



Submitting an Application for a Financial Services Provider License

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The law was enacted by the Knesset on July 18, 2016

The purpose of the Law:

- ✓ **Regulate the field of currency service providers and the field of non-institutional credit providers, and appoint a financial regulator to oversee these fields.**
- ✓ **Develop the financial services and credit providers industry in a way that will constitute a viable alternative to traditional banking.**
- ✓ **Create opportunities for financial service providers to increase activity in other areas.**
- ✓ **Establish efficient oversight to prevent illicit use of the industry by offenders**

The main principles:

- **Expand the definition of service providers in a financial asset.**
- **Financial asset service provider license, credit license, deposit and credit association license and system license for credit intermediation between lenders and borrowers (P2P).**
- **Determine consumer provisions and subordinating the provisions of the law to the Class Action Law.**
- **Determine criminal and administrative sanctions against violators of the law.**



Determining what the minimum equity is.



Examining the integrity of the applicant. In case of a Corporation, examining the integrity of the officers, controlling shareholders and interested parties.



An assessment of a business plan, financial means and funding sources of the license applicant.

The law imposes additional obligations on a financial service provider (additional to those under other laws such as Contract Law, Consumer Protection Law, etc. Moreover, the supervisor may amend the law or establish new regulations.

Full disclosure and prohibition of misleading information

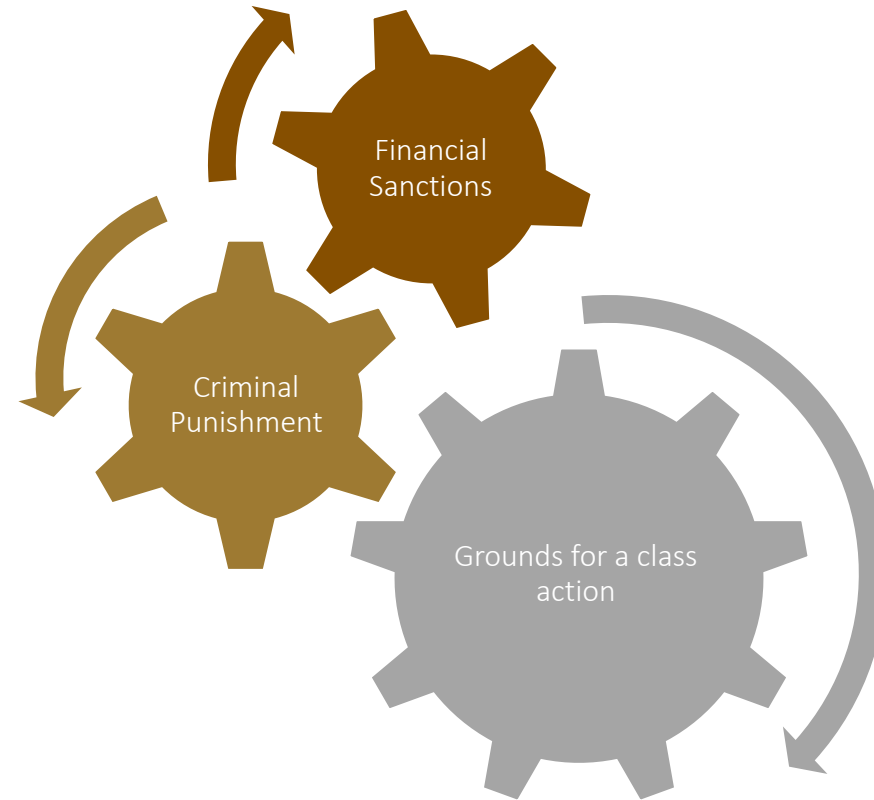
Expanded disclosure obligation that includes all of the details pertaining to the transaction (beyond what is acceptable today)

The inspector may require to draw up written agreements in areas that have yet to be regulated

Establishing uniform fees

A Corporation is obligated to incorporate in order to obtain an extended license (business turnover of NIS 30 million for a service provider or credit balance of NIS 25 million for a credit provider)

Periodic reports to the new authority (besides reporting to the Money Laundering Authority)

