



July 28, 2015

**Summary of the Monetary Committee discussion and decisions
on July 14, 2015 regarding
Bank of Israel (Mutual Fund Reporting Obligations) Order, 5775-2015**

Background data

Mutual funds report monthly data on the assets they hold, as well as their issues and withdrawals, to the Bank of Israel. The data are collected at the Bank for analysis of the overall financial system based on the dimensions of participants and instruments.

Mutual funds have reported to the Bank of Israel for years. In the past, reports were received partly in accordance with the requirement under the Currency Control Law, 5738-1978. However, with the legislation of the Bank of Israel Law, 5770-2010, the Currency Control Law was repealed and the reports received are not anchored in a statutory requirement.

The Bank of Israel Law, 5770-2010, authorizes the Governor, among other things, to establish by an Order, reporting requirements that apply to financial entities, including mutual funds. The Order that is brought to the Monetary Committee for approval aims to anchor mutual funds' reporting requirement under the power of this law.

The Order establishes a list of data that mutual funds are to report to the Bank of Israel. These data are, for the most part, the data that the funds already report to the Bank of Israel, with slight changes. The draft version was submitted to the Israel Securities Authority and to the Israel Association of Mutual Funds for comments, it was discussed with them, and was then sent to the Ministry of Justice and amended in accordance with comments.

Under Section 39(a) of the Bank of Israel Law, 5770-2010, the authorization to issue the Order is granted to the Governor, with the approval of the Monetary Committee.

Main points raised in the discussion:

Committee members inquired as to the necessity of issuing the Order, and were answered that it is reporting that the Bank of Israel has received for years, reporting that in the past was anchored in the Currency Control Law, 5738-1978, and with the legislation of the Bank of Israel Law, 5770-2010, the need arose to bring it in line with the new legislative framework.

Committee members asked about the content of the reports, and were answered that they include mainly data on assets held by mutual funds based on major aggregates, as well as their issues and withdrawals. It was also explained that there is no material change in the reporting mechanism required under the Order, compared with the current situation.

Monetary Committee decision:

Committee members approved Bank of Israel (Mutual Fund Reporting Obligations) Order, 5775-2015.

The decision was reached on July 14, 2015.

Participants in the discussion:

Members of the Monetary Committee

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

Dr. Nadine Baudot-Trajtenberg, Deputy Governor

Prof. Alex Cukierman

Prof. Reuben Gronau

Prof. Nathan Sussman, Director of the Research Department

Other participants in the discussion:

Ms. Michal Ohana, Head of the Capital Market Unit in the Information and Statistics Department

Adv. Orna Vago, Deputy Legal Counsel

Mr. Daniel Hahiashvilli, Chief of Staff to the Governor

Adv. Yehudit Sirkis, Assistant to Legal Counsel

Mr. Gaby Fizman, Head of Statistics Division and Deputy Director of the Information and Statistics Department

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