Order on Prohibition on Money Laundering (Obligations of Identification, Reporting and Keeping Records of the Postal Bank to Prevent Money Laundering and Financing Terrorism), 5771 – 2011

Order on Prohibition on Money Laundering (Obligations of Identification, Reporting and Keeping Records of the Postal Bank to Prevent Money Laundering and Financing Terrorism), 5771 – 2011

By virtue of the power vested in me under sections 7(b) and (c) and 32(c) of the Prohibition on Money Laundering Law, 5760 – 2000 (hereinafter – the Law), and section 48(a) of the Prohibition on Financing Terrorism Law, 5765 – 2005 (hereinafter – the Prohibition on Financing Terrorism Law), following consultation with the Minister of Justice and the Minister for Internal Security, and with regards to Part Four, with the agreement of the Minister of Justice and with the approval of the Constitution, Law and Justice Committee of the Knesset, I hereby order as follows:

Part One: Interpretation

Definitions

1. In this Order –

“politically exposed person” - a foreign resident who holds a senior public position abroad, including a family member of such a resident or a corporation under his control or a business partner of one of the above; For this purpose, “senior public function” - includes the head of a state, president of a state, city mayor, judge, member of Parliament, member of the government and senior military or police officer, or any person who performs such a role even if his title is different;

* Published in Kovetz Takkanot 5771 No. 6966, of 19 January 2011, p. 512.
“family member” - as defined in the Securities Law, 5728 – 1968;

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

“account owner” - whoever is registered in the subsidiary as an account owner;

“controlling shareholder” - whoever has control of a corporation as per its meaning in section 7(a)(1)(b) of the Law;

“recognized body” – a workers’ committee or representatives of a condominium;

“the Supervisor” - as defined in section 11M(a)(5) of the Law;

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

“the list” - a centralized list of designated terrorist organizations and of people designated to be terrorist activists, published pursuant to section 47(b)(1)(c) of the Prohibition on Financing Terrorism Law; and also any such organization regarding which or person regarding whom a notification designating it or him has been issued to the Postal Bank in a manner specified under section 47(b)(1)(b) of the Prohibition on Financing Terrorism Law, and the Postal Bank has not received a notice cancelling the notification;

“managing company” and “provident fund” - as defined in the Supervision of Financial Services ( Provident Funds) Law, 5765 – 2005;

“subsidiary” - “the subsidiary company” as per its meaning in the section 88K of the Postal Authority Law.

“the Postal Company” - “the company”, as defined in the Postal Authority Law;

“account” - any account that can be opened in the subsidiary, including a list of debits and credits pursuant to an agreement to issue a debit card, except
for a state-allowances account;

“correspondent account” - any of the following:

(1) An account managed for a banking corporation;

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

“state-allowances account” - an account of an individual that was opened before the Law came into force, and which is restricted by the Postal Bank for use only for purposes of deposit and withdrawal of allowances from the state;

“individual” – whoever is not corporation or a public institution or a corporation established by statute abroad or it is not a recognized body;

“debit card- as defined in the Debit Card Law, 5746 – 1986, and also a plate or onther object, intended for the carrying out of payments, purchase of assets or services from a supplier or for withdrawing cash, in which monetary value can be accumulated, and which cannot be used to debit an account, except for a card, plate, or object as aforesaid, in which the maximum balance that can be accumulated is limited to NIS 1,000;

“insurer” - as defined in the Supervision of Financial Services (Insurance) Law, 5741 – 1981;

“financial institution”- a body similar to bodies that have the obligation of reporting under section 7 of the Law and also a body operating as an investment bank or clearing house, which incorporated abroad;

“public institution” - government ministries, the Jewish Agency for Israel, local authorities, and other authorities, corporations or other institutions that were established in Israel by statute;
Unofficial translation

“respondent institution” - whoever has a correspondent account in the Postal Bank;

“authorized signatory” - someone empowered by the account owner to operate the account, whether or not the account owner is an individual, including via a debit card, provided that he is registered at the subsidiary as a someone permitted to operate the account;

“identification number” –

(1) of an individual who is a resident - identification number as in the Population Registrar;

(2) of an individual who is a foreign resident – passport number or laissez-passer, and the name of the country that issued the passport or the laissez-passer; and for an individual who is identified by means of a document pursuant to in section 4(a)(2) – the identification number in the said document and the name of the country which issued that document;

(3) of a corporation registered in Israel – the registration number in the relevant register;

(4) of a corporation not registered in Israel – its registration number, if such exists, in the country where it was incorporated, and the name of the country, and if no registration exists for that type of corporation, the internal registration number allocated by the Postal Bank, and for a corporation identified by the means of a document pursuant to section 4(a)(4) – the identification number in that document and the name of the country which issued that document;

(5) of a public institution, a recognized body and a foreign corporation established by statute – the registration number allocated by the Postal Bank;

“address” –
(1) of an individual – the address recorded in the document pursuant to section 4(a)(1), (2) and (7) or his place of residence, as he provided, including the name of the town, and also the street name, house number and postal code, if such information exists, and for a foreign resident, also the name of the country;

(2) of a corporation – the address recorded in a document pursuant to section 4(a)(3), (4) and (8) or the location where its business in Israel is managed, and if it does not manage business in Israel, the location of its main business abroad, all as it provided; the address shall include the name of the town, and also the name of the street, number of the house and the postal code, if such information exists, and for a foreign corporation, also the name of the country;

(3) of a public institution, recognized body and foreign corporation established by statute abroad – the address it provided, including the name of town, and also the name of the street, the number of the house and the postal code, if such information exists, and for a foreign corporation established by statute abroad, also the name of the country;

