



September 12, 2024

Minutes of the Telbor Committee meeting held on September 12, 2024

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
Ofer Ben-Ami, First International Bank of Israel
Zach Sharon, Bank Leumi
Ran Abraham, Mizrahi-Tefahot Bank
Shuki Hay, First International Bank of Israel
Tsila Billet Blank, BOI Markets Department

The issues that were discussed:

1. The ILS TELBOR Spread Adjustments calculated by Bloomberg were presented, as a result of the Telbor Committee's decision in April regarding the cessation of Telbor activity after June 30, 2025.
2. Timetables determined by LCH relating to shifting transactions were discussed. It was noted that beginning on November 4, 2024, FRA transactions for a period beyond June 30, 2025 (hereinafter, the "cessation date"), shall not be cleared in LCH. It was also noted that the LCH requested that existing FRA transactions as well, that go past this date, are to be cancelled.
3. Quotation requirement: In view of the cancellation of the option to clear FRA via central clearing for a period that exceeds the cessation date, and given that gradually over the transition period all the tenors will exceed this date, there was a discussion of the need for directives for the period of transition to the SHIR interest rate with regard to the requirement to quote. It was noted that in the transition from the Libor interest rate to risk-free interest rates as well, an effort was made to shift the new transactions to the new interest rate, in order to accelerate the readiness, and so that there would be fewer transactions to shift. It was therefore unanimously decided to adjust the directives for the quotation requirement regarding sections 4.3.2–4.3.5 of the "Establishment of the Telbor rules" document.
4. It was noted that there is a need to complete the preparation to shift to the SHIR interest rate and the importance of providing quotes for the SHIR interest on trading platforms and vis-à-vis the brokers.

5. It was asked if SHIR derivative transactions are only for qualified customers, as the situation was with Telbor. Some of the banks were of the view that as the SHIR interest rate is based on the Bank of Israel interest rate, nothing prevents allowing such trades for all customers, subject to the specific bank's policies regarding the determination of the types of customers allowed to execute derivative transactions.
6. In addition, some of the participants recommended that the Treasury's issuance with variable rates should be indexed to the SHIR interest rate instead of Makam.

Decisions reached at this meeting:

Quotation requirement: It was decided, unanimously, to add the following section after Sections 4.3.2–4.3.5 in the “Establishment of the Telbor rules” document:

“Directives for the transition period to SHIR interest rate, related to Sections 4.3.2–4.3.5:

OIS and IRS transactions—should the parties choose, it will be possible to execute a transaction on the basis of the SHIR interest rate rather than a transaction on the basis of the Telbor interest rate.

FRA transactions—should the parties choose, it will be possible to execute OIS transactions based on the basis of the SHIR interest rate with future closing dates in accordance with the FRA period, instead of executing transactions based on the Telbor interest rate.”