

## Eighteenth Knesset

### Proposed Bill on Disclosure Requirements for Recipients of Support from a Foreign State Entity, 5770-2010

- Definitions
1. In this law –
- “Associations Law” – Associations Law, 5740-1980;<sup>1</sup>
- “Foreign State Entity” – as defined in Article 36A(A) of the Associations Law, 5740-1980 (hereinafter -the Associations Law);
- “Recipient of support”, “Recipient of support from a Foreign State Entity” – an association or public benefit company receiving financial support from a Foreign State Entity.
- “Monetary support from a Foreign State Entity” – support that has been transferred directly or indirectly by a Foreign State Entity or by a foreign company as defined in the Companies Law, 5759-1999, the majority of whose funding in the last financial year in which it was required to file financial statements was from the bodies detailed in paras. (1), (2), or (3) in Article 36A(A) of the Associations Law.
- “The Registrar” – the Registrar of Associations or the Registrar of Trusts, as the case may be.
- Obligation of quarterly report
2. A recipient of support who received monetary support from a Foreign State Entity shall submit a report to the Registrar of Associations or to the Registrar of Trusts, as the case may be, within one week from the end of the quarter in which the donation was received (hereinafter – a quarterly report); the quarterly report shall be

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<sup>1</sup> Statute Book 5740, p. 127.

submitted on an online form to be established by the Minister of Justice.

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| Content of the report                   | 3. The quarterly report shall detail: <ul style="list-style-type: none"><li>(1) The identity of the donor;</li><li>(2) The amount of the support;</li><li>(3) The goals or designation of the support;</li><li>(4) Undertakings made to the Foreign State Entity by the recipient of support, orally or in writing, directly or indirectly, if any.</li></ul>   |
| Preservation of laws                    | 4. The submission of the quarterly report shall not derogate from reporting obligations applying to the recipient of support under any other law.   |
| Publication by the registrar            | 5. The Registrar shall publish on the Ministry of Justice website the list of recipients of support that submitted a quarterly report. The information as stated in Article 3 shall be published on the website of the Ministry of Justice and in any other manner as the Registrar shall see fit.  |
| Publication by the recipient of support | 6. (A) If the recipient of support or any person acting on its behalf has a website, it shall publish thereon prominently information as stated in Article 3.<br><br>(B) If the recipient of support received monetary support from a Foreign State Entity intended for the financing of a special advertising campaign, the recipient of support shall, in the framework of such advertising, publish the fact of the receipt of the said support. |
| Obligation to clarify financial         | 7. An association or public benefit company, as the case may be, must do everything in its ability in order to  |

sources		clarify whether monetary support it received is from a Foreign State Entity.
Regulations	8.	The Minister of Justice is empowered to enact regulations for the execution of this law.
Amendment of the Associations Law	9.	In Article 64A of the Associations Law, 5740-1980, the following shall come after item (7): “(8) Submission of quarterly reports as stated in Article 2 of the Law of Disclosure Requirements for Recipients of Support from a Foreign State Entity, 5770-2010.”
Amendment of the Companies Law	10.	In Article 354 of the Companies Law, 5759-1999, the following shall come in section (B1)(5), after the words “as stated in paras. (1)(A), (2)(A) or (B), or (3): “or for a violation as stated in Article 2 of the Law of Disclosure Requirements for Recipients of Support from a Foreign State Entity, 5770-2010.”

### **Explanatory Notes**

The purpose of this law is to increase transparency and correct loopholes in legislation concerning financing of the activities of associations and public benefit companies in Israel by Foreign State Entities.

The proposed law will require immediate reporting on the receipt of support, enabling enhanced transparency with regard to the support received and the use thereof.

This law effectively balances the rights of organizations in a democratic state to operate freely with the right of the Israeli public to know who is funding their activities.