

Prohibition on Money Laundering (The Banking Corporations' Requirement regarding Identification, Reporting, and Record-Keeping) Order, 5761-2001

By virtue of the power vested in me under sections 7 and 32(c) of the Prohibition on Money Laundering Law, 5760-2000,1 (hereinafter referred to as "the Law") following consultation with the Minister of Justice and the Minister for Internal Security, and with the approval of the Constitution, Law, and Justice Committee of the Knesset, I hereby order as follows:

Part One: Interpretation

Definitions

1.

In this Order-

"account holder"-a person registered in the banking corporation as being the account holder;

"holder of a controlling interest"-a person who has control of a corporation, as defined in section 7(a) (1) (b) of the Law;

"recognized entity"-a workers' committee or representative of a "residents' committee;

"individual"-someone who is not a corporation, nor a public institution, nor a foreign corporation established by legislation abroad, nor a recognized entity;

"the Supervisor" -as defined in section 12 of the Law;

"competent authority"-as defined in section 29 of the Law;

"managing company" - as defined in the Income Tax (Rules for Confirming and Managing a Provident Fund) Regulations 5724-1964; "2

"account" - excluding a deposit in a banking corporation, the money for which originates from a current account of the owner of the deposit in another banking corporation, provided that at the end of the deposit period the money is returned to the current account from which it was transferred;

"correspondent account" - any of the following:

1. An account managed for a foreign bank;
2. An account managed for a foreign corporation that is operating as an investment bank or clearing house, and for which an approval has been granted by the person responsible for the fulfillment of obligations pursuant to section 8 of the Law.

"insurer" - as defined in section 1 of the Insurance Business (Control) Law, 5741-1981;3

"public institution" - government ministries, the Jewish Agency for Israel, local authorities, and other authorities, corporations, or other institutions established in Israel by legislation;

"authorized signatory" - someone empowered by the account holder to operate the account, whether or not the account holder is an individual, provided that he is registered in the banking corporation as someone permitted to operate the account;

"identity number"

(1) of an individual who is a resident-identity number as in the population registry;

(2) of an individual who is a foreign resident- passport number or laissez passer number and the name of the country which issued the passport or laissez passer; for an individual identified by means of a document pursuant to section 3(a) (7)-identification number in that document and the name of the country which issued that document; in case of an identity number containing letters or more than nine digits, the banking corporation shall register only the last nine digits and ignore the letters;

(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, if any, in the country where it was incorporated and the name of the country, and if no registration exists for that type of corporation, the internal registration number in the banking corporation; for a corporation identified by means of a document pursuant to section 3(a) (7)-identification number in that document and the name of the country which issued that document; in case of an identity number containing letters or more than nine digits, the banking corporation shall register only the last nine digits and ignore the letters;

(5) of a public institution, a recognized entity, and a foreign corporation established by legislation - the registration number allocated by the banking corporation;

"address"

(1) of an individual-the address recorded in a document pursuant to subsections 3(a) (1), 3(a) (2), and 3(a) (7), or his place of residence as he provided it, including the name of the town, and also the name of the street, the number of the house, and the postal code, if such information exists, and in case of a foreign resident, also the name of the country;

(2) of a corporation-the address recorded in a document pursuant to sections 3(a) (3), 3(a) (4) and 3(a) (7) or the location where its business in Israel is managed, and if it does not manage business in Israel, the location of its main business outside Israel, all as it provided; the address shall included the name of the town, and also the name of the street, the number of the house, and the postal code, if such information exists, and in case of a corporation abroad, also the name of the country.

