

PROHIBITION OF MONEY LAUNDERING ORDER (REQUIREMENTS AS TO IDENTIFICATION, REPORTING AND RECORD-KEEPING BY a Trading Platform FOR its PERSONAL ACCOUNT FOR THE PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM), 5775-2015

By virtue of the power vested in me under Sections 7(b) and (c) and 32(c) of the Prohibition of Money Laundering Law, 5760-2000 (hereinafter - the Law), and Section 48(a) of the Prohibition of Financing of Terrorism Law, 5765-2005 (hereinafter - Prohibition of Financing of Terrorism Law), following consultation with the Minister of Public Security and the Minister of Justice, and in relation to Section 17, with the approval of the Minister of Justice, and with the approval of the Knesset Constitution, Law and Justice Committee, I make the following Order:

Chapter One - Interpretation

Definitions

1. In this Order –

“Territory” – each of the following: Judea, Samaria and the Gaza Strip;

"Foreign Politically exposed person" - a foreign resident holding a senior public office abroad, including a relative of such a resident or a body corporate under his control or a business partner of one of the above; t;

"the Convention Abolishing the Requirement of Validation" - the Convention Abolishing the Requirement of Validation for Foreign Public Documents as defined in the Regulations for the Implementation of the Hague Convention (Abolishing the Legalization for Foreign Public Documents), 5777 – 1977

"Stock Exchange" - a stock exchange or regulated market as defined in the Joint Trustee Investments Law, 5754-1994.

"Relative"- as such is defined in the Securities Law, 5728-1968;

"The Postal Bank"- the company defined as such in the Post Law, 5746-1986 (in this definition - the Law) in the provision of financial services as they are defined in Section 1 of the Law by the subsidiary company, as such is defined in Section 88K of the Law;

- (1) "a Foreign Bank" – a corporation incorporated in one of the OECD countries, which is not listed under the first Schedule, and that all of the following apply to it:It engages in activities that require a bank license in Israel according to the Banking Law (licensing) 5741-1981;
- (2) It received an authorization from the body that is entitled by law to give such an authorization according to the laws of the foreign country to conduct activities as mentioned in subsection (1), and it is supervised by the body authorized to do so in the foreign country;
- (3) It is supervised in the field of anti-money laundering and financing of terrorism;

"Account Holder" - a person recorded with the company as an account holder;

"Holder of Controlling Interest"- the person who has control in a body corporate - as defined in Section 7(a)(1)(b) of the Law;

"Know your customer process" - *inter alia* clarifying the source of the funds that are going to be deposited in the account, the occupation of the one asking to be an account holder, the purpose of opening the account and the intended activity in it; with regard to a foreign resident - also clarifying his link to Israel and whether he is a foreign politically exposed person; with regard to a person who is an owner of a business - also the type of his business

"The Supervisor"- as he is defined in Section 12 of the Law;

"The Competent Authority"- as such is defined in Section 29 of the Law;

"The List"- a list in summary form of organizations declared to be terrorist organizations and of any person who has been declared to be a terrorist activist, published pursuant to Section 47(b)(1)(c) of the Prohibition of Financing of Terrorism Law; and also such an organization or person in respect of which notification of its declaration as a terrorist organization or of him as a terrorist activist has been furnished to a company according to the said section and in respect of which the company has not received a notice of its revocation.

"Company"- a company holding a trading platform license as such is defined in Section 44L of the Securities Law;

"Managing Company" and "Provident Fund" - as they are defined in the Control of Financial Services (Provident Funds) Law, 5728-2005;

A "credit card company" – corporation, including a banking corporation, that is incorporated in Israel or in one of the OECD countries that is not listed under the first Schedule, and that all of the following apply to it:

- (1) It engages in issuing credit cards or bank cards;
- (2) It is regulated in the field of anti-money laundering and financing of terrorism

The "Postal Law" – the Postal Law, 5746 – 1986¹

"Joint Investment Law" - Joint Investment Trust Law, 5754 – 1994²

¹ Book of Statutes 5746, page 79; 5764, page 524

² Book of Statutes 5754, page 308

"Securities Law" - the Securities Law 5728-1968;

"Account" - an account in a company in which client's funds, client's contracts and client's assets are being managed.

"Another account" – an account in a banking corporation or an account in a foreign bank, listed on the name of the account holder of a transferring account;

A "closed system account" – an account that the source of the funds listed in it is in a "source account", providing that the listed funds in the account are transferred back to the "source account" only;

A "transferring account" – an account that the source of the funds listed in it is in another account or that the funds listed in it are transferred to it via a credit card or a bank card belonging to another account and listed on the name of the account holder only, and issued by a banking corporation or a credit card corporation;

A "foreign account holding customers' funds" – an account holding customers' funds managed in a foreign financial institution, according to section 21 to the Trading Platforms regulations;

A "source account" – an account in a banking corporation listed on the name of the account holder in a closed system account;

"Individual"- a person that is not a body corporate nor a public institution nor a statutory corporation established abroad ;

"Client's Funds", "Client's Contract" and "Client's Asset": as defined in the Trading Platforms Regulations;

"Credit Card", "Bank Card" - as defined in the Debit Cards Law 5746-1986;

