Prohibition of Money Laundering (Provident Fund and a Company Managing a Provident Fund Requirements Regarding Identification and Record-Keeping) Order, 5762-2001

By virtue of the authority vested in me under sections 7 and 32(c) of the Prohibition on Money Laundering Law, 5760-2000¹ (hereinafter - “the Law”), after consultation with the Minister of Justice and the Minister of Internal Security and with the approval of the Knesset Constitution, Law and Justice Committee, I order as follows:

Definitions

1. In this Order –

“controlling person” means a person who holds a controlling interest in a corporation, as defined in section 7(a)(1)(b) of the Law;

“the Commissioner” means the Commissioner of the Capital Market, Insurance and Savings at the Ministry of Finance;

“the competent authority” is within the definition in section 29 of the Law;

“managing company” as defined in regulation 1 of the Income Tax (Rules for the Authorization and Management of Provident Funds) Regulations, 5724-1964² (hereinafter - “the Income Tax Regulations”);

“account” means self-employed member’s account in a provident fund;

“low amount-of-deposit account” means an account in which the annual deposit therein, in each of the years in which the account exists, does not exceed 20,000 New Israeli Shekels;

“individual” means one who is not a corporation, a public institution or a corporation established abroad under statute;

“public institution” means government ministries, the Jewish Agency for Israel, local authorities, as well as authorities, corporations or other institutions established in Israel under statute;

“beneficiary” means one entitled to receive funds accruing to a member from the fund after his death;

“authorized representative” means a person authorized by a member to act in his account in the provident fund, provided however that he is registered at the fund as a person authorized to act in the account;

“identity number” means –

¹Sefer Ha-Chukkim of 5760, p. 293.
²Kovetz Hatakanot of 5724, p. 1302.
(1) in the case of an individual who is a resident – the identity number at the Population Registry;

(2) in the case of an individual who is a foreign resident – a passport number or laissez passer number and the name of the state in which the passport or laissez passer was issued; and in the case of an individual identified according to a document as stated in section 3(a)(6) – the identification number on that document and the name of the state in which the document was issued; where there are letters or more than 9 digits in the identification number, the fund shall record only the last 9 digits and disregard the letters;

(3) in the case of a corporation registered in Israel – the registration number at the appropriate registry;

(4) in the event of a corporation not registered in Israel – the registration number in the state of incorporation, if any, and its address, and where there is no registration of this category of corporations – the registration number allocated to it by the fund in coordination with the competent authority; and in the case of a corporation identified according to a document as stated in section 3(a)(6) – the identification number in that document and the name of the state in which the document was issued; where there are letters or more than 9 digits in the identifying number – the fund shall record only the last 9 digits and disregard the letters;

(5) in a public institution and a corporation established abroad under statute – the registration number to be allocated to it by the fund in coordination with the competent authority;

“address” means –

(1) in the case of an individual – the address recorded in the document as stated in section 3(a)(1), (2) or (6), as the case may be, and where a different address has been provided – the address provided;

(2) in the case of a corporation – the address recorded in the document as stated in section 3(a)(3) or (4), as the case may be, and where a different address has been provided – the address provided;

(3) in the case of a public institution and a corporation established abroad under statute – the address provided;

“recipient of a service” means a member, a person opening an account for a member, an authorized representative, or - after the death of a member - a beneficiary;

“member” and “independent member” as defined in the Income Tax Regulations;
“transaction” means a single transaction, unless provided otherwise in this Order;

“insurance fund”, “provident benefit fund” and “professional development fund” as defined in the Income Tax Regulations;

“provident fund” means a provident fund as defined under section 47(a)(2) of the Income Tax Ordinance that is a provident benefit fund or a professional development fund and that is not an insurance fund;

“fund” means the managing company of a provident fund in respect of the pension fund which it manages, and in the case of a provident fund that is not managed by a managing company, the provident fund;

“name” means –

(1) in the case of an individual – family name and given name, including additional names, if any;

(2) in the case of a corporation – the registered name, and if incorporated in a state in which there is no registration in respect of corporations of this category, the name as provided;

(3) in the case of a corporation incorporated under statute – the name determined in the statute, either in Israel or abroad;

(4) in the case of a public institution, excluding an institution established under statute, the name as provided;

“corporation” means –

(1) a company, partnership, cooperative society, Ottoman society, association, or political party registered in Israel (hereinafter - an “Israeli corporation”);

(2) an entity registered abroad as a corporation or an entity incorporated in a state in which there is no registration in respect of such entities, provided however that it presented a document testifying that it is a corporation (hereinafter - a “foreign corporation”);

“resident” as defined in the Population Registry Law, 5725-1965, including an Israeli national who is not a resident as stated, but is registered in the Population Registry;

“foreign resident” means a person who is not a resident.

