



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

REGULATIONS REGARDING EMIRATES INTERBANK OFFERED RATE (EIBOR) SUBMISSIONS

Effective from April 15, 2018

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Part A – Introduction

A.1 Objectives

The “**Regulations Regarding Emirates Interbank Offered Rate (EIBOR) Submissions**”, (hereinafter referred to as the “**Regulations**”), have been established to issue policy guidance to all rate submitting Panel Banks¹ that are henceforth required to operationalize the guidance contained in these Regulations by ~~the~~ April 15, 2018.

The implementation of these Regulations will enhance transparency in the rate submission process by establishing a methodology for Panel Banks to follow. The prescribed governance procedures and their regular reviews, internal as well as regulatory, will enhance and sustain the benchmark’s credibility.

A.2 Communication to Bank Staff

Rate submitting Panel Banks are required to provide a copy of these Regulations to all staff involved in the rate submission process and ensure through periodic workshops, (to take place at least annually) that these staff members understand the guiding principles of these Regulations. These Regulations should be made available on internal platforms, electronic or otherwise, of each Panel Bank along with any notes of guidance that the bank may feel necessary to add.

A.3 Role of Central Bank of the UAE

The **Central Bank of the United Arab Emirates** (henceforth referred to as “**CBUAE**”) will play the role of an administrator for EIBOR. An administrator is generally defined as a natural or legal person that has control over the provision of a benchmark, and in particular administers the arrangements for determining the benchmark, collects and analyses the input data, determines the benchmark, and either directly publishes or outsources the publication or the calculation of the benchmark to a third party.

Part B – Definition and Methodology

B.1 Definition of EIBOR

Emirates Interbank Offered Rate (henceforth referred to as “**EIBOR**”) is the daily reference rate at which the Panel Banks are able and willing to access United Arab Emirates Dirham (henceforth referred to as Dirham) funding, in reasonable market size² for a given tenor, from the UAE money market just prior to 11.00 hours local time.

B.2 Procedures for Rate Validation

The EIBOR panel of banks will consist of a selected number of banks operating in the UAE nominated by the CBUAE for this purpose. Each Panel Bank should have a written policy document, **Internal Rate Setting Guidelines** (henceforth referred to as “**IRSG**”), that will guide its officers in the rate submission process. This document should be comprehensive

¹ Henceforth in this document, a Bank on the EIBOR panel is referred to as a “Panel Bank”

² Reasonable market size in these Regulations is AED 1020 million or greater.

and approved by each Panel Bank's Board of Directors. Any change in the IRSG shall be approved by the Panel Bank's Board of Directors or a committee formed from within the Board of Directors. The IRSG should be based on the guidelines laid out in these Regulations.

Wherever possible, this document should be available on the Panel Bank's intranet. A hard copy of this document including changes to the same should also be periodically submitted to the CBUAE for reference purposes to ensure consistency across Panel Banks in the way the fixing process is defined.

B.3 Hierarchy for the Rate Validation Process

To ensure credibility of EIBOR and maintain transparency of its fixing process, rate submitters at Panel Banks should rely, as much as possible, on the use of available transaction data in informing their rate submissions.

It is expected that when sufficient data on actual transactions within the interbank Dirham market is available, such data is to form the basis for EIBOR submission by Panel Banks. This is to be reflected in all Panel Banks' IRSGs. In the absence of actual data on transactions within the interbank Dirham market, Panel Banks are to follow a waterfall methodology (to be included in IRSGs) based on the following guiding principles for rate validation:

- ✓ Determining Factor 1 (DF1) – Unsecured interbank transactions including all unsecured interbank transactions amounting to AED ~~2010~~ million or greater.
- ✓ Determining Factor 2 (DF2) – Unsecured Wholesale Deposits from Government Related Entities (GREs), Corporate, and Non-Banking Financial Institution (NBFI), etc. amounting to AED ~~2010~~ million or greater.
- ✓ Determining Factor 3 (DF3) – Panel Bank's Internally-developed - Expert Judgment should be adopted in the absence of both DF1 and DF2, or when rates derived are not representative of the market conditions, such as in the case of exceptional market events.

Submission Timeline:

Activity	Timing (UAE Time)
Transaction window	11:00 hours (previous day) to 10:59:59 hours
Submission cut-off time	As per Schedules 2 and 4
Publication of rates	As per Schedules 2 and 4

B.3.1 DF1 – Interbank Transactions:

Unsecured interbank deposit market, which is consistent with the following items as per their respective definitions under the Banking Return Form (BRF) Explanatory Notes³:

³ Data is to be consistent with items specified in Bank Return Forms that are submitted to the CBUAE by all banks operating in the UAE.

- ✓ Money at call and short notices, borrowing on demand and remaining balances, excluding Vostro accounts;
- ✓ Interbank borrowings; and
- ✓ Other term borrowings.

Interbank Transactions shall satisfy the following eligibility criterion:

- ✓ When available, Interbank Transactions should be taken at actual for all available tenors;
- ✓ Interbank transactions should have a minimum size of AED ~~20~~10 million or greater.
- ✓ Dirham Transactions only; and
- ✓ No weighting is proposed to adjust the transacted prices from different funding.

In calculating the interbank rates, Panel Banks should apply the Volume Weighted Average Rate (VWAR) for ALL eligible transactions for a relative tenor for which please refer to Tenor Bucketing guidelines (B.4).

B.3.2 DF2 – Unsecured Wholesale Deposits:

These are unsecured wholesale deposit markets, including but not limited to, certificates of deposit and commercial paper; data to be consistent with the definitions of the following items as per the BRF Explanatory Notes:

1. Government sector time deposits including CDs/structured products with no underlying derivative(s);
2. GREs time deposits including CDs/non-derivative-structured products;
3. Private Sector time deposits including only CDs/structured products with no underlying derivative(s) but **excluding** any such deposits held by HNIs and Individuals (Note: This item refers to **Item 16.1.3 under private sector of BRF2⁴** - this reference may be appropriately updated if and when BRF2 is amended); and
4. Non-banking Financial Institutions call and short notice and time deposits.

The use of DF2 is subject to the unavailability of DF1. In calculating DF2 rates, the Panel Banks shall apply the Volume Weighted Average Rate (VWAR) for ALL eligible transactions for a relative tenor for which please refer to Tenor Bucketing guidelines (B.4). Transactions with any of the eligible counterparties (depositors) should be taken without adjusting (or stripping) of any premium or discount.

Unsecured Wholesale Deposits shall satisfy the following eligibility criterion:

- ✓ All wholesale entities should be regarded as eligible counterparty types
- ✓ Eligible transactions should have a **minimum size of AED ~~10~~20 million with maturities greater than thirty-five (35) days**

⁴CBUAE's Bank Return Forms that are submitted by all banks

B.3.3 DF3 – Internally-Developed Expert Judgment:

Use of Expert Judgment: Panel Banks shall develop their own Expert Judgment approach. The DF3 shall be used only when the Panel Bank has insufficient transaction data in DF1 and DF2 to support a reliable submission, or when derived rates are not representative of the market conditions, such as in the case of exceptional market events.

When a Panel Bank has insufficient eligible transactional data for DF1 and DF-2, it is required to use its Internally Developed Expert Judgment (DF3). The process to derive the rates based on DF3 shall be incorporated by the Panel Bank within the IRSG.

In the absence of actual transaction data for DF1 and DF2, Panel Banks are to have in place a structural framework under which to corroborate the use of market data with the official definition of EIBOR. Usage of a structural framework will allow for ease of the audit process as well as providing a clear set of guidelines for rate submitters to adhere to, thereby reducing the risk of significant differences between individual rate submitters.

In determining which data may be used and the nature of its use in the rate fixing process, to the Panel Banks should take into account the following:

- ✓ **Reliability** – and size of the relevant market data used to formulate the “expert judgment” – Data and market information should be reliable in so much that its frequency is sufficient to gauge timely changes in market conditions;
- ✓ **Timing** – Provided that data is reliable, a greater weight should be applied to more recent data in the rate fixing process;
- ✓ **Representativeness** – Data and market information used in the rate fixing process should be representative of the broader market to which it belongs. As such, transactions considered to be outliers should be excluded; and
- ✓ **Relevance** – Data and market information used in the rate fixing process should be relevant to the formal definition of EIBOR.

The following approach to be used as per the hierarchy below:

i. Level 1: Market Observations

Data related to the following market observations should be used as the base to arrive at fixings:

- ✓ **Observable Third Party Transactions** – Panel Banks’ observations of third party transactions (i.e. other Panel Banks) in the unsecured interbank deposit market;
- ✓ **Accredited Brokers’ Quotes** – Reported quotes by third parties offered in the unsecured interbank deposit market. Panel Banks must document at least two (2) quotes from accredited brokers. In case where there is only one (1) available broker’s quote at a particular point in time, the rationale and justification must be documented as part of the submission; and
- ✓ **Historical data** – The Panel Bank’s historical rates should include the Panel Bank’s submitted rates from the previous relevant business day(s) as per the tenors in the

following table and adjusting them with reference to the market instruments and benchmarks listed hereafter.

