

PRODUCT DETAILS

ISLAMIC CERTIFICATE OF DEPOSIT (ICD)

Purpose of Issuance

The ICD is issued for two main purposes;

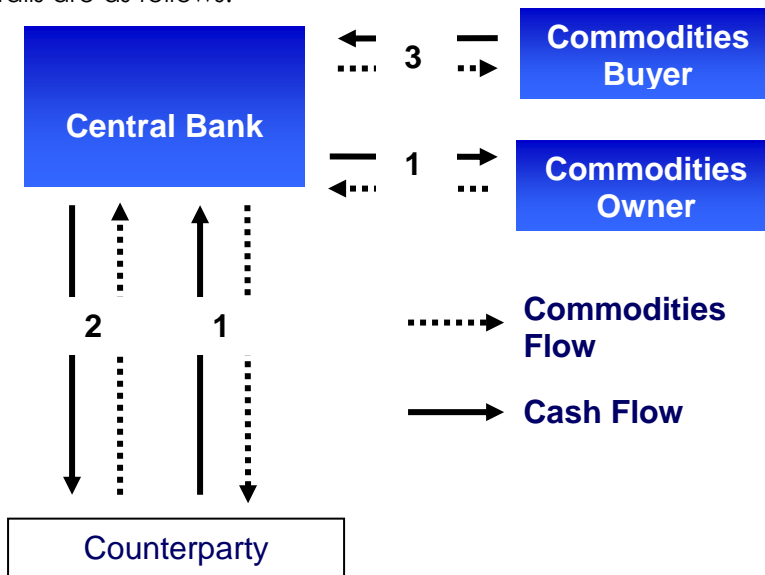
- i. as a monetary policy tool for the Central Bank of UAE (CBUAE)
- ii. as a liquidity management tool for Eligible Counterparties and Licensed Financial Institutions, which carry on the whole or part of their businesses and activities in compliance with Shariah

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Structure of ICD

- The ICD structure is based on a Murabahah concept where the underlying asset are Shariah-compliant commodities that are acceptable to the CBUAE.
- Details are as follows:



Example

Eligible Counterparties to place AED100m with CBUAE for 1 year at 2.50% p.a

STEPS

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

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Shariah Acceptance	<p>CBUAE has received official approval from the previous 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 ICD ii. Legal Document for the ICD (Commodity Murabahah Deposit Master Agreement) iii. List of Approved Commodities iv. Commodity Providers v. Legal document between CBUAE and Commodity Providers
Legal Documents	<ul style="list-style-type: none"> ▪ Eligible Counterparty which wishes to buy ICD shall, at the onset, must sign the Commodity Murabahah Deposit Master Agreement with the CBUAE
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 currency only <input type="checkbox"/> Minimum amount is 5 million in the respective currency and any increment in the multiples of 1 million <input type="checkbox"/> Profit Rate convention is Act/360, paid on maturity for ICDs maturing 1 week to 12 months ▪ Maturity <ul style="list-style-type: none"> <input type="checkbox"/> 1 week <input type="checkbox"/> 1, 3, 6, and 12 months ▪ ID 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 – through auction <ul style="list-style-type: none"> <input type="checkbox"/> 1 week ICDs will be auctioned on any Business Day, excluding Saturdays and Sundays. <input type="checkbox"/> 1, 3, 6, and 12 months ICDs auction will be held on the first Monday of every cash reserve requirement maintenance period or at such time as the CBUAE may determine. If for any reason the auction day is not a Business Day, then the auction will be shifted to the next Business Day (for the avoidance of doubt, excluding Saturdays and Sundays). ▪ 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**
- Eligible Counterparties who wish to participate must install the Platform and will be provided with Security Tokens.

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Issuance Procedures	<ol style="list-style-type: none"> 1. Monetary Management will open and invite Eligible Counterparties through the CBUAE Treasury Platform to bid for the ICDs at 12:00 pm (Fridays 10:00 am) 2. Bid must be in the form of profit rate per annum (clean of commodity cost) 3. Eligible Counterparties are to submit their bids from 12:00pm to 01:00pm (Fridays 10:00am to 11:00am) 4. Auction will be closed sharp at 01:00pm (Fridays 11:00 am) 5. Monetary Management will process the bidding from 01:00pm to 02:00 pm (Fridays 11:00 am to 12:00 pm) 6. Only successful bidders will be informed by Monetary Management at 01:30 pm (Friday 11:30 am) 7. Successful bidders will be allocated time from 01:30 pm to 02:00 pm (Friday 11:30 am to 12:00 pm) to transact the commodity deal with CBUAE – the commodity deal must be transacted between the CBUAE's Front Office and Eligible Counterparties' Front Office 8. At the allocated time, CBUAE and Eligible Counterparties shall complete the commodity transaction 9. On the value date, the CBUAE will deduct the fund from Eligible Counterparties Current Account
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Early Redemption Procedure	<ul style="list-style-type: none"> ▪ To facilitate Eligible Counterparties liquidity management, Eligible Counterparties are allowed to redeem the ICD in full ▪ The procedure for early redemption is as follows; <ol style="list-style-type: none"> 1. Eligible Counterparties wishing to redeem their ICD holding may contact Monetary Management's Front office 2. Eligible Counterparties will specify the ICD number that is to be redeemed 3. Monetary Management will offer total proceeds for the redemption through Refinitiv Trading 4. Eligible Counterparties are to confirm the acceptance of the offer through Refinitiv Trading 5. CBUAE will pay the redemption amount to Eligible Counterparties Current Account on the value date 6. Value Date is T + 0 for 1 week ICDs and T + 1 for the 1, 3, 6, and 12 months ICDs
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Repo Facility with the CBUAE	<ul style="list-style-type: none"> ▪ ICDs can be pledged as collateral to access the Collateralized Murabahah Facility (CMF) and Intraday Liquidity Facility (ILF)
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Secondary Market Trading	<ul style="list-style-type: none"> ▪ No trading at non-par value in the secondary market due to Shariah restriction
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