(3) of a public institution, a recognized entity, and a foreign corporation established by legislation abroad -the address it provided, including the name of the town, and also the name of the street, the number of the house, and the postal code, if such information exists, and in case of a foreign corporation established by legislation abroad , also the name of the country;

"service recipient"-an account holder, authorized signatory, or a person performing a transaction in a banking corporation which is not recorded in an account;

"beneficiary"-as defined in section 7(a) (1) (a) of the Law, and if the beneficiary is a corporation, the corporation and the holders of the controlling interest in it shall be considered beneficiaries.;

"transaction"—a single transaction, unless otherwise stated in this order;

"provident fund"—as per its meaning in section 47(a) (2) of the Income Tax Ordinance;

"fund"—as per its meaning in the Joint Investment Trust Law, 5754–1994; 5

"name"—(1) of an individual—surname and first name recorded in the identification certificate pursuant to section 3.;

(2) of a corporation—its registered name, and if it was incorporated in a country where no registration exists for that type of corporation, the name that it provided;

(3) of a corporation established by legislation—the name prescribed in the legislation, whether in Israel or abroad;

(4) of a recognized entity, and of a public institution, excluding a corporation established by legislation—the name it provided;

"corporation" —(1) a company, partnership, cooperative society, Ottoman society, nonprofit association, or a political party, registered in Israel;

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

(3) an entity incorporated in a country where no registration exists for that type of entity, provided it produced a document attesting to its being a corporation;

"banking corporation"—excluding an auxiliary corporation which is a credit card company;

"resident"—as per its meaning in the Population Registry Law, 5725–1965, 6 including an Israeli citizen registered in the population registry who is not a resident;

"foreign resident"—a person who is not a resident.

Part Two: Requirements regarding Identification

Recording identification particulars

2.

(a) A banking corporation shall not open an account without recording the following identification particulars in respect of each of the account holders and authorized signatories, and in respect of anyone applying to open an account if not one of the above, and authenticating them as set forth in section 3:

(1) name;

(2) identification number;

(3) for an individual—date of birth, and sex; for a corporation—date of incorporation;

(4) address.

(b) A banking corporation shall not open an account without recording the particulars in subsections (a) (1) and (2) in respect of a beneficiary; the particulars shall be recorded

according to a declaration as per section 4; if the banking corporation does not have the beneficiary's identity number, after having taken reasonable measures to obtain one, instead of the identity number the banking corporation shall record the details listed in subsection (a) (3) herein, and the country of citizenship or incorporation, as applicable; the provisions of this subparagraph shall not apply (i) where the banking corporation discovers on opening the account that the account is in favor of a beneficiary whose identity cannot be discovered from the declaration made by the person who applied to open the account, giving as the reason that the identity of the beneficiary was not known yet. In this case the banking corporation shall draw the attention of the person who applied to open the account, in writing, to his obligation to provide the banking corporation with the particulars of the beneficiary as soon as the identity of the beneficiary becomes known.

(ii) in the case of an applicant to open an account who has been appointed by a court or the chief of the execution office, provided the applicant has declared his appointment, the banking corporation shall indicate the appointment in the account records and shall keep a copy of the letter of appointment.

(c) A banking corporation shall not open an account for a corporation without recording the identification particulars as in subsections (a) (1) and a(2) herein of those holding controlling interests in it. The particulars shall be recorded according to a declaration as per section 4; where the banking corporation does not possess such identity number, after having taken reasonable measures to obtain one, it may instead record the details as in subsection (a) (3), and the country of citizenship.

(d) A banking corporation shall not add to an account

(1) an account holder or authorized signatory without recording in respect thereof the identification particulars as per subsection (a) herein and authenticating them as set forth in section 3;

(2) a beneficiary without recording in respect thereof the identification particulars as per subsection (b) herein;

(3) a holder of a controlling interest of a corporation without recording in respect thereof the identification particulars as per subsection (c) herein.

(e) The opening of an account and adding an account holder, adding a beneficiary, and adding a holder of a controlling interest shall be accompanied by a declaration as per section 4.

(f) A banking corporation shall not carry out a transaction which requires a report pursuant to the provisions of section 8 and which is not recorded in an account in which the party performing the transaction is recorded as an account holder or authorized signatory, without recording the identification particulars of the party performing the transaction as per subsection (a) herein according to an identification certificate as set forth in section 3, and shall keep a photocopy of the identification certificate. In the said transaction which is not recorded in any account of a customer, the banking corporation shall authenticate the particulars of the party performing the transaction as set forth in section 3.

