

BANKING ORDINANCE, 1941*		
Short Title		
1.	This Ordinance may be cited as the Banking Ordinance, 1941.	
Interpretation		
2.	(1)	In this Ordinance, the following terms will have the following meaning, unless the context otherwise requires:
		" The Committee " - the Advisory Committee appointed under Section 6;
		" The Governor " - the Governor of the Bank of Israel appointed under Section 6 of the Bank of Israel Law;
		" The Bank of Israel Law " – the Bank of Israel Law, 5770-2010;
		" The Banking (Licensing) Law "- the Banking (Licensing) Law, 5741-1981;
		" strike " - any organized, total or partial work stoppage by a group of employees, including a slowdown and any other organized disruption of the normal course of work;
		" dormant deposit " - a deposit, whether in Israeli or foreign currency, in respect of which ten months have passed since the day the last instruction from the deposit owner was received.
	(2)	Every other term in this Ordinance has the meaning assigned thereto in the Banking (Licensing) Law.
2A through 3A. (Deleted)		
Restriction on use of word "Bank"		
4.	(1)	No person or body of persons, whether incorporated or unincorporated, other than a bank, a foreign bank, a mortgage bank, an investment financing bank and a business promotion bank, shall, without the consent of the Governor, use or continue to use the word "bank" or any of its derivatives in the name under which they carry on business.
	(2)	Any person or body of persons, whether incorporated or unincorporated, who act in contravention of the provisions of this section shall be liable to a fine not exceeding five hundred shekel for each day during which the offense continues.
	(3)	The Governor may direct any person, after consultation with the Committee and after granting such person an opportunity to present his arguments, to delete, within such time as the Governor shall prescribe, the word "bank" or any derivative thereof from the name under which he carries on business.

* This version is updated to Amendment #33, November 28, 2018. (Sefer Hukim 2759).

	(4)	The Governor shall not exercise his power under Subsection (3) in respect of a bank, a foreign bank, a mortgage bank, an investment financing bank or a business promotion bank, so long as a direction under Sections 8d or 8n has not been issued in respect thereof.
	(5)	(Deleted)
	(6)	Where a corporation did not comply with a direction issued to it under Subsection (3) and did not choose another name for itself within the period prescribed by the Governor, the Governor shall choose a name for it and shall notify those corporations' registrar accordingly; the Governor's notification shall be deemed to be a notification by the corporation of the change of its name, duly passed and delivered, and the provisions of law relating to changes of name shall apply to it <i>mutatis mutandis</i> .
Names likely to mislead		
4a.	(a)	Where a person not being a banking corporation carries on business under a name not containing the word 'bank' or any derivative thereof, but suggesting that such person is engaged in an occupation reserved to a banking corporation under Sections 13 or 21 of the Banking (Licensing) Law, the Governor may, in addition to his powers under Section 4, after consultation with the Committee and after granting such person an opportunity to present his argument, direct that within a time, prescribed by the Governor, but not less than 28 days, such person delete from the name under which he carries on business any word or other expression which suggests that he carries on an occupation reserved to a banking corporation under Sections 13 or 21 of the Banking (Licensing) Law.
	(b)	A direction under Subsection (a) shall be deemed to be a direction under Section 4(3), and a person who fails to comply with it shall be deemed to be a person who, without a permit, continues to use the word 'bank' as part of his name.
The Supervisor of Banks and his powers (see Appendix with regard to transitional provisions)		
5.	(a)	The Governor may appoint a Supervisor of Banks (hereinafter - "the Supervisor"), who, upon being appointed, shall be an employee of the Bank of Israel and shall be charged with the inspection and general supervision of every banking corporation; he and persons acting on his behalf shall have the power to demand that a banking corporation, a director, an employee or auditor therein, submit to him information and documents in their possession relating to the business of the banking corporation and of every corporation under its control, or to enable him to examine, copy or photograph any said document; if the information required is stored in a computer, the information shall be delivered in a manner as required.

	(b)	Any person who refuses to comply with a demand under Subsection (a), shall be liable to imprisonment for one year.
	(c)	The Minister of Inland Security may empower any employee of the Bank of Israel, empowered under Subsection (a) to act on behalf of the Supervisor, to carry out investigations of offenses under this Ordinance, under the Banking (Licensing) Law, or under the Bank of Israel Law, or of offenses relating to assets of customers of a banking corporation; an employee so empowered shall have all the powers vested in a police officer at or above the rank of inspector under the Criminal Procedure (Evidence) Ordinance, and the provisions of that Ordinance shall apply to investigations as aforesaid.
	(c1)	The Supervisor may, for the purpose of supervision as per Subsection (a), after consultation with the Committee and with the approval of the Governor, promulgate directives pertaining to the operating and management methods of a banking corporation, an officer thereof, and anyone employed thereby, all of which in order to assure proper conduct of its business and the safeguarding of its customers' interests, to avert impairment of its ability to fulfill its obligations, and to support the stability and orderly activity of the financial system (in this Ordinance—Proper Conduct of Banking Business Directives); such a directive may be issued either to all banking corporations or to a certain type thereof.
	(c2)	(1) Proper conduct of banking business directives need not be published in Reshumot; however, the Supervisor shall publish in Reshumot a notice about the issue of said directives and their commencement.
		(2) Proper conduct of banking business directives and any amendment thereto shall be made available for perusal of the public at the offices of the Supervisor, and shall be published on the website of the Bank of Israel; the Governor may determine additional methods of publication.
	(d)	The Governor may assume any power vested in the Supervisor.
Establishing Advisory Committee		
6.	(1)	The Governor may appoint an advisory committee to advise him on matters relating to banking business; the committee shall consist of such persons and appointed on such terms as the Governor may deem fit, and he may at any time terminate any appointment so made.
	(2)	The Governor may issue rules providing for the procedure to be followed at any meeting held by the committee to be established under this section.
	(3)	One of the members of the committee shall be a person appointed by the Minister of Finance.
	(4)	The committee may appoint from among its members subcommittees of one or more members, prescribe their functions and delegate powers thereto; the committee member under

		Subsection (3) shall, by virtue of his appointment, be a member of every subcommittee appointed under this subsection.
	(5)	The proceedings of the committee or any subcommittee thereof shall be confidential, and no person shall, without the approval of the Governor, divulge them or any information regarding them.
7. (Deleted)		
Credit to ensure stability of banking corporation		
8.	(a)	Where the Governor is of the opinion that in order to ensure the stability of a banking corporation, the banking corporation requires additional monetary resources, the Bank of Israel may provide it with funds by discount of bills of exchange, promissory note or other negotiable instruments or by loans secured to the satisfaction of the Governor.
	(b)	Credit under Subsection (a) shall be on such conditions as the Governor may deem fit, and he shall prescribe the security to be provided by the recipient of the credit.
	(b1)	A pledge of securities or funds, of a right to securities or funds, or of a securities account imposed against the provision of credit to a banking corporation under Subsection (a), shall be governed by the provisions of Section 37 of the Bank of Israel Law, <i>mutatis mutandis</i> .
	(c)	The power of the Governor under Subsection (a) shall not derogate from his power under Section 36(4) of the Bank of Israel Law.
Notice of defects to banking corporation		
8a.	(a)	If the Supervisor is of the opinion that a particular banking corporation conducted business in a manner likely to impair its ability to fulfill its obligations or the proper conduct of its business, he shall send it a written notice specifying the defects, demanding that they be rectified, or their adverse consequences prevented, within a period stated in the notice, and giving it an opportunity to submit, within the same or a shorter period, as may be stated in the notice, its remarks and objections concerning the defects or the demand for their rectification.
	(b)	Where a banking corporation has submitted remarks and objections as per Subsection (a), the Supervisor shall render his decision regarding them as soon as possible after receiving them and shall notify the banking corporation of his decision, and if he demands the rectification of defects or the prevention of their adverse consequences, he shall prescribe the period within which the banking corporation is to act as required.
Power of Supervisor to determine bad debts		
8b.	(a)	If the Supervisor is of the opinion that the whole or part of a debt due to a banking corporation is a bad debt, or that any asset of a banking corporation is reflected in its books at an amount which

