No. 60

BANK OF ISRAEL LAW, 5714—1954*

PART ONE: INTERPRETATION

1. In this Law — Definitions.

"banking institution" means a company or cooperative society carrying on the business of receiving money on current account in order to make payments therefrom on demand by cheque or a company lawfully using the word "bank" or any of its derivatives as part of its title ;

"financial institution" means a company or cooperative society whose business or part of whose is the receipt of money on deposit or the making of loans ;

"the Committee" and "the Council" mean the Advisory Committee and Advisory Council appointed under sections 20 and 23, respectively ;

"the Governor" means the Governor of the Bank appointed under section 8 ;

"currency" means currency notes or coins issued under section 27 and bank notes and coins issued before the coming into force of section 27 under the Bank Notes Ordinance, 5708—1948[2]), and the Coinage Ordinance, 5709—1948[3]), respectively ;

---

1) *Laws of Palestine* vol. I, cap. 51, p. 632 (English Edition).

* Passed by the Knesset on the 25th Av, 5714 (24th August, 1954) and published in *Sefer Ha-Chukkim* No. 164 of the 5th Elul, 5714 (3rd September, 1954), p. 192; the Bill and an Explanatory Note were published in *Hatza'ot Chok* No. 207 of 5714, p. 240.

2) *I.R.* of 5708, Suppl. I, No. 15, p. 33; *LSI* vol. I, p. 35.

3) *I.R.* of 5709, Suppl. I, No. 39, p. 83; *LSI* vol. II, p. 58.

"foreign exchange" means —

(1) currency notes, bank notes or coins other than Israel currency which are legal tender in any country, and currency notes, bank notes or coins which were at any time legal tender and which are convertible into currency which is legal tender in any country ;

(2) bills of exchange, letters of credit and balances in a bank payable otherwise than in Israel currency ;

"company" has the same meaning as in the Companies Ordinance[1]) ;

"cooperative society" has the same meaning as in the Cooperative Societies Ordinance[2]).

PART TWO: THE BANK OF ISRAEL AND ITS FUNCTIONS

The Bank of Israel and its status.

2. (a) There is hereby established a bank to be called "Bank of Israel" (hereinafter: "the Bank"), which shall be a body corporate and the functions, powers and management of which shall be as provided by this Law.

(b) The Bank may enter into contracts, acquire, hold and transfer property and be party to any legal or other proceeding, and do any other act for the carrying into effect of this Law.

Functions of the Bank.

3. The functions of the Bank shall be to administer, regulate and direct the currency system, and to regulate and direct the credit and banking system in Israel, in accordance with the economic policy of the Government and the provisions of this Law, with a view to promoting by monetary measures —

(1) the stabilisation of the value of the currency in Israel and outside Israel ;

(2) a high level of production, employment and national income, and the promotion of capital investments, in Israel.

Seat of the Bank.

4. The Bank shall have its seat in Jerusalem, but it may open branches and appoint agents in any other place.

PART THREE: THE CAPITAL OF THE BANK, RESERVE FUND AND DISTRIBUTION OF PROFITS

Capital of the Bank.

5. (a) The capital of the Bank shall be ten million pounds, to be allocated by the Government as provided in subsection (b).

(b) The Government shall deliver to the Bank, within fifteen days from the day of publication of this Law in *Reshumot*, promissory notes for a total amount of ten million pounds, to be redeemed in such instalments and at such dates as shall be determined under an agreement signed within the said fifteen days between the Governor and the Government, provided that the last instalment shall be due for redemption not later than the 22nd Adar Bet, 5719 (1st April, 1959).

Creation of reserve fund.

6. The Bank shall create out of its net profits, in the manner specified in section 7, a reserve fund of an amount equal to its capital.

Profits of the Bank.

7. (a) Within 60 days from the day of expiration of every financial year of the Bank as defined in section 60, the Bank shall distribute its net profits as follows—

1 *Laws of Palestine* vol. I, cap. p. 161 (English Edition).

2) *Laws of Palestine* vol. I, cap. p. 360 (English Edition).

