

Bank of Israel (Information regarding Developments in the Foreign Exchange Market in Israel –Transactions and holdings in Foreign Exchange Derivatives and Short-Term Government Debt Instruments) Order, 5771–2011

By virtue of the power vested in me under section 39(b) of the Bank of Israel Law, 5770–2010,¹ I hereby order as follows:

Definitions

1 In this order—

“bonds of the Government of the State of Israel”— bonds issued by the Government of Israel denominated in New Israeli Shekel with not more than one year left to maturity, excluding *makam*;

“area”— Judea and Samaria;

“dollar”— dollar of the United States of America or its value in another foreign currency;

“the long leg” in a swap transaction— the last time in the course of a transaction in which a conversion is made between the currencies featured in the transaction;

“the short leg” in a swap transaction— the first time in the course of a transaction in which a conversion is made between the currencies featured in the transaction;

“foreign exchange business days”—days on which the Bank of Israel publishes representative exchange rates

“balance of holding”— the nominal value of transactions in foreign currency or in debt instruments still unpaid or that have not yet reached maturity;

“debt instruments”— bonds of the Government of the State of Israel including *makam*;

“makam”— bonds issued by the Government of Israel under the Short-Term Loan Law, 5744–1984;

“financial intermediary”— a banking corporation, a member of the Stock Exchange in accordance with its Articles of Association as defined in section 46 of the Securities Law (in this definition—a member of the stock exchange), and a person or entity engaged in selling or buying foreign currency with Israeli currency or selling or buying debt instruments on behalf of others, who has an account in a banking corporation or with a member of the stock exchange for purposes of

¹ *Sefer Ha-Chukkim* of 5770, p. 452.

performing said transactions;

“derivative transactions in foreign currency”— forward transactions and swaps;

“swaps”— transactions known as FX swaps or currency swaps converting Israeli currency into foreign currency or foreign currency into Israeli currency (the short leg) with a commitment to perform a conversion of the foreign currency into Israeli currency or the Israeli currency into foreign currency, respectively, in the future on a predetermined date or dates (the long leg), under conditions stated in advance in the agreement;

“forward transactions”— transactions known as "forwards" in which one party to the transaction undertakes to provide in the future to the other party to the transaction Israeli currency against foreign currency or foreign currency against Israeli currency, or the difference between the exchange rate at the time the transaction is agreed and the exchange rate on the date specified in the agreement, and that on a predetermined date that is at least three foreign exchange business days prior to the future date specified in the agreement or in a date that shall be specified by the parties, in an amount and under conditions stated in the agreement; in addition, the definition shall include transactions in which the settlement date is not predetermined;

“nonresident”— someone who is not a resident of Israel;

“resident”— any of the following:

(1) A citizen of Israel, or someone in Israel or in the area by virtue of an immigrant's visa or immigrant's certificate or permanent residency permit, provided that in the twelve months prior to the implementation of the transaction he or she lived in Israel or in the area for more than 180 days, either consecutive or nonconsecutive;

(2) A corporation registered in a register of corporations kept under the law in Israel or the area, or that is obliged to be registered in such a register, and an entity, not an individual, whose main activity is in Israel or in the area.

- | | |
|---|---|
| Obligation on a resident or nonresident to report derivative transactions in foreign currency | 2. (a) A resident or nonresident, excluding financial intermediaries, who has agreed to one or more derivative transactions in foreign currency with or via a financial intermediary, whether on his own behalf or on behalf of others, the total cumulative value of which in all his accounts with financial intermediaries is worth ten million dollars or more on one day, shall report to the Bank of Israel on the same day, either directly or via the financial intermediary, the |
|---|---|

	<p>details of the said transaction or transactions and the balance of his holdings at that time, in the format specified in Addendum 1; for this purpose, in swap transactions the cumulative value of the transactions shall be calculated as the total cumulative nominal value of the long legs of the transactions.</p> <p>(b) Without derogating from the provision of subsection (a), if transactions are agreed at the stated amount with or via one financial intermediary, the report on those transactions and the balance of the holding shall be submitted to the financial intermediary, at the stated time and in the stated format.</p>
Obligation on a nonresident to report transactions in debt instruments	<p>3. (a) A nonresident who agreed one or more transactions in debt instruments via a financial intermediary, whether on his own behalf or on behalf of others, the total cumulative value of which in all his accounts with financial intermediaries is worth ten million NIS or more on one day, shall report to the Bank of Israel on the same day, either directly or via the financial intermediary, the details of the said transaction or transactions and the balance of his holdings at that time, in the format specified in Addendum 2.</p> <p>(b) Without derogating from the provision of subsection (a), if transactions are agreed at the stated amount with or via one financial intermediary, the report on those transactions and the balance of the holding shall be submitted to the financial intermediary, at the stated time and in the stated format.</p>
Obligation on a financial intermediary to report	<p>4. (a) A financial intermediary shall report on transactions as stated in sections 2 or 3 that he has undertaken on his own behalf in the manner, at the time, and in the format stated in those sections.</p> <p>(b) A financial intermediary who agrees one or more transactions as stated in sections 2 or 3 on behalf of his client shall report to the Bank of Israel the details of the said transaction or transactions and the balance of that client's holdings, according to the report he has received from his client.</p> <p>(c) The financial intermediary shall report to the Bank of Israel as stated in subsection (b) herein no later than two days from the time the transaction is agreed on behalf of his client in the format and in the manner determined in Addendum 2.</p> <p>(d) Once a week the financial intermediary shall submit to the Bank of Israel the report forms completed and submitted to him by his clients during the previous week, in accordance with sections 2 and 3, and the report form of the financial intermediary's on transactions he performed on his own behalf, in the manner at the time and in the format stated in Addendum 2.</p>
Manner of reporting	<p>5. A report, excluding a report of the financial intermediary, shall be submitted via the Bank of Israel website XXXX or by fax to XXXX</p>

