



June 9, 2014

**Summary of the Monetary Committee discussions on April 28 and May 26, 2014  
on the division of authorities regarding the foreign exchange reserves investment policy**

The Monetary Committee approved the updated division of authorities between the Market Operations Department, the Governor, and the Monetary Committee regarding the foreign exchange reserves investment policy. This was in continuation of the update to the guidelines in the beginning of the year, following the definition of the foreign exchange reserves' risk profile. Within the framework of the division of authorities regarding the foreign exchange reserves investment policy, areas of responsibility are determined for the Monetary Committee, the Governor, and the Market Operations Department, related to the various issues in managing the reserves portfolio. In addition, degrees of freedom granted to the Department in the day to day management of the reserves portfolio are defined.

Within the framework of the discussion, the Committee's decision to allocate 8 percent of the reserves portfolio to equities was discussed, and it was determined that a deviation of up to half a percentage point, deriving from passive change in the equities component, would be allowed from that percentage, and a larger deviation would require adjustment. In addition, it was determined that the Market Operations Department would have a degree of freedom to deviate from the component set by the Committee, provided that the extent of the deviation is not greater than 1 percent of the reserves portfolio's market value.

**Participants:**

**Members of the Monetary Committee**

Dr. Karnit Flug, Governor of the Bank of Israel and Monetary Committee Chairperson  
Dr. Nadine Baudot-Trajtenberg, Deputy Governor  
Prof. Alex Cukierman  
Prof. Reuben Gronau  
Prof. Rafi Melnick  
Prof. Nathan Sussman, Director of Research Department

**Other participants**

Andrew Abir, Director of Market Operations Department  
Tal Biber, Head of Markets Division in Market Operations Department  
Mickey Blank, Deputy Head of Dealing Room Unit in Market Operations Department (at discussion on April 28)  
Golan Benita, Head of Strategic Management Unit in Market Operations Department (at discussion on May 26)

Francoise Ben-Zur, Head of Financial Division in Market Operations Department  
Guenia De Mayo, Head of Risk Management Unit in Market Operations Department  
Roe Levy, Economist in Risk Management Unit in Market Operations Department  
Esti Schwartz, Secretary of the Monetary Committee and the Supervisory Council (at discussion  
on April 28)  
Ilan Socianu, Assistant to Secretary of Monetary Committee and Supervisory Council