



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

Monetary Bills Indicative Pricing Methodology

This document sets forth the procedures, source, methodology and other details related to indicative prices of the Monetary Bills issued by the Central Bank of the UAE, and published on a daily basis. The Indicative Prices derived via this methodology are to be used for Monetary Bills valuation purposes when accessing the standing credit and liquidity insurance facilities: the Marginal Lending Facility (MLF), the Intraday Liquidity Facility (ILF), and the Contingent Liquidity Insurance Facility (CLIF). Such indicative prices are also to be used by the Central Bank of the UAE in its estimation of the UAE Dirham yield curve published on its website or any other medium.

Definitions and Interpretations

- (a) **“AED”** means the UAE’s official national currency.
- (b) **“Bloomberg FIQ”** means the electronic market service provided by Bloom-berg Finance L.P. accessed via the function FIQ<GO> (CB UAE tab) on the “Bloomberg Professional” electronic services portal, or such successor service as the Central Bank of the UAE notifies to the M-Bills Dealers in writing.
- (c) **“Business Day”** means any day except a day on which on which Deposit-Taking Licensed Financial Institutions, as defined in accordance with the provisions of Decretal Federal Law No. (14) of 2018, and amendments thereto, are authorized or required by law, regulation or executive order to close.
- (d) **“CBUAE”** means the Central Bank of the UAE, the monetary authority of the UAE under Decretal Federal Law No. (14) of 2018, and amendments thereto.
- (e) **“Effective Two-Way Quotation”** in relation to an M-Bill means a dual yield quotation, which includes both the bid yield and an offer yield that an M-Bills Dealer will honor for a particular M-Bill.
- (f) **“Eligible Investor”** means a legal person incorporated or with a place of business in the UAE, which is any of the following: (i) a financial institution licensed by a regulatory authority in the UAE (but excluding an exchange house); (ii) a public pension fund; or (iii) any other type of institutional investor approved by the CBUAE.
- (g) **“Monetary Bill”** or **“M-Bill”** is a short-term security denominated in AED that constitutes a direct, general, unconditional and unsubordinated obligation of the CBUAE, issued pursuant to the CBUAE’s authority under Decretal Federal Law No. (14) of 2018, and amendments thereto.
- (h) **“M-Bills Dealer”** means any Deposit-Taking Licensed Financial Institutions licensed in accordance with the provisions of Decretal Federal Law No. (14) of 2018, and amendments thereto, which has been appointed by the CBUAE with exclusive access to M-Bill tenders acting as a principal or on behalf of an Eligible Investor, which purchases and sells or holds Monetary Bills for any market related purposes, in accordance with the M-Bills Dealer Code.
- (i) **“Series”** means a series of M-Bills issued by the CBUAE.
- (j) **“UAE”** means the United Arab Emirates.

Price Source and Origin

For each outstanding Series of M-Bills, the best bid (highest price/lowest yield) and the best ask (lowest price/highest yield) are sourced on each Business Day from M-Bills Dealers of the M-Bills program **at 12:00 hours**, UAE local time. Data pertinent to these prices is extracted from the Bloomberg EBOND platform (EBND <GO>), whereby each M-Bills Dealer is required to quote on demand Effective Two-Way Quotation for relevant outright M-Bills purchase or sale transaction and/or M-Bills repo agreement, under all market conditions, when requested by any Eligible Investor or such other M-Bills Dealer. Such effective Two-Way Quotation shall be on Bloomberg FIQ in the Series of M-Bills that the concerned M-Bills Dealer holds, for a minimum of **AED 10 million**. The CBUAE may observe price sources, other than Bloomberg EBOND, and make adjustments, if necessary, based on executed prices in M-Bills primary and secondary markets to improve accuracy.

Price Type

In order of preference, the **best bid price** for a given Series of M-Bills is selected as the **Indicative Price** of such Series, followed by the best ask price. Should such prices be unavailable due to an unforeseen event, the previous Business Day’s Indicative Price shall be published.

Price Publication

Indicative Prices for each outstanding Series of M-Bill shall be published on each Business Day on the CBUAE website at www.centralbank.ae. A historical data series of Indicative Prices for M-Bills is also be available. Indicative Prices can also be accessed through Bloomberg and Refinitiv Eikon.

Illustration

The following table shows the Indicative Price for a hypothetical Series of M-Bills. As shown below, the best bid price (i.e., highest price/lowest yield) was quoted by M-Bills Dealer 2, in which case the Indicative Price for the hypothetical M-Bill in this example is 99.55.

M-BILL 0 02/23/22 ISIN AEC000910336	Size in AED Million	Bid	Ask
M-Bills Dealer 1	10	99.52	99.58
M-Bills Dealer 2	25	99.55	99.61
M-Bills Dealer 3	20	99.42	99.52
M-Bills Dealer 4	80	99.45	99.51
M-Bills Dealer 5	15	99.46	99.50
M-Bills Dealer 6	30	99.52	99.55
Best Price		99.55	99.50
Indicative Price		99.55	

Contact

Any queries related to this methodology shall be addressed to CBUAE by emailing: monetary.bills@cbuae.gov.ae