“service recipient” - an account owner, authorized signatory, a person performing a transaction in the Postal Bank which is not recorded in an account or a person performing a transaction in the Postal Bank which is not recorded in the account in which the performer of the transaction is registered as the owner or authorized signatory;

“beneficial owner” - as defined in section 7(a)(1)(a) of the Law, and if the beneficial owner is a corporation, the corporation and the holders of the controlling interest in it shall be considered beneficial owners;

“functionary in the Postal Company” - the chief executive officer of the Postal Company, the deputy chief executive office of the Postal Company, the director of the Postal Bank in the Postal Company or deputy director of the Postal Bank in the Postal Company;
“attorney” - an attorney licensed to practice law in Israel and for a corporation that is not registered in Israel, also a notary who is an attorney holding a license in a member state of the Organization for Economic Cooperation and Development (hereinafter – OECD) or a notary who is an attorney licensed to practice law in the country in which the corporation was incorporated, provided that the country or territory in which the corporation is incorporated, is not listed in the First Schedule;

“transaction” - a single transaction, unless otherwise stated in this Order;

“parties to a transaction” - each of the parties to a transaction that is performed via the Postal Bank, including a party performing the transaction under sections 3(f), (g) and (i); and regarding the promissory notes and checks, the issuer of the note or the drawer of the check, as applicable, and also the payee of the note or the check, as applicable;

“fund” – as per its meaning as in the Joint Investment Trust Law, 5754 – 1994;

“name” –

(1) of an individual – surname and first name recorded in the identification document pursuant to in section 4;

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

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

(4) of a recognized body and of a public institution, excluding a corporation established by statute – the name it provided;

“corporation” any of the following:

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

(2) an entity registered as a corporation abroad;

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

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

“foreign resident” - a person who is not a resident;

“payment of bills”- payment of any of the following:

(1) taxes imposed by state authorities, among them stamp tax, income tax, purchase tax and value added tax;

(2) fees and fines imposed by state authorities;

(3) payments for national insurance;

(4) municipal taxes and fines;

(5) payments to the Israel Electric Corporation Ltd.

Chapter Two: Obligations of Identification

Customer Due Diligence

2. (a) The Postal Bank shall not open an account without identifying the person who requests to be the account owner and without conducting a process of recognition of the account holder recognized, according to the degree of risk he represents for money laundering and financing terrorism risk on this matter, “know your client” – inter alia, clarifying the source of the money to be deposited in the account, his business, the purpose of opening the account, the transactions planned to be taken in the account, and if the customer was refused services by a banking corporation for reasons relating to the prohibition on money laundering and financing terrorism; regarding a foreign resident, inquiry shall also be made regarding his connection to Israel, and whether he is a
Politically exposed person; regarding a person who is a business owner, also the kind of business; the Postal Bank shall keep records of these particulars.

(b) The Postal Bank shall not open an account for a Politically exposed person, unless it has received authorization from a functionary in the Postal Company; granting of the aforesaid authorization shall be examined according to the degree of risk the Politically exposed person poses for money laundering and financing terrorism; where it is learned during the contractual relationship that the account owner is a Politically exposed person, the Postal Bank shall not perform a transaction in the account until it receives the aforesaid authorization in the course of the relationship.

(c) The Postal Bank shall conduct ongoing monitoring with respect to the procedure for becoming recognized with the customer that it carried out upon the beginning of the relationship according to the degree of risk the account owner poses with respect to money laundering and financing terrorism, and will revise its records accordingly; where a doubt arises regarding the identity of the account owner or the genuineness of the identification particulars that were provided to the Postal Bank, the Postal Bank shall again perform the procedure for becoming recognized with account owner.

(d) For the purposes of this section, “account” does not include a plate or other object, which is intended for the making of payments, purchase of assets or services from a supplier or withdrawal of cash, in which monetary value can accumulate, and cannot be used to debit an account, whose cumulative balance is limited to a maximum value of NIS 5,000.
3. (a) The Postal Bank shall not open an account without recording, with respect to it each of the account owners and authorized signatories and also with respect to anyone applying to open an account if he is not one of the above, the following identification particulars and verify them as prescribed in section 4:

(1) name;
(2) identification number;
(3) for an individual – date of birth and sex; for a corporation – date of incorporation;
(4) address.

(b) The Postal Bank shall not open an account without recording, with respect to a beneficiary, the particulars specified in subsections (a)(1) and (2); the particulars shall be recorded according to a declaration as per section 5; where the Postal Bank does not have an identification number of the beneficial owner, after having taken reasonable measures to obtain one, it shall record in its stead the particulars listed in subsection (a)(3) and also the country of citizenship or incorporation, as applicable; this subsection shall not apply –

(1) where the Postal Bank discovers on opening the account, that the account is in favor of a beneficial owner whose identity cannot be discovered from the declaration made by this who applying to open an account, giving as the reason that the identity of the beneficiary was not known yet; in such case, the Postal Bank shall draw the attention of this who applied to open the account, in writing, to his obligation to provide the Postal Bank with the particulars of the beneficiary as soon as the identity of the beneficiary becomes known;

(2) in the case of an applicant wishing to open an account who has been appointed by a court, religious court or the chief of the
execution office, the registrar for inheritance matters, or another official state body that the supervisor prescribed provided the applicant has declared his appointment; the Postal Bank shall indicate the appointment in the account records and shall keep a copy of the supporting document.

(c) The Postal Bank shall not open an account for a corporation without recording the identification particulars as in subsections (a)(1) and (2) herein of those holding controlling interests in it the particulars shall be recorded according to the declaration as per section section 5; where the Postal Bank does not possess such identification number, after having taken reasonable measures to obtain one, it may instead record the details as in subsection (a)(3), and the country of citizenship.