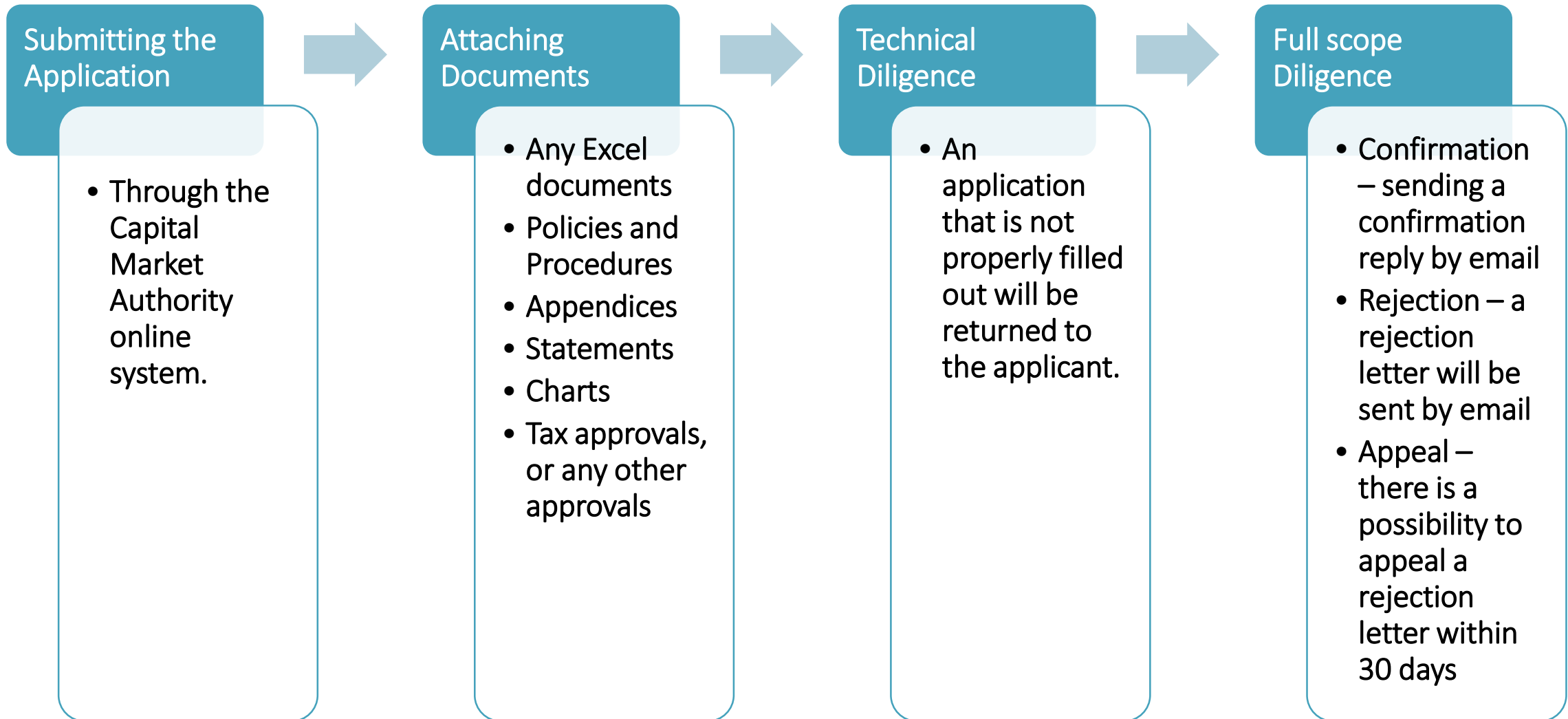


The law establishes sanctions that may apply to violators of the law (including officers and controlling shareholders of the corporation). Therefore, a financial services provider must abide with all the provisions of the law and the supervisor's instructions in relation to the license conditions, the reports to the authority and the relationship between him and his clients, including the execution of agreements and disclosure pursuant to the law.

