Prohibition of Money Laundering (Obligations of Portfolio Managers to identify, report and retain lists for the purpose of preventing money laundering and financing terrorism), 5770-2010

By virtue of my authority pursuant to sections 7(b) and (c) and 32(c) of the Prohibition of Money Laundering Act, 5760-20001 (hereinafter: “the Act”), and section 48(a) of the Prohibition on Financing Terrorism Law, 5765-20052 (hereinafter: “Prohibition on Financing Terrorism Law”), after consultation with the Minister of Public Security and with the Minister of Justice and for the purposes of section 15, with the consent of the Minister of Justice and with the approval of the Constitution, Law and Justice Committee of the Knesset, I hereby order as follows:

Chapter 1: Interpretation

Definitions

1. In this Order –

“Politically Exposed Persons” – overseas resident with a senior public position from outside Israel, including a family member of such a person or a corporation under his control or a business partner of any of the above; for these purposes, “senior public position” – including the head of state, president, city mayor, judge, member of parliament, member of the government and senior officer in the army or police, or anyone who performs such a role even if the title is different.

“Family member” – as defined in the Securities Act, 5728-19683;

“Postal Bank” – the company as defined in the Postal Authority Law, 5746-1986 (in this definition – “the Law”) as a provider of monetary services within the meaning of section 1 of the Law, on behalf of its subsidiary, within the meaning of section 88k of the Law;

“Controlling shareholder” – whoever has control of a corporation, within the meaning of section 7(a)(1)(b) of the Act;

‘Recognized body” – a workers’ committee or representatives of a condominium

“Supervisor” – as defined in section 12 of the Act.

“Competent Authority” – as defined in section 29 of the Act.

“The List” – a list of declared terror organizations and of people

1 Collected Laws 5760, p. 239; 5762, p. 386
2 Collected Laws 5765, p. 76 and p. 947.
3 Collected Laws 5728, p. 234
declared to be a terrorist activists, published pursuant to section 47(b)(1)(c) of the Prohibition on Financing terrorism Law; and also any such organization or person, regarding whom notice of its declaration as a terror organization or as a person who is a terrorist activist has been furnished to a Portfolio Manager in the manner determined pursuant to section 47(b)(1)(b) of the Prohibition on Financing Terrorism Law and the Portfolio Manager has not received notice of its cancellation;

“Managing Company”, “Provident Fund” – as defined in the Supervision of Financial Services Act (Provident Funds), 5765-2005;

“Managed Account” – an account for securities or financial assets over which the Portfolio Manager has received power of attorney.

“Individual” – one that is not a corporation or is not a public institution or is not an institution established by legislation outside Israel or that is not a recognized body;

“Client” – one who gave the Portfolio Manager a power of attorney to act in a securities or financial assets account.

“Insurer” – as defined in the Supervision of Financial Services Act (Insurance), 5741-1981.

“Public Institution” – government ministries, the Jewish Agency for Israel, local authorities and also other authorities, corporations or institutions established in Israel by legislation.

“Identity number” – each of the following:

1. For an individual who is a resident – his identity number in the Population Registry;

2. For an individual who is a foreign resident – the number of his passport or travel document and the name of the country where such passport or travel document was issued;

3. For a corporation registered in Israel – the registration number in the appropriate Register;

4. For a corporation not registered in Israel – the registration number in the country of incorporation, if any, and its name, and if there is no registration for corporations of its type – the details recorded in the corporation’s document of incorporation.

4 Collected Laws 5765, p. 889
5 Collected Laws 5741, p. 208.
For an overseas public institution, recognized body and corporation that was established by legislation – the registration number allocated to it by the banking corporation or the Stock Exchange member where the managed account is held or the registration number allocated to it by the Portfolio Manager.

