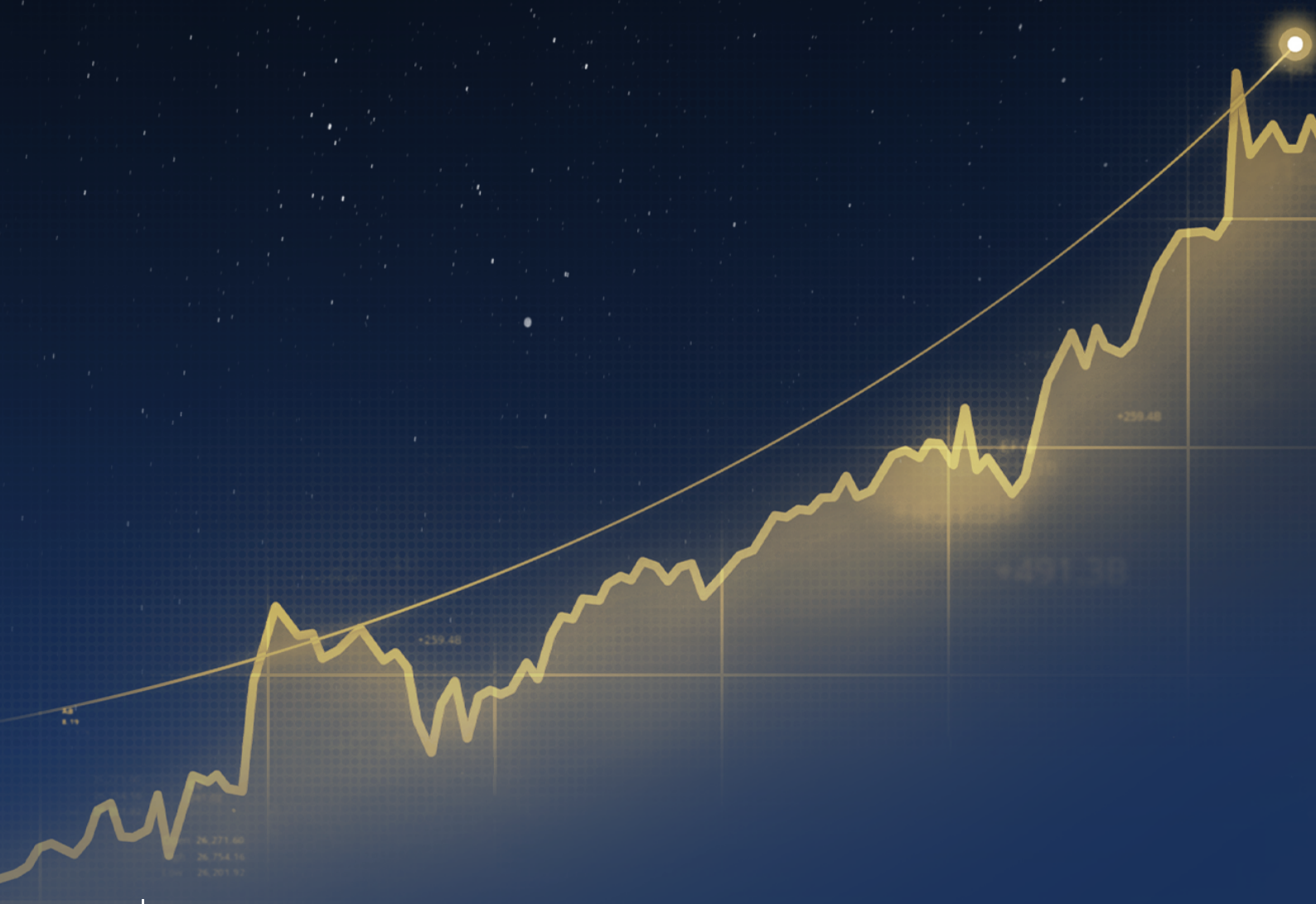
مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.



Dirham Overnight Index Average

www.centralbank.ae

Definition

The Dirham Overnight Index Average ("DONIA") is the volume weighted money market rate for all overnight funding transactions, secured and unsecured, of AED 10 million or greater contracted by all banks operating in the UAE captured through the domestic Real Time Gross Settlement system – UAEFTS.

Application

The roll-out of a new transaction-based money market rate shall help guide the Central Bank of the UAE ("CBUAE") in the implementation of the Dirham Monetary Framework. Publication of DONIA shall also provide additional transparency to the Dirham money markets by providing an aggregate representation of market conditions over time and compliment other indices and related data.

Eligible Funding Transactions

Eligible transactions are:

- Executed during the official operating window of the UAEFTS from 04:30 hours to 21:00 hours UAE time and settled that same day;
- Secured and unsecured;
- Equal to or greater than AED 10 million in value; and;
- Contracted by banks operating in the UAE and at arms length.

Tenors

Two defined tenors shall be published:

- Overnight – consisting of all eligible transactions of one business day maturity only; and
- One Week – consisting of all eligible transactions with a tenor of up to one week.

Index Calculation

The index is calculated as the volume-weighted average for all actual eligible funding transactions referred to herein. On each UAE business day, it is measured on an Actual/360 day count convention, and is displayed to four (4) decimal places as per the following formula:

$$DONIA_t = \sum w_{j,t} i_{j,t}$$

$$w_{j,t} = \frac{V_{j,t}}{\sum V_{j,t}}$$

Where,

$w_{j,t}$ is the weight given to interest rate from transaction j on day t

$i_{j,t}$ is the interest rate of transaction j on day t

$V_{j,t}$ is the value of transaction j on day t

Calculation Example

Transaction	Amount (Million AED)	Rate (%)	Weighted Rate (%)
1	200	0.60	0.2202
2	45	0.55	0.0454
3	150	0.50	0.1376
4	150	0.52	0.1431
DONIA (%)			**0.5463**

Contingent Methodologies

Should there be no eligible transactions on a business day, the CBUAE shall publish DONIA as the Base Rate plus the average spread between DONIA and the Base Rate of the five previous business days.

Calculation Agent

The CBUAE is the Calculation Agent for DONIA.

Review of Methodology

The CBUAE may, from time to time, review the methodology of DONIA with a view to ensuring its adequacy and representativeness of the underlying market. Subsequent to such review, CBUAE may propose a number of changes to the underlying methodology in consultation with participants in the Dirham money markets. In such circumstances, the CBUAE will communicate such changes and their rationale publicly in advance.

Index Publication

DONIA shall only be published on UAE business days. The CBUAE will endeavor to publish the Index by 09:30 hours UAE time on CBUAE's website at **www.centralbank.ae** and through Bloomberg and Refinitiv Eikon. The CBUAE shall also publish the corresponding volume data of the eligible transactions used in constructing DONIA.

Index Code

Bloomberg Index Ticker:

- Overnight: **DONIA**
- Overnight Volumes: **DONIAV**
- One Week: **DONIA1W**
- One Week Volumes: **DONIA1WV**

Refinitiv Instrument Code:

- Overnight: **DONIA**
- One Week: **DONIA1W**

Recalculation Policy

The CBUAE will make every effort to ensure the accuracy of the DONIA publication. However, should unexpected post-publication events require recalculation of the index, the CBUAE will update the historical data file before the end of the same business day.

Contact

Any queries in this regard shall be addressed to the CBUAE by emailing:

DONIA@cbuae.gov.ae