



DIRHAM MONETARY FRAMEWORK US DOLLAR LIQUIDITY FACILITY TERMS & CONDITIONS

Effective from 04 July 2023

This document sets forth the general Terms & Conditions of the US Dollar Liquidity Facility of the Central Bank of the United Arab Emirates and related guidelines for collateral management. It also describes the operational procedures and settlement arrangements for opening and closing a given transaction conducted by an Eligible Counterparty through the US Dollar Liquidity Facility.

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) “**Base Rate**” means the prevailing official policy rate of the Central Bank of the UAE.
 - b) “**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.
 - c) “**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.
 - d) “**CMF System**” means the CBUAE’s Collateralized Murabaha Facility System, accessible via the treasury services portal of the CBUAE.

- e) **“Collateral Management Agent”** means Euroclear Bank SA/NV (“Euroclear”) in the case of Monetary Bills and the CBUAE in the case of Islamic Certificates of Deposit, or such other successor institution as may be designated by the CBUAE from time to time.
- f) **“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 US Dollar funds equivalent to 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 the acceptance of Monetary Bills as Eligible Collateral under the US Dollar Liquidity Facility referred to in Annex B to these Terms & Conditions.
- g) **“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 the acceptance of Islamic Certificates of Deposit as Eligible Collateral under the US Dollar Liquidity Facility referred to in Annex C to these Terms & Conditions.
- h) **“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.
- i) **“Eligible Collateral”** means the Monetary Bills or Islamic Certificates of Deposit issued pursuant to the CBUAE’s authority under Decretal Federal Law No. (14) of 2018, and amendments thereto, and delivered to the CBUAE as collateral in order to access the US Dollar Liquidity Facility in accordance with these Terms & Conditions.
- j) **“Eligible Collateral Market Value”** means, with reference to Monetary Bills, 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. In the case of Islamic Certificates of Deposit, it shall be the relevant face value as recorded by the CBUAE.

- k) “**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 UAE Funds Transfer System (UAEFTS) **and** has signed the relevant documentation as required by these Terms & Conditions.
- l) “**Eligible Counterparty Settlement Account**” means the relevant US Dollar account of an Eligible Counterparty as designated in the instructions given to the CBUAE.
- m) “**Eligible Funding**” means the monies paid by the CBUAE to the Eligible Counterparty on the settlement date of the Collateralized Funding/Murabaha Transaction, determined as per the tender allotment results and provided the transfer of Eligible Collateral. Eligible Funding shall be rounded off to two (2) decimal points.
- n) “**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.
- o) “**Governing Law**” means the laws of the United Arab Emirates.
- p) “**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.
- q) “**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.
- r) “**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).
- s) “**Repurchase Agreement**” means, with reference to Monetary Bills, 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 Euroclear, the relevant service agreement is the Repurchase Service Agreement (RSA).

- t) “**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.
- u) “**US Dollar**” means the currency of the United States of America.

Access conditions and operational aspects

2. The US Dollar Liquidity Facility shall serve as a backstop liquidity insurance facility in response to any actual or prospective **market-wide stress of an exceptional nature**. The CBUAE may, **on a contingent basis and at its own discretion**, activate the US Dollar Liquidity Facility.
3. Eligible Funding extended under the US Dollar Liquidity Facility shall be subject to the availability of Eligible Collateral, with appropriate Haircuts applied.
4. Eligible Counterparties that carry on all or part of their activities and businesses in accordance with the provisions of Shariah rules shall only pledge **Islamic Certificates of Deposit** issued by the CBUAE as Eligible Collateral to access the US Dollar Liquidity Facility. Commodity Murabaha transactions pertaining to the US Dollar Liquidity Facility shall be conducted as per the guidelines set out in the CMF System.
5. The US Dollar Liquidity Facility will be available on any Business Day **except Saturdays**, and during the operating window as defined by the CBUAE from time to time.
6. Settlement of Eligible Funding shall be in US Dollars through the Eligible Counterparty Settlement Account.
7. All settlement instructions for the US Dollar Liquidity Facility shall be free-of-payment.
8. Notwithstanding Clause 5 of these Terms & Conditions, the US Dollar Liquidity Facility shall be automatically suspended whenever the system of the Collateral Management Agent is suspended or unavailable to Eligible Counterparties for any reason whatsoever or in circumstances whereby settlement of US Dollar accounts of the CBUAE or Eligible Counterparty are suspended or unavailable.
9. 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.
10. To draw on the US Dollar Liquidity Facility via pledging securities as collateral, Eligible Counterparties are required to sign the GMRA or MCMA with the CBUAE, as the case may be.