ADDENDUM 1
(Sections 2 and 3)

Form 1

**Resident's and Nonresident's Report on Derivative Transactions in Foreign
Currency and on the Balance of Holdings in Derivative in Foreign Currency**

A. Particulars of Client Reporting

Name _____
Sector _____
ID No/Passport No/Registration No. _____
Country of residence/registration _____
Bank account no./no. of account
with financial intermediary _____

Swift code, if any _____
Address _____
Street _____ Town _____ Zipcode _____
Phone _____ Fax _____
Position of person reporting _____
Particulars of end client, if other than person reporting Name: _____ ID
No/Passport No/Registration No: _____
Signature of client/authorized signatory _____

**B. Balance of holding of swap transactions on the purchase of shekel with foreign
currency in the long leg (in NIS) as on _____(date)**

Up to 7 days	_____
8–30 days	_____
31–90 days	_____
91–180 days	_____
181–365 days	_____
More than 365 days	_____
Total	_____

C. Balance of holding of swap transactions on the sale of shekel for foreign currency in the long leg (in NIS) as on _____(date)

Up to 7 days	_____
8–30 days	_____
31–90 days	_____
91-180 days	_____
181–365 days	_____
More than 365 days	_____
Total	_____

D. Balance of holding of forward transactions (in NIS) as on _____(date)

Purchase of shekel against foreign currency _____

Sale of shekel against foreign currency _____

E. Swap transactions made in the report period (long leg only)

	Agreement Date	Start Date	Completion date	Direction (Buy NIS/Sell NIS)	Currency of transaction (ISO code)	Amount (in NIS)	Amount in currency of transaction	If entity reporting is a financial intermediary, transaction on his own behalf or customers'
1								
2								
3								
4								
						Total		

F. Forward Transactions agreed in the report period

	Agreement Date	Completion date	Direction (Buy NIS/Sell NIS)	Currency of transaction (ISO code)	Amount (in NIS)	Amount in currency of transaction	If entity reporting is a financial intermediary, transaction on his own behalf or customers'
1							
2							
3							
4							
					Total		

G. Particulars of the financial intermediary with or via whom the transactions were agreed

Name _____
Swift code _____
Country of residence _____
Fax _____
Email _____

Form 2

Nonresident's Report on Transactions in Debt Instruments and on the Balance of Holdings in Debt Instruments

A. Particulars of Client Reporting

Name _____
Sector _____
Passport No/Registration No. _____
Country of residence/registration _____
Bank account no./no. of account
with financial intermediary _____
Swift code, if any _____
Address _____
Street _____ Town _____ Zipcode _____
Phone _____ Fax _____
Position of person reporting _____
Particulars of end client, if other than person reporting _____ Name: _____
ID No/Passport No/Registration No: _____
—
Signature of client/authorized signatory _____

B. Balance of holding of *makam* (in NIS) as on _____ (date)

Up to 30 days _____
31–90 days _____
91–180 days _____
181–365 days _____
Total _____

C. Holdings of bonds of the Government of the State of Israel (in NIS) as on _____ (date)

Up to one year _____

D. Transactions in *makam* agreed (in NIS) as on _____ (date)

	Agreement Date	Completion date	Direction (Buy/Sell)	Amount (in NIS)	Series no.
1					
2					
3					
4					
				Total	

**E. Transactions in bonds of the Government of the State of Israel agreed (in NIS)
as on _____ (date)**

	Agreement Date	Completion date	Direction (Buy/Sell)	Amount (in NIS)	Series no.
1					
2					
3					
4					
				Total	

F. Particulars of the financial intermediary via whom the transactions were agreed

Name _____
Swift code _____
Country of residence _____
Fax _____
Email _____

**ADDENDUM 2
(Section 4)**

**Report by Financial Intermediary on Derivative Transactions in Foreign
Currency and in Debt Instruments on Behalf of Clients and on his Own Behalf,
and on His and His Clients' Holdings**

