



## Memorandum of Law

### Memorandum of Law on Behalf of the Ministry of Finance

#### Memorandum of Law - Proposed Financial Information Services Law 5780-2020

The following translation is intended solely for the convenience of the reader. This translation has no legal status and although every effort has been made to ensure its accuracy, the ISA does not assume any responsibility whatsoever as to its accuracy and is not bound by its contents. Only the original Hebrew text is binding and reader is advised to consult the authoritative Hebrew text in all matters which may affect them.

#### **Chapter One: Definition of Terms**

##### Definition of Terms

1. In this Law -

“Information Security” - protection of information integrity, or protection of information against disclosure, use or reproduction, without lawful permission;

“Deposit and Credit Association” - as defined in Section 38A of the Supervision of Regulated Financial Services Law;

“Means of Control” “Stock Exchange” “Interested Party” “Equity” “Senior Officer” and “Control” - as defined in Section 1 of the Securities Law

“Online” - through the internet or other technological means as determined by the Minister in an Order;

“Bank” - as defined in the Banking Law (Licensing);

“Entity Engaged in Finance” - as specified in Addendum Ten;

“the Supervisor of Banks” - as defined in Section 5 of the Banking Ordinance;

“the Supervisor of Financial Service Providers” - as defined in Section 2 of the Supervision of Regulated Financial Services Law;

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“the Authority” - the Israel Securities Authority;

“the National Cyber Protection Directorate” or “INCD” - the national cyber-security agency responsible for defending Israel’s national cyberspace, which was established under a government resolution and operates according to government resolutions;

“the Minister” - the Minister of Finance;

“Stock Exchange Member” - as defined in Securities Law, excluding banks.

“Banking Law (Licensing)” - Banking Law (Licensing) 5741-1981;<sup>1</sup>

“Protection of Privacy Law” - Protection of Privacy Law 5741-1984;<sup>2</sup>

“Companies Law” - Companies Law 5759-1999;<sup>3</sup>

“Advice Law” - Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law 5755-1995;<sup>4</sup>

“Penal Law” - Penal Law 5737-1977;<sup>5</sup>

“Insurance Supervision Law” - Supervision of Financial Services (Insurance) Law - 5741-1981;<sup>6</sup>

“Provident Fund Supervision Law” - Supervision of Financial Services (Provident Funds) Law 5765-2005;<sup>7</sup>

“Supervision of Regulated Financial Services Law” - Supervision of Financial Services (Regulated Financial Services) Law 5776-2016;<sup>8</sup>

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<sup>1</sup> Book of Laws 5741, p. 232; 5767, p. 695.

<sup>2</sup> Book of Laws 5741, p. 128; Book of Laws 5771, p. 758.

<sup>3</sup> Book of Laws 5759, p. 189; 5777, p. 970.

<sup>4</sup> Book of Laws 5755, p. 416; 5777 p., 1070.

<sup>5</sup> Book of Laws 5737, p. 226; 5778, p. 887.

<sup>6</sup> Book of Laws 5741, p. 208; 5779, p. 40.

<sup>7</sup> Book of Laws 5765, p. 889; 5778, p. 730.

<sup>8</sup> Book of Laws 5776, p. 1098; Book of Laws 5777, p. 1076.

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“Insolvency Law” - Insolvency and Rehabilitation Law 5778-2018<sup>9</sup>;

“Securities Law” - Securities Law 5728-1968;<sup>10</sup>

“Credit Data Law” - Credit Data Law 5776-2016;<sup>11</sup>

“Joint Account”- an account in respect of which more than one account holder is recorded with the Information Source;

“Severally and Jointly Held Joint Account” - a Joint Account in which each account owner is contractually permitted to issue orders without the consent of other account owners;

“Regulator of Entity Engaged in Finance” - as defined in Addendum Ten.

“Service Provider Regulator” - as follows:

- (1) In the matter of Licensees under this Law - the Authority;
- (2) In the matter of banks and acquirers that are also issuers - the Supervisor of Banks;
- (3) In the matter of Deposit and Credit Associations - the Supervisor of Financial Service Providers;
- (4) In the matter of other entities that are exempt from a License under Section 4 - whoever is legally authorized to regulate the operations of the entities in respect of which an exemption is granted;

Information Source Regulator - as follows:

- (1) In the matter of banks and acquirers that are also issuers - the Supervisor of Banks;

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<sup>9</sup> Book of Laws 5778, p. 310.

<sup>10</sup> Book of Laws 5728, p. 234; Book of Laws 5778, p. 2.

<sup>11</sup> Book of Laws 5776, p. 838.

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- (2) In the matter of Deposit and Credit Associations - the Supervisor of Financial Service Providers;
- (3) In the matter of other financial entities as determined by the Minister - whoever has the legal authority to regulate the operations of the entity in respect of which it is obligated to grant access to information;

“Financial Information” - Information on the financial conduct of a customer that is in the possession of an Information Source;

“Unidentified Financial Information” - Financial information concerning a customer, other than Identified Financial Information;

“Identified Financial Information” - Financial Information that includes an identifying detail of a customer, or information from which the customer can be identified with reasonable effort although the customer’s identifying information was removed, including via crossing-checking the information with other information available to the entity possessing said financial information or with information available to the general public;

“Sensitive Information” - Information of a customer, excluding the customer’s name and account number, designed to be used to identify the customer for the sake of accessing the customer’s account with the Information Source, and the disclosure of which may cause unauthorized access to the customer’s account.

“Issuer” - as defined in the Payment Services Law 5779-2019;<sup>12</sup>

“Information Source” - one of the following:

- (1) A bank;
- (2) An acquirer that is also an issuer;
- (3) A deposit and credit association;

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<sup>12</sup> Book of Laws 5779, p. 201; Book of Laws 5780, p. 14.

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- Other financial entities whose financial operations are supervised by the Bank of Israel, as determined by the Minister, subject to the consent of the
- (4) Governor of the Bank of Israel.;
- (5) Other financial entities whose financial operations are supervised by law, as determined by the Minister in an Order, after consulting with the financial entity's Regulator;

### “Small-Volume Information Source”

- (1) For Information Sources supervised by the Bank of Israel -
- (a) For an Information Source that is a bank - A bank whose asset value does not exceed 5% of the value of the assets of all banks in Israel or any other percentage of said asset value as determined by the Governor of the Bank of Israel, subject to the consent of the Minister; For the purpose of this definition, a bank's “asset value” is the value of the bank's assets as it appears on the bank's balance sheet in its most recent consolidated annual financial statements drafted according to applicable GAAP;
- (b) For a non-bank Information Source - An Information Source whose volume of operations is on such a scale as determined by the Governor of the Bank of Israel, subject to the consent of the Minister;

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(2) For Information Sources not specified in (1) - An Information Source whose volume of operations is on such scale as determined by the Minister, as proposed by or in consultation with the Authority and in consultation with the Information Source Regulator;

“Financial Information Service Provider” (“FISP”) or “Service Provider” - a Licensee under Section 3, or anyone exempted from a License under Section 4;

“Acquirer” - as defined in Section 36I of the Banking (Licensing) Law;

“the Banking Ordinance” - The Banking Ordinance 1941;<sup>13</sup>

“Related Party” - Whoever controls a FISP, or is controlled by a FISP or by its controlling shareholder, or any entity that the Authority instructed as such due to ownership or other ties to the FISP; In this definition - FISP includes License applicants;

“Financial Information Service Provider License” “the License” - A License to engage in the provision of Financial Information Services;

“Registrar” - As defined in the Privacy Protection Law;

“Financial Information Service” - Online access to financial information and the receipt or collection of financial information from an Information Source, for the purpose of rendering one or more of the following services to a customer:

- (1) Accumulation and presentation of financial information;
- (2) Comparison of prices, costs, or returns;

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<sup>13</sup> 1941; Book of Laws 5768, p. 684.

