Notice No. : CBUAE/MMD/2022/333
Date : 25 January 2022
Class. : Restricted
To : All Banks Operating in the UAE
Subject : Standing Credit & Liquidity Insurance Facilities

After greetings,

Effective 01 March 2022, the Central Bank of the UAE (CBUAE), as part of the implementation plan of its new Dirham Monetary Framework, will introduce new general Terms & Conditions for its standing credit and liquidity insurance facilities, where Eligible Counterparties can access CBUAE reserves on an overnight or term basis by posting eligible collateral.

The objective of these general Terms & Conditions is to define the discretionary powers related to activation of these facilities, and the guidelines for collateral management.

Eligible Counterparties may, at their own discretion, access any of the standing credit facilities (the Marginal Lending Facility or the Collateralized Murabaha Facility) to draw on CBUAE reserves on an overnight basis through Collateralized Funding/ Murabaha Transactions, in order to deal with temporary idiosyncratic liquidity imbalances.

In addition, the CBUAE may, on a contingent basis and at its own discretion, activate the Contingent Liquidity Insurance Facility in response to any actual or prospective stress of an exceptional nature, which could be market-wide or idiosyncratic, where Eligible Counterparties are in need of ample reserves from the CBUAE for extended terms.
Attached are the general Terms & Conditions of the standing credit and liquidity insurance facilities and related operational procedures and settlement arrangements. Please note that Notice No. 106/2014, dated 03 April 2014, regarding Interim Marginal Lending Facility and Notice No. 91/2015, dated 22 March 2015, regarding Collateralized Murabaha Facility shall be annulled once the Terms & Conditions attached to this Notice come into force. Furthermore, and from the effective date of this notice, until 30 June 2022, access to the Zero Cost Facility under the CBUAE’s TESS shall be operated through the Contingent Liquidity Insurance Facility.

Any queries in this regard may be addressed to the Monetary Management Department of CBUAE by emailing to:

Monetary.Management@cbuae.gov.ae

Yours faithfully,

Khaled Mohamed Balama
Governor