"Insurer" - as defined in the Control of Financial Services (Insurance) Law 5741-1981;

"Public Institution"- Government Ministries, the Jewish Agency for Israel, Local Authorities and other Authorities, Corporations or other Institutions established by statute in Israel;

"Authorized Signatory"- a person whom the account holder empowers to act in his account, irrespective of whether or not the account holder is an individual and provided that he is registered with the Company as a person with authority to act in the account;

"Official document" - print-out or letter bearing the name of the bank or the credit company

"Identity Number"- any of the following:

(1) of an individual who is a resident - his Identity Number in the Population Register;

(2) of an individual who is a foreign resident - Passport Number or Laissez Passer Number and the name of the country that issued the Passport or Laissez Passer; and in the event the Individual is a resident of the Territory, the identity number may be his identity number in a magnetic card issued by the Civil Administration;

(3) of a corporation registered in Israel - the registration number in the relevant register; (4) of a corporation not registered in Israel - its registration number in the country of its incorporation, if it exists, and its name, and if no registration exists for that type of body corporate - the company's internal registration number; and in respect of a body corporate identified according to a document as provided in Section 4(a)(6) - the identification number in such document and the name of the country in which the document was issued;

(5) in respect of a public institution and a body corporate incorporated abroad established by statute - the registration number allocated to it by the company;

"Address"- any of the following:

(1) of an individual - his address listed in a document as provided in Section 4(a)(1), (2) or (6), or his place of residence, as supplied by him, which includes the name of the residential locality, and also the name of the street, the house number and postal code, if such data exists, and also in respect of a foreign resident - the name of the country;

(2) of a body corporate - the registered address in a document as provided in Section 4(a)(3), (4) or (6) or the place of the conduct of its business in Israel, and if it does not carry on business in Israel - its principal place of business outside of Israel, and all the foregoing - as supplied by him; the address shall include the name of the locality, the name of the street and the house number, and the postal code, if such details exist, and also in respect of a body corporate abroad - the name of the country;

(3) of a public institution and of a body corporate abroad established by statute - the address supplied including the name of the locality, and the name of the street, house number and postal code, if such details exist, and in respect of a body corporate abroad established by statute - also the name of the country;

"Recipient of a Service"- an account holder or authorized signatory;

"Beneficiary"- as defined in Section 7(a)(1)(a) of the Law and if a body corporate, the body corporate and the holder of controlling interest shall be deemed the beneficiaries;

"Office holder" - as defined in the Companies Law 5759-1999;

"Attorney"- a lawyer holding a license to practice law in Israel, and in respect of a body corporate not registered in Israel, also the one holding a license to practice law in the country of incorporation of the body corporate, provided that the country or the territory in which the body corporate is incorporated is not one of those enumerated in the First Schedule, if a body corporate incorporated in one of the OECD countries – also a lawyer holding a license to practice law in one of the OECD countries;

"Transaction"- a single transaction in an account, unless otherwise provided in this Order;

"Parties to a Transaction" - each of the parties to the transaction being performed through the company;

"Fund" - within the meaning of such term in the Joint Trustee Investments Law, 5754-1994;

"Name"- each of the following:

(1) of an individual - his surname and forename, listed in the identity document as provided in Section 4 ((1), (2), (6) or (7))

(2) of a body corporate - its registered name, and if incorporated in a State in which there is no registration of that type of corporation - the name as supplied by it;

(3) of a body corporate established by statute - the name given to it in the statutory enactment either in Israel or abroad;

(4) of a public institution, with the exception of a body corporate established by statute - the name supplied by it;

"Body Corporate"- each of the following:

(1) A company, partnership, cooperative society, Ottoman Society, an *Amuta (non-profit society)* or political party registered in Israel;

(2) An entity registered abroad as a body corporate;

(3) An entity incorporated in a State in which there is no registration existing with regard to entities of that category, provided that a document has been presented attesting to it being a body corporate;

"Resident"- within the meaning thereof as defined in the Population Registry Law 5725-1965, including, an Israeli citizen who is not a resident as aforesaid, who is registered in the population register;

Resident of the Territory – anyone registered in the Territory's population registry;

"Foreign Resident" - a person who is not a resident.

“Senior public office” – including head of a state, president of a state, city mayor, judge, member of Parliament, member of the government and senior military or police officer, or any person who holds such a position even if his title is different

"Trading Platforms Regulations" - the Securities Regulations (Trading Platforms of a Trader for his Own Personal Account) 5771-2014;

"OECD": Organization for Economic Cooperation and Development

Chapter Two: The Identification Duties

Know Your
Customer

2. (a) A company shall not open an account without having undertaken in respect of a person wishing to be an account holder, a process of know your customer, according to the degree of risk of him being engaged in money laundering and the financing of terrorism;; The company shall record these details.

(b) A company shall not open an account for a foreign politically exposed person, unless it has received approval from an officeholder of the company, including whoever is directly accountable to the General Manager; the granting of such an approval shall be considered according to the degree of risk of the account holder for money laundering and the financing of terrorism; where it has become evident during the business relationship that an account holder is a foreign politically exposed person, the company shall not engage in a transaction in the account until the receipt of the approval as aforesaid for the continuation of the business relationship.

