Unofficial Translation

Prohibition of Money Laundering (The Money Service Providers’ Requirement regarding Identification, Reporting and Record-Keeping for the Prevention of Money Laundering and the Financing of Terrorism) Order, 5774–2014*

By virtue of the power vested in me under sections 7(b) and 32(c) of the Prohibition on Money Laundering Law, 5760–2000,1 (hereinafter referred to as “the Law”) and section 48(a) of the Prohibition on Financing Terrorism Law, 5765–2005,2 (hereinafter referred to as “the Prohibition on Financing Terrorism Law”), following consultation with the Minister of Justice and the Minister for Internal Security, and with the approval of the Constitution, Law and Justice Committee of the Knesset, and with regard to section 11 with the agreement of the Minister of Justice, I hereby order as follows:

Chapter 1: Interpretation

<table>
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<tr>
<th>Definitions</th>
<th>1. In this Order -</th>
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<tr>
<td>“Region”- any of the following: Judea and Samaria and the Gaza Strip;</td>
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<td>“foreign politically exposed person” - A foreign resident who holds a senior public position abroad, including a relative of a resident as aforesaid or a corporation under his control or a business partner of a foreign resident as aforesaid; For this purpose, “senior public position” - including a head of state, president of a state, mayor, judge, member of parliament, government minister or a senior army or police officer, or anyone who have been entrusted with such functions as aforesaid even if his title is different;</td>
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<td>“relative” - as defined in the Securities Law, 5728-19683;</td>
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<td>“controlling shareholder” - A person who controls a corporation as defined in section 7(A)(1)(b) of the Law;</td>
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<td>“the Supervisor” - As defined in section 11b(a) of the Law;</td>
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<td>“the competent authority” - As defined in section 29 of the Law;</td>
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<td>“the list” - A centralized list of declared terrorist organizations and persons designated as terrorists by virtue of regulations according to section 47(b)(1)(c) of the Prohibition on Financing Terrorism Law, the link to which was published on the Supervisor’s website ; as well as any organization regarding which or person regarding whom a notification designating it or him has been issued to a money service provider according to section 47(b)(1)(b) of the Prohibition on Financing Terrorism Law and the money service provider has not received a notice cancelling that notification;</td>
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<td>“individual” - a person who is neither a corporation, a public institution nor a corporation established by legislation abroad;</td>
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<td>“public institution” - Government Ministries, the Jewish Agency for Israel and local authorities, as well as authorities, corporations or other institutions which were established in Israel by legislation.</td>
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<td>“authorized signatory” - A person authorized by the account holder to undertake</td>
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1 Collected Laws 5760, p.239; 5762, p.386; 5772, p.646.
2 Collected Laws 5765, p.76; 5772, p.510.
3 Collected Laws 5728, p.234; 5772, p.507.

COLLECTED REGULATIONS 7388, 2nd Tammuz 5774, 30.6.2014
transactions in his account;

"identity number" - any of the following:

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<tr>
<td>1</td>
<td>of an individual who is a resident - his identity number as recorded in the Population Register;</td>
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<td>2</td>
<td>of an individual who is a foreign resident - the number of his passport or <em>laissez-passer</em> together with the name of the country in which the passport or <em>laissez-passer</em> was issued; in the case of an individual who is a resident of the Region, the identity number can also be the number on the magnetic card which was issued to him by the Civil Administration;</td>
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<td>3</td>
<td>of a corporation which is registered in Israel - the registration number allocated to it in the relevant register;</td>
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<td>4</td>
<td>of a corporation which is not registered in Israel - the registration number, if any, in the country in which it was incorporated, and the name of the country, and if no register exists for corporations of its type, the details recorded in the corporation's document of incorporation or the registration number allocated to it by the money service business;</td>
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<tr>
<td>5</td>
<td>of a public institution or corporation established by legislation abroad – the registration number allocated to it by the money service business;</td>
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"address" - any of the following:

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<td>1</td>
<td>of an individual - his address as recorded in a document pursuant to section 4(a) or his place of residence as he provided, including the name of the town and street, the house number and the postal code, if such information exists, and in the case of a foreign resident - the name of the country as well;</td>
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<td>2</td>
<td>of a corporation - its documented address pursuant to section 4(a)(3) or the address of its place of business in Israel, and if no place of business in Israel exists - the address of its main place of business abroad, all - as provided; the address shall include the name of the town and street, the house number and the postal code, and in the case of a corporation not registered in Israel - the name of the country as well;</td>
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<tr>
<td>3</td>
<td>of a public institution or corporation established by legislation abroad - the address as provided, including, the name of the town and street, the house number and the postal code, if such information exists, and in the case of a corporation established by legislation abroad - the name of the country as well;</td>
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"service applicant" - A person requesting a service from a money service business, whether for himself or for another;

"service recipient" - A person who receives a service from a money service business, including a money service provider who undertakes a transaction pursuant to section 11C(a)(6) of the Law, even if another person had requested the service for him;

"repeat service recipient" - any of the following:

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<td>1</td>
<td>A service recipient for whom several transactions were carried out during the six months which preceded the current transaction and which have, or shall have when taken in conjunction with the amount of the transaction currently being requested, an aggregate value of 200,000 NIS or more;</td>
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<tr>
<td>2</td>
<td>A service recipient who requests a service from a money service provider in a sum of 200,000 NIS or more;</td>
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<tr>
<td>3</td>
<td>A service recipient who notified the money service provider in writing</td>
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</table>
that he wishes to be a repeat service recipient;

(4) A service recipient who the money service provider has defined as a repeat service recipient and notified him of this;

(5) A service recipient who receives service according to section 11C(a)(6) of the Law;

(6) In the case of a corporation which falls within one of the categories described in paragraphs (1)-(5) above - an office-holder in that corporation, as well as any person that the corporation had informed the money service provider is authorized to act on its behalf;

"office holder" - As defined in section 11A of the Law;

"attorney" - A person who is licensed to practice law in Israel, and in the case of a corporation which is not registered in Israel, as well as a notary who is a licensed attorney in an OECD member state or in the state in which the corporation was incorporated, provided that the state or territory in which the corporation was incorporated is not one of those listed in the First Schedule;

