

TRANSFERRING ACTIVITY AND CLOSING A CUSTOMER'S ACCOUNT

Introduction

1. In closing a customer's account (henceforth, the account) or transferring activity from an account a bank shall act in accordance with the procedures specified in this regulation.
2. The bank must take all the necessary steps to enable a customer wishing to do so to close an account or to transfer activity from the account as soon as possible, while ensuring that the customer is not subjected to any unnecessary trouble.

Information to the customer

3. (a) The bank shall provide, in writing, to a customer requesting information about the possibility or advantages of transferring the activity from an account or closing the account, or who wishes to transfer the activity from the account or to close it (henceforth, the date of the request), a special form or forms that include references to the following:
 - (1) Credit—Details of loans given to the customer, including: the amount of the original loan; the outstanding balance due, by component (principal, indexation and interest); date the loan was given; date of first repayment; expected date of final repayment; method of repayment (Spitzer, fixed, balloon, etc.); indexation base; index in terms of latest base set by the Central Bureau of Statistics; the base rate; type of interest (fixed or variable); for fixed interest loans, the adjusted rate; for variable interest loans, the base for setting the rate and the adjusted rate at the time the customer requested the loan, the rate added to or subtracted to the base for setting the interest rate, the frequency of changes to the interest rate, and the date of the next change; the amount of the fees for early repayment known at the time the customer requested the loan; the numbers of the loans; and the collateral used to secure the loans.

Details of the customer's credit line, including: the credit limit; the amount taken; the rates of interest on the credit line; the rates of interest on exceeding the

limit; the amount by which the limit was exceeded, if at all; and the final date set for the credit limit.

- (2) Deposits—Details of the customer's deposits, including the number of each deposit; type of deposit; next withdrawal date; the balance at the next withdrawal date; the balance in case of immediate early withdrawal, provided early withdrawal is possible; penalty for immediate early withdrawal, if any; whether the deposit is a collateral for any credit; and all the above distinguishing between local-currency and foreign-currency deposits.
- (3) Credits in the account—Details of the parties that transferred credits into the account in the year prior to the date of the customer's request, as far as their identity is known to the bank; the dates and amounts of each of the last three credits transferred by each of the parties above, and its code.
- (4) Direct debits—Details of direct debits in the account in effect at the time of the customer's request for information, including the beneficiary's name and code, and the amount and date of the latest debit.
- (5) Standing orders—Details of standing orders in effect at the time of the customer's request for information, including the amount of the debit, the number of the credited account and its owner's name, as far as this is known to the bank.
- (6) Other assets and liabilities—Details of all the other assets and liabilities in the account or related to it (such as securities, bank guarantees, provident funds and advanced study funds, and liabilities that secure third party debits vis-à-vis the bank, liens on the account, etc.).
- (7) Power of attorney—Details of those authorized by power of attorney to operate the account.
- (8) Fees and commissions—Details of all fees and commissions charged in advance for which the customer will receive a proportional rebate, and details of all the future debits to be made on the account known to the bank at the time of the request.
- (9) Credit cards issued by the bank—The bank will advise the customer to use the available electronic means to obtain the following information, and to the extent

that electronic means are not available, the bank will approach the credit card company on behalf of the customer to obtain the following information and will pass it on to the customer:

- a. The credit limit on the card;
- b. Details of long-term transactions, as defined in section 11 of directive number 470 of the Proper Conduct of Banking Business (Debit Cards), including the name of the supplier, the date of the first debit and the amount of the last debit;
- c. Details of future debits for transactions performed up to the date of the customer's request as far as these are known to the bank, distinguishing between credit transactions, deferred-payment transactions, and regular transactions, and including the name of the supplier, the number of future debits for each transaction, and their amounts and dates. For credit transactions the bank shall show the early repayment fee that the customer will have to pay should he wish to repay in full immediately.
- d. Details of benefits accumulated by the customer by using the card;
- e. The customer's credit and credit line, in accordance with subsection (1) above.

