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## ISRAEL SECURITIES AUTHORITY

### **Memorandum of Understanding concerning cooperation and exchange of information between the Supervisor of Banks, the Israel Securities Authority and the Capital Markets, Insurance & Savings Division of the Finance Ministry**

#### **1. Objectives and principles**

- 1.1 The objective of this Memorandum of Understanding is to create a framework for cooperation and the exchange of information between financial market regulators - the Commissioner of Banks, the Israel Securities Authority and the Capital Markets, Insurance & Savings Division of the Treasury (henceforth – the **regulators**);
- 1.2 The objective of this Memorandum of Understanding is the advancement of coordinated, efficient, fair and uniform supervision strengthening the stability, transparency and fairness of the Israeli financial markets, as well as the development and improvement of the aforesaid markets, all in order to strengthen the investing public's trusts in these markets;
- 1.3 Under this Memorandum of Understanding the regulators shall act to advance the implementation of best supervisory practices, commonly accepted around the world;
- 1.4 This Memorandum of Understanding does not supersede or detract from any existing legislation and/or regulation (henceforth "regulation" – exercising of the regulatory authority);
- 1.5 This memorandum of understanding does not supersede or detract from any existing authority and/or responsibility granted by law to each of the aforesaid regulators;

#### **2. Coordinating Committee**

- 2.1 In order to promote the cooperation and coordinate the exchange of information between the regulators a Coordinating Committee (henceforth – the committee) shall be established in accordance with the objectives and principles articulated under this Memorandum of Understanding;



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## ISRAEL SECURITIES AUTHORITY

- 2.2 The Committee shall be comprised of three Supervisors;
- 2.3 The Committee shall meet as required and not less than once a month and shall discuss, inter alia, the relevant tendencies and changes within their respective sectors – including all the implications of any proposed legislative and regulatory changes along with all other issues relevant to the Supervisors' spheres of responsibility;
- 2.4 The Committee shall establish either a sub-committee for work on specific issues, or permanent sub-committees for preparation of matters to be discussed by the Committee;
- 2.5 The authority to invite other bodies participate in the discussions shall rest with the Committee;
- 2.6 Discussions of the Committee and of the sub-committees shall be recorded and published according to provisions stipulated by the Committee;
- 2.7 The committee shall create a schedule and establish methods of cooperation between the Supervisors, as well as rules regarding the following:
- 2.7.1 Functioning of the Committee: Frequency of meetings, its own schedule and that of its sub-committees, the procedural rules for conducting meetings (including the rules for establishing the agenda), the means of reporting to the Committee, etc.
  - 2.7.2 Mechanisms for cooperation and exchange of information: Defining the scope, ways and means of the proposed cooperation and the exchange of information, including – means of communication and cooperation among the mid-ranked supervisors; establishment of the information exchange system (scope, timetable, etc.); defining methods for acting during times of crisis; etc.

### 3. Financial markets supervision policy

- 3.1 The Supervisors agree that any new regulation and/or legislation, even when sectorial, may affect other sectors of the economy, their stability and competitiveness in relation to world financial markets;



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## ISRAEL SECURITIES AUTHORITY

- 3.2 Each Supervisor shall report on any significant new regulation and/or any significant new legislative amendments that may significantly affect sectors within other Supervisors' sphere of influence, or sectors of the relevant financial markets in general, prior to its publication; and shall provide other Supervisors with the opportunity to voice their opinion regarding the proposed regulation during the discussions of the Committee or in another forum;
- 3.3 The Supervisors agree that, where required, there is a need to establish further joint mechanisms pertaining to the supervision, regulation and legislation related to financial markets.

### **4. Sharing of information**

- 4.1 The Supervisors agree that complete sharing of information, in real time, is essential for promoting the objectives of this Memorandum of Understanding.
- 4.2 The Supervisors agree to share the information at their disposal, which may be required by other supervisors to carry out their duties, with the aforesaid supervisors; providing this does not have an adverse effect on the supervisory and/or investigative process;
- 4.3 The Supervisors agree not to disclose confidential information to third parties unless the agreement of the Supervisor who disclosed the aforesaid information has been obtained in advance;
- 4.4 The Supervisors will examine ways of optimizing the gathering of information from supervised entities, including ways of joint gathering of information in order to reduce the burden on the supervised entities;
- 4.5 The Committee shall stipulate rules pertaining to the sharing and transfer of information – by taking into consideration the rules of confidentiality and the proposed use of the aforesaid information.

### **5. Mutual assistance**

- 5.1 The Supervisors agree to assist one another in implementing coordinated and integrated supervision over the financial markets, including: collection, analysis and processing of information, enforcement, compliance, etc.