11. Monetary Bills held with the designated Collateral Management Agent shall be delivered to the CBUAE's collateral account held with the same Collateral Management Agent.

Tender arrangement

12. The CBUAE may, on a contingent basis and at its own discretion, activate the US Dollar Liquidity Facility in response to actual or prospective market-wide stress of an exceptional nature, where Eligible Counterparties are in need of US Dollar funding from the CBUAE for an extended term.
13. The US Dollar Liquidity Facility allows Eligible Counterparties to draw on US Dollar funding from the CBUAE against short-term securities issued by the CBUAE, which are **expected to remain highly liquid in all market conditions**. The US Dollar Liquidity Facility is designed to be flexible to respond to evolving market conditions for term borrowing **for a period to be determined by the CBUAE**.
14. The key aspect for this facility is for the CBUAE to provide a US Dollar funding backstop quickly and as simply as possible, whenever the CBUAE deems availability of such a facility is necessary as per Clause 12 of these Terms & Conditions. In this context, **the CBUAE shall set, at its own discretion, a fixed amount of US Dollar funds to auction (single auction)** and shall allow Eligible Counterparties to bid for their respective needs in terms of US Dollar funding without specifying the kind 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, and whether the stress is generated by a particular segment of Eligible Counterparties or not, or any other factors deemed relevant to the CBUAE.
15. Eligible Counterparties shall bid at **a minimum spread above the Base Rate** equivalent to the spread applicable to the prevailing standing credit facilities of the CBUAE (the Marginal Lending Facility and the Collateralized Murabaha Facility). 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:
 - a) 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.
 - b) 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.

16. Funds to be auctioned under the US Dollar Liquidity Facility shall be conducted using the Bloomberg auction system.
17. Tenders must be made on a bid-yield basis, subject to a minimum bid size of US Dollar 10 million. Tenders above this minimum must be in integral multiples of US Dollar 1 million.
18. Each bid must state the bidding rate rounded to two (2) decimal places and the face amount tendered for.
19. The CBUAE may adjust the overall allotment so that no single bidder receives more than a pre-defined percentage of the total US Dollar funds on offer.
20. Successful bidders whose tenders have been accepted in whole or in part will be notified of their Eligible Funding allotment (the amount of US Dollar funds payable) as soon as practicable after the announcement of the tender results, based on the corresponding auction clearing price.
21. Where an Eligible Counterparty has obtained US Dollar funding from the CBUAE on a given Business Day under the US Dollar Liquidity Facility, the reversal of such transaction (closing) shall be executed in accordance with the specified maturity date.
22. The CBUAE may publish the total usage of the US Dollar Liquidity Facility, whenever activated, on its website soon after the close of the opening stage of such operation.

Eligible Collateral valuation

23. With reference to Monetary Bills, 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 Repurchase Agreement, as the case may be.
24. In the case of Islamic Certificates of Deposit, the CBUAE shall value the securities offered by the Eligible Counterparty as collateral based on their face value and as per these Terms & Conditions.
25. Securities offered by Eligible Counterparties to the CBUAE as collateral shall be subject to a Haircut, applied to the Eligible Collateral Market Value, as published on **Annex A** of these Terms & Conditions **or** such other rates as determined by the CBUAE from time to time.

Transaction processing and settlement arrangements

26. Collateralized Funding/Murabaha Transaction processing and settlement arrangements through the designated US Dollar account servicing institutions and the systems of the designated Collateral Management Agent are set forth separately in

Annexes B or C to these Terms & Conditions as specified in the following schedule:

Collateral	Relevant Documentation	Annex
Monetary Bills	GMRA	B
Islamic Certificates of Deposit	MCMA	C

