



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Gabriel Makhlouf
Gobharnóir / Governor

Ms Mairéad Farrell T.D.
Cathaoirleach
Joint Oireachtas Committee on Finance, Public Expenditure, Public Service Reform and
Digitalisation, and Taoiseach
Houses of the Oireachtas
Leinster House
Kildare Street
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Dear Chair,

Thank you for your letter of 16 October that sets out further questions raised by Committee Members in advance of our appearance before the Joint Oireachtas Committee this week. I have set out our responses in the Appendix.

I hope this information is helpful and look forward to discussing these issues with you on Wednesday.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G. Makhlouf'.

Gabriel Makhlouf

Appendix

1. During the period whereby bond prospectus were approved by the central bank for Israeli bonds, how much money did Israel pay the central bank for their services?

The Central Bank received a total of €38,950 in fees from the State of Israel from 1 January 2020 to 1 September 2025, consisting of fees for the approval of prospectus documentation to the amount of €34,600 and fees for the filing of issuances terms (“Final Terms”) to the amount of €4,350. These fees charged by the Central Bank are prescribed by regulations. They apply on an industry wide basis and are not specific to the issuer.

2. Did the Central Bank sanction Israel and refuse the prospectus for Israeli bonds, or did it sanction a transfer to another competent authority?

The transfer of approval process set out in Article 20(8) of the EU Prospectus Regulation provides that on the request of an issuer, the competent authority of the home Member State may transfer the approval of a prospectus to the competent authority of another Member State. Any such transfer is subject to prior notification to ESMA and the agreement of the competent authority to whom the approval function is to be transferred.

In this process, the competent authority of the home Member State only approves the transfer to the competent authority of another Member State but does not approve the prospectus that is issued. The competent authority of the transferee Member State reviews and decides whether to approve the prospectus.

In this framework, the Central Bank’s role was limited to transferring the role of approving the 2025 Prospectus to the Commission de Surveillance du Secteur Financier in Luxembourg (the CSSF). The Central Bank did not have any role in the review or approval of the 2025 Prospectus and did not receive any draft of that document. It was a matter for the CSSF to independently carry out the review and approval process.

To summarise, there are, therefore, two distinct and separate steps in the transfer of approval process. The first is the transfer of approval of the prospectus to another competent authority. The second is the review and approval of the prospectus by that other authority. In carrying out its role of reviewing and approving the relevant prospectus, the CSSF is entirely independent of the Central Bank, and the CSSF approved the 2025 prospectus.

In the case of the State of Israel transfer of approval request, the issuer decided that it would cease from 1 September 2025 making offers to the public under its prospectus in Ireland. The

bonds to be issued under the 2025 Prospectus may only be offered to the public in Austria, France, Germany, Luxembourg and the Netherlands.

In circumstances where the State of Israel proposed to discontinue offers to the public under its prospectus in Ireland, the Central Bank approved the transfer of approval of the prospectus under the EU Prospectus Regulation.

The framework of the EU Prospectus Regulation supports approval of prospectus decisions being taken by a competent authority with the relevant connectivity to the prospectus. However, it is not inherent in the transfer of approval that the prospectus will subsequently be approved. The review and approval of the prospectus is a separate process to be completed independently by the transferee competent authority.

3. If the Central Bank did refuse the prospectus for Israeli bonds, was this for the reason of financial risk or reputational risk?

Please see our response to question 2 above.

4. Is it possible that next September, the Central Bank could approve the prospectus for Israeli bonds?

If the issuer intends to issue securities with a denomination below €1,000, under the EU Prospectus Regulation, the Central Bank could be requested to approve a further transfer or a new prospectus.

The Central Bank cannot pre-judge at this stage whether we would approve any such transfer of prospectus approval or prospectus approval request. That assessment would be based on the relevant circumstances at the relevant time.

5. Can you confirm that Ireland is still the EU Home Member State under the Prospectus Regulation for the State of Israel? If so, does the central bank intend to change this?

Ireland will retain the status of Home Member State for issuances of non-equity securities with a denomination below €1,000 by the issuer. It is not possible for the Central Bank to change this designation.

We set out further detail on this in the letter to the Joint Committee from the Central Bank, dated 11 July. We have included the relevant details below for ease of reference.

“Third countries’ issuers of non-equity securities with a denomination below €1,000 have to choose one of the competent authorities in the EU as their Home Member State subject to certain criteria set out in the EU Prospectus Regulation. In particular, under Article 2(m)(iii) of the Prospectus Regulation, such issuers can choose their EU Home Member State from those in which 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. 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 chosen as the new Home Member State following the UK’s departure from the EU.

As outlined by ESMA, Ireland will now retain this status as Home Member State for issuances of non-equity securities with a denomination below €1,000 by the issuer.

This is subject to Article 20(8) of the Prospectus Regulation which allows for a transfer of the approval of a particular prospectus on request of the issuer. In that regard, on request of the issuer, the offeror or the person asking for admission to trading on a regulated market, the competent authority of the Home Member State may transfer the approval of a prospectus to the competent authority of another Member State, subject to prior notification to ESMA and the agreement of that competent authority.

Finally, another provision of the Prospectus Regulation, Article 2(m)(ii), provides for a separate choice of Home Member State for issuances of non-equity securities whose denomination per unit amounts to at least €1,000. This Home Member State choice is made on a prospectus-by-prospectus basis.”

6.What responsibility, and what association with Israel, do we have as still the EU Home Member State under the Prospectus Regulation for the Israel?

Article 20(8) of the EU Prospectus Regulation provides that: “Upon completion of the transfer of the approval, the competent authority to whom the approval of the prospectus has been transferred shall be deemed to be the competent authority of the home Member State for that prospectus for the purposes of this Regulation.”

Accordingly, the CSSF is deemed to be the home Member State competent authority for the purposes of the 2025 Prospectus. The Central Bank therefore does not have a role or responsibility with regard to the 2025 Prospectus.

The Central Bank does retain the responsibility of considering any future transfer of prospectus approval or prospectus approval requests from the issuer in respect of securities with a denomination below €1,000.