

**CONTROL OF FINANCIAL
SERVICES (PENSION COUNSELING
AND PENSION MARKETING) LAW -
2005**

CONSOLIDATED ENGLISH TRANSLATION

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CONTROL OF FINANCIAL SERVICES (PENSION COUNSELING AND PENSION MARKETING) LAW 5765-2002

CHAPTER ONE: DEFINITIONS

Definitions

1. In this Law -
 - "bank", "foreign bank" and "banking corporation" - within their meaning in the Banking (Licensing) Law;
 - "interested party" - as defined in the Securities Law;
 - "license holder" - each of the following:
 - (1) a pension counselor;
 - (2) a pension agent;
 - "institutional body", "holding", "insurance agent", "relative" and "control" - as defined in the Control of Insurance Law;
 - "the Committee" - as defined in the Control of Insurance Law, but for the purposes of this Law a person who previously engaged in insurance or in provident funds shall be appointed Committee member instead of the Committee member said in section 4(b)(3) of the said Law;
 - "the Commissioner" - the Capital Market, Insurance and Savings Commissioner in the Ministry of Finance;
 - "the Supervisor of Banks" - within its meaning in the Banking Ordinance;
 - "connection" of any person to a pension product - each of the following:
 - (1) that person is the management company of a provident fund that is not an insurance fund, including an advanced training fund, which is the pension product;
 - (2) that person is an insurer that manages an insurance fund or conducts an insurance program, which is the pension product;
 - (3) in respect of a person who is not one of those named in paragraphs (1) and (2), also one of the following:
 - (a) that person is an employee of an institutional body, in respect of which the provisions of paragraphs (1) or (2) hold true, or he is employed by it or is an officer of it;
 - (b) that person is entitled to a benefit in connection with the performance of a transaction with a pension product, other than receiving a commission under the provisions of section 9(a)(2);
- for the purposes of this definition, "person" includes whoever controls him or is controlled by either of them, and an officer of any of them;

- "management company", "self employed member", "employee member", "provident fund", "personal severance pay provident fund", "insurance fund", "pension provident fund", "savings provident fund" and " advanced training fund" - as defined in the Control of Benefit Funds Law;
- "Banking (Licensing) Law" - the Banking (Licensing) Law 5741-1981;
- "Companies Law" - the Companies Law 5759-1999;
- "Regulation of Investment Counseling Law" - the Regulation of Investment Counseling, Investment Marketing and Portfolio Management Law 5755-1995;
- "Penal Law" - the Penal Law 5737-1977;
- "Control of Insurance Law" - the Control of Financial Services (Insurance) Law 5741-1981;
- "Control of Benefit Funds Law" - the Control of Financial Services (Benefit Funds) Law 5765-2005;
- "Joint Investments Trust Law" - the Joint Investments Trust Law 5754-1994;
- "Securities Law" - the Securities Law 5728-1968;
- "saving", by means of a pension product - including the continued transfer of money to savings by means of a pension product or by leaving amounts accumulated in such savings;
- "benefit" - a benefit, given otherwise than by a client to a person or to another on his behalf or for him, whether directly or indirectly;
- "pension counselor" - the holder of a pension counselor license, given to him under section 5;
- "pension counseling" - counseling an individual on the value of saving by him and by his relative as an employee member, self employed member or insured person by means of a pension product to which the counselor has not connection;
- "client" - an individual who received pension counseling or pension marketing in respect of saving, by him and his relative as an employee member, as a self employed member or as an insured person;
- "pension product" - any product included in one of the categories of pension products;
- "officer" - as defined in the Companies Law;
- "category of pension products" - each of the following, including any combination of them:
- (1) a pension provident fund that is not an insurance fund;
 - (2) a savings provident fund that is not an insurance fund;
 - (3) a personal severance pay provident fund that is not an insurance fund;
 - (4) a pension provident fund that is an insurance fund;
 - (5) a savings provident fund that is an insurance fund;
 - (6) a personal severance pay provident fund that is an insurance fund;
 - (7) an advanced training fund;

- (8) an insurance program against the risk of death or against the risk of loss of working capacity, which was permitted by the Commissioner of Insurance under the provisions of section 40(b) of the Control of Insurance Law and is included in one of the provident funds enumerated in paragraphs (1) to (6) or in an advanced training fund, or which is sold in connection with one of these;
 - (9) any other product designated by the Minister;
- "pension agent" - a person authorized to engage in pension marketing under the provisions of section 3;
- "offense" - any of the following:
- (1) an offense under one of the Laws specified below, other than an offense for which the penalty is only a fine: this Law; the Control of Benefit Funds Law; the Regulation of Investment Counseling Law; the Companies Ordinance; the Securities Law; the Banking (Licensing) Law; the Banking Ordinance; the Banking (Service to Customers) Law 5741-1981; the Control of Insurance Law; the Currency Control Law 5738-1978; the Income Tax Ordinance; the Value Added Tax Law 5736-1976; the Customs Ordinance; the Trade Levies Law 5751-1991; the Prohibition of Money Laundering Law 5760-2000;
 - (2) an offense that - because of its nature, severity or circumstances - makes a person who committed it unfit to engage in pension counseling or pension marketing, or to serve as officer of a body corporate that is a pension counselor, as the case may be;
- "transaction" - a contract between a client or his relative and an institutional body in respect of saving by means of a pension product with which the institutional body has a connection under paragraphs (1) or (2) of the definition of "connection", and also the performance of acts with that pension product;
- "the Banking Ordinance" - the Banking Ordinance 1941;
- "the Bankruptcy Ordinance" - the Bankruptcy Ordinance 5740-1980;
- "partnership" and "limited partner" - as defined in the Partnership Ordinance [New Version] 5735-1975;
- "pension marketing" - counseling an individual on the value of saving by him and by his relative as an employee member, as a self employed member or as an insured person by means of a pension product to which the counselor has a connection;
- "the Minister" - the Minister of Finance.

CHAPTER TWO: ENGAGING IN PENSION COUNSELING AND PENSION MARKETING

Article One: Obligatory Licensing

Engaging in pension counseling

2. (a) A person shall engage in pension counseling only if he holds a pension counselor license and only in accordance with the conditions of the license.
- (b) An individual pension counselor license holder may engage in pension counseling as an individual, as employee of a company or of a partnership that holds a pension counselor license or as partner in a partnership that holds a said license.

Engaging in pension marketing

3. A person shall not engage in pension marketing, unless he is one of those enumerated in paragraphs (1) to (3) below, and in accordance with the conditions specified in them:
 - (1) the holder of an insurance agent's license, in the pension insurance branch, as defined in section 28(a)(3) of the Control of Insurance Law, which was given to him under section 25 or 26 of the said Law (in this Law: pension insurance agent);
 - (2) the holder of a pension marketing license, which was given to him under section 6 (in this Law: pension marketing agent), who is employed by an institutional body said in paragraph (a) - as part of his said employment and in accordance with the conditions of the license;
 - (3) an institutional body - in respect of pension products to which it has a connection according to paragraphs (1) or (2) of the definition of "connection", on condition that every person who engages in pension marketing in its name is one of those named in paragraphs (1) or (2).

