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Criteria and Principles for granting a credit data service license or business information service license

1. Goal

Sections 7 and 61 of the Credit Data Law, 5776-2016 (hereinafter, "the Law") authorize the Supervisor of Credit Data Sharing (hereinafter, "the Supervisor") to grant a credit data service license or a business information service license, given the existence of the conditions listed in the Law, and in contrast, not to grant a license due to reasons listed in the Law, including for reasons that are for the good of the public.

This document details the criteria and principles, including those listed in the Law, which will serve as the basis of the Supervisor's examination in considering the granting of said licenses. The criteria and principles detailed below are essentially guidelines that will be implemented in actuality in accordance with the requirements of the Law, while utilizing the Supervisor's judgment in line with the details of the entity submitting the request.

A license for operating a credit data service and a license for operating a business information service will be granted separately by the Supervisor.

2. Credit data service license

2.1. The license requester is a company as defined in the Companies Law. A company that is incorporated abroad is to establish a listed office in Israel and to appoint representatives in said office that will be granted a power of attorney to act in its name, including providing services to credit data users, to paid empowered representatives and to customers as detailed in law.

2.2. The license requester or its principal shareholder, as defined in law, is not a controlling interest in a credit data user or in a paid empowered representative. The license requester is not controlled by a credit data user or paid empowered representative or by a controlling interest in a credit data user or in a paid empowered representative. The principal shareholder in a license requester shall not be a credit data user.



- 2.3. The license requester has registered the database as a database under the Protection of Privacy Law, 5741-1981, prior to the date of receiving data from the credit data register established under the Law (hereinafter, the Register).
- 2.4. The license requester has deposited a guarantee in a sum that was determined by the Supervisor, given the expected scope of its business and in line with the Governor's rules.
- 2.5. Personal and business honesty and integrity
The license requester, its controlling interest, or its officeholders, as defined by law, have not been convicted of an offense, the substance, severity, or circumstances of which renders them unworthy, in the Supervisor's opinion, of receiving a license, and no indictment for such an offense has been filed against any of the above parties for which a final verdict has not yet been rendered.
- 2.6. Information security
The license requester meets the Bank of Israel's requirements regarding security and the ability to operate a technological system that will mitigate the risk of a negative impact to customers' privacy and the risk of a negative impact to securing the information it holds. The license requester shall act in line with advanced standards of information security and will bear the responsibility for protecting the privacy of the information it holds.
- 2.7. Designation of business
 - 2.7.1. The license requester shall not operate in another business that is not: a credit data service as detailed in Section 12(a) of the Law, the provision of services as detailed in Section 13 of the Law, or the operation of a business information service if he received a separate license to do so.
 - 2.7.2. The license requester is not permitted to operate in a line of business in addition to the provisions of Section 2.7.1 above, unless the Governor permitted this in advance with the approval of the Economic Affairs Committee of the Knesset, on condition that the additional business does not adversely impact the objectives of the Law, the proper conduct of credit data service or the interest of credit data users or of the customers.
- 2.8. The license requester shall not be one of the following: the company that wins the Bank of Israel's tender to establish, operate, and maintain the credit data sharing system (hereinafter, the winning company); a direct or indirect shareholder in the winning company, and corporations in which it is a principal shareholder or that they are principal shareholders in it; a direct or indirect subcontractor of the winning company and a direct or indirect shareholder in the subcontractor, and corporations in which it is a principal shareholder or that



they are principal shareholders in it. In any other case where an entity connected to the winning company requests to receive a license to set up and operate a credit bureau, it will have to make contact to receive authorization from the Bank of Israel in advance and in writing.

2.9. Absence of conflict of interest

The license requester shall not engage in a conflict of interest in performing services it provides.

2.10. Professional experience and business conduct

2.10.1. Officeholders in the license requester have appropriate skills and knowledge or experience.

2.10.2. The Supervisor shall examine the impact of information on past operations of the license requester or its officeholders, such as: bankruptcy claims, liquidation, receivership, stay of proceedings, inability to meet debts, court orders etc.