27. Eligible Funding allotted by tender will be settled for value on the second Business Day following the tender day (T+2). On the settlement date, Eligible Counterparties whose bids were successful shall deliver the agreed nominal value of the selected Eligible Collateral from their Eligible Collateral accounts to the CBUAE. The CBUAE expects successful transfer of Eligible Collateral no later than 15:00 hours on the settlement date. Upon confirmation of receipt of Eligible Collateral, the CBUAE shall transfer US Dollars to the Eligible Counterparty Settlement Account according to the instructions given to the CBUAE.
28. On the repayment date, the Eligible Counterparties shall repay US Dollars to the CBUAE according to the instructions given to them by the CBUAE. Upon confirmation of receipt of US Dollar repayment by the Eligible Counterparties, the CBUAE shall immediately instruct for release of the collateral to the Eligible Counterparties. If for any reason, the repayment cannot be carried out on a scheduled date, the repayment shall be arranged on the following Business Day. Release of collateral by the CBUAE is subject to confirmation of receipt of repayment.
29. The functional specifications pertinent to the CMF System (User’s Guide) are defined in a separate technical document titled “CMF Functional Specification Document” – **Annex D** 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

30. 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 US Dollar Liquidity Facility.
31. The CBUAE may suspend access to the US Dollar Liquidity Facility temporarily or ad infinitum or impose restrictions or conditions on obtaining US Dollar funding from the CBUAE if an Eligible Counterparty fails to comply with, observe, or perform:
- a) any of the provisions set out in these Terms & Conditions;
 - b) any breach of guidance/directions from the CBUAE;
 - c) any operational and settlement arrangements set out in Annexes B or C to these Terms & Conditions;

- d) any operational instructions or guidelines set out in the CMF System User's Guide, pertaining to the conduct of Murabaha transactions.
 - e) a breach of the GMRA/MCMA by an Eligible Counterparty; or
 - f) any other regulations, decisions and circulars issued by the CBUAE.
32. 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

33. 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.
34. 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.
35. 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

36. These Terms & Conditions shall be governed by and construed in accordance with the laws of the United Arab Emirates.
37. 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

38. The CBUAE reserves the right to, as and when required, access data pertaining to the Monetary Bill holdings of Eligible Counterparties held with the Collateral Management Agent.

39. In the event of inconsistency between these Terms & Conditions and the provisions of the GMRA/MCMA Agreement, these Terms & Conditions shall prevail.
40. 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. For the avoidance of doubt, all fees, charges and expenses that may be incurred by the CBUAE as a result of such event (or damages to offset any outstanding obligation that may be due to the CBUAE) shall be borne by the concerned Eligible Counterparty in accordance with the terms of the GMRA/ MCMA, as the case may be.
41. Eligible Counterparties shall ensure that:
- a) 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.
 - b) the delivered Eligible Collateral in the form of Monetary Bills or Islamic Certificates of Deposit shall have a **remaining days-to-maturity of no less than the tenure of the deal** to be conducted under the US Dollar Liquidity Facility.
42. Eligible Counterparties may be required to pay an annual fee for accessing the US Dollar Liquidity Facility, at such rate as the CBUAE may from time to time notify Eligible Counterparties through an official notice.
43. 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.
44. In order to assess the eligibility of collateral ex ante, Eligible Counterparties wishing to avail US Dollar funding from the CBUAE via pledging the Islamic Certificates of Deposit as collateral shall be required to pre-position the list of their holdings at the CBUAE upon the announcement of any tender under the US Dollar Facility, in accordance with the guidelines set forth by the CBUAE.

Contact

45. Enquiries about the eligibility of individual securities along with operational and settlement arrangements pertinent to the US Dollar Liquidity Facility should be sent to:

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

Annex A

DIRHAM MONETARY FRAMEWORK
US DOLLAR LIQUIDITY FACILITY

Summary of Terms

Currency:	US Dollar
Amount and Tenor(s):	To be announced by the CBUAE two (2) days prior to the auction date
Participants:	Eligible Counterparties as defined in these Terms & Conditions
Transaction Type:	Collateralized Funding/Murabaha Transactions
Method:	Competitive tenders on a bid-yield basis (multiple bids by each participant)
Submission:	Bloomberg auction platform
Tender Amount:	Minimum US Dollar 10 Million, in integral multiples of US Dollar 1 Million
Bidding Rate:	A spread above the prevailing Base Rate, rounded to two (2) decimal places, no less than the spread applicable to the CBUAE's standing credit facilities
Clearing Price:	The prevailing Base Rate plus applicable spread corresponding to the final allotment and based on the tender's pricing mechanism (fixed- or multiple-price format) as determined ex ante by the CBUAE
Eligible Collateral:	Monetary Bills or Islamic Certificates of Deposit issued by the CBUAE
Haircut:	Monetary Bills – 2% on market value; Islamic Certificates of Deposit – 2% on face value
Settlement Date:	T+2
Collateral Submission:	Free-of-Payment by 15:00 hours UAE local time on settlement date