		exceeds its value at the time upon sale by a willing seller to a willing purchaser, he may direct the banking corporation to allocate the amount necessary, under the circumstances, to an appropriate fund.
	(b)	A direction under Subsection (a) shall be deemed to be a notice under Section 8a.
Measures to prevent adverse consequences		
8c.	(a)	Where the Supervisor, upon the expiration of the period stated in the notice under Section 8a, is of the opinion that the banking corporation has not rectified the defects of which it was notified under that section or has not prevented their adverse consequences, or where, after granting the banking corporation an opportunity to present or submit its remarks and objections, he believes that measures should be undertaken to prevent the banking corporation from an inability to fulfill its obligations or from causing harm to its customers or to persons having rights therein, he may, after consultation with the Licensing Committee -
		(1) direct the banking corporation to refrain from types of acts stated in the direction, other than fulfillment of obligations;
		(2) prohibit distribution of dividends or profits to the shareholders of the banking corporation and granting benefits to its directors, managers and signatories;
		(3) suspend or restrict the power of a director, business manager or signatory, and if he found this insufficient, he may remove him from his post; a person, who is adversely affected by the Supervisor's decision to remove him from his post, may appeal to the Governor.
	(b)	A direction under this section shall not be published in Reshumot, and an argument that an act executed in good faith with a person not authorized to execute it, in contravention of such direction, is void only for the reason that it was executed in contravention of the direction, shall not be accepted.
Powers to safeguard stability of banking corporation		
8d.	(a)	If the Governor, after consultation with the Supervisor, believes that a particular banking corporation is unable to fulfill its obligations or that, because it has conducted its business in a manner deviating from proper conduct of banking business, it is unable to return an asset entrusted to it, or that any of its directors or business managers have acted in a manner likely to impair the proper conduct of its business, the Governor may, after granting the banking corporation an opportunity, appropriate under the circumstances, to present or submit its arguments, and after consulting the Licensing Committee, issue to the banking corporation any of the directions as per Section 8c(a), and he may, with the approval of the Committee, as defined in the Bank of Israel Law -

	(1)	(Deleted);
	(2)	appoint an administrator to manage the banking corporation as per Section 8f;
	(3)	appoint a special supervisor for the banking corporation to supervise its management as per Section 8g;
	(4)	appoint an administrative committee for the banking corporation to advise the administrator.
	(b)	An appointment as per paragraphs (2) and (3) of Subsection (a) may be granted also either to a State employee or to an employee of the Bank of Israel.
	(c)	Where the Governor believes, that the circumstances of the case and public welfare require, that an act under Subsection (a) be executed without delay, he may so act without consulting the Licensing Committee and without granting the banking corporation an opportunity to present or submit its arguments, provided he hears the banking corporation as soon as possible after having so acted under Subsection (a), and he brings the matter before the Licensing Committee
	(d)	(Deleted)
	(e)	(Deleted)
	(f)	The supervisor's appointment as per Subsection (a)(3) shall not be published in Reshumot, and the contention shall not be accepted that an act executed in good faith with a person not authorized to execute it, or in contravention of such direction, is void only for the reason that it was executed by a person not authorized to execute it or in contravention of the direction issued to the banking corporation.
Reporting by banking corporation about embezzlement		
8d1.	(a)	If a banking corporation becomes aware of reasonable suspicion that one of its employees or officers was involved in an embezzlement, of a sum exceeding the sum determined by the Supervisor, it shall report the embezzlement, as soon as possible, to the internal auditor as per Section 14e, and to the Supervisor.
	(b)	The report to the Supervisor shall include such details as the Supervisor determines; the Supervisor shall also determine the manner of reporting, the date thereof, and any other detail he deems fit.
	(c)	For the purpose of this Section- "Embezzlement" —one of the offenses listed in clauses a, f, and g of Chapter 11 of the Penal Law, 5737-1977 (in this Ordinance—the Penal Law), and all of which relate to assets of, held by, or managed by the banking corporation.
Report of the Supervisor		
8d2.		Once a year, the Supervisor shall submit to the Finance Committee of the Knesset a report detailing the number of embezzlements reported as per Section 8d1, and as for embezzlements with regard to which the

		Supervisor has completed his examination - the report shall also detail how the acts were handled and the findings therein, except for the manner in which the information was obtained. The Supervisor shall bring the report to the attention of the public in a manner he determines, including by way of publishing on the website of the Bank of Israel.
Violations of Sections 8c and 8d		
8e.	(a)	A banking corporation, which violates any direction issued to it by the Supervisor under Section 8c, or issued to it by the Governor under the said section, or by virtue of his power under Section 8d(a), shall be liable to a fine of 100,000 IL.
	(b)	A person who acts as a director, business manager, or signatory while his power is suspended or restricted, or while he is suspended from office, shall be liable to four-year imprisonment or to a fine of 100,000 IL.
	(c)	A signatory of the banking corporation, who actually participates in the commission of an offense under Subsection (a), shall be liable to three-year imprisonment or to a fine of 50,000 IL.
	(d)	A person who, at the time of the commission of an offense under Subsection (a), is an active director, a business manager, a representative, or the chief or sole accountant of the banking corporation, shall be liable to three-year imprisonment or to a fine of 50,000 IL, unless he proves -
	(1)	that the offense was committed without his knowledge and that his office did not require him to know of its commission; or
	(2)	that he took all reasonable measures to ensure compliance with the directions issued.
Violation of Section 8d1		
8e1.	(a)	If an embezzlement offense, as defined in Section 8d1(c), is committed at a banking corporation, and the banking corporation does not report it in the manner set forth in Section 8d1, the banking corporation shall be liable to the fine set forth in Section 61(a)(2) of the Penal Law.
	(b)	The general manager of the banking corporation must supervise and do everything possible to uphold the provisions of Section 8d1; anyone who violates his said obligation is liable to the fine set forth in Section 61(a)(1) of the Penal Law.
	(c)	If an embezzlement offense, as defined in Section 8d1(c), is committed at a banking corporation, and the banking corporation violates its obligation to report as stated in Subsection (a), it is presumed that the general manager of the banking corporation has violated his obligation as stated in Subsection (b), unless he proves he did everything possible to discharge his obligation.
Powers of administrator		