2.11. Business preparedness

2.11.1. The license requester is to have a business plan that includes reference to resources that exist or that are within its ability to purchase or develop, including financial and operational resources (including computer systems) and human resources, for the operation of a credit data service or rating service (to the extent that the license requester wishes to operate a rating service) and to meet the requirements of the Law that derive from the provision of such services.

2.11.2. The Supervisor's examination shall take into account the required scope of investment and the ability to fund such an investment, the technological ability to provide services at a high standard and within an optimal time for customers, and more.

2.12. Meeting the Supervisor's directives

The license requester shall meet the requirements of the directives that will be set by the Supervisor, for the proper conduct of credit bureaus, in order to protect the interests of customers and credit data users, to protect the privacy of customers and information security, including issues of corporate governance, risk management, and rules of conduct.

2.13. Work model of the bureaus with the register

The license requester shall meet the rules of hosting the credit bureau's information system infrastructure at the Bank of Israel as set by the Supervisor, or the Supervisor's alternative directives related to the work model with the register as obligated by the information security requirements.



- 2.14. The contribution to competition of granting the license
The Supervisor's examination shall take into account considerations of the license granting's contribution to competition in the retail credit market, in consultation with the Director General of the Israel Antitrust Authority.

3. Business information service license

- 3.1. The license requester is a company as defined in the Companies Law. A company that incorporates abroad is to establish a listed office in Israel and to appoint representatives in said office that will be granted a power of attorney to act in its name, including providing services as detailed in law.
- 3.2. The license requester has registered the database as a database under the Protection of Privacy Law, 5741-1981.
- 3.3. The license requester has deposited a guarantee in a sum that was determined by the Supervisor, given the expected scope of its business and in line with the Governor's rules.
- 3.4. Personal and business honesty and integrity
The license requester, its controlling interest, or its officeholders, as defined by law, have not been convicted of an offense, the substance, severity, or circumstances of which renders them unworthy, in the Supervisor's opinion, of receiving a license, and no indictment for such an offense has been filed against any of the above parties for which a final verdict has not yet been rendered.
- 3.5. The license requester meets the Bank of Israel's requirements regarding security and the ability to operate a technological system that will mitigate the risk of a negative impact to customers' privacy and the risk of a negative impact to securing the information it holds. The license requester shall act in line with advanced standards of information security and will bear the responsibility for protecting the privacy of the information it holds.
- 3.6. Absence of conflict of interest
The license requester shall not engage in a conflict of interest in performing services it provides.
- 3.7. Professional experience and business conduct
- 3.7.1. Officeholders in the license requester have appropriate skills and knowledge or experience.
- 3.7.2. The Supervisor shall examine the impact of information on past operations of the license requester or its officeholders, such as: bankruptcy claims, liquidation, receivership, stay of proceedings, inability to meet debts, court orders etc.



3.8. Business preparedness

3.8.1. The license requester is to have a business plan that includes reference to resources that exist or that are within its ability to purchase or develop, including financial and operational resources (including computer systems) and human resources, for the operation of a business information service and to meet the requirements of the Law that derive from the provision of such services.

3.8.2. The Supervisor's examination shall take into account the required scope of investment and the ability to fund such an investment, the technological ability to provide services at a high standard and within an optimal time for customers, and more.

3.9. Meeting the Supervisor's directives

The license requester shall meet the requirements of the directives that will be set by the Supervisor.

3.10. The contribution to competition of granting the license

The Supervisor's examination shall take into account considerations of the license granting's contribution to competition in the retail credit market, in consultation with the Director General of the Israel Antitrust Authority.

4. Criterion for an entity requesting both a credit data service license and a business information service license

Separation of data and provision of service: The licenses requester shall establish an absolute separation between the information systems of the credit data service and the business information service, and shall establish an organizational separation between the two such services (such as: separate units or departments), including separate human resources, and shall ensure that business rating service shall be provided based on the data in each database separately.