US Dollar Payment:	Immediately following Eligible Collateral submission on settlement date
US Dollar Repayment:	Credit notification related to notional allotted amount plus Clearing Price, based on actual/360 convention, from the start of the maturity (repayment) date and no later than 13:00 hours UAE local time
Termination Date:	Immediately following repayment of US Dollar funds to the CBUAE on maturity date
Penalty:	The CBUAE has sole and absolute discretion to impose a penalty on failed transfer of collateral or failed repayment
Enquiries:	Monetary.Management@cbae.gov.ae Treasury.Operations@cbae.gov.ae

Annex B

DIRHAM MONETARY FRAMEWORK US DOLLAR LIQUIDITY FACILITY

Operational & Settlement Procedures Pertinent to Monetary Bills Pledged as Collateral

Settlement Stage – Eligible Counterparty delivers collateral and receives US Dollars

1. Upon the decision to activate the US Dollar Liquidity Facility, the CBUAE shall at first set the amount of funds to be offered (auctioned) and invite the concerned Eligible Counterparties to bid for their respective funding needs without specifying the kind of Eligible Collateral to be delivered.
2. Immediately after the announcement of the final allotment, successful bidders shall submit a request to proceed with the deal via the CBUAE Bloomberg Terminal page after designating the Collateral Management Agent. The Eligible Counterparty shall then click on the corresponding RPOV link to launch the deal ticket.
3. The Eligible Counterparty shall enter the deal information (the notional allotted amount, settlement/termination dates, the legal entity account reference, clearing price, etc.,) and **ensure the termination date is open by ticking the box corresponding to the open option**. Once the deal information is validated and completed, the Eligible Counterparty shall forward such information to the CBUAE via the RPOV function.
4. 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.
5. Should the access to the US Dollar Liquidity Facility be affirmed, the CBUAE shall send a triparty instruction (**open 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 (**open ended**) to the same Collateral Management Agent via SWIFT (MT527) or its internal settlement system prior to closure of the designated operating window.
6. The Eligible Counterparty shall then make the Monetary Bills available on their collateral giver account for use by the Collateral Management Agent.
7. Subsequently, the Collateral Management Agent shall value the Monetary Bills pledged as collateral for the Collateralized Funding Transaction as per its internal

- valuation system. The Collateral Management Agent shall move sufficient Monetary Bills into the collateral account of the CBUAE, considering the secondary market value of the Monetary Bills and the relevant haircut, until the transaction status appears in excess of the Eligible Funding (US Dollar funds to be received) as per the final allotment, and prior to 15:00 hours UAE local time.
8. After the collateral allocation is completed, and its valuation is confirmed in excess of the Eligible Funding (US Dollar funds to be received), the Collateral Management Agent shall confirm to the CBUAE the list of Monetary Bills being delivered by the Eligible Counterparty as collateral via its web portal, SWIFT, and email reports.
 9. The CBUAE shall then send an advance instruction to its US Dollar account servicing institution via SWIFT (MT202) to remit the deal amount to the Eligible Counterparty's US Dollar account servicing institution on a T+2 basis. In parallel, the Eligible Counterparty may, if required, send an advance instruction to its US Dollar account (Eligible Counterparty Settlement Account) servicing institution via SWIFT (MT210) that it will receive US Dollar funds from the CBUAE.

Repayment Stage – Eligible Counterparty delivers US Dollars and receives collateral

10. At the start of the maturity date of the deal, the Eligible Counterparty shall send an advance instruction to its US Dollar account servicing institution via SWIFT (MT202) to remit the notional amount of the deal plus the clearing price as per the allotment results to the CBUAE's US Dollar account servicing institution.
11. Upon confirmation of the matching advance instructions via SWIFT (MT300), and confirmation of the receipt of the borrowed funds in the CBUAE's US Dollar account, the CBUAE will automatically request the designated Collateral Management Agent to proceed with the transfer of the Monetary Bills pledged as collateral from the CBUAE's account back to the Eligible Counterparty's account held with it. The CBUAE will then release an instruction via SWIFT (MT527) to specify the closing date of the transaction be the same day as the receipt of the closing amount of the borrowed funds on the CBUAE's US Dollar account, and the Eligible Counterparty shall do the same by matching the instruction of the CBUAE in the Collateral Management Agent's designated platform.
12. To close the repayment stage, the designated Collateral Management Agent shall then deliver requisite reporting confirmation on the termination of the Collateralized Funding Transaction under the US Dollar Liquidity Facility via its web portal, SWIFT, and email notifications to both parties, the CBUAE and the Eligible Counterparty.