(10) Clarification regarding the procedure for closing the account—Details of the conditions for closing the account, as specified in Section 5 below, or the conditions for transferring current activity only, as specified in Section 6 below.

- (b) The information specified in subsection (a) above shall be transmitted to the customer no later than four business days from the date of his request, either to the customer in person at the branch or via transfer of the information by mail, by facsimile, or by any other means as requested by the customer, if such means are available to the bank.

Receipt of instructions from the customer

4. (a) Immediately after providing the information specified in section 3 above, the bank shall ask the customer for detailed instructions as to the action it should take with regard to the assets and liabilities in the account, and shall obtain the customer's signature on all the forms needed for it to carry out the instructions. The bank shall

offer to take details of another account of the customer's in any bank, so that it can transfer to that account the credit balance in his account as specified in section 6 below, without approaching the customer again. The bank shall offer the customer the possibility of signing an agreement that will enable him to issue instructions by telephone or facsimile, so that he can issue instructions as necessary related to any actions required to transfer activity in his account or to close the account.

- (b) If the customer chooses not issue instructions at that time as to the action the bank should take with regard to all or some of the assets and liabilities in the account, the bank shall obtain the customer's signature on a declaration for each one of the actions, that he does not wish to issue instructions at that time.

Closure of a current account at the customer's request

5. (a) The bank may make the closing of a current account contingent upon the implementation of the following actions:
- (1) Return of all the information cards and debit cards that the bank had issued to the customer, and repayment of all debits relating to them;
 - (2) Cancellation of all standing orders issued by the customer to the bank;
 - (3) Cancellation of all authorizations granted by the customer to payees to debit his account according to "debits by authorization" arrangements. If the cancellation of these authorizations is not done via the bank or the transferee bank, the bank may demand a copy of the cancellation notices from the customer;
 - (4) Arrangement of third-party liabilities assumed by the bank as regards the customer's account;
 - (5) Return of unused checks held by the customer. For checks drawn but not yet presented, the bank shall advise the customer of the need to contact the payees in order to retrieve the checks in exchange for payment by some other means. The significance of checks being presented on a closed account must also be clarified to the customer, including the matter of the Checks Without Cover Law, 5741-1981;
 - (6) Coverage of all the customer's outstanding liabilities to the bank;
 - (7) Withdrawal of all the customer's credit balance;

- (8) The customer's signature on an authorization to debit the account a specified in section 7.
- (b) With regard to debits that have not yet been recorded in the account, the bank shall note in the closure form the date at which they will be recorded in the account; the date will be no later than the end of the month on which the customer concluded the actions listed in subsection (a)(1)-(8). However, if these have been concluded within the five business days that preceded the end of the month, the bank may record the debits up to the end of the following month.
- (c) If the bank has not recorded the debits in the account on the designated date, this shall not constitute a reason for deferring the closing date; the contents of this section shall not detract from the bank's right to sue the customer for money owing.

Transfer of current activity

6. If a customer has notified the bank that he is transferring the current activity from the account, while leaving in it assets and liabilities that have not yet reached maturity or their due dates, the bank shall cease to charge management fees for the account, and shall act as follows:
- (a) Loans—The bank shall enable the customer, by means of an authorization to debit an account of his in a different bank, to repay loans secured by sufficient collateral which is not the regular income deposited in the account.
- (b) Deposits—When the deposit matures, the bank shall credit to the transferee account the full amount of the deposit, as specified in section 4 above.
- (c) Credit cards—The bank shall advise the customer of the exact amount known to it that the customer must leave in the account to repay the future debits for transactions performed with the card prior to its return, excluding debits for long-term transactions.
- (d) Checks—If a customer who wishes to close an account or to transfer current activity from it has drawn checks that have not yet been presented, the bank shall suggest to the customer that he deposit the total amount of those checks in an interest-bearing deposit. That deposit would be used by the bank to pay the checks when they are presented.

