

**Banking Supervision Department
Policy and Regulation Division**

September 18, 2024

Circular No. C-06-2795

Attn: Banking corporations and holders of a payment services provider with prudential importance license

Re: Transaction of business outside the banking corporation offices—Cancellation of directive

(Proper Conduct of Banking Business Directive no. 358)

Introduction

1. Within the framework of the periodic examination of existing Banking Supervision Department regulation, it was decided that it is proper to cancel Proper Conduct of Banking Business Directive no. 358 on “Transaction of business outside the banking corporation offices” (**hereinafter, “the Directive”**), as the issue is regulated via the Banking (Licensing) Law, 5741-1981, (**hereinafter, “the Law”**), and the special permissions granted under Section 28(a) of the Law, and the Directive essentially does not add to them.
2. The regulation was not accompanied by publication of a report under the Principles of Regulation Law, 5782-2021, as its direct and indirect impacts on the relevant functions or on other protected interests are not material. This is in accordance with the provisions of Section 34(c)(2) of this law.
3. Therefore, after consulting with the Advisory Committee on Banking Business Affairs and with the approval of the Governor, I have decided to cancel the Directive.

Explanatory remarks

Section 28 of the Law establishes that a banking corporation shall not open a branch nor conduct business in one, except with the permission of the Supervisor of Banks or a Bank of Israel employee who was authorized by the Supervisor to do so, after consultation with the Licenses Committee,

The Directive based on the provisions of this Section clarifies that a banking corporation that did not receive a special permission is not permitted to enable another banking corporation to conduct its business in its branches. In addition, it includes a requirement that a banking corporation shall issue clear requirements to employees, prohibiting the provision of banking services outside the corporation’s offices.

The cancellation of the Directive shall not adversely impact the proper conduct of this issue at banking corporations, as clear directives exist regarding conducting business outside the offices of banking corporations that were given

via general and specific permissions. These permissions make the Directive redundant.

Commencement

4. The cancellation of the Directive shall go into effect on the day this Circular is published on the Bank of Israel Web site.

Respectfully,

Daniel Hahiashvili
Supervisor of Banks