



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

Notice No. : 4119/2011

Date : 22<sup>nd</sup> June 2011

To : All Banks

Subject : Collateralized Murabahah Facility  
(CMF)

After greetings,

Please be informed that the Central Bank of the UAE will be offering Collateralized Murabahah Facility to banks in the UAE, effective 23<sup>rd</sup> June 2011.

This Sharia-compliant Facility, which accepts the Central Bank's Islamic Certificate of Deposits as collateral, is introduced to provide a source of liquidity to banks.

Any bank wishing to avail the facility would be required too sign a Collateralized Murabahah Facility Agreement with the Central Bank of the UAE.

You will find details of the mentioned facility in the attached document.

For details of requirements, kindly contact Treasury Department of the Central Bank at 02-6666245 or alternatively by emailing to: [mohamed.altamimi@cbuae.gov.ae](mailto:mohamed.altamimi@cbuae.gov.ae) or [johar.binamat@cbuae.gov.ae](mailto:johar.binamat@cbuae.gov.ae)

We wish to take this opportunity to thank all Islamic banks for the feedback given and cooperation rendered through their participation in the Islamic Liquidity Management Committee (ILMC). Their efforts and contributions are greatly appreciated in developing this Sharia-compliant Facility.

Yours faithfully,

إشعار رقم : 2011/4119

التاريخ : 22 يونيو 2011

إلى : كافة البنوك

الموضوع : تسهيل المرابحة المضمونة

بعد التحية ،،

نفيدكم علماً بأن مصرف الإمارات العربية المتحدة المركزي سيقدم تسهيل المرابحة المغطاة بضمان للبنوك العاملة في الدولة اعتباراً من 23 يونيو 2011.

وقد تم استحداث هذا التسهيل المتوافق مع أحكام الشريعة الإسلامية ، والذي بموجبه يتم قبول شهادات إيداع المصرف المركزي الإسلامية كضمان ، بهدف توفير مصدر للسيولة للبنوك.

وسيكون مطلوباً من أي بنك يرغب في الاستفادة من هذا التسهيل أن يبرم اتفاقية تسهيل مرابحة مضمونة مع مصرف الإمارات العربية المتحدة المركزي.

تجدون تفاصيل هذا التسهيل في الوثيقة المرفقة .

وللحصول على تفاصيل المتطلبات أعلاه ، يرجى الاتصال بدائرة الخزانة بالمصرف المركزي على التليفون رقم 02-6666245 أو عن طريق البريد الإلكتروني:

أو [mohamed.altamimi@cbuae.gov.ae](mailto:mohamed.altamimi@cbuae.gov.ae)

[johar.binamat@cbuae.gov.ae](mailto:johar.binamat@cbuae.gov.ae)

ونود أن ننتهز هذه الفرصة لشكر كافة البنوك الإسلامية على ما قدمته من إفادات وما أظهرته من تعاون خلال مشاركتها في "الجنة إدارة السيولة الإسلامية". ونقدر لها ما بذلته من جهود ساهمت في تطوير هذا التسهيل المتوافق مع الشريعة الإسلامية .

