



January 4, 2015

**Circular Number C-06-2450**

To:

The banking corporations

**Issue: Telephone instructions**

(Proper Conduct of Banking Business Directive 435)

**Introduction**

1. Following an amendment to the Banking (Service to the Customer)(Proper Disclosure and Provision of Documents) Rules, 5752–1992 (hereinafter—the Proper Disclosure Rules), as part of which the Supervisor of Banks is given the authority to set out the types of account and conditions under which the customer’s signature is not required on an agreement of the types detailed in Section 3(a) of the Rules, and following the activation of that authority concerning certain agreements, including an agreement regarding telephone instructions, amendments to this Directive are required.
2. In view of the foregoing, and following consultations with the Advisory Committee on Banking Business, and with the approval of the Governor, I have amended this directive.

**Amendments to the directive**

3. At the end of Section 2, the following shall be inserted: “If the document or the agreement are presented to the customer on the banking corporation’s website, the customer’s signature shall not be required, provided that the customer is able to confirm—in the appropriate place on the banking corporation’s website—that he was given the required opportunity to view the agreement.”

**Explanation**

Where the agreement to carry out transactions as per telephone instructions is presented to the customer on the banking corporation’s website, the customer’s



approval may be obtained, in the absence of his signature, through the banking corporation's website, under conditions detailed in the Section.

4. In Section 3, the words “at the time of providing telephone instructions” shall be deleted, and in their place, the following shall be inserted: “both when providing the approval to carry out transactions as per telephone instructions, and when providing the telephone instructions”.

#### **Explanation**

Since the opportunity has been given to obtain the customer's approval for carrying out the transactions as per telephone instructions through the banking corporation's website, it is important to identify the customer when providing such approval as well.

#### **Effective date**

5. This Directive will become effective on the date on which 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:

<b>Remove page</b>	435-1 [2] (12/95)
<b>Insert page</b>	435-1 [3] (1/15)

Sincerely,

**David Zaken**  
Supervisor of Banks

## **TELEPHONE INSTRUCTIONS**

### **Introduction**

1. The management of the banking corporations shall set out guidelines in reference to policy regarding the receipt of telephone instructions from customers, in particular the types of transactions regarding which the banking corporation is prepared to accept telephone instructions, and from what types of customers, as detailed in this Directive.

### **Special approval**

2. The banking corporation shall carry out transactions as per telephone instructions only for customers that have given the banking corporation explicit written approval to do so. This approval shall be in the form of a special document that is not part of the agreement on the general terms of business or shall be emphasized within that agreement, and shall require the separate signature of the customer. If the document or the agreement are presented to the customer on the banking corporation's website, the customer's signature shall not be required, provided that the customer is able to confirm—in the appropriate place on the banking corporation's website—that he was given the required opportunity to view the agreement.

### **Identification of customers**

3. The management of the banking corporation shall set out arrangements for the identification of customers both when providing the approval to carry out transactions as per telephone instructions, and when providing the telephone instructions.

### **Records**

4. Records shall be made of telephone instructions (on forms or on magnetic records), and shall include, among other things, the date the instruction was given, details regarding the teller who received the instruction, and a special label indicating that the instruction was given by telephone.

**ONLY THE HEBREW VERSION IS BINDING**

**Notice to the customer**

5. After the transaction has been carried out, the customer shall be sent a written notice that shall include all the details of the transaction. The notice shall be sent under the responsibility of a different teller than the one who received the telephone instruction.

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Updates

Circular number	Version	Details	Date
1141		Original circular	August 2, 1984
----	1	Inclusion in Proper Conduct of Banking Business Directives	August, 1991
----	2	Updated version of the Proper Conduct of Banking Business file	December, 1995
2450	3	Update	January 4, 2015