



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Gabriel Makhoul
Gobharnóir / Governor

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4 December 2024

Dear Paul,

Re: Israeli Bonds

At the meeting of the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach on 9 October, I agreed to look closely at the questions relating to the Israeli Bond Programme.

I attach our analysis of the issues. In my view, the law is clear and the Central Bank has to approve a prospectus for the offer of securities to the public where it meets the required standards of completeness, comprehensibility and consistency. The law is also clear that our approval should not be considered an endorsement of the issuer or of the securities.

Yours sincerely,

Gabriel Makhoul

Annex

Israeli Bond Programme – Key Summary Points

- Under the Prospectus Regulation¹, a prospectus must be drawn up, approved and published when securities are to be offered to the public or admitted to trading on a regulated market in the EU.
- As competent authority under the Prospectus Regulation, the Central Bank is responsible for assessing whether a prospectus has been drawn up in compliance with the disclosure requirements of the Prospectus Regulation.
- The Central Bank is required to approve a prospectus under the Prospectus Regulation, where the prospectus documentation meets standards of completeness, consistency and comprehensibility. The Central Bank does not endorse the issuer or the securities by way of the prospectus approval.
- The Central Bank can only refuse the approval of a prospectus where the Central Bank has a legal basis to do so. Other than insufficient prospectus disclosures, an example of a legal basis for refusal would be: (i) the existence of EU financial sanctions prohibiting the provision of services or assistance in connection with the issuance of securities by the Israeli government, or (ii) national restrictive measures to the same effect.
- Third country issuers have to choose one of the EU competent authorities in the EU as their Home Member State subject to certain criteria set out in the EU Prospectus Regulation. The choice of Home Member State within the EU is up to the issuer and the Central Bank can only object if we do not believe we have legal jurisdiction for the approval based on the Prospectus Regulation. Prior to 2021, the UK was the EU Home Member State under the Prospectus Regulation for the State of Israel. Ireland was

¹ Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

chosen as new Home Member State following the United Kingdom's departure from the European Union.

- The prospectus documentation for the Israeli bond programme contains all the necessary information as required under the Prospectus Regulation. Internal review and scrutiny processes in line with the Central Bank's risk based approach to prospectus scrutiny have been followed.
- The Central Bank can suspend the offer of the securities for a maximum of 10 consecutive working days where it has reasonable grounds to believe that there has been an infringement of the Prospectus Regulation. The Central Bank has not identified any such infringement at this time.
- Any advertisement material needs to be consistent with the information in the prospectus. If the Central Bank were to determine that there is any inconsistency between the advertisement material and the prospectus documentation, the Central Bank can also suspend the advertisement for a maximum of 10 consecutive working days. The Central Bank has not identified any such inconsistency at this time.
- On 19 July 2024, the International Court of Justice (ICJ) found in the ICJ Advisory Opinion that the State of Israel's continued presence in the Occupied Palestinian Territory is unlawful. The ICJ Advisory Opinion is addressed to Member States of the United Nations, other States and international organisations. The ICJ Advisory Opinion would not of itself be a ground upon which the Central Bank could refuse to approve the Israeli bond programme.
- International Criminal Court processes into the situation in the State of Palestine do not constitute grounds for the Central Bank to refuse the approval of the Israeli bond programme.
- The Central Bank has not identified any basis upon which to use its supervisory powers, under Article 32(1) of the Prospectus Regulation, with regard to the Israeli bond programme at this time.

- No breaches of the European Union (Prospectus) Regulations 2019 or the Central Bank (Investment Market Conduct) Rules 2019 have been identified with regard to the Israeli Bond programme at this time.
- Key questions raised at the recent hearing of the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach, relating to the Israeli bond Programme and the Central Bank's responses are set out in the Appendix.

1. Prospectus Regulation and the Central Bank's Role

The Central Bank is designated as the competent authority in Ireland for the approval of securities prospectuses under the Prospectus Regulation.

Under the Prospectus Regulation, a prospectus must be drawn up, approved and published when securities are to be offered to the public or admitted to trading on a regulated market in the EU. The Prospectus Regulation covers a variety of different securities, such as shares, bonds, structured products but also government bonds for third countries. Government bonds issued by EU Members States are exempt from the requirement to publish a prospectus under the Prospectus Regulation.