8f.	(a)	An administrator appointed under Section 8d(a)(2) shall manage the banking corporation in accordance with directions he receives from the Governor or from the Supervisor of Banks, if the Governor has authorized him to issue directions.
	(b)	An administrator shall have the status of business manager of a banking corporation, and in addition, every manager who has not been suspended, and every employee of the banking corporation, must comply with his directions.
	(c)	In addition to Subsections (a) and (b), an administrator shall carry out the functions of the board of directors of the banking corporation and of its committees, and he shall, subject to Section 8h(e), have all the powers conferred and functions imposed upon the board of directors and its members by the memorandum of association and regulations of the banking corporation.
	(d)	The banking corporation shall pay the administrator a salary as the Governor prescribes.
	(e)	The administrator shall, after consultation with the management committee and with the approval of the Governor, be authorized to transfer all or part of the assets of the banking corporation to another banking corporation, which assumes all liabilities thereof.
Special examiner		
8g.	(a)	A special examiner appointed under Section 8d(a)(3) shall supervise the activities of the board of directors of the banking corporation, and the management of its business, in accordance with directions he receives from the Governor, and from the Supervisor of Banks, if the Governor has authorized him to issue directions.
	(b)	The Governor may permit the special examiner to employ other persons for the fulfillment of his tasks.
Management Committee		
8h.	(a)	A management committee appointed for a banking corporation under Section 8d(a)(4) shall advise the administrator in the discharge of his functions under Section 8f.
	(b)	So long as the management committee discharges its functions, the board of directors and its members shall not discharge their functions or exercise their powers.
	(c)	The administrator shall be the chairman of the management committee.
	(d)	The banking corporation shall pay the members of the management committee a salary in an amount prescribed by the Governor.
	(e)	The management committee shall approve the balance sheet of the banking corporation as if it were a general meeting and shall appoint an accountant for the banking corporation, but this shall not derogate from the duty to convene a general meeting.
Providing information		

8i.	(a)	Where a direction under Section 8d is issued, every director or business manager of the banking corporation, whether or not a suspension direction has been issued in his regard, and every other person employed at the banking corporation, must, on the demand of the Governor, the administrator, the special examiner, or whoever they authorize for this purpose, provide them or their agents with the information, books, certificates or any other document that in the opinion of the person making the demand may ensure or facilitate the execution of a direction under Section 8d.
	(b)	Any person who does not comply with a demand issued to him under Subsection (a) shall be liable to two-year imprisonment or to a fine of 10,000 IL.
Discontinuing discharge of obligations		
8j.	(a)	The administrator may, with the approval of the Governor, direct that within a period not exceeding ten days from the date of issue of a direction under Section 8d(a)(2), the banking corporation shall not discharge its liabilities which were or are due during or before that period.
	(b)	The Governor may extend the period as per Subsection (a) by ten additional days, if he has provided notice under Section 8n of his intention to revoke the license of the banking corporation, and the period during which its managers may present their arguments has not yet elapsed, or a winding-up or receivership order in respect of the banking corporation has not been issued in court.
	(c)	The administrator shall publish any direction issued under Subsection (a) and (b) as soon as possible after its issue.
	(d)	The banking corporation, the administrator or the Governor shall bear no liability for issuing the direction under Subsection (a) or for the non-discharge of a liability by virtue of such direction.
Power to guarantee		
8k.	(a)	The Governor may, with the approval of the Government, publish a notice in Reshumot, that the Bank of Israel, or another banking corporation, which has consented thereto and which the Governor has authorized thereto, shall guarantee -
	(1)	deposits made with a banking corporation in respect of which a direction has been issued under Section 8d, either in the full amount of those deposits, or up to a specific amount per deposit of the types prescribed;
	(2)	other types of liabilities of a banking corporation as per paragraph (1), in whole or in part, provided that -
	(a)	he considers that public welfare so requires;
	(b)	a guarantee under this section shall not be granted for the whole amount of liabilities of a banking corporation, unless the Governor believes there is a reasonable prospect that such guarantee shall

				enable the banking corporation to continue regular management of its business.
	(b)	A guarantee under Subsection (a) may be for an unlimited time, conditional or unconditional, as specified in the notice.		
	(c)	When a notice as aforesaid has been published, the guarantee shall be valid as notified even if the warrantee does not consent to the granting of the guarantee, and the guarantor banking corporation may at any time recover from the warrantee banking corporation any amount it paid under the guarantee.		
	(d)	The warrantee banking corporation may, notwithstanding any stipulation to the contrary, obligate itself vis-à-vis the guarantor banking corporation in respect of the guarantee granted under Subsection (a) and its terms.		
	(e)	Where the Governor, with the approval of the Government, sees fit to annul a guarantee given under Subsection (a), he shall give notice of the annulment and of the date thereof, which shall not be less than ninety days from the date of publication of the notice, in Reshumot and at least two daily newspapers, and from that date onwards no person shall be entitled to claim from the guarantor the discharge of a liability; provided that where a person is entitled to have a liability of the warrantee banking corporation discharged at a date later than the date of annulment, and that liability existed at the time the guarantee was in force, he shall be entitled to recover from the guarantor until the expiration of thirty days from the day prescribed for the discharge of that liability and if the guarantor pays, the provisions of Subsection (c) shall apply.		
	(f)	The Governor shall not annul a guarantee granted by another banking corporation, except with the consent of the guarantor banking corporation.		
	(g)	A guarantee under this section shall be deemed a guarantee granted under the Guarantee Law, 5727-1967.		
Restriction of winding-up and appointment of receiver				
8l.	(a)	Where an administrator issued a direction under Section 8j, a court shall not issue a winding-up or receivership order for the banking corporation in respect of which the direction was issued, and the banking corporation or any meeting of its shareholders or of the owners of any other rights therein shall not pass a resolution for the voluntary winding-up thereof, and no receiver shall be appointed therefor, whether on behalf of the holders of debentures or of any other person, and no attachment shall be imposed upon the property thereof or upon assets thereof in the hands of any other person, and no other execution proceedings shall be commenced or continued against it, so long as the direction under Section 8j is in force, except upon an application on behalf of the Attorney General or with his written consent.		
	(b)	Where an administrator has been appointed under Section 8d(a)(2), a court shall not, so long as the appointment is in force, issue either		

		a winding-up or receivership order for the banking corporation upon the application of one of its shareholders, and the banking corporation or any meeting of either its shareholders or the owners of other rights therein shall not pass a resolution for the voluntary winding-up thereof.
Restriction as to resolutions of shareholders' meeting		
8m.		A resolution of either a meeting of the shareholders of the banking corporation, or of the holders of other rights therein, which does not conform to the provisions under Sections 8c to 8k, or to any act done or direction issued thereunder - shall have no effect.
8n.		(Deleted)
Declaration of discontinuing services		
8o.	(a)	Where the Supervisor sees that a particular banking corporation is unable to conduct its business properly due to a strike at that or some other banking corporation, he may declare that the banking corporation has discontinued its services (hereinafter-"discontinuance"), and he may prescribe in the declaration that it shall apply to all or part of the banking corporation's services.
	(b)	The declaration shall be published in Reshumot and in at least four daily newspapers in Israel.
	(c)	The declaration shall determine the date at which the banking corporation discontinued its services, and it may determine different discontinuance dates for different services.
Revocation		
8p.		In revoking the declaration, different revocation dates may be prescribed for different services.
Postponing dates		
8q.	(a)	Where a banking corporation-in-discontinuance and any person agree to do a particular act or fulfill an obligation that the banking corporation or the person must or may do at a date between issuing and revoking the declaration, the date shall be postponed until the expiration of three business days from the revocation of the declaration, provided that the act or the fulfillment of the obligation fall within the services to which the declaration applies.
	(b)	Postponement under this section shall also apply to a date prescribed by a judgment or other decision of a court or other judicial or quasi-judicial authority.
Interest and Indexation differentials		
8r.	(a)	Where an obligation, whose date of discharge is postponed under Section 8q, bears interest prior to discontinuance, it shall continue