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3Dinei Medinat Yisrael (Nusach Chadash), vol. 6, p. 120.
4Sefer Ha-Chukkim of5725, p. 270.
Chapter Two: Obligations of Identification

Record of identifying particulars

2. (a) A fund shall not open an account or perform any transaction in an account –

(1) without making a record of the following identifying particulars in respect of the member, a person opening the account for the latter and an authorized representative:

(a) name;

(b) identity number;

(c) in the case of an individual, his date of birth and sex, and in the case of a corporation, the date of incorporation;

(d) address.

(2) without authenticating the identifying particulars stated in paragraph (1), as set forth in section 3.

(b) A fund shall not add an authorized representative to an account without recording his identifying particulars, as stated in subsection (a)(1) and authenticating them as set forth in section 3.

(c) A fund shall not perform any transaction in an account after the death of the member pursuant to an instruction given by a beneficiary without recording his identifying particulars as stated in subsection (a)(1) and authenticating them as set forth in section 3.

(d) A fund shall not perform any transaction in an account without recording in respect of the person performing the transaction the identifying particulars as stated in subsection (a)(1) and authenticating them as set forth in section 3; in this subsection, “transaction” means a transaction in the sum of at least 50,000 New Israeli Shekels, excluding a bank transfer, in an account where the person performing the transaction is not registered therein as a member, authorized representative or, after the death of the member, as a beneficiary.

(e) A fund shall not perform any transaction in an account after the death of the member under an instruction given by a beneficiary who is a corporation, without recording in respect of the controlling persons therein the particulars in subsection (a)(1)(a) and (b); the particulars shall be recorded by a declaration as stated in section 4; where a fund is not in possession of the identity number, after having made reasonable efforts to obtain such number, it shall record instead the particulars in subsection (a)(1)(c) and (d), as well as the state of nationality.

(f) A fund shall not perform a withdrawal transaction from a low-amount-of-deposit account without recording in respect of the member or the
beneficiary making the withdrawal, as the case may be, the identifying particulars as stated in subsection (a)(1) and authenticating them, as set forth in section 3.

Authentication of particulars and demand for documents

3. (a) A fund shall obtain identifying documents of the recipient of a service in the transactions as stated in section 2(a) to (d) and (f) and shall authenticate his identifying particulars on the date of performance of the transaction or within 30 days of the date of opening the account, as the case may be, but in any event prior to performance of the transaction of withdrawal from the account, all as set forth hereunder:

(1) in the case of an individual who is a resident - for the purposes of recording the identifying particulars in section 2(a)(1)(a) to (c) – according to an identity card, a photocopy of which insofar as it relates to the aforesaid identifying particulars, shall be kept with the fund; the fund shall verify the identifying particulars with the Population Registry at the Ministry of the Interior and shall compare the date of issue of the card appearing on the card with the last date of issue as registered at the Population Registry; in this paragraph, “identity card” includes an immigrant’s card up to 30 days after the date of its issue, as well as an Israeli passport where the identification is performed abroad;

(2) in the case of an individual who is a foreign resident, for the purpose of recording the identifying particulars in section 2(a)(1)(a) to (c) – according to a foreign passport or *laissez passer*; the fund shall compare the identifying particulars with another document bearing a photograph and identity number, and in the absence thereof, with a document bearing the name and identity number as well as the address or date of birth, and in the absence thereof, with a credit card; the fund shall obtain photocopies of the documents stated in this paragraph, insofar as they relate to the identifying particulars;

(3) in the case of an Israeli corporation, for the purposes of recording the identifying particulars of the corporation as stated in section 2(a)(1)(a) to (c) – according to a registration certificate; where one of the aforesaid particulars is missing on the certificate – according to a certification from an advocate; the fund shall obtain the following documents:

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

(b) a certification from an advocate of the existence, name and identity number of the corporation;
alternatively, the fund may authenticate the fact of registration of the corporation with the appropriate registries;

In this paragraph, “advocate” means a person licensed to practice law in Israel;

(4) in the case of a foreign corporation, for the purposes of recording the identifying particulars of a corporation as stated in section 2(a)(1)(a) to (d) – according to a certified copy of a document evidencing registration thereof, insofar as these particulars appear on the document; where one of the aforesaid particulars is missing from the document – according to a certification from an advocate; the fund shall obtain a document evidencing the registration of the corporation and certification as specified in paragraph (3)(b); in the case of a corporation in a state in which there is no registration of corporations of this category – the fund shall obtain certification from an advocate of the fact that no registration exists in the state of incorporation;

(5) in the case of a public institution and a corporation established abroad under statute, for the purposes of registering the name – according to a declaration from the recipient of the service, and in the case of a corporation established under statute – according to a copy received by the fund of the statute under which the corporation was established or an advocate’s certification received by the fund of the existence of the statute;

(6) notwithstanding the provisions of paragraphs (2) and (4), where transactions have been performed abroad to open an account, the fund may record the identifying particulars according to the identifying documents customary in the state in which the identification is performed, provided however that legislation requiring the identification of customers exists in that state; the fund shall retain photocopies of the identifying documents.