The maximum validity of historical rates tenor should be as per the following:

Tenor	Maximum Validity of Historical Data (Business Days)
O/N	3
1W	3
1M	5
3M	5
6M	10
1Y	10

The real-time data related to the following market instruments and benchmarks may be used to adjust the Level 1 data as part of expert judgment:

- ✓ Interest Rate Futures;
- ✓ Forward Rate Agreements;
- ✓ Interest Rate Swaps;
- ✓ FX Forwards;
- ✓ Overnight Index Swaps;
- ✓ Repo Rates;
- ✓ Short-dated local and federal government bonds;
- ✓ CBUAE Rates, including CD Rates; and
- ✓ Other money market benchmarks designated by CBUAE, such as an index average for actual overnight unsecured funding transactions.

ii. Level 2: Other Relevant Factors

When Level 1 is not representative of the market, Panel Banks shall take into consideration other relevant factors (Level 2). In this approach, EIBOR should be adjusted based on the following components:

- ✓ macro-economic factors;
- ✓ credit standing; and
- ✓ other factors that can be evidenced and verified.

Level 2 observations may also be supported by market instruments and benchmarks listed in Level 1 above. All the underlying rationale, sources of information and evidences must be documented and be included in the submission records maintained at each Panel Bank. When Expert Judgment (DF3) is exercised, the rates derived, should be as per the guidelines laid down in the IRSG. These rates shall be reviewed at least quarterly by the Compliance Officer, and at least annually by the Panel Bank's Internal Auditors.

Use of DF3: While considering DF3, the following should be complied with:

- ✓ It must be calculated as per the Panel Bank's IRSG;
- ✓ It will be subject to review and challenge by CBUAE, its designated examiners, Risk Control, Compliance Officer and the Panel Bank's Internal Auditors; and
- ✓ It must be kept under periodic review by the Panel Bank and subject to a formal change management process within the IRSG.

The use of Level 2 should only have a place as a fallback of last resort and should not be used regularly in a business-as-usual environment. Expert Judgment should be supported with a framework that the Panel Bank should develop based on the guiding principles and elements stated herein. The Expert Judgment Framework element is by nature not capable of being driven by an automated system but is based on the Panel Bank exercising expert judgment in accordance with the Panel Bank's governance and control environment established by the IRSG.

The hierarchy laid out above should be strictly followed. The transaction data used to corroborate submissions must reflect the EIBOR tenor being quoted. Usage of transaction data for tenors (specifically such liabilities where the original tenor was longer than the EIBOR fixing being quoted) not consistent with the relevant EIBOR tenor are not to be used in determining EIBOR fixings.

Refer to *Schedules 6 and 7* for the illustration of the "Waterfall Methodology" and "Overview of the Determining Factors".

B.4 Tenor Bucketing Approach

Transactions with maturities falling between required submission tenors should be considered as important data points to incorporate in the formulation of EIBOR.

As illustrated in the table below, O/N and 1W tenors will be calculated taking into account only Business Days related to each tenor as opposed to the other tenors, which will be calculated taking into account Calendar Days. Transactions between the tenors (in days) that do not fall into any tenor bucket should not be used to determine DF1 and DF2 inputs but they can be used for DF3 in framing Expert Judgment.

Tenor Bucketing	Range of days (inclusive of both days)	
	From	To
<i>Tenor</i>	<i>Business Days</i>	
O/N	01	03
1W	05	10
<i>Tenor</i>	<i>Calendar Days</i>	
1M	25	35
3M	80	100
6M	150	210
12M	330	390

Part C – Organizational Guidelines for Rate Submitting Banks

EIBOR Panel Banks shall adopt the following rate submitting arrangements and governance procedures. While processes are likely to vary by individual banks, **CBUAE expects all approaches to broadly follow the guidelines set out in Part C.**

C.1 Benchmark Submission

Rate fixings are initially to be determined by a **‘Maker’**. Makers should be of sufficient experience within the Dirham money market and their role within the Panel Bank must be independent of any trading or sales function. For example, Makers could come from a Panel Bank’s Asset and Liability Management function. Makers should determine interest rate fixings as set out in Part B above.

Makers are responsible for recording the factors, adjustments and other considerations used to determine rate submissions. In recording their justification for rate settings, they should account for all the transaction data used along with any justification for expert judgment.

Estimates of rate fixings are then to be verified by a **‘Checker’**. The Checker should be of sufficient seniority so as to challenge the rates submitted by the Maker and should also be independent of any trading or sales function. The key role of the Checker is to ensure that rate submissions are independently set with no influence from trading or sales functions as well as ensuring that rate submissions are consistent with the definition of EIBOR by following the criteria set out in Part B.

The Checker should review all relevant information submitted by the Maker before approving and signing off the proposed rates set forth by the Maker. If the Checker does not agree that the submitted rate is justified by the Maker's explanations, then he may ask the Maker to review his submission. If there is no agreement on the rate to be submitted, then the Checker's rate suggestion will be submitted. This should be documented and recorded and may be escalated by the Maker to the Group of Experts (Refer to para C.2.4).

All such information should be recorded by each Panel Bank in a secured and restricted environment accessible **ONLY** to Panel Bank’s compliance officers and internal/CBUAE approved auditors/supervisors. Panel Banks are expected to document their rate submissions and accompanying data consistent with the template provided in *Schedule 5* herein.

All files and relevant documentation related to EIBOR fixings should be maintained by all Panel Banks for periods of not less than five (5) years.

C.2 Internal Monitoring

The monitoring role is aimed to ensure that rates submitted and processes used are consistent with internal guidelines as well as CBUAE rules and procedures. This monitoring role will be carried out by the internal/external functions listed hereafter.

Should any irregularities arise from the independent monitoring process, such irregularities are required to be escalated to the Panel Bank’s Chief Executive Officer/Country Head

and/or its Board of Directors, depending on the extent and materiality of the irregularity. This requirement is to be formalized in all the IRSGs developed by Panel Banks. Any Panel Bank that has suspicion(s) of manipulation of this process or rate must inform the CBUAE immediately. Please refer to Part D – Non-Compliance section for further details.

C.2.1 Risk Control Function:

The Risk Control function, as part of the 2nd line of defense, should conduct an independent review, on a **monthly basis**, and have physical access on the floor of the EIBOR-setting team and/or the floor of traders in derivatives that reference EIBOR rates to which the Panel Bank makes submissions. The Risk Control function should perform an independent validation and review of the process, controls, and technical calculations performed by the Maker and Checker.

In order to enable the Risk Control function to discharge its responsibilities properly and independently:

1. The function should have the necessary authority, resources, expertise and access to all relevant information;
2. A Risk Control officer (with alternate) should be designated as the point of contact for all EIBOR-setting related activities within the Panel Bank; and
3. The designated Risk Control officer should not be involved in the performance of services or activities they monitor.

Note: The roles and responsibilities of Risk Control can be performed by other control functions within the second line of defense of a Panel Bank e.g. Control or Validation Unit. However, this function must be capable of performing the roles and responsibilities and must be independent from the function, which is primarily responsible in EIBOR setting and submission process.

C.2.2 Compliance Function:

The Compliance Function shall issue a Compliance Report, on a quarterly basis, that identifies whether the EIBOR process is in compliance with the internal and regulatory requirements and identify any weaknesses in the process.

Compliance Function should have unrestricted access to the floor of the EIBOR-setting team and/or the floor of traders in derivatives that reference EIBOR rates to which the Panel Bank makes submissions. Moreover, this report shall indicate whether any fraud (material or not) or violation, that involves management or other employees who have a significant role in the EIBOR process, has occurred. This report should be reviewed and approved by the Group of Experts.

In order to enable the Compliance Function to discharge its responsibilities properly and independently:

- ✓ The function should have the necessary authority, resources, expertise and access to all relevant information and
- ✓ A compliance officer (with alternate) should be designated as the point of contact for all EIBOR-setting related activities within the Panel Bank.

Key duties of a Compliance Function related to EIBOR submissions include:

- ✓ Advising the relevant persons responsible for carrying out EIBOR - setting related activities in complying with the Panel Bank's obligations under its internal policies and the EIBOR Regulations;
- ✓ Involvement in gathering and investigating any complaints concerning the accuracy or integrity of the Panel Bank's submission, including the logging, review and follow-up of all complaints;
- ✓ Reporting of material complaints to the Panel Bank's Chief Executive Officer and/or its Board of Directors and the CBUAE if there is reasonable suspicion of manipulation of the benchmark;
- ✓ Issuing Quarterly reports identifying exceptions and breaches of internal procedures during implementing the EIBOR Regulations;
- ✓ Issuing recommendations based on the result of work carried out;
- ✓ Verifying compliance with those recommendations; and
- ✓ Recording and escalating its findings.