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- (3) Transfer of information to an Entity Engaged in Finance for the purpose of receiving contractual proposals on the customer's behalf, or to assist the customer in entering into agreements with such entities;
- (4) Advice regarding financial conduct;  
"Foreign Body Corporate" - A body corporate incorporated outside Israel that holds a foreign license to engage in the provision of Financial Information Services, and the regulation and supervision applicable to said body corporate provide protection to customers that is considered by the Authority to be adequate in comparison to a Financial Information Service Provider License;  
"Stock Exchange By-Laws" - as defined in Section 46 of the Securities Law.

## Chapter Two: Licensing

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|------------------------|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Definitions -          | 2. | In this Chapter -<br>"Holding" - as defined in Section 1 of the Securities Law.                                                                                                                                                           |
| Licensing requirement  | 3. | No person shall engage in the provision of Financial Information Services without holding a License to provide Financial Information Services, and according to the terms of the License.                                                 |
| Exemption from License | 4. | (a) The licensing requirement according to Section 3 shall not apply to:<br><br><ol style="list-style-type: none"><li>(1) A bank;</li><li>(2) An acquirer that is also an issuer;</li><li>(3) A deposit and credit association.</li></ol> |

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- (b) The Minister, according to a proposal by or in consultation with the Authority and subject to the consent of the Minister of Justice, may determine, in regulations, additional classes of financial entities whose financial operations are supervised by law, either in entirety or in part, and to which a licensing requirement shall not apply, or may determine that a licensing requirement shall not apply to a specific service they provide.
- License application (a) License applications shall be submitted to the Authority; The Authority may determine, in directives, the details to be included in the application, and the documents and reports to be attached thereto.
5. (b) The Authority Chair or an Authority employee authorized by the Chair for this purpose may demand additional details, documents, or reports, as they deem necessary for making a decision on the application.
- (c) The License applicant shall report to the Authority any material change that occurred in any of the details conveyed by the License applicant to the Authority in its application or in the attached documents, immediately upon learning of the same, and no later than the end of the first subsequent business day, and shall attached the relevant documents.
- Conditions of licensing 6. (a) The Authority may issue a License to a body corporate if all of the following obtain:
- (1) It is incorporated as a company under the Companies Law and domiciled in Israel or is registered as a foreign company under Section 346 of the Companies Law;



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- (2) Its businesses are controlled and managed from Israel, or if otherwise - the body corporate is able to comply with all the provisions of this Law and the Law can be enforced upon it;
- (3) It has the technical skills and proper means to perform the Financial Information Service Provision activities in a manner that ensures system integrity and compliance with the provisions of this Law, and specifically the provisions related to protection of privacy, information security, cyber protection, and risk management.
- (4) It has paid the fees determined according to Section 55, if any;
- (5) It has attached to its application a business plan, including the applicant's financial means and sources of financing, that evinces its ability to comply with the provisions of this Law;
- (6) It has met additional conditions determined by the Authority regarding prevention of conflicts of interest;
- (7) It has the minimum insurance or equity or other collateral, as determined by the Authority and the Authority may determine other requirements for different volumes and type of activity.

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- (b) The Authority may exempt a foreign body corporate that is licensed to provide Financial Information Services or that applies for such License, from the provisions of Sections 6(a)(1), (5), (7), 11, 19, 20(a) end, 22-24, 27, and 32, either in entirety or in part, and to stipulate conditions for said exemption, if the Authority deems it appropriate to do so due to the applicability of provisions of a comparable foreign law to the matters addressed in Sections 6(a)(5), (7), 11, 19, 20(a) end, 22-24, 27, and 32, while protecting the customers' interests.
- (c) Exemptions granted by the Authority under subsection (b) shall be published on the Authority website.

Granting a License by  
the Authority

- 7. (a) If the Authority Chair finds that, due to considerations of public interest, a License applicant is unfit to engage in the provision of Financial Information Services, including due to considerations related to its reliability or the reliability of its controlling shareholder, or the reliability of a senior officer of the applicant or of its controlling shareholders, the Authority Chair may refrain from granting a License to the applicant, even where the conditions specified in Section 6 obtain, provided that the Authority Chair gave the applicant an opportunity to present its arguments before them or before an Authority employee authorized by the Authority Chair, in such manner as prescribed by them.

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- (b) Without derogating from the provisions of subsection (a), the Authority may stipulate conditions for granting a License, and may determine classes of Financial Information Services that are prohibited to the Licensee due to potential conflict of interest under Section 27, provided that such conditions were stipulated only after the Authority informed the applicant of its reasoning and gave the applicant an opportunity to presents its arguments before it, before issuing its decision.
- (c) A list of Licensees and additional details about the License, as the Authority deems fit, shall be published on the Authority website

Obligation to fulfill the licensing requirements

8. Licensees shall meet all the conditions set forth in Section 6 at all times.

Failure to fulfill the licensing requirements

9. The Licensee shall notify the Authority immediately of any condition of the License that no longer obtains.

Revocation of a License

10. (a) The Authority may revoke a License, by a written reasoned decision, if any of the following obtains:
- (1) The License was granted on the basis of false or erroneous information;
  - (2) A condition for granting a License as stated in Section 6 no longer obtains with respect to the Licensee, or the Licensee violated a condition determined in the License under Section 7(b);
  - (3) An insolvency proceeding, as defined in the Insolvency Law, is being conducted with respect to the Licensee;

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- (4) A circumstance specified in the list determined under subsection (b), which is evidence of a defect in the Licensee's reliability, obtains; such circumstances shall be examined with respect to the Licensee, its controlling shareholder, and a senior officer of the Licensee or of its controlling shareholder;
  - (5) The Licensee violated a provision of this Law or a directive or instruction issued by the Authority and failed to rectify the violation as ordered by the Authority Chair, or failed to rectify the violation within such period as ordered by the Authority Chair.
- (b) The Authority shall determine a list of circumstances that evince a defect in the credibility of a Licensee, its controlling shareholder, a senior officer of the Licensee, or its controlling shareholder; the list shall be published on the Authority website, and a notice of the publication of the list and any amendments thereto and its date of application shall be published in the Gazette.
- (c) The Authority shall not revoke a License as stated in subsection (a) before granting the Licensee an opportunity to present its arguments before it or before anyone authorized by the Authority to do so, in such manner as the Authority orders; However, the Authority may suspend a License immediately if there are special reasons that justify the suspension, provided that it granted the Licensee an opportunity to present its arguments, as stated above, as soon as possible after the suspension of the License.

