

Bank of Israel
Banking Supervision Department
Policy and Regulation Division



April 24, 2020

To: The banking corporations and credit card companies
Attn: CEO

Re: Clarifications to Proper Conduct of Banking Business Directives for Dealing with the Coronavirus Event

Dear Sir or Madam:

1. This document publishes clarifications that will be provided occasionally in response to issues and questions received from the banking corporations and credit card companies in regard to the implementation of the Prohibition on Money Laundering (The Banking Corporations' Requirements regarding Identification, Reporting, and Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5761–2001 (hereinafter, "the Order") and Proper Conduct of Banking Business Directive no. 411 (hereinafter, "the Directive"), and with regard to the implementation of the various Proper Conduct of Banking Business directives, Supervisor of Banks Letters, and Circulars, due to the spread of the coronavirus.
2. The meaning of the terms in this document is identical to their definition in the directives.

Sincerely,

Ms. Ricky Elias
Deputy Supervisor of Banks

cc: Supervisor of Banks
Bank of Israel Legal Department



a. Report on unusual transactions (Section 9 of the Order)		
Question a1	In view of the coronavirus event, banking corporations are liable to face a difficulty in sending reports on an unusual transaction (Section 9 of the Order) in accordance with the requirement in Section 40(b) of the Directive?	
Answer:	The banking corporations are required to comply with their obligation to report unusual transactions in accordance with Section 9 of the Order, in the shortest possible time given the situation's conditions. In this regard, account may be taken of a change in the banking corporations' work format deriving from the provisions of the law and directives of the authorized entities in view of the spread of the coronavirus. In a case of delay in submitting reports to the Israel Money Laundering and Terror Financing Prohibition Authority, the delay is to be documented in accordance with the provisions of Section 40(b) of the Directive.	March 19, 2020
b. Declaration of beneficiary/declaration of party at interest		
Question b1	In view of the ramifications of the coronavirus event, will the exemption from registering a beneficiary in regard to activity in a general trust account managed by a lawyer, accountant, or rabbinical-court pleader (hereinafter, "the Trustee") on behalf of the customers, as noted in Section 5(a)(7) of the Order apply as well to situations of deviation from the thresholds set in the said section?	
Answer:	No. In order for the exemption from the requirement to declare a beneficiary in accordance with Section 5(a)(7) to apply, the terms of the section must be met including the limitation on the amounts. To the extent that the trustee requests to deviate from the amount limitations, the trustee may convert the account to an account that is not limited in terms of the amounts noted in the Section, by sending an updated declaration of beneficiaries in accordance with Section 4 of the Order. As this is not opening a new account, the banking corporation may receive the declaration via fax including the updated beneficiary details in an immediate manner, as detailed in Section 2(b) of the Order.	March 19, 2020
c. Dates of reporting on Quantitative Impact Study(QIS) results		
Question c1	Due to the coronavirus pandemic and the reduced work footing of the banking corporations due to government and Ministry of Health guidelines, are the banking corporations	



	permitted to temporarily halt their preparations for reporting on the results of the quantitative impactstudy?	
Answer:	<p>Yes.</p> <ol style="list-style-type: none"> 1. Banking corporations are permitted to temporarily halt their preparations for reporting on the results of the following quantitative impact study: <ol style="list-style-type: none"> 1.1 The quantitative impact study on the draft of Proper Conduct of Banking Business directive number 336 regarding Restrictions on Liens on the Banking Corporation's Assets. 1.2 The quantitative impact study on the draft of the Proper Conduct of Banking Business directive regarding Net Stable funding. 2. Following the return to routine, the banking corporations will be updated regarding the new timetable for reporting the results of these QIS surveys. 	April 24, 2020
d. Date of implementation of the draft Proper Conduct of Banking Business directives		
Question d1	Due to the coronavirus pandemic and the shortage of manpower, are the banking corporations permitted to temporarily halt preparations for the implementation of new Proper Conduct of Banking Business directives that were distributed to the Advisory Committee on February 27, 2020?	
Answer:	<p>Yes.</p> <ol style="list-style-type: none"> 1. The banking corporations are permitted to temporarily halt their preparations for the following draft Proper Conduct of Banking Business directives: <ol style="list-style-type: none"> 1.1 Draft Proper Conduct of Banking Business directive regarding Net Stable funding Ratio (NSFR), the implementation of which was set for July 1, 2021. 1.2 Draft Proper Conduct of Banking Business directive regarding Standard Access to Calculating Exposure to Credit Risk (SA-CCR), for which an implementation date has not yet been set. 2. In December 2020, the Banking Supervision Department will examine whether a delay is necessary in final implementation. 	April 24, 2020