

PROHIBITION ON MONEY LAUNDERING LAW, 5760 - 2000

Unofficial Translation

Chapter 1: Interpretation

Definitions

1. "Gems" - a stone listed in Schedule 1.1;
"Precious stones" - gems or diamonds, whether set in jewelry or in other objects or not, unless they have been integrated or are intended to be integrated into work tools;
"Controlling measures", in a corporation - any one of the following:
 - (1) The right to nominate authorized signatories on behalf of the corporation, who can direct, through their signatory rights, the activities of the corporation, with the exception of nominating rights which are given to the board of directors or to the general assembly of the company or similar bodies of a different corporation;
 - (2) The right to vote in the general assembly of the company or a similar body in a different corporation;
 - (3) The right to nominate directors of a company or equivalent senior officer positions in a different corporation, or the managing director of the corporation;
 - (4) The right to participate in the corporation's profits;
 - (5) The right to a share in the remaining assets of a corporation after removal of its debt, during its dissolution;"Stock exchange" - as defined in Section 1 of the Securities Law ;
"The Postal Bank" - the company as defined in the Postal Authority Law, 5746-1986, in its capacity as a provider of financial services as defined in that Law, through the subsidiaries as defined in Section 88K of said Law;
"Controlling person" -
 - (1) An individual who has the power to direct the activities of a corporation, alone or with others or through others, directly or indirectly, including the power derived from the corporation's regulations, by virtue of a written, oral or other contract, or power derived from any other source, except the power derived solely from fulfilling a position as a senior officer in a corporation;
 - (2) Without precluding the general rule prescribed above in paragraph (1), an individual will be seen as a controlling person of a corporation if he holds 25% or more of any kind of controlling measures, and there is no other person holding controlling measures of the same kind in an amount exceeding his share of holdings; in this context, "holding" - including together with others as defined in the Securities Law.
 - (3) Without precluding the general rules prescribed in paragraphs (1) and (2), in a corporation in which there is no individual as defined above, the controlling person will be the chairman of the board of directors or an equivalent senior officer and the managing director of the corporation, and if there are no individuals holding those positions - the senior officer that holds an effective control over the corporation;"Stock exchange member" - a member of the stock exchange as determined by the stock exchange rules referred to in Section 46 of the Securities Law, excluding a banking corporation;
"A company holding a trading platform license" - a company holding a trading platform license according to Section 44M of the Securities Law, 5728-1968;
"The Prohibition on Financing Terrorism Law" - (canceled);
"The Banking (Licensing) Law" - the Banking (Licensing) Law, 5741-1981;
"The Companies Law" - the Companies Law, 5759-1999;
"The Counter-Terrorism Law" - the Counter-Terrorism Law, 5776-2016;

"The Value Added Tax Law" - the Value Added Tax Law, 5736-1975;

"The Penal Law" - the Penal Law, 5737-1977;

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

"The Regulated Financial Services Law" - The Control of Financial Services Law (Regulated Financial Services) 5776-2016;

"Provider of credit services or deposit and credit service" - holder of a license to provide credit services or deposit and credit services as they are defined in section 1 of the Regulated Financial Services Law and all whose business it is to provide credit services or deposit and credit services as they are defined in sections 11A and 25A of the said law who do not hold a license according to that law, excluding entities listed under the third schedule.

"Diamond" - a clear, colored or opaque carbon crystal having a mono-crystalline or poly-crystalline structure and which is harder than any other form of carbon, including a man-made crystal;

"Monies" - cash, bank and travelers checks, bearer securities, negotiable notes, as well as payment cards and any other means of payment that is authorized by the issuer to be used by any person; in this definition, "payment card" - plate or other object, on which a monetary value may be accumulated, that is intended for the purchase of assets or services or for the withdrawal of cash;

"Money changer" - (deleted);

"Money service provider" - one to whom the registration obligation stipulated in section 11C applies;

"Money services" - the service described in section 11C(a)(1)-(8);

"Portfolio manager" - as defined in section 1 of the Regulation of Investment Advice and Investment Portfolio Management Law, 5755-1995;

"Dealer in precious stones" – any person whose profession is trading in precious stones, even if this is not his sole profession, provided that he entered into one or more precious stones transactions during the calendar year beginning on the date which shall be stipulated in an order made pursuant to Section 8A in return for cash in the amount of at least 50,000 new shekels;

"Precious stones transaction" - the acquisition or receipt of ownership of one or more precious stones, including as a result of the realization of a charge on the precious stone by anyone other than a banking corporation, provided that the precious stone or the cash paid for it was handed over in Israel;

"Property transaction" - the acquisition or receipt of ownership or any other proprietary interest, whether gratuitously or in return for payment, as well as a transaction involving delivery, receipt, holding, conversion, a banking transaction, investment, a transaction in or the holding of securities, brokerage, the granting or receipt of credit, import, export, creation of a trust, and the mixing of prohibited property with other property, even if the other property is not prohibited property;

"The Dangerous Drugs Ordinance" - the Dangerous Drugs Ordinance [New Version], 5733-1973;

"The Arrest and Search Ordinance" - the Criminal Procedure (Arrest and Search) Ordinance [New Version], 5729-1969;

"Customs officer" - anyone whom the director, as defined in the Income Tax Ordinance, has authorized with regard to this Law;

"Identification data" – *inter alia*, Costumer Due Diligence procedure;

"Property" - land, chattels, monies, and rights, including property that is the proceeds of the aforementioned property, and any proceeds or property attributable to or acquired from the sale or profits generated by such property.

"Banking corporation" - as defined in the Banking (Licensing) Law, 5741-1981, as well as an auxiliary corporation as defined in that law which was incorporated in Israel, and a clearer as defined in Section 36I of that law.

Chapter 2: Offences

- Predicate Offence 2.
- (a) In this chapter, "offence" - one of the offences listed in Schedule 1.
 - (b) For the purposes of this chapter, an offence as stated in subsection (a) shall be regarded as an offence notwithstanding that it was committed in a foreign country, provided that it also constitutes an offence under the laws of that country.
 - (c) The condition stipulated at the end of subsection (b) shall not apply with

- respect to those offences listed in paragraph (18) of Schedule 1, or to those listed in paragraphs (19) and (20) of that Schedule which involve the commission of an offence listed in paragraph (18).
- Money Laundering Prohibition 3. (a) A person undertaking a property transaction of a type referred to in paragraphs (1) - (4) below (in this Law - "prohibited property") with the intent to conceal or disguise its origin, the identity of the rights' holders therein, its location, movements, or a transaction in it, shall be liable to imprisonment for up to ten years or to a fine of twenty times that stated in Section 61(a)(4) of the Penal Law -
- (1) Property obtained directly or indirectly through the commission of an offence;
 - (2) Property which was used to commit an offence;
 - (3) Property which enabled the commission of an offence;
 - (4) Property against which a crime was committed.
- (b) (1) A person undertaking a property transaction or giving false information in order to circumvent or prevent the submission of a report as required under Sections 7, 8A, or 9, or in order to cause an erroneous report to be submitted pursuant to one of those sections, shall be liable to imprisonment for up to five years or to a fine of eight times the fine specified in section 61(a)(4) of the Penal Law; for the purposes of this subsection, "giving false information" shall include not giving an update regarding any detail which must be reported;
- (2) An individual providing false information as specified in paragraph (1) regarding prohibited property shall be liable to the punishment determined under subsection (a).
- Transacting in Forbidden Property Prohibition 4. A person undertaking a property transaction knowing that the property in question is prohibited property of the value determined under Schedule 2, shall be liable to imprisonment for 7 years or to a fine of ten times that stated in section 61(a)(4) of the Penal Law; for the purposes of this section, "knowledge" does not include turning a blind eye to the matter as defined in section 20(c)(1) of the Penal Law.
- Proof of Knowledge 5. An offence shall have been committed under sections 3 and 4 where it is proved that the person undertaking the transaction knew that the property was prohibited property, notwithstanding that he was unaware of the specific offence with which it was connected.
- Limitation on Criminal Liability 6. (a) A person shall be protected from criminal liability under section 4 if he does one of the following:
- (1) Reports to the police in a manner and on a date to be determined, prior to undertaking the property transaction, of his intention to do so, and complied with its instructions pertaining thereto, or reported to the police as aforesaid as soon as possible under the circumstances, after carrying out the property transaction;
 - (2) Reports in accordance with the provisions of sections 7 or 8A - where the provisions of those sections apply to him.
- (b) The Minister for Internal Security in consultation with the Minister of Justice shall determine the date and manner of reporting under subsection (a)(1).

Chapter 3: Imposition of Identification, Reporting and Maintenance of Records Obligations

Part 1: Obligations Imposed on Financial Services Providers

- Imposition of Obligations on Financial Services Providers 7. (a) For the purpose of enforcing this Law, the Governor of the Bank of Israel, after consulting with the Minister of Justice and the Minister for Internal Security, shall issue an order stating that with regard to the type of matters and property dispositions specified therein, a banking corporation -
- (1) Shall not undertake a property transaction in the context of the service provided by it unless it has in its possession the identification details, as specified in the order, of the person receiving the service from the banking corporation; the Governor

shall define in the order whom the person receiving the service from the banking corporation shall be; in this regard, the definition may include the beneficiary of the transaction or the person creating a trust or endowment (in this section - the service recipient); where the service recipient is a corporation or the transaction is being undertaken at the request of a corporation or through the account of a corporation, the definition may include the person who has control over the corporation; for the purposes of this paragraph, "beneficiary" - a person for whom or for whose benefit the property is being held, the transaction is being undertaken, or who has the ability to direct the disposition, whether directly or indirectly; and if the beneficiary is a corporation, also the controlling shareholder in the corporation;

- (2) Shall report the service recipient's property transactions which shall be referred to in the order in the manner which shall be stipulated in the order, including the transactions as aforesaid which were only partially completed;
- (3) Shall keep and maintain records in such manner and for such period as shall be stipulated in the order with regard to the following matters:
 - (a) The identification details as stated in paragraph (1);
 - (b) The transactions with respect to which the reporting obligation specified in paragraph (2) applies;
 - (c) Any other measure as specified in the order which needs to be taken in order to enforce this Law.
- (b) For the purpose of enforcing this Law, a Minister shall determine within the framework of an order, in relation to any entity listed in Schedule 3 for which he is responsible and following consultations with the Minister of Justice and the Minister for Internal Security, the obligations to identify, report and to make and preserve records referred to in subsection (a) which apply to it *mutatis mutandis*, as the case may be; such Minister is authorized to determine different obligations for different financial institutions included in one entity; the Minister shall specify the methods by which the obligations stipulated in the order are to be discharged.
- (c) Notwithstanding the provisions of any law, the order may stipulate the types of reports in relation to which the disclosure of anything pertaining to them, including an internal clarification leading up to their preparation, the contents of the report or the fact that a request made in connection with the report was received, as well as the granting of a right to inspect the documents attesting to them, shall be forbidden or restricted; a person disclosing any matter or allowing the inspection of a report in violation of an order issued pursuant to this subparagraph shall be liable to imprisonment for up to one year.
- (d) A report submitted pursuant to this section shall be transferred to a database as stated in section 28.
- (e) The methods by and dates on which a report shall be transferred to the database shall be determined by the Minister of Justice after consultations with the Minister for Internal Security and -
 - (1) In the case of a banking corporation, the Governor of the Bank of Israel;
 - In the case of an entity listed in the Third Schedule, the Minister who is responsible for that entity.