(b) Where a fund has obtained identifying particulars of a member or withdrawing beneficiary as stated in section 2(f), and the total sum of monies owed to him does not exceed 200,000 New Israeli Shekels, such fund shall not be required to authenticate these particulars, as specified in subsection (a).

(c) In this section, “certified copy” means a true copy of the original, authorized by one of the following persons:

(1) the authority issuing the original document;

(2) an advocate holding a license to practice law in Israel;
(3) a clerk of the fund or bank clerk on behalf of the fund before whom the original document had been presented;

(4) an authority as noted in section 6 of the Convention Abolishing the Requirement of Legalization for Foreign Public Documents;

(5) an Israeli diplomatic or consular representative abroad.

Declaration of controlling person and another

4. (a) At the time of opening an account, the fund shall demand a declaration from the member that he is acting on his own behalf.

(b) As a condition for performance of a transaction in an account after the death of the member under an instruction given by the beneficiary, the fund shall demand a declaration from the beneficiary, that he is acting on his own behalf, or on behalf of another person; where a beneficiary has made a declaration that he is acting on behalf of another person, the declaration shall include the particulars stated in section 2(a)(1)(a) and (b) in respect of the other person; where the fund does not possess an identity number, after having made reasonable efforts to obtain such number, it shall record instead the particulars in subsection (a)(1)(c) and (d), in addition to the state of nationality; the fund shall authenticate the aforesaid particulars, as specified in section 3.

(c) As a condition for the performance of a transaction in an account after the death of the member, under an instruction given by a beneficiary who is a corporation, the fund shall demand from the beneficiary a declaration of the authorized signatories on the identifying particulars, as stated in section 2(e), in respect of a controlling person of the corporation.

(d) Declarations as stated in subsections (b) and (c) shall be made in accordance with the form in the Schedule.

Preservation of identifying documents

5. A fund shall keep the identifying documents for a term of at least seven years after the account has been closed; for this purpose, “identifying documents” means any document delivered for the purpose of identification and authentication.

Chapter Three: Obligations of Reporting

Reporting transactions or events

6. A fund shall report to the competent authority on the transactions and events as set forth hereunder:

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5*Kitvei Amanot*, vol 25, p. 493.
(1) a transaction of deposit in an account of an amount equivalent to at least 100,000 New Israeli Shekels, excluding a transfer from another provident fund;

(2) where the total amount of cumulative deposits from the beginning of the year in all the accounts of the member at the provident fund is in excess of an amount equivalent to 500,000 New Israeli Shekels, excluding a transfer from other provident funds;

(3) a transaction of withdrawal from an account in an amount equivalent to at least 1,000,000 New Israeli Shekels, transferred abroad upon instruction to the fund;

(4) a transaction of withdrawal from an account, in cash or by check not made solely to the beneficiary, in an amount equivalent to at least 200,000 New Israeli Shekels;

(5) a transaction of withdrawal from an account in an amount equivalent to at least 1,000,000 New Israeli Shekels, where the current account to be credited, as provided to the fund, is not in the name of the member;

(6) a transaction of withdrawal from an account by a beneficiary in an amount equivalent to at least 1,000,000 New Israeli Shekels;

(7) a transaction of withdrawal from an account in an amount equivalent to at least 1,000,000 New Israeli Shekels, not reported under paragraphs (3) and (6);

(8) where the total cumulative withdrawals from the beginning of the year, except where performed in a single withdrawal, from all the accounts of the member at the pension fund are in excess of an amount equivalent to at least 1,000,000 New Israeli Shekels;

(9) receipt of a loan by a member under Regulation 30 of the Income Tax Regulations, in an amount equivalent to at least 1,000,000 New Israeli Shekels;

(10) any transaction in an account which in view of the information found in the possession of the fund purports to be unusual, in its opinion, and inclusive of any transaction whose objective appears to be to circumvent the obligation of reporting prescribed in this section, but without an obligation to present questions and clarify the facts with the recipient of the service and the person performing the transaction.

