

## **Re: Dormant Deposits and Deceased Persons' Accounts**

### **Introduction**

1. The Banking Ordinance defines a “dormant deposit” as a deposit, in either Israel currency or foreign currency, for which ten months have passed from the day on which the most recent instruction from the deposit holder has been received. According to the Ordinance, it is a banking corporation’s duty to attempt to contact the holder of a dormant deposit shortly before the deposit matures. This Directive specifies the ways in which a banking corporation must attempt to contact said deposit holder from shortly before deposit maturation to the date of reportage to the Administrator General about a dormant deposit for which no contact has been made with its holder for more than ten years.

Given the importance of returning dormant-deposit funds to their owners and in view of the risks that banking corporations face when they hold unclaimed funds, this Directive broadens the requirements that apply to banking corporations in how they trace such holders of funds. Within this framework, banking corporations must, *inter alia*, turn to the Population Registry, as the case may be, in order to obtain the account holder’s registered address and use this information to trace him or her. Additional provisions concern reporting to the Administrator General by banking corporations as required by laws and guidelines concerning safe deposit boxes leased by persons with whom contact has been lost. This Directive also spells out the way a banking corporation must comport itself in regard to deceased persons’ accounts even if said accounts are not yet defined as dormant.

Following consultations with the Administrator General, I have established this directive.

### **Definitions**

2. “Dormant deposit”—as defined in the Banking Ordinance, 1941.

### **Incidence**

3. (a) This Directive shall apply to a banking corporation as defined in the Banking (Licensing) Law, 5741-1981 (hereinafter: “banking corporation”).  
(b) Cancelled.

### **Board of Directors**

4. As part of its responsibility for the banking corporation’s business and financial resilience, and in its duty to ascertain that the banking corporation operates in compliance with the law and regulations, the Board of Directors shall:
  - (a) approve the policy on dealing with dormant deposits.
  - (b) ascertain that the organizational function that handles dormant deposits has the powers and resources that it needs to carry out its duty.

- (c) discuss the periodic reports of the organizational function that handles dormant deposits at least once per year.

### **Senior Management**

5. Senior management is directly responsible for the work of the organizational function that handles dormant deposits. Within this construct, senior management shall:
  - (a) make policy on dealing with dormant deposits on the basis of relevant law, including this directive;
  - (b) ascertain the provision of adequate resources to handle dormant deposits;
  - (c) enshrine in procedures the working processes of the organizational function that handles dormant deposits and oversee their application, *inter alia*, on the basis of this directive and the policy that the Board of Directors sets forth;
  - (d) determine the format and frequency of regular reportage by the organizational function that handles dormant deposits to management and the Board of Directors, including, at the very least, reference to the topics specified in this directive;
  - (e) discuss the periodic reports of the organizational function that handles dormant deposits at least once per year.

### **The organizational function that deals with dormant deposits**

6.
  - (a) A banking corporation shall designate an organizational function for the handling of dormant deposits, the duty of which shall be to assure adequate handling of said deposits including compliance with law and regulations, contacting holders of dormant deposits, and reducing the number and size of such deposits.
  - (b) The organizational function that handles dormant deposits shall centralize the handling of the matter and report to the management and the Board of Directors of the banking corporation at least once per year. Said report shall include, *inter alia*, data on the sums and numbers of dormant deposits at the banking corporation; duration of the term of said deposits; a summary of actions taken by the banking corporation to trace owners of dormant deposits; the number of owners of dormant deposits located; and the extent of the increase or decrease in the sums and number of dormant deposits each year.
  - (c) The organizational function that handles dormant deposits shall appoint a liaison between the banking corporation and the Administrator General in regard to the performance of the provisions of this Directive.

### **Contacting an owner of a dormant deposit shortly before deposit maturation**

7. A banking corporation shall act as follows:
  - (a) Shortly before a dormant deposit matures, the banking corporation shall check for activity by the customer in a banking product or service under the same account number in the past ten months, including receipt of information by the deposit holder concerning said product or service, provided the banking corporation can determine in reasonable ways that the deposit

holder actually received the information. If the banking corporation detects said activity, it shall be considered as having been in contact with the deposit holder.