Training
Employees and
Supervising
Compliance
Person
Responsible for a
Corporation's
Obligations

- 7A. A person to whom the obligations stipulated in section 7 applies shall train his employees regarding the ways in which the obligations are to be complied with, as set out in the order issued under that section, and shall also oversee compliance with said obligations.
- 8. (a) A corporation to which the obligations stipulated in sections 7 and 7A apply shall appoint a person to be responsible for overseeing the implementation of those obligations; the Governor of the Bank of Israel or the Minister who is responsible for that corporation's activities, as the case may be, shall be entitled to issue an order under either of those sections specifying the qualifications required in order to be appointed as the person

responsible, as aforesaid.

- (b) A person who is responsible for compliance with the obligations as aforesaid shall take measures in order to ensure that the corporation discharges the obligations imposed on it under the provisions of sections 7 and 7A.

Part 2: Obligations Imposed on Dealers in Precious Stones

- Obligations Imposed on Dealers in Precious Stones
- 8A. (a) In order to enforce this Law, the Minister of Industry, Trade and Employment (in this Part - the Minister), following consultations with the Minister of Justice and the Minister for Internal Security, shall issue an order regarding the types of precious stones transactions referred to therein which are executed in return for a cash payment in excess of that stipulated in the order, stating that a dealer in precious stones -
- (1) Shall not enter into a transaction as aforesaid, unless he shall have in his possession the identification particulars, as described in the order, of both the customer and of the person who transferred the consideration being paid within the framework of that transaction; the Minister shall define in the order who is to be considered a customer for this purpose; such a definition may include a controlling person;
 - (2) Shall report the execution of the transaction, in the manner stipulated in the order;
 - (3) Shall manage and maintain records, in the manner and for the period stipulated in the order, regarding:
 - (a) The identification details as stated in paragraph (1);
 - (b) The contents of the report as stated in paragraph (2);
 - (c) Any other information specified in the order which is required to enforce this law.
- (b) Notwithstanding the provisions of subsection (a)(1), the dealer in precious stones shall be entitled to enter into a low risk transactions before having in his possession the identification details as stated in that subsection; the Minister shall specify in an order the circumstances in which the provisions of this subsection shall apply and the time frame for receiving the identification details.
- (c) Notwithstanding the provisions of subsection (a)(1), if a dealer in precious stones is a member of one of the bodies listed in Schedule 3.1 then he shall be entitled to enter into a precious stones transaction even if he has not identified the individual with whom he is about to enter into a precious stones transaction using the identification methods specified in the order according to the aforementioned subsection, provided that the individual in question identified himself through a document or identification tag which was issued by one of the bodies listed in Schedule 3.1, of which the trader is a member, or by another body acting on behalf of and under the control of a body as aforesaid, in order to facilitate entry to the premises from which that body runs its operations, and provided that the body in question satisfies the following conditions:
- (1) Entrance the premises from which the body runs its operations is conditional on that body or by another body acting on its behalf and under its control identifying the entrant;
 - (2)
 - (a) The body records and safeguards the identification details of the entrants as stated in subparagraph (1) for a period of five years at least;
 - (b) The competent authority is entitled to demand from the aforementioned body the identification details of those entering the premises from which the body runs its operations pertaining to a report which is forwarded to the competent authority, and that body shall hand over said details to the competent authority in compliance with its demand.
- (d) Notwithstanding the provisions of any law, the order referred to in subsection (a) may stipulate the types of reports in relation to which the

disclosure of anything pertaining to them, including an internal clarification leading up to their preparation, the contents of the report or the fact that a request was received in connection with the report, as well as the granting of a right to inspect the documents attesting to them, shall be forbidden or restricted; a person disclosing any matter or allowing the inspection of a report in violation of an order issued pursuant to this subparagraph shall be guilty of an offence liable to imprisonment for up to one year.

- (e) A report submitted pursuant to this section shall be transferred to a database as stated in section 28 by such methods and at such times as shall be decided upon by the Minister of Justice in consultation with the Minister for Internal Security and the Minister.
- (f) The provisions of section 7A and 8 shall apply, *mutatis mutandis*, with regard to a dealer in precious stones; however, in the case of a corporate dealer in precious stones, the Minister shall have the authority to determine the eligibility criteria for appointing the person responsible for compliance with the obligations as stated in section 8.

Part 3: Obligations Imposed on Business Service Providers

Obligations imposed on a Business Service Provider

- 8B. (a) In this part –
 - "Customer" – one who requests a business service from a business service provider, provided that the requester is not the business service provider's employer;
 - "Business service provide" – an attorney or an accountant, that provides or that is asked to provide as part of his professional services a business service for a customer;
 - "Actions under court supervision" – actions performed pursuant to provisions of any law under court supervision, *inter alia* actions under receiverships, liquidations, suspension of proceedings order according to article 350(b) of the Companies Law, guardianship or estate planning;
 - "Business service" – any of the activities detailed below:
 - (1) Purchase, sale, or the perpetual leasing of real estate;
 - (2) Purchase or sale of business entities;
 - (3) Management of client assets, *inter alia* managing of money, securities and real estate, as well as management of client bank accounts or accounts in one of the financial institutions listed in articles (1)-(4), (6) of the third schedule;
 - (4) Receipt, possession or transfer of funds for the purpose of creating or operating a company;
 - (5) Creation or operation of a company, business or trust for another.
- (b) In order to enforce this law, the Minister of Justice, following consultation with the Minister for Internal Security, shall issue an order, stating that a business service provider -
 - (1) Shall not provide a business service, unless he possesses all the identification data, as stated in the order, of the customer and of the person for whom or for the benefit of whom, either directly or indirectly, the business service is being provided; if the customer is a corporation or the business service was provided at the request of a corporation, the requirement as aforesaid may include those who have control over the corporation; for this purpose, "control" - as stated in article 7(a)(1)(b) of this law;
 - (2) Shall make and keep records in the way and for the time as will be stated in the order, regarding:
 - (a) Identification details as stated in subsection (1);
 - (b) Any other matter determined in an order that is necessary for the enforcement of this law.
- (c) The Minister of Justice may determine the dates for performing the obligations set forth in the order under subsection (b);
- (d) The provisions of subsection (b) shall not apply to an action performed within the framework of a service that is provided to the State or to a government office or to activities under court supervision.
- (e) A business service provider shall instruct his employees in the ways of

fulfilling the obligations under this section and obligations under any order set forth under this section, and shall supervise the fulfillment of obligations as aforesaid.

- (f) The provisions of this law or of any order set forth under this law shall not impair the confidentiality provisions delineated in section 48 of the Evidence Ordinance [New Version], 5731-1971

Chapter 4: Obligations to Report Monies When Entering or Leaving Israel

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| Obligation to report monies when entering or leaving Israel | 9. | <p>(a) Repealed.</p> <p>(b) When entering or leaving the State of Israel a person shall be obligated to report the sum of monies that he is carrying with him if that sum amounts to the limit specified in the Fourth Schedule.</p> <p>(c) The obligation to report monies being brought into or taken out of Israel as referred to in subsection (b) shall equally apply to a person bringing monies into or taking monies out of Israel by mail or by any other method.</p> <p>(d) (1) The obligation to report under this section shall not apply to the following:</p> <ul style="list-style-type: none">(a) The Bank of Israel;(b) A banking corporation;(c) A person transferring monies to or from Israel through a banking corporation or through any other entity specified in an order issued by the Minister of Finance in consultation with the Minister for Internal Security. <p>(2) Nothing in the provisions of this subsection shall exempt financial services providers from their reporting obligations under section 7.</p> <p>(e) The Minister of Finance, in consultation with the Minister for Internal Security, shall decide upon the methods of reporting under this section, and he shall be entitled, in consultation with the Minister whom it concerns, to decide upon an alternative method of reporting regarding monies brought into Israel.</p> <p>(f) A report submitted pursuant to this section shall be transferred to a database as stated in section 28 by such methods and at such times as shall be decided upon by the Minister of Justice in consultation with the Minister for Internal Security and the Minister of Finance.</p> <p>(g) The reporting requirement under this section and the exercise of the power specified in section 11(a) shall be, in so far as possible, in a language which the person who is obliged to report under this section or against whom the power is being exercised understands.</p> |
| Breach of the obligation to report | 10. | A person who breaches the obligation to report imposed on him by section 9 shall be liable to imprisonment for up to six months or a fine as specified in section 61(a)(4) of the Penal Law, or if greater, of ten times the amount which he failed to report. |
| Authority to seize and appropriate monies | 11. | <p>(a) In the event of a breach of the obligation to report established under section 9, a policeman or customs officer may, without a court order, seize the monies which exceed the amount exempt from reporting; any monies so seized shall remain in the custody of the police or the customs authorities according to the provisions of this section.</p> <p>(b) Where no financial sanction has been imposed nor has an indictment been filed within ten days of the monies being seized, the monies shall be returned to the person from whom they were seized; however, the court may, on the application of a policeman or customs officer, order the monies to be held for a period of up to ten more days to allow a fine to be imposed or an indictment to be filed, as the case may be.</p> <p>(c) The court adjudicating the application referred to in subsection (b) shall make its decision after hearing the arguments of the person from whom the monies were seized, and of the person claiming a proprietary interest in them, if such is known.</p> <p>(d) The court may, at any time, order restitution of all or some of the monies, subject to such conditions as it shall decide upon, after receiving a bond or without a bond.</p> <p>(e) Where an indictment was filed against a person who breached the provisions of section 9, the provisions of Chapter Four of the Arrest and</p> |

Search Ordinance concerning an object which was seized shall apply, *mutatis mutandis*, to the monies which were seized.

- (f) Where the court convicted the offender and imposed a fine or an administrative sanction on him which was not paid by the date fixed for doing so, the fine or financial sanction may be collected from the monies which were seized or from the bond which was given under subsection (d).
- (g) Any monies which were seized under this section and not returned shall be transferred to the fund established under section 36H of the Dangerous Drugs Ordinance.