(c) A company shall exercise ongoing review in relation to the know your customer process which was carried out upon the commencement of the business relationship according to the degree of risk of the account holder for money laundering and the financing of terrorism, and shall update his records accordingly; where doubt has arisen in relation to the identity of an account holder or the authenticity of the identity documents furnished to the company, the company shall repeat the Know Your Customer process.

(d) The know your customer process according to subsection (a) may be performed in accordance with a form published by the supervisor.

The recording of
identification
particulars

3. (a) A company shall not open an account without recording in respect of each of the account holders and the authorized signatories and in respect of anyone wishing to open an account, if he is not one of the above, the following identification particulars and shall verify them as specified in Section 4:

- (1) Name;
- (2) Identity Number;
- (3) For an individual - date of birth and gender;
for a corporation - the date of incorporation;
- (4) Address.

(b) A company shall not open an account without recording in respect of a beneficiary all the particulars contained in sub-Section (a)(1) and (2); recording of such particulars shall be done in accordance with the declaration as stated in Section 5; where the company is not in possession of the identity number of the beneficiary, after having taken reasonable measures to obtain it, it shall record instead of it the details contained in sub-Section (a)(3) as well as the country of citizenship or incorporation, as applicable; this sub-Section shall not apply -

(1) if the company has found when opening the account, that it is an account for the benefit of a beneficiary, whom, according to the declaration of the person seeking to open the account, it is not possible to identify and the reason for the identity of the beneficiary not yet being known has been detailed; in such a case, the company shall draw the attention in writing, of the person seeking to open the account, to his obligation to furnish the company with details of the beneficiary immediately upon becoming aware of his identity;

(2) in respect of an account whose opening is being requested by a person appointed by a Court, a Religious Tribunal, the Head of the Debt Collection Office, the Inheritance Registrar or other official body of a country specified by the Chairman of the Securities Authority and provided that he has made a declaration to that effect; the company shall indicate the appointment in the account records and shall keep a copy of the substantiating documentation to that effect;

(c) A company shall not open an account for a body corporate without recording with regard to the holder of the controlling interest in it, the details contained in sub-Section (a)(1) and (2); recording of such details shall be done in accordance with the declaration as stated in Section 5; where the company is not in possession of an identification number, after having taken reasonable steps to obtain it, it shall record instead of it, the details contained in sub-Section (a)(3) as well as the country of citizenship.

(d) A company shall not add to an account -

(1) An account holder or an authorized signatory, without recording in relation to them the identification particulars as stated in sub-Section (a) and shall verify them as detailed in Section 4;

(2) a beneficiary without recording in relation to him the identification particulars as stated in sub-Section (b) and shall verify them as detailed in Section 4(c);

(3) a holder of the controlling interest in a body corporate without recording in relation to him the identification particulars as stated in sub-Section (c) and shall verify them as detailed in Section 4(c);

(e) An opening of an account and an addition of an account holder, an addition of a beneficiary and an addition of a holder of the controlling interest shall be accompanied by a declaration as stated in Section 5; such a declaration given upon the opening of an account shall bear an original signature.

(f) A company shall not perform a transaction of an electronic transfer from Israel abroad, of an amount exceeding 5,000 New Shekels without recording, in each of the transfer documents, the details of the recipient of the service initiating the transfer, including his name, account number and address, as well as the details of the transferee including his name and his account number; where a transfer has taken place other than from the account of a recipient of the service or other than to the account of the recipient of the service, the company shall record the identification number of the initiator of the transfer or the transferee, as applicable.

(g) In a transaction of an electronic transfer from abroad to Israel, the company shall record the particulars as stated in sub-Section (f), in so far as it is aware of them.

Verification of details and requirement of documents

4. (a) A company shall verify the identification particulars of a recipient of the service in transactions as stated in Section 3(a) and (d)(1) and shall receive into its possession the following documents:

(1) With respect to the recording of the identification particulars specified in Section 3(a)(1) to (3) of an individual who is a resident – according to an identity card, or a certified copy thereof, a photocopy of which, to the extent that it relates to the said identification particulars - shall remain with the company; the company shall verify the identification particulars with the Population Register, shall compare the date of issue of the document appearing in it with the date of issue of the last document recorded in the Population Register in the Ministry of the Interior and shall keep a documented record of such examination; for the purposes of this subsection, an Immigrant's Certificate shall also be deemed to be an identity card up to 30 days from the date of its issue as well as a valid Israeli passport issued under the Passports Law, 5712 – 1952; a valid driver's license, containing the photograph of the license holder, issued under the Transportation Ordinance [New Version], however, the obligation to compare the date of issue of the document will not apply when identifying according to these documents.