C.2.3 Internal Audit Function:

Panel Banks should conduct **annual internal audit reviews** of reasonable, random samples of their submissions, the factors and all other evidence documenting the basis for such submissions and communications of the submitters in order to verify the integrity and reliability of the process for determining submissions.

Internal Audit Function should have unrestricted access to the floor of the EIBOR-setting team and/or the floor of traders in derivatives that reference EIBOR rates to which the Panel Bank makes submissions. Confirmation that internal audit reviews of the EIBOR submission process have taken place, and a summary of the findings and actions, should be sent to the Compliance Function, and should be available, on request, to the CBUAE.

The governance group of the Panel Bank should be notified of any significant issues, which are identified by the internal audit, for decision on the appropriate actions to be taken and whether these issues should be reported to the CBUAE.

In order to discharge its responsibilities properly and independently, the Internal Audit function should have the following characteristics:

- ✓ The function should have the necessary authority, resources, expertise and access to all relevant information;
- ✓ The Head of Internal Audit should be independent as the third line of defense and functionally report to the Audit Committee of the Board; and
- ✓ The designated Internal Audit officer should not be involved in the performance of services or activities they monitor.

Key duties of the Internal Audit function related to EIBOR submissions include:

- ✓ Regularly reviewing the Panel Bank's interactions with the Calculation Agent, including the number and result of requests for further information and the number of late submissions;
- ✓ Escalation of instances where the variances between the bank's submitted rate and the final published rates, exceeds a prescribed threshold;
- ✓ Testing a sample of records of communications between those involved in the EIBOR submission process and those outside of this process;
- ✓ Issuing recommendations based on the result of work carried out; and
- ✓ Verifying compliance with those recommendations.

C.2.4 Group of Experts:

The EIBOR Group of Experts, which consists of key personnel with extensive experience on EIBOR, will act as the governance group of experts in the EIBOR setting and submission process. Ideally, the EIBOR Group of Experts shall be composed of key personnel from Market Risk, Finance and Assets & Liabilities Management. Key duties of the Group of Experts include:

- ✓ Ensure that the Expert Judgment has been used in the absence of transaction data relating to a specific EIBOR benchmark;
- ✓ Monitor the Panel Bank's Internally-developed Expert Judgment;
- ✓ Liaising with Maker, Checker, Risk Control, Compliance, Internal Audit, CEO, Board of Directors, and CBUAE with regards to Expert Judgment; and
- ✓ Review petitions made by the Maker when in disagreement with the Checker over ruling the submission.

On a quarterly basis, the Group of Experts shall review all approved rates submitted based on expert judgment and ensure compliance with CBUAE EIBOR Regulations.

In order to enable the Group of Experts to discharge its responsibilities properly and independently:

- ✓ At least one Group member (with alternate) should be designated as the point of contact for all EIBOR-setting related activities within the Panel bank and
- ✓ The Group of Experts should have the necessary authority, resources, expertise and access to all relevant information.

C.2.5 Calculation Agent:

The CBUAE, may in the future, choose a Calculation Agent to calculate and distribute the fixings upon the finalization of an agreement between the CBUAE and the Calculation Agent. The said agreement with the Calculation Agent may amend, replace or delete related Annexes and/or Schedules (as specified at the top of each such Annex or Schedule) contained in these Regulations as long as it maintains the EIBOR definition and principles established in the core parts (Parts A to D) of these Regulations, after due approvals.

C.2.6 EIBOR Advisory Committee:

An **EIBOR Advisory Committee** (henceforth, the "**EAC**") and its Terms of Reference will be announced by the CBUAE within 3 months of issuing these Regulations. (See: *Annex I, Section B*).

The main tasks of the EAC shall be to promote the implementation of the EIBOR Regulations, review compliance, monitor its effectiveness and propose changes, if any are required, to these Regulations. The EAC will also monitor market developments and has the mandate to propose changes to the related Annexes and/or Schedules (as specified at the top of each such Annex or Schedule) contained in these Regulations as long as it maintains the EIBOR definition and principles established in the core parts (Parts A to D) of these Regulations. The approval of any such changes will need to be received from the CBUAE, in its role as the Administrator. Moreover, the CBUAE will have the right to put forward any matter for review to the EAC in case it deems it in the interest of preserving the integrity and efficacy of the benchmark.

Please refer to Schedule 8 for a summary of Internal Monitoring.

C.3 Oversight

C.3.1 Annual Examinations:

Panel Banks must appoint a single independent auditor from a panel of audit firms nominated by the CBUAE. The independent auditor will report to the CBUAE on the Panel Banks' compliance with the requirements of these Regulations.

Such a report, which will be commissioned from an external firm, will focus on the Panel Bank's systems and control framework for making EIBOR submissions, and its compliance with the Panel Bank's obligations and its IRSG.

The CBUAE expects an auditor's report to be issued annually, although the CBUAE may agree a longer period depending on the Panel Bank's particular circumstances, including the nature and scale of its engagement in the specified benchmark and the internal framework for monitoring compliance with the requirements. The cost of these annual examinations will be borne jointly by the Panel Banks.

C.3.2 Special Examinations:

The CBUAE may, from time to time, carry out a special examination of Panel Banks' rate submission process where it has reason to suspect that the standards set by these Regulations have been compromised. These examinations may be either on an individual or collective basis and may take place without any prior notice to the Panel Bank(s) concerned. In most instances, such examinations will be carried out by third party specialist firms appointed by the CBUAE and the Panel Bank(s) in question will bear the cost of such examinations.

All Panel Banks are required to submit to the CBUAE, for reference purposes, their IRSG. The IRSG document must be signed off by each Panel Bank's Head of Compliance or a committee in charge of compliance, where the Head of Compliance is a voting member. It is possible that events may occur during the year, which may necessitate a change in the IRSG. This could take place in two ways – **Periodic Reviews and Emergency Reviews**.

Periodic Reviews of the IRSG may take place in conjunction with the Annual Examination and changes will be highlighted to the CBUAE in the independent auditor's report.

Emergency Reviews may be necessitated in case of market or Panel Bank specific events.

For any changes in the IRSG, the concerned Panel Bank is to notify the CBUAE of these changes thirty (30) business -days prior to proposed implementation. ~~If no response to the proposed changes is provided by the CBUAE within thirty (30) days, the Panel Bank may proceed with the proposed changes~~ The concerned Panel Bank shall present such changes to the CBUAE for their endorsement prior to implementation.

Periodic Reviews will be a Panel wide exercise conducted annually, as part of the Annual Examinations, in cooperation with the independent auditor while the Emergency Reviews will be Panel Bank specific, and could be part of a Special Examination, which may result in the CBUAE enacting a wider regulatory review.

Panel Banks are to nominate an individual staff member to act as the Panel Bank's representative to the CBUAE for all matters related to EIBOR submission. This representative shall be considered responsible for the Panel Bank's rate submissions and should be of sufficient experience and seniority within the organization to assume such responsibility.

In addition to the above, Panel Banks shall also nominate an individual staff member to act as the Panel Bank's representative to the CBUAE for all matters related to compliance with CBUAE rules and regulations regarding EIBOR. This representative shall be considered responsible for all compliance issues surrounding EIBOR submission within the Panel Bank concerned and should be of sufficient experience and seniority to assume such responsibility.

Both nominated officers will represent their respective Panel Bank in the EIBOR Panel and they, or their nominees, will be required to attend all EIBOR Panel meetings.

C.4 Record Keeping

A full record of the validation process and conclusion should be signed off (by a person responsible at an appropriately senior level) and must be retained on file for at least a period of five (5) years to be available to the CBUAE or its appointed auditors for inspection purposes, if required.

The Panel Bank must keep all the documentations and EIBOR submissions for five (5) years:

- ✓ Records of its EIBOR submissions, as well as all information used by it to enable it to make a EIBOR submission;
- ✓ Reports on the key relevant information the Panel Bank may have regarding the specified benchmark it is submitting to, including (but not limited to) the submitter's exposure to instruments which may be affected by changes in the

- ✓ specified benchmark; and
- ✓ All assumptions and factors used in Expert Judgment.

Panel Banks should also maintain records relating to:

- ✓ The process surrounding rate determination and subsequent sign-off and review. This should include the basis for the use of judgment;
- ✓ Communications (which may be recorded in electronic format or confirmed by emails) between the submitters and others in determining submissions;
- ✓ Interactions with the Calculation Agent;
- ✓ Correspondences between the Panel Bank and CBUAE and its appointed auditors/inspectors;
- ✓ Submission of queries and their respective outcomes; and
- ✓ Complaints and approaches from whistleblowers.

The findings of independent monitoring and reviews performed by Compliance, Risk Control and Internal Audit Functions.