Chapter 4A: Money service businesses

Definitions	11A.	<p>In this chapter -</p> <p>"Criminal proceedings" - beginning with the opening of a lawful investigation;</p> <p>"Authorized signatory" - a person authorized by the account holder to operate his account;</p> <p>"Money" - including a banknote which is the legal tender of a state;</p> <p>"Crime register" - as defined in section 1 of the Crime Register and Rehabilitation of Offenders Law, 5741-1981;</p> <p>"Trustee" - as defined in the Trust Law, 5739-1979;</p> <p>"Beneficiary" - as defined in section 7(a)(1)(a);</p> <p>"Office holder" -</p> <ul style="list-style-type: none">(1) In the case of a corporation, each of the following:<ul style="list-style-type: none">(a) A controlling shareholder or a director of a corporation, a general manager, a chief executive officer, a deputy chief executive officer, a deputy general manager or another manager of a corporation directly subordinate to the general manager, a branch manager in a corporation, and any person holding a similar position;(b) An authorized signatory in the account of a corporation;(c) A person responsible for the performance of the corporation's obligations under section 8(a);(2) In the case of a business which is not a corporation -<ul style="list-style-type: none">(a) The general manager, a branch manager and any other person who manages, organizes or directs its commercial operations or a branch of the business;(b) An authorized signatory on the account of the business; <p>"Control" - (Repealed).</p>
The Registrar of Money Service Businesses	11B.	<ul style="list-style-type: none">(a) The Minister of Finance shall appoint a Money Service Business Registrar from amongst the members of his staff (in this Law - "the Registrar")(b) The Registrar shall maintain a register of money service businesses in accordance with the provisions of this Law (hereinafter - "the Register"); the Register shall be open to public inspection.(c) The Registrar shall supervise money service business in accordance with this Law.
Obligation to Register in the Money Service Business Register	11C.	<ul style="list-style-type: none">(a) Anyone engaged in providing one of the following services, even if it is not his sole occupation (in this Law - "a money service business"), must record his details in the Register:<ul style="list-style-type: none">(1) Converting one national currency into another;(2) Selling or redeeming travelers cheques in any type of currency;(3) Using financial assets in one country to obtain financial assets in another country;(4) Currency conversion;(5) (Repealed);(6) (Repealed);(7) Providing financial assets in return for money;(8) Providing financial assets to a person in return for an assignment of that person's right to receive financial assets from a third party; in this context, "providing financial assets" - excluding the provision of assets as aforesaid held by such person as the Minister of Finance in consultation with the Minister of Justice and the Minister for Internal Security shall specify in an order.

- (b) Notwithstanding that stated in subsection (a), none of the following shall be required to register:
- (1) A public body which was established by law;
 - (2) A banking corporation;
 - (3) An insurer;
 - (4) An employee who provides money services in the framework of his employment with an employer who is a registered money service business;
 - (5) A stock exchange member;
 - (6) The Postal Bank;
 - (7) A person to whom the Minister of Finance in consultation with the Minister of Justice and the Minister for Internal Security has granted an exemption from registration as a money service business in an order.
- (c) In this section, "financial assets" - cash, travelers cheques, cheques, bills of exchange, promissory notes, negotiable securities, credit or monetary deposits.
- Application to Register as a Money Service Business
- 11D. (a) An application for registration of a money services business shall be submitted to the Registrar and shall include each of the following:
- (1) The name, identification details and address of the applicant and the beneficiary, if there is one; where the applicant is a corporation, the application shall also include the documents attesting to its incorporation or regulating its activities, and the names, identification details and addresses of its office holder; where the applicant is an unincorporated business, the application shall also include the names, identification details and addresses of its office holder;
 - (2) Details of the applicant's head office, the addresses of the branches which the applicant wishes to operate, and names, identification details and addresses of their managers, if there are any;
 - (3) Details of the applicant's other business dealings, if he has any;
 - (4) Any additional details stipulated by the Minister of Finance.
- (b) Documents attesting to conformity with the registration requirements specified in section 11E shall be attached to the application, as well as, for the purposes of sections 11E(a)(4) and (b) and 11I(a)(2) and (d)-(f), the consent of the applicant and of the functionaries in the corporation or in the unincorporated business enabling the Registrar to obtain information from the crime register, before the applicant's registration and at any time thereafter, so long as registration shall be required under this chapter.
- (c) The Registrar shall be entitled to demand from the person applying for registration any additional information or documents required in order to process the application.
- (d) In this section -
 "Identification details" - identity card number; in the case of a foreign national whose countries of citizenship and residence do not issue identity cards, any other official identification and serial number ordinarily used in his own country, as well as a valid passport number and the name of the country which issued it;
 "Address" - including at least each of the following: the street name, house number, town, and post code, and in the case of an address outside Israel, the name of the country as well.
- Conditions for Registering as a Money Service Business
- 11E. (a) The Registrar shall register an applicant for registration in the Register provided he or it satisfies each of the following requirements, as the case may be:
- (1) In the case of an individual applicant - he is an adult and an Israeli citizen or a resident of Israel;
 - (2) In the case of a corporate applicant which was incorporated in Israel - at least one of its functionaries is an adult and an Israeli citizen or a resident of Israel;
 - (3) In the case of a corporate applicant which was incorporated outside Israel - legislation prohibiting money laundering exists in the country in which the corporation is registered, and the corporation

is lawfully registered in Israel;

- (4) None of the following apply to the applicant, or in the case of a corporation or unincorporated business, to any of its functionaries;
- (1) He has not been convicted of an offence under sections 3 or 4, unless the Registrar shall find, having regard to the special circumstances in which the offence was committed and to its severity, that there is no reason to disqualify him from serving as a money services provider;
 - (2) He has not been convicted of any other offence which due to its nature, severity or circumstances, makes him unfit in the Registrar's view to serve as a money service business;
 - (3) A financial sanction has not been imposed on him under Chapter 5, as a result of a breach which due to its nature, severity or circumstances, makes him unfit in the Registrar's view to serve as a money service business;

In this paragraph and in subsection (b) -

"Convicted of an offence" - including where he was convicted of a similar offence in another country;

"Applicant for registration" - including the beneficiary, if one exists.

- (b) Should the Registrar become aware that criminal proceedings for one of the offences referred to in subsection (a)(4) are being conducted against the applicant for registration or against one of its functionaries, he shall be entitled to defer his decision concerning the registration application until those proceedings have been concluded.

Reporting Changes to the Registrar 11F.

- (a) Should any change occur with regard to any of the details submitted under sections 11D(a) or (c) and 11E(a), then the money service business shall notify the Registrar in writing of that change within 7 days from the date on which he became aware of said change.
- (b) Should a money service business change the location of his place of business or one of its branches, he shall notify the Registrar of this in writing within 7 days from the date of the change, and shall return the registration certificate to the Registrar within thirty days from the date aforesaid.
- (c) Should a money service business cease being involved in the provision of money services, he shall notify the Registrar of this in writing within 7 days from the determining date and shall return the registration certificate to the Registrar within thirty days from the date aforesaid. Where the money service business had operated a number of branches, he shall return the registration certificates that were issued for all of them; where he ceased providing money services at some of the branches, he shall return only those certificates belonging to the branches in question; for the purposes of this subsection, "the determining date" - the 101st consecutive day from the date on which he last provided money services.
- (d) Should the Registrar become aware that the money service business has died or been declared legally incompetent, then he shall issue directions regarding the return of the registration certificate and the closure of his business; however, the Registrar shall be entitled to permit the money services to continue being provided for a period of up to 90 days in the name of the deceased or legally incompetent operator in order to protect his rights, those of his heirs, or those of a third party who is connected with his business; in his decision the Registrar shall stipulate who is to provide the money services in place of the deceased or legally incompetent operator (hereinafter - "the temporary operator"); upon the expiry of the said period, the temporary operator shall return the registration certificate to the Registrar; a record of the Registrar's decision regarding this matter and the temporary operator's identification details shall be noted in the Register.
- (e) Should a former money service business decide that he wishes to return to that vocation, then he shall file a new registration application with the Registrar and shall not engage in the provision of money services until he has been registered anew.

Issuance and 11G.

- (a) Should the Registrar decide to register the person requesting registration as

Alteration of
Registration
Certificates

a money service business in the Register, and the applicant paid the fees which he is obliged to pay under section 32(A1)(1), then the Registrar shall give the applicant a registration certificate; a registration certificate shall remain valid until the end of the calendar year in which it was given; where the money services business has branches, the Registrar shall give him a separate registration certificate for each branch which he approved; the certificate shall contain the address and registration number of the branch; the registration shall only be valid regarding the provision of money services at the address stated in the registration certificate.

- (b) A money service business shall display the registration certificate in a prominent place at every one of its branches and shall print the registration number on every sign, advertisement, or document which it shall issue, although the Registrar shall be authorized to exempt a money service business for whom the provision of money services is not his only vocation from having to indicate the registration number as aforesaid, subject to such conditions as the Registrar shall direct.
- (c) Should the money service business notify the Registrar of a change of a branch address and return its registration certificate to him, the Registrar shall issue a new registration certificate for the branch in question bearing its new address and shall cancel the former certificate; the changes made pursuant to this section shall be recorded in the Register.

Refusal to Register
a Money Service
Business

11H. Should the Registrar reject the applicant's request to be registered as a money service business, the Registrar shall explain the reasons for his decision and give the applicant an opportunity to plead his arguments before him within thirty days of the date on which he was served with the decision; the applicant's arguments shall be submitted in writing, however he shall also be entitled to appear before the Registrar in order to plead his arguments verbally.

Deletion of a
Money Service
Business from the
Register or
Suspension of the
Registration

- 11I.
- (a) The Registrar shall be entitled to delete a money service business from the Register in each of the following scenarios:
 - (1) The money service business no longer satisfies one of the requirements stipulated in section 11H(a)(1) - (3);
 - (2) One of the disqualifying events specified in section 11E (a)(4) has occurred in relation to the money services provider, a beneficiary, if there is one, or, if the money service business is a corporation, in relation to a person holding a controlling share in it;
 - (3) The money service business breached another provision contained in this chapter.
 - (b) Before deciding to delete a money service business from the Register as stated in subsection (a), the Registrar shall give him, or the controlling shareholder of the corporation, as the case may be, an opportunity to plead his arguments before him as stated in section 11H within thirty days of the date on which the money service business was served with the Registrar's decision in writing;
 - (c) Should the Registrar be convinced that a money service business has committed a breach of another provision contained in subsection (a)(3), then before deciding to delete him from the register, the Registrar shall demand that he remedy that breach, and after giving the money service business an opportunity to plead his arguments, to suspend his registration for a period of up to thirty days; should the breach not be remedied within the aforementioned period, then the Registrar shall be entitled to delete the offending money service business from the Register.
 - (d) Should the Registrar become aware that criminal proceedings or proceedings before financial sanctions committees, as the case may be, are being conducted against a registered money service business, a beneficiary, if there is one, or, where the money service business is a corporation, against the person holding a controlling share in it, for an offence or breach as stated in section 11H(a)(4), then the Registrar shall be entitled to suspend the money service business registration until those proceedings have ended; before deciding to suspend the registration of a money service business from the Register, the Registrar shall give him and the controlling shareholder of the corporation, as the case may be, an opportunity to plead their arguments before him as stated in section 11H within 30 days from the