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- (d) A Licensee whose License was revoked is required to fulfill all the provisions that apply to Licenses according to this Law as long as undertakings given to customers prior to the revocation of its License are in effect.
- (e) The Authority Chair, or any Authority employee authorized by the Authority Chair to do so, may issue instructions to a Licensee whose License was revoked regarding the conduct of its business, to the extent that such instructions are deemed necessary to protect the Licensee's customers who contracted with it prior to the revocation of the License; nothing in this provision exempts a Licensee whose License was revoked from its responsibility to fulfill the commitments that it made prior to the revocation of the License.

Control permit in the Licensee

- (a) No person shall hold control in a Licensee except by a permit issued by the Authority.
- (b) The Authority may refuse to issue a control permit under this Section, only for the following reasons:
- (1) Reasons related to the reliability of the License Applicant or a senior officer of it;
  - (2) An order to open proceedings according to the Insolvency Law was issued against the License Applicant, or the License Applicant was declared legally incompetent, and if the License Applicant is a body corporate — also if an order for its liquidation was issued or a receiver was appointed over its assets or a material part thereof due to a default on a debt;

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- (c) Whoever holds means of control in a Licensee shall not transfer them to another, knowing that the transferee is required by law to have a permit but does not have such.
- (d) The provisions of subsection (a) shall not apply to whoever becomes a controlling shareholder as a result of a legal transfer of means of control.

Revocation of control permit 12. If the Authority Chair finds that circumstances specified in the list under Section 10(b), which are evidence of a defect in the reliability of a holder of a control permit or a senior officer of the owner, obtain, or if the circumstance stated in Section 11(b)(2) obtains, and the Authority Chair believes that the defect may be remedied, the Authority Chair may order that it be remedied within such period as the Authority Chair determines; If the defect cannot be remedied or if the defect was not remedied within the period determined by the Authority Chair in a directive issued under this Section, the Authority may revoke the permit, after giving the holder of the control permit an opportunity to present its arguments.

Orders to persons who acted without a control permit 13. (a) If the Authority Chair finds that a person who holds control of a Licensee without having a control permit, the Authority may order, after granting that person an opportunity to present their arguments —

- (1) that some or all of the means of control held by that person be sold within a period that it shall set, so that person will no longer hold control;
- (2) that the voting rights or the right to appoint a Director or Chief Executive Officer by virtue of the means of control held by the person with no control permit not be used;
- (3) that any vote by virtue of the means of control held by the person with no control permit not be counted in a vote;

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- (4) that the appointment of a Director or Chief Executive Officer caused by that person be canceled;
- (5) that the Licensee's License be revoked.
- (b) If a person came to hold control of a Licensee through a duly performed transfer of means of control, the Authority Chair may – after it has given that person an opportunity to present their arguments – order them to sell some or all of the said means of control within such period as the Authority Chair orders, so that they will no longer hold control as aforesaid.
- (c) If, under the provisions of subsection (b), the Authority Chair ordered that the means of control be sold, the Authority Chair may issue an order as stated in subsection (a)(2) to (4), with the necessary changes.
- (d) If the party holding control failed to sell the means of control according to directives issued by the Authority Chair under subsections (a) or (b), the Court may – at the Authority's request – appoint a receiver for the sale of the said means of control.
- Obligation to report to the Authority about a reliability defect 14. (a) A Licensee and the holder of a control permit therein shall inform the Authority when one of the circumstances specified in Section 27(c) of the Advice Law or in Section 11(b)(2) occurs, all with respect to them or to a senior officer thereof, either in Israel or abroad, immediately upon learning of them.
- (b) A senior officer of a Licensee or one holding control shall notify the Licensee or the one holder control, as relevant, of any event stated in subsection (a) immediately upon learning of them; a notice under this subsection shall include the details required to comply with its obligation under subsection (a).

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- Corporate Licensees with no one holding control 15. If the Licensee is a company with no one holding control, Sections 11 through 14 shall apply to interested parties of a Licensee, with the necessary changes.

## **Chapter Three: Operations of Financial Information Service Providers**

- Duty of trust 16. Financial Information Service Providers will act faithfully and diligently in their customers' best interests, will not give preference to their own personal interests or to the interests of others over the interests of their customers, and will not give preference to one customer's interests over the interests of another customer.
- Duty of prudence 17. Financial Information Service Providers will act prudently and with such degree of skill as expected of a reasonable service provider in similar circumstances, and will take all reasonable measures to protect their customers' interests.
- Duty of confidentiality 18. Subject to the provisions of law, Financial Information Service Providers will maintain in confidence all information concerning the customer, including documents transferred to them and their content, and all other details concerning the actions in respect of which service was rendered to the customers.
- Prohibition on receipt of benefits and prohibition on tying services 19. (a) Financial Information Service Providers will not receive, either directly or indirectly, any benefits related to the provision of the Service; the provisions of this subsection shall not apply to consideration or reimbursement of expenses paid by the customer directly, or to considerations received from another entity in connection with services rendered to a customer, which are given according to the directives issued by the Service Provider Regulator and in such manner as prevents conflicts of interest.



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- (b) Financial Information Service Providers will not make the provision of services conditional upon the purchase of any asset or other service, from them or from any other person, unless there is a reasonable business connection between the requested service and the condition.
- Access to and use of Financial Information 20. (a) Financial Information Service Providers may receive access to and use financial information, provided that the use is to the customer's benefit, in order to assist the customer in their financial conduct and after the customer gave explicit consent to do so; the Minister, subject to the consent of the Minister of Justice and after consulting with the Service Provider Regulator, may determine details that will be included in the agreement between Financial Information Service Providers and their customers.
- (b) Financial Information Service Providers will not request access to, hold, or make use of a customer's Sensitive Information.
- (c) Financial Information Service Providers will not request access to financial information about a customer, will not hold financial information about a customer, and will not make use of financial information about a customer unless the said financial information is required to render the services requested by the customer.
- (d) Notwithstanding subsections (a) and (c), Financial Information Service Providers may use financial information for statistical purposes, to the benefit of all their customers, and to assist in their financial conduct, provided that the customer explicitly gave their consent and the presented information will be statistical information that is Unidentified Information.

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- (e) The Minister, subject to the consent of the Minister of Justice and in consultation with the Service Provider Regulator, may determine categories of uses that Financial Service Providers may not render to customers; a determination according to this subsection may be made with respect to all service providers or a specific category of them.
- (f) A Service Provider Regulator may issue directives and supervise any use that a Financial Information Service Provider makes of the said Financial Information.

Financial Information Bundles 21. Financial Information Service Providers shall present financial information bundles to customers and permit customers to select the information bundles to which the Financial Service Provider is permitted access by the Information Source, provided that said information is required to render the service requested by the customer; in this Section, “Financial Information Bundle” - as defined in Section 34.

Access to Financial Information for a limited period, as selected by the customer 22. (a) Financial Information Service Providers shall permit customers to allow one-time access to the financial information about them, or continuous access over a limited period, not to exceed three years, or any other period as determined by the Minister, subject to the consent of the Minister of Justice and in consultation with the Service Provider Regulator.

- (b) If a customer approves access for a limited time, as stated in subsection (a), the Financial Information Service Provider will confirm from time to time that the customer is aware of the provision of services by the Financial Information Service Provider and that the latter is granted access to Financial Information about the customer; the Service Provider Regulator may issue directives regarding this Section.

