



March 10, 2016

## **Minutes of the Telbor Committee meeting held on March 3, 2016**

### **Committee members present:**

Roy Stein (Bank of Israel Research Department – Committee Chairperson)  
Ketty Cohen (Bank of Israel Market Operations Department)

### **Committee members absent:**

Zahi Elias (banks' representative)  
Sharon Lavi (Tel Aviv Stock Exchange)

### **Other participants:**

Liraz Refaely (First International Bank)  
Idit Moskovich (First International Bank)  
Ran Abraham (Mizrahi-Tefahot Bank)  
Ian Klotnick (Israel Discount Bank)  
Michal Rot-Levy (Bank Hapoalim)  
Zach Sharon (Bank Leumi)

### **The issues that were discussed:**

1. For the purpose of ongoing monitoring by the Bank of Israel dealing room of the Telbor setting process, it was decided to change the rule defining the days on which the Telbor rate is fixed and published (and on which contributor banks are required to quote, as well). The new rule establishes that those days are all business days in Israel, excluding Sundays, Passover eve, Rosh Hashanah eve, Purim (in Jerusalem), and four dates on which major holidays occur abroad—the last Monday in May, December 25–26, and January 1. It was decided that this rule would be adopted in the present year already. Appendix 1 presents the dates in 2016 on which the Telbor interest rate will not be fixed, in accordance with the new rule.
2. The Committee discussed the effectiveness of the decision reached in April 2015, with regard to narrowing the spread on committing transactions to 4 basis points ( $\pm 2$ ), both for loan and deposit transactions for overnight as well as for interest rate derivative transactions. Participants agreed that the narrower spread is in fact more effective, and that as of now there is no need to end this period prior to the end of May 2016, the date set in the Committee's decision from November 2015.
3. The list of contributor banks was reset by each one's share in the volume of Telbor derivative transactions during 2015. See Appendix 2.
4. In the past month, Mizrahi-Tefahot Bank had a communication malfunction vis-à-vis Reuters, and the bank's quotations were not incorporated on the Reuters system's Telbor page. Mizrahi-Tefahot Bank representative dealt with the communication problem

efficiently and in line with the defined procedure, and the problem was resolved before the time for the Telbor fixing on the same day. The procedure for handling technical malfunctions in transmitting Telbor rates, including the updated list of contact persons, is presented in Appendix 3.

5. Participants raised another point for discussion, related to activity by nonresidents in interest rate forward contracts. Due to recent reforms (Basel III, Dodd-Frank, and EMIR), foreign banks need to allocate capital for interest rate contracts, unless the transactions are cleared through an agreed-upon central clearing house. As Israel does not have such central clearing for interest rate contracts, and foreign banks must allocate capital for such transactions—a provision that increases the cost of the transactions—they began to reduce their activity in Israel. Participants noted that it is of the utmost importance to find a solution to this problem, and that regulators in Israel must formulate a work plan in order to impose the standards generally accepted worldwide on the interest rate forwards market in Israel.



## Appendix 1

### The dates when no Telbor rate is fixed

#### The dates until end-2016 when banks are not obliged to quote and when no Telbor rate is fixed\*

01	January	Friday	Holiday abroad
24	March	Thursday	Feast of Purim (outside of Jerusalem)
25	March	Friday	Feast of Purim (Jerusalem)
22	April	Friday	Eve of Passover
29	April	Friday	Last day of Passover
12	May	Thursday	Israel Independence Day
30	May	Monday	Holiday abroad
03	October	Monday	Rosh Hashanah (New Year) 1 <sup>st</sup> Day
04	October	Tuesday	Rosh Hashanah (New Year) 2 <sup>nd</sup> Day
11	October	Tuesday	Eve of Day of Atonement (Yom Kippur)
12	October	Wednesday	Day of Atonement (Yom Kippur)
17	October	Monday	First Day of Sukkot (Tabernacles)
24	October	Monday	Rejoicing of the Law Festival (Simchat Torah)
26	December	Monday	Holiday abroad

\* The dates highlighted in yellow are the dates that were added to the list of days on which the Telbor rate will not be fixed in 2016, based on the new rule that was defined in the current meeting.

## Appendix 2

### The list of quoting banks that are approved by the "Telbor Interest Rate Committee"

	<b>Bank*</b>
1.	Bank Hapoalim
2.	Bank Leumi
3.	Mizrachi-Tefahot Bank
4.	Israel Discount Bank
5.	First International Bank

\* The list is in descending order of the share of the bank in the volume of the Telbor derivatives during 2015.

### Appendix 3

#### Procedure for handling technical malfunctions in transmitting Telbor interest rates, written for contributor banks

Every contributor bank is required to quote, on a constant basis, the Telbor interest rate for various terms. On Monday through Thursday, this should be done from 10:00 through 17:00, and on Friday from 10:00 through 13:00.

Each contributor bank must clarify by 10:30 that its quotations on the Telbor interest rate page on the Reuters system are correct and valid. If there is a communication malfunction, it is to be reported no later than 11:00 in the morning.