(1) so long as the reserve fund referred to in section 6 has not reached ten million pounds, seventy per cent of the said net profits shall be transferred to the Government for the redemption of the Government promissory notes referred to in section 5(b), and the balance shall be transferred to the fund ;

(2) if all the said promissory notes have been redeemed and the fund has not by then reached ten million pounds, all the net profits shall be transferred to the fund ;

(3) if the said fund has reached ten million pounds, all the net profits shall be transferred to the Government.

(b) The Government promissory notes shall be redeemed out of the profits, as provided in subsection (a), even before maturity, but those promissory notes whose date of maturity is the earliest shall be redeemed first.

PART FOUR: THE GOVERNOR AND DEPUTY GOVERNOR, THEIR POWERS AND FUNCTIONS[2]

8. The Governor of the Bank shall be appointed by the President of the State on the recommendation of the Government. *The Governor.*

9. (a) The Governor shall manage the Bank. *Functions and powers of the Governor.*

(b) The Governor shall advise the Government on monetary and other economic matters.

10. The Government shall, in consultation with the Governor, appoint a Deputy Governor or two Deputy Governors. *Deputy Governor.*

11. A Deputy Governor shall carry out such functions of the Governor, and shall have such of his powers, as the Governor shall with the approval of the Government determine, and shall assist the Governor in carrying out his functions under this Law ; in the absence of the Governor, his place shall be taken and his powers exercised by such Deputy Governor as the Government shall determine. *Functions of Deputy Governor.*

12. The appointments of the Governor and of a Deputy Governor shall be for five years, and they may be re-appointed, provided that the first appointment of a Deputy Governor shall be for four years. *Terms of office of Governor and Deputy Governor.*

13. The Governor and a Deputy Governor shall devote the whole of their working hours to the affairs of the Bank, and they may not — *Prohibition of other occupation.*

(*a*) be members of the Knesset or members of a local authority ;

(*b*) hold shares, or have any other similar right, in a banking institution, or in a financial institution ;

(*c*) be public officers within the meaning of the Interpretation Ordinance[1]), or hold any governmental or other office, whether with or without remuneration ;

(*d*) engage in any business ;

but they may —

(1) without renumeration, represent the Government or the Bank in a Government-controlled company or carry out a function in a public or scientific institution or be appointed and act as members of a commission set up by the Government or the Knesset[1];

1) *Dinei Yisrael* No. 1 of 5714, p. 1.

(2) accept an academic office ;

(3) with the consent of the Government, without remuneration, be members of an international commission or institution.

Salary and pension of Governor and Deputy Governor.

14. The Government shall fix the salaries of the Governor and of a Deputy Governor. The Finance Committee of the Knesset shall fix the benefits payable to them on retirement or to their survivors after their death.

Termination of tenure of Governor.

15. (a) The President of the State may, on the written proposal of the Government, terminate the tenure of the Governor if —

(1) such disagreement exists between the Government and the Governor on basic questions of policy relating to the objects of the Bank defined in section 3, as in the opinion of Government prevents efficient cooperation ; or

(2) he has done an act which in the opinion of the Government is unbecoming to his status as Governor ; or

(3) he has acted in contravention of section 13, or

(4) he has become incapable of carrying out his functions.

(b) A proposal by the Government to the President under subsection (a) shall be brought to the notice of the Finance Committee of the Knesset at the time of its submission to the President.

Salary and pension of Governor whose tenure has been terminated.

16. If the tenure of the Governor is terminated under subsection 15 (a) (1) or (4), his salary shall be paid until the expiration of the term of office for which he was appointed, and on the expiration of such term he shall be paid a pension to be fixed in accordance with section 14, but he shall not be paid a salary as aforesaid if his tenure has been terminated under subsection 15 (a) (2) or (3).

Resignation of the Governor in view of disagreement.

17. If the Government has decided to accept the resignation of the Governor after he has notified the Government that, in view of disagreement between him and the Government on basic questions of policy relating to the objects of the Bank defined in section 3, he sees no possibility of efficient cooperation, and if the Government has thereupon recommended to the President of the State to accept the resignation of the Governor and the President has accepted it, the Governor shall be paid his salary until the expiration of the term of office for which he was appointed, and on the expiration of such term he shall be paid a pension to be determined in accordance with section 14.