The Prospectus Regulation makes clear that the regulation constitutes an essential step towards the completion of the Capital Markets Union and harmonises the approach to the approval of prospectuses. Recital 4 of the Prospectus Regulation recites that divergent approaches would result in fragmentation of the internal market since issuers, offerors and persons asking for admission to trading on a regulated market would be subject to different rules in different Member States and prospectuses approved in one Member State could be prevented from being used in other Member States. It further recites that to ensure the proper functioning of the internal market and to improve the conditions of its functioning and to guarantee a high level of consumer investor protection it is appropriate to lay down a regulatory framework for prospectuses at Union level. Accordingly a decision under the Prospectus Regulation must be made in accordance with EU law.

As competent authority under the Prospectus Regulation, the Central Bank is responsible for assessing whether a prospectus in respect of which Ireland is the ‘home Member State’ has been drawn up in compliance with the requirements of the Prospectus Regulation.

This assessment is based solely upon the completeness, comprehensibility and consistency of the information in the prospectus, which are assessed against the prescribed requirements in the Prospectus Regulation (as further supplemented by Commission Delegated Regulation (EU) 2019/980).

Where the disclosure in a prospectus complies with the requirements of the Prospectus Regulation, it must be approved unless there is a valid legal basis for not doing so. For example, under the EU’s financial sanctions against Russia (Council Regulation (EU) 2022/262 amending Council Regulation (EU) No 833/2014), it is prohibited to directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with transferable securities issued after 9 March 2022 by Russia, its government, or the Central Bank of Russia.

The Central Bank does not endorse the issuer or the securities by way of the prospectus approval. To clarify the scope of the approval by national competent authorities, the Prospectus Regulation prescribes that each prospectus should include a statement that the competent authority only approves the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and that such approval should not be considered as an endorsement of the issuer and the securities that is the subject of the prospectus.

2. Ireland as the ‘Home Member State’ for Israeli Government Bonds

Third countries’ issuers have to choose one of the EU competent authorities in the EU as their Home Member State subject to certain criteria set out in the EU Prospectus Regulation². The choice of Home Member State within the EU is up to the issuer and the Central Bank can only object if we do not believe we have legal jurisdiction for the approval based on the Prospectus Regulation.

² The choice of ‘Home Member State’ is connected to where the securities are intended to be offered to the public for the first time or where the first application for admission to trading on a regulated market is made.

Prior to 2021, the UK was the EU Home Member State under the Prospectus Regulation for the State of Israel. Ireland was chosen as new Home Member State following the UK's departure from the EU. The Central Bank approved the first prospectus for the bond issuance programme in 2021. The securities are offered in Ireland (and Austria, France, Germany and the Netherlands through EU passport). They are not listed on a regulated market in the EU but remain listed on the London Stock Exchange. The Central Bank was not directly in contact with Israel in advance of Israel choosing Ireland as its new home member state under the Prospectus Regulation. The Central Bank has approved a number of prospectuses for government bonds since the introduction of the Prospectus Regulation and its predecessor the Prospectus Directive in 2007.

3. Approvals of Israeli Bond Programme

The first Israeli bond programme was approved on 4 January 2021. Pursuant to Article 12 (1) of the Prospectus Regulation *“a prospectus whether a single document or consisting of separate documents, shall be valid for 12 months after its approval for offers to the public or admissions to trading on a regulated market, provided that it is completed by any supplement required pursuant to Article 23.”*

Recital 46 of the Prospectus Regulation clarifies that the time limit set for the validity of a prospectus is in order to avoid investment decisions based on outdated information.

Article 23 requires that *“every significant new factor, material mistake or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to the prospectus without undue delay.”*

The Central Bank approved updates to this programme on 1 September 2021, 1 September 2022, 1 September 2023 and 2 September 2024. The Central Bank approved prospectus supplements to the programme on 26 February 2024 and 7 June 2024.

It is the Issuer's responsibility to assess whether an event constitutes a significant new factor as the Issuer is taking responsibility for the accuracy of the information in the prospectus. However, if the Central Bank were to become aware of an event or new factor that may be significant and the issuer has not submitted a supplement to the Central Bank, we may query with the issuer whether they should consider supplementing their prospectus ahead of any new offers.

