



July 2, 2018

Circular no. C-06-2564

Attn:

Banking corporations and credit card companies

Re: The Liquidity Coverage Ratio

(Proper Conduct of Banking Business Directive no. 221)

Introduction

1. This update of the Directive is due to the legislation of the Enhancing Competition and Reducing Concentration in the Banking Sector in Israel (Legislative Amendments) Law, 5777-2017 and the changes expected due to it, in all that is related to credit card companies.
2. After consultation with the Advisory Committee on Banking Business Affairs, and with the consent of the Governor, I have amended this Directive.

The essence of the change to the Directive

3. **Scope of Application (Section 5)**—A paragraph was added that exempts credit card companies that comply with specified conditions from the application of the Directive. The conditions include maintaining an internal model for liquidity management that takes into account all its liquidity needs and their characteristics, as well as holding liquid assets based on this model, plus a safety cushion that takes stress scenarios into account.

Explanation

A credit card company, as defined in the Directive, that complies with the terms detailed in this section, shall not be required to meet the Liquidity Coverage Ratio. However, it must hold liquid assets in accordance with an internal model that is in line with the characteristics of its activity.

Effective date

4. The changes to this directive shall go into effect with the publication of this Circular.

Update of file

5. Update pages for the Proper Conduct of Banking Business Directive file are attached. Following are the provisions of the update:

Remove page

(9/14) [1] 221-1-47

Insert page

(7/18) [2] 221-1-48

Respectfully,

Dr. Hedva Ber
Supervisor of Banks