

**THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED  
BY ISRAEL**

**ARTICLE 14 UNCAC**

**PREVENTION OF MONEY-LAUNDERING**

**ISRAEL (SIXTH MEETING)**

**1. Please describe the measures your country has taken to implement this provision of the Convention.**

*Establish a comprehensive domestic regulatory and oversight regime to deter and detect money-laundering;*

**Israeli Prohibition on Money Laundering Law, 2000** (hereinafter: PMLL or the Law), focuses on four levels:

**1. Prevention**

The PMLL and relevant orders (which regulate the obligations of identification and verification, reporting obligation and record keeping), establish a regime for prevention of money laundering in the Israeli financial sector. The PMLL obliges financial institutions to appoint a corporate compliance officer, and to take other anti-money laundering measures including the proper identification of all customers and performance of continuous due diligence, record keeping and reporting of transactions and customers' irregular activities to the Israeli Money Laundering and Terror Financing Prohibition Authority (hereinafter: IMPA) in certain circumstances. The main objective of the PMLL is to obstruct the flow of laundered funds and proceeds of crime into the legitimate economical and financial system and to enable effective and conclusive investigation by law enforcement authorities of an offense of money laundering that relates to suspicions of serious criminal offences.

**2. Punishment**

The PMLL establishes a penalty of 7 or 10 years' imprisonment for certain criminal offences of money laundering. The gravity of the penalty reflects the legislators' view that money laundering facilitates serious crime by enabling the culprits to mitigate certain risk associated with their activities. The penalty for an offence of money laundering is imposed in addition to the sanctions imposed on the offender for perpetrating the serious crime of which he/she is found guilty.

Sections 3 and 4 of the PMLL prescribe the principal offences: Section 3(a) of the PMLL defines money laundering as "performance of a transaction in prohibited a asset with the object of concealing or disguising its source, the identity of the true holders of the rights,

or the location, movement or disposition in respect of such an asset." The penalty for such an offence is up to 10 years imprisonment.

"Prohibited Asset" is defined as an asset derived directly or indirectly from the commission of a "serious crime" that was used to facilitate the commission of a predicate offence, or an asset that was merged with prohibited asset as stated above. The term "serious crime" is defined by law as "predicate offense" as detailed in the first Schedule to the PMLL, and includes murder, gambling, bribery, financing of terrorism, dangerous drugs offences, blackmail, embezzlement and theft, etc.

Section 3(b) of the PMLL includes in the definition of "money laundering", the performance of a transaction in any asset or provision of false information about it with the intent to prevent a report about the transaction by a financial institution to IMPA, or with intent of avoiding the declaration of the importation of funds into Israel or funds exportation from it or with the intent of causing the submission of an erroneous report. According to case law, the assets that are subject to such intent to avoid reporting do not necessarily need be prohibited assets. The penalty in respect of this offence is up to 10 years imprisonment.

Section 4 of the PMLL prescribes the prohibition of involvement in a transaction of prohibited property (that originates in the offence) in respect of the types of assets listed in the Second Schedule of the PMLL and the values specified therein (monies in excess of 500,000 NIS (approx. 120,600 EUR)) or a transaction with real estate, works of art, precious stones and metals, or bearer-securities, and other specified items if their value is 150,000 NIS (approx. 36,000 EUR) or more, cumulated within a period of three months). The penalty in respect of this offence is 7 years imprisonment.

### **3. Assets Recovery**

The PMLL enables the State of Israel to seize and confiscate property which was either the object of the offence, used or intended to be used to either commit the offence or facilitate the commission of the offence, or obtained or intended to be obtained, directly or indirectly, as payment for the offence or a result of the commission of the offence. Such assets can be recovered by the State. Assets seizure and confiscation is not a substitute for the punishment related to the serious offence (imprisonment or fine) – it is imposed in addition to it. The PMLL directs the Courts to order the seizure and confiscation of an offender's assets in an amount equal to the value of the property derived from the commission of a predicate offence or property that served in the commission of such an offence or an asset which enabled it to be perpetrated or was designated for such purpose. Courts may also order the seizure of property gained as fruit of the committed predicate offence or as a result of commission of the offence, or that is designated for such a purpose. The conceptual justification for this is that a right in property which was obtained as a result of an offence must not be acquired and that an offender must not be allowed to benefit from his/her crimes.