"transaction" - An isolated transaction unless stipulated otherwise in this Order;

"parties to a transaction" - Each of the parties to a transaction undertaken through a money service business; and in the case of promissory notes and cheques - the person paying or being paid by the note or the cheque, as the case may be;

"name" - any of the following:

(1) of an individual - his surname and given name as recorded in the identification document pursuant to section 4;

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

(3) of a statutory corporation - the name prescribed in the legislation, whether in Israel or abroad;

(4) of a public institution, excluding a statutory corporation - 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 which is registered abroad as a corporation;

(3) An entity which was incorporated in a country where no registration exists for entities of its type, provided it produced a document attesting to its existence as a corporation;

"resident" - As defined in the Population Registry Law, 5725-1965⁴, including an Israeli citizen who is not a resident as aforesaid but who is registered in the population register;

"resident of the Region" - A person who is registered in the population register of the Region;

"foreign resident" - A person who is not a resident.

Chapter 2: Identification Requirements

Customer Due Diligence 2 (a) A money service provider shall not provide money services, in respect to transactions which requires reporting pursuant to section 8(a), to a repeat service recipient without identifying the service recipient, and without conducting, at least once, Know Your Customer procedure, according to his risk for money laundering or terrorist financing; for this purpose, "Know Your Customer procedure" - inter alia, identifying the source

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⁴ Collected Laws 5725, p.270; 5770, p.434.
of funds with respect to which the service is being provided, the customer's occupation and the purpose of the services, as well as, in the case of a foreign resident - his affinity to Israel and whether or not he is a foreign politically exposed person; and in the case of a business - the type of business which it is engaged in; the money service provider shall keep a record of this data in the manner in which he shall be instructed to do by the Supervisor.

(b) A money service provider shall not provide money services to a foreign politically exposed persons where the amount involved exceeds the amount stipulated in section 8(A), unless approval was obtained from an office holder of the money service business, including a person who is directly answerable to the general manager; the granting of approval as aforesaid shall depend upon an evaluation of the costumer's risk for money laundering or terrorist financing; should it become clear during the business relationship that the customer is a foreign politically exposed person, then the money service provider shall not undertake any transaction with him before receiving an approval as aforesaid to continue the business relationship.

(c) An identification of a foreign resident's affinity to Israel and whether he is a foreign politically exposed person may be performed by using Form 1 of the Second Schedule.

(d) A money service provider shall conduct on-going due diligence in relation to a repeat service recipient, in accordance to his risk for money laundering and terrorist financing, and shall revise his records accordingly; if a doubt arise as to the identity of the repeat service recipient or the authenticity of the identification documents which had been provided to the money service business, the money service shall perform, once again, Customer Due Diligence.

(e) A money service provider who is not obliged to establish a computerized database under section 13(A), shall, once in every six months, check the identities of the repeat service recipients who became his customers during the six months prior to the date of the examination, at all branches of his business, and perform Customer Due Diligence in relation to them.

(f) In order to implement the requirements of this section, a money service provider shall use Form 2 of the Second Schedule and follow the standard operating procedure set out in the Third Schedule. The money service provider may adopt additional procedures in order to comply with his obligations under this Order.

**Recording the identification data**

3 (a) A money service provider shall not engage in a cash transaction involving a sum of more than 10,000 NIS, a non-cash transaction of more than 50,000 NIS, or a transaction of more than 5,000 NIS if it involves a state or territory listed in the First Schedule, without recording the following identification details in relation to the service applicant, and in the case of the transactions referred to in section 8(A) in relation to the service recipient as well, according to a document bearing a photograph and identity number:

| (1) Name; |
| (2) Identity number; |
| (3) In the case of an individual - gender and date of birth; |
| (4) In the case of a corporation - date of incorporation; |
| (5) Address. |

(b) Money service provider shall not perform cross-border wire transfer, from Israel abroad, of a sum exceeding 5,000 NIS without recording, in each of the transfer documents, the information data of the service recipient initiating the transfer, including his name, address and identity number, as well as the information data, when known, of the transferee, including his name, address and identity number; for
this purpose, "transfer"- receiving financial assets in one country in return for providing financial assets in another country, according to section 11C(A)(3) of the Law.

(c) In the case of a cross-border wire transfer, from abroad to Israel, of sums exceeding 5,000 NIS, a money service provider shall likewise record the information data, of the person initiating the transfer, when known, including his name, address and identity number, and the information data of the transferee service recipient, including his name, address and identity number; for this purpose, "transfer"- receiving financial assets in one country in return for providing financial assets in another country, according to section 11C(A)(3) of the Law.

(d) Notwithstanding the provisions of subsections (A) to (C), a money service provider who has established a computerized database under section 13 whether he was obliged to do so under section 13(A) or not shall not be obliged to record the identification data of a repeat service recipient, when providing money services as according to subsections (A) to(C), provided that he performed Costumer Due Diligence in regard to the repeat service recipient as required under section 2 and recorded his identification data at least once before.

Verification of identification data and obtaining of documents

| 4 | (a) When engaging in a transaction of a value exceeding 50,000 NIS, or over 5,000 NIS if a state or territory listed in the First Schedule is involved, a money service provider shall authenticate the identification data obtained in accordance with section 2 and obtain the following documents:

(1) In relation to the obligation to record identification data under section 3(A)(1)-(3), where the service applicant or service recipient is a resident - an identity card or a certified copy of it, of which, in so far as it contains the said identification details, the money service provider shall retain a photocopy; the money service provider shall compare the identification data with an additional document which bears a photograph and identity number and in its absence - with a credit card; for the purposes of this subsection an immigrant certificate which was issued during the last 30 days shall also be regarded as an identity card, as shall a valid Israeli passport which was issued under the Passports Law, 5712-1952 and a valid driving license bearing a photograph of the license holder which was issued under the Traffic Ordinance;

