

Adjustments to Proper Conduct of Banking Business Directives in order to deal with the Swords of Iron War (Temporary Directive)

Introduction

1. The goal of this Temporary Directive is to grant regulatory relief in several areas, in view of developments in the “Swords of Iron” War that began on October 7, 2023, in order to assist the banking system and its customers to cope with the challenges of this event, and in view of its possible economic ramifications.

Application

2. This Directive shall apply to corporations to which the relevant Proper Conduct of Banking Business Directive applies.

Proper Conduct of Banking Business Directive no. 203 on “Measurement and Capital Adequacy—Credit risk—the Standardized Approach”

- 2a. Cancelled.

Proper Conduct of Banking Business Directive no. 301 on “Board of Directors”

- 2b. Cancelled.

- 2c. Cancelled.

Proper Conduct of Banking Business Directive no. 308A on “Handling of Public Complaints”

3. Cancelled.
4. Cancelled.
5. Cancelled.

Proper Conduct of Banking Business Directive no. 310 on “Risk management”

5. 1.a Cancelled.

Proper Conduct of Banking Business Directive no. 311 on “Credit risk management”

- 5a. In Section 27a of the directive, ““if submitted within 9 months from the date of the financial statement” shall be replaced by ““if it was submitted within 18 months from the date of the financial statement”.
- 5b. In Section 27c, the beginning clause shall read “12 months” instead of “3 months”.

Proper Conduct of Banking Business Directive no. 311A on “Consumer Credit Management”

- 5.2.a Cancelled.

Proper Conduct of Banking Business Directive no. 325 on “Management of Credit Facilities in Current Accounts”

6. Cancelled.

Proper Conduct of Banking Business Directive no. 329 on “Limitations on issuing housing loans”

6.i The limitations established in Sections 4 and 5–8 of Proper Conduct of Banking Business Directive no. 329 shall not apply on loans with a balance that does not exceed NIS 200,000 and that is one of the following:

(1) a loan for building a protected space that is exempt from a permit according to the Planning and Construction (Projects and Buildings that are exempt from a permit) (temporary directive—Swords of Iron) Regulations, 5784-2023, that were published by the Home Front Command.

(2) a loan for improving the protection in a residential home as specified in the list of “Companies permitted to strengthen a room in a home” published by the Home Front Command at the link:

<https://www.oref.org.il/12495-17563-he/pakar.aspx>

6.ii Notwithstanding the provisions of Section 4 of Proper Conduct of Banking Business Directive no. 329, a banking corporation may approve a housing loan that is not for purchasing a land right of up to an LTV ratio of 70 percent, provided the amount of the loan that exceeds an LTV of 50 percent does not exceed NIS 200,000.

Proper Conduct of Banking Business Directive no. 350 on “Operational risk management”

6.iii Cancelled.

Proper Conduct of Banking Business Directive no. 357 on “Information Technology Management”

6 iv. Cancelled.

Proper Conduct of Banking Business Directive no. 360 on “Rotation and continuous vacation”

6a. Cancelled.

6b. Cancelled.

6c. Cancelled.

Proper Conduct of Banking Business Directive no. 367 on “E-Banking”

7. Cancelled,

8. Cancelled.

Proper Conduct of Banking Business Directive no. 411 on “Management of Anti-Money Laundering and Countering Financing of Terrorism Risks”

9. Cancelled.

9a. Cancelled.

9b. Cancelled.

Proper Conduct of Banking Business Directive no. 451 on “Procedures for extending housing loans”

10. Cancelled.

11. Cancelled.

12. Cancelled.

13. Cancelled.

13a. Cancelled.

Proper Conduct of Banking Business Directive no. 449 on “Simplifying agreements for customers”

14. Directive 449 shall not apply when a customer requests a deferral of payments within the framework of the agreement to provide credit, so long as it refers to a deferral in accordance with the assistance framework for customers in dealing with the ramifications of the “Swords of Iron” War published on the Bank of Israel website.

Proper Conduct of Banking Business Directive no. 460 on “Presenting activity data in a securities deposit”

15. Cancelled.

Instruction of the Supervisor of Banks according to Section 3(a1) of the Banking (Service to the Customer) (Full disclosure and submission of documents) Rules, 5752-1992

16. In accordance with my authority pursuant to Section 3(a1) of the Banking (Service to the Customer) (Full disclosure and submission of documents) Rules, 5752-1992, I instruct that:

16.1 Notwithstanding the provisions of Section 3(a)(4) of the said rules regarding an agreement to provide credit, a customer’s signature will not be required to carry out the customer’s request to defer payments, to the extent that it is in reference to a deferral under the assistance framework for customers in dealing with the ramifications of the “Swords of Iron” War published on the Bank of Israel website, and provided that the customer’s consent is obtained and documented.

16.2 Notwithstanding the provisions of Section 3(a)(4) of the said rules regarding an agreement to provide credit, for a housing loan as defined in Proper Conduct of Banking Business Directive no. 451 on “Procedures for extending housing loans” for 2 or more borrowers, in which one of the borrowers has a difficulty to sign the loan documents, due to the “Swords of Iron” War, the signature of that borrower on the loan documents will not be required, provided that appropriate procedures are taken to identify the customer, and the customer’s documented consent is received.

Application

17. (a) This Directive and the amendments to the Directives established in it shall be in force until December 31, 2025, .

(b) Notwithstanding the provisions of Subsection (a)—

(1) Cancelled.

(2) Cancelled.

(3) Section 6.i of the Directive shall be in force until the end of the validity period of the Planning and Construction (projects and buildings exempt from a permit) (temporary directive—Swords of Iron) Regulations, 5784-2023, that were published by the Home Front Command in a booklet of regulations dated October 26, 2023.

(4) Cancelled.

(5) The provisions of Section 14 and 16.1 shall be in force until the end of the validity period of the assistance framework for customers to deal with the ramifications of the Swords of Iron War published on the Bank of Israel website.

Updates

Circular 06 no.	Version	Details	Date
2760	1	Original circular	October 22, 2023
2761	2	Update	October 31, 2023
2763	3	Update	November 21, 2023
2771	4	Update	December 28, 2023

2774	5	Update	February 4, 2024
2779	6	Update	March 31, 2024
2788	7	Update	June 30, 2024
2802	8	Update	October 30, 2024
2806	9	Update	December 30,2024

Respectfully,

Daniel Hahiashvili
Supervisor of Banks