



April 7, 2020

Circular Number C-06-2616

To: The banking corporations and credit card companies

Re: Outsourcing

(Proper Conduct of Banking Business Directive no. 359A)

Introduction

1. Proper Conduct of Banking Business Directive no. 359A (hereinafter, “**the Directive**”) establishes principles according to which banking corporations are required to act when they transfer various activities to outsourcing. These principles are intended to reduce the banking corporations’ exposure to potential risks inherent in outsourcing.
2. The update of the Directive is intended to make it easier for banking corporations when implementing regulatory requirements, against the background of the development of the COVID-19 event and its ramifications—among other things, on the availability of resources and the ability of the banking corporations to comply with the continued development of new processes and projects.
3. Following consultations with the Advisory Committee on Banking Business Affairs, and with the approval of the Governor, I have amended this Proper Conduct of Banking Business Directive, as detailed below.

The main points of the update

4. Section 35 of the Directive

In Section 35 of the Directive, the starting date for the implementation of the Directive was deferred from March 31, 2020, to September 30, 2020.

The deferral of the beginning date of the implementation of the Directive was provided to the banking corporations for the purpose of completion of their preparation for complying with all the requirements of the Directive. This is after the guidelines for emergency times prevented some of the banking corporations from completing their preparation. A banking



corporation that completes its preparation before the start date may implement the Directive in full before the start date. A banking corporation that has not yet completed the implementation of the requirements of the Directive in full by the start date established herein, shall implement the directives related to the outsourcing contract to the extent required to contract with a service provider for carrying out a material outsourcing.

Application

5. The amendments listed in this Circular shall go into effect on the date it is published.

File update

6. Update pages for the Proper Conduct of Banking Business Directives file are attached. The following are the update instructions:

Remove page	Insert page
(10/18) [1] 359A-1-17	(04/20) [2] 359A-1-17

Sincerely,

Dr. Hedva Ber
Supervisor of Banks