		to bear interest until the new date of discharge, at the rate which applied during the period prior to discontinuance.
	(b)	Where an obligation, whose date of discharge is postponed under Section 8q, is value-linked, the duty of paying indexation differentials as agreed shall continue to apply during the period of discontinuance; for this purpose, "value-linked obligation" means an obligation that whole or part of its amount is linked to the rate of exchange of Israeli currency, the consumer-price index, or the price rise of anything else.
	(c)	The Governor of the Bank of Israel may direct that in the period of discontinuance a person may or must pay to the Bank of Israel any amount he owes to the banking corporation-in-discontinuance, and the payment shall be deemed to be payment to the banking corporation-in-discontinuance; a direction under this subsection shall be brought to the knowledge of the debtors in such manner as the Governor may direct.
Execution of direction to pay		
8s.		Where prior to the date of discontinuance a person issued a check drawn on the banking corporation, or any other written direction to execute a payment from his account at the banking corporation, and compliance with the direction is within the scope of services to which the declaration applies, the amount in the direction is deemed to have been paid in due time if the banking corporation pays it within three business days after revocation of the declaration.
Limitation of banking corporation's liability		
8t.		A banking corporation-in-discontinuance shall bear no criminal or civil liability for any act or omission resulting from the discontinuance of services to which the declaration applies.
Defense in Criminal Law		
8u.	(a)	A person who draws a check on a banking corporation-in-discontinuance shall bear no criminal liability under Section 14 of the Amendment of the Penal Law (Deceit, Blackmail and Exploitation) Law, 5723-1963 (hereinafter - "the Penal Law"), if the non-obligation of the banking corporation to honour the check on the date specified thereon as the date of drawing is due solely to postponement under Section 8q.
	(b)	For the purposes of Section 15(c) of the Penal Law, where a check is drawn on a banking corporation-in-discontinuance, the sixty days shall not include the period between issuing and revocation of the declaration, if payment of the check is within the scope of services to which the declaration applies.
Reports to be submitted to the Governor		
9.	(1)	Every banking corporation shall provide to the Supervisor:

		(a)	no later than twenty-one days after the last day of each month, a report in the form set out in the first schedule to this Ordinance, showing the assets and liabilities of the banking corporation at the close of business on the last day of the preceding month;
		(b)	no later than twenty-eight days after the last day of March and September - a report in the form set out in the second schedule of this Ordinance, giving an analysis of current loans and bills discounted as at March 31 and September 30:
			Provided that in the case of a foreign bank, the reports referred to in paragraphs (a) and (b) hereof, shall comprise only data with respect to offices or branches of the foreign bank which are situated located in Israel; Provided that the Governor may by order, from time to time, amend the form of the first and second schedules, and the dates at which the information required in the second schedule must be added and forwarded to the Governor.
	(2)		A banking corporation failing to comply with the requirements set out in paragraphs (a) and (b) of Subsection (1) hereof, shall be liable to a fine not exceeding five hundred shekel per day during which the violation continues.
Presentation and publication of balance sheet			
10.	(1)		A banking corporation shall publish its audited annual financial report or an abstract thereof at such time and in such form and extent as the Supervisor may direct.
	(2)		The Supervisor of Banks may, once a year, require any banking corporation, in writing, to draw up, present and publish, within the time prescribed in the requirement, a report of its assets and liabilities as at the date prescribed in the requirement; the report shall include a comparative balance sheet of the assets and liabilities of the banking corporation at the said date and of the assets and liabilities set out in the last audited balance sheet of the banking corporation and shall be drawn up in the same manner as such last audited balance sheet.
	(3)		Any banking corporation to which this section applies, which fails to comply with the requirements thereof, shall be liable upon conviction to a fine not exceeding one hundred IL.
Individuals ineligible to participate in management of banking corporations			
11.	(1)		Without prejudice to anything contained in Section 73 of the Companies Ordinance, no person -
		(a)	who has been a manager of, or directly or indirectly concerned in the management of, a banking corporation which has been liquidated by a Court, or
		(b)	who has been sentenced by a court to a term of imprisonment for an offense involving moral turpitude, and

		has not received a full pardon for the offense for which he was sentenced –
		shall, without the express authorization of the Governor, serve or continue to serve as manager of, or be, directly or indirectly, concerned in the management of, any banking corporation.
	(2)	Any person contravening Subsection (1) of this section shall be liable upon conviction to imprisonment not exceeding two years or to a fine not exceeding twenty five thousand shekel, or to both such penalties.
Approval of appointment of officer		
11a.	(a)	No person shall serve as an officer in a banking corporation unless notice is provided to the Supervisor, at least sixty days prior to the beginning of the term of service, and the Supervisor during said period has not announced his objection to said appointment or has announced his consent thereto.
	(b)	The Supervisor's decision to object to the appointment shall be substantiated in writing after granting the candidate an opportunity to present his arguments and after consulting with the Licensing Committee, and for this purpose he will take into account - considering among other matters, the banking corporation's special needs - the suitability of the candidate for the proposed post, including his business experience, honesty, integrity, and relations of any kind whatsoever with the banking corporation or with any officer therein, and if the candidate has served in the past as an officer in a banking corporation – his performance at the time; as for a candidate for director, the Supervisor shall also consider the candidate's other occupations and businesses and the suitability of the Board of Directors' composition to the banking corporation's areas of activity.
	(c)	(Deleted)
	(d)	(Deleted)
	(e)	If an officer is appointed and after said appointment additional or new details come up in regard to the considerations stated in Subsection (b), the Supervisor, after granting him an opportunity to present his arguments and after consulting with the Licensing Committee, may order his service terminated due to said additional or new details.
	(f)	If the Supervisor announces his objection to an appointment as stated in Subsection (a), or orders termination of service as per Subsection (e), the person whose candidacy is disqualified, or the officer whose service is terminated, as the case may be, may appeal the Supervisor's decision to the Governor.
	(g)	The provisions of this section shall also apply to the service of a director of a banking corporation as the chairperson of its board of directors, <i>mutatis mutandis</i> .
	(h)	(1) For the purpose of Subsections (a), (e), and (f), an "officer" - a director, a general manager, an internal auditor and

			general counsel, and a person whom the Supervisor determines; the Supervisor shall determine, for each banking corporation, which of its officers requires appointment approval, provided the Supervisor does not include in his determination more than seven officers in the banking corporation;
		(2)	(Deleted)
Preventing conflict of interest			
11a1.		A person that controls a significant non-financial corporation, a person related to a controller as aforesaid or an officer in a significant non-financial corporation shall not be appointed or serve as a director in a banking corporation that is a significant financial entity; the Supervisor may issue directions for term continuation of a director during the sale procedure as per Section 35b(e) of the Banking (Licensing) Law; in this section-	
		"person related to the controller" – a relative or partner of the controller or a person with an association as defined in Section 240(b) to the Companies Law, to the controller;	
		"financial entity" and "non-financial corporation" – as defined in Section 28 to the Enhancing Competition and Reducing Concentration Law;	
		"significant financial entity" – a financial entity listed in the significant financial entities list published as per Section 29 to the Enhancing Competition and Reducing Concentration Law;	
		"Enhancing Competition and Reducing Concentration Law" – the Enhancing Competition and Reducing Concentration Law, 5773 – 2013;	
		"controller" of a significant non-financial corporation – including a holder in a control cluster as defined in the Companies Law, in a significant non-financial corporation that has no other controller;	
		"significant non-financial corporation" – a non-financial corporation listed in the significant non-financial corporations list published as per Section 30 to the Enhancing Competition and Reducing Concentration Law;	
Information from shareholders			
11b.	(a)	In the minutes of general meetings, regarding resolution in the following matters, the names of those attending the meeting, the names of the voters, the share of holdings of voting rights by virtue of which they voted, and the nature of their votes shall be itemized:	
		(1)	amendment to the memorandum or articles of association;
		(2)	appointment or termination of service of a director;
		(3)	approval of actions or transactions that require general meeting approval under the provisions of Sections 255 and 268–275 of the Companies Law, 5759-1999 (in this ordinance—the Companies Law);
		(4)	distribution under chapter 2 in part 7 of the Companies Law;