			<p>date on which the money service business was served with a notice in writing from the Registrar.</p> <p>(e) Should the Registrar become aware that an office holder in a corporation or in an unincorporated business which provides money services or a branch manager of a money service business, has been convicted of an offence or that an administrative sanction has been imposed on one of them under section 11E(a)(4), then he shall be entitled, before deciding to delete the money service business from the Register, to demand that it dismiss the person who has been convicted of the offence or who has had an administrative sanction imposed on him as aforesaid, within such period as the Registrar shall determine; should the money service business refuse to do so, then the Registrar shall be entitled to delete it from the register, after giving it and the person who has been convicted or administratively sanctioned an opportunity to plead their arguments before him as stated in section 11H, within 30 days of the date on which the money service business was served with a notice in writing from the Registrar; in this subsection and in subsection (f), "an office holder in a corporation" - excluding a controlling shareholder.</p> <p>(f) The provisions of subsections (d) and (e) shall apply, <i>mutatis mutandis</i>, to an office holder in a corporation or in an unincorporated business against whom criminal proceedings or proceedings before sanctions committees are being undertaken, as the case may be, for an offence or breach as stated in section 11E(a)(4).</p> <p>(g) Should a money service business inform the Registrar that he has ceased providing money services; the Registrar shall delete him from the register.</p>
Notification and Petition	11J.	(a)	The Registrar shall serve the money service business with a notice in writing of his decisions under sections 11E(b), 11(D), 11H and 11I.
		(b)	A person who sees himself as having been detrimentally affected by a decision of the registrar with regards to that person pursuant to subsection (a) shall be entitled within 30 days of the date on which that decision was served to him to file a petition against the decision with the Administrative Affairs Court.
Notifying the Public	11K.	(a)	<p>The Registrar shall publish a notice in the Official Gazette regarding each of the following:</p> <ol style="list-style-type: none"> (1) The registration of a money services business, including his name, address and the addresses of any branches; (2) A change of address of a money service business or a change of the address of any of his branches; (3) The deletion of a money service business or one of his branches from the register or the suspension of his registration; (4) The re-registration of a money service business provider whose registration had been suspended; (5) The appointment of a temporary operator pursuant to section 11F(d). <p>(b) A notice as stated in paragraphs (1)-(3) of subsection (a) shall also be published on the Internet; the website on which the aforementioned information may be found shall be published with reasonable frequency in three widely distributed daily newspapers in Israel, at least one of which shall be in the Hebrew language and one in the Arabic language.</p>
Penalties	11L.	(a)	<p>A money service business who does one of the following shall be liable to imprisonment for up to one year or a fine of three times that stated in section 61(a)(4) of the Penal Law:</p> <ol style="list-style-type: none"> (1) Providing money services without being registered in the Register contrary to the provisions of sections 11C and 11F(e); (1A) Giving false details in an application for registration of a money service business submitted pursuant to section 11D or in a notice to the Registrar given pursuant to section 11F(a)-(c); (2) Failing to submit a notice to the Registrar in writing as required under section 11F (a)-(c). <p>(b) A money service business or temporary operator as stated in section 11F(d) who fails to return a registration certificate to the Registrar contrary to the provisions of sections 11F(b)-(d), or to display the registration certificate at</p>

his place of business or to indicate his registration number contrary to the provisions of section 11G(b), shall be liable under a strict liability standard to a fine as stated in section 61(a)(4) of the Penal Law;

Chapter 4B: Commissioner, Inspectors and their Powers

- The Supervisor
- 11M. (a) In this chapter, "the Supervisor" - each of the following:
- (1) With regard to a banking corporation - the Supervisor of Banks;
 - (2) With regard to a stock exchange member - the Chairman of the Securities Authority;
 - (3) With regard to an insurer or insurance broker - the Insurance Supervisor;
 - (4) With regard to a provident fund and a company which manages a fund as aforesaid - the Capital Market Supervisor;
 - (5) With regard to the postal bank - the Minister of Communications or a public servant authorized by him to act in that capacity;
 - (6) With regard to a money services provider - the Registrar of Money service Business Providers as defined in section 11B;
 - (6A) With regard to providers of credit services or deposit and credit services - the regulator on Financial Services appointed according to the Regulated Financial Services Law
 - (7) With regard to one of the bodies listed Schedule 3 pursuant to section 33(b) - the Minister responsible for that body or a public servant whom he shall appoint to act in that capacity.
 - (8) With regard to a dealer in precious stones - the Diamond Supervisor appointed by the Minister of Industry, Trade and Employment;
 - (9) With regard to Business Service Providers - an employee of the Ministry of Justice that was appointed by the Minister of Justice;
- (b) A notice of the appointment of a supervisor under subsections (a) (5), (7) and (9) shall be Published in the Official Gazette by the Minister responsible for the body reporting under Chapter 3 (hereinafter - "the supervised body").
- (c) In order to fulfill his duties under this law -
- (1) The supervisor is authorized to give instructions concerning the application and operating manner of the obligations imposed by this law on agents or bodies under his supervision, of the office holders therein and anyone under their employment; Such provisions may apply to all agents or bodies, or to a particular type of them.
 - (2) The supervisor shall have the capacities established in subsection 11N(b)(1).
- (d) (1) The provisions under subsection (c)(1) that are Legislative Acts are not required to be published in Official Gazette. Nonetheless, the supervisor will publish in the Official Gazette a notice upon imposing such instructions and the time of their commencement.
- (2) The supervisor's instructions as aforementioned in subsection (1) and any changes thereto shall be made available for public inspection at the supervisor's office and shall be published on the supervisor's website. The Minister responsible for nominating the supervisor may prescribe additional ways for publishing them.
- Transmission of Information
- 11M1. (a) The Business Service Provider's Supervisor may receive from the following institutions, with regard to the professionals listed alongside them, information regarding the identity of the professionals, their address, other contact details, suspension or annulment of their license, and any other information the Minister of Justice set forth in the order:
- (1) Bar Association - with regard to attorneys;
 - (2) Accountants Council - with regard to accountants.
- (b) In order to fulfill its obligations, the Bar Association or the Accountants Council, as applicable, may receive from the Business Service Provider Supervisor information regarding the decisions issued by the committee for administrative sanctions pursuant to chapter 5 regarding any Business

			Service Provider who is an attorney or an accountant, as applicable.
		(c)	Notwithstanding the provisions of section 31A, in case a disciplinary rule was set forbidding a Business Service Provider to perform an action if he estimates that it violates the provisions of this law, and the Business Service Provider Supervisor has a concern that a Business Service Provider broke the disciplinary rule as aforesaid, the Supervisor may apply to the competent body with a request to open a disciplinary proceeding against the Business Service Provider, provided that only the information that raised the concern of the Supervisor was included in the application as aforesaid; for this purpose, "competent body"- a body which is authorized to open disciplinary proceedings against the Business Service Provider, according to the Bar Association Act, 5721-1961, or according to the Accountants Act, 5715-1955, as applicable.
Appointment of inspectors and supervisory powers	11N.	(a)	<p>(1) In order to supervise the implementation of the provisions of this Law, the Supervisor shall appoint inspectors who shall exercise their powers in relation to the supervised body under this Law;</p> <p>(2) A person who is not a public servant shall not be appointed to serve as an inspector unless the Israel Police did not object to his appointment on the grounds of public order;</p> <p>(3) An inspector shall not be appointed unless he has received suitable training as determined by the Supervisor.</p>
		(b)	In order to fulfill his responsibilities, an inspector shall be entitled -
		(1)	To demand that any person concerned with the matter give him information and documents relating to the activities of the supervised body to ensure that it is complying with its obligations under this Law; in this section, "documents" - including computer material and printouts;
		(2)	To enter, after identifying himself, and carry out an inspection of premises from which he has a reasonable basis for assuming that the supervised body is operating and to demand that he be presented with all the documents connected with the supervised body's activities; an inspector shall not, however, enter premises which are used exclusively for residential purposes unless pursuant to a court order;
		(3)	To seize a document, if he has a reasonable basis for assuming that one of the provisions contained in Chapters 3 and 4A has been breached; although an original document shall not be seized if a certified copy of it shall suffice.
		(b1)	The Minister of Justice shall set regulations regarding the exercise of authority by the inspector under subsection (b)(2), regarding a supervised institution which is a Business Service Provider.
		(b2)	Notwithstanding the provisions of subsection (b)(3), if the supervised institution which is a Business Service Provider is an attorney, the provisions of sections 235A-235D of the Tax Ordinance shall apply in regard to inspection and seizure of documents, <i>mutatis mutandis</i> .
		(c)	For the purposes of this section, "computer material" and "printout" - as defined in the Computer Law, 5755 - 1995.
		(d)	Where a Supervisor or an inspector has been granted supervisory powers over the supervised body by another law, then he shall also be entitled to exercise them when discharging his supervisory functions pursuant to this Law.
Rules applying to seized documents	11O.	(a)	The provisions of Chapter 4 of the Criminal Procedure Ordinance (Arrest and Search) [New Version], 5729-1969 shall apply, <i>mutatis mutandis</i> , to a document seized pursuant to section 11N(b)(3) as a result of a breach of the provisions of Chapter 4A.
		(b)	The following provisions shall apply to a document seized pursuant to section 11N(b)(3) due to a suspected breach according to Chapter 3:
		(1)	The inspector shall hand over the seized document to the Supervisor, who shall be entitled to retain possession of it until he shall present it to the committee charged with imposing an administrative sanction as stated in Chapter 5 (in this section - "the Committee");

- (2) After a document has been submitted to the Committee, the Committee shall determine, within the context of its decision regarding the imposition of an administrative sanction, whether to return the document to the person from whom it was taken, or whether to continue holding it;
- (3) Should a document not be submitted by the Supervisor to the Committee within six months from the date on which it was seized, then it shall be returned to the person from whom it was taken;
- (4) A person from whose possession a document was seized pursuant to section 11N(b)(3) shall be entitled to appeal before a Magistrate Court and request its return; should the Committee's decide not to return the document, the appeal shall be filed within 30 days from the date on which he was served with that decision.

