

Banking Supervision Department

Jerusalem, January 1, 2025

Circular No. C-06-2807

Attn: Banking corporations and Payment Service Providers with Prudential Importance
License Holders

**Re: Proper Conduct of Banking Business Directive 313—
“Limitations on the indebtedness of a borrower and of a
group of borrowers”
(hereinafter, Directive 313)**

Introduction

1. Circular no. C-06-2754 from July 30, 2023, allowed an exception for credit card companies from complying with the limitation in Section 4(b)(2) of Proper Conduct of Banking Business Directive no. 313, “Limitations on the indebtedness of a borrower and of a group of borrowers” (hereinafter, “Directive 313”) regarding the indebtedness of a banking group of borrowers, and also determined that this indebtedness will not be included in the aggregate limitation on large borrowers (Section 4(e) of the Directive). This was until December 31, 2024.
2. However, in view of the expected entrance into effect of the new directive, “Supervisory Framework for Measurement and Control of Large Exposures (LEX10–LEX40) (hereinafter, “the new directive), which will replace Directive 313 in which it was decided, among other things, to except indebtednesses deriving from credit card companies as a result of operation of banking payment cards, the Supervisor of Banks decided to lengthen the period noted in Section 1 above until the earlier of January 1, 2026, or the earlier implementation date of the new directive.
3. This regulation is not accompanied by the publication of a report on establishing regulation in line with the Principles of Regulation Law, 5782-2021 (in this Section, “the Law”), in view of the exemption established in Section 34(c) (2) of the Law, as the reference is to continued providing of a relief limited by time in a certain section of the existing directive. In addition, as the reference is to the continued providing of a relief as noted in the circumstances detailed in Section 2 above, there is no need to reexamine the regulation pursuant to Section 36 of the Law.
4. After consulting with the Advisory Council on Banking Business Affairs and with the approval of the Governor, I have established Proper Conduct of Banking Business Directive no. 313 on “Limitations on the indebtedness of a borrower and of a group of borrowers”, as noted below.

Main provisions of the update

Section 12

5. In Section 12(a), instead of the words “until December 31, 2024 (30 Kislev 5785)” shall be “until the earlier of January 1, 2026 (12 Tevet 5786) or the earlier implementation date of the new directive that shall replace Directive 313”.

Explanatory remarks

Until the earlier of January 1, 2026 (12 Tevet 5786) or the earlier implementation date of the new directive that shall replace Directive 313, the indebtedness of a banking group of borrowers to a credit card company shall not be subject to the “banking group of borrowers” limitation and shall not be included in the aggregate limitation of large borrowers.

Commencement

This circular shall go into effect on the date it is published on the Bank of Israel website.

Update

6. Updated Proper Conduct of Banking Business Directive file pages are attached.
Following is the update:

Remove page

(07/23) [22] 313-1-16

Insert page

(01/25) [23] 313-1-16

Respectfully,

Daniel Hahiashvili

Supervisor of Banks