(d) The Postal Bank shall not add to an account –

(1) an account owner or authorized signatory, without recording in respect thereof the identification particulars as per subsection (a) and their verification as specified in section 4;

(2) a beneficial owner, without recording in respect thereof the identification particulars as per subsection (b);

(3) controlling shareholder in a corporation, without recording in respect thereof the identification particulars specified in subsection (c).

(e) Opening an account and adding an account owner, adding a beneficial owner and adding a controlling shareholder shall be accompanied by a declaration as per section 5; the said declaration given upon opening the account shall be an original signed copy.

(f) A Postal Bank shall not carry out a transaction which requires a report pursuant to the provisions of section 11 and which is not recorded in an account in which the party performing the transaction is recorded as an account holder or authorized signatory except for payment of bills, without recording
the identification particulars of the party performing the transaction as per subsection (a) herein according to an document as set forth in section 4, or a document issued by the State of Israel bearing the party’s name, identification number, date of birth and photograph, and shall keep a photocopy of the identification document (hereafter in this subsection – identification document); in such a transaction that is not recorded in any account whatsoever of an account owner, the Postal Bank shall verify the identification particulars of the performer of the transaction as specified in section 4, mutatis mutandis; however, the Postal Bank does not have to retain a photocopy of the identification document of a repeat performer of a transaction as defined in section 4(c) if the Postal Bank found that the identification details appearing in the identification document of the said performer of the transaction corresponds to the identification particulars maintained by it.

(g) The Postal Bank shall not carry out a transaction that requires reporting under section 11 and is not recorded in an account in which the party performing the transaction is registered as owner or authorized signatory, except for payment of bills. without identifying the performer of the transaction and recording his name, and identification number according to the identification document referred to in section 4 or according to a document issued by the State of Israel that bears a name, identification number, date of birth and photo; in this subsection, “transaction” means a transaction in cash, in the amount of NIS 10,000 or more, or another transaction in the amount of NIS 75,000 or more.

(h) For the purposes of subsection (f), pursuant to the instruction of the person responsible for fulfillment of the obligations under section 8 of the Law with respect to a certain account and for the purposes of subsection (g), in a transaction where the instruction apparently bears the signature of the account owner or authorized signatory, the apparent signature on the instruction for performance shall be considered to be the party that the performed the transaction.
(i) The Postal Bank shall not perform a transaction of payment of bills in cash, in a sum of NIS 75,000 or more, without first identifying the performer of the transaction and recording his name and identification number as stated in subsection (g).

(j) The Postal Bank shall not make an electronic transfer from Israel to abroad, in an amount greater than NIS 5,000, without recording, in each of the transfer documents, the particulars of the recipient of the service who initiates the transfer, including his name, identification number and address, and also his account number, to the extent one exists, and also the particulars of the transferee, including his name, identification number and account number.

(k) In an electronic transfer to Israel from abroad, in an amount greater than NIS 5,000, the Postal Bank shall record the particulars as stated in subsection (j), to the extent that it knows these particulars.

(l) In the transactions referred to in subsections (j) and (k) that are performed by means of a correspondent account, the Postal Bank shall transfer all information it received on the particulars of the transfer, the transferor and the transferee, in the framework of the transfer document to the respondent institution.

(m) In subsections (a) to (d), “account” includes a safe-deposit box.

4. (a) The Postal Bank shall verify the identification particulars of the recipient of the service in transactions specified in sections 3(a), (d) and (f) and shall obtain the following documents:

(1) For the purposes of recording the identification particulars specified in sections 3(a)(1) to (3) of an individual who is a resident - according to an identification card or according to a certified copy of it that is a photocopy of one of them, with respect to the said identification particulars – shall be retained by the Postal Bank; the Postal Bank shall verify the identification particulars with the Population Registry in the Ministry of the Interior, compare the date
of issuance of the card appearing in it with the date of issuance of the last card recorded in the Population Registry and retain documentation of this check; for the purposes of this subsection, a document issued by the State of Israel that bears the name, identification number, date of birth and photo, a new-immigrant’s card up to 30 days from the day it was issued, and also an Israeli passport, will be considered as an identification card if the person to be responsible for fulfillment of corporation's obligations under section 8 of the Law is convinced that the individual is no longer permanently resident in Israel, but the obligation to compare the date of issuance of the card shall not apply to identification according to these documents;

(2) For the purposes of recording of identification particulars as specified in sections 3(a)(1) to (3) of an individual who is a foreign resident – a foreign passport or travel document, or certified copy of such identity document; the Postal Bank shall compare the identification particulars with another document bearing a photo and identification number, and lacking such a document, with a document bearing a name and identification number and address or date of birth, and lacking that, with a credit card; photocopies of the identification documents – with respect to the identification particulars – shall be retained by the Postal Bank;

(3) For the purposes of recording of identification particulars as referred to in sections 3(a)(1) to (3) of a corporation registered in Israel – in accordance with the certificate of registration or a certified copy thereof; where one of the said particulars is lacking – certification of an attorney; the Postal Bank shall receive and retain the following documents or photocopies thereof:

(a) certified copy of the certificate of registration of the corporation;
(b) certified copies of the founding documents of the corporation;

(c) certification of an attorney of existence of the corporation, its name and identification number or that the Postal Bank verifies that the corporation is registered in the appropriate registries;

(d) certified copy of the decision of the competent organ in the corporation to open an account at the Postal Bank, or certification of an attorney that such a decision was properly made;

(e) certified copy of the decision of the competent organ in the corporation on authorized signatories for the purpose of managing the account, or certification of an attorney on the authorized signatories for the purpose of managing the account;