(g) A banking corporation shall not carry out a transaction which does not require a report pursuant to section 8 and which is not recorded in an account in which the party performing the transaction is recorded as an account holder, authorized signatory or guarantor, without identifying the party performing the transaction and recording the name and the identity number in accordance with the identification certificate as provided in section 3; in this subsection, "transaction" means a transaction in cash involving NIS 10,000 or more, or another transaction

involving NIS 50,000 or more.

(h) For purposes subsection (g), in a transaction the instruction for which appears to bear an account holder's or authorized signatory's signature, the apparent signatory on the instruction shall be considered to be the party that performed the transaction.

(i) When a guarantee is signed for a customer in favor of the banking corporation, the banking corporation shall record the identification particulars of the guarantor pursuant to subsections a(1) to a(4), according to the identification certificate set forth in section 3, and shall retain a photocopy of the identification certificate.

(j) In subsections (a) to (e) above, "account"-including a safe-deposit box.

Authentication of particulars and the documents required

3.

(a) A banking corporation shall authenticate the identification particulars of the service recipient in a banking activity as per sections 2(a) (1), 2(d) (1), and 2(f), and shall obtain documents as set forth below.

(1) For an individual who is a resident, in the matter of recording the identification particulars as per sections 2(a) (1) to 2(a) (3)-an identity card or a certified copy of it authenticated by an Israeli diplomatic or consular representative abroad, a photocopy of which, insofar as the certificate relates to such identification particulars, shall be retained by the banking corporation; the banking corporation shall authenticate the identification particulars vis-à-vis the population registry and shall compare the date of issue of the certificate shown in the certificate with the date of issue of the last certificate as recorded in the population registry in the Ministry of the Interior; For purposes of this subsection, an immigrant certificate up to 30 days from its date of issue and an Israeli passport in cases when the identification took place abroad shall be considered as an identity card, but the obligation to compare the date of issue of the document shall not apply in these cases;

(2) For an individual who is a foreign resident, in the matter of recording of the identification particulars as per sections 2(a) (1) to 2(a) (3)-a foreign passport or laissez-passer, or a certified copy of it authenticated by an Israeli diplomatic or consular representative abroad, the banking corporation shall compare the identification particulars with another document bearing a photograph and identity number; in the absence thereof-a document bearing a name or identity number and also an address or date of birth; and in the absence thereof-a credit card. The photocopies of the identification certificates, insofar as they relate to such identification particulars, shall be retained by the banking corporation.

(3) For a corporation registered in Israel, in the matter of recording of the identification particulars of the corporation as per sections 2(a) (1) to 2(a) (3)-the registration certificate or a certified copy of it; if one of the said particulars does not appear in the certificate, the recording of the particulars shall be effected in accordance with an attorney's certification. The banking corporation shall obtain the following documents:

(a) a certified copy of the corporation's registration certificate;

(b) certified copies of the corporation's foundation documents establishing the corporation;

(c) an attorney's certification of the corporation's existence, its name and identity number; alternatively, the banking corporation may authenticate the corporation's registration vis-à-

vis the relevant registers;

(d) a certified copy of a resolution of the competent organ in the corporation to open an account, or an attorney's certificate that such a resolution was duly passed;

(e) a certified copy of a resolution of the competent organ in the corporation as to the authorized signatories in the account, or an attorney's certificate as to the authorized signatories in the account; in this subsection attorney means someone licensed to practise law in Israel.

(4) For a corporation that is not registered in Israel, in the matter of recording of the identification particulars of the corporation as provided in sections 2(a) (1) to 2(a) (4)– a document attesting to its registration or a certified copy of the said document insofar as such particulars appear in the document; if one of the said particulars does not appear in the document, the recording of the particulars shall be effected in accordance with an attorney's certificate; the banking corporation shall obtain a document attesting to the corporation's registration and documents as set forth in subsections (3) (b) to (3) (e); for a corporation incorporated in a country in which there is no registration in respect of corporations of its type–the banking corporation shall obtain a certificate from an attorney that there is no registration in the country of incorporation.