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- Retention of Financial Information for a limited period and subsequent deletion
23. (a) The Financial Information Service Provider will retain financial information about the customer for such period as required to render the service to the customer and no more than two years from the date the information was created; the Minister, consulting with the Service Provider Regulator and subject to the consent of the Minister of Justice, may modify the period stated in this subsection.
- (b) At the end of the period stated in subsection (a), the Financial Information Service Provider will delete the Financial Information about the customer as soon as possible and no later than the end of one business day after said period, or any other time as determined by the Minister, subject to the consent of the Minister of Justice, excluding Financial Information required by the Financial Information Service Provider for the purpose of legal proceedings or for the purpose of audits or supervision by law.
- (c) Notwithstanding the provisions of subsection (b), a Financial Information Service Provider may retain statistical information that is Unidentified Information, and may use such information, as stated in Section 20(d).
- Termination or amendment of an agreement with the customer
24. (a) A customer may terminate the agreement with a Financial Information Service Provider or reduce the scope of the services, the scope of the information, or the period for information transfer, at any time, in a simple and convenient manner without termination fees, by issuing a notice, which may be an online notice, to the Financial Information Service Provider.
- (b) If the customer gave notice to the Financial Information Service Provider as stated in subsection (a) —

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- (1) The Financial Information Service Provider will comply with the customer's request as soon as possible and inform the Information Source about the customer's request with respect to the information stated in subsection (a) as soon as possible;
- (2) The Financial Information Service Provider will delete the Financial Information about the customer that is not required to render the service to the customer as soon as possible and no later than one business day after the customer's request or any other day as determined by the Minister, subject to the consent of the Minister of Justice, excluding Financial Information required by the Financial Information Service Provider for legal proceedings or for audits or supervision according to law.

(c) Notwithstanding the provisions of subsection (b)(2), a Financial Information Service Provider may retain statistical information that is Unidentified Information, and may use such information, as stated in Section 20(d).

Transfer of  
information to an  
Entity Engaged in  
Finance

25 (a)

The Financial Information Service Provider shall not transfer Financial Information to another, excluding an Entity Engaged in Finance for the purpose of obtaining service proposals on behalf of the customer and contracting with said entities, provided that the customer gave their explicit consent to do so and the transferred information is required to render the service to the customer.

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- (b) The Financial Information Service Provider shall not refuse to contract with any Entity Engaged in Finance for the purposes of offering contractual propositions by the said entity to customers, other than for reasonable reasons.
- (c) An Entity Engaged in Finance that received information according to subsection (a) —
- (1) shall not transfer the information to another;
  - (2) shall not make any use of the information other than for making a proposal on its behalf to the customer and contracting with the customer;
  - (3) shall retain the information in a properly secured manner, according to the regulatory directives that apply to its supervised activities, or according to directives determined by the Regulator of the Entity Engaged in Finance;
  - (4) shall delete the information no later than within 14 business days after the information was received, unless the entity entered into an agreement with the customer with respect to the transferred information; the Minister, subject to the consent of the Minister of Justice, may determine another period within which the information must be deleted;
- (d) The Minister, consulting with the Service Provider Regulator, may determine additional uses in respect of which the Financial Information Service Provider may transfer Financial Information to an Entity Engaged in Finance and that may be used by said entity, provided that the customer gave explicit consent to do so, and that the transferred information is required for rendering the service to the customer.

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- Severe Security Incident 26. (a) Upon the occurrence of a severe security incident - as defined in Protection of Privacy Regulations (Data Security) 5777-2017<sup>14</sup> — the Financial Information Service Provider shall immediately notify the Service Provider Regulator, the Information Source, and the Registrar, and will report the measures taken in response to the incident to the Service Provider Regulator and the Registrar.
- (b) The Registrar may order the Financial Information Service Provider, after consulting with the National Cyber-Security Directorate and the Service Provider Regulator, to give notice of a security incident to customers who may be harmed by the incident. If the Registrar gives such notice, the Financial Information Service Provider shall inform the Service Provider Regulator of the notice.
- Conflict of interest 27. (a) Upon learning of a conflict of interest between the Financial Information Service Provider, or a related party thereto, and the customer, the Financial Information Service Provider must notify the customer in writing of the conflict of interest and must refrain from taking any action that involves a conflict of interest, unless the customer agreed in writing in advance with respect to said service.

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- (b) Without derogating from the generality of the provisions of subsection (a), the Financial Information Service Provider may not render services of comparing prices, costs, or returns, advising regarding financial conduct or transfer of information to an Entity Engaged in Finance for the purpose of obtaining contractual proposals on behalf of the customer or of facilitating the customer's contracting with said entities, with respect to any financial field in which the Financial Information Service Provider or a related party offers service to customers.
- (c) The Service Provider Regulator may define circumstances that will be deemed to involve a conflict of interest between a Financial Information Service Provider and a customer, and the circumstances in which the Financial Information Service Provider shall refrain from performing any action that entails said conflict of interest, even if the customer gave their consent in writing in advance.

Due disclosure

28. A Financial Information Service Provider must disclose to the customer all material details pertaining to the content, scope, terms, and price of the service that it is rendering and the risks entailed therein. Specifically, the Financial Information Service Provider will disclose to the customer —
- (1) the option of terminating and amending the agreement with the Financial Information Service Provider, as stated in Section 24, the conditions for termination and modes of termination;
  - (2) who are the entities engaged in finance with which the Financial Information Service Provider has contracted for the purpose of receiving service offers on the customer's behalf, as stated in Section 25;
  - (3) who are the Financial Information Service Provider's related parties;

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- (4) services that the Financial Information Service Provider is prohibited from rendering to customers due to conflict of interest.
- Reports and notifications to the Service Provider Regulator 29. (a) A Financial Information Service Provider shall submit reports and notices of its operations to the Service Provider Regulator according to such directives as determined by the Service Provider Regulator.
- (b) A Financial Information Service Provider shall submit to the Service Provider Regulator in writing, at its demand or the demand of an employee authorized for this purpose, explanations, details, information and documents in connection with the details included in the report submitted according to this Law, within the period determined in the demand.
- Prohibition on misleading particular 30. Whoever submitted an application for a License, a Financial Information Service Provider, and whoever renders services on their behalf, including marketing and advertising services, shall not include any misleading particular in any publication, request, report, or other information they convey on their behalf.
- Proper mechanisms in Financial Information Service Provider 31. (a) Without derogating from the provisions of law, a Financial Information Service Provider shall ensure that proper mechanisms of Information Security, risk management, and cyber protection are in place.
- (b) A Financial Information Service Provider shall collect and retain the information it receives from an Information Source, and deliver it —
- (1) in a manner that ensures protection against information leaks, and against unlawful transfer, disclosure, deletion, use, modification, or reproduction;



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- (2) in a manner that prevents use of the information in violation of the customer's consent.
- (c) The Service Provider Regulator shall issue directives in the matter of subsections (a) and (b), including the duty to appoint officers in charge of Information Security, risk management, and cyber protection, as stated above.
- (d) The Service Provider Regulator shall determine the manner in which a customer's identity is authenticated by a Financial Information Service Provider.
- (e) The Service Provider Regulator shall determine the manner in which the Financial Information is retained by the Financial Information Service Provider, including with respect to the duties of documentation that shall apply to the service provider.
- (f) Directives under this section shall be issued by the commencement date.
- Issuing directives 32. The Service Provider Regulator may determine directives that will apply to the Service Provider for implementing its duties according to this Chapter, and directives in the following matters, and may determine different directives for different types and volumes of operation:
- (1) Handling and documenting customer complaints;
  - (2) Retention of documents;
  - (3) Drafting a written agreement with the customer, and its details;
  - (4) Preparation for emergency situations and business continuity;
  - (5) Directives in the matter of outsourcing;

## Chapter One: Definition of Terms

- (6) Circumstances under which the Financial Information Service Provider shall cease to request and receive access to Financial Information about the customer;
- (7) Reports that the Financial Information Service Provider shall be obligated to submit to their customers;
- (8) Directives regarding the mode of information storage required for legal proceedings or for audits of supervision by law, as stated in Sections 23(b) and 24(b)(2).

