



November 13, 2018

Circular Number C-06-2580

To:

Banking corporations and credit card companies

Issue: Remuneration Policy in a Banking Corporation
(Proper Conduct of Banking Business Directive no. 301A)

Introduction

1. In recent years, the importance of recruiting and retaining key employees, primarily in technology, arose in view of the changes occurring in the banking system and its activity environment. As such, this directive was amended so as to allow granting retention bonuses to key employees who are not officeholders.
2. After consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have amended this Directive.

The update to the directive

3. Other remuneration (Section 15)
Section 15(a) will be amended and subsection (2), "Retention bonus for key employee who is not an "officeholder" as defined in the Companies Law", will be added.

Explanation

Section 15(a) prohibits the granting of essentially variable remuneration such as a retention bonus, which is not stipulated on performance. Subsection (2) differentiates a key employee who is not an office holder from this general rule. A clarification was added to the FAQ file for the implementation of this directive regarding the rules that apply to a bonus of this type.

Effective date

4. This update goes into effect with the publication of this circular.

Update of file

5. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:



Remove page

(9/16) [3] 301A-1-11

Insert page

(11/18) [4] 301A-1-11

Sincerely,

Dr. Hedva Ber
Supervisor of Banks