Chapter 5: Administrative Sanctions

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| Definitions | 12. | <p>In this chapter -</p> <p>"the Supervisor" - each of the following:</p> <ol style="list-style-type: none"> (1) The Supervisor as defined in section 11M; (2) for the purposes of Chapter 4 - the Commissioner as defined in the Income Tax Ordinance; (3) A person employed by one of the officials referred to in paragraphs (1) and (2) who was authorized by them to serve as supervisor for the purposes of this chapter; <p>"Committee" - a committee to impose administrative sanctions pursuant to this chapter.</p> |
| The administrative sanction committee | 13. | <ol style="list-style-type: none"> (a) The Governor of the Bank of Israel, the Minister of Justice, the Minister for Industry, Trade and Employment, the Minister of Finance and the Minister responsible for one of the bodies listed in Schedule 3, shall each appoint with regard to the bodies under their control, a committee authorized to impose an administrative sanction pursuant to this chapter. (b) Each committee shall have three members: the Supervisor, who shall be the chairman, an employee appointed by him from the staff of his department, and in the case of a committee established by the Minister for Industry, Trade and Employment - an employee from the staff of his department whom the Minister shall appoint as aforesaid, after consulting with the Supervisor, and a jurist whom the Minister of Justice shall appoint from the staff of his department. (c) The Minister of Justice shall determine the committee's work process and the criteria for imposing administrative sanctions after consultation with one of the following: <ol style="list-style-type: none"> (1) In the case of a committee established under section 14 – with the Governor of the Bank of Israel, the Minister for Industry, Trade and Employment or the Minister responsible for one of the bodies listed in the Third Schedule, as the case may be; (2) In the case of a committee established under section 15 – with the Minister of Finance. (d) Committee decisions shall be taken by majority vote. |
| Administrative Sanctions for breaching the obligations imposed in sections 7 - 8B | 14. | <ol style="list-style-type: none"> (a) Should the committee find that a person has breached the provisions of sections 7, 7A, 8A or 8B, or that a money service business did not register in the Registry, in contravention of the provisions in Section 11C, or did not submit a new application to the Registrar, or provided money services before being registered anew, in contravention of the provisions in Section 11F(e), then the committee shall be entitled to impose on him, and if he is employed by a corporation - on that corporation, an administrative sanction of up to ten times the amount of the fine specified in section 61(a)(4) of the Penal Law. (b) Should the committee find that a corporation has failed to appoint a person responsible for fulfilling the obligations as stated in section 8(a) or 8A(f), as the case may be, it shall be entitled to impose an administrative sanction on that corporation of up to the amount of the fine specified in section 61(a)(4) of the Penal Law. |

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| Administrative Sanctions for breaching the obligations imposed in section 9 | 15. | <p>(a) Should the committee find that a person is in breach of the reporting obligation as set out in the provisions of section 9, it shall be entitled to impose on him an administrative sanction of up to half to the amount of the fine specified in section 61(a)(4) of the Penal Law or up to five times the amount which was not reported, whichever is the larger figure.</p> <p>(b) Where an administrative sanction was imposed on and paid by a person under this section, he shall not be indicted with respect to the breach for which the administrative sanction was imposed.</p> |
| Amount of the administrative sanction and its updating | 16. | <p>(a) The Minister of Justice, in consultation as stated in section 13(c), shall be entitled to decide, within the limits of the maximum amount that can be imposed as an administrative sanction as stipulated in sections 14 and 15, different levels of administrative sanctions for various breaches of the provisions contained in sections 7-9, having regard to the magnitude and circumstances of the breach and the circumstances of the offender, including whether the breach was a repeated breach.</p> <p>(b) Where the Minister of Justice determined the amount of the administrative sanction as stated in subsection (a), the amount of the administrative sanction imposed on the offender shall not exceed the amount determined in the aforementioned subsection.</p> <p>(c) The amount of the administrative sanction under this chapter shall be calculated using the current amount of the fine specified in section 61(a)(4) of the Penal Law in force on the day on which the sanction was imposed; where an appeal was filed and the court adjudicating that appeal or the Supervisor ordered a stay of payment pending the outcome of that appeal, the amount of the administrative sanction shall be determined according to its adjusted value on the date on which the decision on appeal is given.</p> <p>(d) For the purposes of this section, "repeated breach" - a breach which was committed within two years of a previous breach of the same provision for which a financial sanction was imposed on the offender or for which he was convicted.</p> |
| Administrative sanction demand and payment | 17. | Before imposing an administrative sanction, the committee shall give the offender an opportunity to plead his arguments; should it decide to impose an administrative sanction on him, the committee shall send the offender a written demand pertaining thereto and the administrative sanction shall be paid within thirty days of the date on which he received it. |
| Collection of an Administrative Sanction | 18. | The provisions of the Taxes (Collection) Ordinance shall apply to the collection of an administrative sanction. |
| Linkage differentials and interest | 19. | Should an administrative sanction not be paid on time, linkage differentials and interest (hereinafter: "linkage differentials and interest") shall be added to the outstanding amount in accordance with the Adjudication of Interest and Linkage Law, 5721-1961, from the date on which payment became due until the date of actual payment. |
| Appeal against an administrative sanction | 20. | <p>(a) An obligation to pay an administrative sanction may be appealed in the Magistrates Court.</p> <p>(b) The time period for filing an appeal shall be thirty days from the date on which the administrative sanction payment obligation was served.</p> <p>(c) Unless the court or the committee directs otherwise, the lodging of an appeal shall not defer payment of the administrative sanction.</p> <p>(d) Should the appeal be accepted after the administrative sanction had been paid, then the amount thereof shall be returned together with linkage differentials and interest from the date of payment to the date of reimbursement.</p> <p>(e) Subject to leave being granted, an appeal may be filed against the Magistrates Court's ruling before a single judge.</p> |

Chapter 6: Forfeiture Provisions

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| Forfeiture of property in criminal proceedings | 21. | (a) Should a person be convicted pursuant to Sections 3 or 4, the Court shall order, unless it feels that it would be unjust to do so for special reasons which it shall record, that in addition to any other punishment, the defendant's property having the same value as the following property shall |
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be forfeited -

- (1) Property which was the object of the offence or which was used or intended to be used to either commit the offence or facilitate the commission of the offence;
 - (2) Property which was or was intended to be directly or indirectly obtained as payment for or as a result of the offence.
- (b) For the purposes of this section, "the defendant's property" - any property in his possession, under his control or in his account.
- (c) Should the defendant's property be insufficient to enable full implementation of the forfeiture order, then the court shall be entitled to direct that the order be discharged out of property belonging to a third party which the defendant paid for or gave gratuitously; the court shall not issue such a direction with respect to property which was paid for or given by the defendant to that third party prior to the commission of the offence for which the defendant was convicted, and with respect to which the forfeiture order was given.
- (d) The court shall not order the forfeiture of property as stated in this section before giving the defendant, the owner, the person in possession or control and anyone claiming a right in the property, if known, an opportunity to plead their arguments.
- (e) Where a person other than the defendant claims a right in the property specified in subsection (d), and the court is of the opinion, for reasons which shall be recorded, that an examination of the arguments might impede progress in the criminal trial, then it may direct that the forfeiture matter be adjudicated within the framework of civil proceedings; should the court issue such a direction, the provisions of subsection (c) shall apply to the civil proceedings.
- Forfeiture of property in civil proceedings 22. (a) The District Court, on the application of a District Attorney, may order the forfeiture of property within the framework of civil proceedings (hereinafter: "civil forfeiture") where it is satisfied that the following two conditions have been fulfilled:
- (1) The property has been directly or indirectly obtained through or as payment for the commission of an offence under sections 3 or 4, or was the object of an offence under the aforementioned sections;
 - (2) The person who is suspected of having committed that offence does not permanently reside in Israel or cannot be found and therefore an indictment cannot be served against him, or the property referred to in paragraph (1) was only discovered after the conviction.
- (b) The respondent in the application shall be a person claiming a right in the property, if he is known; should the court issue a direction as stated in section 21(e), then the defendant shall also be joined as a respondent in the application filed under this section.
- (c) An appeal may be filed against a decision made under this section in the same way that appeals are filed in other civil matters.
- (d) Property belonging to someone other than the suspect shall not be forfeited under this section unless it was proved that -
- (1) The proprietor knew that it was being used to commit a crime or consented to such use; or,
 - (2) The proprietor had not acquired his right for consideration and in good faith.
- Application of laws and designation of fines 23. The provisions of sections 36C-36J of the Dangerous Drugs Ordinance shall apply, *mutatis mutandis*, to forfeiture of property, forfeited property and fines imposed under this Law; for the purposes of this section, "fines" - including an administrative sanction imposed within the framework of this Law.

Chapter 7: Exemption from Liability and Auxiliary Powers

- Exemption from Liability 24. (a) Failure to undertake any property transaction, including one involving prohibited property, disclosure or non-disclosure, reporting or any other action taken or omission made under the provisions of this Law, in good faith, shall not constitute a breach of confidentiality, trust or any other

obligation under the provisions of any law or agreement, and no person shall be held liable for a crime, civil wrong or disciplinary offence because he took or failed to take action as aforesaid.

- (b) Where a person is exempt from civil liability as stated in subsection (a), the court may, if it deems it equitable to do so given the circumstances of the matter, and in such manner as it sees fit, order him:
 - (1) To return what he received from the other party or to pay the value thereof; or,
 - (2) To fulfill all or part of his obligation under the agreement, if the other party fulfilled his.
 - (c) Notwithstanding the provisions of this Law, the attorney shall act in accordance with the provisions of section 90 of the Chamber of Advocates Law, 5721-1961.
- Non-disclosure and admissibility of reports 25.
- (a) Notwithstanding the provisions of any law, and excluding disclosure to an inspector appointed under Chapter 4B for the purpose of enabling the Supervisor to discharge his obligations, the identity of a person who acted pursuant to section 6 shall not be disclosed except in accordance with subsection (b).
 - (b) A report received by the police pursuant section 6(1) or transferred to the database pursuant to section 7(d) shall not be regarded as investigation material under section 74 of the Criminal Procedure Law [Consolidated Version], 5752-1992 and shall not be admissible as evidence in any legal proceeding, other than -
 - (1) One taken under this Law for breach of the reporting obligation under this section or for false or misleading reporting under this Law;
 - (2) As intelligence material presented only to a judge for inspection within the framework of an application for a judicial order.
- Auxiliary Powers 26.
- (a) The powers of search and seizure as set out in the Arrest and Search Ordinance shall apply equally, *mutatis mutandis*, to property for which a forfeiture order was be issued pursuant to this Law.
 - (b) For the purpose of enforcing this Law, a policeman or customs officer shall have the same powers granted by sections 174, 177, 184 and 185 of the Customs Ordinance, while property which is suspected of being tied to the commission of an offence under this Law shall be treated as merchandise the import or export of which is prohibited.
 - (c) For the purpose of enforcing this Law, a policeman or customs officer shall have the same powers of search granted to them by section 28(b)(4) of the Dangerous Drugs Ordinance; the provisions of section 28(e) and (f) of that Ordinance shall apply to a search conducted pursuant to this subsection.
- Powers of a customs officer 27.
- (a) In order to implement the provisions of this Law, the Director of Customs shall have the authority to demand information from anyone who owns goods being held under the supervision of the Customs Authority, or from any person entering or leaving the country.
 - (b) Should a suspicion arise that an offence has been committed under this Law, a customs officer empowered to investigate (hereinafter - "a customs investigator") shall have the authority to -
 - (1) Investigate a person who is connected with the offence; and for this purpose, he shall have the same powers granted to a police officer under section 2 of the Criminal Procedure Ordinance (Evidence), and the provisions of sections 2 and 3 of that Ordinance shall apply;
 - (2) Demand that a person as referred to in paragraph (1) appear before him for interrogation;
 - (3) Enter and search any place as permitted under section 25 of the Arrest and Search Ordinance, *mutatis mutandis*, provided that this has been authorized by the regional supervisor (investigations);
 - (4) Apply to a Magistrates Court judge for a search warrant under section 23 of the Arrest and Search Ordinance;
 - (5) Seize an object relating to an offence under this Law or which is likely to be admitted in evidence in proceedings brought in connection with the commission of such an offence.

