



June 24, 2015

**Summary of the Monetary Committee discussion and decision on June 16, 2015
regarding the temporary renewal of the agreement on liquidation of the assets of the
Stock Exchange Clearing Houses risk funds**

Monetary Committee decision:

The Committee members decided that the agreement will be extended for a period of six months, as a transition period ahead of a change in legislation that will permit the Tel Aviv Stock Exchange (TASE), in a case of a member's failure, to place a lien on the risk fund's collaterals on behalf of the Bank of Israel (or for any other entity, if necessary). This is in contrast to the current agreement, under which the Bank of Israel commits to purchase the securities serving as collateral.

Background:

The liquidation agreement between the Tel Aviv Stock Exchange Clearing House and the Maof Clearing House will expire at the end of the current month (June 30, 2015).

The TASE submitted a request to the Bank of Israel to change the agreement, mainly against the background of adjusting the agreement so that the clearing houses would be able to meet the demands of IOSCO¹ and to receive recognition as a QCCP.² Such recognition will reduce the obligatory capital allocation required under Basel III.

Said change in legislation will allow the stock exchange to transfer to its ownership the securities serving as collateral. Thus, in a situation of a member's failure, it will be possible to place a lien on the securities on behalf of the Bank of Israel and to receive a loan accordingly.

Additional details related to the agreement can be found in the summary of the Monetary Committee discussion on March 25–26, 2012, and the summary of the discussion from March 20, 2013.

Participants:

Members of the Monetary Committee

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

Dr. Nadine Baudot-Trajtenberg, Deputy Governor

¹ Technical Committee of the International Organization of Securities Commissions.

² Qualifying Central Counterparty.

Prof. Alex Cukierman

Prof. Reuben Gronau

Other participants:

Mr. Andrew Abir, Director of the Market Operations Department

Mr. Tal Biber, Head of Markets Division

Ms. Ronit Chitayate, Head of Payment and Settlement Systems Division

Ms. Irit Mendelson, Director of the Accounting, Payment and Settlement Systems Department

Ms. Mimi Regev, Head of the Market Surveillance and Analysis Unit

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