Under certain circumstances, the Court may order the **confiscation of property in civil proceedings** in cases in which the property has been obtained, directly or indirectly, through an offence under Sections 3 or 4 of the PMLL, or as payment for such an offence or property which was the object of the offence, if the person suspected of committing the offence is not permanently in Israel or cannot be located, and it is impossible to submit an indictment against him/her, or if the property has been discovered after the conviction.

#### **4. International Collaboration**

The PMLL empowers IMPA to collaborate and share information with peer financial intelligence units of other countries. Collaboration of this type provides assistance to the law enforcement authorities in their investigations, particularly in cases of trans-national serious crimes and organized crime networks.

*Show that, at minimum, banks and non-bank financial institutions ensure effective customer and beneficial owner identification, monitoring of transactions accurate record-keeping, and have in place a reporting mechanism on suspicious transactions;*

Israeli Anti-Money Laundering (hereinafter: AML) legislation applies to banking corporations, members of the stock exchange, portfolio managers, insurers and insurance agents, provident funds and companies managing provident funds, the postal bank, money service business and dealers in precious stones. Sections 7 and 8A of the PMLL grant authority to the various regulators to define, by official order, the obligations of such financial institutions and regulated sectors. Orders requiring customer identification (including identification of beneficiary owner), record keeping, and reporting IMPA have been issued in respect of each of the above business sectors. AML legislation applies to Business Service Providers (attorneys and accountants) (hereinafter: BSP) also requires identification and record keeping.

All the above mentioned institutions have specified supervisory authorities. The following is a list of the supervisory bodies:

- The Bank of Israel (BOI) - Corporations and auxiliary banking corporations.
- The Israeli Securities Authority (ISA) - Stock exchange members, portfolio managers (and in the future also trading floors and foreign exchange ("Forex")).
- The Ministry of Finance (MOF) - Insurance companies, provident funds, money services providers.
- The Ministry of Communications (MOC) - the Postal Bank.
- The Ministry of Economy (MOE) - merchants in precious stones.
- The Ministry of Justice (MOJ) - BSP.

Each of these supervisors is granted authority to take actions against financial institutions that fail to fulfil their AML/CFT (Combating the Financing of Terror) obligations under the PMLL and associated orders as well as the various supervisory acts (see below). They also have been enhancing their supervisory oversight by issuing regulations, circulars, and letters that require more details to comply with PMLL. The Ministry of Justice and Ministry of Economy, as supervisor bodies, are currently inactive since the relevant orders have not yet come into force.

**Requirements of Identification and Customer Due Diligence under the PMLL:**

**Customer due diligence (CDD):** Financial institutions are obligated to set policy and establish procedures for "customer due diligence" prior to opening accounts and to the defining each customer's risk category. "Customer due diligence" consists of the analysis of the nature of the customer's business practices and habits, as well as continuous monitoring of his/her financial activities in order to identify deviation from the customer's profile. A financial institution is also required to perform continuous due diligence in respect of customers' accounts classified as high risk customers by use of enhanced identification aids, analysis of the customer's personal and financial background and reputation as well as the classification of the foreign country from which his/her funds originated or to which they were transferred, the types of transactions, etc.

**Record Keeping:** Financial institutions are required to implement procedures for record keeping and the management of all the customer's identification and verification of documents, as well as the study of the nature of his/her business, including the source of the information, the period of time in which the relevant information must be preserved, the type of customer and the extent volume of financial activity in the account. The financial institute is required to update periodically the said information.

**Reporting Obligations of Financial Institutions to IMPA:** The reports received from the above regulated financial institutions are divided into two types: the first consists of reports of certain transactions specified by size and type (CTRs). The second type consists of reports perceived by the financial institutions as unusual (UTRs).