Termination of tenure of Deputy Governor.

18. The Government may, after consultation with the Governor, terminate the tenure of a Deputy Governor if —

(1) he has done an act which in the opinion of the Government is unbecoming to his status as Deputy Governor ; or

(2) he has acted in contravention of section 13 ; or

(3) he has become incapable of carrying out his functions.

Salary and pension of Deputy Governor whose tenure has been terminated.

19. If the tenure of the Deputy Governor is terminated under subsection 18 (3), he shall be paid his salary until the expiration of the term of office for which he was appointed, and on the expiration of such term he shall be paid a pension to be determined in accordance with section 14 ; but he shall not be paid a salary as aforesaid if his tenure is terminated under subsection 18 (1) or (2).

PART FIVE: THE ADVISORY COMMITTEE AND ADVISORY COUNCIL — THEIR APPOINTMENT AND FUNCTIONS

20. (a) The Government shall appoint an Advisory Committee of not more than seven members and shall appoint one member to be Chairman and another to be Vice-Chairman. Advisory Committee.

(b) The Vice-Chairman shall carry out the functions of the Chairman whenever the latter is temporarily absent from his post.

21. The Committee shall advise the Governor on every matter on which he is required by this Law to consult it and on any other matter relating to the objects of the Bank defined in section 3. Functions of the Committee.

22. (a) The Committee shall be convened by its Chairman by written invitations at least once in two weeks and whenever the Governor requires it to be convened. Procedure of the Advisory Committee.

(b) A majority of the members, including the Chairman, shall be a quorum at the meetings of the Committee.

(c) The Governor shall be present at the meetings of the Committee.

23. (a) The Government shall appoint an Advisory Council, which shall consist of the members of the Committee and eight additional members. The Chairman of the Committee shall also be the Chairman of the Council, and the Vice-Chairman of the Committee shall also be the Vice-Chairman of the Council and shall carry out the functions of the Chairman of the Council whenever the latter is temporarily absent from his post. The Council and its functions.

(b) The Governor shall report to the Council on the shaping of the monetary policy and on all important steps to be taken to implement such policy.

(c) The Council shall advise the Governor on any such matter relating to the functions of the Bank as may be brought before it by the Committee or placed on its agenda by any of its members.

(d) The Council shall be convened by its Chairman by written invitations at least once in two months and whenever the Governor or seven of its members requires or require it to be convened.

(e) A majority of the members, including the chairman, shall be a quorum at the meetings of the Council.

(f) The Governor shall be present at the meetings of the Council.

24. The Governor shall submit every month to the Government a report on the proceedings and resolutions of the Committee and the Council and the steps taken in consequence thereof. Report on the proceedings of the Committee and the Council.

25. A State employee shall not be a member of the Committee or the Council. Ineligibility for membership of Committee or Council.

26. A member of the Committee or the Council shall be appointed for two years and may be re-appointed. Term of office of member of Committee or Council.

PART SIX: MEDIA OF PAYMENT

27. The Bank may issue and re-issue currency of an amount not exceeding an Power to issue currency.

amount fixed by the Governor in consultation with the Committee and with the approval of the Government.

Prohibition of issue of currency.

28. (a) No person, other than the Bank, shall issue or circulate currency notes, bank notes, coins or any such document or other thing which the Governor, after consultation with the Committee, has declared likely to be a substitute for currency.

(b) The Minister of Finance may confiscate any currency substitute.

Liability of the Bank under currency notes and coins.

29. All currency is a liability of the Bank, against which the Bank shall hold as cover, assets in its favour ; however, currency held by the Bank shall not be regarded as currency issued and shall not be a part of the assets or liabilities of the Bank.

Legal tender.

30. Currency shall be legal tender in Israel to the amount of its face value, with the following limitations :

(*a*) currency of a denomination of less than 50 prutot shall be legal tender for the payment of any amount not exceeding 500 prutot ;

(*b*) currency of a denomination of 50 prutot or over, but less than 500 prutot, shall be legal tender for the payment of any amount not exceeding five pounds ;

(*c*) currency of a denomination of 500 prutot or over shall be legal tender for the payment of any amount.