- (b) If the banking corporation fails to detect activity in the account as specified in Subsection (a), it shall take reasonable actions to locate the deposit holder for the purpose of apprising him or her of the existence of funds belonging to him or her at the banking corporation and of the implications of failing to establish contact with the banking corporation. For this purpose, the banking corporation shall take available measures to trace the customer's contact information and establish contact with him or her. If the banking corporation fails to establish contact with the deposit holder by means of the contact information that it has located, it shall take further actions that will help to locate the deposit holder and, at the very least:
- (1) search for additional accounts at the banking corporation in which the composition of account holders matches that of the dormant deposit;
  - (2) ascertain the accuracy of the deposit holder's ID number as shown in his or records in the account;
  - (3) verify the address of the account holder recorded in the account against the registered address of the account holder with the Population Registry, or check the address recorded in the Registry in respect of the account holder insofar as no address is recorded with the banking corporation. If the banking corporation finds an address in the Population Registry that is different from that recorded in the account, it shall send the account holder a notice as aforesaid to the address that appears in the Population Registry.
- If a deposit is held by several persons, the actions specified in Subsections (a)–(c) shall be taken vis-à-vis each of them.
- (c) If the banking corporation fails to establish contact with the holder of a dormant deposit as stated in Subsections (a) and (b), it shall repeat the tracing actions one year, two years, and five years after the date of maturation of the dormant deposit and also close to the date of reportage on dormant-deposit funds to the Administrator General in accordance with the law, as specified in Section 9 below.
- (d) If the banking corporation fails to establish contact with the holder of a dormant deposit in the sum of NIS 100,000 or its equivalent in foreign currency after the lapse of five years from the date of deposit maturity, and has not located the correct ID number of the deposit holder, it shall carry out additional thorough checks in order to find a correct ID number and obtain information that will help to trace said owner, including a review of documents of the customer's account and additional accounts, if any, and a review of historical information of the account, if any, that the banking corporation has retained, in various ways.

### **Reporting to the Administrator General**

8. A banking corporation shall act as follows:

- (a) The banking corporation's lawful reporting requirement to the Administrator General in regard to a deposit dormant for more than ten years shall be implemented in accordance with instructions from the Administrator General.

- (b) The banking corporation shall share with the Administrator General such information and documents that it possesses in regard to the deposit account for which the Administrator General has requested information, and with the deposit holder. Said sharing of information and documents shall take place in accordance with instructions from the Administrator General.

**Contacting the holder of a dormant deposit close to the date of reportage to the Administrator General**

9. A banking corporation shall act to trace the owner of a dormant deposit shortly before the date on which it must report to the Administrator General about the deposit, for the purpose of apprising said owner of the existence of funds that belong to him or her at the banking corporation and of the implications of failing to establish contact with the banking corporation. For this purpose, the banking corporation shall take the actions specified in Section 7 of the Directive and shall also check for the existence of additional accounts with the banking corporation that the customer owns, even if the composition of ownership of said account is not identical to that of the dormant deposit. If the banking corporation locates additional accounts as aforesaid, it shall approach the deposit holder by means of his or her contact information as it appears in said accounts.
10. Sections 7 and 9 of this Directive shall not apply to a dormant deposit in a sum smaller than NIS 5,000 or its equivalent in foreign currency, in regard to which the banking corporation will attempt to contact its owner by means of the deposit owner's contact details as are recorded in the account. However, the banking corporation may act in accordance with the provisions of these Sections, including turning to the Population Registry, in respect of a deposit smaller than said sum.
11. If contact between the banking corporation and the owner of a dormant deposit or his or her heirs is established after the banking corporation reports the deposit to the Administrator General as set forth in Section 8(a) and the Administrator General has advised the banking corporation that it has begun to trace the holder of rights to the deposit at its own initiative, the banking corporation shall serve the Administrator General with notice to this effect in accordance with guidelines from the Administrator General.
12. If contact between the owner of a dormant deposit or his or her heirs and the banking corporation is established after the funds are transferred to the management of the Administrator General, the banking corporation shall refer the owner of rights to the deposit to the Administrator General and shall serve the Administrator General with notice to this effect in accordance with guidelines from the Administrator General.
13. If the Administrator General traces the ostensible owner of rights to a dormant deposit that the banking corporation reported in accordance with this Directive and has not yet given the Administrator General an asset-management order or a management decision, and the Administrator General has referred the ostensible owner of rights to the banking corporation and has served the banking corporation with notice to this effect, this shall be considered as having established contact with said deposit holder.

