



August 20, 2014

**Summary of the Monetary Committee discussion on August 6, 2014
on management of the foreign exchange reserves**

**1. Quarterly report to the Minister of Finance on the management of the reserves
(second quarter of 2014)**

Background:

Market Operations Department representatives presented the Committee with the quarterly foreign exchange reserves management report, regarding the second quarter of 2014.

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. Proposal to change the rules regarding realization in the case of a deviation from
the country quota authorized by the Foreign Currency Committee**

Background:

Within the framework of the annual update to country quotas which was approved by the Foreign Currency Committee, the Market Operations Department presented the rules regarding realization when there is a deviation in the country quota created by a change in the country's rating.

Monetary Committee decision:

The Committee noted the changes in the rules regarding realization when there is a deviation from the quota, under the authority of the Foreign Currency Committee. It was decided that should a country's rating be reduced to below A-, the issue of realizing the investment in that country is to be brought to a Monetary Committee discussion within 10 days.

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
Golan Benita, Head of Strategic Management Unit in Market Operations Department
Guenia De Mayo, Head of Risk Management Unit in Market Operations Department
Daniel Hahiashvili, Incoming Chief of Staff to the Governor
Roe Levy, Economist in Risk Management Unit in Market Operations Department
Ilan Socianu, Assistant to Secretary of Monetary Committee and Supervisory Council
Tali Kemel, Economist in the Market Operations Department
Esti Schwartz, Secretary of the Monetary Committee and the Supervisory Council
Nitzan Shinar, Economist in the Market Operations Department