE’s Treasury System, or any other mode of correspondence, as defined by the CBUAE from time to time:
 - a) a “Promise to Sell” AED to the CBUAE against USD on a deferred basis (T+1) in the following format:

Date: [Month Day, Year]

From: [ELIGIBLE COUNTERPARTY]

To: CENTRAL BANK OF THE UAE

Attention: [Dealer Name]

After Greetings,

Promise to Sell – Eligible Counterparty buys USD and sells AED

1. This Promise to Sell is made on [Month Day, Year] by [ELIGIBLE COUNTERPARTY] (the “**Promissor**”) in favor of the CENTRAL BANK OF THE UAE (the “**Promissee**”).
2. The promissor hereby promises to sell to the Promissee the AED with the following specifications:
 - a) Currency Amount in AED: [●]
 - b) Exchange Rate: [●]
 - c) Equivalent in USD: [●]
 - d) Trade Date: [●]
 - e) Value Date [●]
3. The Promissor acknowledges that the specified exchange rate in Clause 2 above has taken into account the applicable swap points for the overnight FX swaps as published, from time to time, by the CENTRAL BANK OF THE UAE. For the avoidance of doubt, the

exchange rate stated in this Promise to Sell shall not be subject to any change without mutual consent.

4. On the Sale Date, the Promissor shall offer to the Promissee the currency whose details are set out in this Promise to Sell.
5. On the same Sale Date, and only upon accepting the offer, the Sale shall be deemed confirmed.
6. Both offer and acceptance stated in Clauses 4 and 5 above shall be executed through the designated FX trading system [Bloomberg FXGO / Refinitiv FX Trading].
7. On the Value Date, the Promissor and the Promissee shall exchange the currencies stated in this Promise to Sell and the Offer Notice, shall then be credited to the accounts specified by the parties.

Yours Faithfully
[Dealer Name]

For and on behalf of [ELIGIBLE COUNTERPARTY], the Promissor

b) a request for quote (“Offer”) to purchase AED against USD from the CBUAE on T+0 basis, and specify the following:

1. Currency Amount in AED:	[•]
2. Trade Date:	[•]
3. Value Date:	[•]

3. The CBUAE shall then submit its Offer to sell AED against USD subject to the relevance of deal details submitted by the Eligible Counterparty. In case of inaccuracy, the CBUAE shall reject the request and may provide a justification to the concerned Eligible Counterparty about the reasons for such a rejection. The CBUAE’s **Offer Notice** of selling AED against USD shall include the following specifications:

1. Currency Amount in AED:	[•]
2. Exchange Rate:	[•]
3. Equivalent in USD:	[•]
4. Trade Date:	[•]
5. Value Date	[•]
6. Account details to credit the equivalent in USD to the following account on Value Date	[•]

4. The Eligible Counterparty shall enter and validate the deals information (the notional amount, settlement/termination dates, the legal entity deal code, etc.) via Bloomberg FXGO or Refinitiv FX Trading and specify under “Notes” the reference

correspondence of this request and referred to it as “CMF Overnight FX Swap” prior to requesting the CBUAE to confirm the quotes.

5. Once the offer and acceptances are acknowledged in Bloomberg FXGO or Refinitiv FX Trading, the CBUAE shall proceed and credit the offered AED monies to the Eligible Counterparty Settlement Account on the Value Date.
6. The CBUAE shall send advance instructions via SWIFT (MT300) for the near and far legs as per the following sample messages:

Sample MT300 Near Leg –

```
{1:F01CBAUAEEAAAXXX0000000000}{2:I300xxxx020}{3:{108:MT300000413376}}{4:
:15A:
:20:413376
:22A:NEWT
:94A:BILA
:22C::82A:CBAUAEEAA
:87A:Bank’s BIC Code
:17F:N
:15B:
:30T:20201231
:30V:20201231
:36:3,672
:32B:USD10,000,000,
:53A:/Banks’ SSI
:57A:/825157519
CHASUS33
:33B:AED36,720,000,
:57A:/
CBAUAEEAA
:58A:Bank’s BIC Code
:15C:
:24D:ELEC/REUTERS D-3000
-}
```

Sample MT300 Far Leg –

```
{1:F01CBAUAEEAAAXXX0000000000}{2:I300xxxx020}{3:{108:MT300000413377}}{4:
:15A:
:20:413377
:22A:NEWT
:94A:BILA
:22C:
:82A:CBAUAEEAA
:87A:Bank’s BIC Code
:17F:N
:15B:
:30T:20201231
:30V:20210101
:36:3,6721
:32B:AED 36,721,000
:57A:/
```

```
CBAUAEEA
:33B:USD10,000,000,
:53A:/825157519
CHASUS33
:57A:/Bank's SSI
:58A:/Bank's BIC Code
:15C:
:24D:ELEC/REUTERS D-3000
-}
```

In turn, the Eligible Counterparty shall exchange similar advance instructions with the CBUAE to match the deal.

