



**Summary of the Monetary Committee Discussion on the Bank of Israel Order
(Information regarding Developments in the Foreign Exchange Market in Israel),
August 7, 2012**

Background:

Section 2 of the Bank of Israel Order (Information regarding Developments in the Foreign Exchange Market in Israel), 5770-2010, (hereafter: the Order) specifies the reporting requirements that apply to Israeli residents, including financial intermediaries. Subsection (a) relates to the reporting requirements that apply to non-specific entities (such as companies, non-profit organizations and individuals). Subsection (b) relates to specific entities (banks, provident funds and mutual funds).

Due to an omission from the text of the Order, Subsection (b) does not include investment portfolio managers.

The amendment specifies that the reporting requirement which will apply to investment portfolio managers will be in accordance with the format which will be determined by the Governor or by a Bank employee whom the Governor authorized for this purpose, as in the case of the arrangements that apply to banks, provident funds and mutual funds.

According to Section 39 (b) of the Bank of Israel Law, the Governor has the authority to issue the Order, with the approval of the Monetary Committee, and therefore this matter was brought before the Monetary Committee for approval.

Main points of the discussion:

The members of the Committee inquired about the content of the reports and were told that they include information on the holdings of foreign residents by means of portfolio managers of Israeli securities, which are traded on the Tel Aviv Stock Exchange, and the holdings of Israeli residents in securities traded on stock exchanges abroad.

The members of the Committee inquired as to the use made of the reported information by the Bank of Israel. It was explained that the main purposes are to gather information on the economy's balance of payments and its balance of assets and liabilities with respect to abroad and to monitor the activity of foreign residents on the Tel Aviv Stock Exchange and the activity of Israeli residents on stock exchanges abroad.

Monetary Committee Decision:

The members of the Committee approved the Bank of Israel Order (Information regarding Developments in the Foreign Exchange Market in Israel) (amendment), 5772-2012.

The decision was reached on August 7th, 2012.

Participants in the discussion:

Members of the Monetary Committee

Prof. Stanley Fischer, Governor of the Bank of Israel, Chairperson

Prof. Alex Cukierman

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

Prof. Reuben Gronau

Prof. Rafi Melnick

Mr. Barry Topf, Senior Advisor to the Governor on Monetary Policy Issues

Other participants in the discussion:

Mr. Tal Biber, Head of Markets Division, Market Operations Department

Ms. Tsila Billet, Assistant to Secretary of the Monetary Committee and the Supervisory Council

Ms. Orna Vago, Deputy General Counsel

Mr. Eli Kadosh, Head of Foreign Currency Market Unit, Information and Statistics Department

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