## Chapter Four: Obligations of Information Sources

Duty to permit access  
to the customer's  
Financial Information

33. (a)

An Information Source is obligated to grant a Financial Information Service Provider access to Financial Information concerning a customer, after the Information Source receives the customer's explicit consent and after the Information Source identifies the customer.

(b)

The Information Source will allow the customer to select, from among the customer's accounts with the Information Source, the account in respect of which the Financial Information Service Provider receives access to information.

(c)

An Information Source is obligated to grant a Financial Information Service Provider access to the Financial Information under subsection (a) online and through a secured technological mechanism.

(d)

An Information Source shall not require an agreement between it and a Financial Information Service Provider in order to grant access according to this Chapter.

## Chapter One: Definition of Terms

(e) Notwithstanding the provisions of subsection (a), an Information Source may refuse to grant access to Financial Information to a Financial Information Service Provider, if the Information Source has concerns of unauthorized access to information; an Information Source that refuses to provide access to information due to said concerns shall notify the customer and the Information Source Regulator as soon as possible, unless it is prohibited from making such notification by law, and shall retain documentation of the refused access and the reasons for it; upon elimination of the concern regarding access to information, the Information Source will continue to grant access.

Determining  
information bundles

34. (a)

The Minister, in consultation with the Authority and the Information Source Regulator, will determine Financial Information bundles, from which the customer may select what should be transferred to a Financial Information Service Provider, and the details included in each bundle; for an Information Source supervised by the Bank of Israel, said determination will be under the authority of the Governor of the Bank of Israel, subject to the consent of the Minister and in consultation with the Authority.

(b)

Until such rules are determined, the information bundles shall be those defined in the First Addendum.

Joint Account

35. (a)

If the account in respect of which the customer applied to the Information Source to grant access to a Financial Information Service Provider is a Joint Account, the Information Source shall not grant access to the information without the explicit consent of all the owners of the Joint Account to grant access to the information, in a simple and convenient manner.

## Chapter One: Definition of Terms

- (b) At the opening of the account, within the engagement agreement, the Information Source must offer account holders of a Joint Account, to give their consent as stated in subsection (a). Such consent may also be given at a later stage or in another manner.
- (c) An Information Source must notify all the account holders of a Joint Account of any request by one of the account holders to grant access to information to a Financial Information Service Provider and of their right to cancel the consent according to Section 37.
- Restrictions on collecting a consideration by Information Sources 36. (a) An Information Source shall not collect any consideration from the customer in respect of the customer's request or in respect of granting access to information according to this Chapter.
- (b) An Information Source will not collect any consideration from a Financial Information Service Provider in respect of granting access to information according to this Section, other than as stated in the Second Addendum.
- (c) The Minister, in consultation with the Service Provider Regulator and the Information Source Regulator, may amend Addendum Two. For Information Sources supervised by the Bank of Israel, such amendment shall be subject to the consent of the Governor of the Bank of Israel and after consultation with the Service Provider Regulator.

## Chapter One: Definition of Terms

- Cancellation of consent to provide access to Financial Information
37. Each account holder of a Joint Account may cancel their consent to grant access to information to a Financial Information Service Provider at any time and at no cost, by notifying the Information Source, including via online means, or by notice to the Service Provider according to Section 24; if consent was canceled according to this Section — the Information Source shall act in accordance with the customer's request as soon as possible and inform the Financial Information Service Provider of the cancellation as soon as possible.
- Prohibition on undue influence
38. An Information Source shall not — by act or omission, in writing or verbally or in any other manner — do anything that constitutes exercising undue influence on a customer in any matter related to granting access to Financial Information to a Financial Information Service Provider according to this Chapter.
- Small-Volume Information Source
39. (a) The Minister, in consultation with the Information Source Regulator, for reasons related to the cost of implementing the provisions of this Chapter or to competition, may determine, at the request of a Small-Volume Information Source, that the obligation to allow access to Financial Information under Section 33 shall not apply to the Small-Volume Information Source, or shall apply at the end of such period as shall be determined.
- (b) If a Small-Volume Information Source for which the Minister has determined that the provisions of this Chapter shall not apply according to subsection (a), has ceased to be a Small-Volume Information Source, the provisions of this Chapter will apply on the date stated below, as relevant, or at the end of any other period determined by the Minister:

## Chapter One: Definition of Terms

(1) In the matter of an Information Source in respect of which the Minister determined that the provisions of this Chapter do not apply, as stated above — at the end of two years from the date on which it ceased to be a Small-Volume Information Source;

(2) In the matter of an Information Source in respect of which the Minister determined as stated above that the provisions of this Chapter shall apply at the end of a period that the Minister determines — at the end of the period so determined, or at the end of two years from the date on which it ceased to be a Small-Volume Information Source, according to the earlier of the two dates.

(c) For an Information Source supervised by the Bank of Israel, the provisions of subsections (a) and (b) will be under the authority of the Governor of the Bank of Israel, subject to the consent of the Minister.

Determining account  
types

40. (a) The Minister, in consultation with the Authority and the Information Source Regulator, shall determine in rules, the types of accounts for which the financial information contained is subject to the provisions in this Chapter; for an Information Source supervised by the Bank of Israel, the aforesaid is under the authority of the Governor of the Bank of Israel, subject to the consent of the Minister and in consultation with the Authority.

(b) Until such rules as stated in subsection (a) are determined, the provisions of this Chapter shall apply to all types of accounts.

## Chapter One: Definition of Terms

Determining directives that have implications for Information Sources

41. The Information Source Regulator, in consultation with the Service Provider Regulator, and for the purpose of subsection (3) subject to the consent of the Service Provider Regulator, may issue directives on the following matters:

- (1) The customer authentication method used by the Information Source for the purpose of obtaining the customer's consent to grant access to the information, and the manner in which the customer's consent to grant access to the information is granted, including identifying the customer and obtaining their consent through a third party;
- (2) The manner in which access to the Financial Information is granted by the Information Source to the Financial Information Service Provider, including directives regarding protection of privacy, information security, secured technological mechanism, and duty of documentation;
- (3) The manner in which the Financial Information Service Provider is authenticated by the Information Source;
- (4) Duties that shall apply to an Information Source regarding rendering the service and granting access to information to a Financial Information Service Provider;
- (5) Reporting duties that shall apply to an Information Source that failed to transfer information according to Section 33(e);
- (6) The manner of implementing Section 35 by the Information Source.

