

*Reshumot*  
[Government Gazette]

*Sefer Ha-Chukkim*  
[The Laws of the State of Israel]

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The State Loans Law, 5739-1979

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## The State Loans Law, 5739-1979\*

- Authorization to lend** 1. The Government is hereby authorized to lend a loan, on behalf of the State, in a total sum that shall not be greater than 50,000 million Israeli Shekels, and to issue bonds for such purpose; the loan monies shall be used for the purposes of development and for the repayment of the debts of the State.
- Payment and guarantee** 2. The sums to be paid pursuant to the bonds and all of the expenses involved in the performance of this Law shall be paid out of the total revenues of the State, and out of its assets.
- Series of bonds** 3. The bonds shall be registered *in nomine* and shall be issued in series; the Minister of Finance may, with the consent of the Finance Committee of the Knesset (hereinafter – **the "Committee"**), prescribe classes of series of bonds in regulations; in such regulations, the following matters shall be prescribed for each class of series:
- (1) The period for which the bonds will be issued and the method of redemption of them;
  - (2) The rate of interest that will be paid on the bonds, the methods of payment thereof and the periods of time for the payment thereof;
  - (3) The par value of the bonds;
  - (4) The form of the bonds.
- Special Conditions** 4. The Minister of Finance may, with the consent of the Committee, make provisions in regulations regarding the following matters with respect to any series or class of series:
- (1) Full or partial linkage of the principal of the bonds or of the interest on them to the consumer price index or to the exchange rate of the dollar of the United States of America, and the conditions of such linkage, including a choice between linkage options as aforesaid;
  - (2) An exemption from tax on the interest apart from any tax that is required to be deducted pursuant to section 161 of the Income Tax Ordinance<sup>1</sup>, as in force on the date of issue of the series;
  - (3) Authorization of the Minister of Finance or such person as he may authorize, to sell the bonds by way of a tender;
  - (4) The price at which the bonds are to be sold, or authorization of the Minister of Finance or such person as he may authorize, to set the price within a range of prices, all at either their par value or at less or more than par value;
  - (5) Restrictions regarding the classes of corporations which shall be permitted to purchase the bonds, and regarding the purposes of purchase of them by such corporations;
  - (6) Restrictions regarding the ability to trade in, transfer and encumber the bonds.
- Tender** 5. The Minister of Finance may, with the consent of the Committee, make

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\* Passed by the Knesset on 23 Nisan 5739 (June 18, 1979); bill and explanatory memorandum published in *Hatsaot Chok* [Bills] 1397, 5739 [1979], p. 168.

<sup>1</sup> *Dinei Medinat Yisrael*, New Version 6, p. 120.

<b>methods</b>		regulations regarding the methods for conducting a tender for the sale of bonds, and regarding the processes required for the conducting of such.
<b>Prescription of conditions for a series</b>	6.	<p>(a) The Minister of Finance or such person as he may authorize shall prescribe the following matters for every series of bonds:</p> <ol style="list-style-type: none"> <li>(1) The class of the series;</li> <li>(2) The date of issue of the series;</li> <li>(3) The total par value of the series;</li> <li>(4) The dates for the payment of interest;</li> <li>(5) The dates for redemption of the bonds;</li> </ol> <p>Notice of a prescription as aforesaid shall be published in <i>Reshumot</i> within forty-five days of the date of issue of the series.</p> <p>(b) Should the Minister of Finance or a person whom he has authorized, prescribe that a series of bonds shall be sold by way of a tender, or prescribe the sale price within a range of prices, such prescription shall be included in the notice pursuant to sub-section (a).</p>
<b>Increase of the sum of the loan</b>	7.	The Minister of Finance may, in an order, with the consent of the Committee, increase the sum of the loan set out in section 1 up to a total sum of 60,000 million Israeli Shekels.
<b>The Administration</b>	8.	The affairs of the loan shall be managed by the Bank of Israel (hereinafter: <b>the "Administration"</b> ).
<b>Bond register</b>	9.	<p>(a) The Administration shall keep a register on which the names and addresses of the holders of the bonds, and the par value of the bonds held by them, shall be recorded (hereinafter: <b>the "Register"</b>).</p> <p>(b) The Register shall serve as <i>prima facie</i> evidence in all matters recorded therein as a matter of law</p>
<b>Transfer of bonds</b>	10.	The bonds may be transferred subject to all of the restrictions pursuant to section 4, in a deed of transfer signed by the transferor and the transferee; the deed of transfer shall be delivered to the Administration, which shall record the transfer on the Register.
<b>Purchase without issue of bonds</b>	11.	The Administration may, notwithstanding the provisions of this Law, keep a record of bonds that have been purchased or transferred without issuing the bonds; if a purchaser or transferee so requests, the bonds shall be issued to them.
<b>Fee and discount</b>	12.	<p>(a) The Minister of Finance may come to an agreement with a corporation that is registered in Israel (for this purpose – including the Postal Bank) which may undertake the distribution of the bonds or which may guarantee their distribution, in whole or in part, in consideration for payment of a fee as may be prescribed in regulations, with the consent of the Committee, in general or with respect to a specific series.</p> <p>(b) The Minister of Finance may, with the consent of the Committee, make provision in regulations for a discount on the sale price that will be granted to a person who purchases bonds as an investment in a savings plan in respect of which an order has been issued regarding an exemption from income tax pursuant to the Encouragement of Savings,</p>

		Discounts on Income Tax and Guarantees for Loans Law, 5716-1956 <sup>2</sup> , in general or with respect to a specific series.
<b>Exemption from Stamp Duty</b>	13.	The bonds, and the transfer thereof, shall be exempt from stamp duty.
<b>Signature</b>	14.	The bonds shall bear the image of the signatures of the Minister of Finance and the Accountant General.
<b>Performance and Regulations</b>	15.	The Minister of Finance shall be responsible for the performance of this Law and he may make regulations regarding any matter relating to the performance hereof, however – <ul style="list-style-type: none"> <li>(1) Regulations pursuant to sections 3 through 5 shall not have retrospective effect;</li> <li>(2) Once regulations are made pursuant to sections 3 through 5, or once a notice is published pursuant to section 6, these may not be amended with respect to any series that has already been issued.</li> </ul>
<b>Amendment of the Development Loan Law</b>	16.	Section 6A of the Development Loan Law, 5720-1960 <sup>3</sup> – is repealed as of 20 Tammuz 5739 (July 15, 1979).

Menahem Begin  
Prime Minister

Simha Ehrlich  
Minister of Finance

Yitshak Navon  
President of the State

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<sup>2</sup> *Sefer Hachukkim* 5716, p. 52.

<sup>3</sup> *Sefer Hachukkim* 5720, p. 47; 5729, p. 221.