“Address” – each of the following:

1. For an individual – his address as recorded in the document stated in section 5(a)(1) and (2) or his place of residence, as provided, including the town name, the street name, the house number and the postal code, if this information exists, and for a foreign resident – also the country name;

2. For a corporation – the address as recorded in the document stated in section 5(a)(3) and (4) or the place where its business is conducted in Israel, and if it does not conduct business in Israel – the center of its business activity outside Israel, and all these – as furnished; the address shall include the town name, the street name, the house number and the postal code, if this information exists, and for a foreign corporation – also the country name;

3. For a foreign public institution, recognized body and corporation that was established by legislation – the address as furnished, including the town name, the street name, the house number and the post code, if this information exists, and for a foreign corporation established by legislation – also the country name;

“Beneficial owner” – as defined in section 7(a)(1)(a) of the Act, and in the case of a corporation, it and its controlling shareholder shall be deemed beneficiaries;


“Transaction” – a single transaction, unless otherwise determined in this Order.

“Fund” – as defined in the Joint Investment in Trusts Act, 5754-1994;

6 Collected Laws 5755. p. 416
“Name” – each of the following:

(1) For an individual – surname and forename, recorded in the identity document as defined in section 5;

(2) For a corporation – its registered name, and if incorporated in a country where there is no registration of corporations of its type – its name as furnished;

(3) For a corporation established by legislation – the name stipulated in the legislation, whether in Israel or overseas;

(4) For a recognized body and public institution, excluding a corporation established by legislation – the name as furnished;

“Corporation” – each of the following:

(1) Company, partnership, cooperative association, Ottoman association, society or party registered in Israel;

(2) Body registered as a corporation overseas;

(3) Body incorporated in a country in which there is no registration of bodies of its type, providing that it shows a document proving that it is a corporation;

“Resident” – as defined in the Population Registry Law, 5725-19657; including an Israeli citizen who is not a resident as aforesaid, registered in the Population Registry;

“Foreign resident” – a person who is not a resident.

Chapter B: Customer Due Diligence

Customer Due Diligence 2. (a) A Portfolio Manager shall not commence business relations to manage a managed account without identifying the person who wishes to be a client and without there being a procedure of recognition of the client, according to the degree of risk the client represents for money laundering and financing terrorism; on this matter, “a procedure of recognition of the client” – inter alia, clarifying the source of the money deposited in the managed account, his occupation, and the purpose of opening the managed account; with respect to a foreign resident – also clarifying the account holder’s connection to Israel and whether he is a Politically Exposed Persons; with respect to a business owner – also his type of business; the Portfolio

7 Collected Laws 5725, p. 270.
Manager shall document all the aforesaid information.

(b) A Portfolio Manager shall not establish a business relationship to manage an account for a Politically Exposed Persons, unless approval to do so has been received from an Office Holder in the Portfolio Manager, including someone directly subordinate to the CEO. Giving such approval shall entail an examination of the degree of risk of the account owner for money laundering and financing terrorism; if in the course of the business relationship it is found that the client is a Politically Exposed Persons, the Portfolio Manager shall not perform any action in the account until approval as aforesaid is received to continue the relations; in this section, “Office Holder” – as defined in the Companies Act, 5759-1999.

(c) The Portfolio Manager shall carry out regular reviews with reference to the procedure of recognizing the client as conducted during the course of establishing a business relationship, according to the degree of risk of the client for money laundering and financing terrorism, and shall update his records accordingly; if any doubt arises regarding the identity of the client or the authenticity of the identification documents furnished to the Portfolio Manager, the Portfolio Manager shall repeat the procedure of recognizing the client.

Record-keeping 3. (a) A Portfolio Manager shall not establish a business relationship to manage a managed account without recording, for the individual who wishes to be a client and for his proxy, if any, the following identification details and verifying them as specified in section 4:

(1) Name;

(2) Identity number;

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

(4) Address.