(2) in relation to recording of the identification particulars contained in Section 3(a)(1) to (3) of an individual who is a foreign resident - a foreign passport or Laissez Passer, or a certified copy of such identification document; the company shall compare the identification particulars with an additional document bearing a photograph and an identity number, and if there is none - with a document bearing a name or identification number as well as an address or a date of birth, the photocopies of the identification documents - in so far as it concerns the identification particulars - shall be retained by the company; in the event the Individual is a resident of the Territory, the company may record the identification particulars in accordance with a magnetic card issued by the Civil Administration, and a photocopy thereof – with respect to the aforementioned identification particulars – shall be retained by the company; the company shall compare the identification particulars with another identification document regarding a foreign resident or verify the identification particulars with the registrar of the Civil Administration, and will compare the date of the issuance of the card with the date of the issuance of the last card listed in the registrar and will keep a record of this examination;

(3) In respect of the recording of the identification particulars of a body corporate registered in Israel as stated in Section 3(a)(1 to (3) - the registration certificate or a certified copy thereof, a recent company registry deed bearing company's details from the Companies Registrar or an attorney's confirmation of the existence of the corporation, its name, identification number and the date of incorporation; the company shall receive and retain the following documents or the photocopies thereof in addition to the following

documents:

(a) a certified copy of a resolution of the duly empowered organ in the body corporate for the opening of an account with the company, or an attorney's confirmation that the said resolution was duly adopted;

(b) a certified copy of a resolution of the duly empowered organ in the body corporate as to the authorized signatories for the purpose of managing the account, or an attorney's confirmation as to the authorized signatories for the purpose of managing the account;

(4) In respect of the recording of the identification particulars of a body corporate that is not registered in Israel as stated in Section 3(a)(1) to (4) - according to a document providing evidence of its registration or according to a certified copy of the said document, in so far as such particulars appear in such document; where one of the said particulars in the document is missing - then according to attorney's confirmation; the company shall receive a document that provides evidence of the registration of the body corporate and documents as specified in subsections (3)(a) and (b); in respect of a body corporate incorporated in a country in which registration of bodies corporate of this category is non-existent, the company shall obtain confirmation of an attorney to the effect that registration is non-existent in the country of incorporation; the company shall retain these documents or photocopies thereof;

(5) In respect of recording the name of a public institution and of a body corporate established abroad by statutory enactment – according to a declaration of the person wishing to open an account, and in respect of a body corporate established by statute, according to the statutory enactment by virtue of which the body corporate was established, or confirmation of an attorney as to the existence of such statutory enactment; the company shall obtain the documents as stated in subsections 3 (a) and (b), *mutatis mutandis*; the company shall retain these documents or photocopies thereof.

(6) Where actions have been taken outside Israel to open the account, the company may, notwithstanding what is stated in subsections (2) and (4), record the identification particulars according to the usually accepted identification documents for an account of this type in the country in which the identification took place, provided that in that country exists the legislation in force requiring the identification of clients; the company shall retain photocopies of the identification documents.

(7) In respect of a minor under the age of 16 – according to one of the identification documents, specified in section 4, of one of his guardians; where the minor is a foreign resident- according to the minor's passport or a certified copy thereof; starting three months after the date on which the account holder attained the age of 18 the company shall not perform any transaction initiated by the account holder in his account unless the provisions of subsection (1) or (2), as applicable, have been satisfied.

(b) In this section, "certified copy" - means a true copy of the

original authenticated by one of the following:

- (1) the authority that issued the original document;
- (2) an attorney;
- (3) an employee of the company, to whom the original document was presented;
- (4) an authority as stated in Article 6 of the Convention Canceling the Requirement for Authentication of Non-Public Documents (hereinafter - the Cancellation of Authentication Requirement Convention);
- (5) A diplomatic or consular representative of Israel abroad.

(c) The company shall take reasonable measures in reference to the risk of money laundering and financing of terrorism, to verify the identification particulars of a beneficiary and a holder of a controlling interest in respect of an account as stated in Section 3(b) to (d), by use of relevant information or data received from a reliable source that satisfies it; for such purpose the company may verify the identification particulars as aforesaid, with the Population Register.

(d) Notwithstanding the provisions of this Section, the chairman of the authority may, in consultation with the head of the competent authority, order alternative means of authentication of the identification particulars and the documents requirement

Declaration as to beneficiary and as to holder of controlling interest

5. (a) When opening an account the company shall require an original signed declaration from the person wishing to open the account as to whether there is a beneficiary of the account; where such applicant has declared that there is a beneficiary of the account - the declaration shall contain the particulars stated in Section 3(b) with regard to each of the beneficiaries; where an account was not opened by the account holder, the company shall also require a declaration from the account holder as aforesaid before executing a transaction in the account; provided that -
- (1) Where the beneficiary is unknown, as stated in Section 3(b) (1) - the person applying to open the account shall make a declaration to that effect;
 - (2) Where the company has been requested to open an account as stated in Section 3(b)(2), it shall retain a copy of the substantiating documentation thereof.

(b) When opening an account for a body corporate, the company shall require an original signed declaration from the body corporate, or confirmed by an attorney of the identification particulars, as stated in Section 3(c) with regard to the holder of the controlling interest.

(c) The declarations as stated in subsections (a) and (b) shall be made according to the forms contained in the Second Schedule.

Partial exemption

6. (a) The provisions of Sections 3(b) and (d)(2) as well as 5(a) with regard to the recording of a beneficiary in an account shall not apply to -
- (1) An account of a public institution;
 - (2) An account of a banking corporation, the postal bank, an

insurer, a stock exchange member, a provident fund and a managing company for a provident fund under its management, and an account on behalf of a fund;

(3) An account of another kind as directed by the Chairman of the Securities Authority.

