

**Unofficial translation**

Link to original text in Hebrew: [http://tazkirim.gov.il/Tazkirim\\_Attachments/42571\\_x\\_AttachFile.doc](http://tazkirim.gov.il/Tazkirim_Attachments/42571_x_AttachFile.doc)

**Draft (29 June 2015)**

**Memorandum of Law**

**I. The name of the proposed law**

Duty to Disclose Support from a Foreign Political Entity Act (Amendment) (Increased Transparency for a Supported Entity whose funding is primarily from donations by Foreign Political Entities), 5775 – 2015.

**II. The purpose of the proposed law and the need for it:**

The proposed amendment to the Duty to Disclose Support from a Foreign Political Entity Act, 5771-2011 (hereinafter - **Duty to Disclose Act**) was meant to increase the transparency in the operation of associations and community interest companies whose primary funding is from foreign political entities (hereinafter - **Supported Entities whose Primary Funding is from Foreign Political Entities**).

According to the proposed amendment, Supported Entities whose primary funding is from donations from foreign political entities shall be held to an enhanced duty of transparency, beyond such that applies to all supported entities that receive such donations.

The enhanced duty of transparency shall apply to publications and reports that the supported entities provide to the public for perusal, and for certain interactions with elected representatives and public servants.

**III. The main points of the proposed law and explanations**

According to the proposed amendment, Supported Entities Whose Primary Funding Is from Foreign Political Entities shall be required to indicate this on any publications and reports that they prepare that are meant for the public or available to it.

The duty of the Supported Entities to indicate the fact that their primary support is from foreign political entities shall also apply to them in various interactions with elected officials and public servants. Thus, a Supported Entity whose Primary Funding is from Foreign Political Entities shall be required to indicate this in each written communication that it

makes to an elected official or to a public servant, and also in meetings of which minutes are kept that are held in the place of employment of the elected official or public servant.

When contacting elected officials or public servants and in reports which the Supported Entity generates and distributes, the Supported Entity shall also specify, alongside indication the fact of the primary foreign support, the names of the foreign political entities that have donated to it during the applicable years.

A representative of a Supported Entity whose Primary Funding is from Foreign Political Entities shall wear an identification tag that specifies his name and the name of the Supported Entity which he represents. This arrangement is similar to the arrangement that applies to lobbyists under the Knesset Act, 5754-1994.

A Supported Entity shall be deemed to be a "Supported Entity whose Primary Funding is from Foreign Political Entities" if its primary funding sources in the most recent fiscal year for which it was required to file a financial report or in the preceding fiscal year was from donations from foreign political entities. The calculation of the funding sources shall be made cumulatively and apply to all donations received from foreign political entities in each of these said fiscal years.

A Supported Entity's breach of its duty to indicate the fact that its primary funding is from foreign donations, where such is required to be made in writing, or breach of the duty to wear an identification tag in the Knesset, shall constitute a violation under Section 64A of the Associations Act, 5740-1980. As of today, the fine for such a violation amounts to a total of 29,200 New Shekels.

**Point 1 - Section 2 of the proposed law, adding Section 5A to the Duty to Disclose Act**

Proposed is an addition of provisions to the Duty to Disclose Act that will increase the transparency of Supported Entities whose Primary Funding is from Foreign Political Entities. The duties of increased transparency shall apply to publications and reports intended for the public or available to it and also to communications to elected officials and public servants and meetings held with them.

**For Subsections (a) and (b)**

A Supported Entity whose Primary Funding is from Foreign Political Entities shall be obligated to indicate the fact that it is supported in this way in each of the following:

- (1) In a publication that it issues that is intended for the public or that is available to the public, in any medium that has a visual component and to which written text can be added. Thus, for example, publications on television, on the Internet, or in the press.
- (2) In a communication that it makes to an elected official or to a public servant. An “elected official” is any minister or member of the Knesset; a “public servant” was defined in a broad sense that includes any holder of an office or position on behalf of the state, including a soldier as meant in the Military Judgment Act, 5715-1955.
- (3) In a report that it has generated and distributed for public perusal.

In addition to the indication of the fact of the primary foreign funding as stated in Sections (2) and (3), the Supported Entity shall specify the names of the foreign political entities that donated to it in the applicable years.

**For Subsections (c) and (d)**

A representative of a Supported Entity whose Primary Funding is from Foreign Political Entities who attends a meeting of which minutes are kept that are held at the place of employment of the elected official or public servant shall indicate the fact of his being a representative of such Supported Entity for the minutes.