Restriction on applicability

4. The provisions of sections 2 and 3 shall not prevent any license holder, as defined in the Regulation of Investment Counseling Law, from engaging in investment counseling or investment marketing, as the case may be, as defined in the said Law, in respect of an advanced training fund.

Article Two: Pension Counselor License and Pension Marketing Agent License

Conditions for granting a pension counselor license

5. (a) The Commissioner shall give a pension counselor license to an applicant that is an individual, if he found that all the following hold true for him:
 - (1) he is an adult;
 - (2) he is an Israel citizen or an Israel resident;
 - (3) he has not been convicted of an offense;
 - (4) he passed professional examinations, the subjects and arrangements of which were prescribed by regulations;
 - (5) he completed an internship, during a period and according to arrangements that were prescribed by regulations.
- (b) The Commissioner shall grant a pension counselor license to an applicant that is a partnership, if he found that all the following hold true for it:
 - (1) the partners are holders of pension counselor licenses;
 - (2) the partnership assumed the obligation that the persons who will engage in pension counseling in its name will be its employees or its partners who hold pension counselor licenses.
- (c) The Commissioner shall grant a pension counselor license to an applicant that is a company, if he found that all the following hold true for it:
 - (1) the company assumed the obligation that the persons who will engage in pension counseling in its name will be its employees who hold pension counselor licenses;
 - (2) the company assumed the obligation that no person known to it as having been convicted of an offense will serve as one of its officers.
- (d) The Commissioner shall not grant a pension counselor license to an applicant, even if he meets all the conditions in subsections (a) to (c), if he is one of the following:
 - (1) a pension agent or an institutional body;
 - (2) an insurance agent;
 - (3) an investment marketer, as defined in the Regulation of Investment Counseling Law;
 - (4) a person who controls or holds more than 10% of a certain kind of means of control in one of those enumerated in paragraphs (1) to (3), other than a banking corporation that controls an insurance agent in accordance with the provisions of section 11(b)(2) of the Banking (Licensing) Law;
 - (5) an employer organization;
 - (6) a person controlled or employed by one of those enumerated in paragraphs (1) to (5); however, a banking corporation controlled by whoever holds more than 10% of a certain kind

of means of control in an institutional body, or by a person who controls an institutional body, may obtain a pension counselor license subject to conditions prescribed by the Commissioner in order to prevent conflicts of interest in the provision of counseling, and a said license shall be deemed to include the provision that the banking corporation must not engage in pension counseling in respect of the pension products, to which the said institutional body has a connection;

- (7) a person in whom one of those enumerated in paragraphs (1) to (5) holds more than 10% of any kind of means of control, except for a banking corporation.

Conditions for the award of pension marketing agent license

6. (a) The Commissioner shall grant a pension marketing agent license to an applicant, if he found that all the following hold true for him:
- (1) he is an individual;
 - (2) he is an adult;
 - (3) he is an Israel citizen or an Israel resident;
 - (4) he has not been convicted of an offense;
 - (5) he passed professional examinations, the subjects and arrangements of which were prescribed by regulations;
 - (6) he completed an internship, during a period and according to arrangements that were prescribed by regulations.
- (b) The Commissioner shall not grant a pension marketing agent license to an applicant, even if he meets all the conditions in subsection (a), if he is one of the following:
- (1) a pension counselor
 - (2) an investment counselor, as defined in the Regulation of Investment Counseling Law;
 - (3) an individual employed by a person who is not entitled to obtain a pension marketing agent license under the provisions of section 28A of the Control of Insurance Law.

Regulations on examinations and internships

7. (a) Regulations for the purposes of sections 5(a)(4) and (5) and 6(a)(5) and (6) shall be made by the Minister, either in general or for categories of applicants.
- (b) The Minister may designate cases, in which the applicant will be exempt of examinations or of the obligation of internship under section 5(a)(4) or (5) or 6(a)(5) or (6), or of both obligations.

License application

8. (a) If a person wishes to obtain a pension counselor license or a pension marketing agent license, then he shall submit an application for the appropriate license to the Commissioner.

- (b) In the license application said in subsection (a) the applicant shall include particulars, documents and reports, as the Commissioner shall prescribe.

Commissioner's decision on an application

- 9. (a) If the Commissioner concluded that an application under section 8 should be acceded to, then he shall give the applicant a pension counselor license or a pension marketing agent license, as the case may be; if the Commissioner concluded that a said license should be made subject to conditions, then he shall inform the applicant of his reasons and give him an opportunity to present his arguments, before making a decision.
- (b) The Commissioner may grant a pension counselor license or a pension marketing agent license to an applicant, even if he has not met one of the conditions in sections 5(a)(4) and (5) or 6(a)(5) and (6), as the case may be, if he is satisfied that - because of special reasons - he may be deemed qualified to receive a said license, taking his education and professional experience into account.
- (c) The Commissioner may refuse to grant a pension counselor license or a pension marketing agent license to an applicant, even if the conditions in section 5 or in section 6, as the case may be, were met in his respect, if one of the following holds true for him:
 - (1) he was declared legally incompetent, or was declared bankrupt and has not yet been released as said in section 62 of the Bankruptcy Ordinance, and if it is a body corporate - a temporary liquidation order was made for it or a receiver was appointed for it, or a petition for each of these was submitted, on condition that the applicant was given an opportunity to present his arguments before the decision is made;
 - (2) an indictment for an offense was brought against him and final judgment on his matter has not yet been handed down, or a criminal investigation is in progress against him because of suspicion that an offense was committed, on condition that the applicant is given an opportunity to present his arguments before the decision is made;
 - (3) the Commissioner concluded - after consultation with the Committee and after the applicant was given an opportunity to present his arguments before it in the manner it prescribed - that there are circumstances because of which he is not fit to hold a pension counselor license or a pension marketing agent license, having taken the requirements of the profession into account, and if it is a body corporate - that there are aforesaid circumstances in respect of one of its officers or of a person who controls it.

