

**UNITED ARAB EMIRATES**  
**TREASURY SUKUK PROGRAMME**  
**TENDER PROCESS RULES**

*Effective from 13 April 2023*

This document sets forth the tender process rules and procedures (the “**Tender Process Rules**”) applicable to the primary issuance of treasury sukuk of UAE Federal Government Sukuk Programme Ltd (the “**Trust Certificates**”) under the unlimited Treasury Sukuk Programme of the Government of the United Arab Emirates acting through the Ministry of Finance of the United Arab Emirates. The Trust Certificates, which will be denominated in United Arab Emirates Dirhams, will be issued in series (each a “**Series**”) from time to time.

**Definitions and interpretations**

1. Capitalised terms used and not defined herein shall have the meanings ascribed to them in the Primary Dealer Code for the Treasury Sukuk Programme of the Government of the United Arab Emirates (the “**Primary Dealer Code**”).
2. All time references in these Tender Process Rules are to UAE time.

**Competitive Tenders**

3. Competitive tenders will be held in accordance with an issuance calendar published by the MoF from time to time. At least three (3) Business Days prior to the date of a competitive tender, the MoF will publish an announcement containing the total indicative face amount of Trust Certificates included in the tender, as well as the designation and principal terms of each Series of Trust Certificates on offer.
4. The MoF reserves the right to cancel a tender or amend tender details at any time after such announcement in the event of unfavourable market conditions or for any other reason.

***Submission of Bids***

5. Tenders will only be open to Primary Dealers. Other Eligible Investors wishing to participate in an issuance of Trust Certificates must do so through a Primary Dealer. All bids must be submitted by Primary Dealers to the CBUAE (acting in its capacity as auction agent on behalf of the MoF) via Bloomberg AUPD, the electronic market service provided by Bloomberg Finance L.P., or such successor service as the MoF notifies to the Primary Dealers in writing (the “**Auction Platform**”) between 10:00 a.m. and 11:00 a.m. on the prescribed tender date. All competitive bids submitted by the Primary Dealers will be binding and irrevocable from 11:00 a.m. on the relevant tender date.

6. Tenders will be conducted on a bid-yield basis and all bids are subject to a minimum bid size of AED 1,000,000 of the face amount of the Trust Certificates on offer. Bids above this minimum must be in integral multiples of AED 100,000. Each bid must state: (i) the Series of Trust Certificates requested; (ii) the face amount tendered for; and (iii) the yield to maturity of the bid up to three (3) decimal places (any additional decimal places will be disregarded).

#### ***Acceptance and Processing of Bids***

7. Multiple bids may be accepted for each Series of Trust Certificates on offer. The MoF reserves the right to limit the number of bids which may be accepted per Series.
8. Bids received for each Series of Trust Certificates on offer will be ranked in ascending order of yield (from the lowest to the highest yield). The MoF will then determine the highest accepted yield in respect of each Series (the “**Reference Yield**”). Primary Dealers whose bids are accepted will be allotted at the Reference Yield (even if a Primary Dealer's bid yield is lower than the Reference Yield). Bids that are below the Reference Yield will be allotted in full; those accepted at the Reference Yield may be allotted in full or in part only. When allotted in part, the relevant Trust Certificates will be allotted *pro rata* to the face amount of Trust Certificates included in each Primary Dealer's bid(s) made at the Reference Yield and rounded to the nearest denomination of the relevant Series. A face amount resulting from a pre-rounding *pro rata* allotment that is midway between the closest two (2) denominations of a Series will be rounded to the higher such denomination. (For example, in the case of a Series issued in denominations of integral multiples of AED 100,000, if the face amount resulting from a pre-rounding *pro rata* allotment is AED 25,550,000, the face amount allotted will be AED 25,600,000.) This rounding convention shall be applied whenever *pro rata* allotment is required under these Tender Process Rules.
9. The overall allotment will be adjusted so that no single bidder receives more than forty-five (45) per cent. of the total face amount per Series of Trust Certificates on offer at any given competitive tender. In such cases, the remaining allocation will be allotted *pro rata* to the face amount tendered by each relevant Primary Dealer.
10. The MoF, in co-ordination with the CBUAE (acting in its capacity as auction agent on behalf of the MoF), will calculate the amount to be paid on the settlement date of a tender, by reference to the Reference Yield of each Series of Trust Certificates allotted in the relevant tender and, in the case of a further issuance of an existing Series of Trust Certificates, accrued periodic distribution amounts relating to the Trust Certificates at the settlement date of the tender, all expressed as a percentage of the face amount (the “**Settlement Price**”). When calculating the proceeds of an issuance of Trust Certificates, rounding up to eight (8) digits will apply.
11. The MoF may, considering prevailing market conditions, set a maximum yield on Trust Certificates offered at any tender after the cut-off time for submission of bids on a tender date. The MoF reserves the right to refrain from allotting any Trust Certificates on offer at a competitive tender or to allot an amount of Trust Certificates significantly lower than the amount on offer.