(b) The provisions in Sections 3(c), (d)(3) and 5(b) with regard to the recording of a holder of the controlling interest shall not apply to accounts of a banking corporation, of an insurer, of a fund, of a provident fund, of a managing company on behalf of a provident fund under its management and of a company whose securities are traded on the Tel Aviv stock exchange, or on a stock exchange in a member country of the OECD, as well to an account of a body corporate of another kind as directed by the Chairman of the Securities Authority;

(c) If a company is controlled by a company as stated in subsection (b), such company as stated in subsection (b) shall be deemed the holder of a controlling interest.

Face to face
Identification

7. (a) A company shall identify the account holder and the authorized signatory face-to-face, according to an identification document as specified in Section 4, prior to the first transaction of any of them in the account; for such purpose, "face to face identification" - identification by one of the following:
- (1) an employee of the company;
 - (2) a person licensed to practice law in Israel;
 - (3) an Israeli diplomatic or consular representative overseas;
 - (4) an authority as stated in Article 6 of the Convention for Cancellation of the Authentication Requirement;
 - (5) an employee of a banking corporation;
 - (6) an employee of the postal bank;
 - (7) regarding an individual – a notary who is an attorney in one of the OECD countries, provided that the country is not listed in the first Schedule; regarding a corporation which is not incorporated in Israel – a notary who is an attorney in the country in which the corporation is incorporated, who is a member of the OECD, provided that the country is not listed in the first Schedule.

Account in
closed system

- a 8. (a) Section 7 shall not apply to the opening of an account in a closed system; and notwithstanding what is stated in Sections 4(a), 5(a) and (b), the company may record the identification particulars according to a copy of the identification documents specified in section 4, and accept a non-original signature declaration as to a beneficiary and does not have to verify the identification particulars of the Authorized Signatory

(b) Section 7 shall not apply to the opening of a transferring account, and notwithstanding what is stated in Sections 4(a), 5(a) and (b), the company may record the identification particulars according to a copy of the identification documents specified in section 4 and accept the declaration as to a beneficiary via video conference provided that all of the following exists:

(1) Funds will not be transferred from the transferring account to the client but by the following way:

- (a) Funds that were transferred via credit card or bank card will be returned, by the way of a refund, to the credit card or bank card from which the funds were initially transferred or to another account
- (b) Funds that were transferred from another account will be returned to the same another account;

(2) The account holder shall provide the company with the particulars of another account and if using a credit card or a bank card also with the last four digits of the credit card or bank card by means of which the funds are transferred and also one of the following, as applicable:

- (a) an official document of the bank that contains the particulars of another account and of the holder of another account;
- (b) an official document of the credit company that contains the last four digits of the credit card or bank card and the particulars of the card holder; providing that it can be asserted from the official document that the credit card or bank card by means of which the funds are transferred belongs to another account.;

(3) the company received from the account holder a copy of an identification document containing a photo and an identity number, and if there is no such document – a document containing a name or an identity number and also an address or a date of birth;

(4) the company identified the account holder using video conference or verified the identity of the client directly with the banking corporation, the foreign bank or the credit card company, as applicable; for this purpose: "identity verification" – an examination if the identity particulars of the account holder as listed in sections 3(a)(1) and (2) that are recorded in the company, are identical to the identification particulars listed in the banking corporation, the foreign bank or the credit card company, as applicable;

(5) While performing a "know your client" process according to section 2, the client will be classified as of high risk for money laundering and financing of terrorism.

(c) Notwithstanding the provisions of subsection (b), while opening a transferring account, the company may receive a non-original declaration as to the beneficiary and not by means of video conference, providing it receives an original signed declaration within 14 days from opening the account.

(d) In an account opened according to this section:

- (1) The company will not perform a transaction without verifying that the account holder is the account holder in the source account or in another account, as applicable;
- (2) The company will not perform a transaction without

verifying that the funds transferred to the account, were transferred from the source account or from another account, or from a credit card or a bank card belonging to another account, as applicable;

(3) The chairmen of the Securities Authority may instruct a company regarding the ways of verification as prescribed under subsection (1) and (2).

(e) This section will not apply if the account holder is from a state or territory listed under the first schedule.

(f) When a declaration of a beneficiary and of a holder of the controlling interest is required while opening an account according to this section, the company will also require from the person seeking to open an account a declaration stating that the details he provided regarding the beneficiary or the holder of the controlling interest, as applicable, are the same details that he provided to the banking corporation or the foreign bank or the credit card company in which the source account or another account are managed,

Retaining of the 9. identification documents

a. The company shall retain the identification documents for a period of at least 5 years after the closure of the account; the retainment of the identification documents, with the exception of a declaration made with an original signature, may be effected by means of computerized scanning on the conditions specified in Regulation 3A of the Evidence Regulations (Photographic Copies) 5730-1969; for the purpose of this section "identification documents" - any document provided for the purposes of identification and verification, including a declaration made pursuant to this Order, identification and declaration of a beneficiary by means of a video conference and principal documents used by the company to perform the know your customer process in accordance with Section 2.

b. notwithstanding subsection (a) the company will retain the identification documents for a period longer than five years, if the chairman of the securities authority demands that of her, in writing, in certain cases in which the documents are needed for an investigation or for the supervision of the compliance with the Law, that started at that period of time, until the end of the investigation or supervision.