Cancellation or suspension of a license, or making it subject to conditions

10. (a) When one of the following occurs, then the Commissioner may cancel a pension counselor license or a pension marketing agent license, suspend it for a period he shall set, make it subject to conditions or change any of its conditions:
- (1) the license was granted on the basis of false information;
 - (2) one of the conditions for granting the license no longer holds true;
 - (3) the holder of the said license violated one of the conditions of the license;
 - (4) the holder of the said license violated the provision of an enactment or violated an administrative order under this Law in a manner that reflects on his credibility or professionalism;
 - (5) the holder of the said license was declared legally incompetent, or was declared bankrupt and has not yet been released as said in section 62 of the Bankruptcy Ordinance, and if it is a body corporate - a temporary liquidation order was made for it or a receiver was appointed for it, or it decided on its voluntary liquidation;
 - (6) the Commissioner concluded that there are circumstances, because of which he is unfit to hold a pension counselor license or a pension marketing agent license, having taken the requirements of the profession into account, and if it is a body corporate - that there are aforesaid circumstances in respect of one of its officers or of a person that controls it.
- (b) The cancellation or suspension of a license or making it subject to conditions under subsection (a) shall be carried out after the said license holder was given an opportunity to present his arguments, and in respect of paragraphs (4) or (6) - after consultation with the Committee and after the said license holder was given an opportunity to present his arguments to it.
- (c) A pension counselor or a pension marketing agent, who ceased to engage in the occupation that is the subject of the license, may apply to the Commissioner in writing that his license be canceled or suspended for the period he requests.
- (d) If an indictment for an offense was brought against a pension counselor or a pension marketing agent, or if a petition was brought to declare him legally incompetent or to declare him bankrupt, and if it is a body corporate - if a petition for an order for its liquidation or for the appointment of a receiver for it was submitted, then the Commissioner may - after he gave the said counselor or agent an opportunity to present his arguments - suspend his license until the proceedings are concluded.
- (e) A person whose license was suspended shall not have the right to engage in pension counseling or in pension marketing during the period of suspension.

- (f) A notice that a pension counselor license or a pension marketing agent license was canceled or suspended shall be published by the Commissioner or by the holder of the said license, all as the Commissioner shall prescribe.
- (g) If a person's license was canceled and the grounds for the cancellation have been corrected, then he may apply to the Commissioner to renew the license; the provisions of sections 5 to 9 shall apply, mutatis mutandis, to the renewal of a license.

Pension counseling by a banking corporation

11. (a) The Commissioner shall not grant a pension counseling license to a banking corporation - even if under the provisions of section 5 it is allowed to obtain a pension counseling license - unless also all the following hold true:
- (1) the banking corporation belongs to the category of banking corporations that, under the provisions of the Banking (Licensing) Law, are allowed to engage in pension counseling;
 - (2) the banking corporation does not hold more than 5% of a certain kind of means of control in an insurer, and it does not hold more than 10% of a certain kind of means of control in another body corporate that controls an insurer or in a body corporate that holds more than 25% of a certain kind of means of control in an insurer;
 - (3) the banking corporation does not hold means of control in a management company and does not hold more than 10% of a certain kind of means of control in another body corporate that controls a management company or holds in it more than 25% of a certain kind of means of control;
 - (4) the banking corporation does not hold means of control in a management company of a joint investments trust, as defined in the Joint Investments Trust Law, and does not hold more than 10% of a certain means of control in another body corporate that controls the manager of a joint investments trust or holds more than 25% of a certain kind of means of control in it;
 - (5) the Commissioner is satisfied that the grant of a said license will not exert a substantive negative effect on the development of competition and on the prevention of concentration in Israel in the field of pension counseling, in the field of brokerage activity between clients and institutional bodies and in the field of banking.
- (b) The Commissioner's decision under subsection (a)(5) shall be made after consultation with the Controller of Restrictive Business Practices, within its meaning in the Restrictive Business Practices Law 5748-1988 (in this Law: the Restrictive Practices Law), and in respect of considerations on the development of competition and

- the prevention of concentration - also after the consultation with the Supervisor of Banks.
- (c) Notwithstanding the provisions of subsection (a)(2) to (4), the Commissioner may allow a banking corporation that holds more than 10% of another body corporate that controls an insurer or a management company, or of another body corporate that holds more than 25% of a certain kind of means of control in one of these, to continue to engage in pension counseling for a period and on conditions that he shall prescribe, on condition that the deviation from the provisions of the said sections was only caused by actions of the other body corporate in which the banking corporation holds means of control.
 - (d) A banking corporation or whoever engages in pension counseling in its name shall not provide pension counseling in respect of the pension product, to which an institutional body with an interest in the banking corporation has a connection; for this purpose, "institutional body" - including whoever controls it or is controlled by either of them.
 - (e) Notwithstanding the provisions of any statute, a banking corporation and whoever engages in pension counseling in its name shall engage in pension counseling only in a fixed and permanent building in which the banking corporation lawfully accepts monetary deposits, as defined in the Banking (Licensing) Law, and in respect of which it has a branch permit under section 28 of the said Law.
 - (f) A banking corporation shall not control and shall not be an interested party in a body corporate that is a pension counselor and is not a banking corporation.
 - (g) A banking corporation shall not contract with an employee representation for the provision of pension counseling to the employees represented by that employee representation.

CHAPTER THREE: OBLIGATIONS, PROHIBITIONS AND RESTRICTIONS IN RESPECT OF PENSION COUNSELING AND PENSION MARKETING

Article One: Adapting the Service to the Client's Requirements

Adapting the service to the client's requirements

12. (a) A license holder shall adapt the pension counseling and the pension marketing he gives to clients to the needs of each client, and he shall choose the category of pension product, the pension product and the institutional body most suited to the client, after he learned from the client the objective of his savings by means of a pension product, his general financial situation, his existing

savings by means of pension products and the other relevant circumstances, to the extent that the client agreed to provide information about them; the category of pension products, the pension product and the institutional body most suited to the client shall be selected as specified below:

- (1) when he chooses the category of pension product most suited for the client the license holder shall examine all categories of pension products;
- (2) the pension product most suited for the client or the institutional body most suited for the client shall be chosen -
 - (a) in respect of pension counseling - from among all pension products and all institutional bodies;
 - (b) in respect of pension marketing -
 - (1) by an institutional body or its employee who is a pension marketing agent or a pension insurance agent - from among all the pension products with which he deals in pension marketing, on condition that the pension product is one of the category of pension products most suited for the client;
 - (2) by a pension insurance agent who is not employed by an institutional body - from among all the pension products with which he deals in pension marketing, and from among all the institutional bodies in respect of whose pension products he deals in pension marketing, on condition that the pension product is one of the category of pension products most suited for the client;
- (b) If a pension counseling agreement under section 27(b)(4) provides that pension counseling shall be ongoing, then the pension counselor shall weigh again - during the entire pension counseling period and in accordance with the provisions of subsection (a) - to what extent saving by means of the pension product that is the subject of the pension counseling is suited to the client's requirements.

Performing transactions for clients as part of pension counseling or pension marketing

13. A transaction in respect of a pension product out for a client shall be carried only as part of or in continuation of pension counseling or pension marketing; if the performance of a said transaction involves ongoing acts of saving by means of the pension product, then it shall only be part of ongoing pension counseling and during the period during which pension counseling is provided, as prescribed in the agreement under section 27(b)(4) or as part of ongoing pension marketing and during the period during which pension marketing is provided, as the case may be.

Written reasons for the recommendations of a license holder

14. When the license holder gives the client a recommendation, he shall give him a written document that specifies the reasons for his recommendation that it is worth while for the client or for his relative to save by means of the pension product.