4. Scope of Prospectus Review and Powers of the Central Bank

The Central Bank is not responsible for verifying the information the issuer includes in the prospectus. Responsibility for the accuracy and completeness of this information lies with the issuer i.e. the company that issues the bonds or shares.

The Central Bank can only act upon the information provided and we approve the prospectus based upon the issuer including all the disclosures required by the Prospectus Regulation. The issuer is liable for any misleading information contained in, or omitted from, the prospectus.

Recital 7 of the Prospectus Regulation states that the aim of the Prospectus Regulation is to ensure investor protection and market efficiency through the provision of the information necessary to enable investors to make an informed investment decision.

Article 6 of the Prospectus Regulation sets out that a prospectus shall contain the necessary information that is material to an investor for making an informed assessment of:

- (a) the assets and liabilities, profits and losses, financial position, and prospects of the issuer and of any guarantor;
- (b) the rights attaching to the securities; and
- (c) the reasons for the issuance and its impact on the issuer.

Recital 54 of the Prospectus Regulation recites that the primary purpose of including risk factors in a prospectus is *“to ensure that investors make an informed assessment of such risks and thus take investment decisions in full knowledge of the facts. Risk factors should therefore be limited to those risks which are material and specific to the issuer and its securities and which are corroborated by the context of the Prospectus to help investors identify the most*

material risks, the issuer should adequately describe and present each risk factor in the Prospectus.”

Article 16 of the Prospectus Regulation addresses the risk factors that must be mentioned in a prospectus, and provides that the *“Risk factors featured in a prospectus shall be limited to risks which are specific to the issuer and/or the securities and which are material for taking an informed investment decision, as corroborated by the content of the registration document and the securities note”*.

Article 20(4) of the Prospectus Regulation clarifies that a competent authority needs to review a prospectus application against the standards of completeness, comprehensibility and consistency necessary for its approval. Where the initial prospectus applications does not meet these standards, the competent authority will inform the issuer and set out the further information that is required.

Article 32(1)(a) of the Prospectus Regulation sets out that in order to fulfil their duties under the Prospectus Regulation, competent authorities shall have the power to require issuers, offerors or persons asking for admission to trading on a regulated market to include in the prospectus supplementary information, where necessary for investor protection.

Recital 8 of the Prospectus Regulation clarifies that a Member State or a competent authority through its rulebook can impose other particular requirements in the context of the admission to trading of securities on a regulated market, however that such requirements should not impact the content of a prospectus. The additional requirements: (i) need to be imposed by rulebook and not on a case-by-case basis and (ii) may only be applied for the admission to trading. The second sentence of Recital 8 clarifies that such additional requirements cannot restrict the drawing up, content and the dissemination of a prospectus. The bonds issued under the Israeli bond programme are only offered to the public and not admitted to trading, so Recital 8 of the Prospectus Regulation is not applicable to these bonds.

5. Prospectus Scrutiny Process

In accordance with Article 20(11) of the Prospectus Regulation, the EU Commission has issued Commission Delegated Regulation (EU) 2019/980 specifying the criteria for the scrutiny of prospectuses, in particular the completeness, comprehensibility and consistency of the

information contained therein, and the procedures for the approval of the prospectus (the Commission Delegated Regulation).

In addition, the Commission Delegated Regulation sets out in its annexes the specific disclosure items that need to be included in each type of prospectus.

Articles 36, 37 and 38 of the Commission Delegated Regulation set out the specific criteria for the scrutiny of completeness, consistency and comprehensibility. For completeness, this is mainly whether all the necessary disclosure items as set out in the Annex to the Commission Delegated Regulation are contained in the prospectus. With regards to consistency, Article 38 of the Commission Delegated Regulation is looking at consistency within the different sections of the prospectus.

Article 38(d) provides that for the purposes of scrutinising the consistency of the information in a prospectus the competent authority shall, inter alia, assess whether any figures on the use of proceeds correspond to the amount of proceeds being raised and whether the disclosed use of proceeds is in line with the disclosed strategy of the issuer. The Central Bank is satisfied with the disclosures in the Israeli bond programme with regard to the use of proceeds and their consistent description through the prospectus documentation.

