



April 28, 2015

**Summary of the Monetary Committee discussions on April 21 and 27, 2015  
regarding the management of the foreign exchange reserves**

**1. Quarterly report to the Minister of Finance on the management of the reserves (first quarter of 2015)**

**Background:**

Market Operations Department representatives presented the Committee with the quarterly foreign exchange reserves management report, regarding the first quarter of 2015.

**Monetary Committee decision:**

The Committee approved the report that is to be presented to the Ministry of Finance in accordance with Section 40(c) of the Bank of Israel Law, 5770-2010, and the Memorandum of Understanding between the Bank of Israel and the Minister of Finance.

**2. Recommendation to increase the maximum share of investment in Japan's equities market**

**Background:**

In the Monetary Committee meeting on November 18, 2014, it was decided that the share of investment in Japan's equities market will not be greater than 1/3 percent of the total foreign exchange reserves portfolio.

After further examination, which included among other things an evaluation of the alternative compositions within the framework of the strategic allocation, and in light of this market's advantages, including size (second largest) and high level of negotiability, the Market Operations Department recommended increasing the maximum share of investment permitted in Japan's equities market.

**Monetary Committee decision:**

The Committee decided to increase the maximum share of investment in the Japanese equities market to 0.75 percent of the total foreign exchange reserves portfolio.

**3. Adjusting the share of equities in the Monetary Committee benchmark and the Market Operations Department's degrees of freedom for investment in equities**

**Background:**

The Market Operations Department presented the Monetary Committee with its recommendations regarding the manner of bringing the share of equities in the Committee's benchmark in line with the share of equities set in the strategic allocation, and regarding the manner of defining the Market Operations Department's degrees of freedom in equities investment.

**Monetary Committee decision:**

The share of equities in the Monetary Committee benchmark will be brought in line at the beginning of each month with the share of equities that was approved by the Monetary Committee in the annual strategic allocation. The Market Operations Department's degrees of freedom to deviate in total exposure to equities will be 1.5 percent, in an absolute manner, relative to the total share of equities set in the strategic allocation.

**Participants:****Members of the Monetary Committee**

Dr. Karnit Flug, Governor of the Bank of Israel, Chairperson

Dr. Nadine Baudot-Trajtenberg, Deputy Governor

Prof. Alex Cukierman

Prof. Reuben Gronau

Prof. Nathan Sussman, Director of the Research Department

**Other participants**

Andrew Abir, Director of Market Operations Department (April 21 discussion)

Tal Biber, Head of Markets Division in Market Operations Department

Mickey Blank, Head of Dealing Unit in Market Operations Department (April 21 discussion)

Francoise Ben-Zur, Head of Financial Division in Market Operations Department

Dr. Golan Benita, Head of Strategic Management Unit in Market Operations Department (April 21 discussion)

Guenia De Mayo, Head of Risk Management Unit in Market Operations Department

Daniel Hahiashvilli, Chief of Staff to the Governor (except for Issue #3 on April 21)

Roev Levy, Economist in Market Operations Department (April 21 discussion)

Yoav Soffer, Bank of Israel Spokesperson (April 27 discussion)

Ilan Socianu, Assistant to Secretary of the Monetary Committee and the Supervisory Council

Esti Schwartz, Secretary of the Monetary Committee and the Supervisory Council

Jeanina Tirosh, Economist in Market Operations Department (April 21 discussion)

Hagit Waknin, Economist in Market Operations Department (April 21 discussion)