



SECTION 204 – MANAGEMENT OF THE SESSIONS AND SETTLEMENT OF ACCOUNTS IN THE RTGS SYSTEM

a. Session 1 – Presentation and return of non-magnetic receivables

1. A Clearing House member will deliver presentations and returns of debits and presentations and returns of credits (including magnetic collection credits) to another Clearing House member in separate packages, as described in Section 203.
2. A Clearing House member will deliver the receivables of the types described above, which are destined for a Clearing House member who is represented by another Clearing House member together with the receivables destined for the representative member.
3. By 22:25, a Clearing House member will transmit (through the Cyber Arc system) the data on debits and credits which he has delivered to each Clearing House member during Session 1, as agreed upon between the member and the Bank of Israel. (The data on debits will be transmitted in a file of the format described in Clearing House Form 410: Presentation and Return of Non-Magnetic Debits. The data on credits will be transmitted in a file of the format described in Clearing House Form 411: Presentation and Return of Non-Magnetic Credits.)
4. Once the transmissions have been received, the Supervisor will provide each Clearing House member with a report of the total receivables that he has delivered to each Clearing House member and that he is meant to receive from each Clearing House member.
5. Each representative of a Clearing House member will verify the report produced for him, sign it and return it to the Supervisor. If a lack of reconciliation is revealed, he will notify the Supervisor of this. Following clarification with the two Clearing House members, the Supervisor will correct the delivering member's report.
6. The clearing results will be transmitted by the Bank of Israel to all participants on the day of presentation (day t) through the Cyber Arc system, as agreed upon between the member and the Bank of Israel. The settlement in the RTGS will be carried out on the following business day (t+1).

b. Session 2 – Presentation and return of magnetic debits

1. A Clearing House member will electronically deliver (as described in Section 211) magnetic debits and credits to another Clearing House member.
2. The Clearing House member will transmit (by means of Cyber Arc) to the Clearing House Supervisor the data (total and quantity) regarding the debits he has delivered and debits he has returned to each participant (direct or represented) by 22:25, as described in Section 211 Clause c(3).
3. A Clearing House member who represents another member will transmit the aforementioned data to the Supervisor, in the manner described in the previous clause.
4. The results of the clearing will be transmitted by the Bank of Israel by means of the Cyber Arc system to all the participants as agreed upon between the member and the Bank of Israel. The clearing results for represented members of the Clearing House will be transmitted to the representative members.



5. If an error that exceeds NIS 10 million is revealed following the transmission of the clearing results to the participants, an opportunity will be provided for the presenting bank and the drawee bank to make a written request to the Supervisor (by 8:30 on the business day following the clearing day) to correct the total of checks recorded by the presenting bank in the report to the Supervisor.¹

c. Reconciliation and settling of accounts

1. Following the processing of the data, all the net amounts will be cleared in the Bank of Israel's RTGS system. The settlement in the RTGS system will be carried out on the following business day (t+1).
2. Settlement between the representative banks and the represented banks will take place the following day in the RTGS system as described in Clause d. below.

The receivables presented in Session 2 (electronic presentation and return of magnetic receivables) and those intended for represented members of the Clearing House will be delivered to their representatives. The accounts of the represented Clearing House members will be directly debited or credited electronically using the files. The sum of the credits and debits will be transmitted to the Supervisor (as described in Clause b(2) above).

d. Settling of accounts between a representative Clearing House member and a represented Clearing House member with regard to non-magnetic receivables

1. The credits and debits resulting from the presentation of receivables in Session 1, which are intended for represented members of the Clearing House, will be reported to the Supervisor in an electronic file in the format of Clearing House report 421 – "Settling of accounts with represented members – presentation and returns".
2. The representative will transmit the report 421 data to the Supervisor (via the Cyber Arc system), as agreed upon between the member and the Bank of Israel, by 8:30 on the business day following the clearing day. The settlement to be carried out in the RTGS system will also include banks represented in Session 1 according to the data reported in report 421.
3. The receivables for the Clearing House members represented in Session 1 and in Session 2 will be submitted to their representatives and they will transfer the receivables to the Clearing House members represented by them.
4. A representative member of the Clearing House is permitted not to transmit the results of the settling of accounts with the represented Clearing House member regarding a particular clearing session on the condition that the represented Clearing House member agrees to this.

e. Malfunction in clearing

In cases where data cannot be transmitted as described in Clauses a, b and d above for some reason, the data will be delivered on a disc. Accompanying the disc will be the reports described above (signed by the member).

¹ Updated according to Bulletin 918/m issued on March 16, 2009.



f. Failure of clearing

1. If one of the members does not have a large enough balance in his account in the RTGS system to cover his obligations in the Clearing House, the procedure for failure will be executed subject to the conditions described in Appendix 8(3) in the RTGS system rules.
2. If the failure arrangement is not activated or if the account balance in the RTGS is insufficient for clearing after the activation of the failure arrangement, the Bank of Israel has the right not to execute settlement in the RTGS system. In addition, the Bank of Israel has the authority to decide that the Bank Clearing House will return the receivables – whether debits or credits and whether in full or in part – of the Clearing House member who failed while specifying the reason for the return.