- (c) The provisions of sections 23A, 24, 26-29 and 33-42 of the Arrest and Search Ordinance shall apply to a search and seizure operation under subsection (b)(3)-(5).
- (d) In this section, "offence" -
 - (1) An offence under sections 3 and 4 involving property originating from an offence according to article (15) or article (17) through (17c) of the First Schedule.
 - (2) An offence under section 10.
- (e) With regard to any of the offences referred to in subsection (d)(1), a customs investigator shall have the same powers of arrest, detention and release conferred on a policeman under the Criminal Procedure Law (Enforcement Powers - Arrests), 5756-1996 (hereinafter - "the Arrests Law"), and the Regional Commissioner for Investigations and his deputy shall also have the arrest, detention and release powers of a police officer and supervising officer under the Arrests Law, *mutatis mutandis*.
- (f) For the purposes of this section, regional investigation office shall be regarded as a police station.

Chapter 8: The Database, the Competent Authority, Transfer and Preservation of Information

The Database	28.	The Minister of Justice shall establish within his department a database of the reports which shall be received under this Law and under the Counter-Terrorism Law (in this Law - "the database"); the Minister shall institute rules for operating the database and safeguarding the information stored therein.
The Competent Authority	29.	<ul style="list-style-type: none"> (a) The Minister of Justice shall establish within his department a competent authority to be responsible for the database (in this Law - "the competent authority"); the authority shall be headed by a person who is eligible to be appointed as a District Court judge and who possesses such qualifications as the Minister shall stipulate; the Minister of Justice shall appoint the director of the competent authority with the approval of the Government; the name of the competent authority shall be: "The Money Laundering and Terror Financing Prohibition Authority". (b) In order to implement this Law and the Counter-Terrorism Law, the competent authority shall administer the database, process and safeguard the information stored therein, and take decisions regarding the transfer of the information to the entity which under this Law is authorized to receive it. (c) No person shall be employed by the competent authority without unless the Inspector General of the Israel Police or a person who was authorized by him in the matter asserts that there is no public safety concern inhibiting said person's employment. (d) Access to the database shall be restricted to those persons holding positions within the competent authority as determined by the director of that authority with the consent of the Inspector General of the Israel Police.
Restrictions After Leave	29A.	The director of the competent authority and an employee who was authorized to access the database as stated in section 29(d), shall not be entitled to work or receive a right or benefit from a body reporting under Chapter 3, unless either one year shall have passed from the date on which they left from the competent authority or they received permission to do so from the Permits Committee which was established under section 11 of the Public Service (Restrictions After Leave) Law, 5729-1969.
Privacy Safeguards	29B.	The authority to receive and forward information according to article 30 and 31 shall be exercised in a manner that does not harm the privacy of an individual more than necessary.
	30.	<ul style="list-style-type: none"> (a) Notwithstanding the provisions of Chapter 4 of the Protection of Privacy Law, 5741-1981, the competent authority shall not transfer information from the database other than in accordance with the provisions of this Law and to the authorities specified therein. (b) <ul style="list-style-type: none"> (1) For the purposes of implementing this Law and the Counter-Terrorism Law, the Trading with the Enemy Ordinance and Part 1 of Chapter 2 of the Struggle Against the Iranian Nuclear Program

- Law, the competent authority may transfer information from the database to the Israel Police; The information will be transferred only upon receiving a reasoned request, in accordance with rules set by the Minister of Justice, with the consent of the Minister for Internal Security; these rules shall establish, *inter alia*, the persons holding positions in the Israel Police who will be authorized to request and receive such information;
- (2) The Israel Police may include in its request and the accompanying reasons any information which it has in its possession, including information contained in the crime register, and the competent authority shall be at liberty to inspect such information.
- (b1)
- (1) For the purpose of executing the responsibilities of the Investigating Customs Clerk under this Law, the competent authority may transfer information to him from the information database.
 - (2) The information will be transferred only upon receiving a specified request, in accordance with rules set by the Minister of Justice with the consent of the Minister of Finance; these rules shall establish, *inter alia*, ways in which the information may be used by the investigating customs clerk; of securing the information; and maintaining its confidentiality.
 - (3) The provisions of subsection (b)(2) shall apply to requests according to this subsection, *mutatis mutandis*.
 - (4) The competent authority shall send a notice to the Israel Police informing of the transfer of information to an investigating customs clerk in accordance with this subsection; the Minister of Justice, with the consent of the Minister of Internal Security, shall establish rules for the phrasing of the message and the details therein.
- (b2)
- (1) For the purposes of preventing and investigating offenses in accordance with this Law, the Counter-Terrorism Law, the Trading with the Enemy Ordinance, and Part 1 of Chapter 2 of the Struggle Against Iran's Nuclear Program Law, the competent authority may transfer information from the database to the Police Internal Affairs Investigation Unit in the Ministry of Justice (hereinafter: Police Internal Affairs Investigation Unit).
 - (2) The information will be transferred only upon receiving a reasoned request, in accordance with rules to be determined by the Minister of Justice; the rules shall establish, *inter alia*, position holders in the Police Internal Affairs Investigation Unit authorized to request and receive the information; ways of handling this information inside the Unit; securing it; and maintaining its confidentiality.
 - (3) The provisions under subsection (b)(2) will apply in cases of requests according to this subsection, *mutatis mutandis*.
- (b3)
- (1) For the purpose of implementing this law, the competent authority may transfer information from the database to the Securities Investigator.
 - (2) The information will be transmitted only upon receiving a reasoned request, in accordance with rules to be determined by the Minister of Justice, and with the consent of the Minister of Finance; the rules will determine, *inter alia*, the ways in which the information will be used by the investigator; ways of securing the information; and maintaining its confidentiality.
 - (3) Provisions under subsection (b)(2) will apply to requests in this subsection, *mutatis mutandis*.
- (c) For the purposes of preventing and investigating the activities of terrorist organizations and declared terrorist organizations, acts of terror and the funding of such organizations or activities as aforesaid, preventing trade with the enemy, economic activity with a foreign assisting body, or damage to national security, the competent authority may transfer information stored in the database to the General Security Service; the information will be transmitted only upon receiving a specified request, in accordance with

rules to be determined by the Minister of Justice, and with the consent of the Prime Minister; the aforementioned rules shall specify, *inter alia*, those persons holding positions in the General Security Service who may request and receive such information; the provisions of subsection (b)(2) shall equally apply, *mutatis mutandis*, to requests for information submitted under this subsection.

- (c1)
 - (1) In order to enable AMAN, the Intelligence and Special Operation's Institute and the MALMAB Security Unit which is to be established by order of the Minister of Defense, to combat the existence and financing of terrorist and declared terrorist organizations, prevent acts of terror, trade with the enemy, economic activity with a foreign assisting body and damage to national security, the competent body shall have the authority to transfer information to them from the database;
 - (2) The information will be transmitted only upon receiving a specified request, in accordance with rules to be determined by the Minister of Justice, with regard to a transfer to the Intelligence and Special Operations Institute - with the consent of the Prime Minister, and to AMAN and the MALMAB Security Unit to be established by order of the Minister of Defense, with the consent of the Minister of Defense; the rules referred to in this subsection shall specify, *inter alia*, those persons holding positions in the aforementioned bodies who may request and receive the information;
 - (3) The provisions of subsection (b)(2) shall equally apply, *mutatis mutandis*, to requests for information submitted under this subsection.
 - (4) The details of the MALMAB Security Unit which was established by order of the Minister of Defense do not have to be published in the Official Gazette or in any other public document; similarly, the Minister shall be entitled to order that for reasons of national security some of the rules instituted under this section do not have to be published in the Official Gazette or in any other public document.
- (c2)
 - (1) For the purpose of implementing the provisions of this law and for the purpose of imposing an administrative sanction in accordance with this law, the competent authority may transfer information from the database to the Supervisor as defined in Section 12, on its own initiative or pursuant to a reasoned request.
 - (2) The Minister of Justice shall determine the rules regarding the type and scope of information, the manner in which the information will be transferred to the Supervisor and used by the Supervisor, as well as rules regarding securing the information and maintaining its confidentiality.
- (d)
 - (1) Should the competent authority deem it inappropriate to accede to a request for information, the person who submitted it may file an appeal before the Attorney-General;
 - (2) The Attorney-General may allow or dismiss the appeal or make the transfer of information dependent on satisfying such conditions as he shall stipulate;
 - (3) In order to assist him in reaching his decision regarding the appeal, the Attorney-General may inspect the information stored in the database himself.
- (e)
 - (1) In order to prevent and investigate offences under this Law, the Counter-Terrorism Law, the Trading with the Enemy Ordinance and section 29(a) of the Struggle Against the Iranian Nuclear Program Law, safeguard national security or pursue the war against terrorist organizations, declared terrorist organizations and acts of terror, the competent body shall be entitled at its own initiative, in light of circumstances and reasons it will detail, to transfer information from the database to a person who is authorized to receive it under this Law.

- (2) So that the authority bestowed to the investigating customs clerk under this law can be executed, the competent authority may, at its own initiative, in light of circumstances and reasons it will detail, transfer information from the information database to an investigating customs clerk; the competent authority shall send a notice to the Israeli Police informing of a transfer of information to an investigating customs clerk in accordance with this paragraph ; the Minister of Justice, with the consent of the Minister of Interior Security, shall establish rules for the phrasing of the message and the details therein.
- (3) For the purposes of implementing this law, the competent authority may, on its own initiative and under specific circumstances, transfer information from the database to the Securities Investigator.
- (f) In order to implement this Law, the Counter-Terrorism Law, the Trading with the Enemy Ordinance and Part 1, Chapter 2 of the Struggle Against the Iranian Nuclear Program Law, the competent authority shall be entitled to transfer information stored in the database which it administers to an authority of its kind in another country, and to request information from such an authority, provided that it relates to property traceable to an offence as defined in section 2 or to terrorist property; the provisions of the Legal Assistance between States Law, 5758-1998 shall apply with regard to this matter.
- (g) Information which was passed on to the Israel Police, the General Security Service, the Intelligence and Special Operations Institute, AMAN, the MALMAB Security Unit which was established by order of the Minister of Defense under this Law, or to the Police Internal Affairs Investigation Unit, shall only be used in order to implement the provisions of this Law, the Counter-Terrorism Law, the Trading with the Enemy Ordinance and Part 1, Chapter 2 of the Struggle Against the Iranian Nuclear Program Law, protect national security or pursue the war against terrorist organizations, declared terrorist organizations and acts of terror; however, under the rules which are to be instituted, those organizations shall be entitled to use the information within the framework of their responsibilities in order to investigate or prevent the commission of additional offenses beyond the scope of this Law, discover criminals and bring them to trial, and to investigate and prevent the activities of terrorist organizations or prevent harm to national security.
- (g1) Information transferred to the investigating customs clerk shall only be used for the execution of the clerk's authorities under this law; however, the investigating customs clerk may, in the performance of his duties, use information transferred by the designated authority according to subsection (b1) in order to investigate and prevent additional offenses not included in this law, or in order to identify and prosecute offenders for other offenses. This power will be exercised in accordance with rules that will be determined, and will be subject to the condition that the additional crimes are related to the criminal investigation for which the information was requested.
- (g2) Information transferred to a Securities Investigator shall not be used except for the purpose of implementing this law; Nonetheless, the Securities Investigator may, within the framework of his duties, utilize information transferred to him by the competent authority pursuant to subsection (b3), in order to investigate and prevent further offences not under this law, or for the purpose of detecting and prosecuting other offenders, all in accordance with regulations to be determined, provided that the additional offences are connected with the investigated offence, for which the information was requested.
- (h) Notwithstanding the provisions of any law, information received under this section shall not be passed on to another authority except in order to implement the provisions of this Law, the Counter-Terrorism Law, the Trading with the Enemy Ordinance and Part 1, Chapter 2 of the Struggle Against the Iranian Nuclear Program Law or to achieve the objectives

referred to in subsection (g) to (g2); the provisions of subsection (g1) and (g2) shall not detract from the authority of the Israel Police and the General Security Service to transfer information to the investigating customs clerk or to a Securities Investigator in accordance with those subsections, in order to execute the goals listed in subsection (g).

