



ר ש ו ת נ י ר ו ת ע ר ך  
ISRAEL SECURITIES AUTHORITY

CHAIRWOMAN

יושבת ראש

April 2, 2020

**Directive regarding temporary reliefs in the obligations according to the Prohibition of Money Laundering (Obligations of Stock Exchange Members to identify, report and retain lists for the purpose of preventing money laundering and financing terrorism), 5770-2010 during the Corona crisis**

In light of the enquiries received by the Israel Securities Authority (hereafter: "the ISA") from members of the Stock Exchange that are not banks (hereafter: "Stock Exchange members") with regard to the difficulties in complying with various instructions that appear in the Order for the Prohibition of Money Laundering (Obligations of Stock Exchange Members to identify, report and retain lists for the purpose of preventing money laundering and financing terrorism), 5770-2010 (hereafter: "the Order") due to the Corona virus and the directives of the government of Israel and the Ministry of Health regarding the crisis, which restrict activity and presence in the public domain, the Chairwoman of the ISA has decided to issue directives for a period of three months with the goal of allowing Stock Exchange members to continue their activity and to sign on new customers even during the crisis. Following are the directives:

In accordance with my authority according to paragraph 11m(c)(1) of the Money Laundering Law, 5760 – 2000 (hereafter: "the Law"), paragraphs 4(d) and 9(a)(6) of the Order and regarding paragraph 4(d) of the Order and in consultation with the Chairman of the Israel Money Laundering and Terror Financing Prohibition Authority, following are my instructions:

1. A member of the Stock Exchange is permitted to carry out the obligations for identification, verification and declaration of a beneficiary and controlling shareholder according to the Order, by means of technology that facilitates remote communication if the conditions in this directive are fulfilled.
2. The fulfilling of the obligations stated in paragraph 1 above according to this directive is conditional on the Stock Exchange member classifying the account as high risk for purposes of money laundering and the financing of terror, but only based on the condition stated in paragraph 8 of these directives and that other circumstances which justify the classification of the account as high risk according to the obligations of a Stock Exchange member according to paragraph 2 of the Order do not exist.
3. **Identification of the service recipient**  
Identification of the account owner and the authorized signatory (hereafter: the Service Recipient) that are carried out according to the following cumulative conditions will be considered to be face-to-face identification for the purposed of fulfilling the obligations stated in paragraph 9 of the Order:
  - a. The Service Recipient will send a scanned copy of an identification document as described in paragraph 4 of the Order to the Stock Exchange member by means of email or some other electronic means;



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יושבת ראש

- b. The Stock Exchange member will identify the Service Recipient by means of a technology for video conferencing according to the identification document as described in paragraph 4 of the Order, which will be presented to the Stock Exchange member by the Service Recipient during the video conference;
  - c. The Stock Exchange member will identify the Service Recipient against the picture on the scanned copy of the identification document that the Service Recipient sent as stated in paragraph (a) above;
  - d. The video conference will be recorded and stored according to what is stated in paragraph 10 of the Order;
  - e. The account that was opened with the Stock Exchange member under the name of the account owner receives a bank transfer from another account on the same account owner or a different account where the account owner is one of the partners in it, in the Stock Exchange member or in a bank;
  - f. The Stock Exchange member will verify that the account owner is the same account owner of the account from which the bank transfer was received as stated in paragraph (e) above, according to what is stated in paragraph 1(c) of the directive regarding verification of details according to paragraph 8h(1) and (2) of the Order dated February 13<sup>th</sup> 2019.
- 4. Recording of identification details**  
In an account opened according to what is stated in paragraph 1 above, the Stock Exchange member is permitted to record the identification details according to a copy of the identification documents notwithstanding what is stated in paragraph 4(a) of the Order.
- 5. Beneficiary and controlling shareholder declaration**  
In an account opened according to what is stated in paragraph 1 above, the Stock Exchange member is permitted to accept the declaration of a beneficiary and controlling shareholder in a manner described in this paragraph and subject to the fulfillment of all of the conditions specified in it:
- a. The beneficiary and controlling shareholder declaration will be obtained by means of video conferencing in which the Service Recipient will declare the identity of the beneficiary or controlling shareholder according to the circumstances or that there is no beneficiary or controlling shareholder in the account. This declaration will be recorded and stored according to what is stated in paragraph 10 of the Order;
  - b. The Stock Exchange member will accept a copy of the beneficiary and controlling shareholder declaration according to the form in the Second Addendum to the Order, by means of email or some other electronic means.
6. These reliefs will also apply to the identification and verification processes that the Stock Exchange member is required to carry out in the case that an account in a closed system no longer fulfills the conditions applying to it in the Order.



ר ש ו ת נ י ר ו ת ע ר ך  
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7. The Stock Exchange member must complete the full identification and verification process as required by the Order for accounts opened according to these instructions, up until six months following their expiry.
8. Until the completion of the entire identification and verification process as required by the order as stated, the accounts will be classified as high risk with regard to money laundering and the financing of terror and all that that implies, including an intensive check of the propriety of the Service Recipient and intensive audits of the activity in the account.
9. The reliefs described above will be in effect for three months starting from the publishing of the directive on the ISA site. An additional notification regarding the extension of the reliefs described above will be considered in the future depending on the development of the crisis.

Yours sincerely,

Anat Guetta  
Chairwomen of the ISA