Annex C

DIRHAM MONETARY FRAMEWORK US DOLLAR LIQUIDITY FACILITY

Operational & Settlement Procedures Pertinent to Islamic Certificates of Deposit Pledged as Collateral

Settlement Stage – Eligible Counterparty delivers collateral and receives US Dollars

1. Upon the decision to activate the US Dollar Liquidity Facility, the CBUAE shall at first set the amount of funds to be offered (auctioned) and invite the concerned Eligible Counterparties to bid for their respective funding needs without specifying the kind of Eligible Collateral to be delivered.
2. Once the auction date is announced, Eligible Counterparties shall pre-position the list of their holdings in Islamic Certificates of Deposit at the CBUAE for eligibility assessment, in accordance with the guidelines set forth by the CBUAE.
3. Immediately after the announcement of the final allotment, successful bidders shall submit a request to proceed with the deal via the CBUAE Bloomberg Terminal page after designating the Collateral Management Agent. The Eligible Counterparty shall then click on the corresponding RPOV link to launch the deal ticket.
4. The Eligible Counterparty shall enter and validate the deal information (the notional allotted amount, settlement/termination dates, the legal entity account reference, clearing price, reference numbers of the Islamic Certificates pledged as collateral, etc.,) and forward such information to the CBUAE via the RPOV function. Prior to submission, Eligible Counterparty shall ensure that the reference numbers corresponding to the list of Islamic Certificates of Deposit to be delivered as collateral are referred to in the “Notes” field.
5. 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.
6. Should the access to the US Dollar Liquidity Facility 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 Funding as set out in the tender allotment, the CMF System, and in the Purchase Instruction with Promise to Pur-

- chase. For the purpose of executing the Commodities/Goods purchase, the transaction shall be in US Dollar or in UAE Dirham, where the US Dollar conversion rate to the UAE Dirham conversion rate shall be 3.673.
7. 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 clearing price as per the final allotment) on a deferred payment date (maturity date) and a delivery of the same on spot basis.
 8. 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.
 9. The CBUAE shall then 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.
 10. The Eligible Counterparty shall ensure that the notional value of the Islamic Certificates of Deposit (face value net of the relevant Haircut), is in excess of the Eligible Funding (US Dollar funds to be received) as per the final allotment and confirm, via the CMF System, that the list of Islamic Certificates of Deposit being delivered is corresponds to the reference numbers entered in step 4 in this Annex.
 11. Subsequently, the CBUAE shall complete the valuation of the Islamic Certificates of Deposit pledged as collateral and will automatically hold them for the Collateralized Murabaha Transaction via the US Dollar Liquidity Facility.
 12. 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 prior to 15:00 hours UAE local time.
 13. The CBUAE shall then send an advance instruction to its US Dollar account servicing institution via SWIFT (MT202) to remit the deal amount to the Eligible Counterparty's US Dollar account servicing institution on a T+2 basis. In parallel, the Eligible Counterparty may, if required, send an advance instruction to its US Dollar account servicing institution via SWIFT (MT210) that it will receive US Dollar funds from the CBUAE.
 13. 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.

Repayment Stage – Eligible Counterparty delivers US Dollars and receives collateral

14. At the start of the maturity date of the deal, the Eligible Counterparty shall send an advance instruction to its US Dollar account servicing institution via SWIFT (MT202) to remit the notional amount of the deal plus the clearing price as per the allotment results to the CBUAE's US Dollar account servicing institution.
15. Upon confirmation of the matching advance instructions via SWIFT (MT300), the CBUAE will automatically proceed with the release of the Islamic Certificates of Deposit pledged as collateral back to the Eligible Counterparty's account held with it.
16. To close the repayment stage, the CBUAE shall then deliver requisite reporting confirmation on the termination of the Collateralized Funding Transaction under the US Dollar Liquidity Facility via direct notification to the Eligible Counterparty.

Annex D

DIRHAM MONETARY FRAMEWORK
US DOLLAR LIQUIDITY FACILITY

CMF System User's Guide

[See Separate Document]