**Deceased person's account**

14. A banking corporation shall act to obtain from the Population Registry documentation of the death of account holders at the frequency of at least once per month.
15. (a) If the banking corporation discovers, either by receiving information from the Population Registry or in any other way, that an account holder has died, it shall send notice about the existence of an account at one of its branches; said notice shall be sent to the customer's postal address as recorded with the banking corporation within thirty days of the day on which it discovers the death of the account holder.
  - (b) In an account of which all holders are deceased, it shall also be noted in the notice specified in Subsection (a) that insofar as the legal heirs of the account holder fail to establish contact with the banking corporation, the account shall be defined as a dormant deposit on the dates set forth in the law in accordance with the type of account, and the funds deposited therein, if any, shall be invested in accordance with the Banking (Dormant Accounts) Order, 5760–2000.
16. Notwithstanding the provisions of Sections 7 and 9 of the Directive, a banking corporation shall handle a dormant deposit of which all holders are deceased in the following manner:
  - (a) It shall check at the site of the Registrar of Estate as to whether an application for inheritance or for probate has been submitted within the two years after the time documentation of the death is received, and shall attempt to establish contact with the heirs insofar as their contact details appear on the site or in the order.
  - (b) If neither an inheritance order nor a probate order has been issued, the banking corporation shall repeat this check five years after documentation of the death is received and also close to the date of reporting on the funds of the dormant deposit to the Administrator General by law.
  - (c) Notwithstanding the provisions of Subsections (a)–(b), the banking corporation shall act to trace the heirs of a nonresident holder of a dormant deposit only insofar as a prior request from them has been located.

**Loss of contact with safe deposit box renters**

17. If five years pass from the customer's most recent activity with the box and no customer activity as described in Section 7(a) is found, a banking corporation shall act to establish contact with the customer in a manner that the banking corporation shall determine.
18. If the banking corporation has lost contact with the renter of a safe deposit box, it may reclaim control of the box irrespective of its contents. The box shall be opened by the banking corporation in the presence of an external party such as a Certified Public Accountant or an attorney. A banking corporation shall not demand that the Administrator General settle a cumulative debt of the customer as a condition for opening the box.
19. A banking corporation shall have in place procedures concerning the method of opening a safe deposit box and dealing with its contents, concening inter alia:
  - (a) who decides to open the box;
  - (b) who shall be present when the box is opened;

- (c) production of a detailed record of the contents, to be signed by those present;
- (d) ways of handling the contents;
- (e) specifying the circumstances under which there are grounds to believe that the contents of the box are “abandoned property”;
- (f) how to notify and report to the Administrator General under Section 5 of the Administrator General Law, 5738-1978, in accordance with guidelines from the Administrator General.

**Documentation and retention of documents**

20. A banking corporation shall:

- (a) document every action it takes to trace the owner of a dormant deposit or the renter of a safe deposit box with whom contact has been lost, and every action it takes to trace the legal heirs of an account holder who has died.
- (b) retain the information and documents pertaining to a dormant deposit or to the renter of a safe deposit box with whom contact has been lost, as required by law.

**Updates**

| <b>Circular no.</b> | <b>Version</b> | <b>Details</b>    | <b>Date</b>        |
|---------------------|----------------|-------------------|--------------------|
| 2632                | 1              | Original circular | November 10, 2020  |
| 2669                | 2              | Update            | September 30, 2021 |

Sincerely,



Yair Avidan  
Supervisor of Banks