The information should be provided to the CBUAE, comprising of:

- ✓ A comprehensive explanation, based on the IRSG, of the rationale and methodology used to establish the rate submission and
- ✓ If applicable, an explanation of how any quantitative/qualitative criteria were used to establish the submission.

Upon request, Panel Bank should be able to provide all other information used in the submission process to the CBUAE.

All relevant records should be kept in soft copies, which can be archived within 2 business days that allows future reference by the CBUAE or the appointed auditor/ inspector. Storage arrangements should also enable the identification of any corrections, or other amendments made to submissions to be easily ascertained. Trade level data generated through the Panel Bank Systems should be kept in a Microsoft Excel format.

C.5 Technology and Information Security:

C.5.1 Continuity of Submissions:

As part of their existing disaster recovery and business continuity systems and controls, Panel Banks should establish and maintain the necessary arrangements to ensure that consistent and timely electronic delivery of EIBOR submissions is possible without material interruption due to human or technical failure.

In particular, the Panel Bank should have:

- ✓ Controls that will help prevent system and process failures, or identify them to rectify problems promptly.
- ✓ Arrangements for the continuity of submissions in the event that a significant process or system becomes unavailable or is destroyed.
- ✓ Arrangements for the recording and capture of electronic communications from a

site used for disaster recovery and/or business continuity purposes.

C.5.2 Password Management:

Panel Banks should ensure that access to all information assets relating to EIBOR such as Excel calculation sheets, Applications and systems, Reports are restricted via Passwords. Panel Banks should ensure Windows Active Directory and Application Password Management Policies are in line with the Panel Bank's approved IT and Security policy.

Access Restrictions: As part of their existing Logical Access controls, Panel Banks should establish additional reviews and checks to restrict unauthorized or excessive access to EIBOR submission or calculation data.

The Panel Bank should have:

- ✓ A quarterly or semi-annual review of user access rights to the EIBOR Shared Folder by management to ensure revocation of unauthorized users and
- ✓ Arrangements to allow Read-only/View-only access to Control Functions (Compliance, Risk Control and Internal Audit) to ensure monitoring of EIBOR calculation data and conducting surprise checks.

C.6 Ethical Standards

Panel Banks are required to develop an internal set of ethical standards specifically addressing the benchmark fixing process. This should be formalized in the IRSG to be provided to the CBUAE for evaluation. In particular, ethical standards should:

- ✓ Ensure that those staff who have access to benchmark submission information be prevented from using such information for monetary or personal gain or to disclose such information to other persons for such purposes;
- ✓ Ensure that those staff with access to benchmark submission information use it for the purposes of benchmark submission - **only**;
- ✓ Cover relevant aspects of market conduct by defining types of unacceptable behavior; and
- ✓ Have in place, a formal mechanism whereby those staff can immediately report to at least one senior level executive responsible for benchmark submission when there is suspicion of benchmark manipulation, collusion with trading and sales functions or any other possible conflicts of interest.

Panel Banks should also establish a formal training program in order to ensure staff is familiar with both the internal and external guidelines of the rate submitting process while enhancing their professional knowledge.

C.7 Handling Complaints and “Whistleblowing” Requirements

Panel Banks are to develop clear guidelines on procedures required for handling complaints arising from the benchmark setting process. These should be part of the IRSG. Such guidelines should set out the following:

- ✓ Proper reporting of all complaints;

- ✓ Allocation of sufficient resources to review and investigate complaints;
- ✓ Review and follow-up of such complaints by Chief Compliance Officers; and
- ✓ Reporting of material complaints to the Panel Bank's Chief Executive Officer and/or its Board of Directors and the CBUAE if there is reasonable suspicion of manipulation of the benchmark.

The IRSG should also clearly stipulate that, should an employee be unsatisfied with the response internally, he/she is free to pursue the appropriate channel within the CBUAE for complaints and whistleblowing matters through ewb@cbuae.gov.ae.

The CBUAE should receive an anonymized summary at least yearly, of any whistleblowing Qualifying Disclosure made to its appointed auditor, together with an analysis of whether the information in the disclosures was substantiated. The appointed auditor should retain all whistleblowing records for at least five (5) years.

A Qualifying Disclosure is any disclosure of information, which in the reasonable belief of the employee making the disclosure, tends to show one or more of the following:

- ✓ that a criminal offence has been committed and/or is being committed;
- ✓ that a person has failed and/or is failing to comply with any legal obligation to which he is subject;
- ✓ that a miscarriage of justice has occurred and/or is occurring;
- ✓ that the health or safety of any individual has been and/or is being endangered; or
- ✓ that information tending to show any matter falling within any one of the preceding paragraphs has been and/or is being deliberately concealed.

Part D – Non-Compliance

These Regulations are to be complied with as per Articles Nos. (54), (31), (94107), (100109) and (112137) of Decretal Federal Union Law No. (1014) of 1980-2018 concerning regarding the Central Bank & Organization of Financial Institutions and Activities, the Monetary System and Organization of Banking and amendments thereto.

Upon establishment of a violation of the provisions of these Regulations by any Panel Bank or by any of its employees authorized to determine or review all relevant information in relation to rate fixings and submission, or violation of any measures taken by the CBUAE in implementation thereof, or failure to submit required statements and information, or submission of incomplete or inaccurate information, or collusion with other Panel Banks on rate fixings, the CBUAE may, at its own discretion, decide to impose one or more of the following administrative penalties or take any of the following measures:

1. Issue, by any means, a caution to the violator;
2. Require the violating Panel Bank to take necessary actions and measures that the CBUAE deems appropriate to rectify the violation;
3. Require the violating Panel Bank to deposit funds with the CBUAE without return and for the period the CBUAE deems appropriate;
4. Dismiss the violating Panel Bank from the EIBOR Panel Banks;

5. Impose a fine, in consonance with the prevailing law, on the violating Panel Bank as deemed appropriate by the CBUAE; and
6. Prohibit or impose conditions or restrictions on the violating employee from undertaking any function at the Panel Bank she/he works for, or any other financial institution licensed by the CBUAE.

In all cases, the violator shall be notified, officially, of the reasoned decision within fifteen (15) working days from date of its issue. Such notice shall include the following:

- ✓ Content of the decision;
- ✓ Reasons for the decision;
- ✓ Effective date of the decision; and
- ✓ A statement advising the violator of its right to submit a grievance to the Board of Directors of the CBUAE against the CBUAE decision, in accordance with the provisions of the EIBOR regulations.

Where the CBUAE can establish that such a violation was intentional, it may, in addition to the aforementioned administrative penalties and measures, pursue both the concerned Panel Bank and the persons involved in the said violation in a competent court in the UAE, in its capacity as regulator of Panel Banks operating in the UAE in accordance with the provisions of Decretal Federal Union Law No. (~~4014~~) of ~~1980~~2018 and amendments thereto.

Intentional violations include but not limited to any of the followings:

- ✓ The violator acted in such a manner so as to derive personal, professional and/or monetary gain through such actions;
- ✓ Senior management of the violating Panel Bank were aware of its own violation and failed to take any remedial measures or notify the CBUAE within a reasonable time frame;
- ✓ The violating Panel Bank has insufficient mechanisms in place, as spelled out in these Regulations, to effectively monitor and detect potential breaches of these Regulations; or
- ✓ The violator has repeatedly violated, within a reasonable timeframe as per the judgment of the CBUAE, these Regulations.

The Panel Bank's IRSG must state its acknowledgement of Decretal Federal Union Law No. (~~4014~~) of ~~1980~~2018 where non-compliance with these Regulations, will be viewed as a breach or violation of the aforementioned Decretal Federal Law No. (~~4014~~) of ~~1980~~2018 and amendments thereto.

Annex I – EIBOR Panel and EAC membership

Note: This Annex may be replaced or amended if, and when, required by the CBUAE in consultation with the EAC.

A. EIBOR Panel:

I.1 Eligibility Criterion

Currently, only conventional banks can be members of the EIBOR Panel.

A bank may qualify for the EIBOR Panel membership only if it meets the following standards:

- a. Qualifies by satisfying the CBUAE on grounds of three (3) criterion: size, relevance and the nature of its operations. The initial selection will be at the discretion of the CBUAE and will be subject to discussion with the Panel Banks and the EAC, once this committee is formed after the publication of these Regulations;
- b. CBUAE will then consult with the prevailing Panel members and EAC for their views and, based on such consultation, will finalize its selection;
- c. The selected bank will have to meet the operational and governance standards laid down by these Regulations to acquire membership. Availability of such standards is a pre-requisite to membership; and
- d. If any selected bank cannot meet the set standards or fails to satisfy the CBUAE in this regard, then its eligibility may be rescinded. In such cases, CBUAE may have to select an alternative bank.

I.2 Panel Eligibility

At any given time, there will be eight (8) to fourteen (14) banks in the Panel. The total number of banks in the Panel will be decided by the CBUAE in consultation with the prevailing Panel members. The list of empaneled banks is as per *Schedule 1*, which is attached herewith.

