

PRODUCT DETAILS

SHARIA-COMPLIANT CERTIFICATE OF DEPOSIT (ICD)

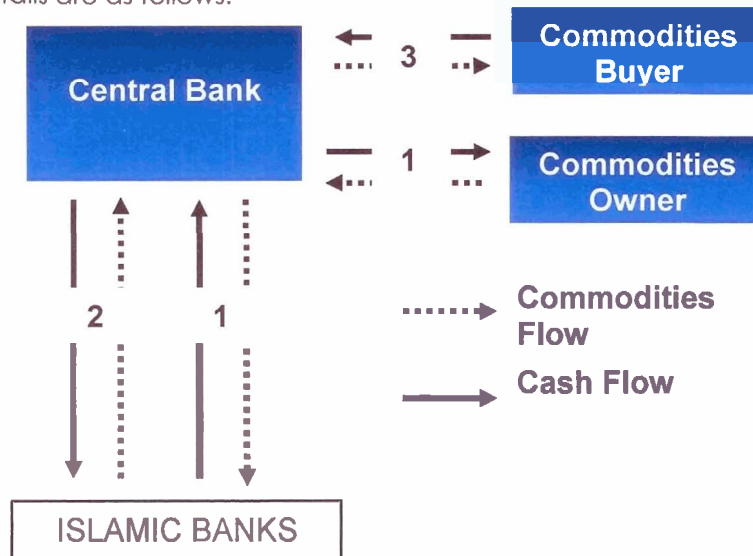
Purpose of Issuance

The Sharia-compliant CD (ICD) is issued for two main purposes;

- i. as a monetary policy tool for the Central Bank of UAE (CBUAE)
- ii. as a liquidity management tool for the Islamic Banks (IBs)

Structure of Sharia-compliant CD

- The ICD would be structured based on a Murabahah concept where the underlying asset would be commodities, as approved by the UAE Shariah Coordination Committee (SCC).
- Details are as follows:



Example

ISLAMIC BANKS to place AED100m with CBUAE for 1 year at 2.50% p.a

STEPS

1. ISLAMIC BANKS appoint CBUAE as an Agent to buy Commodity X from a Commodity Owner for AED100 million on spot basis. Payment will be made on the spot value date. Delivery of Commodity X is on spot basis.
2. ISLAMIC BANKS, then, sell the Commodity X to CBUAE for AED100 million plus profit at 2.50% on deferred payment basis. Payment will be made on the maturity date. Delivery of Commodity X is on spot basis.
3. CBUAE sells Commodity X to Commodity Buyer for AED100 million on spot basis. Payment will be received on spot value date. Delivery of Commodity X is on spot basis.

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Shariah Acceptance	<p>CBUAE has received the official approval from the UAE Shariah Coordination Committee (SCC), chaired by Dr. Hussain Hamed Hassan on the following:</p> <ol style="list-style-type: none">i. Structure of the ICDii. Legal Document for the ICD (Commodity Murabahah Deposit Master Agreement)iii. List of Approved Commoditiesiv. Commodity Providersv. Legal document between CBUAE and Commodity Providers
Legal Documents	<ul style="list-style-type: none">▪ Each Islamic bank which wishes to buy ICD must, at the onset, sign the Commodity Murabahah Deposit Master Agreement with the Central Bank of UAE
Salient Features	<ul style="list-style-type: none">▪ Form and Denomination<ul style="list-style-type: none"><input type="checkbox"/> Transferable Book-Entry Form<input type="checkbox"/> In AED, USD and EUR currencies<input type="checkbox"/> Minimum amount is 1 million in the respective currencies and any increment in the multiples of 1 million<input type="checkbox"/> Profit Rate convention is Act/360, paid on maturity for ICDs maturing 1week to 12 months and on semi-annual basis for ICDs maturing above 12 months▪ Maturity<ul style="list-style-type: none"><input type="checkbox"/> 1 week<input type="checkbox"/> 1, 2, 3, 6, 9 and 12 months<input type="checkbox"/> 2, 3, 4, 5 yearsID Number<ul style="list-style-type: none"><input type="checkbox"/> Each ICD will be assign an ID number<input type="checkbox"/> The number is the official reference of that particular ICD<input type="checkbox"/> The ID number will be allocated by the Central Bank and conveyed to IBs in the deal confirmation▪ Settlement<ul style="list-style-type: none"><input type="checkbox"/> T + 1▪ Primary Issuance<ul style="list-style-type: none">Tenor 1 week to 12 months - through auction<ul style="list-style-type: none"><input type="checkbox"/> AED ICDs will be issued on the daily basis except Fridays, Saturdays and Public Holidays<input type="checkbox"/> USD and EUR ICDs will be issued on the daily basis except Fridays, Saturdays, Sundays and Public Holidays, based on demandTenor 2 years to 5 years<ul style="list-style-type: none"><input type="checkbox"/> Issuance will be based on bilateral arrangement.▪ Custody and Proof of Ownership<ul style="list-style-type: none"><input type="checkbox"/> CBUAE will be the sole custody of the ICD issued<input type="checkbox"/> Proof of ownership as evidenced by the CBUAE records

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- IT System**
- The ICD will be auctioned through the **CBUAE Treasury Platform**
 - All Islamic banks who wish to participate must install the Platform and will be provided with Security Tokens.

- Issuance Procedures**
1. Treasury Department (TD) will open and invite IBs through the **CBUAE Treasury Platform** to bid for the ICDs at 8.30am
 2. Bid must be in the form of profit rate p.a (clean of commodity cost)
 3. IBs could submit their bids from 8.30am to 10.30am
 4. Auction will be closed sharp at 10.30am
 5. TD will process the bidding from 10.30am to 11.30am
 6. Only successful bidders will be informed by the TD at 11.30am
 7. Successful bidders will be allocated time from 12.00pm to 3.30pm to transact commodity deal with CBUAE – the commodity deal must be transacted between CBUAE Front Office and IB Front Office
 8. At the allocated time, CBUAE and IB would complete the commodity transaction
 9. On the value date, the CBUAE will deduct the fund from IB Current Account

- Early Redemption Procedure**
- To facilitate IB liquidity management, IBs are allowed to redeem the ICD in full or in part
 - The procedure for early redemption is as follows:
 1. IBs wishing to redeem their ICD holding may contact the ICD Desk of the CBUAE Treasury Department
 2. IBs will specify the ICD number that is to be redeemed
 3. ICD Desk will offer the total proceed for the redemption through Reuters Dealing Screen
 4. IBs to confirm the acceptance of the offer through Reuters Dealing Screen
 5. CBUAE will pay the redemption amount to IBs Current Account on the value date
 6. Value Date is T + 1

- Repo Facility with the CBUAE**
- There is no Repo facility with the CBUAE at the moment

- Secondary Market Trading**
- No trading at non-par value in the secondary market due to Shariah limitation
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