(2) In relation to the obligation to record identification data under section 3(A)(1)-(3), where the service applicant or service recipient is a foreign resident - a foreign passport or laissez passer, or a certified copy of such an identification document, a photocopy of which, in so far as it contains the said identification data, shall be retained by the money service business; the money service provider shall compare the identification data with an additional document which bears a photograph and identity number, and in its absence - with a credit card; where the individual is a resident of the Region, the money service provider may also record his identification data in accordance with a magnetic card which was issued by the Civil Administration, a photocopy of which, in so far as it contains the said identification data, shall be retained by the money service business; the money service provider shall compare the identification details with an additional document as required in relation to a foreign resident or verify the identification data with an official certificate issued by the Ministry of the Interior and shall.
keep a record documentation of the authentication aforesaid;

(3) Where the service recipient is a corporation - its certificate of registration or a certified copy thereof, an up-to-date extract of the company's details from the Registrar of Companies, or confirmation from an attorney of the corporation's existence, name, identity number and date of incorporation; in the case of a corporation which was incorporated in a country which does not keep a register of corporations of its type, the money service provider shall obtain a confirmation from an attorney that no such registry exists in the country of incorporation; the money service provider shall obtain and retain the following documents or photocopies thereof:

(1) A certified copy of the corporation's registration certificate, confirmation from an attorney of the corporation's existence, name, identity number and date of incorporation or an up-to-date extract of the company's details from the Registrar of Companies;

(2) In the case of a corporation which was incorporated in a country which does not keep a register of corporations of its type, a confirmation from an attorney that no such registry exists in the country of incorporation;

(4) In relation to the obligation to record identification details under section 3(A)(1)-(4), where the service applicant is not the service recipient, a copy of a power of attorney, trust instrument or the decision of the authorized organ within the corporation, as the case may be, from the service recipient who authorized the service applicant to receive the money service on his behalf, including all the service recipient's identification data; the money service provider shall retain a copy of power of attorney, trust instrument or decision, as the case may be; where the service recipient is a corporation, the power of attorney, trust instrument or decision of the authorized organ within the corporation, as the case may be, shall include the identification data as stipulated in sections 3(A)(1)-(4) as aforesaid, of all the controlling shareholders; the provisions of this subsection regarding the obligation to record the identification data of the controlling shareholders shall not apply to a corporation whose securities, as confirmed by an attorney, are traded on a securities exchange in Israel or in another country;

(5) In the case of a service applicant or service recipient which appears to the money service business, as being engaged in providing money services, for the purpose of recording identification details under section 3(A)(1)-(4) - the money service provider shall also obtain his certificate of registration in the Register of Money Service Businesses in the Ministry of Finance or verify his identification data with the list of money service businesses published by the Supervisor and shall not provide a money service without being presented with a certificate or verifying his details as aforesaid.

(6) In the case of a minor under the age of 16 years - an identification document of one of his guardians.

(b) Notwithstanding the provisions of subsection (A), a money service provider who established a computerized database under section 13 - regardless of whether or not he was obliged to do so under section 13(A) - shall not be obliged to verify the requisite identification data of a repeat service recipient as stated in section 3 when providing a money service as stated in subsection (A), provided that he carried out in relation to that repeat service recipient, Customer Due Diligence according to section 2 and had previously verified his identification data on at least one occasion.

(c) In this section, "certified copy" shall mean a genuine copy of the original as certified
by one of the following:

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<td>(1)</td>
<td>The authority which issued the document;</td>
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<tr>
<td>(2)</td>
<td>An attorney who holds a license to practice law in Israel, a notary who is a licensed attorney in an OECD member state or in the state which issued the document which is required to be certified, provided it is not one of the states listed in the First Schedule;</td>
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<tr>
<td>(3)</td>
<td>An employee of the money service provider to whom the original document was presented;</td>
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<tr>
<td>(4)</td>
<td>An authority as referred to in Article 6 of the Convention Abolishing The Requirement Of Legalization For Foreign Public Documents (hereinafter: “the Convention to Abolish the Legalization Requirement”);</td>
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<td>(5)</td>
<td>An Israeli consular or diplomatic representative located abroad.</td>
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Notwithstanding the provisions of this section, the Supervisor, in consultation with the head of the competent authority, may issue instructions regarding alternative verification methods and document requirements.

### Declaration by the service applicant

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<td>5</td>
<td>(a) Before engaging in money services activities which must be reported under section 8(A) or when defining a service recipient as an repeat service recipient, the money service provider shall request from the service applicant a signed original declaration worded as set out in paragraph (A) of Form 1 or Form 2 in the Fourth Schedule, as the case may be, confirming that he is acting for himself.</td>
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<td>(b)</td>
<td>Where the service applicant is not the service recipient, the money service provider shall request a signed original declaration worded as set out in paragraph (B) of Form 1 or Form 2 in the Fourth Schedule, as the case may be, confirming that he is not the service recipient and providing the identification data of the service recipient, together with a copy of the power of attorney, trust instrument or the decision of the authorized body within the corporation, as the case may be, according to section 4(3).</td>
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<td>(c)</td>
<td>The money service provider shall authenticate the identification data of the service recipient as stated in subsection (B), while taking reasonable measures to obtain information concerning the matter or using data received from what he is consider is a reliable source.</td>
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<td>(d)</td>
<td>Notwithstanding the provisions of subsections (A) and (B), a money service provider who established a computerized database under section 13 - regardless of whether or not he was obliged to do so under section 13(A) - shall not be obliged to obtain a signed declaration as stated in subsection (A) or (B), as the case may be, from an repeat service recipient before providing money service activities which must be reported under section 8(A), provided that he carried out in relation to that repeat service recipient Customer Due Diligence according to section 2 and the repeat service recipient had previously signed such a declaration on at least one occasion.</td>
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<td>(e)</td>
<td>Should changes occur in the identification data provided by the repeat service recipient under subsection (A) or (B), as the case may be, then the repeat service recipient shall sign a new declaration under those subsections.</td>
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### Face to Face Identification

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<td>6</td>
<td>(a) Before providing money services which must be reported under section 8(A), a money service provider shall identify in person, the service applicant using the identification documents specified in section 4; for this purpose, &quot;identification in person&quot; - including identification by one of the following:</td>
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<td>(1)</td>
<td>A representative or agent of the money service business;</td>
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<td>(2)</td>
<td>An Israeli diplomatic or consular representative abroad;</td>
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<tr>
<td>(3)</td>
<td>An Israeli Attorney;</td>
</tr>
<tr>
<td>(4)</td>
<td>Another identification approved by the Supervisor.</td>
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</table>
After performing identification in person, as stated in subsection (A), the money service provider shall record the service applicant's identification data.

