



SECTION 207 – SETTLING OF DISPUTES BETWEEN CLEARING HOUSE MEMBERS

a. Clarification before a panel of clarifiers

(a) If a dispute arises between the members of the Clearing House with regard to the clearing of a specific clearing receivable, each of the parties has the right to bring the dispute for clarification to an clarification panel to be appointed by the Chairman of the Clearing House Board in each case.

(b) If the Clearing House member has turned to the panel for clarification of an issue from among those governed by the rules of the Clearing House and the respondent to his enquiry is a member of the Clearing House, the respondent must be present for clarification. However, his presence does not detract from the respondent's right to oppose the clarification of the dispute before the panel for one of the following reasons:

(1) The issue in dispute is being considered by the courts and the respondent bank is a party in this proceeding.

(2) The clearing receivable that is the subject of the dispute is being considered in court and the discussion in front of the panel may infringe on the rights of the respondent member.

(c) The panel will discuss the dispute subject to the Clearing House Rules.

b. List of clarifiers

(a) The Chairman of the Board will compose a list of at least twenty clarifiers, which will include legal professionals. The list will appear in a bulletin.

(b) At the request of the Chairman of the Board, the Clearing House members will from time to time suggest candidates for the list of clarifiers. The number of candidates they can suggest will be determined by the Chairman.

(c) Employees of the Clearing House members who have expert knowledge of clearing and who have been approved by the Chairman of the Board are eligible to be clarifiers, as is any other individual that is approved by the Board of the Clearing House.

c. Coordinator and Acting Coordinator

(a) For the purposes of this sections, the Chairman of the Board will appoint a Coordinator and an Acting Coordinator and he will have the power to delegate them all or part of his authority. The delegation of authority will be made known in a bulletin to be signed by the Chairman of the Board.

(b) The Chairman of the Board, the Coordinator and the Acting Coordinator can be included in the list of clarifiers.

d. Agreed-upon composition of a panel

The sides in a dispute can agree among themselves on the composition of a panel including the number of its members. If agreement has been reached, the sides will notify the Coordinator of the agreed-upon name(s) of the clarifier(s).

(a) One of the panel members will be a legal professional unless agreed upon otherwise by the parties in the dispute.

(b) Unless agreed upon by the parties in the dispute, an employee of either side of the dispute will not be included in a panel discussing the dispute.



- (c) If requested by one of the parties in the dispute, the clarification panel will not include an employee of a bank that is part of the concern to which the other party belongs.
- (d) The individual who appoints a panel will select its chairman. If he does not do so, then the members of the panel will appoint one.

e. Changes to the panel

The Chairman of the Board has the authority to replace a member of the panel if in his opinion this is necessary for the clarification of the dispute to continue effectively and he also has the authority to transfer the dispute to a different panel.

f. Bringing a dispute to clarification – request and response

- a) The process of bringing a dispute to clarification will begin with a request from one side (hereafter: the requesting party) to the Coordinator to appoint a panel of clarifiers or with the notification of an agreed-upon panel, as stated in Clause d above.
- b) Together with the request, the requesting party will submit the material required for the clarification of the dispute (including his position and its arguments) in writing to the Coordinator and the other party (hereafter: the respondent).
- c) The respondent will submit his argued response in writing to the Coordinator and the requesting party within three days of receiving the request.
- d) If the dispute has been transferred to clarification following notification to the Coordinator of an agreed-upon panel, the request and response will be submitted to the Coordinator and the parties on the receipt of the notification.
- e) The request and the response will be submitted to the Coordinator in four copies (of which three are intended for the clarifiers).
- f) The Coordinator will transfer the request and the response to the members of the panel in a “Dispute File” and will assign it a file number.

g. Convening the panel and inviting the parties

The Coordinator will determine the time and place for the panel to meet and will provide early notice of the meeting to the parties. In the case of an agreed-upon panel, the Chairman of the panel has the authority to set the time and place of the panel’s meeting and to invite the parties.

h. Additional meeting of the panel

The panel will endeavor to decide the matter within one meeting. In special cases, when a decision cannot be reached, the chairman of the panel will – prior to the conclusion of the first meeting – decide on an early date for an additional meeting to complete the clarification.

i. Clarification in the presence of only one side

In the case that a response is not received, as specified in Clause f(c) above, or the party is not present before the panel on the date specified, the panel will have the authority to decide the dispute on that date or on another date that it will determine.



j. The Dispute File

- a) All the material brought before the panel will be contained in a Dispute File, which will also contain the protocol of the panel meeting.
- b) The Chairman of the panel will see to it that a protocol is recorded which includes the main points of the dispute, a summary of the arguments of each side, the conclusions of the panel and its decision. The Coordinator will present a copy of the protocol to each side on request.
- c) Neither the request nor the response in the protocol nor the Dispute File will include information that violates banking confidentiality.

k. Acceptance of the panel's decision

The members of the Clearing House will accept the decision of any panel to which a dispute between them is brought for clarification. Nonetheless, it is hereby clarified that the procedure in this section should not be viewed as agreement to engage in legal clarification.

l. Additional clarification by a special panel

The decision of a panel is final.

In special cases, which will be considered as exceptions, the Chairman of the Board will have the authority to bring a dispute for additional clarification before a special panel that he will convene.

m. The procedures for discussion in the panel and for initiating clarification

The Chairman of the Board has the authority to determine the panels' procedures for discussion and additional procedures for bringing a dispute before a panel for discussion.

n. Proposals for changes in the rules

On the basis of its experience in arbitrating the disputes, each panel can propose changes in the Clearing House rules to the Chairman of the Board.

o. Publication of the highlights of the clarification

The Chairman of the Board has the authority to publish the panel decisions.

p. The authorized court

An Israeli court is that authorized to discuss claims between the members of the Clearing House regarding a matter regulated by the Clearing House rules.

q. Application of foreign law

In cases of clarification between members of the Clearing House in any forum whatsoever and with regard to a matter governed by the Clearing House rules, the members will not claim – and it will not be claimed on their behalf – that foreign law is applicable to the dispute.