

## **Adjustments to Proper Conduct of Banking Business Directives in order to deal with the Swords of Iron War (Temporary Directive)**

### **Introduction**

1. The goal of this Temporary Directive is to grant regulatory relief in several areas, concerning developments in the “Swords of Iron” War that began on October 7, 2023, in order to assist the banking system and its customers to deal with the challenges of this event, and in view of its possible economic ramifications.

### **Application**

2. This Directive shall apply to corporations to which the relevant Proper Conduct of Banking Business Directive applies.

### **Proper Conduct of Banking Business Directive no. 308A on “Handling of Public Complaints”**

3. Notwithstanding the provisions of Sections 9(a), 9(b), and 9(c) of Proper Conduct of Banking Business Directive no. 308A, the response of the banking corporation, and its notification to the customer regarding the customer’s right to dispute the banking corporation’s decision by turning to the Banking Supervision Department, may be provided in writing or verbally. A banking corporation is required to document every said response and notification as noted that are sent verbally to the customer; a banking corporation may respond to the customer and note only its main reasoning, and in anomalous cases that shall be documented the banking corporation does not have to provide a reason for its response.
4. In Section 9(d) of Directive 308A, the following shall be added at the end of the Section: “Under highly exceptional circumstances, in which the delay originates in factors beyond the banking corporation’s control, the banking corporation may send notification to all of its customers via online media concerning the extension of the timeframe and the reason for the delay instead of notifying each applicant as aforesaid”.
5. In Section 10(a) of Directive 308A, the following shall be added at the end of the Section: “or within a longer period of time determined by the Supervisor regarding all complaints due to exceptional circumstances and for which notification has been posted on the Bank of Israel’s website”.

### **Proper Conduct of Banking Business Directive no. 325 on “Management of Credit Facilities in Current Accounts”**

6. Notwithstanding the provisions of Section 4(a) of Directive 325, a banking corporation is entitled not to specify and agree, in advance and in writing, to a framework within one business day, provided it take action to create the framework as promptly as possible and provided the following conditions are met:
  - 6.1 a customer who is an individual—in sums that shall not exceed NIS 5,000;
  - 6.2 a customer that is a small business as defined in the Banking Rules (Customer Service) (Fees), 5768-2008—in sums that shall not exceed NIS 10,000;
  - 6.3 a customer that is a large business—in sums that shall not exceed NIS 100,000.In this Section, a “large business” is one that is neither an individual nor a small business.

**Proper Conduct of Banking Business Directive no. 367 on “E-Banking”**

7. Subsection (4) shall be added to Section 29(b) of Directive 367: “Notices of material effect on the customer, provided it is urgent for the customer to receive the message.”
8. Notwithstanding the provisions of Section 19(c) of Directive 367, a banking corporation may also apply the provisions of this Section to an acquiring account in which the annual acquiring turnover does not exceed NIS 200,000, provided the increase in the acquiring turnover is needed for the purpose of providing war relief, e.g., helping families of injured and missing persons and supporting the activities of defense entities and rescue and relief forces. A banking corporation shall monitor activity in said acquiring accounts.  
A banking corporation shall act to complete the process of identifying and authenticating a customer who owns an acquiring account as promptly as possible, under the circumstances of the matter, from the date on which the acquiring turnover exceeds NIS 50,000.

**Proper Conduct of Banking Business Directive no. 411 on “Management of Anti-Money Laundering and Countering Financing of Terrorism Risks”**

9. (1) The following Appendix B.6 shall be added to Directive 411:  
An arrangement established by the Supervisor of Banks under Section 7a of the Prohibition on Money Laundering (Banking Corporations’ Requirements regarding Identification, Reporting, and Record-Keeping for the Prevention of Money Laundering and Terror Financing) Order, 5761–2001 (hereinafter: “the Order”):
  - (a) In exceptional cases, where there are special reasons originating in the security situation and in accordance with the security assessment of the banking corporation, a banking corporation may apply the provisions of Sections 6a(a)(2) and 6a(b) to the Order in each of the following cases:
    - (1) Issuing a payment card to an individual up to a limit of activity that shall not exceed NIS 100,000;
    - (2) Specifying a sum of activity with an existing payment card for an individual up to a limit that shall not exceed NIS 100,000;
    - (3) Issuing a loan to an individual by means of a payment card, provided the sum of the loan does not exceed NIS 100,000;
  - (b) A banking corporation may, in said cases, record the identifying particulars on the basis of a copy of an identification document issued by the State of Israel that bears a name, an ID number, a date of birth, and a photograph;
  - (c) In this Section, a “payment card” is a payment card in which the accounting for the charges made under its authority is done by means of a current account with a banking corporation that is not the issuer or a partner in the issuance arrangement.
  - (d) If the banking corporation acts in the manner specified in Sections (a) and (b) above, it shall document the grounds and the reasons for said action.
- (2) Notwithstanding the provisions of the permanent arrangement in Appendix B.2 of Proper Conduct of Banking Business Directive 411 (hereinafter in this Section—“the Appendix”), a banking corporation may act as follows:
  - a. Instead of the provisions of Sections 6.2–6.3 of the Appendix, when the service recipient is given payment services, the following terms shall apply:
    - (1) Total funds transfers carried out in accordance with the instructions of the service recipient, in the course of a period of one year, shall not exceed NIS 200,000.
    - (2) Total funds for which the service recipient shall receive service during a period of one year shall not exceed NIS 200,000.

- b. The definition of “Payment Services” in an imports appendix, as these are defined in the Payment Services Law, excludes management of a payment account for a payer or a payee whose cumulative balance therein exceeds NIS 100,000 and excludes a current account with the banking corporation.

The provisions of Sections a and b above shall apply under the following conditions:

- (1) The banking corporation shall monitor the activity in the payment accounts in which the cumulative balance of activity exceeds NIS 20,000 or in which total funds transfers or receipts exceed NIS 100,000.
- (2) The banking corporation shall ascertain that the service recipient undertakes said activity for the purpose of raising war-relief funds, e.g., aiding families of injured and missing persons and supporting the activities of defense entities and rescue and relief forces.

**Updates**

<b>Circular 06 no.</b>	<b>Version</b>	<b>Details</b>	<b>Date</b>
2760	1	Original circular	October 22, 2023

Respectfully,

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