In addition, the Supervisor of Banks issued a detailed compliancy AML policy which was intended to the Banking sector and was set out in the Directive 411 of the Guidelines for the Proper Conduct of Banking Business – Money Laundering Prevention, Customer Identification and Record Keeping (hereinafter: Directive 411). Directive 411 includes provisions aimed to ensure that banking corporations implement thorough customer due diligence and ongoing monitoring of customer activities. The directive also includes detailed reference to so called Politically Exposed Persons (PEP).<sup>1</sup>

**Administrative enforcement:** Chapter Five of the PMLL empowers regulators and supervisory bodies to establish sanctions committees with the power to impose financial sanctions in respect of the supervised entities for non-compliance and breach of

---

<sup>1</sup> PEP is defined in Section 21 of Directive 411 as "a non-resident who holds a senior public position"; including head of state, state president, mayor, judge, member of parliament, member of government, high-ranking military or police officer, and any official of said kind even if differently titled.

provisions of the Law and the orders, which deal with the obligations of identification and verification, reporting to IMPA, record keeping, appointment of a compliance officer. In such cases, as distinct from a criminal offence, the violation does not require proof of intention to commit a criminal act (*mens rea*). In recent years the use of administrative enforcement tools has increased given their speed and efficiency.

**Composition of the sanctions committees:** a sanctions committee is composed of two representatives of the supervisory body and a lawyer appointed by the Minister of Justice (the Minister of Justice's appointment includes, usually, a representative of IMPA). According to Court decisions and to the proper conduct of the administrative process and avoidance of conflict of interests, individuals who were directly engaged in the investigative process which was a preliminary to the decision to convene the Committee may not sit on the Committee.

**Procedure of Imposition of a Sanction on a Financial Institution / Supervised Entity:** The PMLL imposes obligations of identification, reporting to IMPA and appointment of a person assigned with the financial institute's responsibility for fulfill the obligations, on banks, credit card companies, trust companies, stock exchange members and portfolio members, insurance companies, insurance agents, provident funds, currency services providers and the Postal Bank. The supervisory bodies carry out periodic inspections of the financial institutions, to supervise their compliance regarding their obligations in the sphere of anti-money laundering and the financing of terrorism.

Wherever the regulator finds that the provisions of the PMLL or the Order are not being fully complied with in a financial institution/supervised entity, it may order the convening of a committee for the imposition of a financial sanction on the financial institution/supervised entity. The administrative process could be simultaneous with criminal proceeding.

**Amount of the sanction:** When the sanctions committee considers the amount of the financial sanction, it considers the arguments and justifications that are submitted in writing or verbally.

The level of the financial sanction is prescribed in the PMLL and in its regulations and is determined by a number of criteria, such as whether it is first violation or a recurrent one (a violation committed within two years of the previous violation in respect of which a financial sanction was imposed on the offender), the amount of money involved in the violation, whether it is a continuing violation or an aggravated violation, collaboration of the person or entity with the committee, actions taken to prevent commission of the violation, to mitigate or to cancel the violation and its ramifications, the circumstances of the case and personal circumstances and the nature of the events and its circumstances.

**Appeal to Judicial instances:** An appeal can be made to the Magistrate's Court against a decision of the Committee to impose a financial sanction, within 30 days of the decision.

***Extend the requirements mentioned above to other bodies particularly susceptible of money-laundering;***

The PMLL applies the obligations mentioned above to various financial institutions: banking corporations, portfolio managers, insurers and insurer agents, members of the stock exchange market, money service business, provident funds and companies managing provident funds and the postal bank.

On 15.7.2014 the Knesset approved the **Prohibition of Money Laundering Order (Identification, Reporting and Record-Keeping Obligations of Dealers in Precious Stones to Prevent Money Laundering and the Financing of Terrorism), 2014**. The enactment of the Order followed the amendment of the PMLL. The PMLL and Order set forth requirements for customer due diligence, record keeping, on-going monitoring and reporting requirements.

