



December 3, 2020

Minutes of the Telbor Committee meeting held on December 3, 2020

Committee present:	members	Mimi Regev, Bank of Israel Markets Department (Committee Chairperson) Eyal Klein, Representative of ACI Israel (Forex) Sharon Lavi, Tel Aviv Stock Exchange Ketty Cohen, Bank of Israel Markets Department
Other participants:		Ran Abraham, Mizrahi-Tefahot Bank Michal Rot-Levy, Bank Hapoalim Liran Carmel, Bank Hapoalim Erez Shakoory, Bank Hapoalim Zach Sharon, Bank Leumi Ian Klotnick, Israel Discount Bank

The issues that were discussed:

1. At the Committee meeting that was held in November, the Bank of Israel requested that the banks send written proposals for changing the Telbor interest rate market, or alternatively pointing out the advantages of keeping the Telbor market in its current format. A discussion on the issue was held:
 - The banks support keeping the Telbor market in its current format (at least for the near term) while adjusting the quote spreads and committing transaction amounts to market conditions.
 - The global trend can't be ignored – of new benchmark interest rates being based on O/N interest rates, generally from the repo market or from the interbank loans market. In Israel, the repo market has not developed, and market conditions, particularly the excess ILS liquidity in the system, do not contribute to the creation of a repo market or an interbank loans market. To the extent that it will be decided to use an O/N interest rate (the Bank of Israel interest rate) as a benchmark rate from which the curve will be derived, there will be a need for a legal infrastructure and an adjustment of the portfolios. However, this step does not appear impossible.
 - All the banks noted the need to develop the market, to remove the “qualified customer” limitation as a condition for developing deposits and loans to the public at the Telbor rate, to issue floating rate notes and futures based on Telbor interest rates.
 - Bank of Israel representatives updated that the various alternatives will be discussed at the Bank of Israel and will be brought to the Governor for a decision.
2. The role of the Tel Aviv Stock Exchange (TASE) on the Telbor Committee – the Bank of Israel informed the TASE and updated the Committee that a TASE representative will serve

as an observer on the Committee. The Bank of Israel and the contributor banks see great importance in the TASE's participation in the processes of developing the market within the framework of the Committee.

3. Bank of Israel representatives contacted the Bank's Information and Statistics Department, which is responsible for collecting the data in order to assure the identification of transactions cleared via LCH. In the coming days, the Bank of Israel will issue a clarification to the Reporting Order so that transactions cleared via LCH will be reported in a uniform format.
4. Bank of Israel representatives will distribute in the coming days the calendar of dates in 2021 on which the Telbor rate will not be fixed. The banks were asked to go over the calendar and confirm that it is valid.

At the banks' request, the Bank of Israel will also publish in the coming month the calendar of dates in 2022 on which the Telbor rate will not be fixed.

Decisions reached at this meeting:

No decisions were reached at this meeting.