Currency notes, coins— form and contents.

31. (a) The Governor, in consultation with the Council and with the approval of the Minister of Finance, shall prescribe the face value, form, contents and other particulars of the currency notes issued under section 27 ; the notes shall bear the fascimile signatures of the Governor and the Chairman of the Council.

(b) The Governor, in consultation with the Council and with the approval of the Minister of Finance, shall prescribe the face value, composition, weight, design and other particulars of the coins issued under section 27.

Use of existing bank notes and coins.

32. For the purposes of section 27, the Bank may use bank notes prepared under the Bank Notes Ordinance, 5708—1948, and coins prepared by the Government under the Coinage Ordinance, 5709—1948.

Exchange of currency.

33. A person who delivers to the Bank an amount of money in currency is entitled to receive from the Bank in exchange therefor, without an additional payment being charged, currency notes or coins of the same amount of such denomination as he may require ; provided that if the Bank is unable to give a person as aforesaid currency notes or coins of the denomination required by him, it shall give him currency notes or coins of the nearest other denomination.

Replacement of spoilt currency notes and coins.

34. The Government shall, upon the proposal of the Governor, make regulations for the withdrawal from circulation of spoilt or destroyed currency and for its replacement on conditions prescribed by regulations.

Report on increase of amount of media of payment.

35. If on a particular day the total amount of media of payment exceeds by fifteen per cent or more the total amount of media of payment which have been in existence at any time during the twelve months next preceding that day, the Governor shall forthwith make a report to this effect to the Government and to the Finance Committee of the Knesset, specifying the causes which in his opinion have led to that situation and his proposals to the Government as to the steps to be taken in view thereof.

For the purposes of this section, "media of payment" means the currency in circulation and current account deposits with banking institutions, but does not include currency in the hands of banking institutions and current account deposits of the Government and of banking institutions.

PART SEVEN: FOREIGN EXCHANGE OPERATIONS

36. The Bank may acquire, hold and transfer gold, foreign exchange and foreign government securities. — Transactions in respect of assets of international value.

37. The Bank may effect foreign exchange transactions only with the Government, the Jewish Agency for Palestine, the Keren Kayemet Le-Israel, the Keren Hayesod B.M., a banking institution in Israel, a banking institution outside Israel, an international financial institution or a foreign government. — Restrictions on foreign exchange transactions.

38. (a) The Bank may, with the approval of the Government, borrow from a foreign government, a banking or financial institution outside Israel or an international financial institution (all these to be hereinafter referred to as "foreign institutions") and pledge assets held by it as security for the repayment of the loan. The Government may, with the approval of the Finance Committee of the Knesset, guarantee on behalf of the State a loan as aforesaid. — Power to borrow and guarantee.

(b) The Bank may, with the approval of the Government, lend money to a foreign institution.

(c) The Bank may, with the approval of the Government, guarantee a loan granted to the State or another person in Israel by a foreign institution if, in the opinion of the Governor, such loan is in the public interest.

39. The Government shall consult the Governor on any commercial-financial agreement with a foreign institution prior to the signing thereof. — Commercial agreements.

40. The Government may delegate to the Bank any of its powers under the Defence (Finance) Regulations, 1941,[1]) or any law replacing them. — Control of foreign exchange.

41. The Government shall consult the Governor prior to any decision relating to the exchange rate of the currency. — Exchange rate of currency.

PART EIGHT: CREDIT OPERATIONS OF THE BANK

42. For the purpose of regulating the volume, cost and application of bank credit, the Bank may lend money to any banking institution in Israel either by rediscounting bills, promissory notes or other negotiable instruments or by loans against promissory notes secured to its satisfaction. — Credits to banking institutions.

43. The Governor may, after consultation with the Committee, prescribe rules as to the conditions which banking institutions shall be required to fulfil in order to obtain a credit from the Bank, including the rate of interest, and the amounts of commission and other payments, which banking institutions shall be authorised to charge their clients. Rules prescribed as aforesaid shall be brought to the notice of any banking institution upon its request. — Conditions for the grant of credit.