12. Primary Dealers whose bids have been accepted in whole or in part will be notified of their allotment of Trust Certificates and the Settlement Price payable on settlement of the relevant tender as soon as practicable after the allotment. The face amount of each Series of Trust Certificates allotted in a tender, the relevant Reference Yield, the rate at which periodic distribution amounts of each new Series offered in the tender accrue, the first periodic distribution amount and the price (expressed as a percentage of the face amount, excluding any accrued periodic distribution amounts) at which each Series of Trust Certificates on offer has been allotted will be announced no later than 3:00 p.m. on the tender date, via the Auction Platform or by any other means specified by the MoF.

### **Non-Competitive Tenders**

13. The MoF may, within two (2) Business Days immediately following the completion of a competitive tender, invite Primary Dealers to participate in a non-competitive tender to acquire Trust Certificates of a Series at a price (excluding any accrued periodic distribution amounts) determined by the MoF on the basis of the Reference Yield for such Series, as set out in the announcement of the results of the relevant competitive tender. Participation in any such non-competitive tender by Primary Dealers is voluntary. Primary Dealers wishing to participate in non-competitive tenders must submit all non-competitive bids, including the face amount of the Series of Trust Certificates tendered for, to the CBUAE (acting in its capacity as auction agent on behalf of the MoF) via the Auction Platform between 10:00 a.m. and 11:00 a.m. on the prescribed non-competitive tender date. All non-competitive bids submitted by the Primary Dealers will be binding and irrevocable from 11:00 a.m. on the relevant tender date.
14. Non-competitive bids may be allotted in full or in part only. When allotted in part, each Series of available Trust Certificates will be allotted *pro rata* to the face amount of the Series included in each Primary Dealer's bid(s).

### **Settlement Arrangements**

15. By submitting a bid, the relevant Primary Dealer, acting as principal or on behalf of another Eligible Investor, agrees to pay the relevant Settlement Price payable by it for the Trust Certificates allotted as a result of such bid. Settlement of payment and the book-entry registration of issued Trust Certificates shall be for value on the second Tender Settlement Business Day following the relevant tender date (T+2). For the purposes hereof, a "**Tender Settlement Business Day**" means any day that is both: (i) a Business Day; and (ii) a day on which the Central Securities Depository is open for general business.
16. On the second Tender Settlement Business Day following the relevant tender date (T+2), each Primary Dealer shall transfer to a Central Securities Depository account designated by the MoF (and notified to the Primary Dealers) the Settlement Price for Trust Certificates allotted to such Primary Dealer. Such transfer shall be made in immediately available AED funds.
17. Upon confirmation of receipt of transfer by the MoF, the Central Securities Depository will credit the face amount of allotted Trust Certificates to the securities account of the successful bidder maintained with the Central Securities Depository. Further issues of

existing Series of Trust Certificates will be fungible with the existing Trust Certificates of that Series from the settlement date.

18. In the event that payment is not received from any successful Primary Dealer on the settlement date for whatever reason, the MoF reserves the right to claim compensation for any and all actual losses (excluding any opportunity costs, funding costs or late payment charges) from such successful Primary Dealer and/or pursue any other remedies provided under applicable law for any and all actual losses (excluding any opportunity costs, funding costs or late payment charges) incurred as a result of the failure to make such payment. The MoF reserves the right to cancel any Trust Certificates not paid for by a successful bidder on the settlement date.

#### **Amendments**

19. These Tender Process Rules may be amended from time to time by the MoF. Any such amendment will be published on the website of the MoF. Any amendment shall specify its date of entry into force.
20. Any amendment will only apply with respect to tenders announced after the date of coming into effect of the amendment.