(4) For the purposes of recording the identification particulars as referred to in sections 3(a)(1) to (4) of a corporation that is not registered in Israel – in accordance with the document testifying to its registration or a certified copy of the said document, to the extent that these particulars appear in the document; where the document is lacking one of the said particulars – in accordance with certification of an attorney; the Postal Bank shall obtain in its hands a document that testifies to the registration of the corporation and documents as specified in paragraphs (3)(b) to (e); for a corporation that was incorporated in a country that does not maintain registration of bodies corporate of its kind, the Postal Bank shall receive in his hands certification of an attorney that registration does not exist in the state of incorporation; the Postal Bank shall retain these documents or photocopies thereof;

(5) For the purposes of registration of the identification details
specified in section 3(a)(1) of a public institution and of a corporation established by statute abroad – in accordance with the declaration of the applicant wishing to open an account, and for a corporation that was established by statute, the legislative enactment under which the corporation was established, or certification of an attorney on the existence of the legislative enactment; the Postal Bank shall receive in its hands documents as specified in paragraphs (3)(d) and (e), mutatis mutandis; the Postal Bank shall retain these documents or photocopies thereof;

(6) For the purposes of recording the identification details referred to in sections 3(a)(1) and (4) of a recognized body – in accordance with a declaration of the applicant wishing to open an account, after the Postal Bank knows, from a document, that the said applicant is authorized to act in the name of the recognized body; the Postal Bank shall retain this document or a photocopy thereof;

(7) For the purposes of recording the identification details as referred to in sections 3(a)(1) to (3) of a minor who has not yet attained the age of 18 – in accordance with an identification document of one of his guardians; commencing three months after the account owner attained the age of 18, the Postal Bank shall not perform any transaction of the account owner in his account unless the provisions of paragraph (1) or (2), as the case may be, have been met;

(8) Where actions were made from abroad to open the account, the Postal Bank may, notwithstanding the provisions of paragraphs (2) and (4), record the identification details in accordance with the identification documents acceptable in an account of this kind in the country in which the identification was made, provided that the said country has legislation requiring identification of customers; the Postal Bank shall retain in its hands photocopies of the
identification documents.

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

(1) the authority that issued the original document;
(2) an attorney;
(3) the Postal Bank clerk before whom the original document was presented;
(4) an authority as stated in article 6 of the Convention Abolishing the Requirement of Legalization for Foreign Public Documents (hereafter – the Convention Abolishing the Requirement of Certification);
(5) an Israeli diplomatic or consular representative abroad.

(c) Notwithstanding the provisions of subsection (a)(1), in a transaction referred to in section 3(f), the Postal Bank may certify the identification particulars of a repeat performer of a transaction as specified below:

(1) for the purposes of recording the identification particulars as stated in sections 3(a)(1) to (3) – in accordance with an identification card or certified copy thereof; the Postal Bank shall confirm that the identification particulars comport with the identification particulars in its records, and compare the date of issuance of the card appearing in it with the date of issuance of the card in its records, and retain documentation of this examination;
(2) where the identification details referred to in paragraph (1) or the date of issuance of the identification card do not conform to the particulars in the Postal Bank records, the Postal Bank shall make an additional certification as prescribed in subsection (a)(1).

For the purposes of this subsection, “repeat performer of a transaction” means a performer of a transaction as referred to in section 3(f) who is an
individual and a resident, and who meets each of the following conditions:

(1) his identification particulars as referred to in sections 3(a)(1) to (3) were previously recorded in the Postal Bank under section 3(f) in accordance with an identification card;

(2) the date of issuance of the identification card is recorded in the Postal Bank in the previous certification it made with respect to him under subsection (a)(1);

(3) his identification particulars are maintained in the Postal Bank under section 3(f) and in the previous certification it made with respect to him under subsection (a)(1);

(4) the Postal Bank shall take reasonable means relating to the risk of money laundering and financing terrorism when certifying the identification particulars of a beneficial owner and controlling shareholder in an account as referred to in sections 3(b) to (d), by using the relevant information or data that was received from a reliable source that it considers satisfactory; for this purpose, the Postal Bank may certify the said identification particulars by comparing it to the Population Registry.

(5) notwithstanding the provisions of this section, the supervisor may, upon consultation with the head of the competent authority, order the manner of certification of particulars and the requirement of substitute documents;

(6) for the purposes of subsection (a), “recipient of service” does not include the one who purchased from the Postal Bank a plate or other object, which is intended for the making of payments, the purchase of property or services from a supplier or for withdrawing cash, in which monetary value can be accumulated, and through which the account cannot be debited, where the cumulative balance in them is limited to a maximum value of NIS 5,000.
5. (a) At the time of opening of account, the Postal Bank shall demand the applicant wishing to open the account to make a declaration, which shall be a signed original, as to whether there is a beneficial owner in the account; where the applicant declares that there is a beneficial owner in the account, the declaration shall include the particulars referred to in section 3(b) regarding each of the beneficiaries; where the account is opened other than by the account owner, the Postal Bank shall also require that the account owner make a declaration as aforesaid prior to the performance of every transaction in the account; however –

(1) where the beneficial owner is unknown, as stated in section 3(b)(1) – the applicant wishing to open an account shall so declare;

(2) where the Postal Bank is requested to open an account as stated in section 3(b)(2), it shall retain a copy of the decision of the court, religious court or the Execution’s Office testifying to the appointment.

(b) At the time of opening of account for a corporation, the Postal Bank shall demand a declaration, which shall be a signed original, from the authorized signatories in the corporation or by certification of an attorney as to the identification particulars referred to in section 3(c) regarding a controlling shareholder in the corporation.

(c) At the time of performing a transaction as specified in section 11, if it is done other than by means of any account of an account owner, the Postal Bank shall require the recipient of the service to make a declaration, which shall be a signed original, as to whether there is a beneficial owner in the account; where the recipient of the service declared there is a beneficial owner in the account, the declaration shall include the particulars referred to in section 3(b) regarding each of the beneficiaries.