Notwithstanding the provisions of subsection (A) and sections 4 and 5, a money service provider shall not be obliged to identify in person, verify identification data, request documents and obtain an original signed declaration from the service applicant, as the case may be, with respect to a money service provided externally, provided no state or territory listed in the First Schedule is involved and all of the following requirements have been satisfied:

(1) The money service provider obtained from the service recipient:

(a) copies of two of the following identification documents: an identification document bearing a photograph, name, identity number, date of birth and address; and an additional document bearing a photograph and identity number, and in its absence a document bearing a name or an identity number, as well as an address or date of birth;

(b) a copy of the service applicant's declaration made under section 5;

(2) The service recipient is one of the following:

(a) the holder of a bank account in Israel or an authorized signatory of such a bank account;

(b) the holder of a credit card which was issued in Israel;

(c) the holder of an account in Israel with a stock-exchange member or the Postal Bank.

(3) The service recipient provided, to the money service business, full details of the account or credit card as stated in paragraph (2), as well as a up-to-date document from one of the financial institutions mentioned in that paragraph such as an official letter or printout on which the account holder's details and the details of the account or the credit card, as the case may be, appear;

(4) All funds involved in the transactions which the money service provider carried out for the service recipient were withdrawn directly from or transferred directly to the service recipient's account or credit card as referred to in paragraph (2), the details of which were provided as stated in paragraph (3), and no funds were transferred within the those transactions in any other way.

Notwithstanding the provisions of subsection (A), a money service provider who established a computerized database under section 13 - regardless of whether or not he was obliged to do so under section 13(A) - shall not be obliged to identify in person an repeat service recipient using the identification documents described in section 4 when providing money services according to section 8(A), provided that he carried out in relation to that repeat service recipient Customer Due Diligence according to section 2 and had identified him in person on at least one previous occasion.

Chapter 3: Monitoring and reporting requirements

Ongoing scrutiny of transactions of repeat service recipients 7 A money service provider shall conduct ongoing scrutiny of transactions of a repeat service recipient, in order to comply with his obligations under this Order, according to the standard operating procedure specified in the Third Schedule.

The money service provider reporting obligations 8 (a) A money service provider shall report the following transactions to the competent authority:

(1) The provision of money services under section 11C(a)(1)-(5), (7) and (8) of the Law - in a sum of 50,000 NIS or more;

(2) The provision of money services under section 11C(a)(6) of the Law – in a sum
of 50,000 NIS or more or if the transaction carried out with a single debit card is in a sum of 50,000 NIS or more;

(3) The provision of money services under section 11C(a)(3) and (5)-(8) of the Law - in which a state or territory listed in the First Schedule was involved - where the service or the transactions carried out with a single debit card, as the case may be, are in a sum of 5,000 NIS or more.

(b) A money service provider shall report to the competent authority any transactions or attempted transactions, undertaken by a service applicant, which he considers to be irregular, without being obliged to present questions to and clarify facts with the service applicant and the service recipient; without prejudice to the generality of this subsection, any of the transactions specified in the Fifth Schedule may be considered as an irregular transaction.

(c) The reporting of transactions in compliance with the provisions of subsection (A) shall not exempt a money service provider from his reporting obligations under subsection (B).

Data to be included in the report

9 A report under section 8 shall include the following details:

(1) Regarding the money service provider -

(a) name;
(b) identity number;
(c) address;
(d) up to two telephone numbers;
(e) fax number;
(f) name and identity number of person verifying the details;

(g) the registration number of the money service provider provider in the Register as defined in section 11B(b) of the Law;
(h) the registration number and address of the branch at which the money service was provided;

(2) Regarding the transaction being reported -

(a) the date on which the transaction took place as recorded by the money service business;
(b) the sum involved in the transaction in Israeli currency; transactions carried out in foreign currencies shall be calculated according to their representative exchange rates as published by the Bank of Israel and which were in force on the day on which the transaction took place;
(c) the types and amount of foreign currency in which the transaction was carried out;
(d) the type of service as described in section 11C(a)(1)-(8) of the Law;

(e) In the case of a money service as described in section 11C(a)(3) of the Law the identification data of those involved in the transaction, including the bank code and branch number, the account number in the financial institutions involved in the transaction, the name of the financial institution on the other side of the transaction and its address, if known, the type of financial assets involved in the transaction, as well as the purpose of the transaction, if known;

(f) In the case of a money service as described in section 11C(a)(1), (5), (7) and (8) of the Law -

(1) In relation to cheque discounting - the account number and details of the institution against which each cheque was drawn, identification data of the account holder, his address and telephone number as they appear on
the cheque, and the name of the person to whose order the cheque was written; a photocopy of both sides of the cheque shall be attached to the report; where the discounted cheque was paid for with a cheque, the report shall include all the details of the cheque which was given as consideration;

(2) In relation to bills of exchange and promissory note discounting - identification data and addresses of the drawee and drawer as they appear on the bill; a photocopy of both sides of the bill of exchange or promissory note shall be attached to the report;

(3) In relation to conversion of the currency of one state for the currency of another state in exchange for a cheque - all the data as stated in subparagraph (1);

(4) In relation to the transfer of financial assets in exchange for currency - the type of financial assets used in the transaction, as well as, where the transaction was carried out through cheques, the data as stated in subparagraph (1), and where the transaction was carried out through bills of exchange and promissory notes - the data as stated in subparagraph (2);

(5) In relation to the transfer of financial assets to a person in exchange for the assignment of a person's right to receive financial assets from another - the type of financial assets used in the transaction, as well as, where the transaction was carried out through cheques, the data as stated in subparagraph (1), where the transaction was carried out through bills of exchange and promissory notes - the data as stated in subparagraph (2) and in all cases the identification data of the assignor and the assignee as follows:

(1) The assignee - name, identity number, address, telephone numbers, customer status, the state which issued the identification document, and, in the case of an individual - gender and date of birth, and in the case of a corporation - the date of incorporation;