(b) The Portfolio Manager shall not establish a business relationship to manage a managed account without recording, for the Beneficial owner, the details specified in sub-sections (a)(1) and (2); the details shall be recorded pursuant to a declaration as stated in section 5; if the Portfolio Manager does not have the identity number of a Beneficial owner, after

8 Collected Laws 5759, p. 189.
taking reasonable measures to obtain it, he shall instead record the details in sub-section (a)(3) and the country of citizenship or incorporation, as applicable; this sub-section shall not apply:

(1) If a Portfolio Manager finds, in the course of establishing a business relationship, that the account is to be managed for the benefit of a Beneficial owner whose identity, according to the declaration of the person wishing to open the account, cannot be known, and the reason given for this is that his identity is not yet known; in such a case the Portfolio Manager will draw the attention of the client, in writing, to his obligation to give the Portfolio Manager the details of such Beneficial owner as soon as they are known;

(2) In the case of a request to open a managed account by someone appointed by a court, a religious court, head of the Debt Collection Office, the Inheritance Registrar or another official organ of the State as determined by the chairman of the Securities Authority, and providing that he has so declared. the Portfolio Manager shall indicate the appointment in his records of the account and shall retain a copy of the documentation thereof.

(c) A Portfolio Manager shall not establish a business relationship to manage a managed account for a corporation without recording, with respect to its controlling shareholder, the details in sub-section (a)(1) and (2); the details shall be recorded pursuant to a declaration as stated in section 5; if the Portfolio Manager does not have the identity number, after taking reasonable steps to obtain it, he shall instead record the details in sub-section (a)(3) and the country of citizenship.

(d) A Portfolio Manager shall not add to a portfolio:

(1) An client or client’s proxy, without recording with respect to them the identifying details specified in sub-section (a) and verifying them as specified in section (4);

(2) A Beneficial owner without recording the identifying details specified in sub-section (b);

(3) A controlling shareholder of a corporation without recording the identifying details specified in sub-section (c);
(e) An arrangement to manage a managed account and adding a client, adding a Beneficial owner and adding a controlling shareholder shall be accompanied by a declaration as stated in section 5; such a declaration given upon opening an account shall bear an original signature.

Verifying details and requesting documents

4. (a) A Portfolio Manager shall verify the identifying details required for transactions as specified in section 3(a) and (d)(1) and shall obtain the following documents:

(1) for an individual who is a resident, regarding the recording of the identifying details specified in sections 3(a)(1) to (3) – the identity document or certified copy thereof; the Portfolio Manager shall compare the identifying details with another official certificate issued by the State or one of its institutions, bearing a photograph and name or identity number; photocopies of the identifying documents – with respect to the identifying details - shall be retained by the Portfolio Manager; if the individual wishing to be a client (applicant?) fails to present another official certificate, the Portfolio Manager shall verify the identifying details with the Population Registry and shall compare the date of issue shown on the document with the last date of issue of such document recorded in the Population Registry in the Ministry of the Interior; a Portfolio Manager who is a Stock Exchange member or a corporation linked to a Stock Exchange member or a corporation linked to a banking corporation may, instead of comparing the identifying details with another official document as aforesaid, compare them with the Population Registry, and compare the date of issue shown on the document with the last date of issue of such document recorded in the Population Registry in the Ministry of the Interior; the Portfolio Manager shall retain documentation of such comparison; for the purposes of this paragraph:

(a) “Linked corporation” – as defined in the Occupational Act;

(b) A new immigrant certificate shall also be deemed an identity document up to 30 days from its date of issue, and also an Israeli passport when the identification is made outside Israel or when the person responsible for complying with the obligation pursuant to section 8 of the Act is
convinced that the individual has permanently ceased residing in Israel, however the obligation to compare the date of issue of the document shall not apply to identification by the aforesaid documents;

(2) With respect to recording the identifying details pursuant to sections 3(a)(1) to (3) for an individual who is a foreign resident – a foreign passport or travel document, or certified copy of such document; the Portfolio Manager shall compare the identity details with another document bearing a photograph and identity number, and in its absence – with a document bearing a name or identity number as well as an address or date of birth; the Portfolio Manager shall retain photocopies of the identification documents – with reference to identifying details.