Article 40 of the Commission Delegated Regulation states where necessary for investor protection, the competent authority may apply additional criteria for the purposes of scrutinising the completeness, comprehensibility and consistency of the information in the draft prospectus. Notwithstanding the foregoing, the Central Bank has limited discretion to require additional information outside of the disclosure requirements set out in the Annexes to the Commission Delegated Regulation.

In our assessment there is clear and prominent discussion of the war in Gaza in the prospectus and its impact on Israel's financial position, providing the necessary information to investors on the issuer's financial position and use of funds.

In that regard, we note, amongst other disclosures, the section of the Israel prospectus titled "*Risks related to the State of Israel and the geopolitical and economic environment*"³. In

³ <https://israelbondsintl.com/pdf/2024InformationMemorandum.pdf>.

addition, the Form 18-K incorporated into the Israel prospectus by reference, contains a detailed account of the financial and economic position of the State of Israel, including total debt, government spending, imports, exports, defence spending and information on the holdings of bonds. This report also makes extensive reference to the war in Gaza.⁴

6. Advertisements

Article 22(3) of the Prospectus Regulation requires that the information contained in an advertisement shall not be inaccurate or misleading and shall be consistent with the information contained in the prospectus, where already published, or with the information required to be in the prospectus, where the prospectus is yet to be published.

Under its risk based approach to prospectus supervision, the Central Bank does not systematically review advertisements as part of its initial prospectus review or supervision. Instead, the Central Bank will take action where the Central Bank becomes aware of allegations of inconsistencies. Most advertisement material will not be available at the time of approval of the prospectus, in particular in the case of issuance programmes, but will only be disseminated on issuance of securities under the prospectus.

Where the Central Bank deems that Article 22(3) of the Prospectus Regulation has been infringed, Article 32 (1)(e) of the Prospectus Regulation gives the Central Bank the power to: *“prohibit or suspend advertisements or require issuers, offerors or persons asking for admission to trading on a regulated market, or relevant financial intermediaries to cease or suspend advertisements for a maximum of 10 consecutive working days on any single occasion where there are reasonable grounds for believing that this Regulation has been infringed.”*

Following the recent hearing of the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach, on 9 October 2024, the Central Bank reviewed the website (israelibonds.com) mentioned during that hearing. None of the bonds sold through this particular website are issued under the bond programme approved by the Central Bank, instead they are offered under bond programmes approved by the SEC in the United States. Please see the relevant prospectuses listed on <https://www.israelbonds.com/Offerings-Rates/Prospectuses.aspx>. As such, the Central Bank does not have any jurisdiction to query the advertisement material provided on this website. This would be a matter for the US SEC.

⁴ <https://israelbondsintl.com/pdf/18K-2024.pdf>

The Central Bank has reviewed the website (<https://israelbondsintl.com>) used for the promotion of the bonds issued under the Central Bank approved programme. We do not consider the advertisement material on this website to be inconsistent with the disclosure in the prospectus. We note that this website contains references such as “*Israel is at war*” and “*Stand with Israel now*”. This website also sets out that “*Israel uses the loaned money to help strengthen almost every part of its modern, innovative and diverse economy.*” In our assessment, these statements are not inconsistent with the disclosure in the Israeli prospectus, which sets out information with regard to the war in Gaza and provides information on government spending.

If we were to deem that advertisement material was inconsistent with the information in the prospectus, as set out above, we could direct the issuer to suspend the advertisement for a maximum of 10 consecutive working days to remedy the inconsistency.

7. Article 32(1) of the Prospectus Regulation

Article 32(1) of the Prospectus Regulation provides the Central Bank with certain powers, as set out in that Article. In the main these powers arise where there is a breach of the Prospectus Regulation. A breach of the Prospectus Regulation has not been identified with regard to the State of Israel bond programme to justify the use of these powers at this time.

Where the Article 32(1) powers relate to securities admitting to trading and the power to suspend trading, those powers do not apply to the securities issued under the Israel bond programme as they are not admitted to trading.

Where the Article 32(1) powers relate to requiring additional disclosure, the assessment which has been made, at this time, is that sufficient disclosure is already provided for within the Israel bond prospectus and the documents incorporated by reference, including the Form 18-K for year ended 31 December 2023.