I.3 Panel Review

The CBUAE will conduct an annual review of banks' eligibility and how the banks are upholding the guidelines laid out in these Regulations. CBUAE may also consult with the EAC while conducting such reviews. In the event of a severe case of proven intransigence coming to the

CBUAE's attention between annual reviews, the CBUAE reserves the right to take appropriate action (as prescribed in *Part D* of these Regulations).

I.4 Meetings

EAC is likely to have at least two (2) meetings during the year, one in each half of the year. In case any Panel Bank wishes to call an extraordinary meeting, then the same has to be requested by a simple majority of the Panel Banks by addressing the request to the EAC Chairman with a copy to CBUAE.

B. EIBOR Advisory Committee (EAC) Membership:

The EAC will:-

- Include all the banks present in the EIBOR Panel along with two (2) non EIBOR Panel Banks to be nominated by the UBF for EAC membership, subject to CBUAE approval;
- Be chaired by a nominee of the UBF-Financial Markets Committee (FMC) and is expected to be the chairman of the FMC;
- Have the CBUAE, EIBOR Calculation Agent and CBUAE appointed auditing firm as observers.

EAC meetings will be held at least semi-annually and its functioning will be based on the *Terms of Reference* announced by the CBUAE. The terms of the EAC and its membership will be reviewed by the CBUAE every thirty-six (36) months or less, if required. An extraordinary EAC meeting may be called for if a simple majority of the Panel Banks request such a meeting.

Annex II – Calculation Agent and Methodology

Note: This Annex may be replaced or amended by the CBUAE if, and when, a new calculation agent takes over.

II.1 Calculation Agent

Thomson Reuters (“**TR**”, henceforth), through its subsidiary Reuters Limited, will be the appointed Calculation Agent from the launch of these Regulations for a mutually agreed term which may be extended as per agreement. The rate fixing process is carried out at the Scheduled time everyday via the platform provided by TR.

II.2 Calculation Methodology

The EIBOR Panel may comprise of eight (8) to fourteen (14) banks as per CBUAE’s decision based on its consultation with the existing panel of banks. For calculation of the daily fixings, the top and bottom quartile of rates, wherever possible, will be excluded from the rate calculation and a mean is calculated as an average of the remaining quotes submitted for each tenor. The following table explains the trimming process that may take place daily in case of varying submissions from panel banks:

Panel Bank Data submissions	Number of highest Data submissions trimmed	Number of low Data submissions trimmed
0-4	N/A – No Fix	N/A – No Fix
5-7	1	1
8-10	2	2
11-14	3	3

Once the trimming methodology has been applied, the EIBOR rates will be calculated as an average of the remaining rates and published to five (5) decimal points.

II.3 Publication

The Fixings will be calculated from the Data provided by Panel Banks and published by TR at 12:00 hours UAE time each Business Day.

II.4 Insufficient quorum of Banks

The quorum of Banks is explained under the Calculation Methodology section above

II.5 No Fix

If TR's "Benchmark Operations Team" is unable to secure enough Data submissions to meet the minimum bank threshold, a "no fix" publication will take place at 12:30 hours.

The text "No Fix" will be published on the same area where the EIBOR rates are published on the output pages. The following text will be published to the respective pages:

"No Fix" has been published due to a lack of Data submissions

II.6 Refix

For the purpose of this Annex, "**Refix**" shall mean the calculation and publication of a new, revised Fixing. In the event that CBUAE or a Panel Bank raises a query regarding the accuracy of the published Fixing, TR will investigate such query. Refixes will only occur in certain scenarios, including but not limited to the following scenarios:

- i) if an error with the published Fixing has been notified to TR and confirmed by TR as an error within one (1) hour of the Fixing being published;
- ii) at the discretion of TR, if an error with a published Fixing has been notified to TR and confirmed by TR as an error after one (1) hour of the Fixing being published by TR; and
- iii) if an error with the Fixing is the result of a technical system error with TR systems.

Refixes shall only occur at the discretion of TR. For the avoidance of doubt, TR shall not be obliged to Refix if an error with the published Fixing is found by TR to be solely attributable to an error by one or more of the Panel Banks. Upon publication of a Refix, TR shall use reasonable endeavours to raise an alert on the Services to notify Subscribers. TR will contact CBUAE as soon as reasonably practicable to advise that a Refix has occurred and explain the reason for the Refix.

Annex III – Terms and Conditions

Note: This Annex may be replaced or amended if, and when, required by the CBUAE in consultation with the EAC. A soft version of these Terms and Conditions will be provided to the Panel Banks on request. These Terms and Conditions are to be filled up with the required details and submitted by each bank signed by the appropriate authorized personnel.

III.1 Introduction

This document sets the *Terms and Conditions* of operations between the CBUAE and the selected Panel of Banks quoting the EIBOR.

- a. The Panel Banks will provide the CBUAE, or the appointed Calculation Agent, with their daily rates for prescribed tenors at the agreed time to enable them to generate EIBOR Fixings on a daily basis on all UAE banking/Business days (as per *Schedule 2* of these Regulations). The tenors for which EIBOR rates will be polled and, consequently, fixed are listed in *Schedule 1* of these Regulations.
- b. The Panel Banks consists of the banks listed in *Schedule 1* of these Regulations.
- c. The Panel Banks agree to provide rates that are based on the guidelines and processes defined in these Regulations.

III.2 Fixings and its Publication

- a. The parties to this document shall use the rules set out in *Schedule 2* as a basis for the CBUAE, or the Calculation Agent, to calculate the EIBOR Fixings (henceforth referred to as the Fixing).
- b. The Panel Banks will provide the fixing data in accordance with *Schedule 2*.
- c. The Fixing will be made available on the CBUAE website (www.centralbank.ae) and will include the daily Fixings and its history since the fixings were taken over by CBUAE in October 2009. The daily Fixing will also be published by the Calculation Agent and other electronic platforms. Individual fixings made by banks for each day will not be published after the launch of these Regulations. The CBUAE, with data from the Calculation Agent, will later consolidate all individual bank fixings by listing them date-wise and publish such data in the 2nd week of the next quarter on its website.

- d. The parties acknowledge and agree that, in order to protect the Panel Banks, CBUAE, the Calculation Agent and other publishers, the Fixing will be published at all times with a Disclaimer in the same form as or substantially similar to that contained in Schedule 3 of these Regulations.
- e. The Panel Banks –when appropriate– will exercise reasonable endeavor to be available by phone, fax or e-mail to agree, where necessary, with CBUAE and the Calculation Agent, on delaying of the publishing of these Fixings in case of technical or other such problems as per agreed protocol. To this effect the Panel members will provide the CBUAE and the appointed Calculation Agent with the names and contact details of their designated officers who will be conducting the EIBOR rate settings at their individual sites.
- f. CBUAE will keep the EIBOR data history open for public access on its website. As mentioned above, the website will only have data as of the date the CBUAE took over EIBOR Fixings.
- g. The contribution to each EIBOR Fixing is provided by the Panel Banks free of charge and without any commitment on the part of any of the parties apart from a common interest to improve the quality of data available to financial markets.
- h. The Panel Banks, CBUAE and the appointed Calculation Agent acknowledge the confidential and market-sensitive nature of information that each may provide the other in the course of the collaboration and will treat such information confidentially both during and following any termination of the collaboration.

III.3 Performance:

- a. The EAC will have regular meetings to discuss EIBOR related issues. Two semi-annual meetings will be held at the CBUAE to monitor performance and related matters. The Panel may also Schedule an extra-ordinary meeting as per *para 1.4 of Annex I*.

Note: The main tasks of the EIBOR Advisory Committee will be to promote the implementation of the EIBOR Regulations, review compliance, monitor its effectiveness and propose changes. The EAC will also monitor market developments and apply changes to the relevant Annexes and Schedules as per the Regulations.

- b. CBUAE will monitor the performance of individual Banks on the Panel with a view to improving the process of setting EIBOR as well as its credibility and will take regulatory and corrective actions required to maintain the standards set out in these Regulations.
- c. Panel Banks undertake that, for the duration of the prescribed audit and one year thereafter, they will not solicit for employment, nor offer employment directly or indirectly, nor enter into any contract for services, nor engage the services of any staff, from the CBUAE or its appointed audit firm, assigned to the audit work required as per this regulation.

III.4 Designated Responsible Person(s)

The Designated Responsible Person (senior staff member) assigned by the Panel Bank with the responsibility for EIBOR rate *submissions*:

Name :

Designation :

Telephone :

Email :

In case of the absence of the above, the staff member assigned by the Panel Bank to assume responsibility for EIBOR rate submissions:

Name :

Designation :

Telephone :

Email :

The Designated Responsible Person (senior staff member) assigned by the Panel Bank with the responsibility for EIBOR rate *compliance*:

Name :

Designation :

Telephone :

Email :

In case of absence of the above, the staff member assigned by the Panel Bank to assume responsibility for EIBOR rate compliance:

Name :

Designation :

Telephone :

Email :

Any change in personnel should be conveyed to the CBUAE and the Calculation Agent within **seven (7) days** of such change.