F, while being at the Knesset, a representative of a Supported Entity whose Primary Funding is from Foreign Political Entities shall wear a unique tag bearing his name and the name of the Supported Entity that he represents. This arrangement is similar to the arrangement that applies to lobbyists operating in the Knesset under Title XII of the Knesset Act, 5754-1994.

**For Subsection (e)**

It is proposed that it be established that a Supported Entity is deemed to be a Supported Entity whose Primary Funding is from Foreign Political Entities if its primary funding sources in the most recent fiscal year for which it was required to file a financial report or in the preceding fiscal year was from donations from foreign political entities.

**Point 2 - Section 3 of the proposed law, Amendment 64A of the Associations Act, 5740-1980 (hereinafter - the Associations Act)**

It is proposed that it be established that a breach of a Supported Entity's duty to indicate the fact that its primary funding is from foreign donations as required in Sections 5A(a) and 5A(b) of the Duty to Disclose Act or of its duty to wear an identification tag as required in Section 5A(c) of the Duty to Disclose Act shall constitute a violation under Section 64(a) of the Associations Act. The violating Supported Entity and any person who was responsible for the breach of the duty shall be sentenced to pay a fine, as determined in Section 61(A)(2) of the Penal Code, 5737-1977. As of today, the fine for such a violation amounts to a total of 29,200 New Shekels.

#### **IV. The effect of the law on the state budget and the effect of the proposed law on the administrative standard**

The inspection and enforcement required under the provisions of the proposed law have a budgetary cost for the addition of resources and positions in the Corporations Authority to perform these tasks. A budgetary estimate of the issue will be delivered prior to the discussion in the Ministerial Committee on Legislation.

#### **V. Hereunder the language of the proposed law:**

**Legislation proposed by the government:**

**Duty to Disclose Support from a Foreign Political Entity Act (Amendment)  
(Increased Transparency for a Supported Entity whose funding is primarily from  
donations by Foreign Political Entities), 5775 - 2015**

Amendment of Section 1	1.	In the Duty to Disclose Support from a Foreign Political Entity Act, - 5771 - 2011 (hereinafter - the Primary Law"), in Section 1 -	
		(1) After the definition of "foreign political entity" the following will be inserted -	
		"elected official" - minister or member of the Knesset;"	
		(2) after the definition of "Supported Entity" will be inserted:	
		"public servant" - as defined in the Public Service Act (Gifts), 5740 1979.	
Addition of Section 5A	2.	After Section 5 of the Primary Law, the following will be inserted -	
		"5A. Supported Entity whose primary funding is from donations by a foreign political entity	
			(a) A supported entity whose primary funding is from donations by a foreign political entity shall indicate this prominently in each of the following:
			(1) A publication that it issues and that is intended for the public or that is available to the public, in any medium that has a visual element and to which written text can be added'
			(2) A written communication from it to a public servant or to an elected official;
			(3) A report that it has generated and distributed for public perusal.

			(b) In addition to the indication of the fact of the primary foreign funding as stated in Sections (2) and (3), the Supported Entity shall specify the names of the foreign political entities that donated to it in the applicable years.
			(c) A representative of a Supported Entity whose primary funding is from the donations of a Foreign Political Entity, which participates in a meeting held at the place of employment of a public servant or elected official of which minutes are kept, shall indicate the fact of his being a representative of such Supported Entity for the minutes.
			(d) Section 68(A) of the Knesset Act, 5754 - 1994, shall apply to a Supported Entity whose primary funding is from donations by a Foreign Political Entity, and its representative shall be deemed to be a lobbyist for these purposes, with the necessary changes.
			(e) In this Section - A Supported Entity whose primary funding is from donations by foreign political entities shall be deemed to be a Supported Entity whose primary funding sources in the most recent fiscal year for which it was required to file a financial report or in the preceding fiscal year was from donations from foreign political entities.
Amendment of the Associations Act	3.		In the Associations Act, 5740 - 1980, in Section 64A(a) -
			(1) In paragraph (8), at the end of it, the following will be inserted - "(In this section - the Duty to Disclose Act)"
			(2) After paragraph (8), the following will be inserted:
			"(9) the indication of the fact of its being a Supported Entity whose primary funding is from donations by a foreign political entity, and the specification of the name of the foreign political

			entity that has donated to it, as stated in Sections 5A(a) and 5A(b) of the Duty to Disclose Act;
			(10) wearing an identification tag as stated in Section 5A(c) of the Duty to Disclose Act.”