## Chapter Five: The Functions of the Authority and its Powers

## Chapter One: Definition of Terms

- ISA supervision 42. (a) In fulfilling their obligations under this Law, Licensees shall be subject to the supervision of the Authority.
- (b) The Authority may, for the purpose of supervision as stated in subsection (a), issue directives related to the modes of operation of Licensees, their senior officers, and anyone employed by them, all in order to ensure the proper management of the Licensees and to protect the customers' interests and their orderly operations. These directives may be issued to all Licensees or to a certain class thereof.
- (c) The directives stated in subsection (b) and any modification thereto shall be published on the Authority website. Notice of their publication and date of application will be published in the Gazette.
- (d) Without derogating from the provisions of subsection (b), for the purpose of supervision as stated in subsection (a), the Authority may issue directives to a specific Licensee in order to ensure the implementation of this Directive according to this law.
- Applying the Authority's powers 43. (a) In this Section —
- “Violation” - as defined in Section 47;
- “Offense” - Any of the following:
- (1) An offense under this Law;
  - (2) An offense under Sections 284, 290, 291, 415, 423, 424, 424A, and 425 of the Penal Law, committed in connection with an offense defined in paragraph (1);



## Chapter One: Definition of Terms

- (3) An offense under Section 3 or 4 of the Prohibition Against Money Laundering Law 5760-2000,<sup>15</sup> committed in connection with an offense according to paragraph (1) or (2);
  - (4) An offense under Sections 240, 242, 244, 245, or 246 of the Penal Law, committed in connection with an investigation or judicial proceeding due to an offense under paragraphs (1) through (3).
- (b) To ensure the performance of this Law, or if there are reasonable grounds to assume that a violation was committed, or if the commission of an offense is suspected, the Authority Chair or an Authority employee whom they appointed for this purpose in writing, may:
  - (1) Demand of any person any knowledge or documentation regarding the Licensee's businesses related to said violation or offense.
  - (2) Enter, after having identified themselves, a site in respect of which they have reasonable grounds to assume that a Licensee's operations are performed and that does not exclusively constitute a place of residence, and to demand delivery to it of documents as stated in (1); however, no such document may be seized if a copy thereof suffices.
- (c) The provisions of Section 56A(b) of the Securities Law shall apply to the matter of returning documents delivered to the Authority according to subsection (b).

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<sup>15</sup> Book of Laws 5760, p. 293; 5778, p. 440.

## Chapter One: Definition of Terms

- (d) For the purpose of this Law, the Authority Chair or any Authority employee authorized by the Authority Chair to do so, may exercise their authority under Sections 52RR, 56A2, 56B, 56B1, 56C, 56C1, 56D, and 56E to the Securities Law, with the necessary changes.

## Chapter Six: Monetary Fines

- Monetary Fine                      44. (a) A Service Provider Regulator may impose a monetary fine under the provisions in this Section on a Financial Information Service Provider that violated any provision of this Law specified in the Third Addendum, in the amount stated in the Sixth Addendum.
- (b) An Information Source Regulator may impose a monetary fine under the provisions in this Section on an Information Source that violated any provision of this Law as stated in the Fourth Addendum, in the amount stated in the Sixth Addendum.
- (c) A Regulator of Entity Engaged in Finance may impose a monetary fine under the provisions in this Section on an Entity Engaged in Finance that violated any provision of Section 25 as stated in the Fifth Addendum, in the amount specified in the Sixth Addendum.
- Applying the monetary fine mechanism on violators                      45. (a) For the following monetary fines under Section 44(a) imposed on a Financial Information Service Provider, the provisions stated alongside them shall apply:
- (1) For a Financial Information Service Provider whose Service Provider Regulator is the Authority - provisions according to Chapter H3 of the Securities Law, with the necessary changes;

## Chapter One: Definition of Terms

- (2) For a Financial Information Service Provider whose Service Provider Regulator is the Supervisor of Banks - provisions according to Sections 14I through 14O to the Banking Ordinance, with the necessary changes;
  - (3) For a Financial Information Service Provider whose Service Provider Regulator is the Supervisor of Financial Service Providers - provisions according to Sections 72(d) and Sections 74 through 93 of the Supervision of Regulated Financial Services Law, with the necessary changes;
  - (4) For any other financial entity that is determined to be exempt from a License according to Section 3 - provisions concerning monetary fines shall apply according to the powers of the financial entity's Regulator. In the Eighth Addendum, the Minister shall determine the provisions that shall apply.
- (b) For the following monetary fines under Section 44(b) imposed on an Information Source, the provisions stated alongside them shall apply:
- (1) For an Information Source whose Service Provider Regulator is the Supervisor of Banks - provisions according to Sections 14I through 14O to the Banking Ordinance, with the necessary changes;
  - (2) For an Information Source whose Service Provider Regulator is the Authority - provisions according to Chapter H3 of the Securities Law, with the necessary changes;

## Chapter One: Definition of Terms

- (3) For an Information Source whose Service Provider Regulator is the Supervisor of Financial Service Providers - provisions according to Sections 72(d) and Sections 74 through 93 of the Supervision of Regulated Financial Services Law, with the necessary changes;
- (4) For any other Information Source determined as such according to subsection (4) of the definition of "Information Source" - provisions concerning monetary fines shall apply according to the powers of the financial entity's Regulator. In the Ninth Addendum, the Minister shall determine the provisions that shall apply.
- (c) For the following monetary fines under Section 44(c) imposed on an Entity Engaged in Finance, the provisions stated in the Tenth Addendum shall apply; the Minister may amend the Tenth Addendum.

Changes to the Third, Fourth, Fifth, and Six Addenda

46. The Minister may, in an order, at the suggestion of or in consultation with the Authority, subject to the consent of the Minister of Justice and the Governor of the Bank of Israel, amend the Third Addendum, the Fourth Addendum, the Fifth Addendum, and the Sixth Addendum, provided that the amount of the monetary fine determined in the Sixth Addendum does not exceed \_\_\_\_\_.

## Chapter Seven: Imposing Administrative Means of Enforcement by the Administrative Enforcement Committee

47. In this Chapter —
- "The Committee" - The Administrative Enforcement Committee appointed according to Section 52FF of the Securities Law;
- "Violation" - a violation of the provisions of this Law, specified in the Seventh Addendum.

## Chapter One: Definition of Terms

- Powers of the Administrative Enforcement Committee
48. (a) If a person who committed a violation, the provisions of Chapter H4 of the Securities Law applying to a violator and a violation of the provision specified in Part C of the Seventh Addendum to said law, shall apply to the violator and to the violation, with the necessary changes and the changes specified in this Chapter.
- (b) In the matter of imposing a monetary fine according to this Chapter, the Committee may impose on a violator a monetary fine in the maximum amount specified herein, as relevant:
- (1) In the matter of a violator who is an individual employee of a Licensee and is not a senior officer therein - the maximum amount of NIS \_\_\_\_\_;
- (2) In the matter of a violator who is another individual - the maximum amount of NIS \_\_\_\_\_;
- (3) In the matter of a violator who is a Licensee - the maximum amount of NIS \_\_\_\_\_;
- Changes to the Seventh Addendum
49. The Minister may, at the suggestion of or in consultation with the Authority and with the approval of the Knesset Finance Committee, change the Seventh Addendum.
- The Authority Chair's authority to enter into an arrangement to abstain from proceedings or to stop proceedings subject to conditions
50. (a) The Authority Chair's authority to enter into an arrangement to abstain from proceedings or to cease proceedings, as relevant, which is subject to conditions, according to the provisions of Chapter I1 of the Securities Law, will be vested in it in the matter of a violation or offense, and the provisions of said Chapter shall apply to this matter with the necessary changes.