In 2014 Israel also adopted an amendment to the PMLL (Amendment No. 13) and enacted an order, both of which apply AML/CFT obligations on BSP. The amendment imposes AML/CFT obligations (customer diligence obligations, Know Your Customer procedure (hereinafter: KYC Procedure), identification, verification and record-keeping) on lawyers and accountants who engage in financial activities on behalf of their clients. The law requires, with relation to certain financial activities, that the BSP conduct Customer Due Diligence obligations (KYC procedure, identification, verification) and record and keep documents. Although no reporting obligations were applied, the PMLL specifies that if it is determined by a disciplinary action that the business service provider is prohibited from performing a transaction which may constitute a violation of the PMLL, and the regulator suspects that the business service provider breached an ethical rule, the regulator may request the disciplinary authorities to initiate enforcement proceedings regarding the disciplinary violation according to the **Bar Association Law, 1961** and the **Accounts Act, 1955**. Accordingly, the Israeli Bar Association issued an ethical rule which determines that when a lawyer is asked by a customer to perform a transaction which he/she considers to be a high risk activity for ML/TF, he/she should not perform the transaction, and that doing so constitutes infringement of the ethical rule warranting the imposition of disciplinary sanctions. A similar rule for accountants was drafted and submitted to the Minister of Justice for approval.

***Establish financial intelligence units (FIUs);***

Section 29 of the PMLL established the Israeli FIU – IMPA. IMPA's mandate as set forth in the PMLL includes the authority to manage the data base, analyze the information in the database and ensure its security and to decide on dissemination of intelligence information (Section 29(b) of the PMLL). The mandate has been interpreted broadly to ensure proper implementation of the PMLL.

The added value of IMPA's database resides in the qualitative and unique financial information it contains, which facilitates the identification of suspicions of money laundering and financing of terrorism by means of a combination of information from

various sources, including information received from corresponding foreign authorities overseas. IMPA acts as a center of research and legal information on the subject of money laundering and the financing of terrorism, and its employees are specialists in the analysis of raw financial information in terms of money laundering and financing of terrorism.

**Independent Administrative Intelligence Authority:** IMPA was established in accordance with the administrative intelligence authority model, excluding powers of investigation. This was in order to protect in the best possible way, and in the public interest, the right to privacy of individuals and private entities on the one hand, and prevent the exploitation of financial institutions for the purposes of money laundering on the other. IMPA constitutes a buffer between the financial sector that reports to IMPA and the investigative authorities: it identifies suspect financial transactions and passes relevant information to the enforcement authorities in a strict and controlled manner, as is provided by statute, and only does so when an actual suspicion of money laundering or financing of terrorism exists.

*Ensure that agencies involved in anti-money laundering can cooperate and exchange information at national and international levels;*

**Information sharing on the international level:** Section 30(f) of the PMLL allows for dissemination of information between authorities and their counterparts in other states.

The Minister of Justice has delegated to the head of IMPA the authority to receive requests under the **International Legal Assistance Law, 1998** and the Attorney General has delegated to the head of IMPA the authority to submit requests for legal assistance. As such, IMPA operates today as “a competent authority” for the purpose of the submission and receiving of requests from other states, in accordance with the Legal Assistance Law.

The Attorney General Guidelines of March 7, 2006, state that IMPA may provide information to a counterpart authority in another country not only if there are reasonable grounds to suspect that the information relates to a specific predicate offence but also if the information includes indications of money laundering or terrorist financing typologies.

Section 30(f) of the PMLL permits IMPA to transmit information to a foreign FIU, even in the absence of an international agreement. Nevertheless, IMPA devoted great efforts to sign MOUs with its counterpart FIUs. IMPA views the efficient transferring of information between countries as an important part of the global fight against money laundering. Therefore, IMPA welcomes information exchange requests and has cooperated accordingly.

**Information sharing on the national level:** IMPA is authorized to share financial and intelligence information from its database, spontaneously or by request, with the Israeli Police and other relevant security agencies.

IMPA is authorized to share information with any person competent to receive information under the PMLL, for the purpose of preventing any offence thereunder, defending state security, combating terrorist organizations and for the purposes of implementing the **Trading with the Enemy Ordinance** and the **Combating the Iranian Nuclear Program Law, 2012** (Part 1 of Chapter 2 of the law).

