

**Banking Supervision Department
Policy and Regulation Division**

December 12, 2021

Circular no. C-06-2682

To:

The banking corporations and credit card companies

**Re: Remuneration Policy in a Banking Corporation
(Proper Conduct of Banking Business Directive no. 301A)**

Introduction

- 1) In view of the experience accrued at banking corporations since the change in the law and the implementation of the Directive regarding the issue being discussed, I have found it proper to amend the frequency of the audit regarding remuneration policy.
- 2) After consultation with the Advisory Committee for Banking Business and with the approval of the Governor, I have amended Proper Conduct of Banking Business Directive no. 301A as detailed below.

The main amendment to the Directive

- 3) Section 9(e) of the Directive was revised and it has been established that the internal audit function shall examine at least once every three years the implementation of the remuneration policy instead of once every two years as had been the case until now.

Explanatory remarks

It was decided to lengthen the frequency of examining the issue by the internal audit in view of the experience accumulated since the publication of the Directive and the legislation in this issue. In addition, the formulation was amended, with the goal of focusing the function of the internal audit on the issue and on its suitability for the roles of the internal audit per Proper Conduct of Banking Business Directive no. 307.

Applicability

- 4) The amendments to the Directive based on this Circular shall go into effect on the date they are published.

Updating of the file

- 5) Attached are the update pages to the Proper Conduct of Banking Business file. Following are the updates:

Remove page	Insert page
(09/21) [5] 301A-1-11	(12/21) [6] 301A-1-11

Sincerely,

Yair Avidan
Supervisor of Banks