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Proposed legislation: Obligation to Disclose Support by a Foreign Political Entity Act (Amendment) (Increasing transparency for supported entities whose primary financing comes from support by foreign political entities), 5776-2016

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**Proposed legislation by the government is hereby published:**

**Proposed legislation: Obligation to Disclose Support by a Foreign Political Entity Act (Amendment) (Increasing transparency for supported entities whose primary financing comes from support by foreign political entities), 5776-2016**

Amendment to Section 1 1. In the Obligation to Disclose Support by a Foreign Political Entity Act,<sup>1</sup> 5771-2011, (hereinafter - "the Law"), in Section 1 -

(1) Instead of the definition "Foreign Company", "Public Benefit Company", "Registrar of Trusts", the following will appear:

"Financial Report" - a financial report that an association or Public Benefit Company must file according to Section 36 of the Associations Law or Section 345xxiv of the Companies Act, as the case may be.

"Foreign Company", "Public Benefit Company", "Registrar of Trusts" - as they are defined in the Companies Act;

"The Companies Act" - the Companies Act, 5759-1999,<sup>2</sup>

(2) After the definition of a "Foreign State Entity" and "Donation", the following will appear:

"Elected Official" - a minister or member of the Knesset;"

(3) After the definition of a "Supported Entity", the following will appear:

"Public Servant" - as defined in the Public Service (Gifts) Act, 5740-1979.<sup>3</sup>

Addition of Section 5a 2. After section 5 of the primary law, the following shall come:

"A supported entity (a) A supported entity whose primary sources of financing in the

<sup>1</sup> Book of Laws 5771, p. 362

<sup>2</sup> Book of Laws 5759, p. 189

<sup>3</sup> Book of Laws 5740, p. 2

whose primary financing comes from donations by a foreign political entity” - 5a

most recent financial year for which it is required to file a financial report or the financial year prior to that came from donations received from foreign political entities (in this section: a supported entity whose primary support comes from donations from foreign political entities) shall conspicuously indicate the fact of its being thus supported in each of the following:

(1) a publication intended or available to the public, made by it on billboards, stationary or mobile, and also in any medium that has a visual element that has a visual element and which permits the presentation of written text, including on the Internet;

(2) its communication in writing to a public servant or to an elected official;

(3) a report that it makes and distributes for public perusal.

(b) A supported entity whose primary support comes from foreign political entities shall specify, in addition to its indication of its being thus supported as stated above, in communications and reports as stated in subsections (a)(2) and (3), the names of the foreign political entities from which it has received the donations that have made it into such a supported entity.

(c) The representative a supported entity whose primary support comes from foreign political entities who actively participates in a discussion held at the place of employment of a public servant or elected official at which minutes are taken, shall indicate the fact of his being a representative of such aforementioned supported entity.”

- Amendment to the Associations Act 3. In the Associations Act, 5740-1980,<sup>4</sup> in Section 64a(a) -
- (1) In paragraph (8), at the end of it, the following shall come: “(in this subsection: the Obligation to Disclose Act”;
- (2) After paragraph (8), at the end of it, the following shall come:
- “(9) An indication of its being a supported entity whose primary support comes from foreign political entities, or a specification of the foreign political entities from which the donations had been received, as per Section 5a of the Obligation to Disclose Act.”
- Amendment to the Companies Act 4. In the Companies Act, 5759-1999,<sup>5</sup> in Section 354(b1)(1), in sub-paragraph (v), instead of “in Section 2” it shall state “in Sections 2 or 5a.”

## Rationale

### Sections 1 and 3

It is proposed that the Obligation to Disclose Support by a Foreign Political Entity Act<sup>6</sup>, 5771-2011 (hereinafter - “the Law”), shall be amended and that provisions be added to it whose purpose is to increase the transparency of the activity of associations and public benefit companies whose primary funding comes from donations they received from foreign political entities. The enhanced obligation of transparency shall apply to publications and

<sup>4</sup> Book of Laws 5740, p. 210; 5774, p. 675.

<sup>5</sup> Book of Laws 5759, p. 189; 5775, p. 36.

<sup>6</sup> Book of Laws 5771, p. 362

reports meant for or available to the public and also to communications addressed to elected officials and to public servants and meetings held with them.

According to Section 5a which is proposed as an addition to the Law, this enhanced transparency obligation shall apply to any association or public benefit company whose primary source of financing in the most recent financial year for which it is required to file a financial report or the financial year prior to that came from donations received from foreign political entities, as defined in the Law.

The calculation of the sources of financing shall be done cumulatively and shall refer to all the donations received from foreign political entities in each of the above-stated financial years.

According to the proposal, an association or public benefit company for whom the above is true shall be required to indicate the fact that it is a "supported entity whose primary support comes from foreign political entities" in each of the following:

- a publication intended or available to the public, made by it on billboards, stationary or mobile, and also in any medium that has a visual element that has a visual element and which permits the presentation of written text, such as publications in the television, over the Internet, or in the press.
- In its communications it makes in writing to an elected official (a minister or a member of the Knesset) or to a public servant, as defined in Public Service (Gifts) Act, 5740-1979 (any person holding a profession or position on behalf of the State, including a Soldier, in the sense of the word in the Military Judicial Act, 5415-1955.
- In a report it makes and distributes for public perusal.

It is further proposed that alongside the indication of its being a supported entity whose primary support comes from foreign political entities, the association or public benefit company shall also specify in such communication or report the names of the foreign political entities that have made donations to it in these said financial years above, when their primary financing came from donation from foreign political entities.

Additionally, it is proposed to require every representative of an association or public benefit company whose primary support comes from foreign political entities, as stated above, who participates actively (in other words, makes a speech) in a discussion for which minutes are taken and which is held in the place of employment of an elected official or of a public servant - to indicate the fact that he is a representative an association or public benefit company, so that this will be recorded in the minutes.

### **Sections 3 and 4**

It is proposed that it be defined that an association which is "an entity whose primary support comes from foreign political entities" in its sense in Section 5a of the Law in its proposed language, which has violated its obligation under this said section, shall have imposed upon it the penalty set forth in Section 61(a)(2) of the Penal Code, 5737-197 for a violation that is a strict violation under Section 64a of the Associations Act, 5740-1980.

in the matter of a public benefit company that has violated its obligation under Section 5a of the law in its proposed form, it is proposed that the Registrar of Companies be empowered to impose financial sanctions upon it, according to Section 354(b1) of the Companies Act, 5759-1999.

[Pages 426 and 427, Laws Proposed by the Government - 1005 - 8 Shvat 5776, 18 January 2016]