According to the **Prohibition on Money Laundering Regulations (Rules for Use of Information Transferred to the Israel Police Force and the General Security Service for Investigation of Other Offenses and for Transferring it to Another Authority), 2006** (hereinafter – the AML Regulations), the Israel Police or the General Security Services are authorized to share information received from IMPA with additional authorities specified in the AML Regulations, for the purpose of implementing the PMLL or the **Prohibition on Financing of Terror Law, 2005** or for the purpose of investigating additional offences set forth in the Regulations.

As for the financial sector – during 2009 the AML/CFT (Anti Money Laundering/Combating the Financing of Terrorism) Regulators Forum was established in order to increase cooperation, to improve enforcement, and to ensure that AML/CFT issues are consistently implemented across the whole financial sector. As part of its activity, a memorandum of understanding between regulators was signed. The MOU intended to create a framework for cooperation and information exchange between the supervisors of the financial markets in Israel – the Supervisor of Banks, the Securities Authority and the Commissioner of the Capital Market, Insurance and Savings. The purpose of the MOUs is to promote effective, fair, uniform and coordinated supervision in order to enhance the stability, transparency and fairness of the financial markets in Israel, and to promote the development and competitiveness of these markets, all this with the aim of increasing the confidence of investors in those markets. The supervisors act within the framework of the MOUs in order to promote the application of accepted international supervisory standards and best practices to the financial markets in Israel.

### **Coordinated Interagency AML/CFT Strategy**

Ever since Government resolution No. 4618<sup>2</sup> (dated 01.01.2006), all the relevant agencies (intelligence, investigative, law enforcement, and regulatory) have been working together in a joint, risk based, prioritized effort to combat money laundering.

---

<sup>2</sup> On January 1, 2006, the government resolved to designate the fight against serious and organized crime and the products thereof as a long-term goal, resulting in intensified efforts to further this objective. It was decided, as a matter of policy, to combine the capability of all the professional agencies concerned, through the establishment of joint forums which would play a leading role in attaining the goals of the program and strengthen the collaboration between the enforcement authorities. In the context of the decision, an oversight team was established to establish policy on the subject. The team is headed by the Attorney General and its composed of the State Attorney, the Inspector General of Police, the Director of the Tax Authority and Chairman of the Securities Authority. The team maps out the combined policy in this sphere with the intention of promoting a combined effort by the relevant enforcement, legislation, regulation and intelligence agencies.

In this resolution, the Israeli government prioritized the goal of targeting illicit proceeds in the combat against serious and organized criminal activity. According to the resolution, all of the relevant agencies are required to operate in coordination with one another, subject to program objectives and a work plan approved by the Executive Committee lead by the Attorney General, together with the State Attorney, the Chief of Police, the Head of the Tax Authority, and the Chairman of the Securities and Exchange Commission.

A lower level inter-agency implementation committee was set up and charged with the task of implementing the executive committee's directives into an operational mechanisms and performance measurements. The implementation committee is chaired by the Head of Criminal Investigation Department at the Israel Police, and its members include the heads of various relevant police units and district attorney's together with counterparts from the Tax Authority, the Prison Service, the Securities and Exchange Commission, the Anti-Trust Authority, as well as the Head of IMPA. The implementation committee operates through several sub committees:

- Sub-committee for operational coordination and overview of the task forces – charged with the oversight of the task forces and the review of their effectiveness.
- Sub-committee for intelligence – charged with the oversight of the fusion center and identifying, on a risk-based approach, the future targets and areas of focus of the task forces
- Sub-committee for legal issues – charged with identifying legal barriers and impediments and promoting their amendment.
- Sub-committee for training – tasked with training the task force personnel and enhancing multi-agency training regarding financial investigation, money laundering and forfeiture.

The sub-committees meet regularly and discuss issues regarding enhancement of the effectiveness of the interagency combat against serious and organized crime and money laundering.

The implementation committee has set a multi-annual work-plan for combating serious and organized crime and money laundering. The main highlights of this plan are:

(1) Nine multi-agency task forces – each assigned to a specified criminal organization or phenomenon, and comprised of officials from the Israel Police, the Tax Authority, and the State Attorney's Office, with accompanying IMPA personnel.