## **Chapter One: Definition of Terms**

- (b) In this Section, “proceedings” - a proceeding of inquiry into a violation or an administrative enforcement proceeding, under Chapter H4 of the Securities Law, as applied in Section 48, or a criminal investigation according to Section 56C of the Securities Law as applied in Section 43(d), as relevant.

## **Chapter Eight: Penalties**

51. (a) Whoever committed one of the following shall be liable to five years imprisonment or to a fine five times the fine specified in Section 61(a)(4) of the Penal Law, and if it is a body corporate – to 5 times the fine stated in that Section:
- (1) Included a misleading detail in an application for a License, a notice to the Authority, or other document submitted to the Authority, with the aim of misleading the Authority, in violation of the provisions of Section 30;
- (b) Whoever did one of the following shall be liable to two years imprisonment or to a fine two and a half times the fine said in Section 61(a)(4) of the Penal Law, and if it is a body corporate – twelve and a half times the fine said in that Section:
- (1) Engaged in Financial Information Service provision activities without the appropriate License or in violation of the terms of the License, in violation of the provisions of Sections 3 and 7(b).

## **Chapter Nine: Miscellaneous Provisions**

- Exceptions to Chapter Seven 52. Chapter Seven shall not apply to Financial Information Service activity performed by an entity exempt from a licensing requirement under Section 4.

## Chapter One: Definition of Terms

Fees

53. The Minister, at the suggestion of or in consultation with the Authority, and with the approval of the Knesset Finance Committee, may determine fees that shall apply to the submission of a License application under Section 5 and to a Licensee, and may determine provisions concerning linkage and interest differences payable for a delay in the payment of fees under this Section, and the applicability of the Taxes (Collection) Ordinance to the collection of said fees and interest and linkage differences.

Licensee's methods of reporting

54. Any document that a Licensee or License Applicant is required to submit to the Authority shall be submitted in the manner determined under Chapter G1 of the Securities Law.

55. (a) Notwithstanding any law and without derogating from the provisions of Sections 262 to 264 of the Companies Law -

(1) A proceeding under Chapters F or G (in this Section - a proceeding) must not be insured, either directly or indirectly;

(2) Any insurance contract for the insurance event of a proceeding - is void;

(3) A Licensee shall not indemnify and shall not pay – directly or indirectly – a monetary fine imposed on another, and one who holds control in a Licensee shall not indemnify and shall not pay – directly or indirectly – any monetary fine imposed on the Licensee, on a senior officer of the Licensee, or any employee of the Licensee.

(4) Any provision or undertaking to indemnify for a process - is void.

(b) Notwithstanding the provisions of subsection (a), a person may be insured or indemnified for payment to the party harmed by the violation as stated in Section 52BBB(a)(1)(a) of the Securities Law, or for expenses incurred in connection with a proceeding held on their matter, including reasonable litigation costs, including attorney's fees, including by indemnification in advance.

## Chapter One: Definition of Terms

- (c) An undertaking to indemnify or insure a senior officer under Subsection (b) shall be of no effect, unless if permitted by a provision in the Licensee's by-laws.
- Defect in information 56. (a) If a customer contacted the Financial Information Service Provider with which the customer entered into an agreement, or an Information Source, in the matter of a defect in information, the Financial Information Service Provider or Information Source shall examine the matter and inform their customer about the results of the examination within a reasonable time under the circumstances.
- (b) If, following an inquiry under subsection (a) or in any other manner, a Financial Information Service Provider or Information Source becomes aware that a defect as set out in said subsection exists and that it is responsible for the defect, the Financial Information Service Provider or Information Source shall notify the customer and take action to remedy the defect and mitigate the damage to the customer on the date on which it learns of the defect; if the Financial Information Service Provider or Information Source is not responsible for the defect, it shall take reasonable measures to identify the party responsible for the defect and to ensure that that party remedies said defect.
- (c) If it is responsible for defect or any part thereof, the Financial Information Service Provider or Information Source shall compensate or indemnify its customer, at their demand, for any damage or expense incurred by the customer as a result of the defect stated in subsection (a); If the Financial Information Service Provider or Information Source is not responsible for the defect, it shall take reasonable measures to ensure that the responsible party compensates or indemnifies the customer.



## Chapter One: Definition of Terms

(d) For the purpose of this Section, “defect in information” - a defect in financial information to which access was granted to the Financial Information Service Provider under this Law, including a defect in Information Security that led to the disclosure of information about the customer or a defect in the reliability of the information.

57. (a) In this Section -

“the Regulator” - the Information Source Regulator, the Service Provider Regulator, or the Regulator of the Entity Engaged in Finance;

“Supervised Financial Entity” - An Information Source, Financial Information Service Provider, or Entity Engaged in Finance.

“the Regulator’s Directives” - as stated below, as relevant:

(1) In the matter of the Supervisor of Banks - directives issued under Section 5(C1) of the Banking Ordinance;

(2) In the matter of the Supervisor of Financial Service Providers - directives issued under Section 4 of the Supervision of Regulated Financial Services Law;

(3) In the matter of the Supervisor of Capital Market, Insurance, and Savings - directives issued under Section 2(b) of the Supervision of Insurance Law or under Section 39(b) of the Supervision of Provident Funds Law.

(4) In the matter of the Authority - directives issued under Section 28 of the Advice Law or directives issued under Section 42 of the Law;

## Chapter One: Definition of Terms

- (5) In the matter of the Stock Exchange - directives issued under the Stock Exchange By-Laws;
- (6) In the matter of a Regulator of a supervised financial entity not specified in paragraphs (1) through (5) - as specified in the Eleventh Addendum; the Minister may amend the Eleventh Addendum.
- (b) Nothing in the provisions of this Law shall derogate from the Regulator's authority to issue directives also in matters under this Law.
- (c) Where the Minister determines regulations under this Law on a specific matter, which also apply to Supervised Financial Entities, the Regulator may issue detailed directives on that matter.
- (d) Directives issued by a Regulator under this Law shall be determined as a Regulator's Directives, as defined in subsection (a), as relevant.
- Exemption from the provisions of the Law 58. (a) The provisions of this Law shall not apply to Financial Information transferred according to the provisions of Sections 5B1, 7E(a) and 7G(a) of the Banking (Service to Customers) Law 5741-1981.
- (b) The Minister, subject to the consent of the Minister of Justice and in consultation with the Authority, may determine that the provisions of this Law shall not apply to Financial Information transferred according to the provisions of any other law.
- Commencement 59. (a) The commencement date of this Law is March 31, 2021.
- (b) Notwithstanding subsection (a), the commencement of this Law for the stated Information Sources and Information Bundles shall be on the later of the following dates:
- (1) For an Information Source that is a Bank - March 31, 2021;

## Chapter One: Definition of Terms

- (2) For an Information Source that is an Acquirer that is also an issuer - October 10, 2021;
  - (3) For an Information Source that is a Deposit and Credit Association- March 31, 2022;
  - (4) For item (2) of the First Addendum - October 10, 2021;
  - (5) For items (3) through (5) of the First Addendum - March 31, 2021;
- (c) Notwithstanding subsection (a) -
- (1) The commencement of this Law for Financial Information about a customer that is a body corporate shall be on a date determined by the Minister; the Minister may determine different commencement dates for Financial Information about a customer that is a body corporate where this information is maintained by different Information Sources.
  - (2) For an Information Source supervised by the Bank of Israel - the provisions of paragraph (1) shall be subject to the consent of the Governor of the Bank of Israel.
- (d) The Minister may, in an order, extend the periods defined in subsections (a) and (b) by two periods, each at most six month.