44. The Governor, in circumstances which in his opinion are emergency circumstances, may direct that loans be granted even to a banking institution — Emergency loans and advances.

1) *P.G.* of 1941, Suppl. II, No. 1138, p. 1647 (English Edition).

unable to fulfil the conditions prescribed under section 43 if such institution has given security to his satisfaction and may further direct that so long as the loan has not been repaid to the Bank in full the borrowing institution shall not grant or extend any credit, or make any other investment, without the prior approval of the Bank.

Credit operations with the Government.

45. (a) The Bank may make provisional advances to the Government for the financing of its expenditure ; provided that the total amount of such advances shall not exceed 20 per cent of the total amount of the Budget, not including the Development Budget and the Budget of Communication and Postal Enterprises, for the financial year in which they are made ; the advances shall be repaid not later than the expiration of that financial year.

(b) The Bank shall indicate in its report under section 59 the balance of the amount of provisional advances due from the Government under this section.

Transactions in respect of securities.

46. (a) The Bank may purchase and sell on the market securities of the State and other securities which are obligations to make a payment in Israel currency and which bear interest at a fixed rate.

(b) The Bank shall exercise its power under this section whenever in the opinion of the Governor this is necessary in order to increase or reduce the amount of media of payment, within the meaning of section 35, and to achieve any of the objects enumerated in section 3.

Issue of securities.

47. The Bank may, after consultation with the Committee and with the approval of the Government, issue securities of its own, prescribe the conditions therefor and sell and purchase them.

Deposits of the Bank.

48. The Bank may accept deposits from banking institutions.

PART NINE: REGULATION OF THE LIQUIDITY OF BANKING INSTITUTIONS

Liquid assets of banking institutons.

49. (a) The Governor, after consultation with the Committee and with the approval of the Government, may direct banking institutions to hold liquid assets of a specific amount and composition — unless their liquid assets consist only of balances in the Bank — and may fix such amount either at a certain percentage of all the deposit liabilities of the banking institution or at a certain percentage of all its assets, or both, or in any other manner, and may also fix different percentages for different classes of deposits or assets, to be defined in the directions.

(b) Whenever a doubt arises as to whether a particular liability of a banking institution is to be regarded as a deposit, the Governor shall decide.

(c) "Liquid assets" means balances deposited with the Bank and such other assets as the Governor may determine with the approval of the Government after consultation with the Committee.

Duty to make a report on the state of the liquid assets.

50. Every banking institution shall, at any such time and in respect of any such period as the Governor may require, render to the Bank a report on its liquid assets.

Failure of banking institutions to hold liquid assets.

51. If a banking institution does not hold liquid assets in accordance with section 49, it shall pay interest to the Bank at a rate to be prescribed by the Governor in consultation with the Committee, on the difference between the total amount of liquid assets which it is required to hold and the total amount of liquid assets held by it, in respect of any period in which such a difference exists; moreover, the Governor may direct that during a period specified in the direction, such banking institution shall discontinue or limit, in a manner specified in the direction, the grant of credit or the making of investments and shall not distribute dividends to its shareholders.

52. The Bank may pay interest to banking institutions on the whole or a part of their balances held with it. **Interest on balances held with the bank.**

PART TEN: REGULATION OF BANK CREDIT

53. The Governor, after consultation with the Council and with the approval of the Government, may direct banking institutions to refrain, generally or for a specific period, from increasing the total amount of credit granted by them or the total amount invested by them in other assets, or to refrain from increasing it beyond a limit specified in the direction; he may do so either generally or in respect of a specific class of credits or investments. **Restrictions on credits.**

54. The Governor may, after consultation with the Committee, fix by order the minimum amount of paid-up capital and undistributed net profit balance which a banking institution shall hold at a certain percentage of the total amount of its assets or of a particular class, specified in the order, of such assets. **Amount of assets in relation to capital.**

55. The Governor may, after consultation with the Committee, direct banking institutions not to issue a letter of credit unless covered by a cash deposit of an amount prescribed in the direction, and he may prescribe different amounts for different classes of transactions financed by letter of credit. **Provisions as to letters of credit.**

56. (a) The Governor may, after consultation with the Committee and with the approval of the Government, prescribe by order, generally or in respect of particular classes of deposits or credit transactions, the maximum rate of interest which a banking institution may pay on deposits and the maximum rate of interest, the periods of accumulation of interest and the amounts of commission, discount and other payments which a banking institution may fix in respect of bills discounted or of loans and other credit transactions. **Rate of interest.**

(b) An order under this section is subject to the approval of the Finance Committee of the Knesset.