(5) For a public institution and a foreign corporation established by legislation abroad, in the matter of registering the name—a declaration by the applicant wishing to open an account, and for a corporation established by legislation as per the legislation by virtue of which the corporation was established, or an attorney's certificate that such legislation exists; the banking corporation shall obtain the documents as per subsections (3) (d) and (3) (e), with the necessary alterations.

(6) For a recognized entity, in the matter of registering the name and address—a declaration by the applicant after the banking corporation has ascertained, pursuant to a document, that the applicant to open the account is authorized to act on the recognized entity's behalf.

(7) Notwithstanding the provisions of subsections (2) and (4) herein, if steps were taken to open the account abroad, the banking corporation may record the identification particulars according to the usual identification certificates in the banking system in the country in which the identification was made, provided that in the said country legislation exists which requires customer identification; the banking corporation shall retain photocopies of the identification certificates.

(8) For a minor aged less than 16 years—an identification certificate of one of his guardians; from three months after the account holder reached the age of 18 years, the banking corporation shall not carry out any transaction in the account initiated by the account holder unless the relevant provisions set out in subsections (1) and (2) have been met.

(b) In this section "certified copy" means a copy matching the source authenticated by one of the following:

(1) the authority which issued the source document;

(2) an attorney licensed to practise law in Israel and for a corporation incorporated in a member country of the OECD (the Organisation for Economic Cooperation and Development), also an attorney licensed to practise law in the country where the incorporation took place;

(3) an official of the banking corporation to whom the source document has been presented;

(4) an authority as per the Convention Abolishing the Requirement of Legalization for Foreign Public Documents (henceforth "the Convention to Abolish the Legalization Requirement")⁷.

(5) an Israeli diplomatic or consular representative abroad.

Declaration about a beneficiary and a holder of a controlling interest

4.

(a) When opening an account the banking corporation shall require the applicant wishing to open an account to declare whether he is acting for himself or on behalf of another; if the applicant declares that he is acting on behalf of another, the declaration shall include the particulars as set forth in section 2(b) in respect of each of the beneficiaries; if the account is not opened by the account holder, the banking corporation, prior to performing the first transaction in the account, shall require also the account holder to make the above declaration. However

(1) If the beneficiary is unknown, as in section 2(b) (1), the applicant wishing to open an account shall declare accordingly.

(2) If the banking corporation is asked to open an account pursuant section 2(b) (2), it shall keep a copy of the decision of the court or the chief of the execution office relating to the appointment.

(b) When opening an account for a corporation, the banking corporation shall require a declaration from the corporation or an attorney's certificate confirming the identification particulars of the holders of the controlling interest in the corporation as per section 2(c). (b1) When performing a transaction pursuant to section 8, if it is performed other than via a customer account, the bank shall require the service recipient to declare whether he is acting for himself or on behalf of another; if the service recipient declares that he is acting on behalf of another, the declaration shall include the particulars as set forth in section 2(b) in respect of each of the beneficiaries.

(c) The declarations herein pursuant to subsections (a) to (b1) shall be made in the format shown in the First Schedule.

Partial exemption

5.

(a) The provisions of sections 2(b), 2(d) (2) and 4(a) pertaining to registering a beneficiary in an account shall not apply to:

(1) an account of a public institution;

(2) an account of a banking corporation and an account that an entity to which an order pursuant to section 7 of the Law applies wishes to open for its customers;

(3) a securities account that an overseas entity wishes to open for its customers, including a monetary account directly relating to such a securities account, provided that legislation or provisions of the competent authority obliging customer identification in the matter of the prevention of money laundering apply to the said entity, and that the entity submitted a declaration thereon to the banking corporation;

(4) an account of a recognized entity;

(5) an account of a public charity registered by the Charities Registrar.

(6) (a) an account managed for communal purposes for the benefit of a large or indeterminate group of beneficiaries, provided consent has been obtained from the person responsible for the fulfilment of the obligations pursuant to section 8 of the Law;

(b) an account managed for communal purposes for the benefit of a large or indeterminate group of beneficiaries, provided that the balance in the account at the end of every business day, and each transaction in the account, shall not exceed NIS 50,000; opening an account pursuant to this subsection shall be conditional on a declaration by the applicant wishing to open an account, by means of the form in the First Schedule, on the special purposes of the account.