8. The European Union (Prospectus) Regulations 2019 and the Central Bank (Investment Market Conduct) Rules 2019

The European Union (Prospectus) Regulations 2019 (the 2019 Regulations) are Irish regulations made by the Minister for Finance, which implement certain aspects of the

Prospectus Regulation and provide the Central Bank with certain powers as a competent authority under the Prospectus Regulation. The powers under the 2019 Regulations arise, in general, where there is: (i) a breach of the Prospectus Regulation, or (ii) detriment arising for investors. The 2019 Regulations permit the Central Bank to: (a) issue certain directions, (b) prohibit or modify advertisements, (c) appoint an authorised officer to gather information, (d) initiate an assessment (an equivalent process to an Administrative Sanction Procedure), and (e) following an assessment impose sanctions. No such breach of the 2019 Regulations or investor detriment has been identified with regard to the Israel bond programme at this time.

In exercise of powers conferred upon the Central Bank under the Companies Act 2014, the Central Bank made the Central Bank (Investment Market Conduct) Rules 2019 (the 2019 Rules), setting out certain transparency, market abuse and prospectus requirements. The prospectus requirements under the 2019 Rules relate to: (i) cooperation with the Central Bank, (ii) the display of certain statements, (iii) the submission of information to the Central Bank, and (iv) requirements relating to filings and notifications. No breaches of the 2019 Rules have been identified with regard to the Israel bond programme at this time.

9. The Advisory Opinion of the International Court of Justice, dated 19 July 2024, with regard to the legal consequences arising from the Policies and Practices of Israel in the Occupied Palestinian Territory, including East Jerusalem (the ICJ Advisory Opinion)

In an advisory opinion, dated 19 July 2024, the ICJ found, amongst other things, that the State of Israel's continued presence in the Occupied Palestinian Territory is unlawful. The ICJ Advisory Opinion is addressed to Member States of the United Nations, other States and international organisations.

The ICJ Advisory Opinion states that: *“all States are under an obligation not to recognize as legal the situation arising from the unlawful presence of Israel in the Occupied Palestinian Territory. They are also under an obligation not to render aid or assistance in maintaining the situation created by Israel's illegal presence in the Occupied Palestinian Territory. It is for all States, while respecting the Charter of the United Nations and international law, to ensure that any impediment resulting from the illegal presence of Israel in the Occupied Palestinian Territory to the exercise of the Palestinian people of its right to self-determination is brought to an end. In addition, all the States parties to the Fourth Geneva Convention have the*

obligation, while respecting the Charter of the United Nations and international law, to ensure compliance by Israel with international humanitarian law as embodied in that Convention.”.

The ICJ Advisory Opinion would not of itself be a ground upon which the Central Bank could refuse to approve the Israeli Bond programme.

10. The Control of Economic Activity (Occupied Territories) Bill 2018

The Control of Economic Activity (Occupied Territories) Bill 2018 (the 2018 Bill) proposes to make it an offence for a person to import or sell goods or services originating in an occupied territory or to extract resources from an occupied territory in certain circumstances; and to provide for related matters.

The 2018 Bill provides for the following offences:

- It shall be an offence for a person to assist another person to import or attempt to import settlement goods (Section 6(2));
- It shall be an offence for a person to assist another person to sell or attempt to sell settlement goods (Section 7(2));
- It shall be an offence for a person to assist another person to provide or attempt to provide a settlement service (Section 8(2)); and
- It shall be an offence for a person to assist another person to engage in the extraction of resources from a relevant occupied territory or its associated territorial waters (Section 9(2)).

“Settlement goods” are defined to mean goods produced in whole or in part within a relevant occupied territory by an illegal settler. A “settlement service” means a service provided in whole or in part within a relevant occupied territory by an illegal settler. An “illegal settler” means a member of the civilian population of an occupying power who was or is present within the relevant occupied territory and whose presence is being, or has been, facilitated directly or indirectly, by the occupying power.

A “relevant occupied territory” for the purposes of the 2018 Bill means a territory which is occupied within the meaning of the Fourth Geneva Convention, and which has been: (a) confirmed as such in a decision or advisory opinion of the International Court of Justice, (b) confirmed as such in a decision of the International Criminal Court, (c) confirmed as such in a

decision of an international tribunal, or (d) designated as such for the purposes of this Act in a regulation made by the Minister for Foreign Affairs and Trade.