	Basic License	Expanded License
Business Turnover (according to assessment/financial assessment)	Up to NIS 30 Million	Above NIS 30 Million
Relevant to	Corporations or Individuals	Corporations only
Minimum Equity: <ul style="list-style-type: none"> • Corporation: according to accounting rules. • Individual: deposit up to 3 months or government bonds, deposited in a bank or with a stock exchange member. 	NIS 300,000	NIS 1,000,000
Additional Conditions	<ul style="list-style-type: none"> • Israeli Resident • Without criminal convictions • Is not in receivership or bankruptcy • Regarding a corporation – all the conditions for competence and integrity for the officers, controlling shareholders and interested parties have been met. • Reviewing capital statements 	In addition to basic license conditions: <ul style="list-style-type: none"> • Corporate structure review • Business plan review • Reviewing financial means and funding sources

MAIN REQUIREMENTS – CREDIT PROVIDER LICENSE

	Basic License	Expanded License
Accumulate credit	Up to NIS 25 Million	Above NIS 25 Million
Relevant to	Corporations or Individuals	Corporations only
Minimum Equity: <ul style="list-style-type: none"> • Corporation: according to accounting rules. • Individual: deposit up to 3 months or government bonds, deposited in a bank or with a stock exchange member. 	NIS 500,000	<ul style="list-style-type: none"> • Between NIS 1 Million – NIS 25-50 Million • Between NIS 1 Million – NIS 50-100 Million • Above NIS 4 Million – NIS 100 Million
Additional Conditions	<ul style="list-style-type: none"> • Israeli Resident • Without criminal convictions • Is not in receivership or bankruptcy • Regarding a corporation – all the conditions for competence and integrity for the officers, controlling owner and interested parties have been met. • Reviewing capital statements 	In addition to basic license conditions: <ul style="list-style-type: none"> • Corporate structure review • Business plan review • Reviewing financial means and funding sources



- Identification number of the license applicant.
- Business address – if there are several branches, the main office address must be the one on the form
- Contact information
- If you are a license applicant who is a new practitioner – an expected starting date is needed
- Information on the Company's officers, controlling owners, interested parties and parties who have influence on the business.
- Information on the financial situation of the license applicant, with emphasis on:
 - Total credit limit in the bank(s)
 - Equity
 - Source of funding from the owners, the bank, or any other sources.

- Copy of the individual's identity card, passport, or residence card.
- CV
- A Tax Authority 1219 Form capital statement approved by a CPA
- Private and influential affidavit in the business
- Last tax assessment
- Profit and loss statement

- Copy of the certificate of incorporation certified by the Registrar of Companies
- Bylaws and/or memorandum approved by the Registrar of Companies
- Shareholder's agreement or any other relevant document
- CV of all officers, controlling shareholders, interested parties and parties who have influence on the business
- An organizational chart detailing the Corporation's structure
- A recent Registrar of Companies extract (including liens)
- A recent authorized signatories protocol verified by an attorney or a CPA
- Organizational structure detailing the holding and control structure from the license applicant to the final holder
- Details of all means of control in the company
- If a corporation is a public company – T77 Form from the Securities Authority - immediate report on the state of holdings of interested parties and senior officers
- Affidavit of the controlling owners, interested parties, parties with influence on the corporation, and officers of the Corporation
- Capital statement and tax approval of the controlling owners

Required Document	Additional requirements for granting credit	Additional requirements for expanded license	Additional requirements for fintech
Organizational Structure	Credit and Risk Management Policy	Regulatory Business Plan	Data Protection Policy including penetration tests and a work plan
Corporation’s Activity Policy	Consumer Credit Policy	Expanded Organizational Structure	Risk Management Policy
Customer Care Policy	The Source of Funding Document	Expanded Privacy and Data Protection Policy	
Anti-Money Laundering Policy			
Public Complaints Policy			
Document Retention Policy			
Privacy and Data Protection Policy			
Embezzlement and Fraud Policy			

Name	Information
License Application Excel	Excel stating the applicants details and branches (if applicable)
Appendix I	Consent to receive information from the criminal registry
Appendix II	License applicant affidavit
Appendix III	Officers affidavit
Appendix V	Controlling shareholder(s) and interested party affidavit
Controlling Shareholders Excel	Excel detailing the controlling shareholders
Appendix XII	Tax payment statement

Contact Detail



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