



CBUAE launches new general terms and conditions for its standing credit and liquidity insurance facilities

Abu Dhabi (February 1st, 2022): As part of its Dirham Monetary Framework implementation plan, the Central Bank of the UAE (CBUAE) will introduce new general terms and conditions for its standing credit and liquidity insurance facilities, where licensed financial institutions in the UAE can access CBUAE reserves on an overnight or term basis by posting eligible collateral.

The new terms and conditions, which will come into effect on March 1, 2022, define the discretionary powers related to the activation of these facilities, and the guidelines for collateral management.

At their own discretion, eligible counterparties may access either of the standing credit facilities to draw on CBUAE reserves on an overnight basis, through Collateralized Funding or Murabaha Transactions, to deal with temporary liquidity needs.

In addition, the CBUAE may activate the Contingent Liquidity Insurance Facility in response to any actual or prospective stress of an exceptional nature, where eligible counterparties need CBUAE reserves for extended terms.

H.E. Khaled Mohamed Balama, Governor of the CBUAE, stated: “The reorganisation of the spectrum of eligible collateral will ensure more effective intervention by the CBUAE to provide eligible counterparties with liquidity at times of stress, or to deal with domestic market issues. The new features of the standing credit and liquidity insurance facilities shall also assist the CBUAE to cope with all market conditions.”

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