Article Two: Obligations of Trust and Caution

Obligation of trust

15. (a) A license holder shall work for his clients' benefit in good faith and diligently, shall not prefer his personal interests or the interests of any other person to the benefit of his clients, and shall not prefer one client's interest to that of another.
- (b) When a pension agent prefers a pension product with which he has a connection and when he does so in accordance with the provisions of section 12(a)(2)(b), then that is a way of acting in accordance with his obligations under subsection (a).

Obligation of caution

16. In the course of his work a license holder shall act with caution and with a degree of skill, the way a reasonable license holder would act under similar circumstances, and he shall use all reasonable means to secure the interests of his clients.

Conflict of interests

17. (a) When a license holder learns of a conflict of interests between himself - or the body corporate by which he is employed or in which he is a partner - and the client, whether in respect of pension counseling or pension marketing to that client, or in respect of the performance of a transaction for the client, then the license holder must in writing inform the client of the conflict of interests, and he must abstain from performing any act that involves a conflict of interests, unless the client agreed thereto in advance and in writing in respect of that pension counseling, in respect of that pension marketing or in respect of the performance of that transaction.
- (b) The connection of a pension agent to a pension product shall not - for the purposes of subsection (a) - be deemed a conflict of interests between him and the client.
- (c) Without derogating from the generality of the provisions of subsections (a) and (b), the Minister may - for purposes of the said subsections - prescribe circumstances that shall be deemed conflicts of interests between a license holder and the client, and circumstances under which the license holder shall refrain from

performing any act that involves an aforesaid conflict of interests, even if the client agreed thereto in advance and in writing.

A pension counselor must not enter into a deviant agreement

18. (a) A pension counselor shall not contract with an institutional body to provide services that are not in the pension counselor's ordinary course of business, that are not on market terms or that are liable to have a substantial effect on the pension counselor's profitability, property or obligations (in this Law: deviant contract), unless he obtained written approval thereof in advance from the Commissioner, and if the pension counselor is a banking corporation - also from the Supervisor of Banks.
- (b) The acceptance of consideration by a pension counselor from an institutional body, according to an agreement for the provision of services that is not a deviant agreement, or according to a deviant agreement that was approved under the provisions of subsection (a), is a way of acting that complies with the pension counselor's obligations under sections 15 and 17.
- (c) In this section, "institutional body" and "pension counselor" - including whoever controls them or is controlled by any of them.

Incentives and commissions in connection with pension counseling

19. (a) A pension counselor or any other person on his behalf or for him shall not accept any direct or indirect benefit in connection with pension counseling or in connection with the performance of a transaction for a client, except for the following:
 - (1) pay and refund of expenses paid directly by the client, as prescribed in an agreement under section 27(b)(3) and subject to provisions under section 28;
 - (2) distribution commission collected from a management company, which has a connection to a pension product included among the categories of pension products in paragraphs (1) to (3) and (7) of the definition of "category of pension products", in respect of which a transaction was performed for the client, on condition that the client for whom the transaction was performed agreed - in advance and in writing - to the pension counselor receiving the commission and to its amount, and subject to the provisions of section 28.
- (b) For the purposes of subsection (a), payment to a pension counselor who was an insurance agent under the provisions of the Control of Insurance Law, for his engagement in brokering within its meaning in section 24 of the said Law during the period when he was an insurance agent, shall also be deemed a benefit for the pension counselor in connection with pension counseling or in connection with the performance of a transaction.
- (c) A pension counselor shall not give any benefit to any of his employees, branches or units, if the benefit is determined by the

- category of pension product in respect of which pension counseling was provided or by taking into account the identity of the institutional body that has an interest in the pension product in respect of which the said counseling was provided.
- (d) An institutional body shall not give a pension counselor any benefit in connection with pension counseling or in connection with the performance of a transaction, other than the payment of distribution commission under the provisions of subsection (a)(2).
 - (e) In this section -
 - "performance of a transaction" - including an abstention from the performance of a transaction;
 - "pension counselor" - including whoever controls him, is controlled by either of them, is an officer of any of these or is employed by one of these.

Restrictions on pension counselors' contracts

20. (a) A pension counselor shall not enter into any contract with an employer or an employer organization - neither explicitly or nor by implication - for the provision of pension counseling to employees of that employer or to employees of whoever is a member of, or is represented by that employer organization, as the case may be, unless all the following holds true:
- (1) the pension counselor is not a banking corporation;
 - (2) the pension counselor has no business tie whatsoever with the employer or with the organization of employers;
 - (3) the pay and the refund of expenses for a pension counselor, for the provision of pension counseling to employees, that is paid by the employer or the organization of employers, shall be paid directly by the employer or the organization of employers to the pension counselor, and it shall not be paid out of amounts transferred to savings by means of the pension product or out of amounts accrued in said savings;
 - (4) the employer or the organization of employers is not entitled to any benefit from a pension counselor in respect of pension counseling and it did not accept any said benefit from the pension counselor;
 - (5) the agreement between the pension counselor and the employer includes a provision, according to which the employer or the organization of employers will not interfere in the contents of the pension counseling provided to the employees by the pension counselor, and they shall not obligate the employees to take pension counseling from that pension counselor;
- for this purpose, "Pension counselor" and "employer" - including whoever controls him or is controlled by either of them.

- (b) A pension counselor shall not be party to any insurance made for a group of persons that are not his employees, and he shall enter into no contract for aforesaid insurance.

Fair disclosure

- 21. (a) A license holder shall make fair disclosure to his clients of all matters that are substantive for the pension counseling or the pension marketing that he provides for them, and in respect of a license holder that is a pension agent he shall also -
 - (1) inform his client by a clearly visible sign posted in every location where he does business - or in some other manner, as the Commissioner shall prescribe - of the fact that he is a pension agent and not a pension counselor, and also of the institutional bodies that have an interest in the pension products in respect of which he engages in pension marketing;
 - (2) disclose to the client - in a language understood by him, by word of mouth and in a written document that shall be given to the client before pension marketing begins - and also publish on his Internet site the provisions of paragraph (1) and his connection - and of the nature thereof - to the pension products in respect of which he engages in pension marketing, and the fact that he gives those pension products preference; the Minister of Finance may, with approval by the Knesset Finance Committee, make rules on the degree of detail to be provided under this paragraph in the document and in publication on the Internet site about a connection, which constitutes a benefit as said in paragraph (3)(b) of the definition of "connection", including the kind of benefit, its extent and how it is calculated.
- (b) Without derogating from the generality of the provisions of subsection (a), the Commissioner may issue instructions in respect of the matters that are to be deemed substantive for the purpose of the said subsection, and also on how substantive matters are to be fairly disclosed.

Obligation of confidentiality

- 22. Subject to the provisions of any statute or of any agreement in which the client explicitly waived the obligation of confidentiality toward a person named in that agreement, a license holder shall keep confidential the information that the client brought to his knowledge, including documents given into his possession and their contents, as well as every other particular that relates to acts, in respect of which he provided pension counseling or pension marketing.