Exempt Account 10

In cases where a suspicion of money laundering or terror financing arose regarding an account, the company shall consider, according to the level of risk for money laundering or terror financing, to cancel the exemption from recording the beneficiary as prescribed in section 6 or canceling the simplified measures prescribed under section 8.

Chapter Three: Duties of Review and Reporting

Review of the activity in the account

11. The company shall conduct regular reviews of the activity of an account holder in order to fulfil its obligations in relation to identification, reporting and the keeping of records in accordance with the Law; without affecting the generality of the foregoing, the company shall conduct reviewing :
 - (1) to ensure that the transactions are consistent with the nature of the account according to its knowledge of the account holder;
 - (2) of the activity in the account carried out with countries and territories listed in the First Schedule;
 - (3) enhanced one over the activity in the account of a foreign politically exposed person.

Reporting according to type and size of transaction

12. The company shall make a report to the competent authority of the following transactions
 - (1) a deposit in the account or withdrawal from it of cash, either in Israeli currency or in foreign currency, in value to at least 50,000 NIS.
 - (2) a deposit of checks drawn on a financial institution outside Israel of an amount equivalent in value to at least 50,000 New Shekels; where the financial institution is situated in a state or territory being one of those enumerated in the First Schedule, the company shall report such a transaction of a value of at least 5,000 New Shekels.
 - (3) a transfer from Israel abroad or from abroad to Israel through an account of a sum equivalent in value to at least 50,000 New Shekels, excluding a transfer to or from a foreign account holding customers' funds ; in respect of a transaction of a transfer to a state or territory being one of those enumerated in the First Schedule, or a transfer from such a state or territory, the company shall make a report if it is of a sum equivalent in value to at least 5,000 New Shekels;
 - (4) a transfer from a foreign account holding customers' funds to a foreign account or from a foreign account to a foreign account holding customers' funds, in a value of at least 50,000 New Shekels; where the transfer is to or from a state or a territory listed in the First Schedule, the company shall report if the value of the transaction is of a value of at least 5,000 New Shekels;
 - (5) a transfer from Israel abroad or from abroad to Israel, by crediting or charging a credit card, of a sum equivalent in value to at least 50,000 New Shekels; of a transaction of transfer to a state or territory being one of those enumerated in the First Schedule or a transfer from such a state or territory, the company shall make a report if it is of a sum equivalent in value to at least 5,000 New Shekels;
 - (6) Conversion of currency of one state for currency of another state, of a sum equivalent in value to at least 50,000 New Shekels;
 - (7) crediting or charging, by means of a credit card, in a value of at least 50,000 New Shekels, in a transferring account in which the

customer was not identified face to face according to section 7;
(8) a transaction causing the net value of funds in a transferring account on one of the days in one month to exceed 300,000 New Shekels.

Additional Reports 13. (a) The company shall report to the competent authority about transactions of a recipient of the service, including an attempt to perform transactions which, according to the information in the possession of the company, appear to it to be unusual.

(b) Without prejudice to the generality of the foregoing provision in subsection (a), any of the transactions detailed in the Third Schedule may be deemed as an unusual transaction.

(c) The reporting of a transaction pursuant to section 12 does not exempt from the obligation to report pursuant to this section.

Exemption from reporting 14. A company shall be exempt from reporting pursuant to Section 12 if the transaction is carried out by one of the following:

- (1) A public institution;
- (2) A banking corporation;
- (3) The postal bank;
- (4) An insurer;
- (5) A member of the stock exchange;
- (6) A provident fund and a management company on behalf of a provident fund under its management;
- (7) A fund.

Details of the report 15. A report pursuant to Sections 12 and 13 shall include the following details:

- (1) With regard to the reporting account -
- (a) number of the account;
 - (b) name of the account;
 - (c) date of opening of the account;
 - (d) address for the sending of mail;
 - (e) in the case of an account in a closed system or a transferring account the account number or last four digits of the credit card or the bank card through which the funds were transferred to the company's account

- (2) With regard to the reported transaction -
- (a) date of the transaction as recorded in the company's books;
 - (b) amount of the transaction in Israeli currency; in a transaction in foreign currencies the amount of the transaction will be calculated according to the representative rate published by the Bank of Israel, known on the day of the recording of the transaction;
 - (c) the types of foreign currency in which the transaction was performed up to two types of currency;
 - (d) the serial number of the report;
 - (e) in a report under Section 12(3) and (4) - also particulars of the account or particulars of the credit card of the other party to the transaction, name of the financial institution on the other side and its address, if known. Provided that in a transaction with a financial

institution in a territory enumerated in the First Schedule - also the name of the account holder or of the credit card holder on the other side of the transaction, and his identity number as furnished;

(f) The type of transaction in a report under Section 11.

(g) The reason for the report under Section 13 including a description of the transaction in respect of which the report is being made, and all its circumstances.