(2) The assignor - name, identity number, address; in the case of an individual - gender and date of birth; in the case of a corporation - the date of incorporation;

(g) In the case of a money service as described in section 8(A)(2) -

(1) Identification data of the clearer - name and identity number or registration number of the corporation, as the case may be; for this purpose, "clearer" - as defined in section 39I of the Banking (Registration) Law, 5741-19817 (hereinafter - the Banking Law);

(2) Identification data of the supplier - name, identity number, address; in the case of an individual - gender and date of birth; in the case of a corporation - the date of incorporation; for this purpose, "supplier" - a supplier carrying out a transaction with a customer through a debit card, as defined in the Debit Cards Law, 5746-19868;

(3) Details of the debit card - type of debit card, number of the card if known, or the last four digits of the card, the state in which it was issued, as well as the name, identity number and where it was issued by a banking corporation the account number of the card's owner, if known;

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7 Collected Laws 5741, p.232; 5771, p.1100.
8 Collected Laws 5746, p.187.
for this purpose, "debit card" - as defined in the Banking Law;

(4) Details of the of the debit card transaction which was carried out with a supplier: the value of the transaction, the date on which it took place, the transaction number, the type of transaction (single payment/installments), the currency in which the transaction was carried out;

(5) Where the service was provided through a telegraphic transfer: the report shall include details of the account into which the funds were transferred (account number, name of the account holder, date on which the account was opened, if the money service provider knows it, postal address), the account holder's identification data (name, identity number, address, date of birth and gender or date of incorporation), details of the financial institution to which the funds were transferred (name of the financial institution, bank code, branch number, address);

(6) Where the service was provided through a cheque: all the details of the cheque which was given as consideration, including the name of the person to whose order it was made payable.

(h) In the case of a report under paragraph 8(B) - the reason for the report, including a description of the transaction for which it is being submitted and all its circumstances.

(3) With regard to the service applicant and the service recipient –

(a) name;

(b) identity number;

(c) address;

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

(e) In the case of an individual - date of birth; in the case of a corporation - date of incorporation;

(f) In the case of an individual - gender;

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

(h) the state in which the identification document was issued.

Prohibition on disclosure and inspection

10 A money service provider shall not disclose the formulation, existence, nonexistence or content of a report under section 8(B), the existence and contents of a supplementary report as defined in section 31(C) of the Law or a report request as aforesaid, nor allow the inspection of documents attesting to each of the foregoing, other than to/by an employee of the money service provider who was authorized by him to receive such information or inspect such documents within the framework of his job, the Supervisor or person authorized by him, the competent authority or pursuant to a court order.

Chapter 4: Checking identification data against the list

Obligation to check against the list

11 A money service provider shall check against the list-

(1) If contains the name or identity number of the service applicant or service recipient, to whom the identification requirements applies under section 3; an review as aforesaid shall be undertaken whenever an organization or person is added to the list;

(2) If the names of the parties to the transaction appear in it; in this context, "transaction" shall mean each of the following:

(a) An cross border wire transfer from Israel to a foreign state or from a foreign
| |  
|---|---|
| **Policy setting** |  
| 12 | In order to comply with his identification, reporting and record-keeping obligations under the Law, a money service provider shall determine policy, tools and risk management practices regarding the prohibition of money laundering and the financing of terrorism, including with respect to the following matters: |
|  | (1) Customer Due Diligence; |
|  | (2) Monitoring the threats of money laundering and the financing of terrorism, resulting, *inter alia*, from new technologies, particularly those that enable transactions to be conducted not in-person. |

| **Management and keeping of records** |  
| 13 | A money service provider whose annual turnover exceeds 3 million NIS shall establish a computerized database of all activities, identification data and reports required under this Order, within 3 months from the end of the year in which his turnover exceeded the aforementioned sum.; "annual turnover" in this context shall mean the money service business's total annual revenues and expenses. |
|  | (a) A money service provider shall keep the identification documents; "identification documents" in this context shall mean any document which was handed over for the purpose of identification and verification, including a declaration which was given under this Order as well as the key documents which were used by the money service provider for Customer Due Diligence under section 2. |
|  | (b) A money service provider shall keep all data of a report required under section 9 as well as documents relating to a transaction involving a sum of more than 10,000 NIS, and in the case of a transaction as stated in section 3(B) or (C) - more than 5,000 NIS; a transaction document may be kept by computerized scanning in accordance with the conditions stipulated in section 3A of the Testimony Regulations (Photocopies), 5730-1969 *, provided that the document as aforesaid does not include a record in the handwriting of the person who carried out the transaction, including his signature. |
|  | (d) A money service provider who established a database, whether he was obliged to do so under subsection (A) or not, shall store in that database all details of the transactions made by an repeat service recipient in his name. |
|  | (e) A money service provider shall keep a written record of the monitoring activity as stated in section 7 and its findings for a period of seven years. |
|  | (f) A money service provider shall keep the documents referred to in subsections (A) and (B) together and in an accessible format for a period of seven years from the end of the year in which the money service was provided. |

| **Submission of documents, information and explanations** |  
| 14 | When requested to do so, a money service provider shall submit to the Registrar or anyone who shall be authorized by him, documents, information and explanations concerning the performance of his obligations under this order; should the Supervisor have authorized a person who is not a public servant, that person shall be obliged to keep the contents of the documents, information and explanations which were given to him confidential. |

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* Collected Regulations 5730, p.316.
The Prohibition of Money Laundering Order (Identification, Reporting and Record-Keeping Obligations of Money Service Businesses), 5762-2002 is hereby annulled.

Commencement and transitional provisions

- This Order shall come into force nine months after the date of its publication (hereinafter - the commencement date).
- Notwithstanding the provisions of subsection (A), should a money service provider notify the Supervisor that he wishes to be bound by this Order before the commencement date, then this Order shall apply to him from the date on which the Supervisor confirmed receipt of the notice, with the exception of sections 8(A) and 9, in place of which sections 6(A) and 7 of the previous Order shall continue to apply to him, respectively, until the commencement date.
- A money service business, whose annual turnover in the year which preceded the commencement date exceeded 3 million new shekels, shall establish a database under section 13(A) within 3 months of the commencement date.
- During the period between the commencement date to 3rd Tevet 5777 (1st January 2017), sections 3(A) and 13(C) shall be read as if instead of the words "exceed the sum of 10,000 NIS" it had been written "exceed the sum of 25,000 NIS".