Article Three: Prohibited Advertising

Pension counselors must not advertise institutional bodies

23. A pension counselor shall not advertise - in communications media, in circulars, by mail, electronic mail, facsimile, Internet or by any other means - the fact that he engages in pension counseling in connection with pension products to which a certain institutional body has a connection.

Restriction on use of the word "counseling"

24. (a) A pension agent shall not use the term "counseling" or any term derived from it as a name under which he conducts his business or in advertising on his behalf.
- (b) Any person other than a pension counselor shall not use a combination of the words "counseling" and "pension" or any combination of terms derived from these words as a name under which he conducts his business or in advertising on his behalf, unless it be by permission from the Commissioner.

Article Four: Responsibility of License Holders

Responsibility of license holders

25. Working within the framework of a body corporate shall not derogate from the applicability of the provisions of this Law to an individual license holder who operates in the name of the body corporate.

Responsibility of license holders must not be stipulated

26. (a) A client's consent - whether in advance or retroactive, written or oral, in respect of specific pension counseling, specific pension marketing or a specific transaction - cannot release a license holder from his obligations under this Chapter, except where this Law makes an explicit different provision.
- (b) The stipulation of a release in an agreement, which releases a license holder from any responsibility imposed on him under this Law or under any other statute in respect of the performance of his tasks, or such as limits his said responsibility, is void.

Article Five: Pension Counseling Agreement

Pension counseling agreement in writing

27. (a) A pension counselor shall draw up a written agreement with a client and shall give him a copy thereof before the pension counseling begins (in this Law: pension counseling agreement).

- (b) A pension counseling agreement shall include the subjects necessary for the contract, including the following subjects:
 - (1) identifying particulars and data of the client;
 - (2) the client's requirements, as said in section 12;
 - (3) the pay and refund of expenses, which will be charged to the client, how they are to be calculated and collected, subject to the provisions of section 28;
 - (4) the determination whether the agreement is for one-time or ongoing pension counseling, and in respect of ongoing pension counseling - the period during which counseling will be provided;
 - (5) the determination whether the pension counselor will perform transactions for the client as part of pension counseling and in continuation thereof;
 - (6) the determination that the client may cancel the contract with the pension counselor at any time;
 - (7) in respect of an agreement to provide ongoing pension counseling and to perform transactions as part and in continuation thereof - a power of attorney that enables the pension counselor to obtain all the information about the client that relates to pension counseling and to the said transaction and that is held by the institutional body with which the transaction was performed;
 - (8) a provision that the client is aware that the obligation of confidentiality imposed on the pension counselor is subject to his obligation to deliver information under any statute.
- (c) The Commissioner may prescribe provisions on the structure and form of a pension counseling agreement and on how it is to be delivered to the client, and also on additional subjects that must be included in a said agreement, either in general or by categories of agreements, and he may also prescribe provisions on the categories of agreements in which any of the subjects in subsection (b) do not have to be included.
- (d) If a pension counseling agreement provides that it is for ongoing pension counseling, then the particulars under subsection (b)(1) and (2) shall be updated whenever the client gives notice of any change in them, and a copy of the updating document shall be delivered to the client; if the client did not give notice of any said change in the course of a year, then the pension counselor shall initiate an up-dating of the particulars.

Pay, refund of expenses and the payment of distribution commission to pension counselors

28. (a) The pay and refund of expenses, which will be charged to the client in respect of pension counseling, and the distribution commission, which shall be charged to a management company, shall be calculated independently of the identity of the institutional

body that has a connection to the pension product that is the subject of the pension counseling, or of the category of pension products that is the subject of the pension counseling; the said pay and refund of expenses shall not be calculated as part of the management fees or refund of expenses, which the client will have to pay to the institutional body in respect of a transaction with that pension product, and the distribution commission shall be deemed part of the management fees that the client paid to the management company.

- (b) Only during the pension counseling period, as prescribed in the agreement under the provisions of section 27(b)(4), is a pension counselor entitled to collect from a client pay and refund of expenses calculated as a percentage of the amounts that the client transfers to savings by means of the pension product, or as a percentage of the amounts accrued in the said saving, or to collect a distribution commission from the management company.
- (c) A pension counselor does not have the right to collect a distribution commission calculated as a percentage of the management fees that the management company collects from the client, or in an amount or percentage that exceeds those prescribed under section 32 of the Control of Benefit Funds Law.
- (d) The Minister may, with approval by the Knesset Finance Committee, prescribe maximum rates and amounts for pay and refund of expenses, which a client will be obligated to pay in connection with pension counseling.

CHAPTER FOUR: RECORDS AND REPORTS

Records of acts

29. (a) A license holder shall keep a record of all pension counseling acts, pension marketing acts or transactions performed for clients, and he shall keep the said records for a period of seven years.
- (b) The Commissioner may give directions on the particulars that must be included in the records said in this section, and also on the way they must be drawn up, kept and delivered to the client.

Reports to the Commissioner

30. (a) Pension counselors and pension marketing agents must report to the Commissioner immediately when one of the conditions for granting a pension counselor license or a pension marketing agent license, as the case may be, has ceased to hold true for them, or when some condition applies to them, in respect of which the

- Commissioner has the right to cancel or suspend the said license, or to make it subject to conditions.
- (b) Pension counselors and pension marketing agents shall report to the Commissioner the addresses of the places where they engage in pension counseling or pension marketing, as the case may be, within 21 days after the date on which they began to engage in pension counseling or pension marketing at that address.

CHAPTER FIVE: SUPERVISION OVER LICENSE HOLDERS

Supervision by the Commissioner

- 31. (a) In the exercise of his tasks and obligations under this Law, a license holder shall be subject to supervision by the Commissioner.
- (b)
 - (1) For purposes of the supervision said in subsection (a) and after consultation with the Committee, the Commissioner may give directions on the ways of the activity of license holders, of their officers and of all the persons employed by them, all in order to assure the orderly management of the license holder's affairs and in order to protect the interests of his clients; aforesaid directions may be given for all license holders or for certain categories of license holders.
 - (2) The composition of the Committee for the purposes of this subsection shall be the composition said in section 4(b) of the Control of Insurance Law, except for the jurist said in paragraph (1) of that section and the member said in paragraph (3) of that section, and the quorum at its meetings, at hearings for purposes of this subsection, shall be three Committee members.
- (c) The provisions of sections 50 to 50C, 60 to 62, 63, 64 and 97 of the Control of Insurance Law, and the provisions of section 102 of the said Law in respect of a decision under section 62(a) of that Law, shall apply, mutatis mutandis, for purposes of license holders.