(3) With respect to recording the identifying details pursuant to sections 3(a)(1) to (3) for a corporation registered in Israel – the registration certificate or a certified copy of it; if one of the aforesaid details is missing in the certificate – confirmation from an attorney; the Portfolio Manager shall obtain and retain these documents or photocopies of them:

(a) A confirmed copy of the corporation’s registration certificate.

(b) Confirmed copies of the corporation’s foundation documents.

(c) Confirmation from an attorney of the corporation’s existence, its name and identity number, or the Portfolio Manager shall verify the fact of the corporation’s registration in the appropriate registries;

(d) A confirmed copy of a decision by a competent organ of the corporation to open a managed account, or confirmation from an attorney that such decision was legally made;

(e) A confirmed copy of a decision by a competent organ of the corporation regarding the authorized signatories in the account, or confirmation from an attorney of the authorized signatories in the account;
(4) With respect to recording the identifying details pursuant to sections 3(a)(1) to (3), for a corporation that is not registered in Israel—a document providing its registration or a confirmed copy of such document, if such details appear in the document; if any of the aforesaid details are missing from the document—confirmation from an attorney; the Portfolio Manager shall obtain a document proving the registration of the corporation and documents as specified in section (3)(b) to (e); for a corporation incorporated in a country where there is no registration of corporations of its type, the Portfolio Manager shall obtain confirmation from an attorney that there is no registration in the country of incorporation, and shall retain these documents or photocopies of them;

(5) With respect to recording the name of a public institution and of a corporation established by legislation overseas—a declaration by the client, and for a corporation established by legislation, the legislation by virtue of which the corporation was established, or confirmation from an attorney of the existence of such legislation; the Portfolio Manager shall obtain the documents specified in section (3)(d) and (e), mutatis mutandis; the Portfolio Manager shall retain these documents or photocopies thereof;

(6) Regarding registration of the name and address of a recognized body—a declaration by the client, after the Portfolio Manager has learned, from a document, that the individual wishing to establish business relations with him is authorized to act in the name of the recognized body; the Portfolio Manager shall retain this document or a photocopy thereof;

(7) For a minor under the age of 16—the identity document of one of his guardians; account owner the Portfolio Manager shall not carry out any transaction initiated by the client up to three months from the day the account owner turns 18, unless the contents of paragraph (1) or (2) are met, as applicable.

(b) In this section, “confirmed copy”—a true copy of the original verified by one of the following:

(1) The authority that issued the original document.

(2) An attorney licensed to practice law in Israel, a notary who is an attorney from one of the OECD countries, or a
notary who is an attorney from the country that issued the document to be confirmed, and providing that this country is not listed in the First Addendum;

(3) An employee of the Portfolio Manager or an employee of a linked corporation, as defined in the Occupational Act, of a Portfolio Manager, listed in the Third Addendum to the Act, who is shown the original document;

(4) An authority as stated in Article 6 of the Convention abolishing the requirement of legalization for foreign public documents (hereinafter: the Convention abolishing the requirement of legalization);

(5) An Israeli diplomatic or consular representative outside Israel.

(c) A Portfolio Manager shall take reasonable measures with respect to the risk of money laundering and financing terrorism to verify the identification details of a Beneficial owner and controlling shareholder of an account as stated in section 3(b)-(d), using relevant information or data received from a reliable source to his satisfaction; for this purpose, the Portfolio Manager may verify such identification details with the Population Registry.

(d) Notwithstanding the contents of this section, the chairman of the Securities Authority may, in consultation with the head of the competent authority, give instructions for alternative ways of verifying details and document requisition.

Declaration by a controlling shareholder and a Beneficial owner

5. (a) Before establishing business relations to manage a managed account, the Portfolio Manager shall ask the individual wishing to be a client for a signed original declaration of whether there is a Beneficial owner of the account; the declaration by such individual that there is a Beneficial owner of the account shall include the following details:

(1) The details specified in section 3(b) for each of the beneficiaries; if the Beneficial owner is unknown, as stated in section 3(b), the individual wishing to be a client shall declare accordingly;

(2) A declaration that the same details have also been given to the banking corporation or to the Stock Exchange member who holds the managed account.