(d) The declarations referred to in subsections (a) to (c) shall be made in accordance with the form in the Second Schedule.
6. (a) The provisions of sections 3(b) and (d)(2) and 5(a) regarding recording of a beneficial owner in an account shall not apply with respect to –

(1) an account of a public institution;

(2) an account of a banking corporation, subsidiary, insurer, stock exchange member, provident fund and management company for a provident fund under its management and an account for a fund;

(3) an account of a recognized body;

(4) an account for a public endowment registered with the registrar of public endowments;

(5) an account for a rabbinical public endowment with respect to which authorization the rabbinical court has certified that it is a rabbinical religious endowment intended for public purposes, unless the Postal Bank has been informed by the rabbinical court that the certification was cancelled;

(6) an account managed for community purposes to benefit a large or undefined group of beneficiaries, provided that one of the following applies:

(a) it was given the approval of the person responsible for fulfillment of obligations under section 8 of the Law;

(b) the balance in the account, at the end of each business day, and also every transaction in the account, does not exceed NIS 50,000; the opening of such an account is dependent on a declaration, which shall be a signed original, of the one who requesting to open it, in accordance with the form in the Second Schedule, as to the special purpose of the account;

(7) an account in which the one who requesting to open it is an attorney, rabbinical pleader or accountant who is opening it for his clients, provided that the balance in the account at the end of each
business day does not exceed NIS 300,000 and no transaction in the account exceeds NIS 100,000; opening of such an account is dependent on a declaration, which shall be a signed original, of the one who requesting to open it, in accordance with the form in the Second Schedule, that this is his only account of this kind; in this paragraph, “attorney” means an attorney holding a license to practice law in Israel;

(8) an account of another kind that the supervisor ordered.

b) Where one of the conditions referred to in subsection (a)(6) and (7) ceases to be met by an account owner, he shall be sent a warning thereof; where the account owner continues to act in the account after the warning is sent, the Postal Bank shall not perform any initiated transaction in the account except for withdrawal of the existing balance and closing of the account, unless the account owner makes the declaration of beneficiaries under section 5.

c) The provisions of sections 3(c) and (d)(3) and 5(b) regarding recording of controlling shareholder shall not apply to accounts of a banking corporation, a subsidiary, an insurer, a fund, a provident fund, a management company for a provident fund it manages, and a company whose securities are traded on the stock exchange in Tel Aviv or on a stock exchange in a country that is a member of the OECD, or to an account of a corporation of another kind that the supervisor ordered; in this section and in section 7, “stock exchange” means a securities exchange or regulated market as defined in the Joint Investment Trust Law, 5754 – 1994.

d) Where a company is controlled by a company referred to in subsection (c), the company referred to in subsection (c) shall be deemed the controlling shareholder in it.

7. In opening a correspondent account, notwithstanding the provisions of this chapter, the following provisions shall apply:

(1) The Postal Bank shall record the –
(a) name of the corporation, and if it is a branch, also the name of the parent company;

(b) regarding a foreign corporation, the name of the state of incorporation and the name of the authority that supervises the corporation with respect to money laundering and financing terrorism;

(c) address, telephone number and name of contact persons in the corporation that requests to open a correspondent account;

(d) name and address of the holders of 20 percent or more of the means of control in the corporation, unless the authority supervising the corporation with respect to money laundering and financing terrorism is in Israel or in one of the countries of the OECD, and shares of the corporation or shares of the company controlling it are traded on the securities stock exchange in Israel or on the stock exchange of one of the OECD countries; for this purpose, “means of control” is as defined in the Banking (Licensing) Law, 5741 – 1981;

(2) At the time the account is opened, the Postal Bank shall receive the following documents:

(a) a letter of request to open an account; the Postal Bank shall retain the letter for at least seven years after the account is closed;

(b) regarding a foreign corporation, a copy of the last financial statement or summary of the last annual report that was published in a public data base;

(3) At the time a correspondent account is opened for a corporation that is incorporated abroad in a country that is not a member of the OECD, the Postal Bank shall also receive the documents specified below and shall retain them for at least seven years after the account is closed:

(a) license from the authority supervising the activity of the said corporation;
(b) incorporation documents;

c) one of these:

1) recommendations from banks, in member states of the OECD, that manage a correspondent account for the corporation requesting to open an account at the Postal Bank;

2) a document indicating that the corporation requesting to open an account at the Postal Bank manages a correspondent account in banks as stated, and a declaration of the corporation that it is subject to statutory provisions or directives of a competent authority that require identification of its customers for the purpose of preventing money laundering and financing terrorism;

4) The Postal Bank shall not open a correspondent account unless a functionary in the Postal Company authorized it;

5) The Postal Bank shall open a correspondent account only for a bank that is authorized at the place where it is physically located in which it conducts business opposite customers, but the Postal Bank shall not open a correspondent account for such bank if it allows use of its accounts by a corporation that does not meet the aforesaid conditions.

8. (a) The Postal Bank shall identify the account owner and authorized signatory face to face according to an identification document as specified in section 4, prior to the first transaction of each of them in the account; for this purpose, “face to face identification” includes by one of the following:

1) representative or agent of the Postal Bank;

2) a person licensed to practice law in Israel;

3) an Israeli diplomatic or consular representative abroad;

4) an authority mentioned in section 6 of the Convention Abolishing the Requirement of Certification;
(5) identification in another manner that the supervisor approved
upon consultation with the head of the competent authority.

(b) The Postal Bank shall identify face to face, according to an
identification document as specified in section 4, the person performing a
transaction, which requires reporting under the provisions of section 11,
and the performer of the transaction is not recorded in the account as
owner or authorized signatory.

