

Credit Data (Bureau Licensing) Rules, 5777-2017

By the power vested in me under Sections 7(e), 8, 11(b) and 61(d) of the Credit Data Law, 5776-2016¹ (hereinafter, "the Law"), I hereby determine these rules:

Chapter A – Interpretation

Definitions

1. In these Rules –
"License Holder" – one who possesses a credit data service license or a business information service license, as applicable;
"Applicant" – one who submits an application for a credit data service license under Section 7 of the Law or one who submits an application for a business information service license under Section 61 of the Law;
"Guarantee" – as defined in Section 8 of the Law;
"License" – a credit data service license or a business information service license, as applicable.

Chapter B – Submitting an application for a credit bureau license or a business information bureau license

Application for license

2. (a) An application for a license shall be submitted to the Supervisor, shall be signed by one who is authorized to sign the application on behalf of the Applicant. The application shall include the following, among other things:
 - (1) Type of license requested and the services to be rendered by the Applicant;
 - (2) Identifying details of the Applicant and its officeholders;
 - (3) Identifying details of the Applicant's principal shareholders and holders of control, and the share of their holdings in the means of control therein;
 - (4) Details of the professional experience of the Applicant and its officeholders;
 - (5) Details of the Applicant's resources and business plan;
 - (6) Information required to calculate the amount of the guarantee or the insurance, pursuant to Chapter C.
- (b) An affidavit affirming the facts on which the application is based shall be attached to the application for a license.
- (c) An application may be submitted based on the form to be prepared by the Supervisor in accordance with this Section and that will be

¹ Sefer Hahukim 5776, p. 838.

published on the Bank of Israel website.

- (d) One who applies to operate credit data services and business information services shall submit two separate applications to the Supervisor on two separate forms, and shall attach to each application the relevant documents as stated in these Rules.
- Form details
3. (a) The Applicant shall provide all the details required under Section 2 in the License application; If an Applicant is unable to provide any detail, the Applicant shall state the reasons for this.
- (b) In responding to the questions, the Applicant shall use clear and unambiguous language and shall use the terms used in the Law and in these Rules as far as possible.
- Documents accompanying the license application
4. (a) Affidavits and documents that attest to the satisfaction of the conditions of getting a license shall be attached to the application, as well as the following documents and affidavits, as relevant:
- (1) The documents on the basis of which the Applicant was incorporated and the documents on the basis of which the Applicant operates;
 - (2) Information on the Applicant's financial means, required scope of investment, and sources of financing;
 - (3) A chart illustrating the Applicant's ownership structure, a chart of the Applicant's holdings in other entities, and the Applicant's affirmation that the ownership structure meets the requirements of Section 7(b)(2) of the Law;
 - (4) A list of the Applicant's officeholders, including details of their qualifications, education, and experience relevant to the requested license;
 - (5) The Applicant's business plan, including reference to the detailed organizational structure, operating resources, human resources, and budget projections for the first five years of preparations and operation of the requested service;
 - (6) The company's policy documents on handling public enquiries, including details of the Public Enquiries Officer, if one has already been appointed by the Applicant;
 - (7) Documents that attest to compliance with information security standards;
 - (8) An affirmation, signed by an attorney, of the signatory rights in the company, and the signatory's authority to submit the application;
 - (9) Affidavits concerning the honesty and integrity of the Applicant, its controlling shareholder, and its officeholders, signed by them and affirmed by an attorney.
 - (10) Confirmation of registration in the Databases Registry according to the Protection of Privacy Law;
 - (11) An affidavit concerning the Applicant's undertaking to

prevent any conflict of interest when rendering the service according to the requested license;

- (12) Written consent that the Supervisor or whomever is acting on his behalf, shall receive, at any time and on demand, information on the Applicant and on its controlling shareholder or its officeholders from the criminal register as defined in the Criminal Register and Rehabilitation of Offenders Law, 5741-1981².

- (b) The Supervisor is permitted to require from the Applicant additional data and documents as necessary, in his opinion, to review the application.

Submission of the application 5. The application and accompanying documents shall be sent in two copies, by registered mail or by messenger to the Supervisor's address as it appears on the Bank of Israel website.

Chapter C: Guarantee

Guarantee 6. (a) The Supervisor may order the Applicant to deposit a guarantee in favor of the Supervisor in the form of a bank guarantee or other appropriate guarantee in lieu of a bank guarantee, and may stipulate the conditions for providing such other appropriate guarantee.
(b) If the Supervisor ordered the deposit of another appropriate guarantee in lieu of a bank guarantee, as stated in Subsection (a), the provisions of Section 8 shall apply to the guarantee, with the necessary changes.