(b) Before entering into business relations with a corporation, the Portfolio Manager shall demand an original signed declaration
from the corporation or confirmation from an attorney of the identification details as stated in section 3(c) of the controlling shareholder of the corporation.

(c) The declaration as stated in sub-sections (a) and (b) shall be made according to the form in the Second Addendum.

Partial exemption 6. (a) The contents of sections 3(b) and (d)(2) and also 5(a) regarding registration of a Beneficial owner in a managed account shall not apply to:

(1) An account of a banking corporation, Postal Bank, insurer, Portfolio Manager, provident fund and a managing company for the provident fund it manages and an account for a fund;

(2) A managed account of a public institution;

(3) A managed account of a recognized body;

(4) A managed account for a public religious building registered in the Register of Public Religious Buildings;

(5) An account for a Rabbinical public building for which confirmation has been given by the Rabbinical Court that it is a Rabbinical religious building intended for public purposes, unless the Portfolio Manager receives notice from the Rabbinical Court that such confirmation has been cancelled;

(6) A managed account that is managed for community purposes for the benefit of a large or undefined group of beneficiaries, providing that confirmation thereof is furnished by the person responsible for compliance with the obligations pursuant to section 8 of the Act; opening such an account shall be subject to a declaration bearing an original signature, according to the form in the Second Addendum, by the individual wishing to open it, of the special purpose of the account.

(7) A managed account that is managed for community purposes for the benefit of a large or undefined group of beneficiaries, providing that the balance in the account is no more than 50,000 new shekels; opening such an account shall be subject to a declaration bearing an original signature, according to the form in the Second Addendum, by the individual wishing to open it, of the special purpose of the account.
(8) Any other type of account as instructed by the chairman of the Securities Authority.

(b) If the client ceases to comply with one of the conditions stated in sub-sections (a)(6) to (8), he shall be sent a warning; if the client continues to act on the account after receiving such a warning, the Portfolio Manager shall not perform any initiated action in the account, unless the client completes a declaration regarding the Beneficial owner pursuant to section 5.

(c) The contents of sub-sections 3(c) and (d)(3) and 5(b) regarding registration of a controlling shareholder shall not apply to the managed accounts of a banking corporation, an insurer, a fund, a provident fund, a managing company for the provident fund under its management, or a company whose securities are traded on the Tel Aviv Stock Exchange or the Stock Exchange of a member country of the OECD, nor to the account of any other type of corporation as instructed by the chairman of the Authority; in this section, “Stock Exchange” a securities exchange or a regulated market as defined in the Joint Investments in Trust Act, 5744-1994.

(d) If a company is controlled by a company as stated in sub-section (c), such company shall be deemed the controlling shareholder.

Face to face identification

7. (a) A Portfolio Manager shall identify the client and the proxy face to face according to the identity documents as specified in section 4, before establishing a business relationship to open a managed account as stated in section 3; in this connection, “face to face identification” – identification by one of the following:

(1) The Portfolio Manager or any of his employees;

(2) The holder of a license to practice law in Israel;

(3) An Israeli diplomatic or consular representative overseas;

(4) An authority indicated in Article 6 of the Convention abolishing the requirement of legalization.

(b) The Portfolio Manager shall record the details of the person performing the identification.

Retaining the identification

8. The Portfolio Manager shall retain the identification documents for a period of seven years at least following the termination of the business
documents relations; the identification documents, excluding a declaration given with an original signature, may be retained by means of computerized scan according to the conditions specified in regulation 3a of the Evidence Regulations (Photographed copies), 5730-1969\(^\text{10}\); in this connection, “identification documents “ – any document furnished for the purposes of identification and verification, including a declaration given pursuant to this Order and the principal documents used by the Portfolio Manager to recognize the client pursuant to section 2.

