



November 7, 2013

Minutes of the Telbor Committee meeting held on November 6, 2013

Committee members: Zahi Elias (banks' representative), Sharon Lavi from the Tel Aviv Stock Exchange (absent), Ketty Cohen (Bank of Israel Market Operations Department), and Roy Stein (Bank of Israel Research Department – Committee Chairman)

Other participants: Michal Rot-Levy and Yossi Cuomo (Bank Hapoalim), Liraz Refaely (First International Bank), Avshalom Kasher (Deutsche Bank), Guy Fischer (Bank Leumi), Ian Klotnick (Discount Bank) and Ran Abraham (Mizrahi-Tefahot Bank)

1. Roy Stein updated those present about regulatory developments—in Israel and worldwide—in the area of quoting interest rates used as benchmark rates, and in the area of foreign exchange trading. In accordance with global trends, the Banking Supervision Department is concentrating on formulating rules for Telbor market activity. Participants requested that a Banking Supervision Department representative be invited to the next Telbor Committee meeting in order to hold an open discussion on the rules being developed.
2. Following a technical malfunction at one of the contributor banks in transmitting interest rates to the Reuters system around the time of the fixing (during September), it was emphasized at the meeting that each contributor bank needs to confirm the proper working order of communications in the Reuters system by 10:30 am and to report a malfunction not later than 11:00 am. Committee members emphasized the importance of checking systems in order to minimize the glitches when fixing the Telbor rate.
3. Committee members praised the representatives of the contributor banks that require other banks to conduct transactions on the basis of their quotes. This will increase Telbor market credibility, and with it, demand for transactions.
4. Decisions reached:
 - After a discussion in the previous meeting and clarification of the technical abilities of banks and the Reuters system, it was decided to add a third digit after the decimal point in bank quotes and in the Telbor interest rate. This is because it is very important to add a third digit, even if only to increase the flexibility in pricing FRA transactions. Likewise, the spread in binding transactions will be reduced to ± 3 basis points. In accordance with regulations and definitions, this change will come into effect 30 days after the date of the decision—that is, on December 9th (Monday).
 - It was decided to make one change in the general rule set by the Committee, which defines the dates, in addition to Saturdays and Sundays, on which the Telbor interest rate will not be set in 2014. Thus, the Committee withdrew May 26th, which is a holiday abroad, as a date on which the Telbor interest rate is not fixed (on that date, banks will quote the interest rate and fix the Telbor rate). The full list is attached as Appendix 1.

Appendix 1

Dates in 2014 on which the Telbor rate will not be fixed, in addition to Saturdays and Sundays

Date		Hebrew Date		Day of week	Observance
Date	Month	Date	Month		
1	January	29	Tevet	Wednesday	Holiday abroad
15	April	15	Nissan	Tuesday	First day of Passover
21	April	21	Nissan	Monday	Last day of Passover
6	May	6	Iyar	Tuesday	Independence Day
4	June	6	Sivan	Wednesday	Shavuot (Pentecost)
5	August	9	Av	Tuesday	Tisha B'Av
25	September	1	Tishrei	Thursday	Rosh Hashana (1 st day)
26	September	2	Tishrei	Friday	Rosh Hashana (2 nd day)
3	October	9	Tishrei	Friday	Yom Kippur eve
9	October	15	Tishrei	Thursday	Sukkot
16	October	22	Tishrei	Thursday	Shemini Atzeret
25	December	3	Tevet	Thursday	Holiday abroad
26	December	4	Tevet	Friday	Holiday abroad

* The present proposal does not include Monday, May 26th as a date on which the Telbor rate is not fixed.