		(5)	approval of a merger under Section 320 of the Companies Law.
	(b)		The Supervisor may demand, that any person who attended or voted at a particular general meeting of a banking corporation, provide details about his identity, the identity of a person for whom he acts as agent or trustee, and, if he is a corporation, about its controllers.
	(c)		A banking corporation in which none of the holders of means of control requires a permit under the provisions of Section 34(b) of the Banking (Licensing) Law, or a banking corporation to which the provisions of the Bank Shares under Settlement (Temporary Provision) Law, 5754-1993 apply, and a share committee under said law does not serve in regard to it (in this Ordinance – a banking corporation with no controlling interest), shall send the Supervisor the minutes of the general meeting of any resolution concerning the appointment or termination of service of a director, within ten days of the date of the meeting.
Appointing, service and termination of service of directors in a banking corporation which is a public company			
11c.	(a)		In a banking corporation which is a public company as defined in the Companies Law, the following provisions shall apply to the appointment, service and termination of service of directors:
		(1)	voting in a general meeting for the appointment and termination of service of directors shall be conducted for each candidate for directorship or director, as the case may be, separately;
		(2)	The board of directors may not appoint directors for the banking corporation, and may not offer candidates for directorship to the committee for the appointment of directors in banking corporations appointed under Section 36a to the Banking (Licensing) Law;
		(3)	Notwithstanding the provisions of Subsection (2), the board of directors may appoint directors to the banking corporation, if, after the previous annual general meeting, there is a vacancy, or with the approval of the Supervisor, provided the term of the director so appointed will terminate not later than the next annual general meeting, and all of the above - unless the articles of association of the banking corporation do not enable it.
		(4)	A general meeting, the agenda of which is the appointment or termination of service of directors, shall not convene unless the banking corporation published a prior notice of the above in the way a notice about the convening of a general meeting is published, at least 21 days prior to the notice regarding the convening of the general meeting and the prior notice has been delivered to the supervisor at that date.

		(5)	Resolutions of the general meeting regarding the appointment or termination of service of a director shall be passed by the majority of those participating in the vote; unless prescribed otherwise in the articles of association of the banking corporation, the abstained votes shall not be taken into account when counting the votes participating in the vote.
		(6)	Where the number of candidates for directorship that received the majority of votes in the general meeting exceeds the number of vacancies for that office, the candidates that received the highest number of votes shall be elected, unless the articles of association of that banking corporation set out a different equal mechanism approved by the Supervisor.
	(b)		The provisions of this section shall prevail over any contradicting legal provision.
Proposing candidates for directorship in a banking corporation with no controlling interest			
11d.	(a)		In a banking corporation with no controlling interest, the following provisions shall apply in regard to proposing candidates for directorship:
		(1)	The committee for the appointment of directors in banking corporations appointed under Section 36a to the Banking (Licensing) Law (Hereinafter – the committee), shall propose to the general meeting of the banking corporation candidates for directorship;
		(2)	The committee shall propose, according to Subsection (1), candidates for directorship, in an equivalent number of vacancies required to complete the maximum number of directors according to the proper conduct of banking business directives relating to the board of directors, issued by the Supervisor as per Section 5(c1) (in this subsection – the directive relating to the board of directors), and one more candidate for every kind of qualification needed to be appointed: an external director according to the Companies Law, an external director according to the directive relating to the board of directors, and another director – all of which fulfill the conditions mentioned in Section 11e(b).
		(3)	In addition to the committee, only the following are entitled to propose to the general meeting of the banking corporation, candidates for directorship:
		(a)	A holder of more than 2.5% of any type of means of control in the banking corporation (in this section – a holder);
		(b)	Two or three holders of means of control in a banking corporation, provided that every one of them holds more than 1% and no more than 2.5%

			of any type of means of control in the banking corporation, and that hold together no less than 2.5% and no more than 5% of any said type of means of control (in this section – co-holders), provided that every member of the co-holders submitted to the banking corporation a report regarding his holdings according to Section 36(b)(1) to the Banking (Licensing) Law, and for a period of at least 3 months prior to the notice of convening the general meeting there was no valid objection by that member to disclosure according to Section 36(b)(1)(c);
		(4)	A holder or co-holders, including any member of the co-holders, shall not propose, according to the provisions of Section (3), more than one candidate for directorship, and shall not propose additional candidates for directorship as long as a director, proposed by them, is in office, except according to a permit granted by the Governor after consulting the licensing committee; the provision of this section shall not apply to a proposal of a candidate in order to fill in the place of a residing director that was elected according to the holder's or co-holders' proposal, as the case may be;
		(5)	The calculation of the holding rates held by holders as per Subsection (3) shall be at the time of sending the candidate's proposal for directorship; however, in order to include the proposal in the agenda of the general meeting, the said holders must hold the abovementioned holding rates at the set date as per Section 182(b) and (c) of the Companies Law, as well.
	(b)		The provisions of this section shall prevail over any contradicting legal provision.
Appointing, service and termination of service of directors in a banking corporation with no controlling interest			
11e.	(a)		The provisions of Section 11c(a), except Subsection (3), shall apply to appointment, service and termination of service of directors in a banking corporation with no controlling interest as well as the following provisions:
		(1)	voting for the appointment or termination of service of directors shall be only at an annual general meeting or a meeting convened according to Section 35a to the Banking (Licensing) Law, unless the Supervisor permitted said voting at a special general meeting;
		(2)	the prior notice as per Section 11c(a)(4), shall be sent, at the date mentioned in that section, also to the committee for the appointment of directors in banking corporations appointed

			according to Section 36a to the Banking (Licensing) Law, (in this section – the committee);
		(3)	an officer in a banking corporation, except an external director within serving as a committee member appointed according to Section 36a(b)(3) of the Banking (Licensing) Law, shall not take action to appoint or to prevent the appointment of a certain director; a director, however, may propose to the committee his candidacy for directorship;
		(4)	(a) a director, who is not an external director as defined in Section 36a(b)(3) of the Banking (Licensing) Law, shall serve for a term that is no longer than 3 years, and he can be re-appointed for additional terms not exceeding 3 years each, provided that the aggregate number of his terms does not exceed 9 years;
			(b) notwithstanding Subsection (a), if a banking corporation became a banking corporation with no controlling interest, a director serving at the bank prior to it becoming a banking corporation with no controlling interest, shall keep on serving until the coming annual meeting even if the aggregate number of his terms exceeds 9 years;
		(5)	in a general meeting of the banking corporation, no more than half the directors serving after the previous annual general meeting, shall be replaced unless the Supervisor so permitted; where the number of directors to be replaced in a general meeting as abovementioned is more than half, due to the provisions of Subsection (4), half of the directors serving the longest term shall vacate the office and the rest of the directors may keep on serving until the next annual meeting; in the case that two directors or more among the abovementioned directors served the same amount of time, the general meeting shall decide who will vacate office;
		(6)	a director, except an external director as defined in the Companies Law, whose term is over, and therefore the number of directors in the banking corporation is less than the appropriate number of directors set by the Supervisor according to Section 35a the Banking (Licensing) Law, or that therefore the composition of the board of directors fails to meet all legal requirements as per that section, may, with the Supervisor's approval, continue to serve for a period of 6 months or till the number of directors is said appropriate number or until the composition of the board of directors is completed so to meet legal requirements, as the case may be, and all according to the earliest; a director that decided to continue to serve according to the provisions of this section and the continuance of service has been approved by the Supervisor, shall notify the banking corporation;

