Bank of Israel
Monetary Committee Secretariat

November 23, 2016

Summary of the Monetary Committee discussions on November 23, 2016 on Amending the Liquidity Directives

Background:
The Monetary Committee decided, after holding discussions on July 5, July 12, August 24, and September 6, 2016, to change the frequency of interest rate decisions, from monthly decisions to periodic decisions—eight times per year. As a result, the need arose to amend the Liquidity Directive and to change the term “liquidity month” to “liquidity period”.

Main points that were discussed:
1. In light of the Monetary Committee‘s decision to change the dates of interest rate decisions from 12 decisions per year to 8 meetings per year, the Market Operations Department recommended amending the Liquidity Directives accordingly.
2. The amendment of the directive derives from the need to maintain the correlation between the period of the interest rate’s applicability and the liquidity period, as was the case prior to the change, as part of the implementation of monetary policy.

Monetary Committee decision:
In accordance with Section 38(b) of the Bank of Israel Law, 5770-2010, the Monetary Committee approves the Governor’s decision related to amending the Liquidity Directive by changing “liquidity month” to “liquidity period”.

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. Nathan Sussman, Director of Research Department

Other participants
Andrew Abir, Director of Market Operations Department
Tal Biber, Head of the Markets Division in Market Operations Department
Hanoch Danenberg, Economist in Market Operations Department
Adv. Orna Vago, Deputy General Counsel of Bank of Israel

Daniel Hahiashvili, Chief of Staff to the Governor
Esti Schwartz, Secretary of the Monetary Committee and the Supervisory Council