(i) The Minister of Justice shall decide which offences constitute "additional offences" under subsection (g) to (g2) in relation to which the information as aforesaid may be used for the purposes of investigation and prevention.

(j) In this section -

"terrorist organization", "declared terrorist organization", "act of terror" and "terrorist property" - as they are defined in the Counter-Terrorism Law;

"reasoned request" - a request which explains the circumstances and justifications for transferring the information in accordance with the sections in question;

"AMAN" - the Military Intelligence Branch of the Israel Defense Forces;

"MALMAB" - the Security Supervisor Branch of the Defense Ministry;

"foreign assisting body" and "economic activity" - as defined in the Struggle Against the Iranian Nuclear Program Law;

"the Struggle Against the Iranian Nuclear Program Law" - the Struggle Against the Iranian Nuclear Program Law, 5772-2012;

"Securities Investigator" - An employee of the Israel Securities Authority who has been authorized by the head of the ISA in accordance with section 56A of the Securities Law, or was appointed as an investigator in accordance with section 56A2 of the Securities Law, and who exercises the power vested in him by law in respect of an offence referred to in paragraph (4) of the definition of "Securities Offence" in that law.

"the Trading with the Enemy Ordinance" - the Trading with the Enemy Ordinance, 1939.

Receipt of
Information

31.

(a) The competent authority shall be entitled to apply to a tax authority for information which it requires in order to enforce this Law and the Counter-Terrorism Law; the Minister of Finance, within the framework of his authority under the tax law confidentiality rules, shall review the application as soon as possible in the circumstances, and information which he decides to pass on shall be forwarded to the authority without delay.

(b) The Minister of Justice and the Minister of Finance may institute procedural rules for expediting the handling of applications under subsection (a).

(c) The director of the competent authority shall be entitled to request from those bodies which are bound by the obligations set out in Chapter 3, such information as it shall require in order to complete a report received in the database or which is connected with such a report and relates to a person in relation to whom the report was received.

(d) In this paragraph, "tax authority" - as defined in the Tax Law Amendment (Exchange of Information between Tax Authorities) Law, 5727-1967.

Confidentiality

31A.

(a) Any person who while carrying out his job or during the course of his work came into possession of information under Chapters 3, 4 or 4B shall keep it confidential and not disclose it to anyone else or make use of it other than in accordance with the provisions of this Law or a court order; a person who violates the provisions of this subsection shall be guilty of an offence punishable by three years imprisonment or a fine as stated in section 61(a)(3) of the Penal Law.

(b) A person who negligently causes the disclosure of information to another contrary to the provisions of subsection (a) while breaching one of the provisions which was enacted to protect information under this Law, or a rule or procedure instituted by the director of the competent authority pursuant to those provisions, shall be guilty of an offence punishable by a year in prison or a fine as stated in section 61(a)(3) of the Penal Law.

(c) notwithstanding subsection (a), a banking institution or a financial institution listed under schedule 3 which is a reporting Israeli financial institution as defined in section 135B to the Income Tax Ordinance, may use the identification details of a service recipient obtained according to chapter 3, during the course of its work, in order to identify the service

recipient as required according to the FATCA agreement or the application agreement only, as they are defined in section 135B to the Income Tax Ordinance.

- (d) Notwithstanding the provisions of subsection (a), a supervisor as defined in section 11(M)(6) or (9) may disclose a document he received in his capacity under this law, if he deems it necessary for the purpose of criminal proceedings.
- Report to the Knesset 31B. (a) The director of the competent authority shall submit an annual written report to the Knesset Constitution, Law and Justice Committee detailing each of the following:
- (1) The number of reports which were received by the competent authority under Chapter 3 or pursuant to orders issued under section 95 of the Counter-Terrorism Law, classified according to the type of body which submitted the report as specified in that chapter;
 - (2) The number of reports which were submitted to the competent authority under Chapter 4;
 - (3) The number of requests for and transfers of information from the database to the following bodies which are permitted to receive such information:
 - (a) The Israel Police;
 - (b) The General Security Service;
 - (c) A foreign authority as stated in section 30(f);
 - (d) The Intelligence and Special Operations Institute, AMAN or the MALMAB Security Unit as defined in section 30(j);
 - (e) An investigating customs clerk.
 - (4) The number of money services providers who were registered under Chapter 4A;
 - (5) The supervisory measures which were reported to him under section 31C.
- (b) The committee shall discuss the data submitted under subsection (a)(3) as aforesaid in camera.
- (c) The Minister of Justice shall submit an annual written report to the Knesset Constitution, Law and Justice Committee detailing each of the following:
- (1) The number of investigations opened regarding suspected offences under sections 3 or 4, where the offences originated from offences in sections (17a) through (17c) of the first schedule; the number of indictments issued for these offences; and the number of judicial rulings for these crimes that ended in convictions;
 - (2) In criminal proceedings referred to in paragraph (1), the extent of property for which the remedy of forfeiture was granted under section 36f of the Dangerous Drugs Ordinance, and the extent of property that the court ordered to forfeit in those proceedings in accordance with sections 21 and 22;
 - (3) The number of investigations in which information transferred by the competent authority to the investigating customs clerk was utilized; the number of indictments issued following these investigations; and the number of judicial rulings that ended in convictions following these investigations.
- Receipt of a Report 31C. (a) The Supervisor as defined in section 11M and the Director of Customs and VAT shall submit periodic reports on their activities regarding implementation of the provisions of this law to the director of the competent authority.
- (b) The Minister of Justice, with the consent of the Governor of the Bank of Israel and the Minister responsible for the Supervisor shall determine the rules and dates for submitting reports to the competent authority.

Chapter 9: Miscellaneous Provisions

- Implementation and Regulations 32. (a) (1) With the exception of Part 2 of Chapter 3 and Chapters 4A and 4B, the Minister of Justice shall be responsible for overseeing the implementation of this Law and shall be entitled, in consultation

Amendment and
revision of the
Schedules

33.

- with the Minister for Internal Security, to enact regulations and institute rules regarding any matter pertaining thereto;
- (2) The Minister of Economy and Industry shall be responsible for overseeing the implementation of Part 2 of Chapter 3 and shall be entitled, in consultation with the Minister of Justice and the Minister for Internal Security, to enact regulations and institute rules regarding any matter pertaining thereto;
- (a1) (1) The Minister of Finance shall be responsible for overseeing the implementation of Chapter 4A and shall be entitled to enact regulations and institute rules regarding any matter pertaining thereto, as well as to determine the fees to be charged for registration of a money service business in the Register of money service businesses, amending the registration, issuing registration certificates to branches and making changes to registration certificates, an annual fee, and other amounts to be paid for the services being provided by the Registrar under this Law;
- (2) Should a money service business fail to pay the annual fee as he is obliged to do pursuant to paragraph (1) by the end of the year to which it relates, then he shall be suspended from the Register from the date specified in a warning which will have been given to him by the Registrar, until such time as the outstanding fee and the additional fee shall be paid.
- (a2) (1) Any Minister responsible for one of the bodies listed in the Third Schedule shall oversee the implementation of Chapter 4B as it relates to that body and shall be entitled in consultation with the Minister of Justice and the Minister for Internal Security, to enact regulations regarding any matter pertaining thereto;
- (2) The Minister of Finance shall oversee the implementation of Chapter 4B in relation to a banking corporation, and the Governor of the Bank of Israel shall be entitled, regarding such a corporation and in consultation with the Minister of Finance, the Minister of Justice and the Minister for Internal Security, to issue directions in an order pertaining thereto;
- (3) The Minister of Economy and Industry shall oversee the implementation of Chapter 4B in relation to a dealer in precious stones and shall be entitled, regarding a dealer in precious stones as aforesaid, and in consultation with the Minister of Justice and the Minister for Internal Security, to enact regulations concerning any matter pertaining thereto;
- (b) The Minister of Justice shall determine the procedure for serving an appeal against the imposition of a financial sanction pursuant to Chapter 5.
- (c) All regulations, rules and orders issued pursuant to this Law shall require the approval of the Knesset Constitution, Law and Justice Committee.
- (a) The Minister of Justice, in consultation with the Minister for Internal Security, shall be entitled, in an order, to alter the First and Second Schedules.
- (a1) The Minister of Economy and Industry, in consultation with the Minister of Justice and the Minister for Internal Security, shall be entitled, in an order, to alter Schedules 1.1 and 3.1.
- (b) The Minister of Finance, in consultation with the Minister of Justice and the Minister for Internal Security, shall be entitled, in an order, to alter the Third and Fourth Schedules, provided that with regard to the Third Schedule he shall also consult with the Minister responsible for the body in relation to which the alteration is being sought.
- (c) The Minister of Justice shall publish on the 1st of January of each year the sums specified in the Fourth Schedules following their revision in line with the increase in the new index compared to the base index, provided that the new index rose 20% or more compared to the base index; the updated sums shall be rounded into multiples of 5,000; in this subsection -
"index" - the consumer price index which is published by the Central Bureau of Statistics;
"the new index" - the last index to have been published before the date of

the update;

"the base index" - the last index to have been published before the date of the previous update, and with regard to the date of the first update following the commencement of this Law - the index which was published in July 2000.

- Application 34. The provisions of sections 3 and 4 shall also apply to property originating in an offence as defined in section 2 which was committed before the commencement of this Law.
- Commencement 35. (a) The Minister of Justice shall establish the database and the competent authority as defined in sections 28 and 29 within eighteen months from the date of this law's publication.
- (b) Chapters 3-5 shall come into force on a date to be stipulated by the Minister of Justice in consultation with the Minister for Internal Security and the Governor of the Bank of Israel or the Minister concerned in the matter, as the case may be, provided it shall be within the time period specified in subsection (a) and after the establishment of the competent authority and the database.
- (c) The Minister of Justice shall be entitled to stipulate, in an order, as stated in this section, different dates for the commencement of the aforementioned chapters or part of them.
- (d) Section 4 shall come into force on the same date as the regulations under section 6(b).
- Transitional Provisions 36. Notwithstanding the provisions of section 14, during the first year after the coming into force of sections 7 and 8, an administrative sanction shall not be imposed on a person for his first breach and he shall merely be sent a written warning with regard thereto.