			however, notwithstanding the said continuance of service, he will be deemed, in regard to Section 35a to the Banking (Licensing) Law, as a director whose term has been terminated.
	(b)	(1)	In a banking corporation with no controlling interest, no director shall be appointed or serve if one of the following applies:
		(a)	he or his relative hold means of control of any kind in the banking corporation, a corporation controlled by the banking corporation or in a substantial holder, except holding tradable shares at a rate not exceeding a quarter of a percent of the issued and paid capital thereof;
		(b)	a person or anyone in close relationship with him that, 2 years prior to his appointment or from the date of his appointment, have an association to the banking corporation or to a corporation controlled by the banking corporation, to an officer in the banking corporation or to a substantial holder and whoever, from the date of the appointment onwards, has an association to a relative of an officer in the banking corporation, to a relative of a substantial holder or to a partner of a substantial holder; for this purpose, an office as a director in a banking corporation with no controlling interest of a candidate to an additional term as abovementioned, shall not be regarded as association.
		(2)	without derogating the provisions of Section (1)(b), a person or anyone in close relationship with him that have business or professional relations with the banking corporation or with a corporation controlled by the banking corporation, with an officer in the banking corporation or with a substantial holder who proposed that person as a candidate for directorship, shall not serve as a director even if the relations as abovementioned are not ongoing, except insubstantial relations.
		(3)	without derogating the provisions of Sections (1) and (2), a person whose candidacy was proposed by the committee according to Section 11d(a)(1), shall not be appointed or serve as a director if one of the following exists:
		(a)	at the time of appointment, he has an association with a committee member;
		(b)	the provisions of Section 36b(b)(3) of the Banking (Licensing) Law apply;
		(c)	he was convicted of a crime that due to its nature, its severity or its circumstances, he is not fit to

			serve as a director, or he is charged with a crime as abovementioned;
		(d)	the provisions of Section 240(c) of the Companies Law apply;
		(4)	a director whose candidacy was proposed by the committee according to Section 11d(a)(1), shall have professional capacity, or accountancy and financial expertise, according to Section 240(a1) of the Companies Law.
	(c)	Notwithstanding the provisions of Subsection (b), a director serving in a banking corporation prior to it becoming a banking corporation with no controlling interest, may continue serving till the end of his term even if he does not fulfill the conditions set out in the abovementioned subsection, but no more than 3 years from the date the banking corporation became a banking corporation with no controlling interest, whichever is earlier.	
	(c1)	The supervisor may approve the appointment or service as director of a person that, two years prior to the appointment or from the date of appointment onwards, has, or whoever has a close relationship with him has, an association to a substantial holder, to a relative of a substantial holder or to a partner of a substantial holder, even if that association is not insubstantial, where he finds that under the circumstances, the association does not give rise to a concern of conflict of interest in the service as director.	
	(d)	The provisions of this section shall prevail over any contradicting legal provision.	
	(e)	In this section -	
		“General Meeting”, “Special Meeting” and “Annual Meeting”	As defined in the Companies Law;
		“Close Relationship”	As defined in Section 36b(a) of the Banking (Licensing) Law;
		“Association”	Employer-employee relations, ongoing business or professional relations, except insubstantial relations, and serving as an officer; however, retail business relations between a banking corporation and a customer shall not be considered as association;
		“Substantial Holder”	Whoever holds more that 2.5% of any type of means of control in a banking corporation, whoever controls a holder as mentioned, whoever is controlled by any of the above, a member in co-holders as per Section 11d(a)(3)(b), whoever controls a member in said

			co-holders, and whoever is controlled by any of them.
Annual fees			
12.	(1)	A banking corporation shall pay to the Treasury an annual license fee and, in respect of each branch, an additional fee; the Minister of Finance shall by order, with the approval of the Finance Committee of the Knesset, prescribe the rates and dates of payment of the fees, and may prescribe reduced rates of fees for a foreign bank considering the extent of its activity in Israel.	
	(2)	The Minister of Finance may prescribe by regulations provisions as to reports which a banking corporation must submit for the purpose of calculating the fees and as to the procedure for payment thereof.	
	(3)	A banking corporation which does not pay a fee on its due date shall be liable to a fine of five hundred shekel per each day of delay.	
12a.	(Deleted)		
Early loan repayment			
13.	(a)	A person who receives a loan from a banking corporation for the purpose of acquiring a residential apartment or by mortgaging a residential apartment, may, notwithstanding any agreement to the contrary, make an early repayment of it before the date fixed for its repayment on the following conditions:	
		(1)	the amount of the early repayment shall not be less than ten percent of the original amount of the loan or ten percent of the balance of the loan together with interest and indexation differentials accumulated and unpaid by the date of actual payment, whichever is higher;
		(2)	the banking corporation may make early repayment conditional upon the payment of a fee on such terms and rate as the Governor prescribes by order after consultation with the Committee and with the approval of the Minister of Finance and the Finance Committee of the Knesset.
	(b)	The provisions of Subsection (a) shall apply also to a loan as aforesaid in respect of which the banking corporation has assigned its rights vis-a-vis the borrower to anyone other than a banking corporation.	
	(c)	A banking corporation shall not assign a loan of the kind referred to in Subsection (a), unless arrangements have been made with the assignor banking corporation, or with another corporation, ensuring the service to the customer is not substantially impaired.	
Joint account and joint safe-deposit box			
13a.	(a)	Where a banking corporation receives funds, securities or other negotiable instruments in a joint account, in respect of which it has been stipulated with the banking corporation that upon the death of	

		one of the owners thereof, the surviving owner or a person legally acting on his behalf, shall be entitled to carry out transactions in said account, the stipulation shall, regarding relations between the banking corporation and the owners of the account, be valid also after such death.
	(b)	The provisions of Subsection (a) shall apply, <i>mutatis mutandis</i> , and without prejudice to the provisions of Section 13(b) of the Estate Duty Law, 5709-1949, to a safe-deposit box let by a banking corporation to two or more persons with the said stipulation.
Dormant deposits		
13b.	(a)	A banking corporation shall attempt to establish contact with the owner of a dormant deposit close to the date of maturity thereof; in case of a demand deposit, the date on which it became a dormant deposit shall be regarded as the date of maturity.
	(b)	This section shall apply also to funds received for securities held in custody at the banking corporation; and the duty of attempting to establish contact with the deposit owner shall come into effect close to the date of receiving the funds.
	(c)	Where a banking corporation does not succeed in establishing contact with the deposit owner within two months, it shall invest the funds to his credit in the manner prescribed by the Governor with the approval of the Minister of Finance and the Finance Committee of the Knesset.
	(d)	This section shall not apply to a dormant deposit not exceeding 100 Shekel or such other amount as the Governor prescribes with the approval of the Minister of Finance and the Finance Committee of the Knesset, but a banking corporation may act in accordance with the provisions of this section also in respect of a deposit of an amount smaller than the said amount.
Issue of bank notes		
14.		A banking corporation shall not issue a bill of exchange payable to bearer on demand.
Ratio between various items		
14a.	(a)	If the Governor is of the opinion that it is necessary to do so in order to maintain the stability of banking corporations, he may, after consultation with the Committee, prescribe by order ratio rates which a banking corporation must - from the date prescribed in the order - maintain between items, or types of items, as per paragraphs (1) to (5) and as defined in the order, and other items, or types of items, as per paragraphs (6) to (9) and as defined in the order; the items being -
		(1) guarantees granted by the banking corporation to secure credit;
		(2) guarantees granted by the banking corporation otherwise than as security for credit;