### Chapter C: Duties of Review and Reporting

#### Review of activity in the account

| 9. | The Portfolio Manager shall conduct regular reviews of initiated activity by the client in the managed account, insofar as he is aware of them, for the purpose of complying with his obligations on matters of identification, reporting and record keeping pursuant to the law; without affecting the generality of the foregoing, the Portfolio Manager shall:
|    | (1) Ensure that the transactions are consistent with the nature of the managed account according to his **knowledge** of the client;
|    | (2) Perform more intensive review of the activity in the managed account of a Politically Exposed Persons.

#### Reporting by the Portfolio Manager

| 10. (a) | A Portfolio Manager shall report to the competent authority any transactions in a managed account, including an attempt to perform transactions that in view of the information available to the Portfolio Manager, appear to be unusual.
|    | (b) Without detracting from the generality of the contents of sub-section (a), any of the transactions specified in the Third Addendum may be deemed an unusual transaction.

#### Exemption from reporting

| 11. | The Portfolio Manager shall be exempt from reporting pursuant to this Order if the transaction is performed in a managed account by a client who is one of the following:
|    | (1) A public institution;
|    | (2) A banking corporation;
|    | (3) The Postal Bank;
|    | (4) An insurer;
|    | (5) A Stock Exchange member;

\(^{10}\) Collected Laws 5730, p. 316; 5765, p. 794.
(6) A provident fund and a managing company for the provident fund it manages;

(7) A fund.

Details of the reporting

12. Reporting pursuant to section 10 shall include the following details:

(1) Regarding the reported transaction:

(a) The name of the banking corporation or Stock Exchange member who manages the client’s monetary account, the branch number and account number.

(b) The date the transaction was performed, as recorded in the Portfolio Manager’s books;

(c) The amount of the transaction in Israeli currency; for a transaction in foreign currency, the amount shall be calculated according to the exchange rate published by the Bank of Israel and known on the day the transaction is recorded;

(d) Types of foreign currency in which the transaction was performed, up to two types of currency

(e) Type of action.

(f) Reason for reporting, including a description of the circumstances of the transaction for which the report is given.

(2) For a client and a proxy:

(a) Name;

(b) Identity number;

(c) Address;

(d) Up to two telephone numbers, if known;

(e) For an individual – date of birth; for a corporation – date of incorporation;

(f) For an individual – sex;

(g) Status of the client (resident/ foreign resident/ Israeli corporation/ foreign corporation).
(3) For any beneficiaries and controlling shareholder that may exist, the details required in sections 3(b) and (c).

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<tr>
<th>Reporting by a Portfolio Manager who is also a Stock Exchange member</th>
<th>13. In addition to the contents of section 10, a Portfolio Manager who is also a Stock Exchange member shall report to the competent authority also pursuant to the Prohibition of Money Laundering Order (Obligations for identification, reporting and keeping records by a Stock Exchange member to prevent money laundering and financing terrorism), 5770-2009(^\text{11}).</th>
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<tr>
<td>Prohibition of disclosure and examination</td>
<td>14. Disclosure of the preparation, existence, non-existence or contents of any report pursuant to section 10, and the existence of any supplementary report as defined in section 31(c) of the Act, the existence of a request for such report or the contents of any of these, and also permitting the examination of documents giving evidence of any of them is forbidden, except to an authorized person for the purpose of performing his role in the Portfolio Manager, the Supervisor or anyone authorized by him, the competent authority or pursuant to a Court order.</td>
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**Chapter D: Examining the identifying details against the list**

| Obligation to check against the list | 15. The Portfolio Manager will check the list to see whether it contains the name or identity number of a client, a proxy, a Beneficial owner or a controlling shareholder, for all the accounts he manages; such a check shall be carried out whenever an organization or person is added to the list or whenever a client, a proxy, a Beneficial owner or a controlling shareholder is added to the account. |

**Chapter E: Miscellaneous**

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<th>Determining policy</th>
<th>16. The Portfolio Manager shall determine a policy, tools and risk management with respect to the prohibition of money laundering and financing terrorism for the purpose of complying with his obligations with regard to identification, reporting and record keeping pursuant to the Act, including on the following matters:</th>
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<td>(1) The process of recognizing the client;</td>
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<td></td>
<td>(2) Tracking threats of money laundering and financing of terrorism, arising, inter alia, from new technologies, particularly those that enable transactions to be conducted other than face to face.</td>
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\(^{11}\) Collected Regulations 5770
Managing and retaining records

17. (a) The Portfolio Manager shall maintain a computer database of the numbers of the accounts he manages, and of all details to be required pursuant to this Order, including an indication of any items that have been requested and have not been provided.