- i. In a case of a technical malfunction between 11:00 and 11:30, and/or after 12:00: A notice regarding the malfunction is to be sent to representatives of Reuters and of the Committee. Details of contact people are listed below.
- ii. In a case of a technical malfunction between 11:30 and 12:00: One of the three Reuters representatives listed first on the list below is to be notified **by telephone. In parallel**, a notice regarding the malfunction is to be sent to all Reuters representatives, all Committee members, and all contributor bank representatives, and to note the interest rate that the bank wants to quote.  
In such a case, the Telbor interest rate for that term will only be published automatically if the Reuters system successfully receives the bank's revised quote (whether through automated or through manual means). If the quote is not revised before the data sample time, the Telbor interest rate will be calculated and published late on that day, on the basis of the revised quote (that the contributor bank reported in its notice).

#### Contact List—for reporting a malfunction

Organization	Email address	Phone number
<b>Reuters representatives</b>		
Annie Peleg	<a href="mailto:annie.peleg@thomsonreuters.com">annie.peleg@thomsonreuters.com</a>	054-424-0927
Keren Stern (replacing Annie while on maternity leave)	<a href="mailto:keren.stern@thomsonreuters.com">keren.stern@thomsonreuters.com</a>	050-200-5083
Ralph	<a href="mailto:ralphh@exsys.co.il">ralphh@exsys.co.il</a>	054-429-1455
Dave	<a href="mailto:dave@exsys.co.il">dave@exsys.co.il</a>	054-465-0220
	<a href="mailto:ronen.gabriel@thomsonreuters.com">ronen.gabriel@thomsonreuters.com</a>	054-250-9142
	<a href="mailto:shaul.osezikli@thomsonreuters.com">shaul.osezikli@thomsonreuters.com</a>	054-424-0918
	<a href="mailto:gil.benyehuda@thomsonreuters.com">gil.benyehuda@thomsonreuters.com</a>	054-424-0926
	<a href="mailto:tali.kelati@thomsonreuters.com">tali.kelati@thomsonreuters.com</a>	
	<a href="mailto:ales.kniti@thomsonreuters.com">ales.kniti@thomsonreuters.com</a>	
	<a href="mailto:vera.kocsis@thomsonreuters.com">vera.kocsis@thomsonreuters.com</a>	+43-1-531-12-231
	<a href="mailto:Elissavet.Michou@thomsonreuters.com">Elissavet.Michou@thomsonreuters.com</a>	+44-207-542-0126
<b>Telbor Committee members</b>		
Roy Stein	<a href="mailto:roy.stein@boi.org.il">roy.stein@boi.org.il</a>	050-551-2398
Ketty Cohen	<a href="mailto:ketty.cohen@boi.org.il">ketty.cohen@boi.org.il</a>	050-620-2548

Zahi Elias	<a href="mailto:zahi_e@bll.co.il">zahi_e@bll.co.il</a>	054-712-5041
Sharon Lavi	<a href="mailto:sharon@tase.co.il">sharon@tase.co.il</a>	052-350-0011
	<p>**** The Bank of Israel dealing room serves as a backup for BOI representatives on the Committee. The room operates on Monday–Thursday, from 8:30 until 18:00 at least, and on Fridays or holiday eves from 8:30 until 13:00.</p> <p>The Bank of Israel dealing room is to be included in any mail regarding a malfunction in the Telbor contribution:  <a href="mailto:d-hadrIskaot@boi.gov.il">d-hadrIskaot@boi.gov.il</a></p> <p>The telephone numbers for the dealing room are 02-655-2300, 02-655-2353, or 02-655-2369. Please ask to speak with a liquidity desk employee or with the head of the dealing room.</p>	
<b>Contributor bank representatives</b>		
Hapoalim	<a href="mailto:Liran.carmel@mailpoalim.co.il">Liran.carmel@mailpoalim.co.il</a> , <a href="mailto:michal.rotlevi@mailpoalim.co.il">michal.rotlevi@mailpoalim.co.il</a> , <a href="mailto:yossi.cuomo@mailpoalim.co.il">yossi.cuomo@mailpoalim.co.il</a> ,	
First International	<a href="mailto:refaely.l@fibi.co.il">refaely.l@fibi.co.il</a> , <a href="mailto:ogdan.r@fibi.co.il">ogdan.r@fibi.co.il</a> , <a href="mailto:amanou.r@fibi.co.il">amanou.r@fibi.co.il</a> , <a href="mailto:Moskovici.I@fibi.co.il">Moskovici.I@fibi.co.il</a>	
Leumi	<a href="mailto:sharon.zach@bankleumi.co.il">sharon.zach@bankleumi.co.il</a> , <a href="mailto:zahi_e@bll.co.il">zahi_e@bll.co.il</a>	
Discount	<a href="mailto:dan.trister@dbank.co.il">dan.trister@dbank.co.il</a> , <a href="mailto:ian.klotnick@discountbank.co.il">ian.klotnick@discountbank.co.il</a> ,	
Mizrahi-Tefahot	<a href="mailto:abrahamr@umtb.co.il">abrahamr@umtb.co.il</a>	