(7) an account which an attorney or accountant wishes to open for his clients, provided that the balance in the account at the end of every business day shall not exceed NIS 300,000, and no transaction in the account shall exceed NIS 100,000; opening such an account shall be conditional on a declaration by the applicant wishing to open an account, by means of the form in the First Schedule, that this is his only account of this type.

If the account holder breaches the conditions in subsections (6) and (7), a warning shall be sent to him accordingly; should he commit a further breach not perform any of the conditions after being sent a warning, the banking corporation shall not perform any transaction initiated by the customer except withdrawal of the balance, closure of the account and payment of debts, unless the account holder completes the declaration on beneficiaries pursuant to section 4."

(b) The provisions in sections 2(c), 2(d) (3), and 4(b) about recording a holder of a controlling interest shall not apply to the accounts of a banking corporation, an auxiliary corporation that is a credit card company, an insurer, a provident fund, a managing company, or a company whose shares are traded on the Tel Aviv Stock Exchange or on a stock exchange in a member country of the OECD; in this subsection and in section 5a "stock exchange" shall mean a securities stock exchange or ordered market as defined in the Joint Investment Trust Law, 5754-1994.8

(c) In the case of a company controlled by a company pursuant to subsection (b), the latter company shall be considered as a holder of a controlling interest.

Correspondent account

5a.

The provisions of this Part notwithstanding, the following provisions shall apply when opening a correspondent account:

(1) The banking corporation shall record the following:

(a) The name of the corporation, and if it is an overseas office, also the name of the parent company;

(b) The name of the country of incorporation and of the supervisory authority;

(c) The address and telephone number of the corporation, and names of persons to contact;

(d) Names and addresses of those holding 20 percent or more of means of control of the corporation, unless the corporation was incorporated in a member country of the OECD, and its shares, or the shares of its controlling company are traded on the stock exchange of an OECD member country. For this purpose, "means of control" is as defined in Banking (Licensing) Law, 5741-1981;9

(2) When opening the account, the banking corporation shall obtain the following documents:

(a) A copy of the latest annual financial statement or summary thereof published in a public data base;

(b) A letter requesting the opening of an account, to be retained for at least seven years after the account is closed.

(3) When opening a correspondent account for a corporation incorporated in a country that is not a member of the OECD, the banking corporation shall obtain also the following documents, and shall retain them for at least seven years after the account is closed:

(a) A license from the supervisory authority;

(b) the incorporation documents;

(c) Letters of reference from banks in OECD member countries that manage accounts of the corporation wishing to open an account in the banking corporation.

Face-to-face identification

6.

(a) The banking corporation shall identify the account holder and authorized signatory by means of an identification certificate pursuant to section 3 prior to the first transaction by each of them in the account. For such purpose, face-toface identification also includes:

(1) identification by a representative or agent of the banking corporation;

(2) identification by an attorney licensed to practise law in Israel;

(3) identification by an Israeli diplomatic or consular representative abroad;

(4) identification by an authority as per section 6 of the Convention to Abolish the Legalization Requirement;

(5) any other method of identification approved by the Supervisor of Banks.

(b) The banking corporation shall identify face-to-face a person performing a transaction that requires a report pursuant to the provisions of section 8 and which is not recorded in any account in which the person performing the transaction is registered as an account holder or authorized signatory.

Retaining identification certificates

7.

The banking corporation shall retain the identification certificates for a period of at least seven years after the account is closed or after a transaction has been carried out as in subsection 2(f); in this matter, "identification certificates" means any document provided for purposes of identification and authentication.

Part Three: Reporting Requirements

Reporting by size of transaction

8.