		(3)	liabilities assumed by the banking corporation in respect of documentary credit;
		(4)	liabilities assumed by the banking corporation in respect of acceptances, endorsements and rediscount;
		(5)	contingent liabilities other than those set out in paragraphs (1) to (4);
		(6)	deposits made with the banking corporation;
		(7)	loans received by the banking corporation;
		(8)	paid-up capital, capital funds and reserve funds, including the balance of undistributed net profits;
		(9)	assets, including debts due to the banking corporation.
	(b)	A banking corporation, which contravenes any provision of an order under Subsection (a), shall pay the Bank of Israel, in respect of each day of contravention, a certain percentage of the amount by which the guarantees or liabilities exceed the rate prescribed by the order; the percentage shall be prescribed by the Governor by order, after consultation with the Committee and shall not exceed 10% per annum.	
	(c)	Where a banking corporation contravenes any provision of an order under Subsection (a), the Governor may direct it that until further notice it shall no longer assume liabilities, nor grant guarantees, as referred to in paragraphs (1) to (5) of Subsection (a), nor grant credit, invest funds or distribute profits; provided the Governor does so only after a warning has been issued; a direction as aforesaid may apply to all or any of the said transactions and may be conditional.	
	(d)	A banking corporation, which contravenes a direction issued under Subsection (c), shall be liable to a fine of 10,000 IL., and every manager or responsible official who knowingly did the act which constitutes the contravention, or failed to take necessary measures to prevent it - shall be liable to two years imprisonment.	
Offenses of directors or managers of a banking corporation			
14b.	(a)	A director or business manager of a banking corporation, who knowingly transacts business of the banking corporation in a manner impairing its ability to fulfill its obligations, shall be liable to four- years imprisonment or to a fine of 100,000 IL.	
	(b)	A director or business manager of a banking corporation, who knowingly transacts business of the banking corporation in a manner impairing the proper conduct of its business, shall be liable to one-year imprisonment or to a fine of 20,000 IL.	
Offenses in respect of entries in books			
14c.	A banking corporation which contravenes the provisions of the Companies Ordinance relating to the keeping of books and registers by a company shall be liable to a 100,000 IL. fine, and any signatory who actually takes part in the commission of the offense and any person who is at the time a		

		director, business manager or the chief or sole accountant of the banking corporation shall be liable to a two-year imprisonment term or to a fine of 25,000 IL., unless he proves one of the following:
	(1)	the offense was committed without his knowledge and he was not, by virtue of his office, required to know of its commission;
	(2)	he took all reasonable measures to ensure compliance with the said provisions.
Banking corporation guarantee of bill brokerage		
14d.	(a)	For the purposes of this section -
		" bill " - a bill of exchange or promissory note within their meaning in the Bills of Exchange Ordinance;
		" subsidiary company " - as per its meaning in the Securities Law, 5728- 1968, excluding a subsidiary company which is a banking corporation.
	(b)	A banking corporation which brokers a bill between a seller and a purchaser, or sells a bill issued by another person, shall be a guarantor vis-a-vis the purchaser for the payment of the bill until the expiration of twelve months from the date of repayment thereof, unless the bill is transferred from the purchaser not under law; this provision shall be in addition to, and not in derogation of, any duty under any other law, and a guarantee under this section shall always be regarded as a guarantee granted as security for credit, as per Section 14a(a)(1).
	(c)	Where a banking corporation repays a bill under the provisions of Subsection (b), then -
	(1)	if the banking corporation was liable for repayment by reason of its brokerage of the bill between a seller and a purchaser, it is entitled to turn to and recover from the seller and all parties liable under the bill to the seller;
	(2)	if the banking corporation was liable for repayment by reason of its having sold the bill it held, it shall have all the rights it had against all the parties as per the bill before having sold it.
	(d)	In a claim against a banking corporation under Subsection (b), the banking corporation shall be precluded from contending that it did not broker or did not sell the bill if one of the following is proved -
	(1)	the funds used for the purchase of the bill were delivered by the purchaser to the banking corporation or a subsidiary company in order that it might affect the purchase or execute some other investment;
	(2)	the funds referred to in paragraph (1) were delivered by the purchaser at the offices of the banking corporation to an employee of the banking corporation, or to another person, under circumstances justifying the assumption that he was acting as an employee of the banking corporation, within the scope of his functions at the banking corporation.

	(e)	The provisions of Subsections (d) and (g) shall not apply, if the funds were delivered outside Israel to a subsidiary company conducting its business abroad, for the purpose of purchasing a bill whose place of repayment was not in Israel.
	(f)	The provisions of this section shall not apply to a bill of the State, a bill of the Jewish Agency or a bill issued by a national institution designated by the Governor with the approval of the Finance Committee of the Knesset.
	(g)	This section shall apply notwithstanding any agreement providing otherwise, unless the agreement was made in writing and the purchaser of the bill is a banking corporation or some other purchaser approved by the Supervisor for this purpose either generally or particularly.
Internal Auditor		
14e.	(a)	The board of directors of a banking corporation shall appoint an internal auditor of the corporation as recommended by the board of directors' audit committee (hereinafter - "the audit committee").
	(b)	The internal auditor shall examine, among others, the proper functioning of the banking corporation as regards its adherence to law, preservation of integrity, economy and efficiency, and maintenance of proper conduct of banking business; he will also examine adherence to the directives of the Supervisor of Banks.
	(c)	Subject to the other provisions of this section and the necessary changes, where appropriate, the internal auditor shall be subject to the following sections of the Internal Audit Law, 5752-1992 (hereinafter – the Internal Audit Law): 3(a), except Subsection (2), 7 through 10, 14(b) and (c), and 24(c), however -
		(1) paragraph (5) of Section 3(a) of the Internal Audit Law notwithstanding, the Supervisor may, in exceptional cases, approve appointment of an internal auditor regarding whom the conditions in that paragraph are not fulfilled, where he finds him to possess significant experience in senior positions of the activity of a banking corporation, and the auditor undertakes to participate in a study course as per that paragraph as soon as he is appointed; this paragraph shall apply notwithstanding the provisions of Section 147 of the Companies Law regarding a banking corporation which is a public company;
		(2) Section 7 of the Internal Audit Law shall read, throughout, instead of "the commissioner" – "the board of directors".
	(d)	The internal auditor shall operate according to accepted professional standards and under the guidance of the audit committee, and shall report his findings to the chairman of the board of directors, the general director, and the chairman of the audit committee.
	(e)	The appointment of the internal auditor, and the termination or suspension of his service, shall be carried out by the board of directors at the proposal of the audit committee.

	(f)	The Supervisor may, after consulting the advisory committee, determine rules for the implementation of this section.
14f. and 14g. (Deleted)		
Financial sanction		
14h.	(a)	If the Supervisor has reasonable grounds to assume that a banking corporation has done one of the following, he may impose upon it a financial sanction in the sum of one million NIS:
	(1)	Contravened a proper conduct of banking business directive;
	(2)	Contravened an order that the Governor issued under Section 13(a)(2);
	(3)	Contravened an order that the Governor issued under Section 13b(c).
	(b)	If the Supervisor has reasonable grounds to assume that a director was appointed or is serving in a banking corporation contrary to the provisions of Sections 11a or 11e, he may impose upon him a financial sanction in the amount of 60,000 NIS.
Reduced financial sanction		
14i.	(a)	The Supervisor may not impose a financial sanction that is lower than the financial sanction established in this Chapter, except according to Subsection (b).
	(b)	The Governor, in consultation with the Minister of Justice, may determine types of events, circumstances, and considerations, due to which the Supervisor may impose a financial sanction of an amount lower than that established in Subsection 14h, and at maximum rates of reduction he determines.
Continuous violation and repeated violation		
14j	(a)	In a continuous violation, the financial sanction set for that violation shall be increased by a financial sanction at the rate of one-fiftieth thereof for each day on which the violation continues.
	(b)	In a repeated violation, the financial sanction that may be imposed therefor if it were a first violation, shall be increased by a sum equal to one-half of said financial sanction; for this purpose, "a repeated violation" - a violation of one of the provisions listed in Section 14h within two years of a previous violation of the same provision, for which a financial sanction was imposed on the violator.
Demand for sanction		
14k.		A financial sanction shall be paid at the demand of the Supervisor within thirty days of the day said demand is delivered; the demand shall be issued after notice is delivered to whom it is intended, about the intent to issue it, and he is granted an opportunity to present his arguments; the notice shall