III.5 Validity of Agreement

This agreement is valid until rescinded by the CBUAE.

III.6 Effectiveness of Agreement

This agreement is effective from May 03, 2020.

.....

Signed for

Date:

(Panel Bank name and stamp)

.....

Date:

Signed on behalf of

Central Bank of the UAE

Schedule 1 – The Fixings and the Proposed Panel Banks

Note: This Annex may be replaced or amended if, and when, required by the CBUAE in consultation with the EAC.

1. EIBOR rates will be fixed as follows:

- ✓ Overnight
- ✓ 1 Week
- ✓ 1 Month
- ✓ 3 Months
- ✓ 6 Months
- ✓ 1 Year

2. Panel Banks:

1. Abu Dhabi Commercial Bank
2. Commercial Bank of Dubai
3. Emirate NBD
4. First Abu Dhabi Bank
5. HSBC Bank Middle East Ltd
6. Mashreq Bank
7. Standard Chartered Bank
8. National Bank of RAK

Schedule 2 – Business Rules

Note: This Annex may be replaced or amended by the CBUAE if, and when, a new calculation agent takes over.

1. Fixings:

Note: All times referred to hereunder are UAE local time.

The Emirates Interbank Offered Rate (EIBOR) is the daily reference rate at which EIBOR Panel Banks are able and willing to access United Arab Emirate Dirham funding in reasonable market size for a given tenor, from UAE money market just prior to 11:00 hours local time.

2. Specification:

Data from each Panel Bank for each UAE Interbank Offered Rate Fixing to be received between 11:00:00 – 11:29:59 hours UAE time each Business Day.

Any Panel Bank, which has not supplied rates by 11:30:00 hours will be contacted by the TR Benchmark Operations team by telephone.

If rates can be provided between 11:30:00 and 11:55:00 hours, the TR Benchmark Operations team will initiate a manual exception process to include the rates in the calculation of EIBOR. Rates received after 11:55:00 hours are not guaranteed to be included within the calculation. If late contributions are obtained, they will be subjected to the exact same quality checks as rates submitted within the contribution window and will be included within the calculation of EIBOR.

Data will be submitted directly to the TR internal systems, delivery details shall be specified by TR. CBUAE expects that the (i) Panel Banks shall not amend the format of the Data without prior permission from TR; (ii) in the event of Data submission problems Banks shall inform TR immediately; (iii) Panel Banks shall be available up until the time of the publication of the Fixing in the event that TR needs to query the Data or lack of contribution.

3. Fixing and publication of Submitted Rates:

The Fixing will be calculated from the data provided by the Panel Banks and published by TR by 12:00 hours each day unless it is a holiday or a non working day in the UAE or has been suspended by a TR analyst for release within the benchmark calculation engine.

With regards to Panel Bank's submissions, CBUAE will publish the individual submitted data after three months' delay. Moreover, EIBOR data and rates should be made available to CBUAE's appointed auditor during the course of their audit.

3.1 Suspended Publication:

At any time prior to 12:00:00 hours UAE Time, the TR Benchmark Operations team managing this benchmark can enable a feature to suspend the publication of the benchmark. This feature is intended to be used in extenuating circumstances only when– for example, a technical issue arises at TR; TR are working with a Submitter to confirm rates; a direct request is received from the UAE Central Bank.

Once triggered, the benchmark will remain in a 'waiting' state until one of two actions is taken by the Benchmarks Operations Team: a delayed publication or a 'no-fix' publication (see 3.2 Fallback Arrangement).

3.2 Fallback Arrangement:

If submissions are received from four or fewer Banks during the Contribution window, or the Late Submission window, a Fallback Arrangement will be triggered. The following text will be published to the respective pages:

The publication has been delayed due to a lack of submissions.

Triggering the Fallback Arrangement extends the Contribution Window by 30 minutes from 12:00 to 12:30 hours– and allows TR Benchmark Operations team to attempt to secure additional submissions from Submitter Banks who have not contributed, in order to produce a publication. Any rates secured during the fallback window will be subjected to the Price Tolerance Check.

3.3 Fallback Publication

If TR Benchmark Operations team is able to secure enough submissions to meet the minimum bank threshold, the benchmark will be released once all Quality Checks have been passed.

3.4 “No Fix” Publication

However, if TR Benchmark Operations team is unable to secure enough submissions to meet the minimum bank threshold, a “no fix” publication will take place at 12:30 hours.

The text “No Fix” will be published on the same area where the EIBOR rates are published on the output pages. The following text will be published to the respective pages:

“No Fix” has been published due to a lack of submissions.

Should a “No Fix” publication occur, the EAC will need to determine what users of the benchmark should use as an alternative. An alert will be issued by TR to this effect on their standard Fix Alert pages.

4. Correction of Rates

Any correction of the EIBOR rates must take place by 13:00:00 hours. A correction will only be triggered if an error has been made by TR in the publication of EIBOR. For the avoidance of doubt, errors attributed to incorrect contributions by the Submitter Banks will not result in a re-calculation.

5. Holidays:

The EIBOR benchmark will follow the Gregorian calendar with holiday dates based on the Hijri calendar, to be communicated by CBUAE.

6. Non Working Days:

The EIBOR benchmark will not be processed nor published on **Fridays and Saturdays**.

7. Value Date:

The value date convention in UAE is T+2, following UAE market holidays.

8. Other Details:

Fuller details will be contained in the “**Thomson Reuters Benchmark Requirement Summary**” circulated by TR to Panel Banks.

Schedule 3 – Form of Disclaimer

Note: This Annex may be replaced or amended if, and when, required by the CBUAE in consultation with the EAC.

"In consideration of the Panel of Banks and the CBUAE (together the "Suppliers") coordinating and supplying, the data from which EIBOR Fixings are compiled, any user of this website or third party acknowledges and agrees that, to the fullest extent permitted by law, none of the Suppliers:-

(1) Accept any responsibility or liability for the frequency of provision and accuracy of the EIBOR Fixings or any use made of the EIBOR Fixings by any subscriber or third party, whether or not arising from the negligence of any of the Suppliers;

OR

(2) Shall be liable for any losses whether they be direct, indirect, consequential, exemplary, incidental, special or punitive, including lost profit damages arising from the use of the EIBOR Fixings, even if the Suppliers were advised of the possibility of such damages, howsoever arising from any such irregularity, inaccuracy or use of the data."

The above disclaimer will be displayed when someone accesses the EIBOR section on CBUAE's website.

Schedule 4 – Instructions for Rate Submissions

Note: This Annex may be replaced or amended by the CBUAE if, and when, required.

1. Bank Submissions:

All EIBOR Submitter Banks will contribute their EIBOR rates to a private set of **Thomson Reuters Instrument Codes (RICs)**. Only the Submitter Bank and TR will have access to the RICs.

Banks leaving the EIBOR panel will be removed within thirty (30) days of notification from the EIBOR Advisory Committee (EAC).

Banks joining the EIBOR panel will be included within thirty (30) days of notification from the EAC if they are an existing contributor to TR, or within sixty (60) days of notification if they are not.

2. Clear Down:

All Submitter Banks' Input RICs will be automatically cleared of previous business day's rates by the benchmark calculation engine. This is in anticipation of fresh submissions within the Contribution window.

3. Contribution Window:

Submitter Banks will be required to contribute their EIBOR rates to all data points on a daily basis. Rates captured at 11:30:00 hours will be used in the calculation of EIBOR. An automated email reminder will be sent to any Submitter Bank who has not contributed rates by 11:20:00 hours.

4. Late Submission Window:

Any Submitting Bank who has not supplied rates by 11:30:00 hours will be contacted by the TR Benchmark Operations team by telephone.

If rates can be provided between 11:30:00 and 11:55:00 hours, the TR Benchmark Operations team will initiate a manual exception process to include the rates in the calculation of EIBOR. Rates received after 11:55:00 hours cannot be guaranteed to be included within the calculation.

If late contributions are obtained, they will be subjected to the exact same Quality Checks as rates submitted within the Contribution window and will be included within the calculation of EIBOR.

5. Data Quality Checks:

The following data quality checks are performed by the benchmark calculation engine:

- Date and Time check
- Price tolerance check

5.1 Data and Time Check:

EIBOR Submitter Banks need to contribute fresh rates on each business day. The benchmark calculation engine will only accept rates with the current day's date and a time stamp of between 11:00:00 and 11:29:59 hours UAE Time. Submitter Banks who have not contributed rates by 11:20:00 hours will receive an automated email reminding them of their obligations.

Any Submitting Bank which has not supplied rates by 11:30:00 hours will be contacted by the TR Benchmark Operations team by telephone to initiate actions detailed in para 4 above.