(2) Intelligence Fusion Centre – comprised of permanent professional members of the Israel Police, the Tax Authority and IMPA which have direct access to their databases, acting to cross-reference information for the purpose of exposing multi-domain criminality and enabling inter-agency enforcement initiatives.

(3) AML staff units in the Police and the Tax Authority – augmented and restructured to provide the necessary support, training and IT development services for optimal field implementation.

(4) Designated financial teams in each of the regional offices of the state attorney's office.

(5) Academy for Interdisciplinary Enforcement Studies – the academy serves as an institution for the research and learning of systemic enforcement models, performance measurements, as well as inter-agency solutions to complex tactical challenges. The academy actively disseminates policy and research product to decision makers, and lessons for intra-agency doctrine and procedure.

***Become part of anti-money laundering (AML) networks (such as FATF, FSRBs, Egmont Group);***

#### **EGMONT**

IMPA has joined the EGMONT Group, as part of its overall goal of enhancing international cooperation as well as promoting the exchange of information. IMPA takes an active part at the EGMONT Group meeting and its committees. The EGMONT "Principles for Information Exchange between Financial Intelligence Units for Money Laundering and Terrorism Financing Cases" are reflected in Section 30(f) of the PMLL.

#### **MONEYVAL**

In 2006, the Committee of Ministers of the Council of Europe accepted Israel as an "active observer" in Moneyval – the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism a FATF-style regional body. In 2013, Israel received voting rights in Moneyval.

#### **FATF**

Following the review taken by the Ad Hoc Group on Membership of the FATF, the FATF has decided on June 2014 to expand its membership and has identified Israel as a potential candidate for FATF membership. According to the FATF policy on Membership, Israel (through its Minister of Justice and the Minister of Finance) has committed in writing on September 2014 its endorsement of the FATF Recommendations and processes and committed to undergo a mutual evaluation. The next step of the process is a high-level visit to Israel by FATF to verify and confirm the commitment with the government and relevant authorities and evaluate the country's compliance with the FATF standards.

***Require individuals and businesses to declare/disclose cash border transportation and other negotiable instruments;***

Section 9 of the PMLL requires a customs declaration from every person who carries cash money or assets that are equivalent to cash (e.g., bank drafts and travelers' checks), when entering or exiting the State of Israel. The declaration is obligatory if the total value carried by such a person exceeds the reporting threshold. This threshold stands currently at NIS 100,000 (approx. 24,000 EUR) (except for the "Erez" crossing to the Gaza Strip

where the threshold stands at NIS 12,000 (approx. 2,900 EUR). This threshold may be reduced to NIS 50,000 (approx. 12,000 EUR), in a future amendment of the PMLL which is currently being drafted. A person who fails to submit a declaration, or falsifies one, may be subject to an administrative sanction or to criminal proceedings.

***Require financial institutions, including money remitters to meaningfully identify originator of electronic transfer of funds; maintain such information throughout the payment chain and apply enhanced scrutiny to transfers lacking complete information on originator or beneficiary***

Financial institutions are prohibited from performing a wire transfer from Israel to an overseas destination or a wire transfer from overseas to Israel,<sup>3</sup> without recording, in each of the transfer documents, the details of the transferor, including his/her name, account number and address; and also the details of the transferee, including his/her name and account number. If the transfer is not made from the account of the transferor or to it, the financial institution shall record the identity number of the person initiating the transfer or the transferee, as applicable.

If the wire transfer is carried out through a correspondent account, the financial institution shall ascertain that all the information about the transferor is sent to the respondent institution.

***Refer to or use as a guideline regional or multilateral anti-money laundering initiatives;***

IMPA has issued an internal procedure concerning best practices of work with foreign FIUs which adopts the EGMONT "Best Practices for The Improvement of Exchange of Information Between Financial Intelligence Units for Money Laundering and Terrorism Financing". This internal procedure sets the mechanism of IMPA's work with foreign FIUs, and is used continuously through IMPA's daily work.