FIRST SCHEDULE

(Sections 1, 3, 4, 6(C), 8(A)(3), 11(2)(B) and (C), and the Third and Fifth Schedules)

List of Countries and Territories

1. A country or territory as shall be prescribed by the head of the competent authority from the list of countries and territories in relation to which the FATF Organization has published a reservation regarding their compliance with its recommendations concerning the prohibition of money laundering and the financing of terrorism. The head of the competent authority may determine that section 8(A)(2) of this Order shall not apply with regard to some of the countries and territories specified in this Schedule; the aforementioned provisions shall be published on the competent authority's website.

2. The following countries or territories: Iran, Algeria, Afghanistan, the Palestinian Authority, the Gaza Strip, Libya, the United Arab Emirates, Malaysia, Morocco, Sudan, Somalia, Pakistan, Tunisia, Lebanon, Egypt, Syria, Saudi Arabia, the Kingdom of Jordan, Iraq, Yemen.

SECOND SCHEDULE

(Section 2(C) and (F))

Form 1: Foreign politically exposed person

1. What is your connection to Israel?

2. Are you a foreign resident?
   (Yes)
   (No)
   If the answer is yes, do you hold one of the following senior public positions in a foreign country (even if it has a different title)? (please mark)
   (   ) I do not hold a senior public position in a foreign country
   (   ) Head of State

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10 Collected Regulations 5762, p.592 and p.770.
3. Do you have a family member (spouse, sibling, parent, grandparent, child, stepchild or the spouse of any of them) who holds a senior public position in a foreign country?
(Yes)
(No)
If the answer is yes, please mark the position which he or she holds (even if it has a different title)

( ) Head of State
( ) President of a State
( ) Mayor
( ) Judge
( ) Member of Parliament
( ) Government Minister
( ) Senior military officer
( ) Senior police officer
( ) Other senior public position ………………. (please specify)

4. Are you acting on behalf of a corporation?
(Yes)
(No)
If the answer is yes, do any of its controlling shareholders hold one of the following senior public position in a foreign country (even if it has a different title)? (please mark)

( ) No controlling shareholder in the corporation holds a senior public position in a foreign country.
( ) Head of State
( ) President of a State
( ) Mayor
( ) Judge
( ) Member of Parliament
( ) Government Minister
( ) Senior military officer
( ) Senior police officer
( ) Other senior public position ………………. (please specify)

5. Are you a business partner of a foreign resident?
(Yes)
(No)
If the answer is yes, does your business partner hold one of the following senior public positions in a foreign country (even if it has a different title)? (please mark)
( ) My business partner does not hold a senior public position in a foreign country.
( ) Head of State
( ) President of a State
( ) Mayor
( ) Judge
( ) Member of Parliament
( ) Government Minister
( ) Senior military officer
( ) Senior police officer
( ) Other senior public position ………………. (please specify)

Form 2: Customer Due Diligence

(A) Personal details:

Full name: ……………………….; type of customer: ………… (to be filled in by the money service business);
Vocation: ……………………….; Position held in business: ………………………;
Name of person responsible for discharging record-keeping and reporting obligations: ……………………….. (to be filled in by the money service business)

(B) Why did you choose this branch?

( ) reside in the area    ( ) dissatisfaction with another money service provider    ( ) change in personal status;  ( ) recommendation;  ( ) work in the area;  ( ) recommendation from another customer;  ( ) need for credit;  ( ) declined of bank credit;  ( ) other ……………………………… (specify)

(C) Additional identification details:

- Are you carrying out the transaction for someone else? If so, who?
- Do you or the person for whom you are carrying out the transaction hold a public position in Israel? If so, what public position?
- Do you or the person for whom you are carrying out the transaction hold a public position abroad? If so, what public position?
- Was the customer accompanied by anyone else? If so, who and in what capacity?
- Does an agent exist? Who is he? What are his details?
- What method of work is being requested?
- Did a banking corporation refuse to give you service for reasons connected with money laundering or the financing of terrorism?

(D) Details of the business:

Name of the business/corporation: …………………;
Sector:…………………………;
How many years has the business been operating? ………;
Main suppliers: …………………………;
Which products/services does it provide?………………;
Main customers……………………………………….,
Annual turnover of the business in NIS…………;
Do or did you or the business own/formerly own other businesses?
Specify…………………………;
Is the business a member of a business association?……………………;

(E) Anticipated transactions:

(   ) Conversion of currencies;
(   ) Transfers of funds from Israel to another country;
(   ) Exchange of currencies;
(   ) Discounting services as defined in section 7A of the Banking (Customer Service) Law, 5741-198111;

(   ) Sale or redemption of travelers cheques;
(   ) Transfers of funds from a foreign country to Israel;
(   ) Discounting cheques, bills of exchange and promissory notes;
(   ) Transfer of financial assets in exchange for currency;
(   ) Transfer of financial assets to a person in exchange for an assignment of that person's right to receive financial assets from a third party;

(F) Value of the transaction:

Value of the anticipated business transaction in NIS…………..;
What is the source of funds for which the money services are being provided? ………………………
I am aware that the giving of bogus information, including by not updating data which must be reported, in order to thwart or falsify a report in accordance with section 7 of the Law, constitutes a criminal offence.

Date ……………….. Signature …………………

Confirmation of identification by a money service business

I hereby confirm that on……….. there appeared before me …………..who identified himself through ………………. a copy of which is attached herewith.

Name of worker who filled out the form…………. Identity number……………..
Signature……………………

THIRD SCHEDULE
(Operating procedure (Section 2(F))

Procedure for implementing obligations under the order

11 Collected Regulations 7388, 2nd Tammuz 5774, 30.6.2014
1. **General**

Customer Due Diligence and understanding the financial actions being carried out with and through money service provider are likely to reduce the chances of a money service provider becoming a tool for or victim of money laundering or the financing of terrorism. It is therefore extremely important to determine procedures and operating methods which will help the money service provider ascertain the repeat service recipient's true identity, understand the source and/or purpose of the funds used in the transaction being carried out through him and avoid the risk of becoming a conduit for money laundering or the financing of terrorism.

