



STATE OF ISRAEL  
MINISTRY OF FINANCE

SPOKESPERSON OFFICE

INTERNATIONAL AFFAIRS  
DEPARTMENT

July 19, 2010  
2010-1445

**Press Release**

**Minister of Finance Dr. Yuval Steinitz has published the draft amendment to the Banking Law (the Marani Amendment) for banks with no controlling core**

**The minister of finance: “This amendment supplements my decision about the sale of the state's shares in Bank Leumi.”**

Minister of Finance **Dr. Yuval Steinitz** today published the draft amendment to the Banking (Licensing) Law (5741-1981), also known as the “Marani amendment,” to regulate banks with no controlling core.

The provisions of the draft amendment formulate rules for creating a system of checks and balances through the appointment of directors in a bank with no controlling core. This will enable the bank's shareholders to nominate directors on their behalf, while not enabling actual control by any shareholder who has not been reviewed by the Bank of Israel and has not been given a control permit.

- The amendment enables any shareholder who holds more than 2.5% of a bank to nominate one director to serve in the bank. The amendment also allows several small shareholders to unite to jointly nominate a director to serve in the bank.
- The amendment changes the function of the committee established by the law as recommended by the Marani committee – instead of acting as a committee to appoint directors, if a seat on the board of directors becomes vacant the committee will become an active, independent committee that will recommend candidates for the board of directors to the general meeting, and will only recommend directors if the bank's general meeting fails to do so twice.
- The amendment also changes the composition of the committee so that the committee chairman will be a retired Supreme Court justice judge or a retired District Court judge who will be appointed at the recommendation of the Minister of Justice after consultation with the president of the Supreme Court. Two members will be economists or faculty members at institutions of higher education and both will be proposed by the committee chairman after consulting with the chairman of the Securities Authority, and two members will be acting outside directors on the board of the relevant bank who will be proposed by the other committee members (the chairman and two members). Adapting the functions and composition of the committee will ensure continuity of the board's function, will refresh it from time to time and will promote the state's objective of selling the remainder of its holdings in the banks in the arrangement, thereby ending the era of government held bank shares.

- Page 1 -

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Minister of Finance **Dr. Yuval Steinitz** said that “This amendment is another step toward completing the sale of the state's shares in Bank Leumi. Subject to market condition, the state will act soon to sell these shares.”

Accountant General **Shouky Oren** said, “This amendment is expected to lead to a breakthrough in Israel's banking system, and to enable the management of banks without a controlling core, as in practice in the rest of the world. This amendment is designed to ensure, first and foremost, the existence of a stable board of directors with a proper number of directors, which will allow for the proper management of the bank and, as a result, will contribute to the stability of the overall banking system in Israel.”

The draft amendment contains recommendations by the team that examined the matter, which included representatives of the Accountant General's Department at the Ministry of Finance, the Bank of Israel and State of Israel Properties, and received legal advice from the legal adviser to the Ministry of Finance. The amendment to the Banking (Licensing) Law is designed to expand the existing infrastructure for the stable management of banks with no controlling core, which was structured in the framework of the Banking (Licensing) (Amendment 13) Law 5764- 2004, which was enacted at the recommendation of the Marani Committee.