Chapter 10: Statutory Amendments

- Amendment of the Dangerous Drugs Ordinance 37. The following paragraphs shall be inserted after paragraph (4) in section 36H(b) of the Dangerous Drugs Ordinance [New Version]:
- "(5) implementation of functions assigned to the police and customs authority under this Ordinance and the Prohibition on Money Laundering Law, 5760-2000, including the forfeiture of property pursuant to either of those statutes;
- (6) implementation of the functions assigned to the competent authority under the Prohibition on Money Laundering Law, 5760-2000, as well as the financing of the database referred to therein."
- Amendment of the Legal Assistance Law 38. The following paragraph shall be inserted after Item A in the Second Schedule to the Legal Assistance between States Law, 5758-1998:
- "B. Offences committed under sections 3 and 4 of the Prohibition on Money Laundering Law, 5760-2000 with property defined as prohibited property in section 3 of that Law."
- Amendment of the Protection of Privacy Law 39. The following paragraph shall be inserted after paragraph (5) in section 13(e) of the Protection of Privacy Law, 5741-1981:
- "(6) with regard to a database which was established pursuant to section 28 of the Prohibition on Money Laundering Law, 5760-2000."

Schedule 1

(section 2)

List of Offences

The following Offences:

- (1) All offences under the Dangerous Drugs Ordinance other than personal use of a drug, possession for personal use of a drug, possession of premises for personal consumption of a drug and possession of instruments for personal use of a drug;
- (2) Illegal trading in weapons under section 144 of the Penal Law;
- (2A) Piracy under section 169 of the Penal Law;
- (3) Offences relating to acts of prostitution under sections 199, 201, 202, 203, 203B, 204 and 205 of the Penal Law;
- (4) Sale and distribution of obscene material under section 214 of the Penal Law;
- (5) Gambling offences under sections 225 and the opening lines of section 228 of the

- Penal Law;
- (6) Bribery offences under Article 5 of Chapter 9 in Part 2 of the Penal Law;
 - (7) Murder and attempted murder under sections 300 and 305 of the Penal Law;
 - (8) Infringement of liberty offences under Article 7 of Chapter 10 in Part 2 of the Penal Law;
 - (9) Offences against property under sections 384, 384A, 390-393, 402-404 and 411 of the Penal Law;
 - (10) vehicle theft, receipt of and trading in a stolen vehicle or stolen vehicle parts under Article 5.1 of Chapter 11 in Part 2 of the Penal Law, excluding those offences contained in sections 413C, 413D(a), 413E, and the opening lines of 413F, and 413G;
 - (11) Offences under Article 6 of Chapter 11 in Part 2 of the Penal Law, excluding offences under sections 416, 417 and 432;
 - (11A) Offences under sections 439-444 of the Penal Law;
 - (12) Forgery of money and coins under Articles 1 and 2 of Chapter 12 in Part 2 of the Penal Law, excluding offences under sections 463, 466, 467, 480, 481 and 482, as well as installation of a franking device under section 486;
 - (13) Offences under sections 16, 17 and 18 of the Debit Cards Law, 5746-1986;
 - (14) Offences under sections 52C, 52D and 54 of the Securities Law, 5728-1968;
 - (15) Smuggling goods under sections 211 and 212 of the Customs Ordinance or under the Import and Export Ordinance [New Version], 5739-1979;
 - (16) Offences relating to infringement of copyright, patents, industrial designs and trademarks under the Copyright Law, 5768-2007, the Patents Law, 5727-1967, the Patents and Industrial Designs Ordinance, the Trademarks Ordinance [New Version], 5732-1972, and the Merchandise Marks Ordinance;
 - (17) An offence under section 117(b)(3) of the Value Added Tax Law committed under aggravating circumstances, or an offence under section 117(b)(5) of that law or (b1) of the same law committed under aggravating circumstances, that is related to the issuance of a tax invoice or a document purporting to be a tax invoice, or the deduction of input tax included in a tax invoice or in a document purporting to be a tax invoice, where no transaction was performed or where the issuer of the tax invoice did not commit to perform the transaction for which said invoice or document was issued.
 - (17A) An offence under section 117(b)(1) or (3) - (8) or (b1) to the Value Added Tax Law (in this section – tax offence), where one of the following applies:
 - (a) The tax that was the object of the tax offence exceeded 480,000 NIS in a 48 month-period or 170,000 NIS in a 12-month period;
 - (b) The tax offence, or an offence according to section 3 or 4 originating from the tax offence, was committed in a sophisticated manner, and the tax that was the object of the tax offence exceeds 120,000 NIS;
 - (c) The tax offence, or an offence according to section 3 or 4 originating from the tax offence, is linked to a criminal organization or a terrorist organization: in this paragraph -
"Terrorist organization" - as defined in the Prohibition on Terrorist Financing Law;
"Criminal organization" - as defined in the Combating Criminal Organizations Law - 2003;
 - (d) An offence according to section 3 or 4 originating from a tax offence that was committed by someone other than the person who owes tax.
 - (17B) An offence under section 220 of the Income Tax Ordinance (in this section – tax offence), where one of the following applies:
 - (a) The income that was the object of the tax offence exceeded 2,500,000 NIS in a 4-year period, or exceeded 1,000,000 NIS in a 1-year period;
 - (b) The tax offence, or an offence according to section 3 or 4 originating from the tax offence, was committed in a sophisticated manner, and the income that was the object of the tax offence exceeds 625,000 NIS;
 - (c) The tax offence, or an offence according to section 3 or 4 originating from the tax offence, is linked to a criminal organization or a terrorist organization, as defined in section (17A);
 - (d) An offence according to section 3 or 4 originating from a tax offence that was committed by someone other than the person who owes tax.
 - (17C) An offence under section 98(c2) of the Real Estate Tax Law (capital gains and

acquisition) - 1963 (in this section - tax offence), where one of the following applies:

- (a) The tax offence included the omission of the value of a transaction by an amount exceeding 1.5 million NIS.
 - (b) The tax offence included failure to report the transaction, or the submission of a false report regarding the identity of the parties to the transaction, providing the value of the property exceeds 100,000 NIS.
 - (c) The tax offence, or an offence according to section 3 or 4 originating from the tax offence, was committed in a sophisticated manner.
 - (d) The tax offence, or an offence under section 3 or 4 originating from the tax offence, is linked to a criminal organization or a terrorist organization, as defined in section (17A).
 - (e) An offence according to section 3 or 4 originating from the tax offence was committed by someone other than the person who owes tax.
- (18) Offences under the Prevention of Terrorism Ordinance, the Defense (Emergency) Regulations, 1945 or under Articles 8 and 9 to the Prohibition on Terrorist Financing Law, under Articles 2-6 of Chapter 7 in Part 2 of the Penal Law; or articles 20, 21, 22, 23, 25, 28, 29, 30, 31 and 32 to the Counter-Terrorism Law, or an offence that is a terror act accordance with the aforementioned law.
- (18A) Offences under sections 2, 3 and 4 of the Struggle Against Criminal Organizations Law, 5763 - 2003;
- (18B) An offence under section 80(b) regarding a foreign worker or under section 80(c) of the Employment Service Law, 5719-1959;
- (18C) An offence under section 243 of the Planning and Building Law, 5725-1965, or an offence under section 14 of the Business Licensing Law, 5728-1968, in connection with a refuse disposal site, a refuse transfer station, the collection, transportation, processing, utilization and reprocessing of refuse, or in connection with a petrol or gas station, or the combustion, transportation, storage, parking of tankers containing or sale of petrol and gas, petrol additives, filling gas tankers and the distribution of gas; as well as an offence under section 111 of the Mines Ordinance in connection with the quarrying of sand;
- (18D) An offence under section 3 of the Trading with the Enemy Law, 1939;
- (18E) An offence under section 29(a) of the Struggle Against the Iranian Nuclear Program Law, 5772-2012;
- (18F) An offence under section 7C(b) to the Anti-Infiltration Law (offences and judgment), 5714 - 1954, brought in article 1(1) to the Anti-Infiltration Law (offences and judgment) (temporary order), 5773 - 2013;
- (19) Money laundering offences under section 3 of this Law attributable to one of the offences listed in this Schedule;
- (20) Conspiracy to commit one of the offences listed in this Schedule.

Schedule 1.1

(section 1)

List of Precious Stones

- 1. Corundum, including rubies and sapphires
- 2. Beryl, including emeralds and aquamarines
- 3. Chrysoberyl
- 4. Spinel
- 5. Topaz
- 6. Zircon
- 7. Tourmaline
- 8. Garnet
- 9. Crystalline quartz
- 10. Cryptocrystalline quartz
- 11. Olivine
- 12. Peridot
- 13. Tanzanite
- 14. Jadeite jade
- 15. Nephrite jade
- 16. Spodumene
- 17. Feldspar
- 18. Turquoise
- 19. Lapis Lazuli

20. Opal

Schedule 2

(Section 4)

Property or monies valued at NIS 150,000 at least, whether within the framework of a single transaction or of a series of transactions amounting to the value aforementioned over a two month period.

Schedule 3

(Section 7(b))

Additional bodies to which the obligations under Chapter 3 apply

1. A member of the Stock Exchange.
- 1A. A company holding a trading platform license.
2. A portfolio manager.
3. An insurer or insurance broker as defined in section 1 of the Insurance Business (Control) Law, 5741-1981.
4. A management company as defined in the Control of Financial Services (Provident Funds) Law, 5765-2005 with regard to the provident funds under its management.
5. A money service business.
- 5A. A credit services provider or a credit and deposit services provider.
6. The Postal Bank.

Schedule 3.1

(section 8A(b))

Bodies membership of which enables a relaxation of the customer identification rules when entering into a precious stones transaction

1. The Israel Diamond Exchange Ltd.
2. The Israel Chamber Precious Stones and Diamonds Exchange Ltd.

Schedule 4

(section 9(b))

Sums of money which must be reported

NIS 50,000 or more;

If the person is entering or leaving the State of Israel via the Gaza area or if the person is entering or leaving Israel through a land border crossing point - 12,000 NIS or more.

Under this Schedule a 'land border crossing point' - shall be any of the following:

- (1) Rafah crossing terminal;
- (2) Nitzana Crossing Terminal;
- (3) Taba crossing terminal;
- (4) Jordan River Crossing Terminal;
- (5) Yitzhak Rabin Terminal.

Ehud Barak
Prime Minister

Moshe Katsav
President of the State

Yossi Beilin
Minister of Justice

Avraham Burg
Knesset Speaker