- 7. Subsequently, the CBUAE shall send an advance instruction to its USD account servicing institution (its correspondent bank) via SWIFT (MT210) to inform that it will receive USD funds from the Eligible Counterparty to be credited to the CBUAE's account in the following sample format:

```
Sample MT210 Near Leg –
{1:F01CBAUAE-
AAAXXX0000000000}{2:I210CHASUS33XXXXN2020}{3:{108:MT210000413378}}{4:
:20:413378
:25:825157519
:30:201231
:21:61747
:32B:USD10,000,000,
:52A:Bank's BIC Code
:56A:
```

In parallel, the Eligible Counterparty shall submit a matching instruction to its USD account servicing institution via SWIFT (MT202) to remit the deal amount to the CBUAE's USD account servicing institution prior to the closure of the operating window.

- 8. The CBUAE shall credit the monies in AED to the Eligible Counterparty's Settlement Account on value date basis.

Day 2 – The CBUAE buys AED and sells USD

- 9. On value date of the far leg, the CBUAE shall send an advance instruction to its USD account servicing institution via SWIFT (MT202) to remit the deal amount to the Eligible Counterparty's USD account servicing institution in the following sample format:

```
Sample MT202 Far Leg –
{1:F01CBAUAE-
AAAXXX00000000000}{2:I202CHASUS33XXXXN2020}{3:{108:MT202000413379}}{4:
:20:413379
:21:61747
```

:32A:210107USD1,000, :53B:/825157519 :57A: :58A:/Bank's SSI
--

In parallel, the Eligible Counterparty may, if required, send an advance instruction to its USD account servicing institution via SWIFT (MT210) that it will receive USD funds from the CBUAE.

10. Upon confirmation of the matching advance instructions via SWIFT (MT300), the CBUAE will automatically debit the purchased AED from the Eligible Counterparty's Settlement Account.

Annex H

DIRHAM MONETARY FRAMEWORK STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES

CLIF Operational & Settlement Procedures

Opening Stage – CLIF Initiation Instructions

The activation of the CLIF by the CBUAE along with its modus operandi is subject to the nature of the stress faced by Eligible Counterparties, i.e., whether the stress is categorized as low-to-medium, high, or idiosyncratic:

1. If the stress is high or idiosyncratic, the concerned Eligible Counterparties shall follow the same operational and settlement procedures to launch the deal ticket in Annex D (for the MLF) or in Annex E (for the CMF), as the case may be, by submitting a request via the CBUAE Bloomberg Terminal page (CUAE <GO>) after designating the Collateral Management Agent.
2. If the stress is low-to-medium, the CBUAE shall at first set the amount of reserves to be auctioned and invite the concerned Eligible Counterparties to bid for their respective funding needs without specifying the kind of Eligible Collateral to be delivered. Once the final allotment is announced, Eligible Counterparties shall follow the same operational and settlement procedures as in Clause 1 of this Annex.

Closing Stage – CLIF reversal instructions

3. At the start of the maturity day, the designated Collateral Management Agent shall proceed with the transfer of the securities posted as collateral from the CBUAE's account back to the Eligible Counterparty's account held with it. Simultaneously, the CBUAE will automatically debit the borrowed reserves plus the applicable cost of drawing as per Clauses 20, 21, 22, and/or 23 of these Terms & Conditions from the Eligible Counterparty's Settlement Account.
4. To close the reversal, the designated Collateral Management Agent shall then deliver requisite reporting confirmation on the termination of the Collateralized Funding Transaction under CLIF via its web portal, SWIFT, and email notifications to both parties, the CBUAE and the Eligible Counterparty.

Annex I

DIRHAM MONETARY FRAMEWORK STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES

Note on Transactions Lifecycle and Reporting by the Collateral Management Agent

1. During the lifecycle of a Collateralized Funding/Murabaha Transaction under the MLF, the CMF, or the CLIF, the Collateral Management Agent shall provide the CBUAE and the concerned Eligible Counterparty with the following alerts and reporting via its web portal, SWIFT, and email notifications, if applicable:
 - a) automatic coupon realignments;
 - b) real-time reporting of margin calls and collateral substitutions;
 - c) real-time reports of current securities active in this transaction;
 - d) alerts for fails and deficits; and
 - e) any other additional reporting pertinent to this transaction.
2. Eligible Counterparties are requested to arrange with the Collateral Management Agent for the type and mode of reporting pertinent to Collateralized Funding/Murabaha Transactions under the MLF, the CMF, or the CLIF as per the following options:
 - a) SWIFT reports can be delivered upon subscription selection and consist of MT558 or MT569 messages.
 - b) web portal reports can be scheduled with the designated Collateral Management Agent on demand.
 - c) email reports can be set up with the designated Collateral Management Agent along with the desired frequency and types of reports.

Annex J

DIRHAM MONETARY FRAMEWORK
STANDING CREDIT & LIQUIDITY INSURANCE FACILITIES

CMF System User's Guide

[See Separate Document]