

FUTURES TRANSACTIONS

Introduction

1. A banking corporation shall determine the framework of activity for the various futures transactions (e.g., swaps, financial futures, and options), taking into account the provisions of this regulation.
2. It is noted that this regulation applies to all offices of the banking corporation in Israel and abroad.

Policy

3. The management of every banking corporation must set a clear policy relating to such transactions, *inter alia* on the following subjects:
 - (a) The types of transactions in which the banking corporation has decided to engage;
 - (b) The extent of activity in each type of transaction;
 - (c) The hierarchy of authority for conducting such transactions in accordance with the extent and type of transaction.

Risk management and control

4.
 - (a) The management of the banking corporation shall determine procedures for conducting the aforesaid transactions, including the policy of obtaining collateral from customers undertaking such transactions;
 - (b) The management of the banking corporation shall apply tools for assessing and measuring exposure to risk in each type of transaction;
 - (c) The management of the banking corporation shall prepare an internal reporting system for monitoring and controlling the implementation of the policy in this area of activity at each level of application.

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