A banking corporation shall report the following transactions to the competent authority:

- (1) A deposit in an account or withdrawal of cash from it, whether in local or foreign currency, in an amount equivalent to at least NIS 50,000;
- (2) a cash transaction that is not performed in any customer account, including a deposit of cash for the purposes of transferring it abroad or withdrawal of cash received from abroad, other than through an account, whether in local or foreign currency, in an amount equivalent to at least NIS 50,000;
- (3) the exchange of banknotes and coins, in cash, including conversion, whether in local or foreign currency, in an amount equivalent to at least NIS 50,000;
- (4) the issue of a bank check, whether in local or foreign currency, in an amount equivalent to at least NIS 200,000, excluding a bank check in an amount up to NIS 1,000,000 issued against a housing loan;
- (5) The purchase or sale of travelers' checks or bill to bearer of a financial institution abroad in an amount equivalent to at least NIS 50,000;
- (6) the deposit of checks drawn on a financial institution abroad and payment of checks presented for payment by a financial institution abroad in an amount equivalent to at least NIS 1,000,000;
- (7) the transfer from Israel to abroad or from abroad to Israel through an account and a transfer from or to a correspondent account of a financial institution, unless the financial institution is incorporated in an OECD member country, in an amount equivalent to at least NIS 1,000,000.

Additional reports

9.

- (a) A banking corporation shall report to the competent authority transactions by a service recipient that seem to the banking corporation to be unusual in view of the information in the banking corporation's possession, but need not question or clarify the facts with the service recipient.
- (b) Without prejudice to the generality of the provisions of subsection (a) herein, any of the transactions listed in the Second Schedule may be deemed unusual transactions:
- (c) Reporting a transaction pursuant to section 8 does not provide exemption from the obligation to report pursuant to this section.

Exemption from reporting requirement

10.

A banking corporation shall be exempt from reporting pursuant to section 8 -

- (1) if the transaction was performed by one of the following:
 - (a) a public institution;
 - (b) a banking corporation and an auxiliary corporation which is a credit card company;

- (c) the Postal Bank;
- (d) an insurer;
- (e) a member of the stock exchange;
- (f) a provident fund and a managing company on behalf of a provident fund under its management;
- (g) a fund;

(2) a transaction pursuant to section 8(7), effected in respect of import or export of goods to and from Israel, provided that the banking corporation obtained documentation in respect of the nature of the transaction, the identity of the counterparty and the amount of the transaction; in this respect a declaration by the account holder that he is an importer or exporter and a declaration in respect of the nature and amount of the transaction or a declaration in advance, renewable every twelve months, in respect of the nature of the transactions and the identity of the counterparty may be deemed documentation;

Particulars in the report

11.

A report pursuant to sections 8 and 9 shall include the following particulars:

- (1) in respect of the account to which the report refers, if the reported transaction was performed in an account of a customer—
 - (a) the account number;
 - (b) the name of the account, if any;
 - (c) postal address;
- (2) in respect of the reported transaction—
 - (a) the bank and branch numbers;
 - (b) the date the transaction was performed as recorded in the banking corporation's books;
 - (c) the amount of the transaction in NIS; for a transaction in foreign currency, the amount of the transaction shall be calculated according to the latest Bank of Israel's published representative exchange rate known on the date the transaction is recorded;
 - (d) the foreign currencies in which the transaction was performed, up to two currencies;
 - (e) the serial number of the report;
 - (f) with regard to a report pursuant to sections 8(2) and 8(7)—also the particulars of the account of the counterparty to the transaction, name and address of the counterparty's financial institution, if known;
 - (g) type of transaction in the report pursuant to section 8—as set forth in the Third Schedule;
 - (h) the reason for the report pursuant to section 9, including a description of the transaction

which led to the report.

(3) in respect of the account holders and also in respect of the authorized signatories, if any, and in a report pursuant to sections 8(1) to 8(6) and section 9, also in respect of the person performing the transaction if he is not the account holder or authorized signatory—

(a) name;

(b) identity number;

(c) address;

(d) up to two telephone numbers, if known, except for a person performing a transaction who is not the account holder or an authorized signatory;

(e) date of birth for an individual, and date incorporated for a corporation;

(f) sex, in the case of an individual;

(g) the customer's status (resident/foreign resident/Israeli corporation/foreign corporation);

(4) In respect of beneficiaries and holders of controlling interests, if any, the particulars required in sections 2(b) and 2(c).