Purpose of the guarantee 7. The guarantee to be deposited by the Applicant shall secure the following:
(1) Compensation for whomever is negatively impacted by any act or omission committed by the License holder, or in the event that the License holder fails to perform its obligations toward the negatively impacted party in any other manner;
(2) The guarantee shall be confiscated in the event that the Applicant or the License Holder acted deceptively, manipulatively, or in bad faith, or if he provided misleading or substantively inaccurate information to the Supervisor.

Conditions of the bank guarantee 8. (a) The amount of the bank guarantee shall be one-half of the amount of the professional liability insurance that the Supervisor established according to Section 12, provided that the amount of the bank guarantee is no less than NIS 1 million.
(b) The bank guarantee shall be unconditional, irrevocable, and not subject to any lien or confiscation.
(c) The format of the bank guarantee letter shall be approved by the

² Sefer Hahukim 5741, p. 322; 5776, p. 1223.

Supervisor.

- (d) The Supervisor may, from time to time, review the need to revise the amount of the bank guarantee, according to Section 8(b) of the Law.
- (e) The License Holder shall undertake to maintain the amount of the bank guarantee at all times at an amount no less than the amount pursuant to Subsection (a), or no less than the amount established by the Supervisor pursuant to Subsection (d), as applicable.
- Realizing bank or other guarantees to compensate parties negatively impacted by the License Holder
9. (a) Realizing of the bank guarantee or any other guarantee, which was required by the Supervisor in order to compensate whomever has been negatively impacted by any act or omission committed by the License Holder as part of its activities pursuant to Section 7(1), shall be executed pursuant to a court ruling, unless the License Holder fulfilled his obligations to the negatively impacted party in another manner.
- (b) The Supervisor shall realize the bank or other guarantee in order to compensate whomever is negatively impacted by any act or omission of the License Holder, as stated in Subsection (a), upon presentation of one of the following:
- (1) A conclusive rule by a court in an action filed by the negatively impacted party against the License Holder;
- (2) A settlement between the negatively impacted party and the License Holder, certified by a court ruling;
- (3) A decision by an arbitrator, certified by a court, in a dispute between the negatively impacted party and the License Holder.
- Realizing the guarantee in the event that the License Holder acted deceptively or provided misleading information to the Supervisor
10. (a) If the Supervisor finds that the License Holder acted deceptively, manipulatively, or in bad faith, or provided misleading or substantively inaccurate information to the Supervisor, the Supervisor shall inform the License Holder of his findings and of his intention to confiscate the guarantee.
- (b) The License Holder may present its arguments to the Supervisor, either verbally or in writing, as instructed by the Supervisor, within 45 days of the date of the Supervisor's notice given pursuant to Subsection (a), and the Supervisor may, at the offender's request, extend this period by an additional period that does not exceed 45 days.
- (c) If the License Holder presented no arguments or if the Supervisor found that the arguments presented by the License Holder are insubstantial, the Supervisor shall confiscate the guarantee.
- Professional liability insurance
11. (a) The License Holder shall have issued a professional liability insurance policy by an insurer, as this term is defined in the

Supervision of Financial Services (Insurance) Law, 5741-1981³, which covers its liability toward any party negatively impacted by any act or omission committed by it in the policy period, including claims filed within one year of the end of the policy.

- Amount of professional liability insurance
12. (b) The format of the insurance policy shall be to the Supervisor's satisfaction.
- (a) The Supervisor shall, after giving the License Holder reasonable opportunity to present its position, determine the amount of the insurance to be carried by each License Holder at all times, considering the following information, among other things:
- (1) The greater of the number of reports that the License Holder submitted or intends to submit;
 - (2) The type or types of licenses that the License Holder holds or wishes to hold;
 - (3) The type of services rendered by the License Holder;
 - (4) The duration of the period in which the License Holder held the license;
 - (5) The License Holder's professional experience;
 - (6) Any compensation or other amounts paid by the License Holder in connection with its liability toward any party negatively impacted as a result of its act or omission, including any payment so paid in respect of actions adjudicated by a court, and the number of such demands for damages served upon the License Holder.
- Updated amount of professional liability insurance
13. From time to time, and at least once every five years, the Supervisor shall examine the need to update the required insurance amount according to the provisions of Section 12.

Chapter D: Miscellaneous provisions

- Publication of license revocation or suspension notices
14. Any notice of revocation or suspension of a License shall be published in two daily newspapers in addition to publication on the Bank of Israel website, pursuant to the provisions of Section 11(b) of the Law.

Karnit Flug

Governor of the Bank of Israel

24 Sivan 5777

18 June 2017

³ Sefer Hahukim 5741, p. 208.