



November 16, 2017

**Circular no. C-06-2540**

Attn: **The banking corporations**

**Re: Approval in principle and maintaining the interest rate**  
(Proper Conduct of Banking Business Directive no. 451)

**Introduction**

1. After consulting with the Advisory Committee on Banking Matters and with the approval of the Governor, I have established this Directive.

**Amendments to the Directive**

2. In Section 4c(a), the words “12 days” shall be replaced by the words “24 days”.
3. Section 4c(e) was added, establishing that in a case in which the approval in principle is for a loan for which a new pledge is not required, the period of the approval in principle shall not be less than 12 days.

**Explanatory notes**

A period of 12 days, during which the loan applicant is requested to provide the documents required by the banking corporation, in order to be granted the loan at the interest rate provided to the applicant in the approval in principle, is a short period with which customers find it difficult to comply, and therefore it was decided to extend the period to 24 days. An exception to this rule was made for loans for which a new pledge is not required—for such loans, the period of the approval in principle remained 12 days, as the processes involved in executing this type of loan are shorter.

**Start**

4. The provisions of this Directive shall go into effect three months from its publication date.

**Revised file**

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

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Respectfully,

Dr. Hedva Ber  
Supervisor of Banks