(3) With regard to the account holders, and the authorized signatories if applicable:

(a) Name;

(b) Identification Number;

(c) Address;

(d) Telephone Numbers, up to two numbers, if known;

(e) For an individual - date of birth; for a body corporate - date of incorporation;

(f) For an individual - gender;

(g) Status of person performing the transaction (resident/foreign resident/Israeli body corporate/foreign body corporate

(h) If a foreign resident - country of citizenship; if foreign body corporate - country of incorporation

(4) With regard to the beneficiaries and the holders of the controlling interest, if existing, the particulars required under Section 3(b) and (c).

Prohibition of Disclosure and Inspection

16. Disclosure of the fact of the formulation, existence, non-existence or contents of a report under Section 13, or the fact of the existence of a supplementary report within the meaning thereof in Section 31(c) of the Law, the fact of the existence of a request for a report as aforesaid or the contents of any one of the foregoing, or the allowing of inspection of the documents attesting to each of the foregoing, are prohibited, other than to a person who has been duly authorized as such for the purpose of performing his function within the company, to the Supervisor or to whoever he has empowered, to the competent authority or in accordance with a Court Order.

Chapter Four: Checking Identity Particulars Against the List

Obligation of checking against the list

17. The company shall check against the list, as follows:

(1) Whether the name or identity number of an account holder, authorized signatory, beneficiary and holder of controlling interest is on it in respect of accounts kept with it; such a check shall be made whenever an organization or person has been added to the list, or an account holder, authorized signatory, beneficiary or holder of controlling interest has been added;

(2) whether the names of parties to a transaction, except those enumerated in subsection (1) are on the list; for the purpose of this subsection, "transaction"- means any of the following:

(a) an electronic transfer from Israel abroad and from abroad to

Israel or where the source and destination of it are not in Israel but it has been performed through Israel;

(b) a transfer from Israel to a State or Territory being one of those enumerated in the First Schedule, including by payment of checks that a financial institution in such a State or Territory has presented for payment;

(c) a transfer from one of the States or Territories enumerated in the First Schedule to Israel including by means of payment of checks drawn on a financial institution in such State or Territory.

(3) The foregoing provisions in subsection (2) shall not apply to transfers as stated in subsections (b) and (c) thereof, if the company has received the instruction to make a transfer from a public institution, a banking corporation or the bank of Israel either for or on behalf of their clients.

Chapter Five: Miscellaneous

Determination of policy 18.

The company shall determine policy, instruments and management of risks on the subject of prohibition of money laundering and financing of terrorism with a view to fulfilling its obligations in respect of identification, reporting and the keeping of records in accordance with the Law, including on the following subjects:

(1) Know Your Customer process;

(2) Monitoring money laundering and financing of terrorism threats arising *inter alia* from new technologies, in particular those that enable transactions to be carried out not face to face.

Managing and retaining records 19.

(a) The company shall maintain a computerized database of the account numbers, the identification particulars of the account holders, the authorized signatories, the beneficiaries and holders of controlling interests.

(b) The company shall retain a document containing instructions to perform a transaction, for a period of 5 years from the date of the recording of the transaction in the company's books; retention of the document containing instructions to perform a transaction, could be done by means of a computerized scan, following the conditions specified in section 3A to the testimony regulations (photo copies), 5730-1969, providing that the document doesn't include handwritten remarks of the person performing the transaction, including its signature; in the absence of a document of instruction to perform a transaction, the company shall keep the automated record that is the evidence of giving of an instruction to perform the transaction;

(c) The company shall keep a written documentary record of an examination of transactions as stated in Section 11 and its findings, for a period of 5 years.

(d) Notwithstanding the provisions of sub sections (b) and (c) the company will keep the said documents for a period longer than five years, if the chairman of the securities authority demands that of her, in writing, in certain cases in which the documents are needed for an investigation or for supervision over the compliance with the Law, that started at that period of time, until the end of the investigation or supervision.;

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|-----------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Delivery of documents, information and explanations | 20. | The company shall upon demand, deliver to the Securities Authority or to an employee who has been duly authorized by the Authority, documents, information and explanations in relation to the fulfillment of its obligations under this Order. |
| Existing Accounts | 21 | <p>(a), The company shall not perform any transaction initiated by a recipient of the service in an account opened prior to the date of the commencement of this Order, with the exception of withdrawal of the existing balance, closure of the account and settlement of its obligations, closing of transactions for the purpose of closure of an account and termination of the contract with the company, unless it complied with the provisions of Sections 2-5.</p> <p>(b) Notwithstanding in the provisions of sub-Section (a), non-receipt of a declaration of the account holder, if he is acting on behalf of himself or on the behalf of another, and non-receipt of a further identification document with regard to a foreign resident, shall not be deemed to be a failure to comply with the provisions of Sections 4(a)(2) and 5(a), provided that the company has taken steps to obtain such a declaration.</p> <p>(c) Sub-Section (a) shall not apply to an account whose holder is located in a State in which, by reason of relations prevailing between it and the State of Israel, no contact can be made with him; in such a case the company shall make a reasonable effort to complete the identification particulars at the earliest possible moment</p> |
| Commencement | 22. | <p>(a) This Order, except for the provisions of subsection (b), shall come into effect six months after the date of its publication.</p> <p>(b) Section 21 shall come into effect 12 months after the date the order comes into effect.</p> |

First Schedule

(Sections 1, 11(2), 12(2),(3) and (4), 15(2)(e), 17(2)(b) and (c)
and the articles 16 and 19 of the Third Schedule)

1. A State or Territory as shall be prescribed by the Head of the Competent Authority from a list of the States and Territories in respect of whom the FATF Organization has published reservations concerning their compliance with the recommendations of the Organization on the question of prohibition of money laundering and financing of terrorism; the Head of the Competent Authority may determine that Section 12(2), (3) and (4) and 15(2)(e) of the Order shall not apply with regard to some of the States and Territories specified above in this Paragraph. Determinations as aforesaid shall be published on the internet website of the Competent Authority.