2. **Definitions**

a. Unless expressly stated otherwise, all terms used in this standard operating procedure shall have the meanings given to them in the Order, as the case may be.

b. Nothing in this standard operating procedure shall derogate from a money service business's obligations under this Order or the provisions of any law.

3. **Policy and directions for preventing money laundering and the financing of terrorism**

a. A failure on the part of an repeat service recipient to submit the data required in order to satisfy the provisions of the Order and these operating procedures shall constitute a cause for not undertaking the transaction.

b. Where the source or final destination of the funds being transferred is a state listed in the First Schedule to the Order, the transaction shall require the approval of the person responsible for fulfillment of the corporation's obligations under section 8 of the Law.

c. Before undertaking a transaction involving cheques drawn on a bank outside of Israel, the money service provider shall question the service recipient about the connection between the aforesaid cheque transaction and the transaction carried out with a money service provider in Israel (for instance, why a foreign cheque is being discounted in Israel or whether bank service was denied for reasons connected to money laundering or the financing of terrorism).

d. The money service provider shall monitor, *inter alia*, in accordance with such instructions as shall be given to him by the Supervisor, threats of money laundering and the financing of terrorism emanating, from, amongst other things, new technologies, and particularly those which enable transactions to be carried out without in-person, in so far as they concern the nature of the money service provider activities.

e. A money service provider shall verify the information which he has in his possession regarding the transactions carried out by an repeat service recipient, at least once a year, in order to clarify whether the identification data have changed and whether they are consistent with what, according to his knowledge of the repeat service recipient, is that service recipient's business profile; when making such an verification, the money service provider shall pay particular attention to the transactions which had been carried out where the repeat service recipient had been defined as a high risk customer.

f. Verification of the identification data of the service recipient as required under section 5(C) of the Order, shall be carried out using information concerning the matter or data received from a reliable source, including an identity card or a copy of one, other identification documents or copies of the service recipient's original
documents which had been issued by a reliable source (such as: a passport, driving license or employee's card).

g. These directions shall be brought to the attention of the money service business's employees (new employees, branch employees, management staff, etc.) within the framework of their training.

h. The "Customer Due Diligence" form and declaration form to be submitted by a service applicant acting on behalf of an repeat service recipient, shall be signed in the presence of one of the money service business's office holders or permanent employees or in another way permitted by the Supervisor.

4. **Policy and directions regarding "Customer Due Diligence"**

a. A money service provider shall establish a Customer Due Diligence procedure and prepare his record by following Form 2 as set out in the Second Schedule and directions to be issued to him by the Supervisor.

b. All records pertaining to implementation of the Customer Due Diligence procedure shall be kept in a way which ensures that the information which they contain is identifiable and available.

c. Each of the following customers, including one who is a non-repeat service recipient, shall be defined and marked as a high risk customer:
   1. a foreign politically exposed person;
   2. a foreign resident who appears to have no connection to Israel;
   3. a customer from a state which according to the First Schedule is defined as a high risk state;
   4. a customer who undertakes a transaction in conjunction with those states or territories listed in the First Schedule;
   5. a customer who is suspected of being a non-Ministry of Finance registered money service business;
   6. a customer whose irregular transaction had been or was required to be reported by the money service provider under section 8(B) of the Order;
   7. a person whom the money service provider suspects of having ties to criminal elements, without the money service provider having to question or verify facts with the service applicant or the service recipient.

d. A transaction undertaken for a customer who is defined as high risk customer shall require the approval of the person appointed by the money service provider to oversee compliance with the prohibition of money laundering regime, and where the customer is an repeat service recipient the person so appointed may consider whether to make the continuing provision of the service dependent upon cancellation of the dispensations given to an repeat service recipient under the Order.

**FOURTH SCHEDULE**  
*(Section 5 and 6(C))*

**Form 1: Ordinary service recipient**
Text of the declaration to be made by an ordinary service applicant

Name of money service business……………………..

I ………….. [name], holder of identity card number………………of ………………., being employed in the position of …………………. do hereby declare that:

(a) I wish to receive for myself only the money service marked below in the sum of or equivalent to …………………… NIS (amount in words: …………………………….NIS).

The type of service being requested as stated in section 11C(a)(1) - (8) of the Prohibition of Money Laundering Law, 5760-2000 (hereinafter - the Law):

(1) currency conversion;
(2) sale or redemption of travellers cheques;
(3) using financial assets in one country to obtain financial assets in another country;
(4) exchange of bank notes;
(5) discounting cheques, bills of exchange and promissory notes;
(6) discounting services (debit cards);
(7) provision of financial assets in exchange for currency;
(8) provision of financial assets to a person in exchange for an assignment of that person's right to receive financial assets from a third party.

(b) I wish to receive for another person/a corporation the money service marked below in the sum of or equivalent to …………………… NIS (amount in words: …………………………….NIS).

The type of service being requested as stated in section 11C(a)(1) - (8) of the Prohibition of Money Laundering Law, 5760-2000 (hereinafter - the Law):

(1) currency conversion;
(2) sale or redemption of travellers cheques;
(3) using financial assets in one country to obtain financial assets in another country;
(4) exchange of bank notes;
(5) discounting cheques, bills of exchange and promissory notes;
(6) discounting services (debit cards);
(7) provision of financial assets in exchange for currency;
(8) provision of financial assets to a person in exchange for an assignment of that person's right to receive financial assets from a third party.

The money service in question is being requested for …………………[name] (hereinafter - the service recipient);

Attached herewith is a power of attorney/trust instrument/decision of the authorized corporate body signed by or on behalf of the service recipient containing his identification details and if the service recipient is a corporation - those of its controlling shareholder: name; identity number including name of the state in which the identification document was issued; in the case of an individual - date of birth and gender - and in the case of a corporation - the date of incorporation; address, and in the case of a foreign resident staying in Israel his address in Israel as well.
I am aware that the giving of bogus information, including by not updating data which must be reported, in order to thwart or falsify a report in accordance with section 7 of the Law, constitutes a criminal offence.