Prohibiting discovery and document inspection

12.

Disclosure of the formulation, existence, nonexistence or contents of a report pursuant to section 9, and of the existence of a complementary report pursuant to section 31(c) of the Law, the existence of a request for the said report or the contents on one of these, and allowing the inspection of documents attesting to a report as aforesaid is prohibited, except to someone duly authorized to be privy to such information for purposes of fulfilling his function in the banking corporation, the supervisor or someone he authorized, the competent authority or pursuant to a court order.

Retention of documents

13.

A banking corporation shall retain the document attesting to the instruction to the banking corporation to carry out a transaction that was reported to the competent authority for a period of at least seven years from the date on which the transaction was recorded in the bank's books.

Part Four: Miscellaneous

Management and retention of records

14.

(a) A banking corporation shall maintain a computerized database of account numbers, identification particulars of account holders, authorized signatories, beneficiaries and holders of controlling interests.

(b) A banking corporation shall retain the document attesting to the instruction to the banking corporation to carry out a transaction whose value is equivalent to at least NIS 10,000 for a period of at least seven years from the date on which the transaction was recorded in the bank's

books.

Limitation of applicability

15.

(a) The provisions of Part Two shall not apply to an overseas branch of a banking corporation to which identification and authentication requirements regarding the prevention of money laundering apply.

(b) The provisions of Part Three and section 14 shall not apply to an overseas branch of a banking corporation.

Commencement date

16.

This Order shall be effective from the date determined by the Minister of Justice as per section 35 of the Law, or one year from the publication date of this Order, whichever is the later.

Transitional provision

17.

(a) From 18 months after this Order comes into force, the banking corporation shall not carry out any transaction in accounts that were opened prior to the commencement of this Order, unless the provisions of sections 2 and 3 and 5a, as relevant, have been fulfilled, except for the withdrawal of the existing balance and closure of the account, and repayment of debts; in an account of a resident and a company registered in Israel, examining the identification particulars vis-à-vis the appropriate registers shall be deemed authentication pursuant to section 3.

In this context, a transaction is one initiated by a customer after the 19 Av, 5763 (17 August, 2003).

(b) Subsection (a) herein notwithstanding, non-receipt of the account-holder's declaration stating whether he is acting on his own behalf or on behalf of another, and non-receipt of an additional identity certificate in the case of a foreign resident shall not be deemed non-fulfillment of the provisions of sections 2 and 3, provided the banking corporation took steps to obtain the said declaration.

(c) Subsection (a) herein shall not apply to an account whose holder is in a country in which he cannot be contacted due to the state of relations between Israel and that country. In this case the banking corporation shall make a reasonable effort to complete the missing identification particulars as soon as possible.

First Schedule

(Sections 4(c), 5(a) (6) and 5(a) (7))

Form of Declaration regarding Beneficiaries and Holders of Controlling Interests

I..... (name), bearer of ID no..... hereby declare that regarding account no.

. There is no beneficiary with rights in the account apart from the account holders.

. In a transaction not performed within the framework of any customer account, there is no beneficiary other than the person performing the transaction.

. The account is that of an attorney or accountant and is operated on behalf of his clients, and the balance in the account at the end of every business day will not exceed NIS 300,000, and no transaction in the account will exceed NIS 100,000; this is my only account of this type.**

. The account is an account managed by a person who has been appointed by court or the chief of the execution office. The letter of appointment is attached.

. The account is managed for communal purposes for the benefit of a large or undefined group of beneficiaries, and the balance in the account at the end of every business day, and each transaction in the account, will not exceed NIS 50,000;**

The purpose of the account is -----

. The account is managed for communal purposes for the benefit of a large or undefined group of beneficiaries (subject to the granting of approval by the person responsible for the fulfilment of obligations pursuant to section 8 of the Law);**

The purpose of the account is -----

. There is a beneficiary with the said rights, but identification particulars are not known yet, because -----

I hereby undertake to provide the particulars of the beneficiary as soon as his identity becomes known.