(b) The Portfolio Manager shall retain all documents relating to a transaction:

(1) At the client’s initiative, for a period of seven years from the date of the transaction.

(2) That has been reported to the competent authority and the report itself for a period of seven years from the date of the transaction.

(c) The Portfolio Manager shall retain written documentation of checks of activity as aforesaid in sub-section (b) and their findings for a period of seven years.

Submitting documents, information and explanations

18. The Portfolio Manager shall submit, upon demand, documents, information and explanations relating to compliance with his obligations pursuant to this Order, to the Securities Authority or to an employee authorized by the Authority.

Cancellation

19. The Prohibition of Money Laundering Order (Duties of identification, reporting and record keeping of a Portfolio Manager), 5762-200112, excluding section 18 therein, is revoked/void.

Commencement

20. This Order commences six months from its date of publication.

Transitional provisions

21. (a) From the end of two years following the commencement of this Order, a Portfolio Manager shall not perform any transaction on a managed account opened before the commencement date of this Order, unless he has complied with the provisions of Section 2, according to his knowledge of the client. account owner

(b) If the Portfolio Manager has used all the means at his disposal to make contact with the client and has failed to do so, he may, until he succeeds in contacting the client, notwithstanding the contents of sub-section (a), perform in a managed account opened before the commencement of this Order, only the activities of buying and selling securities or financial assets, in order to ensure the client’s best interests, as long as it is not prohibited by any law; the Portfolio Manager shall record the details of any actions taken to make contact with the client and shall retain all documents relevant to such actions.

12 Collected Regulations 5762, p. 239; 5768, p. 68.
First Addendum
(Section 4(b)(2))

List of countries and territories

1. A country or territory as determined by the head of the Competent Authority, considering, inter alia, the list of countries or territories for which the FATF has published reservations regarding their compliance with the organization’s recommendations for prohibiting money laundering and the financing of terrorism. Such determination shall be published on the website of the Competent Authority.

2. A country or territory as specified in paragraph (1) of the definition of “Infiltrator” in section 1 of the Infiltration Prevention Act (Offenses and Jurisdiction), 5714-1954.\(^\text{13}\)

3. The following countries and territories: Iran, Algeria, Afghanistan, the Palestinian Authority, Libya, the United Arab Emirates, Malaysia, Morocco, Sudan, Somalia, Pakistan, Tunisia.

\(^\text{13}\) Collected Laws 5714, p. 160.
Second Addendum
(Sections 5(c) and 6(a)(6) and (7))

Declaration of beneficiaries and controlling shareholders

I ……………………………. (full name of individual wishing to be a client and for a corporation – name of the corporation), identity number ……………….., hereby declare that:

☐ I am acting solely for myself.

☐ There is a Beneficial owner of the aforesaid rights, but the details of his identity are not yet known. The reason for this: __________________________________. I undertake to furnish the details of the Beneficial owner as soon as they become known to me.

☐ The beneficiaries of the transaction/ account are:

<table>
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<tr>
<th>Name</th>
<th>Identity number*</th>
<th>Date of birth/ incorporation</th>
<th>Sex</th>
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The connection between me and any other/s listed above is: ____________________________.

☐ The aforesaid details of the Beneficial owner of the account are the same details that I have furnished to the Banking Corporation/ Stock Exchange member where the account is held.