The Central Bank notes that the last Government was considering progressing the 2018 Bill in the context of the ICJ Advisory Opinion, prior to the dissolution of Dáil Éireann. The Central Bank understands from statements of the last Government on the matter that this is being considered but challenges remain and that the 2018 Bill needs to be re-drafted and amended substantively.

The Central Bank is monitoring the progress of the 2018 Bill, in particular as regards whether any national restrictions are placed on the issuance of securities.

11. Status of the International Criminal Court's investigation into the situation in the State of Palestine

On 1 January 2015, the Government of the State of Palestine lodged a declaration under the Rome Statute accepting the jurisdiction of the International Criminal Court (ICC) over alleged crimes committed "in the occupied Palestinian territory, including East Jerusalem, since June 13, 2014" (the Situation).

In the period 2015 to 2019, a preliminary examination was conducted by the Office of the Prosecutor (the Office) of the ICC which determined that the criteria for opening an investigation had been met. On 3 March 2021, following a decision by the ICC's Pre-Trial Chamber that the ICC could exercise its criminal jurisdiction in the Situation and that the territorial scope of this jurisdiction extends to Gaza and the West Bank (including East Jerusalem), the Office initiated an investigation in respect of the Situation in Palestine.

On 17 November 2023, the Office received a further referral of the Situation in Palestine from South Africa, Bangladesh, Bolivia, Comoros and Djibouti. This referral noted there was evidence of continuing commission of the crimes detailed in Palestine's May 2018 referral, along with additional crimes in the weeks leading up to the referral (including genocide, crimes against humanity and war crimes) and requested the Office to investigate the Situation for the purposes of determining whether one or more specific persons should be charged with the commission of such crimes. A further referral was received on 18 January 2024 from the Republic of Chile and the United Mexican States. On 20 May 2024, the Office filed applications for warrants of arrest before the Pre-Trial Chamber concerning:

- Yahya Sinwar, Mohammed Diab Ibrahim Al-Masri (Deif), and Ismail Haniyeh for war crimes and crimes against humanity allegedly committed on the territory of Israel and the State of Palestine (in the Gaza strip) from at least 7 October 2023. Following confirmation of their deaths, the Pre-Trial Chamber granted the withdrawal of the applications for warrants of arrest in respect of Mr Ismail Haniyeh and Mr Yahya Sinwar;
- Benjamin Netanyahu and Yoav Gallant for war crimes and crimes against humanity allegedly committed on the territory of the State of Palestine (in the Gaza strip) from at least 8 October 2023.

We understand that on 21 November 2024 the Pre-Trial Chamber of the ICC issued warrants of arrest in respect of: (i) Mr Mohammed Diab Ibrahim Al-Masri, and (ii) Mr Benjamin Netanyahu and Mr Yoav Gallant.

International Criminal Court processes into the situation in the State of Palestine do not constitute grounds for the Central Bank to refuse the approval of the Israeli Bond programme.

12. Genocide Convention

The Convention on the Prevention and Punishment of the Crime of Genocide is an international treaty under which the contracting parties confirm that genocide is a crime under international law and undertake to prevent and to punish it. Ireland is a contracting party to the Convention, having acceded to it in 1976. The Convention was originally given effect in Irish law by the Genocide Act 1976, which was repealed and replaced by the International Criminal Court Act 2006. In accordance with the 2006 Act, it is an offence to commit genocide or a crime ancillary to genocide (e.g. aiding, abetting, assisting, inciting, etc.).

Genocide is defined under the Convention as any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group:

- Killing members of the group;
- Causing serious bodily or mental harm to members of the group;

- Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;
- Imposing measures intended to prevent births within the group;
- Forcibly transferring children of the group to another group.

With respect to the above, the Convention requires that each of genocide, conspiracy to commit genocide, incitement to commit genocide, attempt to commit genocide, and complicity in genocide are punishable.

It falls outside the competencies of the Central Bank to make a determination of genocide under the Convention. The referral to the ICC, as referred to above, includes an allegation of genocide.

Appendix

Key Questions Raised during the hearing of the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach on 9 October 2024

1. *Did anyone in CBI reach out to Israel after Britain left EU and therefore when the UK couldn't be the home country for these bonds?*

The Central Bank did not reach out to Israel with regard to Ireland becoming the home member state for its bonds post Brexit. The Central Bank has approved a number of government bond prospectuses for third countries. Bond prospectuses for EU member states are exempt from the requirement to publish a prospectus under the Prospectus Regulation.