CHAPTER SIX: FINANCIAL SANCTION AND CIVIL FINES

Financial sanction

32. (a) In this section, "the basic amount" - an amount specified below, as the case may be:
- (1) in respect of an institutional body and in respect of a banking corporation - NIS 150,000;
 - (2) in respect of a body corporate that is not an institutional body and is not a banking corporation - NIS 75,000;
 - (3) in respect of an individual who is not a license holder - NIS 25,000;
 - (4) in respect of an individual license holder - NIS 12,500.
- (b) If the Commissioner has reasonable grounds for the belief that a pension counselor or a pension marketing agent did not submit reports and notices under section 30(b) to the Commissioner, or that a license holder or an officer thereof did not comply with a demand to them in accordance with the provisions of section 50 of the Control of Insurance Law, as made applicable in section 31(c), then he may impose financial sanction on them at the rate of 3% of the basic amount for each day on which the violation continues.
- (c) If the Commissioner has reasonable grounds to believe that a license holder did one of the following, then he may impose financial sanction on him in the basic amount:
- (1) he did not transmit to a client a written document that specifies the reasons for his recommendation, in violation of the provisions of section 14;
 - (2) he publicized the fact that he engages in pension counseling in respect of pension products, to which a certain institutional body has a connection, in violation of the provisions of section 23;
 - (3) he did not draw up a written pension counseling agreement with a client before he began to provide pension counseling, in violation of the provisions of section 27(a), did not include in a said agreement the particulars enumerated in section 27(b)(1) to (8), did not draw up the agreement in accordance with directions given under section 27(c), or did not update the client's data in violation of the Commissioner's instructions according to section 27(b).
- (d) If the Commissioner has reasonable grounds to believe that a license holder, an officer thereof or a person employed by him violated any of the Commissioner's instructions that were given under section 31(b), then he may impose financial sanction on him in the basic amount.

Updating the financial sanction

33. (a) The Commissioner may update the amount of financial sanction on January 1 of each year, at the rate of change that occurred in the index, from the last index published before the day of change compared to the index for November 2005; the Commissioner may also round the amount of financial sanction to the nearest amount that is a multiple of NIS 10.
- (b) The Commissioner shall publish the amount of the updated financial sanction in a notice in Reshumot.

Civil fine

34. (a) If the Commissioner had reasonable grounds to assume that an act or an omission was committed, for which an offense is prescribed under section 38, then he may impose a civil fine on the person who committed the act or omission, in the amount of 10% of the fine set under the said section.
- (b) Once every six months the Commissioner shall report to the Attorney General the civil fines that were imposed under this section in respect of violations under paragraphs (10) and (12) of section 38(b); the report shall be drawn up in a format, and it shall include particulars, as the Attorney General shall prescribe.

Reduced amounts

35. (a) Only in accordance with the provisions of subsection (b) is the Commissioner authorized to impose financial sanction or civil fines that are lower than the financial sanction and civil fines set in this Chapter.
- (b) The Minister may, with the consent of the Minister of Justice, determine categories of cases, circumstances and considerations, in respect of which the Commissioner may impose financial sanction or civil fines in amounts lower than the financial sanction or civil fine set in this Chapter, at the rates that he shall prescribe.

Applicability of provisions of the Control of Insurance Law

36. The provisions of sections 92D to 92N of the Control of Insurance Law shall apply, mutatis mutandis, to financial sanction and civil fines under this Chapter; however, the provisions of section 92E(a) of the said Law shall not apply to the matter of a financial sanction under section 32(b).

CHAPTER SEVEN: PENALTIES

Amount of the basic fine

37. In this Chapter, "the basic fine" - an amount specified below, as the case may be:
- (1) in respect of an individual license holder - the amount prescribed in section 61(a)(4);
 - (2) in respect of an individual who is not a license holder - twice the amount prescribed in section 61(a)(4);
 - (3) in respect of a body corporate that is not an institutional body and is not a banking corporation - eight times the amount prescribed in section 61(a)(4) of the Penal Law;
 - (4) in respect of an institutional body and in respect of a banking corporation - sixteen times the amount prescribed in section 61(a)(4) of the Penal Law.

Penalties

38. (a) Whoever committed one of the following shall be liable to one year imprisonment or to the basic fine:
- (1) he did not comply with one of the conditions prescribed in a pension counselor license in violation of the provisions of section 2, or did not comply with one of the conditions prescribed in a pension marketing agent license in violation of the provisions of section 3(2);
 - (2) he did not disclose to a client a matter, which under paragraphs (1) or (2) of section 21(a) is designated as substantive in respect of the license holder who is a pension counselor, or he disclosed a said matter not in the manner prescribed in those paragraphs, or he did not disclose to a client a matter that the Commissioner designated in provisions under section 21(b) as substantive for pension counseling, for pension marketing or for a transaction;
 - (3) he violated the obligation of confidentiality, in violation of the provisions of section 22;
 - (4) he calculated the pay and the refund of expenses that are to be debited to a client in respect of pension counseling, or the distribution commission that is to be debited to a management company, as a function of the identity of the institutional body or of the category of pension product, or he collected pay and refund of expenses from a client as part of the management fees or of the refund of expenses to the institutional body, or collected from a management company distribution commission that is not part of management fees, all in violation of the provisions of section 28(a);
 - (5) he collected pay and refund of expenses from a client, calculated as a percentage of the amounts transferred to or accrued in savings by means of a pension product, or

- collected a commission from a management company not during the counseling period prescribed in the pension counseling agreement, in violation of the provisions of section 28(b);
- (6) he collected distribution commission calculated as a percentage of the management fee that the management company collects, in violation of section 28(c);
 - (7) he did not inform the client of a benefit that he gets in respect of insurance brokerage, during the period when he should have done so, in violation of the provisions of section 49(b);
- (b) whoever committed one of the following shall be liable to two years imprisonment or to a fine at the rate of one and a half times the basic fine:
- (1) he engaged in pension counseling without holding a pension counselor license, in violation of the provisions of section 2(a), or engaged in pension counseling while his license was suspended, in violation of the provisions of section 10(e);
 - (2) he engaged in pension marketing without being one of those enumerated in paragraphs (1) to (3) of section 3, or engaged in pension counseling not in accordance with the conditions specified in those paragraphs;
 - (3) he engaged in pension counseling in respect of a pension product, to which an institutional body that holds more than 10% of means of control in the counselor or in his employer has a connection, in violation of the provisions of section 11(d);
 - (4) he engaged in pension counseling in or in the name of , a banking corporation, not in a building said in section 11(e);
 - (5) as a banking corporation, it controlled or was an interested party in a pension counselor, in violation of the provisions of section 11(f);
 - (6) it contracted, as a banking corporation or in its name, with an employee commission that is not an employee organization for the provision of pension counseling, in violation of the provisions section 11(g);
 - (7) he performed a transaction for a client, otherwise than as part of pension counseling or pension marketing and in continuation thereof; or he performed a said transaction that involves continuous acts with the saving by means of the pension product, in violation of the provisions of section 13;
 - (8) he did not inform a client of the existence of a conflict of interests between him - or between the body corporate of which he is an employee or partner - and the client, or he performed an act that involves a conflict of interests in violation of the provisions of section 17(a);
 - (9) he made a deviant contract with an institutional body without having received approval thereof, in violation of the