PART ELEVEN: THE BANK AS BANKER AND FISCAL AGENT OF THE GOVERNMENT

57. (a) The Bank shall be the sole banker and fiscal agent in Israel of the Government. **The Bank — an agent of the Government**

(b) The Bank shall not receive from the Government a remuneration for its services under this section, save in cases determined by agreement with the Minister of Finance.

(c) State loans shall be administered by the Bank, save as may be otherwise provided by law in respect of a particular loan.

(d) The Government shall not accept loans or issue securities except after consultation with the Governor.

PART TWELVE: PUBLICATION OF REPORTS AND AUDIT

Report.

58. The Bank shall draw up and publish in *Reshumot* —

(*a*) on Thursday of every week a report showing the total amount of currency in circulation as at the close of business on the preceding Wednesday and the assets which were held by the Bank as cover for the liability in respect of that currency ;

(*b*) at least once a month, a report showing the composition and value of its assets and liabilities as at the close of business on one of the days of the month in question ; that day and the day of publication, and the particulars to be contained in the report, shall be determined by the Governor in consultation with the Committee.

Annual report.

59. Within five months from the expiration of every business year of the bank, the Governor shall submit to the Government and the Finance Committee of the Knesset a report which shall be published and which shall contain an annual balance-sheet, a profit-and-loss account and a review setting out the state of the Bank and its policy during the year in question, the measures adopted in implementing such policy, an analysis of the economic and financial situation, the fluctuations of the amount of media of payment and the state of the international assets of the Bank.

Business year of the Bank.

60. The business year of the Bank shall end on the 31st December.

Reports to the Finance Committee of the Knesset.

61. The Governor may, at any time, submit reports to the Government and the Finance Committee of the Knesset and appear before that Committee in connection with any matter relating to the activities of the Bank, and he shall submit a report on matters as aforesaid whenever the Finance Committee of the Knesset so requires.

Audit by the State Comptroller.

62. The accounts and administration of the Bank shall be subject to audit by the State Comptroller.

PART THIRTEEN: MISCELLANEOUS PROVISIONS AND POWERS

Exemption from taxes.

63. In respect of the payment of taxes, fees and other compulsory charges, the Bank has the same status as the State.

Receipt of information from Government Statistician.

64. The Governor or any person authorised by him may inspect any individual return and any document and receive any information destined for statistics prepared for the purposes of the Statistics Ordinance, 1947[1]), as if he were a person employed for the purposes of that Ordinance.

Secrecy.

65. (a) A person shall not disclose information supplied or produce a document submitted to him under this Law ; provided that he may disclose information other than information received under section 64, if the Governor deems this necessary for the purposes of a criminal action.

(b) In respect of the disclosure of documents and information to a court of law the Bank has the same status as the State.

Restrictions on employee of the Bank.

66. (a) Save with the written permission of the Governor, an employee of the Bank shall not at the same time, whether directly or indirectly, be a manager, official, employee or shareholder of a banking institution and, upon ceasing to

1) *P.G.* of 1947, Suppl. I, No. 1604, p. 174 (English Edition).

be an employee of the Bank, shall not be employed by a banking institution in any capacity until the expiration of two years from the day on which he ceased to be so employed.

(b) The provisions of subsection (a) shall not apply to a temporary employee of the Bank during the first two years of its existence ; provided that so long as he is a temporary employee as aforesaid he shall not actually exercise any function in a banking institution.

Evidence as to currency.

67. A certificate purporting to have been given by the Governor or a person authorised by him in that behalf in writing to the effect that the thing or things attached to it is or are currency or counterfeit currency shall be evidence of that fact so long as the contrary is not proved.