## Chapter One: Definition of Terms

Transitional provisions

60. (a) Notwithstanding the provisions of Section 35(a), in a Joint Account Held Severally and Jointly whose engagement agreement was executed prior to March 31, 2021, an Information Source is obligated to access to a Financial Information Service Provider at the request of any of the account holders, unless one of the account holders notified the Information Source that it objects the Information Source granting such access at the request of only one of the account holders without the explicit consent of all the account holders.
- (b) An Information Source will notify the account holders of a Joint Account as stated in subsection (a) of the possibility that access will be granted to Financial Information about them at the request of a single account holder, and of their right to refuse by sending a notice to the Information Source at any time; such notice shall be sent no later than March 31, 2021.
- (c) The Information Source Regulator shall issue directives concerning the notice stated in subsection (b) including the manner of notification, the information contained therein, and the manner of refusal.

Amendment to the Securities Law

61. In the Securities Law 5728-1968<sup>16</sup> -

- (1) In Section 52EE, the following will come after paragraph (3):
- “(4) A violation as defined in Section \_\_\_ of the Financial Information Service Providers Law”;
- (2) In Section 52CCC, the following will come after paragraph (7):
- “(8) Financial Information Service Provider”;

## Chapter One: Definition of Terms

- (3) In Section 52EEE, after “that the violator was given under the Joint Investment Trust Law,” the following shall come: “a License for Financial Information Services or a control permit in a body corporate that has a License for Financial Information Services that was given to the violator under the Financial Information Services Provider Law”;
- (4) In Section 52MMM, after “an offense as defined in Section 29 of the Advice Law” shall come “an offense as defined in Section 43 of the Financial Information Services Provider Law”.

Amendment to the  
Supervision of  
Regulated Financial  
Services Law

62. In the Supervision of Regulated Financial Services Law -

- (1) Chapter J1 shall be deleted.
- (2) In Section 71 -
  - (a) Subsection (5) shall be deleted.
  - (b) The definition of “Provider of Services for Cost Comparisons” shall be deleted;
  - (c) In the definition of “Financial Service Provider” the following shall be deleted: “and for the purpose of Section 72(b)(1), (29), (31), (32), (34) through (36), and (c)(4) and (6), and Sections 73 and 92 — including a Provider of Services for Cost Comparisons.”
- (3) In Section 72(b), paragraphs (35a) through (35f) shall be deleted.
- (4) Section 114A shall be deleted.

## Chapter One: Definition of Terms

Amendment to the  
Credit Data Law

63. In the Credit Data Law, the following shall come in Section 4(b) after paragraph (2):

“(3) A Financial Information Service Provider as defined in the Financial Information Service Providers Law 5780-2020, may collect and hold credit data for the purpose of delivering the same to others, and may, as an occupation, furnish credit data to others as part of its operations as a Financial Information Service Provider.”

### First Addendum

(Section 34)

#### Defining Information Bundles

Details of the Financial Information Bundles among which a customer may select the information to be transferred to a Financial Information Service Provider, and the details of the information contained in each bundle, for each Information Source:

#### Banks

- (1) Information on a payment account, by currency - including details of account balances, details of all debits and credits in the account;
- (2) Information on the customer’s payment card - including details of all debits and credits on the card and the total expenses on the card;
- (3) Loan information - including details on the loan balance, the interest rate and the fees agreed with respect to the loan, the maturity dates, and the securities provided for the loan;
- (4) Information about deposits and savings accounts - including total deposits or savings, interest, linkage, and fees agreed with respect to the deposit or savings account, exit and maturity dates;

## **Chapter One: Definition of Terms**

- (5) Information about a securities portfolio - including the types of securities, activity involving securities, and the fees paid in respect of the securities portfolio.

### **Acquirers that are also issuers**

- (1) Items (2) and (3) of the Financial Information Bundles for Banks.

### **Deposit and Credit Associations**

- (1) Items (1) through (5) of the Financial Information Bundles for Banks.

## **Second Addendum**

### **Payments to Information Sources**

An Information Source may charge a fee to a Financial Information Service Provider for access to a customer's information contained in the Information Bundles, subject to the following conditions:

- a. Up to 1.5 million access requests per month to a Financial Information Service Provider shall be with no charge.
- b. An Information Source shall not charge the Financial Information Service Provider a fee if the Information Source failed to notify the Financial Information Service Provider that it is approaching its limit of no-fee access requests.
- c. An Information Source shall not charge different fees to different Service Providers.
- d. An Information Source shall set the fee as a function of the type of service and the volume of transferred information.

## **Third Addendum**

List of violations in respect of which a monetary fine is imposed on a Financial Information Service Provider

## **Fourth Addendum**

List of violations in respect of which a monetary fine is imposed on an Information Source

## **Fifth Addendum**

List of violations in respect of which a monetary fine is imposed on an Entity Engaged in Finance

## **Chapter One: Definition of Terms**

### **Sixth Addendum**

Amounts of monetary fines

### **Seventh Addendum**

Violations for the Administrative Enforcement Committee

### **Eighth Addendum**

Provisions in the matter of monetary fines that apply to other financial entities that are determined to be exempt from a License under Section 3

### **Ninth Addendum**

Provisions in the matter of monetary fines that apply to Information Sources determined under subsection (4) of the definition of an Information Source

### **Tenth Addendum**

List of Entities Engaged in Finance, Regulators of the Entities Engaged in Finance, and provisions in the matter of monetary fines that apply to them

<b>Entity Engaged in Finance</b>	<b>Regulator of Entity Engaged in Finance</b>	<b>Provisions related to monetary fines</b>
Bank		Provisions under Sections 14I through 14O of the Banking Ordinance, with the necessary changes
Acquirer that is also an Issuer	Supervisor of Banks	Provisions under Sections 72(d) and 74 through 93 of the Supervision of Regulated Financial Services Law, with the necessary change, including the authority to issue a notice to the violator of the option to submit a bond and guarantee, in lieu of a notice of intention to impose a charge
Licensee under the Regulated Financial Services Law	Supervisor of Financial Service Providers	



## Chapter One: Definition of Terms

Insurer, as defined in Section 1 of the Insurance Supervision Law.	The Commissioner, as defined in Section 1 of the Insurance Supervision Law	The provisions under Chapter I1 of the Supervision of Insurance Law, with the necessary changes
Managing Company as defined in Section 1 of the Supervision of Provident Funds Law	The Commissioner as defined in Section 1 of the Supervision of Provident Funds Law	The provisions under Chapter Five of the Supervision of Provident Funds Law, with the necessary changes
Portfolio Management Licensee as defined in Section 1 of the Advice Law	The Authority	Provisions under Chapter Eight “C” of the Securities Law, with the necessary changes
Stock Exchange Member	The stock exchange in which it is a member	Provisions under the Stock Exchange by-laws

### Eleventh Addendum

Provisions of Regulators not specified in paragraphs (1) through (5) in the definition of Regulator provisions in Section 57