2. The following States or Territories: Iran, Algeria, Afghanistan, The Palestinian Authority, Libya, United Arab Emirates, Malaysia, Morocco, Sudan, Somalia, Pakistan, Tunisia, Lebanon, Egypt, Syria, Saudi Arabia, The Hashemite Kingdom of Jordan, Iraq, Yemen

Second Schedule

(Section 5)

**Form of Declaration as to Beneficiary and
Holder of Controlling Interest**

Name of Company _____

I _____ [full name], identity number _____ hereby declare that in account number _____

There is no beneficiary with rights embodied in the account except for the account holders.

The account is an account being managed by a person appointed by a Court, Religious Tribunal, the Head of Debt Collection Office, the Inheritance Registrar or other Official Body of the State determined by the Chairman of the Securities Authority. Documented evidence is attached.

There is a beneficiary of such rights, but his identification particulars are not yet known; the reason for this is _____

I undertake to furnish the particulars of the beneficiary immediately after his identity becomes known.

The beneficiaries are:

Name	Identity No. ³	Date of Birth/Incorporation	Gender

There is no holder of a controlling interest in a body corporate;

The holders of the controlling interest in the body corporate are:

Name	Identity No. ⁴	Date of Birth/Incorporation	Gender

I undertake to notify the company in writing as soon as possible, of any change in the particulars that I have furnished as above. I am aware that the furnishing of false information, including failure to provide an update of an item that must be reported, with the purpose of avoiding reporting or causing incorrect reporting pursuant Section 7 of the Law, constitutes a criminal offense.

In the account opened according to section 8 – the particulars about the beneficial owner and the holder of the controlling

³ Including name of the country in which the identification document was issued.

⁴ Including name of the country in which the identification document was issued.

interest, as applicable, are the same particulars I have provided to the banking corporation or to a foreign bank that manage the source account or another account.

Date: _____ Signature: _____

Third Schedule
(Section 13(b))

List of Transactions that could be regarded as unusual transactions

1. Activity whose purpose appears to be the circumventing of the reporting obligation prescribed in Section 12.
2. Activity the purpose of which appears to be to circumvent the identification obligation;
3. It appears that there is a beneficiary in the account without the account holder having made a declaration to that effect;
4. Activity due to which the company has decided not to open or close an account by reason of motivations of prohibition of money laundering or prohibition of financing of terrorism;
5. Activity which appears to be intended as a substitute for activity of an organization declared to be an proscribed association pursuant to Regulation 84 of the Defense (Emergency) Regulations, 1945, or an organization declared to be a terrorist organization under section 8 of The Prevention of Terrorism Ordinance, 5708-1948, or an organization declared to be a terrorist organization under Section 2 of the Prohibition of the Financing of Terrorism Law.
6. Activity which appears to be intended to replace a transaction of a person declared to be an active terrorist under Section 2 of the Prohibition of the Financing of Terrorism Law.
7. Activity which appears to be devoid of business or economic sense, having regard to the type of account or patterns of behavior of the account holder.
8. A transaction in the account of a substantial nature, by means of a duly authorized representative who is not recorded in the account as an authorized signatory.
9. Several transactions in the account including, without any apparent reason, withdrawal of moneys shortly after they have been deposited, other than in the normal course of business.
10. A transfer of a substantial sum from Israel to abroad and vice-versa, when the other party to the transaction, source or destination, is not identified by name or by an account number.
11. The transaction in the account is uncharacteristic of the account holder or the type of account, for no apparent reason.
12. An exceptional amount of transactions or a material change in the account balance, for no apparent reason.
13. Several transactions in the account to the same destination or from the same source, for no apparent reason.
14. A multiplicity of deposits for no apparent reason, by a person who is not the account holder or the authorized signatory.
15. Keeping several accounts with the company that is not consistent with the account holder's activity.
16. Regular transfers from bodies in a State or Territory among

those enumerated in the First Schedule, or to such bodies.

17. A declaration made pursuant to this Order, which appears to be untrue.
18. Extensive use of a number of sources of finance with the purpose of performing transactions in the account.
19. Activity of a non-profit organization with bodies in a State or Territory being one of those enumerated in the First Schedule.
20. Activity of a non-profit organization that is incompatible with the activity of the organization, in so far as the Stock Exchange member is aware.
21. A transfer of moneys from several accounts or by means of several credit cards for no apparent reason.
22. An expression of excess interest on the part of the client in the policy of reporting to the Authority.