Israel adopted the FATF's public statements on countries that have AML/CFT strategic deficiencies, to the AML/CFT orders which apply to financial institutions. It uses, on a regular basis, the guidelines, best practices and typology papers issued by the FATF, MONEYVAL and the EGMONT group.

***Demonstrate use of mutual legal assistance, administrative or judicial cooperation in cases of money-laundering among law enforcement, judicial authorities and financial regulatory authorities;***

Israel assists other countries in matters relevant to money laundering offences via mutual legal assistance requests, even when there is no bilateral or multilateral agreement for mutual legal assistance in criminal matters between the State of Israel and the requesting

---

<sup>3</sup> For some financial institutions, it is only for wire transfers of more than 5,000 NIS (approx. 1200 EUR).

country. Israel also provides assistance in matters of extradition when there are no conventions for extradition, based on ad-hoc agreements, when possible.

**The Department of International Affairs** in the Office of the State Attorney is the designated authority dealing with outgoing requests for legal assistance in criminal matters. The Department drafts and submits requests for legal assistance on behalf of the State of Israel and advises the police and other relevant authorities with regard to incoming requests. Due to the growth in international criminal activities, the Department of International Affairs is involved with many cases that result in requests for legal assistance.

**The Legal Assistance Police Unit** deals with incoming requests unless they are of a nature requiring an investigation by a specialized authority, e.g. the Israel Securities Authority. In addition, it has been providing legal assistance and cooperating with foreign judicial authorities and police for many years, including matters relating to money laundering.

**The Bank of Israel** – The Banking Supervision Department established informal contacts with the supervisory authorities in other countries. Home-host relations are formulated between banking corporations in Israel and worldwide, including branches, representatives and offices. The cooperation includes various issues including AML/CFT. Cooperation between the Banking Supervision Department and other countries also exists where issues regarding appointment of directors and executive management are in question.

**The Israel Securities Authority – The Securities Law, 1988** enables the ISA to cooperate and provide assistance to foreign securities authorities with which it has signed a MOU. Once the MOU is signed, non-public information may be released by the ISA to a foreign authority, subject to certain conditions as outlined in the Securities Law.

The ISA is signatory to the IOSCO Multilateral Memorandum of Understanding ("MMOU"), which enables information sharing to facilitate detection, deterrence, licensing and surveillance. Under the MMOU, the ISA exchanges information with foreign counterparts on a regular basis.

**Capital markets, insurance & savings division** – Section 50B of the **Control of Financial Service (Insurance) Law, 1981** authorizes the supervisor of the insurance market to submit information and documents to a foreign competent authority to fulfil its function while controlling insurers and insurance agents.

**The Postal Bank** – The Postal Bank has agreements with Western Union and Euro Giro for transferring money from Israel and to Israel. The W.U. and E.G. are international and are fully supervised companies. Since all of the financial services are confirmed by the Minister of Communication, there is assurance that such cooperation is enclosed in such a contract. The Postal Bank also ensures that a contract will include orders regarding the change of information about the identity of the passer or the receiver accordingly and the

transfer amount. All of the relevant information about the transaction should be kept by the Postal Bank for at least seven years.

***Regulate cooperation and information exchange with relevant agencies (for instance on matters related to asset declarations, real estate transactions, tax matters).***

Additionally to the above mentioned arrangements regarding information exchange with law enforcement authorities and counterparts FIU's, Section 31(a) of the PMLL entitles the IMPA to ask the Tax Authority for information which is required in order to enforce the PMLL and the Prohibition on Financing Terrorism Law. The Minister of Finance, within the framework of his authority, under the tax law confidentiality rules, must review the application as soon as possible in the circumstances, and information which he decides to pass on must be forwarded to the authority without delay.

IMPA also has access to various databases which include financial, administrative and law enforcement information (the Israel Population Registrar, the Israel Companies Registrar, Land registry Bureau, criminal registry etc.).

**2. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.**

Several law amendments are planned to enable IMPA to exchange information with additional authorities: (1) adding tax offences to the PMLL as predicated offences and enabling the exchange of information between the Tax Authorities and IMPA; (2) authorizing IMPA to exchange information with the financial regulators and with the Police Investigation Unit.