2. *Are your hands tied to authorise these bonds?*

The Central Bank does not authorise the bonds issued under the Israeli bond programme but only approves the bond prospectus as meeting the disclosure requirements of the Prospectus Regulation. The Prospectus Regulation is a disclosure regime. Neither the issuer nor the financial products become regulated or endorsed as a result of the approval. The Central Bank is required to approve the prospectus if the disclosure meets the standards of completeness, consistency and comprehensibility.

3. *Is this obligation from the 2017 EU regulation?*

The Prospectus Regulation, Regulation (EU) 2017/1129, sets out the role of the Central Bank with regard to prospectus approval.

4. *Paragraph 8 of this regulation allows you to impose other requirements – do you agree that the Central Bank has these additional powers?*

Recital 8 of the Prospectus Regulation sets out that *the disclosure requirements of this Regulation do not prevent a Member State or a competent authority or an exchange, through its rulebook, from imposing other particular requirements in the context of the admission to trading of securities on a regulated market, notably regarding corporate governance. Such requirements should not directly or indirectly restrict the drawing up, the content and the dissemination of a prospectus approved by a competent authority.*

Recital 8 clarifies that a Member State or a competent authority through its rulebook can impose other particular requirements for the admission to trading of securities on a regulated market, however that such requirements should not impact the content of a prospectus.

Any such additional requirements, as referred to in Recital 8: (i) need to be imposed by rulebook and not on a case by case basis, and (ii) may only be applied to the admission to trading on a regulated market, not the offer. The second sentence of Recital 8 clarifies that such requirements cannot restrict the drawing up, content and the dissemination of a prospectus.

The bonds issued under the Israeli bond programme are not admitted to trading on a regulated market in Ireland but only offered to investors. As such, Recital 8 is not applicable to the Israeli bond programme.

5. *When did the Central Bank last approve an Israeli prospectus?*

The Central Bank last approved an Israeli bond prospectus on 2 September 2024.

6. *Did the CBI look at article 32 and will you require the prospectus to say that these bonds are being used as "war bonds"?*

The Central Bank has reviewed Article 32 of the Prospectus Regulation.

The Central Bank is of the view that the Israeli bond prospectus provides required disclosures as regards Israel's war in Gaza. According to the prospectus documentation and website advertising the bonds, the funds are used for the general financing purposes of the Issuer (the State of Israel). The Israeli bond prospectus contains detailed information on the financial and economic position of the State of Israel, including total debt, government spending, imports, exports and information on the holdings of bonds. Neither the prospectus nor any advertisement material that we have reviewed used the term 'war bonds'. Instead, we believe use of that term derives from a press article.

7. *Did the Central Bank consider Israel's numerous breaches of international and humanitarian law when you approved the last Israeli prospectus?*

8. *In light of the International Court of Justice ruling in January in relation to Israeli actions in Gaza, was the information in the recent bond prospectus applications properly examined? Was further information sought? If not, why wasn't it sought at the time?*

With regard to questions 7 and 8, the Central Bank did consider the geopolitical developments relevant to the prospectus. As noted above, the Prospectus Regulation is a disclosure regime. The Central Bank ensured that the geopolitical situation and its potential impact on investors was disclosed in the prospectus. The Central Bank will adhere to any financial sanctions or restrictive measures that are imposed under law. The Central Bank could not refuse to approve the Israeli Bond programme on the basis of the ICJ Advisory Opinion.

9. *Have you requested a review of the information given?*

There is a requirement to publish a prospectus supplement in case of a significant new factor, material mistake or inaccuracy relating to information included in a prospectus which may affect the assessment of the securities. It is up to the issuer to decide whether an event or development constitutes a significant new factor. However, the Central Bank may challenge this assessment and require the publication of a supplement within the remit of the Prospectus Regulation.

10. *Under article 32, you have the power to suspend advertisements. Have you considered using this power?*

Following the hearing of the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach, on 9 October 2024, the Central Bank has reviewed the website advertising the Israeli government bonds. The Central Bank does not consider the advertisement material to be inconsistent with the disclosure in the prospectus.