	state that due to a continuous violation the violator shall be charged an additional financial sanction under the provisions of Section 14j(a).		
Indexation differentials and interest			
14l.	If a financial sanction is not paid on time, it shall be increased for the period of arrears by indexation differentials and interest under the Interest and Indexation Judgment Law, 5721-1961 (in this Law—Indexation Differentials and Interest) until payment is made.		
Collection			
14m.	The financial sanction shall be remitted to the State Treasury and the Tax (Collection) Ordinance shall apply to its collection.		
Advertising imposition of financial sanction			
14n.	If a financial sanction under Section 14h is imposed, the Supervisor may instruct the party liable for payment to inform customers, or to advertise in a newspaper, or in any other way that the Supervisor instructs, the imposition of the sanction, the name of the party liable for payment, the essence and circumstances of the violation for which the sanction was imposed, and the sum of the sanction.		
Appeal			
14o.	(a)	A demand for payment of a financial sanction may be appealed in the Jerusalem Magistrate's Court within thirty days of the delivery of the demand.	
	(b)	The filing of an appeal shall not delay the payment of a financial sanction, unless the Supervisor consents thereto, or the court issues an order to the contrary.	
	(c)	If the appeal is upheld, the financial sanction shall be refunded, plus indexation differentials and interest, from the day it was paid to the day it is refunded.	
Penalties			
15.	(a)	(1)	Any banking corporation which -
			(a) willfully fails to comply with the provisions of this ordinance, or
			(b) issues banknotes in Israel or circulates or permits to be circulated in Israel any bank notes issued by it or any other bank notes the issue of which is not permitted by the Governor
			shall upon application of the Attorney General to the Registrar of Companies, be struck off the register of companies.
		(2)	Any person who, being a manager or business manager of a banking corporation,

		(a)	fails to take all reasonable measures to secure compliance by the banking corporation with the requirements of this Ordinance, or
		(b)	fails to take all reasonable measures to ensure the correctness of any statement submitted under the provisions of this Ordinance,
			shall, in respect of each offense, be liable upon conviction to imprisonment not exceeding two years or to a fine not exceeding three hundred IL or to both penalties.
	(b)		Anyone who violates any of the provisions in Section 11a, or fails to provide information after being required to do so per Section 11b, or acts in contravention of Section 11c, is liable to one year of imprisonment or a fine at twice the sum established in Section 61(a)(3) of the Penal Law.
Secrecy			
15a.	(a)		A person shall not divulge any information delivered to him or present any document submitted to him under this Ordinance or under the Banking (Licensing) Law: provided it shall be lawful to divulge information if the Governor deems it necessary so to do for the purpose of a criminal indictment, or if the information or document was received from a banking corporation and it consents to its disclosure.
	(b)		For the purposes of the disclosure of documents and information received under this Ordinance or under the Banking (Licensing) Law to a Court, the Bank of Israel or the Supervisor and his employees shall have the status of the State and its employees.
	(c)		A person who violates this section or Section 6(5) shall be liable to one year imprisonment or to a fine of 10,000 IL.
Providing information to a supervisory authority abroad			
15a1.	(a)		Notwithstanding the provisions of Section 15a, the Supervisor may provide information he possesses to a competent authority abroad, which serves the function of supervising a branch of a banking corporation abroad, about a banking institution incorporated there, which is controlled by a banking corporation, or about a foreign corporation which is a foreign bank that operates in Israel or that controls a banking corporation.
	(b)		The Supervisor shall not provide information under the provisions of Subsection (a) unless he sees that the following two conditions are fulfilled:
		(1)	the information is required for the discharge of the competent authority's duties in supervising the stability of the branch, the banking institution, or the foreign corporation, as stated in Subsection (a), as the case may be;
		(2)	the supervisory authority confirms that a confidentiality requirement, similar to the provisions of Section 15A,

		applies thereto or has undertaken not to provide the information to any other party.
	(c)	The Supervisor shall not forward information as aforesaid if it is determined that it is liable to impair a pending investigation or State security.
Providing information to a supervisory authority in Israel		
15a2.	(a)	Notwithstanding the provisions of Section 15a, the Supervisor may divulge information or present a document to an employee of the Bank of Israel for the discharge of his duties, to the Securities Authority within the meaning of this term in Section 2 of the Securities Law, 5728-1968, to the Financial Services Supervisor appointed under the Control of Financial Services (Regulated Financial Services) Law, 5776-2016, or to the Capital Market, Insurance, and Savings Commissioner at the Ministry of Finance (in this section—the Recipient Entity), provided the Supervisor sees that the information or document is required for the discharge of the recipient entity's functions.
	(b)	No person shall divulge information or present a document provided to him under the provisions of this section; a person who violates this subsection is liable to one-year imprisonment or a fine as per Section 15a(c).
Application of provisions to cooperative societies		
15b.		In the case of a cooperative society which is a banking corporation, the provisions of this Ordinance shall apply thereto <i>mutatis mutandis</i> , and in particular -
	(1)	any reference to a board of directors shall be deemed to be a reference to a "committee", as per its meaning in the Cooperative Societies Ordinance;
	(2)	any reference to a director, a business manager, a signatory or an accountant shall be deemed to be a reference to an "officer", as per its meaning in the Cooperative Societies Ordinance.
	(3)	(deleted)
Corporations Deemed as Banking Corporations		
15c.	(a)	For the purpose of Sections 5, 8a, 8c, 8o to 8u, 13, 13a, 14h(a)(1) and (2) and 14i to 14o, a corporation, as per Sections 11(a)(3a) to (3c) and 11(b) of the Banking (Licensing) Law, shall be deemed to be a banking corporation.
	(b)	For the purpose of Sections 5, 8a, 8c, 8d1 to 8e1, 9 to 11a1, 12, 14b, 14c, 14e, 14h(a)(1), 14i to 14o and 15 to 15a2, an acquirer, as defined in Section 36i of the Banking (Licensing) Law, shall be deemed to be a banking corporation.
Legislation Safeguarding		

15c1.	The provisions of Sections 8d1, 8d2, and 8e1 are intended to add to the provisions of any law, including procedures and directives of the Supervisor.		
Implementation			
15d.	The Minister of Finance is charged with the implementation of this Ordinance.		
Repeal			
16.	The Banking Ordinance, the Banking (Amendments and Additional Provisions) Ordinance, 1936, and the Banking (Amendments and Additional Provisions) Ordinance, 1937, are hereby repealed.		

Appendix

Transitional Provisions

The Enhancement of Competition and Limitation of Concentration and Conflict of Interests in the Israeli Capital Market (Legislative Amendments) Law, 5765-2005

The Banking Ordinance – Transitional Provision

5. Directives issued by the Supervisor prior to the commencement date of this law, shall be deemed as Directives issued as per Section 5(c1) to the Banking Ordinance, 1941, as worded in Section 4(1) to this law, and the date of those coming into force, in regard to Sections 5(c1) and 14h to 14o, as worded in Section 4(1) and (3) to this law, is on the commencent date of this law or at a later date specified thereto.