5.2 Price Tolerance Check:

The benchmark calculation engine will dynamically compute a moving average in real time of all valid submissions, as and when they are received within the Contribution window. It will apply the same trimming methodology as used in the calculation. For example, if 8-10 bank rates have been received the moving average would be calculated once the two (2) highest and the (2) lowest rates have been discarded.

From the moving average, an upper and lower limit will be calculated by adding and subtracting the agreed tolerance. Rates outside of the Upper and Lower limit will be flagged appropriately, giving the Submitter Bank an opportunity to review and amend, if appropriate, but will be included within the calculation of EIBOR.

The below example highlights that the rates submitted by Banks 1, 2, and 3 are below the lower limit of 0.67500. The rates submitted by Banks 6, 7, and 8 are above the upper limit of 0.77500. All six rates would be flagged for review by the banks.

Example with 8 banks:

Bank 1	0.400	Flagged	Excluded from moving avg calc	
Bank 2	0.550	Flagged	Excluded from moving avg calc	
Bank 3	0.600	Flagged		Moving average: 0.72500
Bank 4	0.750			Tolerance: 0.05
Bank 5	0.750			Upper Limit: .77500
Bank 6	0.800	Flagged		Lower Limit: .67500
Bank 7	0.800	Flagged	Excluded from moving avg calc	
Bank 8	0.825	Flagged	Excluded from moving avg calc	

The purpose of this check is primarily to allow outliers and/or obvious errors (miss-keys) to be flagged back to the Submitter to review and should be considered a sanity check.

6. Other Details:

Fuller details will be contained in the “**Thomson Reuters Benchmark Requirement Summary**” – To be circulated by TR to Panel Banks.

Schedule 5 – Template for Fixing Documentation

Note: This Schedule may be replaced or amended by CBUAE as and when required in line with these Regulations.

Interbank transactions - Unsecured interbank deposit market; data to be which is consistent with the definition of the following items as per their respective definitions under the BRF Explanatory Notes:

Money at call and short notices, borrowing on demand and remaining balances, excluding Vostro accounts

- Interbank borrowings
- Other term borrowings

TRADE DATE	COUNTERPARTY	VALUE DATE	MATURITY DATE	AMOUNT (AED mn)	TENOR (Days)	RATE	REMARKS

Other Unsecured Deposits - other unsecured deposit markets, including but not limited to, certificates of deposit and commercial paper; data to be consistent with the definition of the following items as per the BRF Explanatory Notes:

- Government sector time deposits including CDs/structured products with no underlying derivative(s)
- GREs time deposits including CDs/ structured products with no underlying derivative(s)
- Private Sector time deposits including only CDs/ structured products with no underlying derivative(s)
- Non-banking Financial Institutions call and short notice and time deposits

BRF ITEM	COUNTERPARTY	CONTRACT RATE	START DATE	DUE DATE	TERM	AMOUNT (AED mn)	REMARKS

Other related markets, including but not limited to overnight index swaps, repurchase agreements, foreign exchange forwards, interest rate futures and options and CBUAE operations:

US Treasuries			
	CURRENT	PREVIOUS	CHANGE
1M			
3M			
6M			
1Y			
2Y			
3Y			
5Y			
7Y			
10Y			

CBUAE CDs			
	CURRENT	PREVIOUS	CHANGE
1W			
1M			
2M			
3M			
6M			
9M			
1Y			

USD IRS			
	CURRENT	PREVIOUS	CHANGE
1Y			
2Y			
3Y			
4Y			
5Y			
7Y			
10Y			

AED IRS			
	CURRENT	PREVIOUS	CHANGE
1Y			
2Y			
3Y			
4Y			
5Y			
7Y			
10Y			

LIBOR			
	t-1	t-2	CHANGE
ON			
1W			
1M			
3M			
6M			
1Y			

EIBOR			
	t-1	t-2	CHANGE
ON			
1W			
1M			
3M			
6M			
1Y			

Panel Banks' observations of third party transactions in the unsecured inter-bank deposit market:

TRADE DATE	COUNTERPARTIES	VALUE DATE	MATURITY DATE	AMOUNT (AED mn)	TENOR (DAYS)	RATE	REMARKS

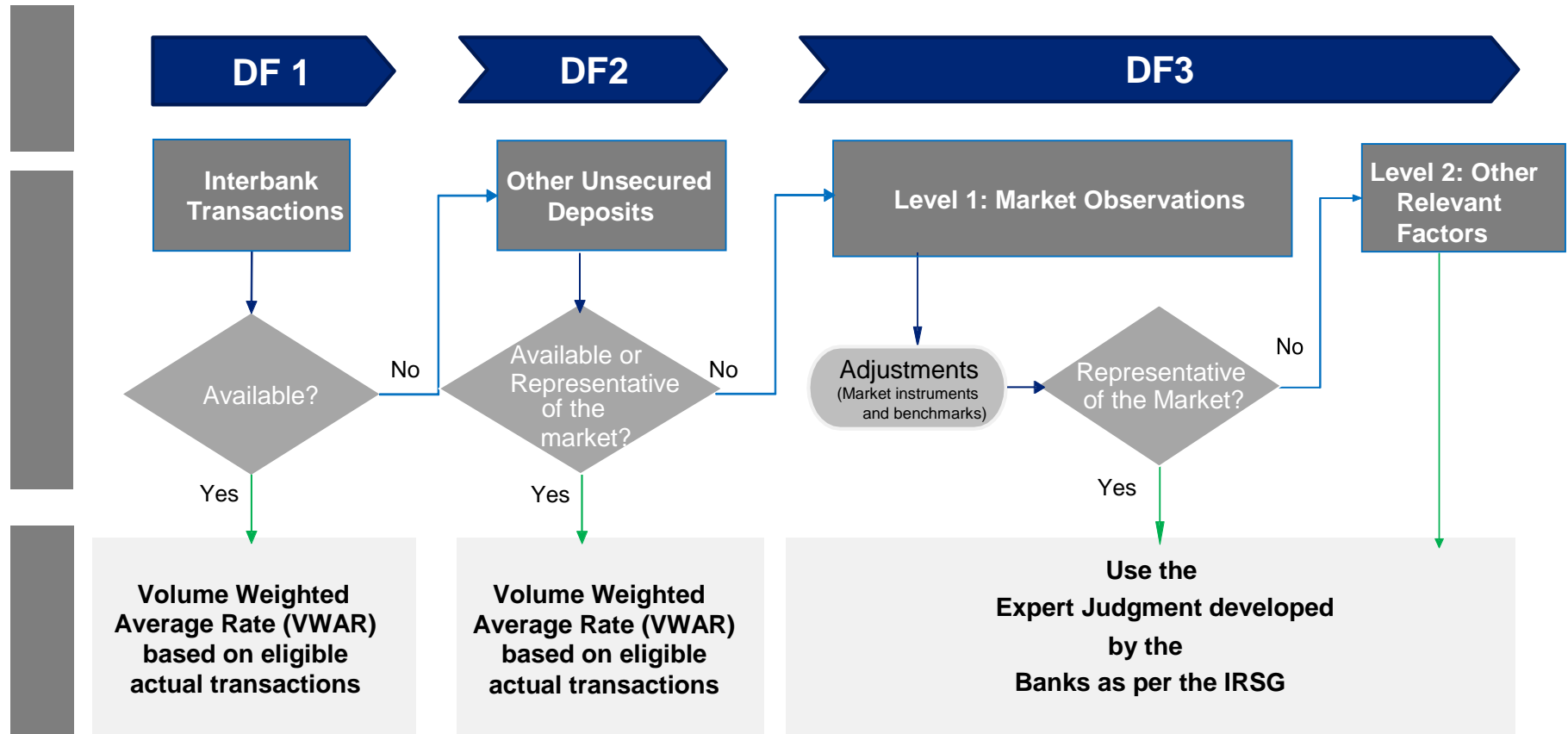
Quotes by third parties offered to Panel Banks in the unsecured interbank deposit market:

DATE	TENOR	BROKER	INSTRUMENT	CURRENCY	BID	OFFER	REMARKS

EIBOR Submission:

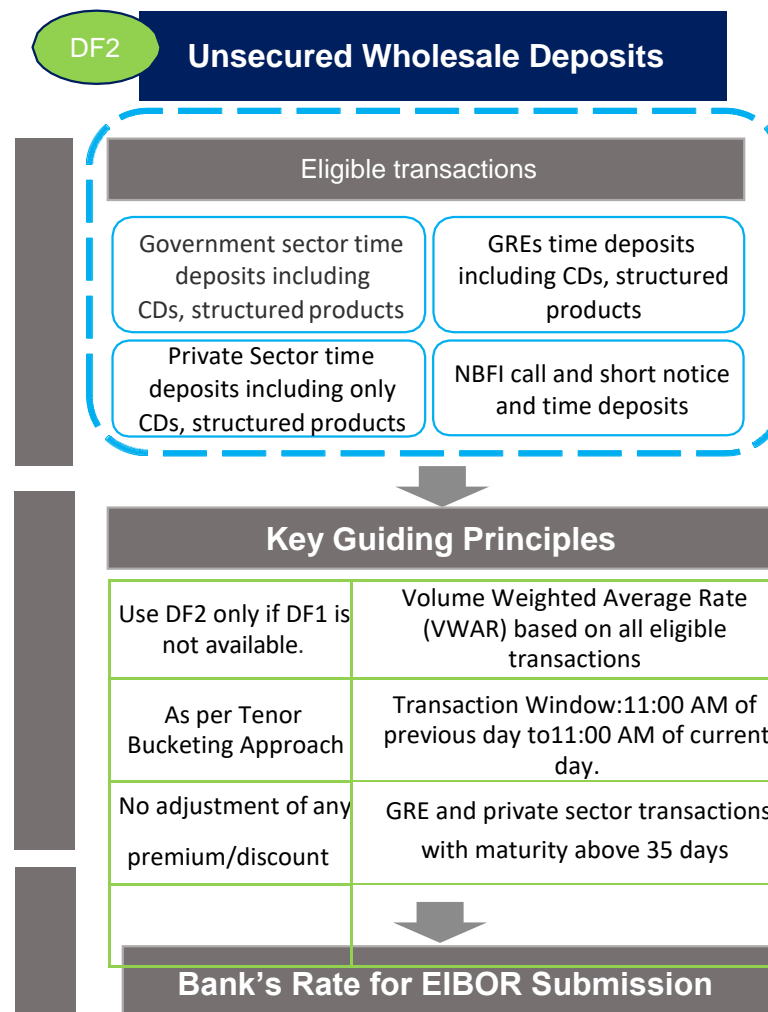
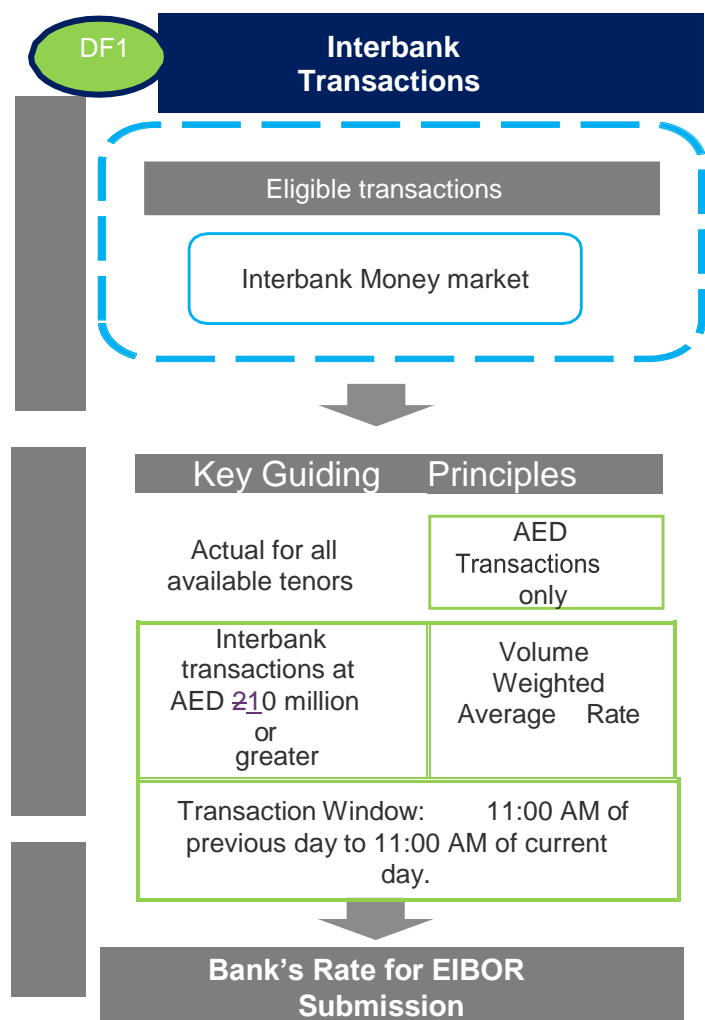
TENOR	FIXING	RATIONALE FOR FIXING
ON		
1W		
1M		
3M		
6M		
12M		

Schedule 6 – Waterfall Methodology Diagram

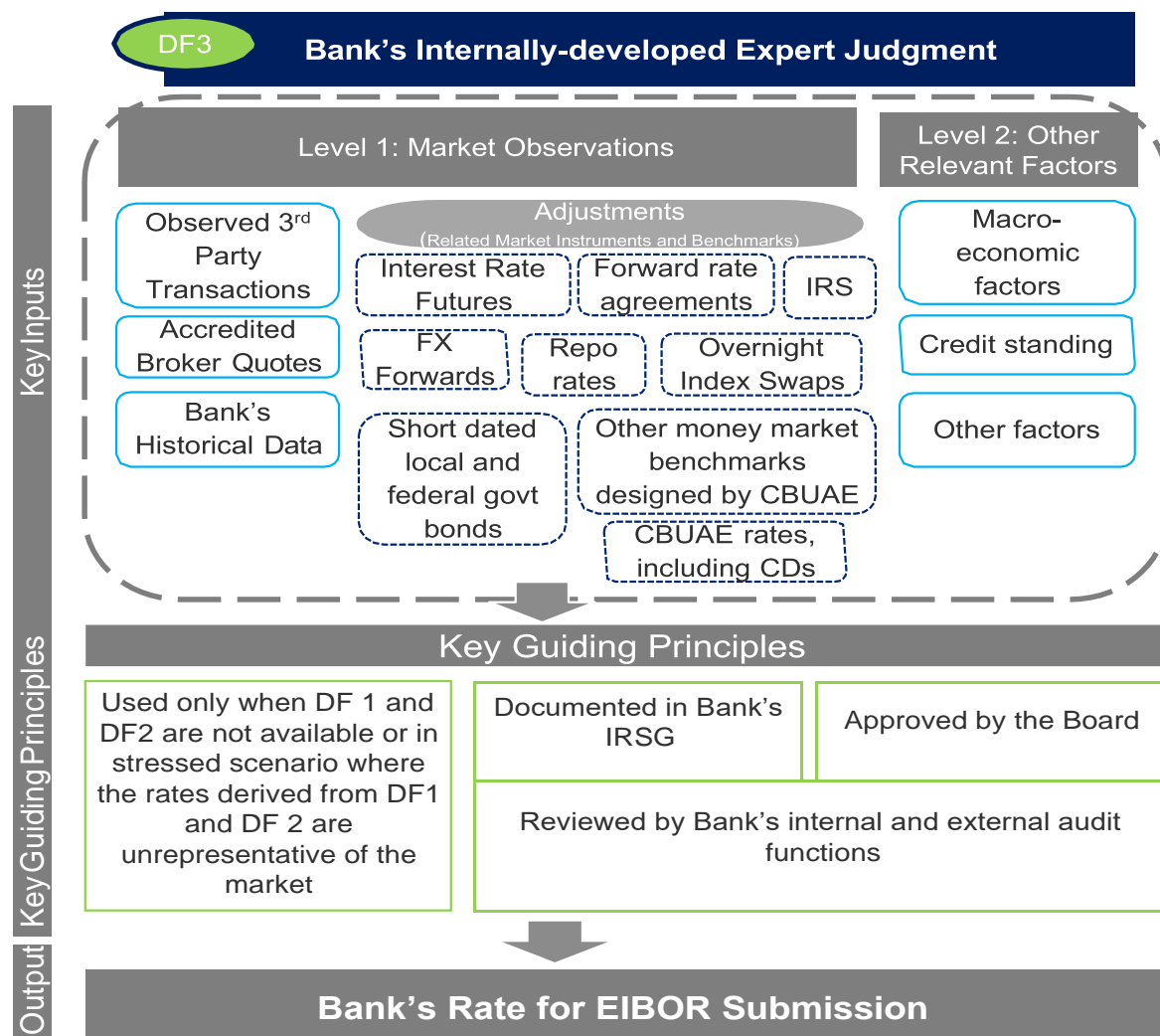


DF – Determining Factor

Schedule 7 – Overview of the Determining Factors



Schedule 7 – Overview of the Determining Factors (cont.)



Schedule 8 – Frequencies of Internal Monitoring

The following table summarizes the independent reviews and examinations to be performed by various functions:

Functions	Indicative Coverage	Frequency
1. Risk Control	EIBOR rate setting and submission process	Monthly
2. Compliance	Compliance with IRSG and CBUAE Regulations	Quarterly
3. Internal Audit	EIBOR rate setting and submission process	Annually
4. Group of Experts	Act as the governance group of experts within the Panel Bank for the EIBOR setting and submission process	As and when required