- (e) The balance deposited as specified in subsections (c) and (d) above shall bear interest no less than that paid on daily deposits in that bank.
- (f) If after payment of all the debits there is a credit balance in the account, it shall be transferred by the bank to the transferee account, without being charged fees or commissions, and the account shall be closed.
- (g) The bank is entitled to make its action conditional on the customer acting as specified in subsection 5(a)(1)- 5(a)(3) and 5(a)(5) above.
- (h) The terms specified in section 10 shall apply to an account such as referred to in this section, except for matters arising from subsections (a) to (d) above.
- (i) This section notwithstanding, the bank shall be entitled to charge an account a management fee for every month in which a customer's check is presented as specified in subsection (d) above.

Additional debits

- 7. (a) If, after the account is closed, debits are presented to the bank for transactions undertaken by the customer by means of a credit card before he returned the card to the bank, and the customer did not make arrangements regarding these debits as stated in section 5(a)(4), the bank may debit the customer by means of a "debit by authorization", provided the customer agreed to such arrangement.
- (b) If an account is debited with fees and commissions as specified in section 6, the fees and commissions shall be collected by means of an "a debit by authorization".

In this section "debit by authorization" means the authorization to debit the customer's in the bank to which he has transferred his account,

Timing of closing the account and notifying the customer

- 8. (a) Once the actions required under sections 4 and 5 are completed, the account shall be closed and a notice to that effect shall be given to the customer.
- (b) On the day the account is closed as stated, the agreement to administer it shall expire, and the account shall be classified as a "closed account".

Closing the account at the bank's decision

9. (a) If the bank has decided to close the account it shall send a written notice to the customer. In the notice the bank shall specify the reasons for closing the account, noting that the conditions that oblige the bank to administer the account, in accordance with section 2(a) of the Banking (Service to Customer) Law, 5741-1981, do not obtain.
- (b) The bank shall inform the customer of the actions required of him in accordance with sections 3 and 5(a), and may demand the conclusion of the measures not less than 30 days from the date the notice is sent. Once the customer has finished arranging the above measures, within 30 days as required, his account shall be closed on that date, and the regulations specified in section 8 shall apply.
- (c) If the customer has not acted in accordance with the bank's request within 30 days of the date on which the notice was sent, the bank may stop the customer's activities in the account. However, if the customer's activities in the account could cause financial loss to the bank, the bank may stop the customer's activities in the account from the date on which the notice as stated in subsection (a) was sent.

Presenting debits on an account after it has been closed

10. (a) Without detracting from section 7 above, debits and credits presented to a bank after the account has been closed shall be returned by the bank, with the notation "account closed."
- (b) The bank shall send notices to the customer regarding a closed account in accordance with the last address in the bank's books.

The transferee bank

11. The transferee bank receiving a request for the activity in an account to be transferred to an account with it shall act as follows:
- (a) debits by authorization
- (1)The transferee bank shall obtain the customer's signature on the relevant forms, such as those mentioned in the Annex to directive 439 (Debits by Authorization);

- (2)The transferee bank shall transfer to the beneficiary the customer's notification of the change in the details of the account to be debited.
- (b) Long-term debit card transactions—The issuer of the new debit card shall advise every business with which the customer has a long-term transaction of the details of the new debit card.
 - (c) The transferee bank shall obtain the customer's signature on a form transferring his credits to the transferred account.
 - (d) The transferee bank shall obtain the customer's signature on a power of attorney, if the customer so requests and the transferee bank agrees, that authorizes the transferee bank to pass instructions to the transferor bank to perform actions to transfer the customer's activities to the transferee bank, including the receipt of information as specified in section 3 and issuing instructions as specified in section 4. The power of attorney shall contain the details of the account in the transferee bank.
 - (e) If the transferee bank has agreed to act as the customer's agent with regard to the transfer of his activities from the transferor bank, it shall obtain from him detailed, documented instructions relating to all the actions it should take in accordance with the power of attorney.

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