



July 14, 2023

Minutes of the Telbor Committee meeting held on July 13, 2023

Committee members present: Mimi Regev, Bank of Israel Markets Department (Committee Chairperson)
Ketty Cohen, Bank of Israel Markets Department

Other participants: Ian Klotnick, Israel Discount Bank
Heli Siman Tov, Bank Hapoalim
Yossi Cuomo, Bank Hapoalim
Manor Saady, Mizrahi-Tefahot Bank
Zach Sharon, Bank Leumi
Rami Ugdan, First International Bank of Israel
Ran Abraham, Mizrahi-Tefahot Bank
Tsila Billet Blank, BOI Markets Department

The issues that were discussed:

1. Updates regarding the progress of the process: It was presented that the LCH announced its intention to be prepared for clearing SHIR transactions beginning October 23, 2023, subject to the approval of their regulator. A specifications file received from the LCH will be sent to participants after the meeting. In addition, it was noted that Bloomberg finished building the relevant screens for SHIR trades. It was also presented that Tradition is working on preparing the necessary screens for SHIR, and that it is worthwhile for participants to be in direct contact with them, so that the response will be in line with their needs. It was also presented that Markitwire announced their preparedness for SHIR transactions.
2. Timetables: A discussion was held regarding setting the desired timetables for the continuation of the process. The banks noted that it is not worth setting the date for ceasing the publication of the Telbor at the end of December, because it impacts on the financial statements. The banks assess that the switch to transactions using SHIR will occur naturally, as soon as the preparations are completed by LCH, and there will no further need to encourage the market in additional ways. The banks mentioned that the cessation date, needs to be coordinated with the LCH, as they are the ones that execute the process of transitioning Telbor transactions that will remain open.
3. Fallback (FB) developments: It was presented that the 3-month FB is about negative 1 basis point, in contrast to 0 in October. The reason for that is the sharp change in the interest rate environment that led to differences between the Telbor that represents interest rate

- expectations, and the SHIR that represents the average actual interest rate. It was noted that the spread could change depending on the gap between expectations and actual interest rates.
4. Updates from the banks regarding the preparedness for executing SHIR transactions: The banks noted that they are prepared to trade in SHIR in October, when LCH will be ready. They assess that the market will adopt the SHIR naturally without the need to establish additional timetables. They are of the view that there will not be a problem with quotes and that they are committed to that in order for the market to develop and that the transition will be carried out in the most rapid and effective manner.
 5. Initiating interest rate contracts: Continuing the issue that was discussed at the previous meeting: It was noted that interest rate futures are a very basic asset in money markets in advanced economies, and that it also helps with deriving the interest rate expectations curve. The banks noted that they don't see a need for that at this time, as via the swap market they receive a response that is sufficient for hedging and position needs. They will derive the expectations curve from quotes that will be contributed by members on their own initiative for SHIR derivative transactions, and therefore in their assessment, at least in the near term, there is no need to invest resources in an asset of this type.
 6. Update of dates for 2024: After the meeting, participants will be sent a list of dates in 2024 on which there won't be a Telbor fixing and the SHIR rate will not be published. This list will be published on the relevant pages on the Bank of Israel website.

Decisions reached at this meeting:

There were no decisions.