(c) The Postal Bank shall record the particulars of the person who made
the identification.

9. The Postal Bank shall retain the identification documents for at least seven
years after the account is closed, or after performance of a transaction referred
to in section 3(f); retention of the identification documents, except for the
declaration given, which shall be a signed original, may be done by computer
scanning in the conditions specified in regulation 3A of the Testimony
(Photocopies) Regulations, 5730 – 1969; for this purpose, “identification
documents” mean any document provided for the purpose of identification
and certification, including a declaration given under this Order and essential
documents that the Postal Bank used to become recognized with the account
owner in accordance with section 2.

Chapter Three: Obligations of Control and Reporting

10. The Postal Bank shall conduct regular monitoring of transactions of the
account owner for the purpose of fulfilling its obligations with respect to
identification, reporting and keeping of records under the Law; without
derogating from the generality of the aforesaid, the Postal Bank shall monitor –

(1) that the transactions conform to the nature of the account according to
its acquaintance with the account owner;

(2) transactions in the account that are made with countries and territories
specified in the Second Schedule;

(3) Perform more intensive review of transactions carried out in the
account of a politically exposed person.

11. (a) The Postal Banks shall report to the competent authority the transactions specified below:

1. deposit of cash into, or withdrawal of cash from, the account, whether in Israeli currency or in foreign currency, in the value of at least NIS 50,000, except for payment of bills;

2. payment of bills in cash in the value of at least NIS 75,000;

3. a transaction in cash that is not performed in any account of a client, including deposit of cash for the purpose of transfer to abroad or withdrawal of cash that was received from abroad, not by means of an account, whether in Israeli currency or in foreign currency, in the value of at least NIS 50,000; also, deposit of cash or withdrawal of cash as aforesaid in the value of at least NIS 5,000, made with a financial institution in a country or territory listed in the First Schedule;

4. substitution of notes and coins in cash, including conversion, whether in Israeli currency or in foreign currency, in the value of at least NIS 50,000;

5. issuance of a bank check, whether in Israeli currency or in foreign currency, in the value of at least NIS 200,000, except for a bank check, from a banking corporation that has an account at the Postal Bank, in an amount no greater than NIS 1,000,000, which was issued as a housing loan; in this paragraph, “bank check” includes postal checks and money checks within the meaning of these terms in chapters four and five, as the case may be, of the Postal Bank Regulations (Services in the Postal Bank), 5735 – 1974;

6. purchase or sale of traveler’s checks, or a bearer note of a financial institution abroad, in the value of at least NIS 50,000; if the financial institution is located in a country or territory listed in the First
Schedule, the Postal Bank shall report the said transaction if its value is at least NIS 5,000;

(7) deposit of checks drawn on a financial institution abroad and payment of checks that were presented with respect to it by a financial institution abroad in the value of at least NIS 1,000,000; if the financial institution is located in a country or territory listed in the First Schedule, the Postal Bank shall report the said transaction, if its value is at least NIS 5,000;

(8) transfer from Israel to abroad or from abroad to Israel by means of an account in the value of at least NIS 1,000,000; regarding transfer to a country or territory listed in the First Schedule or transfer from a country or territory as aforesaid and also transfer from a correspondent account of a financial institution located in a country or territory listed in the First Schedule, or to an account as aforesaid, the Postal Bank shall report the transaction if its value is at least NIS 5,000.

(b) The provisions of subsections (a)(3), (6), (7) and (8) shall not apply to a transaction that the Postal Bank performed for a stock exchange member and a banking corporation also if the transaction is done for their customers; the supervisor, with the approval of the Minister of Public Security, may in special circumstances order that the aforesaid provisions not apply to a transaction that the Postal Bank performed for a foreign corporation that is a bank or operates as an investment bank or a clearing house or for their customers.

12. (a) The Postal Bank shall report to the competent authority transactions of a recipient of service, including an attempt to perform transactions, which, given the information that the Postal Authority has, appears to it to be unusual.

(b) Without derogating from the aforesaid generality in subsection (a), a transaction that is specified in the Third Schedule can be deemed an unusual transaction.

(c) Reporting a transaction under the provisions of section 11 does not exempt the reporting obligations under this section.
13. The Postal Bank shall be exempt from reporting under section 11 –

(1) if the transaction is done by one of the following:

(a) public institution;

(b) banking corporation;

(c) subsidiary;

(d) insurer;

(e) stock exchange member;

(f) provident fund – and a management company for provident funds it manages;

(g) fund;

(h) Postal Company, upon meeting all the conditions specified below:

(1) the Postal Company is a fully government-owned company, as defined in the Government Companies Law, 5735 –1975;

(2) the subsidiary meets all the conditions specified in section 88K(b) of the Postal Authority Law, according to its text on the day of the publication of this Order;

(2) In a transaction under section 11(a)(8) that is done for the import of goods to Israel and their export from it, except from a country or territory that is listed in the First Schedule or to the said country or territory, provided that the Postal Bank is provided documentation regarding the nature of the transaction, identity of the other side to the transaction, and its amount; for this purpose, an original signed declaration of an account owner regarding his being the importer or exporter, and an original signed declaration regarding the nature of the transaction and its amount or advance original signed declaration, which is renewed every twelve
months, regarding the nature of the transactions and identity of the other side to them, can be considered documentation.