Particulars of reporting
7. Reporting under section 6 shall include the following particulars:

(1) in respect of the reported account –

(a) the account number;

(b) the date of opening the account;

(c) the amount invested in the account, as of the final date of assessment;

(d) category of provident fund – provident benefit or professional development fund;

(e) the date on which monies may be withdrawn from the fund with a tax exemption under the Income Tax Ordinance;²

(2) in respect of the reported transaction or event –

(a) the name of the provident fund, its income tax authorization number and the name of the company managing the fund;

(b) the date of performance of the transaction, as recorded in the records of the fund;

(c) the transaction amount in Israeli currency; in a transaction in foreign currency, the transaction amount shall be calculated according to the representative rate known on the date of recording the transaction;

(e) the type of foreign currency in which the transaction was performed;

(f) in a report under section 6(1) to (9) – the paragraph number relating to the transaction or event;

(g) in a report under section 6(10) – the grounds for reporting, including a description of the transaction for which the report was filed and the attendant circumstances;

(h) in a report under section 6(3) and (5) to (9) – also the bank number, branch number and account number of the financial establishments involved in the transaction and the name and address of the financial establishment on the other side, if known;

(8) particulars of the court file or execution office file, as the case may be, in a withdrawal transaction in realization of a charge or attachment.

²Dinei Medinat Yisrael (Nusach Chadash), vol. 6, p. 120.
(3) In respect of a member, authorized representative and where the member has died, also in respect of the beneficiary, a controlling person and any other person in respect of whom it has been declared as stated in section 4, as well as in a report under section 6(c), in respect of the person performing the transaction –

(a) name;
(b) identity number;
(c) address;
(d) telephone number, up to two numbers, if known;
(e) in the case of an individual – date of birth, and in the case of a corporation – the date of incorporation;
(f) in the case of an individual – sex;
(g) status (resident, foreign resident, Israeli corporation, foreign corporation).

Prohibition of disclosure and inspection

8. A fund shall not disclose the fact of the existence or non-existence of a report under section 6(10) and shall not allow inspection of documents evidencing any such report, except to the Commissioner under section 12 of the Law, the competent authority or pursuant to a court order.

Preserving documents

9. A fund shall keep the document of instruction for performance of the transaction reported to the competent authority for a term of at least seven years from the conclusion of the year in which the transaction was performed.

Chapter Four: Miscellaneous

Maintaining and preserving records

10. (a) A fund shall maintain a computerized database of all accounts at the provident fund, which shall include identifying particulars required under this Order of the members, authorized representatives and beneficiaries.

(b) A fund shall keep accessible information on each financial transaction performed in the account, for a period of seven years after the conclusion of the year in which the account was closed.

Delivery of documents and information
11. A fund shall deliver to the Commissioner, or to any person authorized by him, upon demand, documents, information and explanations in connection with the fulfillment of its obligations under this Order.

Saving of rights of members

12. A breach of any of the provisions of this Order shall not derogate from any rights of a member in an account.

Restriction of application

13. The provisions of sections 2(a) to (d), 4 and 10 shall not apply to a low-amount-of-deposit account.

Commencement and application

14. This Order shall come into effect on the date determined by the Minister of Justice as stated in section 35 of the Law (hereinafter - “the date of commencement”) and shall apply in respect of accounts in force on the date of commencement or opened thereafter.

Transitional provisions

15. (a) Notwithstanding the provisions of section 14, the provisions of sections 2, 3 and 10(a) in respect of accounts opened prior to the date of commencement shall apply on the date of performance of the first transaction in one of the accounts of the member at the fund made commencing on the conclusion of 12 months after the date of commencement.

(b) In the case of a resident and Israeli corporation – inspection of identifying particulars against the appropriate registries shall be deemed authentication pursuant to section 3.

(c) In this section, “transaction” means an initiated transaction which is not a withdrawal of all the monies from the account, including the opening of a new account by the member.

Schedule
(section 4(d))

Beneficiary Declaration Form

Account No…………….Name of Pension Fund …………………

I, ..................[name of beneficiary, and in the case of a corporation beneficiary, the name of the corporation], holder of identity number ......................, do hereby declare:
☐ I am acting on my own behalf.

☐ I am acting on behalf of another person/persons who is/are:

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☐ Controlling persons in the corporation are the following (to be completed where the declarant is a corporation):

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I undertake to notify the insurer of any change in the particulars provided by me above.

____________________  ______________________
          date                        signature

____________________  ______________________
     name of authorized signatory            identity number
   (corporation beneficiary)                    

____________________  ______________________
     name of authorized signatory            identity number
   (individual beneficiary)                   

(where the beneficiary is a corporation, the declaration must be stamped with the company seal and signed by those persons authorized to sign on its behalf)

____________________
*including the name of the state in which the identifying document was issued

____________________
** to be completed where name or identity number is missing

_________  5762
(_________  2001)