



## **CLEARING HOUSE RULES**

### **PART I – BYLAWS**

#### **Section 101**

##### **a. Name**

The name of the clearing house will be: The Bank Clearing House (hereafter: the Clearing House).

##### **b. Goal**

To facilitate, at any location to be determined by the Clearing House Board, the clearing of checks and other receivables, which will be decided upon by the Clearing House Board from time to time (hereafter: clearing house receivables; see Section 301).

##### **c. Membership**

1. Every bank participating in the RTGS (Real Time Gross Settlement) system,<sup>1</sup> which is operated by the Bank of Israel (hereafter: the RTGS system), will have the right to submit a request for Clearing House membership to the Clearing House Board.
2. Notwithstanding the aforementioned, a bank that does not participate in the RTGS system has the right to submit a request for Clearing House membership to the Clearing House Board if the Bank of Israel has agreed to the request. A bank that does not participate in the RTGS system and has been accepted as a member of the Clearing House will operate as a represented bank only, as defined in the Clearing House rules.
3. If the request has been approved, the Clearing House rules will then apply to the bank. A list of Clearing House members will appear in Appendix 302 with the codes that have been determined for each bank by the Bank of Israel.
4. Without detracting from the aforementioned, the Clearing House Board will have the right to cancel or suspend the membership of a bank in the Clearing House in the following cases:
  - a) The member has committed a material violation of the Clearing House rules and refuses to rectify the situation despite the request from the Chairman of the Clearing House Board.
  - b) The member has refused to appear before the Clarification Panel as described in Section 207 (below) or has refused to carry out the decisions of the Clarification Panel.
5. If the participation of a Clearing House member in the RTGS system is cancelled, then its membership in the Clearing House will automatically be cancelled as well.
6. If a member is suspended from the RTGS system for a specific period, then it will also be suspended from the Clearing House during that period. Notification of such will be provided to the Clearing House members by the Chairman of the Clearing House Board.

---

<sup>1</sup> See Section 2 for the rules of the RTGS system.



7. If the Bank of Israel cancels its agreement to the participation of a bank that does not participate in the RTGS system as a Clearing House member (as described in Clause 2 above), then the bank's membership in the Clearing House will be cancelled immediately upon the Bank of Israel's notification. Such notification will be provided to the Clearing House members by the Chairman of the Clearing House Board.
8. If the membership of a represented Clearing House member has ceased to be represented by a Clearing House member (as described in Section 211 Clause a3) and has not provided notification of his representation by a different Clearing House member or his direct participation in the Clearing House, then his membership in the Clearing House will be terminated.

#### **d. The Clearing House Board**

The Governor of the Bank of Israel, or someone on his behalf, will appoint the Clearing House Board, which will be composed of fourteen members: seven representatives of the Bank of Israel, one of which will serve as the Chairman of the Board and one of which will serve as the acting Chairman, and seven representatives of the banks. In addition, the Governor, or someone on his behalf, will appoint an acting member for each member, who will participate in the Board meetings whenever the Board member is absent. The Clearing House Board will be appointed for a period of two years and it will be permitted to reappoint a member for additional periods. In the absence of the Chairman of the Clearing House Board, the acting Chairman will possess his authority in its entirety. Whenever the words "Chairman of the Clearing House Board" appear in these rules, the intention is also to the acting Chairman in the absence of the Chairman.

#### **e. Annual Report**

The Clearing House Board will submit an annual report on its activities to the members of the Clearing House each year.

#### **f. General Assembly**

The Clearing House Board will have the right to convene a General Assembly of the Clearing House members as it sees fit, in order to discuss the Annual Report and any other issues on the agenda.

The Chairman of the Clearing House Board will convene a General Assembly of the Clearing House members at the request of no less than ten Clearing House members.

#### **g. Secretary of the Board and Supervisor**

The Bank of Israel will appoint a secretary for the Clearing House Board from among its employees (hereafter: the Secretary) and a Clearing House Supervisor (hereafter: the Supervisor).

#### **h. Changes in the Rules**

Every addition or change in the rules will be carried out according to what is stated in Section 210 of the procedures.



**i. Settlement through RTGS**

The Clearing House Board is authorized to determine, as described in Section 210 of the Clearing House Rules, which receivables can be cleared through the Bank Automated Clearing House Company (hereafter: ACH).

Each member is obligated to accept the receivables presented through the ACH.

**j. Authorization of the Bank of Israel**

The members of the Clearing House will authorize the Bank of Israel to debit or credit their accounts in the RTGS system according to the clearing results, as described in the Clearing House rules.