- provisions of section 18 or in violation of the provisions of section 52(a)(2);
- (10) he accepted a benefit in connection with pension counseling or in connection with the performance of a transaction for a client, in violation of the provisions of section 19(a) and (b);
 - (11) he gave a benefit to the employee of a pension counselor, to one of his branches or one of his units, in consideration of the category of pension product in respect of which pension counseling was done, or in consideration of the identity of the institutional body that has a connection to the pension product in respect of which pension counseling was done, in violation of the provisions of section 19(c);
 - (12) he gave a benefit to a pension counselor in connection with pension counseling or in connection with the performance of a transaction, in violation of the provisions of section 19(d);
 - (13) he contracted with an employer or with an employer organization for the provision of pension counseling for any employee of that employer or for any employee of whoever is a member of that employer organization or is represented by it, in violation of the provisions of section 20(a);
 - (14) as a pension counselor, he was a party to the insurance of a group of persons who are not his employees, or he entered into a contract for purposes of the said insurance, in violation of the provisions of section 20(b);
 - (15) he used a combination of the words "counseling" and "pension" - or a combination of words derived from them - in the name under which a pension agent conducts his business or in a publication on his behalf, in violation of the provisions of section 24(a), or he used a combination of the words "counseling" and "pension" - or a combination of words derived from them - in the name under which he conducts his business or in a publication on his behalf, in violation of the provisions of section 24(b);
 - (16) he collected from a client pay and the refund of expenses in connection with pension counseling, or he collected distribution commission at rates or in amounts that exceed the rates or amounts set by the Minister under the provisions of section 28(d) or in excess of the rates or amounts set in section 28(c);
 - (17) he did not report to the Commissioner immediately that one of the conditions for granting him a pension counselor license or for granting him a pension marketing agent license has ceased to hold true for him, or that a condition applies to him that allows the Commissioner to cancel or suspend the said license or to set conditions for it, in violation of the provisions of section 30(a);

- (18) he did not inform a client or did not publicize that financial sanction or a civil fine was imposed on him, in accordance with the Commissioner's directions under section 92K of the Control of Insurance Law, as made applicable in section 36.

An offense in order to mislead or defraud

39. If a person committed one of the offense enumerated in section 38 in order to defraud or mislead a client, then he shall be liable to five years imprisonment or to a fine at the rate of three times the fine set for that offense.

Fine for a continuing offense

40. In the case of a continuing offense the Court may impose - in respect of each day on which the offense continues, in addition to any other penalty - a fine at the rate of the fiftieth part of the fine, which it is authorized to impose for that offense.

Obligation to supervise

41. (a) An officer in a body corporate must supervise and do everything in his power to prevent offenses under section 38 by the body corporate or by any of its employees; whoever violates this provision shall be liable to the fine prescribed for that offense, as imposed on an individual.
- (b) When an offense under section 38 has been committed by a body corporate or by one of its employees, then it is assumed that an officer of the body corporate violated the obligation said in subsection (a), unless he proved that he did everything possible in order to prevent the offense.
- (c) in this section, "officer" - a Director active in the body corporate, a partner, other than a limited partner, or the officer responsible on behalf of the body corporate for the sphere, in which the offense was committed.

CHAPTER EIGHT: MISCELLANEOUS PROVISIONS

Fees

42. (a) The Minister may - with approval of the Knesset Finance Committee - prescribe fees as specified below, as well as provisions in respect of the said fees, including the dates for their payment:
- (1) a fee for the submission of an application for a pension counselor license or a pension marketing agent license;
- (2) an annual fee for a pension counselor and a pension marketing agent.

- (b) In regulations under subsection (a) the Minister may prescribe provisions in respect of linkage differentials and increased fees, to be paid for the belated payment of the fees under those regulations (in this section: additional fee).
- (c) The Taxes (Collection) Ordinance shall apply to the collection of fees and additional fees.
- (d) If a pension counselor of a pension marketing agent did not pay the fee he should have paid under the provisions of subsection (a) within one year after the date set for its payment under the provisions of that subsection, then his license shall be suspended from the date set therefor in a warning given him by the Commissioner, until the fee and the additional fee have been paid; when the license of a pension counselor or of a pension marketing agent has been suspended, then he shall immediately inform his clients.
- (e) The renewal of a pension counselor license or of a pension marketing agent license, which lapsed, was canceled or suspended, shall be conditional on the payment of the said license holder's debts for the fees and additional fees, which had not been paid by him.

Publishing the Commissioner's directions

43. (a) Directions of the Commissioner that were given by virtue of this Law - other than directions under section 21(b) - do not have to be published in Reshumot, but the Commissioner shall publish a notice in Reshumot that said directions with a legislative effect have been given and when they shall go into effect.
- (b) Directions of the Commissioner that were given by virtue of this Law and that have a legislative effect - and any change thereof - shall be made available for viewing by the public at the Commissioner's office, shall be published on the Internet site of the Ministry of Finance, and the Minister may prescribe additional ways for their publication.

Implementation and regulations

44. The Minister is charged with the implementation of this Law and he may make regulations on any matter connected to its implementation.

Amendment of the Income Tax Ordinance - No. 149

45. In the Income Tax Ordinance, insert after section 47B:

"Pay and refund of expenses paid to pension counselors as payments to provident funds

- 47C. (a) If conditions, which the Minister of Finance may prescribe, are met, then - for the purposes of sections 3(e3), 17(5a), 45A and 47 - pay and the refund of expenses paid to a pension counselor shall be treated like payments to a provident fund; when the Minister of Finance has prescribed

as aforesaid, then the conditions, ceilings and restrictions prescribed in the said sections shall apply, mutatis mutandis, to the pay and the refund of expenses that were paid as aforesaid.

- (b) In this section, "pension counselor" - as defined in the Control of Financial Services (Pension Counseling and Pension Marketing) Law 5765-2005."

Amendment of the Administrative Affairs Courts Law - No. 16

46. In the Administrative Affairs Courts Law 5760-2000, in Schedule One, in item (21), insert after paragraph (1):

"(2) a decision by the Commissioner under sections 5, 6, 9(a) and (c), and 10(a) and (d) of the Control of Financial Services (Pension Counseling and Pension Marketing) Law 5765-2005."

CHAPTER NINE: TRANSITIONAL PROVISIONS AND AD HOC PROVISIONS

Effect

47. This Law - except for sections 49(a) and 50(a) - shall go into effect six months after the day of its publication (in this Chapter: the day of effect), and in respect of insurers, including management companies of pension provident funds and persons employed by them - one year after the day of its publication.

