



December 21, 2016

## Minutes of the Telbor Committee meeting held on December 20, 2016

### Committee members present:

Roy Stein (Bank of Israel Research Department – Committee Chairperson)

Zahi Elias (banks' representative)

Sharon Lavi (Tel Aviv Stock Exchange)

### Committee members absent:

Ketty Cohen (Bank of Israel Market Operations Department)

### Other participants:

Ran Abraham (Mizrahi-Tefahot Bank)

Liraz Refaely (First International Bank)

Idit Moskovich (First International Bank)

Ian Klotnick (Israel Discount Bank)

Yossi Cuomo (Bank Hapoalim)

Zach Sharon (Bank Leumi)

### The issues that were discussed:

1. In April 2015, the Committee decided to narrow the spread on committing transactions to 4 basis points ( $\pm 2$ ), both for overnight loan and deposit transactions as well as for interest rate derivative transactions. The Committee agreed that the narrower spread is indeed more effective, and for now there is no need to change it.
2. Roy Stein reminded participants that Committee members had requested to meet with representatives of the Banking Supervision Department and of the Tel Aviv Stock Exchange (TASE) in order to discuss regulatory developments worldwide and their impact on Israel's capital market. He reported that the meeting had occurred on November 17<sup>th</sup>, and it indicated how important it is that the Banking Supervision Department promotes the Proper Conduct of Banking Business Directive on the subject of Telbor—that is, will regulate the Telbor market. In particular, moving forward with the directive will make it possible to clear interest rate contracts in Israel through a known international clearing house, as the directive regulates the process in which banks submit quotes and serves central clearing houses as a yardstick to examine markets. If the abovementioned contracts are not cleared via a central clearing house, the transaction costs of the interest rate derivatives will increase, and the cost of the Israeli government's debt is expected to become more expensive. Therefore, there is a national interest in advancing central clearing of interest rate contracts in Israel, and TASE

representatives assess that lack of regulation is expected to be a material barrier to advancing the process.

3. The participants suggested to set, for several years, the dates on which the Telbor rate will not be fixed, and to note that these dates are subject to change in accordance with general elections and unexpected events. At the next meeting, after the Committee studies the ramifications of the suggestion, it will discuss it and reach a decision. The dates in 2017 on which the Telbor rate will not be fixed are presented in the attached appendix. These dates were determined according to the rule formulated by the Committee.
4. It was decided that in the next meeting the Committee will study data on transactions and quotations for the overall system, among other reasons to examine the developments in the Telbor market taking into account the concern that there will be a decline in nonresidents' transaction volume.

## Appendix

**Dates in 2017 on which the Telbor rate will not be fixed, in addition to Saturdays and Sundays (in accordance with the rule that is in place beginning in 2016)**

<b>Date</b>	<b>Month</b>	<b>Day of week</b>	<b>Observance</b>
2	January	Monday	Holiday abroad
13	March	Monday	Purim (in Jerusalem)
10	April	Monday	Passover eve
11	April	Tuesday	First day of Passover
17	April	Monday	Last day of Passover
2	May	Tuesday	Independence Day
29	May	Monday	Holiday abroad
31	May	Wednesday	Shavuot
1	August	Tuesday	Tisha b'Av
20	September	Wednesday	Rosh Hashanah (New Year) eve
21	September	Thursday	Rosh Hashanah (New Year) 1 <sup>st</sup> day
22	September	Friday	Rosh Hashanah (New Year) 2 <sup>nd</sup> day
29	September	Friday	Yom Kippur eve
5	October	Thursday	Sukkot
12	October	Thursday	Shmini Atzeret
25	December	Monday	Holiday abroad
26	December	Tuesday	Holiday abroad