هذا ، وتفضلوا بقبول فائق الاحترام ،،

سلطان بن ناصر السويدي  
المحافظ

Sultan Bin Nasser Al Suwaidi  
Governor

## FACILITY DETAILS

### COLLATERALIZED MURABAHAH FACILITY (CMF)

<b>Purpose of Facility</b>	The CMF is introduced to provide a source of liquidity to Islamic banks in the UAE. It would also be a monetary policy tool for the Central Bank of UAE (CBUAE).
<b>Structure of the CMF</b>	The CMF would be structured based on a Murabahah concept where the underlying asset would be commodity.
<b>Shariah Acceptance</b>	CBUAE has got the official approval from the UAE Shariah Coordination Committee (SCC) on: <ul style="list-style-type: none"><li>i. Structure of the CMF, collateral and operating procedures</li><li>ii. Legal Document for the CMF between CBUAE and Banks (Collateralized Murabahah Facility Agreement)</li></ul>
<b>Legal Documents</b>	<ul style="list-style-type: none"><li>▪ Each bank wishing to avail the Facility must, at the onset, sign Collateralized Murabahah Facility Agreement.</li><li>▪ Each bank must establish relationship with commodity provider of their own choice.</li><li>▪ The Agreement has been approved by the SCC.</li></ul>
<b>Facility Features</b>	<ul style="list-style-type: none"><li>▪ Form and Denomination<ul style="list-style-type: none"><li>☐ In AED currency Minimum amount is AED1 million and increment in multiple of AED1 million</li><li>☐ Profit Rate convention is Act/360, paid on maturity of the Facility.</li></ul></li><li>▪ Tenor<ul style="list-style-type: none"><li>☐ Minimum overnight</li><li>☐ Maximum 3 months</li></ul></li><li>▪ Acceptable Collateral<ul style="list-style-type: none"><li>☐ Shariah-compliant Certificate of Deposit (ICD)</li><li>☐ Maturity of collateral is longer than the Facility's maturity date</li></ul></li><li>▪ Settlement<ul style="list-style-type: none"><li>☐ T + 1 under normal circumstances</li><li>☐ T + 0 under special circumstances (at CBUAE discretion)</li></ul></li></ul>
<b>Summary of Operational Procedures</b>	<ul style="list-style-type: none"><li>▪ Bank in need of the Facility has to inform CBUAE the details of the deal and collateral via the Central Bank of UAE Treasury Platform.</li><li>▪ Should CBUAE agree to provide the Facility, CBUAE will inform the Bank, via the Central Bank of UAE Treasury Platform, the required rate and instruct the Bank to conduct commodity transactions.</li><li>▪ Bank and CBUAE completed the commodity transaction before fund is released to the Bank.</li></ul>
<b>Collateral and Default</b>	<p>CBUAE requires Bank to pledge collateral to cover any default for the deferred payment.</p> <ul style="list-style-type: none"><li>▪ The acceptable collateral is the Islamic CD issued by the Central Bank of UAE that the Bank is currently holding.</li></ul>

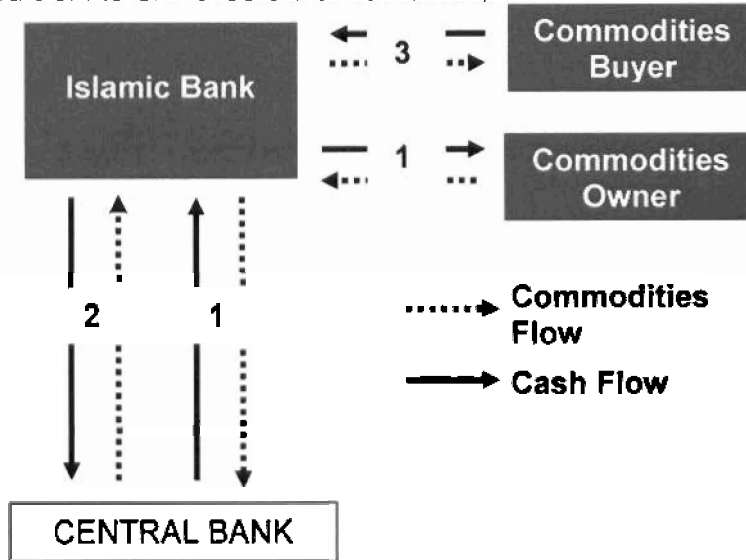
FACILITY DETAILS

**COLLATERALIZED MURABAHAH FACILITY (CMF)**

- The maturity of the Islamic CD that is used for the collateral must be longer than the CM Facility.

**Structure Details**

Details of the CMF structure are as follows;



Example

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

- CBUAE appoints ISLAMIC BANK, as an Agent, to buy Commodity X from 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.
- CBUAE, then, sells the Commodity X to ISLAMIC BANK for AED100 million plus profit at 2.50% on deferred payment. Payment will be made on the maturity date. Delivery of Commodity X is on spot basis. ISLAMIC BANK pledge Islamic CD as a collateral to secure the deferred payment.
- ISLAMIC BANK 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.