14. Reporting under sections 11 and 12 shall include the following particulars:

(1) Regarding the reported account, if the reported transaction was performed in an account of the account owner –

(a) the account number;

(b) name of the account, if there is one;

(c) date of opening of the account;

(d) address for sending of mail;

(2) Regarding the reported transaction –

(a) bank number of the Postal Bank and the branch number;

(b) date of performance of the transaction as recorded in the books of the subsidiary;

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

(d) kinds of foreign currency in which the transaction was performed, and the amount in each currency, up to two kinds of currency;

(e) serial number of the report;

(f) regarding a report under sections 11(a)(3), (7) and (8) – also the particulars of the parties to the transaction as they appear in the instruction of the recipient of the service, name of the financial institution on the other side and its address, if known; however, in a transaction with a financial institution in a country or territory listed in the First Schedule – also the name of the account owners of
the other side to the transaction and his identification number, as they were provided;

(g) kind of transaction in the report under section 11;

(h) reason for the reporting, under section 12, including a description, and all the circumstances, of the transaction for which the report is made;

(3) Regarding the account owners and authorized signatories, if there are any, and in reporting under sections 11(a)(1) to (7), with respect to the performer of the transaction, if he is not the account owner or the authorized signatory –

(a) name;

(b) identification number;

(c) address;

(d) telephone numbers, up to two numbers, if known – except for a performer of the transaction who is not the account owner or authorized signatory;

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

(f) for an individual – sex;

(g) status of the recipient of the service (resident/foreign resident/Israeli corporation/foreign corporation);

(4) In reporting under section 12, except with respect to a transaction under sections 3(a) to (i), regarding performer of a transaction, if he is not the account owner or authorized signatory, the particulars specified in subsections 3(a) to ((g), if the Postal Bank knows these particulars.

(5) Regarding beneficiaries and holders of control, if there are any, the particulars required in sections 3(b) and (c).
15. Disclosure of the fact of formulation, existence, non-existence or contents of reporting under section 12, the fact of the existence of supplemental reporting within its meaning in section 31 (c) of the Law, the fact of the existence of a request for said reporting or the contents of one of these, and perusal of documents indicating each one of these is prohibited, except to someone duly authorized for the purpose of fulfilling his functions in the Postal Company or in the subsidiary, to the supervisor or a person that he authorizes, to the competent authority or pursuant to court order.

Chapter Four: Checking Identification Particulars against the List

16. The Postal Bank shall check against the list –

   (1) if it contains the name or identification number of the account owner, authorized signatory, beneficiary and controlling shareholder in accounts managed at it; the aforesaid checking shall be made whenever an organization or person is added to the list or an owner, authorized signatory, beneficiary or controlling shareholder is added to an account.

   (2) if the name or identification number of a performer of a transaction referred to in sections 3(f), (g) and (i) (in this paragraph – performer of a transaction) appears on the list; where the name of a performer of a transaction is checked against the list at time of performance of a transaction referred to in section 3(f), (g) and (i), the Postal Bank shall not be required to make a repeat check against the list at the time of performance of an additional transaction as stated in the aforesaid sections by the same performer of a transaction, but whenever an organization or person is added to the list;

   (3) if the names of the parties to a transaction, except for those specified in paragraph (1), are found in the list; for this purpose, “transaction” means each of the following:

       (a) electronic transfer from Israel to abroad and from abroad to Israel or whose origin and destination are not in Israel but is
(b) transfer from Israel to a country or territory that is listed in the First Schedule, including by means of payment of checks that a financial institution presented in the said country or territory; for the purpose of this subparagraph, the person who is recorded as account owner on the electronic record that a financial institution attached as stated for presentation of the checks is the payee;

(c) transfer to Israel from a country or territory that is listed in the First Schedule, including by means of payment of checks drawn on a financial institution in the said country or territory;

(4) The provisions of paragraph (3) shall not apply to transfers referred to in its subparagraphs (b) and (c) if the Postal Bank received instruction to perform the transfer from a public institution, banking corporation or Bank of Israel, whether for them or for their customers, or the destination of the transaction is a public institution, banking corporation or Bank of Israel, or their customers.

Chapter Five: Miscellaneous

17. The Postal Bank shall establish policy, tools, and risk management in the matter of the prohibition on money laundering and financing terrorism for the purposes of fulfilling its obligations with respect to identification, reporting and keeping of records under the Law, including in these matters:

   (1) the procedure for becoming recognized with the account owner;

   (2) monitoring the threat of money laundering and financing terrorism that results, inter alia, from innovative technologies, in particular those that enable the making of transactions that are not face to face;

18. (a) The Postal Bank shall maintain a computerized data base of the account numbers, identification particulars of the account owners, authorized signatories, beneficiaries and holders of control.

   (b) The Postal Bank shall retain the document instructing the
performance of a transaction that is reported to the competent authority, and also the document instructing performance of a transaction having a value of NIS 10,000 or more, for a period of seven years from the day the transaction is recorded in the subsidiary’s books; where a document instructing performance of a transaction is lacking, the Postal Bank shall retain the automated document testifying to the giving of the instruction to perform the transaction.

(c) The Postal Bank shall retain for a period of seven years written documentation of examination of activity as prescribed in section 10 and its findings.

19. The Postal Bank shall provide, upon demand, to the supervisor or to an employee authorized by the supervisor, documents, information, and explanations relating to fulfillment of its obligations under this Order.


21. (a) This Order shall come into force, except for sections 3(m) and 10, six months from the day of its publication (hereafter – day of commencement).

(b) Section 3(m) shall come into force on the day of publication of notice in Reshumot on authorization to operate a safe service under Chapter F1 of the Postal Authority Law.

(c) Section 10 shall come into force two years from the day of commencement.