Transitional provisions in respect of investment counseling

48. If, immediately before this Law was published (in this Chapter: day of publication), a person held a license to engage in investment counseling under the provisions of the Regulation of Investment Counseling Law, then he - and also a banking corporation that engaged in investment counseling under the said Law - may, notwithstanding the provisions of any statute, continue to engage - during three and a half years after the day of effect - in investment counseling in respect of the categories of pension products named in paragraphs (2) and (3) of the definition of "category of pension products", even if they do not hold a pension counselor license under this Law, and the provisions of the Regulation of Investment Counseling Law, as they were immediately before the day of publication, shall apply to their said activity.

Transitional provisions in respect of pension counseling

49. (a) Notwithstanding the provisions of section 5(a), if immediately before the day of publication an individual held a license to engage in investment counseling under the provisions of the Regulation of Investment Counseling Law, then in examinations under section

5(a)(4) in order to obtain a pension counselor license he shall be exempt of questions, the sole subject of which are the pension products named in paragraphs (2), (3) and (7) of the definition of "category of pension products", and he shall also be exempt of the obligation of internship under section 5(a)(5).

- (b) If, immediately before the day of publication, a person was an insurance agent in the life insurance branch under the Supervision of Insurance Law, and if he obtained a pension counselor license under section 5 within three years after the day of effect, after he informed the Commissioner that he undertakes not to engage in pension marketing or in insurance brokerage within its meaning in section 24 of the Control of Insurance Law after he receives the said license, then in his respect the provisions of section 19(b) shall apply only at the end of one year after he received the license; in the course of the said year the person who received a license as aforesaid shall inform the clients - before he begins to give them pension counseling - of every benefit that he receives in respect of insurance brokerage performed during the period in which he was an insurance agent; the Commissioner may give directions on how the said announcement is to be formulated.

Transitional provisions in respect of pension marketing

50. (a) (1) If, immediately before the day of publication, a person was employed by a pension provident fund that is not an insurance fund, or by a body that lawfully managed a said fund, and if during three consecutive years immediately before the day of publication his main occupation in his said employment was pension marketing in Israel of a pension provident fund that is not an insurance fund, then in examinations under section 6(a)(4) for a pension marketing agent license he shall be exempt of questions that concern only the pension products with which he dealt during the said pension marketing, and he shall also be exempt of the obligation of internship under section 6(a)(5).
- (2) If, immediately before the day of publication, a person was employed by an insurer and if during three consecutive years immediately before the said date his main occupation in his said employment was pension marketing in Israel of a category of pension products enumerated in paragraphs (4) to (6) of the definition of "category of pension products", then in examinations under section 6(a)(4) for a pension marketing agent license he shall be exempt of questions, the sole subject of which are the pension products in respect of which he engaged in the said pension marketing, and he shall also be exempt of the obligation of internship under section 6(a)(5).

- (3) If, immediately before the day of publication, a person was employed by a provident fund that is not an pension provident fund and is not an insurance fund, or by whoever lawfully managed a said provident fund, and if during three consecutive years immediately before the day of publication his main occupation was lawful investment counseling under the provisions of the Regulation of Investment Counseling Law in respect of the pension products in paragraphs (2), (3) and (7) of the definition of "category of pension products", then in examinations under section 6(a)(4) for a pension marketing agent license he shall be exempt of questions, the sole subject of which are the pension products in respect of which he engaged in said the pension marketing, and he shall also be exempt of the obligation of internship under section 6(a)(5).
- (b) If, immediately before the day of publication, a person was employed by a provident fund that is not an pension provident fund and is not an insurance fund, or by whoever lawfully managed a said provident fund, and if during three consecutive years immediately before the day of publication his main occupation in that employment was to receive instructions from others for the performance of transactions for them in respect of a category of pension products enumerated in paragraphs (2), (3) and (7) of the definition of "category of pension products", and - in respect of a person employed as aforesaid by a management company that was approved less than three years before the day of publication - if it was his main occupation as part of his said employment during one year immediately before the day of publication, then he may - notwithstanding the provisions of section 13 and as long as he is not allowed to engage in pension marketing under the provisions of section 3(1) or (2) - continue to engage in the same acts as part of his aforesaid employment during two and a half years after the day of effect.
- (c) Notwithstanding the provisions of section 3(3), if immediately before the day of publication an institutional body controlled a banking corporation or was controlled by whoever controlled a banking corporation, then it may continue to engage in pension marketing according to the provisions of that section during two and a half years after the day of effect.

Transitional provision about the use of the words "counseling" and pension"

51. Notwithstanding the provisions of section 24(b), if immediately before the day of effect a person used a combination of the words "counseling" and "pension" or a combination of words derived from them in the name under which he manages his business or in advertising on his behalf, then he may continue to use them as aforesaid, unless he engages in

pension counseling under this Law and he does not hold a pension counselor license under this Law.

Ad hoc provisions

52. (a) During the period from the day of effect until December 31, 2010, contracting a deviant agreement between a pension counselor and an institutional body requires - in addition to the approval under section 18(a) - also approval by the Controller of Restrictive Business Practices.
- (b) Notwithstanding the provisions of section 5(d) and of section 11(a), the Commissioner may give a pension counselor license to an applicant that is a banking corporation - its equity and the equity of the banking corporations that control it and are controlled by it not exceeding NS 10 billion -
- (1) that controls or holds more than 10% of a certain kind of means of control in an investment marketer, as defined in the Regulation of Investment Counseling Law, and manages a fund, as defined in the Joint Investments Trust Law 5754-1994 (in this section: fund manager) during a period in which a banking corporation is under any statute allowed to control or to hold means of control in a said body;
 - (2) that holds more than 10% of a certain kind of means of control in an institutional body or in a pension agent that is a management company, during a period in which a banking corporation is under any statute allowed to hold means of control in a said body.
- (c) (1) The pension counselor license of a banking corporation shall be deemed to be restricted, in that it prohibits the banking corporation from giving pension counseling in respect of a pension product included among the kinds of pension products in paragraphs (4) to (6) and (8) of the definition of "category of pension products" -
- (a) in a banking corporation, the equity of which and the equity of the banking corporations that control it and are controlled by it exceeding NS 10 billion - up to the date on which all the conditions in section 11(a)(1) to (4) have for the first time held true for it during five continuous years;
 - (b) in a banking corporation, the equity of which and the equity of the banking corporations that control it and are controlled by it not exceeding NS 10 billion - up to the date on which all the conditions in section 11(a)(1) to (4) hold true for it for the first time, but not before December 31, 2009.
- (2) The following provisions shall apply during the period, in which the pension counselor license of a banking corporation is deemed to be restricted:

- (a) before it begins to provide pension counseling the license holder shall inform the client that that it is not allowed to provide pension counseling about pension products, in respect of which it is prohibited from counseling; the Commissioner may give directions on how the said announcement is to be formulated;
- (b) when it selects the category of product most suited to the client, the license holder shall consider all categories of pension products, including those in respect of which it must not engage in pension counseling;
- (c) the pension product most suited to the client or the institutional body most suited to the client shall be selected from among the pension products in respect of which it may engage in pension counseling, on condition that the said pension product is of the category of pension products best suited to the client.