Date ………………… Signature …………………

______________________________

Confirmation of identification by the money service business

I hereby confirm that on……….. there appeared before me …………….. who identified himself through ………………… a copy of which is attached herewith.

Name of worker who filled out the form…………. Identity number………………

Signature……………………

Form 2: Repeat service recipient

Text of the declaration to be made by a service applicant acting on behalf of an repeat service recipient

Name of the money service business………………

I …………… [name], holder of identity card number……………of ………………… being employed in the position of ………………… do hereby declare that:

(a) I wish to receive for myself only the money services marked below (types of service being requested as stated in section 11C(a)(1) - (8) of the Prohibition of Money Laundering Law, 5760-2000 (hereinafter - the Law):

(1) currency conversion;
(2) sale or redemption of travellers cheques;
(3) using financial assets in one country to obtain financial assets in another country;
(4) exchange of bank notes;
(5) discounting cheques, bills of exchange and promissory notes;
(6) discounting services (debit cards);
(7) provision of financial assets in exchange for currency;
(8) provision of financial assets to a person in exchange for an assignment of that person's right to receive financial assets from a third party.

(b) I wish to receive for the repeat service recipient ………………… [name] (hereinafter - the repeat service recipient) the money services marked below (types of service being requested as stated in section 11C(a)(1) - (8) of the Law):
(1) currency conversion;
(2) sale or redemption of travellers cheques;
(3) using financial assets in one country to obtain financial assets in another country;
(4) exchange of bank notes;
(5) discounting cheques, bills of exchange and promissory notes;
(6) discounting services (debit cards);
(7) provision of financial assets in exchange for currency;
(8) provision of financial assets to a person in exchange for an assignment of that person's right to receive financial assets from a third party.

Attached herewith is a power of attorney/trust instrument/decision of the authorized corporate body signed by or on behalf of the repeat service recipient containing his identification details and if the repeat service recipient is a corporation - those of its controlling shareholder: name; identity number including name of the state in which the identification document was issued; in the case of an individual - date of birth and gender - and in the case of a corporation - the date of incorporation; address, and in the case of a foreign resident staying in Israel his address in Israel as well.

I undertake to inform the money service provider in writing and as soon as possible of any change in the data which I have provided above; I am aware that the provision of bogus information, including by not updating a detail which must be reported, in order to thwart or falsify a report in accordance with section 7 of the Law, constitutes a criminal offence.

Date ……………… Signature …………………

____________________________________________________________________

Confirmation of identification by the money service business

I hereby confirm that on……….. there appeared before me …………..who identified himself through ………………. a copy of which is attached herewith.

Name of worker/office holder who filled out the form……….. Identity number……………

Position ……………….. Signature……………………

FIFTH SCHEDULE
(Section 8(B))

List of transactions which may be seen as irregular transactions under the Order

Part 1: Money service businesses - General

1. A transaction which appears to be designed to circumvent the reporting obligation stipulated in section 8(A) of the Order;

2. A transaction which appears to be designed to circumvent the identification obligation;

3. A transaction in which the service applicant does not appear to be the service recipient even though he declared that he is utilizing the money service for himself only;
4. It appears that the service applicant is undertaking the transaction on behalf of a third party other than the service recipient named in his declaration;

5. It appears that the money service that was given is inconsistent with the service recipient's business profile;

6. Money services as referred to in section 11C(a)(3) of the Law are being provided which involve a sum in excess of 5,000 NIS, while the other party to the transaction, the provider or designated recipient of the funds, was not identified by name, identity or account number;

7. The money service being requested appears to offer no business or economic advantage to the service recipient;

8. The transactions involve inordinate amounts/ are not compatible with the service recipient's business profile/ comprise of several transfers from the same source or to the same destination, all without any discernible reason;

9. The service recipient appears indifferent to the risks, commissions and costs involved in providing the money services;

10. The exchange of bills and banknotes in small denominations for ones in larger denominations, for no discernible reason;

11. The service applicant or the service recipient appears to be a money service business, but did not present a certificate showing that he is listed in the Ministry of Finance's Register of Money Service Businesses;

12. An organization that had been outlawed under section 84 of the Defense (Emergency) Regulations, 1945\(^\text{12}\) or an organization which was declared to be a terrorist organization under the Prevention of Terrorism Order, 5708-1948\(^\text{13}\) or an organization which was declared to be a terrorist organization under section 2 of the Prohibition on Financing Terrorism Law, 5765-2005\(^\text{14}\) (hereinafter: the Prohibition on Financing Terrorism Law) is involved in the requested money service or the service requested appears to involve a transfer of funds to a place in which the aforementioned organization operates;

13. A money service request which appears to be intended to replace one made by a person who was declared to be a terrorist under section 2 of the Prohibition on Financing Terrorism Law;

14. Repeated Transactions involving transfers from or to entities located in a state or territory listed in the First Schedule to the Order;

15. A declaration made according the Order which appears to be false;

16. A request for money services by a nonprofit organization which has individuals or entities located in a state or territory listed in the First Schedule;

17. A request for money services by a nonprofit organization which is inconsistent with its declared activities, in so far as the organization's declared activities are known to the money service business;

18. A series of transactions by the same customer within one or two days, that sums up to the amount of the reporting threshold;

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\(^{12}\) Official Gazette 1945, Schedule 2, p.855
\(^{13}\) Official Gazette 1945, Schedule A, p.73.
\(^{14}\) Collected Laws 5765, p.76.
Part 2: Provision of money services not in-person (through an electronic wallet)

“electronic wallet” - a software application which facilitates the storage, conversion and transfer of digital money between states and online transactions; in this context, “digital money” - money which has no physical expression.

19. The charging of balance of an electronic wallet by someone other than its owner;
20. The charging of balance of an electronic wallet through a cash deposit of over 5,000 NIS;
21. A sale of products which were bought by the customer for less than their true value, without any discernable reason;
22. A receipt or transfer of funds to a state or territory listed in the First Schedule;
23. A transfer of funds to gambling websites.

21st Iyar 5774 (21st May 2014)
(HM 3-3179)

Yair Lapid
Minister of Finance