

## **CENTRAL BANK OF THE UAE**

**Circular : 21/99**

**Date : 22/11/1999**

**To : All Banks operating in the UAE**

**Subject : Cash Reserve Requirements**

**Dear Sirs,**

In view of the developments surrounding Banking Business locally and internationally and in order to simplify the process of calculation, the Board of Directors of the Central Bank decided to change the method of calculation of Cash Reserve Requirements as follows:

1. To increase percentage of Cash Reserve Requirements on current, savings bank, call and similar accounts from 6% & 8% to 14%, so that to account for the volatile nature of these accounts.
2. To reduce the percentage of Cash Reserve Requirements on fixed deposits (Time Deposits) from 5%, 3% & 2% to 1%, regardless of the amount and period of the deposit. in-line with Central Banks' ongoing strategy to encourage long-term deposits.

The method of calculation would be implemented with effect from 1 January 2000. Therefore, all previous circulars, decisions, directives or notices on the subject shall become cancelled.

Yours faithfully,

**Mohammed Eid Al Meraikhi**

**Chairman of the Board**