

September 30, 2021

**Circular Number C-06-2673**

Attn: **Banking Corporations**

## **Re: Transitioning from the LIBOR Rate**

(Proper Conduct of Banking Business Directive no. 250A)

### **Introduction**

1. At the beginning of 2022, the global financial system is expected to stop using LIBOR interest rates in sterling, Euro, Swiss franc, Japanese yen, and US dollars to terms of one week and two months. The date on which LIBOR rates will no longer be published has been set at December 31, 2021, and, for the USD to all other terms, at June 30, 2023.
2. The cessation of publishing LIBOR rates requires banking corporations in Israel and abroad to switch to alternative base rates and is expected to affect many aspects of the corporations' business. It requires the corporations to examine the effect on the various customers and products and to manage risks that originate in the transition, including legal, operational, behavioral, and reputational risks.
3. To help the banking system in Israel to complete its preparations for the cessation of publishing LIBOR rates, I find it correct to promulgate this Directive.
4. After consulting with the Advisory Committee on Banking Business Affairs and with the approval of the Governor, I have established this Directive.

### **Incidence and effect**

1. This ad hoc directive will go into effect two days after it is promulgated, with the exception of the following:  
The provisions of Section 17 shall go into effect for customers who are individuals, micro businesses, or small businesses, no later than two months before the date of the change in interest and, for customers in other sectors, no later than a month before the date of the interest change. The provisions of Section 20 shall go into effect no later than two weeks before the date of the interest change, and the beginning of the provisions of Section 21 no later than a month after promulgation.
2. This Directive shall remain in effect until December 31, 2023.

### **File update**

3. Update pages for the Proper Conduct of Banking Business Directives file are attached. The following are the update instructions:

**Remove page**

-----

**Insert page**

250A-1-5 9/21) [1]

Sincerely,



Yair Avidan  
Supervisor of Banks