Report on balance of holding—Type A form

No. of field	Name of field	Content
1	Record recognition	A unique alphanumeric code given by the person reporting
2	Date	The date to which the balances or holdings apply in the report, in the form DDMMYYYY
3	Name of financial intermediary	Financial intermediary via whom the balance is held; can be alphanumeric
4	Swift code of financial intermediary	

5	Code of the financial intermediary's country of residence	ISO code
6	Client's name	Can be alphanumeric
7	Client's telephone no. for queries	The number should include the country and town or mobile phone dialing code.
8	Client's email address for queries	
8	Client's sector of activity	According to the SNA code; in reporting his own transactions (nostro), , the financial intermediary shall enter code s.9999
9	Client's bank account no./ No of account with the financial intermediary	
10	Client's swift code, if any	Leave field empty if client does not have a Swift code
11	Client's country of residence	ISO code
12	Type of instrument	Instrument code according to the list in the Appendix
13	Amount in NIS	Amount of balances or holdings in NIS

Report on transactions agreed—Type B form

No. of field	Name of field	Content
1	Transaction recognition	A unique alphanumeric code given by the person reporting
2	Date of agreement	The date on which the agreement was made, in the form DDMMYYYY
3	Start date	For swap transactions— execution date of the short leg. For forward transactions and debt instruments - leave field empty
4	Completion Date	For swap transactions – the execution date of the long leg; For forward transactions - the execution date of the transaction; For debt instruments - series repayment date, in the form DDMMYYYY
5	Name of financial intermediary	Financial intermediary via whom the transaction was implemented; can be alphanumeric
6	Swift code of financial intermediary	
7	Code of the financial intermediary's country of residence	ISO code
8	Client's name	Can be alphanumeric
9	Client's telephone no. for queries	The number should include the country and town or mobile phone dialing code.
10	Client's email address for queries	
11	Client's sector of activity	According to the SNA code; in reporting his own transactions (nostro), the financial intermediary shall enter code s.9999
12	Client's bank account no./ No of account with the financial intermediary	
13	Client's swift code, if any	Leave field empty if client does not have a Swift code
14	Client's country of residence	ISO code

15	Type of instrument	Use the following codes: 1—forward conversions; 2—swaps; 3— <i>makam</i> ; 4—Israel Government shekel bonds
16	Direction of transaction	For derivative transactions in foreign currency : 1—purchase of shekel and sale of foreign currency; 2—sale of shekel and purchase of foreign currency. For debt instruments: 1- purchase of debt instrument: 2-sale of debt instrument
17	Currency of transaction	For derivative transactions in foreign currency, USD, EUR or OTR (for other currencies). For debt instruments, leave empty
18	No. of series	Complete only for debt instruments
19	Amount in NIS	Nominal value of transaction in NIS
20	Amount in currency of transaction	Nominal value of transaction in currency of the transaction

Manner and time of reporting

The financial intermediary's report on transactions in derivative transactions in foreign currency and debt instruments on behalf of his clients and on his own behalf (nostro), in accordance with section 4(c) in the Order, shall be implemented by transmitting the data via the virtual safe system (Cyberark), in excel files (.xls). The name of the file shall be in the format "Swift code_date to which the report applies" in the form ddmmmyyy. For example: ABCDILIT_12012011.xls.

The excel file shall contain three tabs: (1) report on the balance of holding on the Type A form; (2) report on transactions according to the Type B form; (3) particulars of the financial intermediary's contact person for purposes of the report, including full name, telephone number and email address.

The forms specified in section 4(d) shall be transmitted once a week, every Thursday morning, via the Cyberark virtual safe system, in pdf files (.pdf). The name of the file shall be in the format "Swift code_date of the Wednesday ending the business week to which the forms apply" in the form ddmmmyyy. For example: ABCDILIT_12012011.pdf.

For clarification regarding how to transmit reports contact Mr Moshe Tovy of the Bank of Israel IT Department— email: moshe.tovy@boi.org.il ; Tel. 02-6552210.

APPENDIX

List of instrument types

Code	Type of instrument
1	Swap—purchase of shekel—up to 7 days
2	Swap—purchase of shekel—8–30 days
3	Swap—purchase of shekel—31–90 days
4	Swap—purchase of shekel—91–180 days
5	Swap—purchase of shekel—181–365 days

6	Swap—purchase of shekel—more than 365 days
7	Swap—sale of shekel—up to 7 days
8	Swap—sale of shekel—8–30 days
9	Swap— sale of shekel—31–90 days
10	Swap— sale of shekel—91–180 days
11	Swap— sale of shekel—181–365 days
12	Swap— sale of shekel—more than 365 days
13	Forward—purchase of shekel with USD
14	Forward— sale of shekel for USD
15	Forward— purchase of shekel with EUR
16	Forward— sale of shekel for EUR
17	Forward— purchase of shekel with other currency
18	Forward— sale of shekel for other currency
19	<i>Makam</i> —up to 30 days
20	<i>Makam</i> —31–90 days
21	<i>Makam</i> —91–180 days
22	<i>Makam</i> —181–365 days
23	Government bonds—up to one year

Stanley Fischer
Governor, Bank of Israel