22. (a) For two years from the day of commencement, the Postal Bank shall not perform any transaction in accounts that were opened prior to the day this Order came into force, unless the provisions of section 2 are met, in accordance with its acquaintance with the account owner, except for withdrawal of the existing balance and closing of the account; for this purpose, “transaction” means a transaction initiated by the account owner that was given after the day of commencement of this Order.
(b) Until the day of commencement, the Postal Bank shall not perform any transaction in a correspondent account that was opened prior to the day of commencement, except for withdrawal of the existing balance and closing the account, unless the provisions of section 7 are met with respect to it.

First Schedule
(Sections 1, 10(2), 11(a)(3), (6), (7) and (8), 13(2), 14(2) and 16(3) and the Third Schedule)

List of Countries and Territories

1. Countries or territories specified by the head of the competent authority from a list of the countries or territories with respect to which the FATF (hereafter – the organization) published reservations regarding their meeting the organization’s recommendations in the matter of prohibition on money laundering and financing terrorism, as published on the Internet web site of the competent authority.

   The head of the competent authority may determine that sections 11(a)(3), (6), (7) and (8), 13(2), 14(2)(f) and 16(3)(b) and (c) of the Order shall not apply with respect to some of the countries and territories specified in the aforesaid paragraph; the aforesaid determinations shall be published on the Internet web site of the competent authority.

2. Countries or territories specified in paragraph (1) of the definition “infiltrator” in section 1 of the Prevention of Infiltration (Offenses and Adjudication) Law, 5714 – 1954.

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

Second Schedule
(Sections 5(d), (6)(a)(6), (6)(b) and (7))

Form of Declaration on Beneficiary and on controlling shareholder upon Opening of Account

I (full name), holder of identification number hereby declare that in Account No.
☐ There is no beneficiary with latent rights in the account other than the account owners.

☐ In an action that is not performed in the framework of the account, there is no beneficiary other than the performer of the transaction.

☐ The account is that of an attorney who is licensed to practice law in Israel, a rabbinical pleader or accountant, which is managed for his clients, and the balance in the account at the end of each business day does not exceed the sum of NIS 300,000 and no transaction in the account exceeds the sum of NIS 100,000; this is my only account of this kind.

☐ The account is an account that is managed by a person appointed by a court, rabbinical court, head of the Execution’s Office, registrar for inheritance matters or another official body of the state that the supervisor prescribed. Attached is the supporting document.

☐ The account is managed for communal purposes for the sake of a large or undefined group of beneficiaries, and the balance in the account at the end of each business day does not exceed the sum of NIS 50,000;
    The purpose of the account is __________________________

☐ The account is managed for communal purposes for the sake of a large or undefined group of beneficiaries (subject to granting of approval of the person responsible for fulfillment of obligations under section 8 of the Law);
    The purpose of the account is __________________________

☐ There is a beneficiary with the said rights, but his identification particulars are not yet known yet;
    Because __________________________
    I hereby undertake to provide the particulars of the beneficiary immediately after his identity becomes known.

☐ The beneficiaries in the transaction/account are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Identification number(^1)</th>
<th>Date of birth/ incorporation</th>
<th>Sex</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

☐ There is no controlling shareholder of the corporation.

☐ The holders of control in the corporation are:

__________________________

\(^1\) Including the name of the country in which the identification document was issued.
I promise to inform the Postal Bank of any change in the aforesaid particulars that I have provided.

Date
________________
Signature

Third Schedule
(Section 12(b))

List of Transactions that can be Deemed Unusual Transactions

1. Transactions that appear to be for the purpose of evading the obligation of reporting prescribed in section 11;

2. It appears there is a beneficiary in the account, without the account owner having so declared;

3. Transactions that led the Postal Bank to close the account for reasons relating to the prohibition on money laundering or financing terrorism;

4. Transactions that appear to be intended to substitute for transactions of an organization that was declared an unauthorized association under section 84 of the Emergency Defense Regulations, 1945, or an organization that was declared a terrorist organization under the Prevention of Terrorism Ordinance, 5708 – 1948, or an organization that was designated a terrorist organization under section 2 of the Prohibition on Financing Terrorism Law;

5. Transactions that appear to be made in place of transactions of a person designated a terrorism activist under section 2 of the Prohibition on Financing Terrorism Law;
6. Transactions that appear to lack business or economic logic, with respect to the type of account or behavior of the account owner;

7. Transaction involving a significant sum in an account made by someone holding power of attorney who is not recorded in the account as an authorized signatory;

8. A few transactions in an account in which, for no apparent reason, monies are withdrawn shortly after being deposited, not in the framework of the regular business practice;

9. Transfer of a substantial sum from aboard to Israel, and vice versa, in which the other side to the transaction, source or destination, is not identified by name or account number or identification number;

10. The transaction in the account is not characteristic to the account owner or to the kind of account, for no apparent reason;

11. Unusual scope of transactions or substantial change in account balance, for no apparent reason;

12. A few transactions in the account to the same destination or from the same source, for no apparent reason;

13. Numerous deposits, for no apparent reason, by a person who is not the account owner or authorized signatory;

14. Non-presentation for payment of a bank check in a substantial amount for more than twelve months after it was issued;

15. Management of a few accounts at the Postal Bank on the same name of account owner, which does not comport with transactions of the account owner;

16. Purchase, at great frequency, of cash, traveler’s checks, bearer notes or other means of payment, which are not made by means of an account;

17. Regular transfers from, or to, entities in a country or territory listed in the First Schedule;

18. A declaration given under this Order appears to be inaccurate;
19. Transactions of a nonprofit organization with entities in a country or territory listed in the First Schedule;

20. Transactions of a nonprofit organization that is inconsistent with the organization’s activity, as far as the Postal Bank knows;

21. A multiplicity of debits or credits from standing bank orders to the account for no apparent reason;

22. Transactions that appear to be intended to evade the obligation of identification.

21 Tevet 5771 (28 December 2010) Moshe Kahalon
Minister of Communications