

DECLARATION REGARDING A BENEFICIARY AND A CONTROLLING SHAREHOLDER – INSTRUCTIONS TO THE CUSTOMER

Dear Customer,

The Prohibition on Money Laundering Law 2000 requires the Bank, among other duties imposed by the law, to obtain details of the actual recipient of its services, so that in any case a person other than the one who opens an account with the Bank benefits from the banking services provided through that account, that beneficiary will also be identified.

Accordingly, you are requested to complete Section 9 of the Application to Open an Account – “Declarations regarding Beneficiaries and Controlling Shareholders”.

Following are instructions for filling out this Section:

Declaration regarding a Beneficiary (Subsection A):

1. To be completed by all Account Holders (individual or corporation).
2. The first option will be marked by an Account Holder who is acting in the account on his own behalf and not as a trustee on behalf of another/others (beneficiaries).
3. The second option will be marked by an Account Holder who is acting in the account as a trustee on behalf of others (beneficiaries), where the identity of the beneficiary/ies is not yet known. The declarant must furnish to the Bank particulars of the beneficiaries once learning their identity.
4. The third option will be marked by an Account Holder who is acting in the account as a trustee on behalf of others (beneficiaries) whose identity is known. The declarant must fill out the particulars of the beneficiaries as indicated in the application form.

For your information,

Trust – Definition according to section 1 of the Trust Law 1979:

“A trust is an interest in an asset whereby a trustee must hold such asset or act therewith for the benefit of a beneficiary or for another purpose.”

Beneficiary – Definition according to section 7 of the Prohibition on Money Laundering Law 2000:

“Beneficiary – A person on whose behalf or in whose favor an asset is held or an action is performed therewith, or who is able to guide an action with the asset, whether directly or indirectly.”

Declaration concerning Controlling Shareholders (Subsection B):

1. To be completed only by an Account Holder being a corporation.
2. Declaration of the person/s who open/s the account (the authorized signatories) concerning the controlling shareholders in the corporation.
3. The information provided regarding the controlling shareholders must be down to the level of the private individuals who control the corporation, even if control is exercised through a series of linked companies.
4. An exemption from this declaration is granted in each of the following cases:
 - The corporation is a public company (traded on the Tel Aviv Stock Exchange only), and is certified as such by a lawyer in a document submitted to the Bank.
 - The authorized signatories declare that there is no private individual who is a controlling shareholder in the corporation.
5. The first option will be marked only in the case of a corporation that has no controlling shareholders.
6. The second option will be marked for the majority of corporations. Both the direct and the indirect controlling shareholders must be listed.

For your information,

Control – Definition according to section 1 of the Securities Law 1968:

“Ability to guide the activity of a corporation, except where such ability derives exclusively from the function of a director or another office in the corporation, and a person shall be presumed to control a corporation if he holds one-half or more of a certain class of means of control therein.”

Means of Control – Definition according to section 1 of the Securities Law 1968:

“In a corporation – each of the following:

- (1) The right to vote in the general meeting of a company or in the corresponding organ of another corporation.
- (2) The right to appoint directors or a general manager in a corporation.”

BANK OF JERUSALEM LTD.