☐ The aforesaid details of the Beneficial owner of the account are not the same details that I have furnished to the Banking Corporation/ Stock Exchange member where the account is held. The reason for this:

____________________________________________________.

☐ The account is managed for community purposes for the benefit of a large group or an undefined group of beneficiaries, and the balance of the account will not exceed 50,000 new Shekels; The purpose of the account is:

___________________________________________________.

☐ The account is managed for community purposes for the benefit of a large group or an undefined group of beneficiaries (subject to approval by the person responsible for compliance with the obligations pursuant to section 8 of the Act). The purpose of the account is: ________________________________.

To be completed by a corporation:

☐ There is no controlling shareholder of the corporation.

☐ The controlling shareholder of the corporation are:

<table>
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<tr>
<th>Name</th>
<th>Identity number*</th>
<th>Date of birth/ incorporation</th>
<th>Sex</th>
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I undertake to inform the Portfolio Manager in writing as soon as possible of any change in the details given above. I know that giving false information, including failure to provide updates
of any detail requiring reporting, with the intent of avoiding reporting or causing incorrect reporting pursuant to section 7 of the Act, is a criminal offense.

________________________

Date

________________________

Signature

- Including the name of the country where the identity document was issued.
Third Addendum  
(Section 10(b))

List of transactions that may appear to be unusual transactions

1. Under the circumstances it appears that there is a Beneficial owner in the account, although this has not been declared by the client, including a client accompanied by another person and the Portfolio Manager has grounds for thinking that the instructions given by the client originate with the other person.

2. A transaction whose purpose seems to be to bypass the identification obligation.

3. Activity which caused the Portfolio Manager to decide to refuse to establish a business relationship with the client or to terminate the existing relationship for reasons of prevention of money laundering or the financing of terrorism.

4. Activity which appears to be intended to replace the activity of an organization declared as a unlawful association pursuant to regulation 84 of the Defense (emergency) Regulations, 194514, or an organization declared a terrorist organization pursuant to the Prevention of Terrorism Order, 5708-1948 or declared a terrorist organization pursuant to section 2 of the Prohibition on Financing Terrorism Law;

5. Activity that appears to be intended to replace the activity of a person declared a terrorist activist pursuant to section 2 of the Prohibition on Financing Terrorism Law;

6. Activity which appears to be lacking in business or economic logic, with reference to the type of account or the conduct of the client, or that is not consistent with the purposes and objectives of the managed account;

7. Activity in the account involving the withdrawal of money and securities, without apparent reason, soon after their deposit, and not as part of a normal business procedure, as far as the Portfolio Manager knows;

8. Action initiated in a managed account by a client or proxy, including changing the needs and instructions and the extent of authority and discretion granted to the Portfolio Manager pursuant to the power of attorney, that is not typical of the client or the type of account, without apparent reason;

9. Unusual extent of activities or significant change in the account balance, without apparent reason;

10. Series of instructions given by the client to purchase or sell securities, without apparent reason;

11. Activity by a non-profit organization which, as far as the Portfolio Manager knows, is not consistent with the purposes of that organization’s activity.

12. Activity in an account that was opened for joint investment and appears to have been opened solely for managing a joint account, without apparent reason.

13. Establishment of business relations by a client to manage a number of accounts of the same client, held by different Stock Exchange members or banking corporations, as well as

activity in more than one managed account, whether as a client or as someone acting in his name, without apparent reason.

14. A client who has declared that he is acting in a managed account for another who is not known to him;

15. An initial transaction initiated by the client after August 17, 2003, in a managed account opened before February 17, 2001, without the client being identified face to face;

16. A lack of concern shown by the client with regard to the risks, commissions and costs of the activities;

17. An account managed for a public purpose, for which the individual wishing to be a client has declared that there are no beneficiaries.

18. A declaration pursuant to this Order, which appears to be incorrect;

19. A declaration by a client pursuant to section 5 of this Order, which the details given are not the same as the details given to the banking corporation or to the Stock Exchange member holding the managed account, as far as the Portfolio Manager knows.

______________, 5770
(HM 3-3112)

Yuval Steinitz
Minister of Finance