. The beneficiaries in the account are:

Name Identification No. *Date of Birth/Incorporation Sex

. There is no holder of the controlling interests in the corporation.

. The holders of the controlling interests in the corporation are:

Name Identification No. * Date of Birth/Incorporation Sex

I hereby undertake to notify the bank of any change in the particulars I have given above. I am aware that providing false information, including the failure to provide an update of any particular that must be reported, with the intention that it be not reported or that the report be incorrect pursuant to section 7 of the Law, constitutes a criminal offence.

Signature ----- Date -----

* Including the name of the country in which the identification certificate was issued.

** Effective from 1.4.04.

Second Schedule

(Section 9(b))

Transactions that may be Deemed Unusual Transactions

- (1) Activity which appears to have been performed in order to circumvent the reporting requirement pursuant to section 8;
- (2) It appears that the account holder is operating the account on behalf of someone else, without having made the appropriate declaration;
- (3) A transaction that resulted in the banking corporation's decision to close the account for reasons of the prohibition on money laundering;
- (4) Activity that appears intended to replace that of an organization declared an unlawful association under Regulation 84 of the Defense (Emergency) Regulations, 194510 or an organization declared as terrorist under the Prevention of Terrorism Ordinance, 5708-194811;
- (5) Frequent use of a safety deposit box at the banking corporation by a large number of people without an apparent reason;
- (6) Activity that appears to lack economic or commercial logic, relative to the type of account or to the customer's behavior patterns;
- (7) A transaction in an account involving a significant sum by a person holding power of attorney who is not registered in the account as an authorized signatory;
- (8) A number of transactions in an account in which, for no apparent reason, monies and securities are withdrawn close to the time they are deposited, other than in the ordinary course of business;
- (9) Transfers of substantial amounts from Israel abroad and vice versa, where the counterparty to the transaction, whether the source or recipient, is not identified by name or account number;
- (10) A transaction in the account atypical for the account holder or the type of account, without apparent reason;
- (11) Transactions of exceptional number or size or a significant change in the balance in an account, without apparent reason;
- (12) A number of transactions in an account involving the same recipient or the same source, without apparent reason;
- (13) Numerous deposits, without apparent reason, by a person who is not the account holder, nor an authorized signatory.
- (14) Non-presentation of a bank check for payment within twelve months from its date of issue.
- (15) Management of several accounts in a banking corporation that is inconsistent with the customer's activity.
- (16) Frequent purchases of cash, travelers' checks, bearer bills or other means of payment other than via an account.

(17) Frequent transfers from and to countries that are non-cooperative in the fight against money laundering, in accordance with the list published by the FATF.

(18) A declaration made to obtain exemption from reporting pursuant to section 10(2), that appears to be incorrect.

Third Schedule

(Subsection 11(2)(g))

Type of Transaction for Report

Serial No. Transaction

1. Deposit of cash in NIS in an account
2. Deposit of cash in foreign currency in an account
3. Withdrawal of cash in NIS from an account
4. Withdrawal of cash in foreign currency from an account
5. Withdrawal or deposit of cash other than through an account (except for the transactions specified in sections 6 and 7)
6. Deposit and transfer abroad of cash other than through an account
7. Withdrawal of cash originating abroad other than through an account
8. Exchanging banknotes and coins in NIS
9. Exchanging banknotes and coins in foreign currency
10. Converting banknotes and coins in NIS into a foreign currency
11. Converting foreign-currency banknotes and coins into NIS
12. Issuing a bank check in NIS
13. Issuing a bank check in a foreign currency
14. Purchasing travellers' checks
15. Depositing checks drawn on a financial institution abroad
16. International transfer from Israel to abroad through an account
17. International transfer from abroad to Israel through an account
18. Payment of checks presented by a financial institution from abroad;
19. Sale of travellers checks.

16 January 2001 David Klein

Governor of the Bank of Israel



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