Assets and liabilities of the Issue Department of Bank Leumi B.M.

68. All the assets held by the Bank Leumi Le-Israel B.M. in the Issue Department established under the Bank Notes Ordinance, 5708—1948, and every liability of the said Bank in respect of the bank notes issued by virtue of that Ordinance, are hereby transferred to the Bank, and the Bank Leumi Le-Israel B.M. is hereby released from every liability transferred as aforesaid.

Powers under the Banking Ordinance, 1941.

69. The Government may delegate to the Governor any of its powers under the Banking Ordinance, 1941[1]), and upon its doing so, the provisions of the sections the powers under which have been delegated under this section shall apply to every banking institution as if it were a bank within the meaning of that Ordinance.

Application of certain sections to financial institutions.

70. The Governor may, with the approval of the Government, direct, by order, that all or any of the provisions of this Law shall also apply to financial institutions or to a particular class of financial institutions ; and if the Government has delegated to the Governor its powers under the Banking Ordinance, 1941, the Governor may, with its approval, direct by order that all or any of the provisions of the said Ordinance shall also apply as aforesaid.

Representation vis à vis the International Monetary Fund and the International Bank for Reconstruction and Development.

71. The Bank shall represent the State in any matter relating to the membership of the State in the International Monetary Fund and the International Bank for Reconstruction and Development.

Bills of Exchange Ordinance.

72. For the purposes of the Bills of Exchange Ordinance,[2]) the Bank shall be deemed to be a banker within the meaning of that Ordinance.

Offences.

73. (a) A person who contravenes section 28 is liable to imprisonment for a term of two years or to a fine of IL.2,000 or to both such penalties.

(b) A person who does not comply with the provisions of section 50 is liable to a fine of IL.100 in respect of every day that the offence lasts ; and if he is sentenced a third time he is liable to imprisonment for a term of three months or to both a fine and imprisonment.

(c) A person who contravenes any other provision of this Law or a provision made under section 43, 44, 49, 51, 53, 54 or 55 or any other direction made under this Law and published in *Reshumot,* or who knowingly makes an

---

1) *P.G.* of 1941, Suppl. I, No. 1134, p. 85 (English Edition).
2) *Laws of Palestine* vol. I, cap. 10, p. 56 (English Edition).

incorrect statement in a document submitted by him or an incorrect reply to a question asked of him for the purposes of this Law is liable to imprisonment fo a term of one year or to a fine of IL.1,000 or to both such penalties.

Offence by body of persons.

74. Where an offence has been committed by a body of persons, every persor who at the time of its commission was a director, manager or partner of sucl body shall likewise be guilty thereof, unless he proves —

(1) that it was committed without his knowledge ; or

(2) that he took all appropriate steps to ensure compliance with this Law

Holding of deposits in banking institutions.

75. The Bank may hold deposits in banking institutions until the expiration of three years from the day on which this Law comes into force.

Power to sign.

76. The Governor may empower any employee of the Bank, in writing, either generally or in respect of a particular document or class of documents, to sign in his stead on behalf of the Bank.

Repeal of laws.

77. There are hereby repealed —

(1) the Bank Notes Ordinance, 5708—1948 ;

(2) the Currency Ordinance, 5708—1948[1]), except sections 1 and 2 thereof ;

(3) the Coinage Ordinance, 5709—1948 ;

78. The Ottoman Law of the 9th Rejeb, 1304 (9th April, 1877), and the Interest (Legal Rate) Ordinance [2]) shall not apply to banking institutions.

Commencement.

79. The Government may, with the approval of the Finance Committee of the Knesset fix, by notice published in *Reshumot*, different dates of commencement for different sections of this Law ; provided that all the sections of this Law shall come into force not later than one year from the day of publication of this Law in *Reshumot*.

Implementation.

80. The Government is charged with the implementation of this Law.

MOSHE SHARETT
Prime Minister

YITZCHAK BEN-ZVI
President of the State

1) *I.R.* of 5708, Suppl. I, No. 15, p. 39; *LSI* vol. I, p. 43.

2) *Laws of Palestine* vol. II, cap. 68, p. 769 (English Edition).