

Associations Law, 1980

Table of Contents

	Chapter A: Establishment	5
Article 1	The right to establish an association	5
Article 2	Application for registration of an association	5
Article 3	Restrictions on the Registration of an Association	5
Article 4	Exceptions to the name of the association	5
Article 5	Registration of the Association	6
Article 5A	Temporary Registration	6
Article 7	Publication and Registration Certificate	6
Article 8	Association Corporation	7
Article 8A	Use of Name	7
	Chapter B: Regulations	6
Article 9	The Regulations as a Contract	6
Article 10	Registered and existing Regulations	7
Article 11	Amendment of the Regulations, Name and Purposes	7
Article 12	Contents of the Regulations	8
Article 13	Restrictions on Authority	8
Article 14	Change of address	8
	Chapter C: Members	8
Article 15	Qualification	8
Article 16	Conditions for membership	8
Article 17	Essence	8
Article 18	Members' Register	8
	Chapter D: Institutions	8
Article 19	Compulsory Institutions and Authority Institutions	8
	Sign A: General Assembly	9
Article 20	Deadlines for convening the meeting	9
Article 21	Voting	9
Article 22	Major	9
Article 23	Protocol	9
Article 24	Meeting of Representatives	9
	Sign B: Committee	10
Article 25	Powers	10
Article 26	Election of the Committee	10
Article 26A	Retribution of Committee Members	10
Article 27	Obligation of a member of the Committee	10
Article 28	Transfer from office of the Committee or of a member thereof	10
Article 29	Register of Members of the Committee	10
	Sign C: Audit Committee, Accountant and Internal Auditor	10
Article 30	Audit Committee	10

Article 30A	Appointment of an Internal Auditor	12
Article 31	Establishment	12
Article 31A	Appointment of an Accountant	12
Article 31B	Appointment of an Accountant by the Registrar	13
Article 31C	Procedure for Appointing an Accountant	13
Article 31D	Position of Accountant that left	13
Article 31E	Accountant's Fees	13
	Sign D: Restrictions on serve and terms of employment	13
Article 32	Uniqueness of the priesthood	13
Article 33	Disqualifications for the priesthood	13
Article 34	Validity of actions	14
Article 34A	Retribution of Committee Members and Audit Committee Members	14
Article 34B	Expenses on the management of an association	14
	Chapter D1: Prohibited Distribution	14
Article 34C	Prohibited distribution in the association	14
Article 34D	Liability of members of the committee for prohibited distribution	14
	Chapter D2: Merger	15
Article 34E	Definitions	15
Article 34F	Approval of the court to merger	15
Article 34G	Application of the provisions of the Companies Law to mergers under this chapter	16
Article 34H	Results of the merger	17
Article 34I	Regulations regarding Chapter D2	18
	Chapter E: Account Management, Document Submission and Review	18
Article 35	Account books	18
Article 36	Financial Report	18
Article 36A	Contribution from a foreign political entity	19
Article 37	Auditor's Audit	20
Article 37A	Verbal Report	20
Article 38	Submission of documents to Registrar	20
Article 38A	Clarification of details in the financial report	21
Article 39	Review and Publication	21
	Chapter E1: Guidance, Supervision and Control	24
Article 39A	Assistance and guidance to associations in the management of their affairs	24
Article 39B	Certification of Supervisors and Supervisory Powers	24
Article 39C	Assistance with an external examiner, his powers and duties	25
Article 39D	Permission to serve as an external examiner, hanging and revoking it	25
Article 39E	Requirement of information by an external examiner	27
Article 39F	Reporting to the Knesset on the assistance of external examiners	27
	Chapter F: Investigation of the Association's Functioning	27
Article 40	Investigation of an Association	27

	Chapter G: Liquidation	28
Article 42	Methods of liquidation	28
	Sign A: Voluntary Liquidation	28
Article 43	Decision on liquidation and appointment of liquidator	28
Article 44	Declaration of solvency	29
Article 45	Tasks of the liquidator	29
Article 46	Notice to creditors	29
Article 47	Termination of liquidation	29
Article 48	Retention of Authority	29
Article 48A	Transfer of voluntary liquidation to liquidation by court order	29
	Sign B: Liquidation by court order	29
Article 49	Grounds for liquidation	29
Article 50	Application for a liquidation order	30
Article 51	Early clarification	30
Article 52	Appeal	30
Article 53	Commencement of liquidation	30
Article 54	Applicability of Provisions	30
	Sign C: Common Provisions	31
Article 55	Actions and representation	31
Article 56	Provisions of the Court	31
Article 56A	Status of the Registrar in liquidation proceedings	31
Article 57	Duty to provide information	31
Article 58	Assets of a liquidated association	31
Article 59	Deletion, revival and revocation	31
	Chapter H: Existing Societies	32
Article 60	Application for registration	32
Article 61	Registration of Society as Association	32
Article 62	Association which did not apply to register	32
	Chapter I: Miscellaneous	33
Article 63	Registrar of Associations	33
Article 64	Deception Offenses	33
Article 64A	Offenses of strict liability	33
Article 65	Exemption from application	33
Article 66	Implementation and Regulations	33
Article 67	Non Applicability	34
Article 68	Applicability of Ottoman Law	34
Article 69	Amendment of the Trust Law	34
Article 70	Beginning	34
Article 71	Publication	34
	First Addendum	35
	Sign A: Memberships	35
Article 1	Admission of Members	35

Article 2	Rights and Duties of a Member	35
Article 3	Expiration of membership	35
Article 4	Giving notices to a member	36
	Sign B: General Assembly	36
Article 5	Time and place	36
Article 6	Order	36
Article 7	Functions of an Ordinary General Meeting	36
Article 8	Quorum	36
Article 9	Chairman and Secretary	36
Article 10	Resolutions	36
Article 11	Protocol	36
	Sign C: Committee	36
Article 12	Number of Members	36
Article 13	Period of office	36
Article 14	Completion of the Committee	37
Article 15	Committee Meetings	37
Article 16	Resolutions	37
Article 17	Protocol	37
Article 18	Right of representation	37
	Sign D: Audit Committee	37
Article 19	Applicability of Provisions	37
	Sign E: Branches	37
Article 20	Establishment of branches and their organization	37
	Sign F: Assets after liquidation	37
Article 21	Transfer of surplus assets	37
	Second Addendum	38
	Third Addendum	40

Associations Law, 1980

Chapter A: Establishment

The right to establish an association

1. Two or more persons, who are adults, who wish to be incorporated as a corporation for a legal purpose not directed at the distribution of profits among its members and whose main purpose is not making profits, may establish an association; The association is formally established with its registration in the association register.

Application for registration of an association

2. (A) An application for registration of an association shall be submitted by the founders to the Registrar of Associations (hereinafter - the Registrar) and shall state the name of the association, its purposes, address in Israel, the names of the founders, their addresses and their identity numbers; The application will be accompanied by an affidavit signed by all the founders regarding their willingness to establish an association, as stated in the application, and serve on it as committee members.

(B) After the submission of the application, and as long as the association has not been registered, the Registrar shall recognize any application for amendment or amendment of an individual as stated in sub article (A), if signed by a majority of the founders who signed the original application; Provided that it has been proved to his satisfaction that notice of the decision to apply for amendment was sent to all the founders by registered mail at least 14 days before the date of its submission.

Restrictions on the Registration of an Association

3. An association will not be registered if one of its purposes denies the existence of the State of Israel or its democratic character, or if there is a reasonable basis for concluding that the association will serve as a disguise for illegal actions.

Exceptions to the name of the association

4. (A) An association shall not be registered in a name that may mislead or harm public policy or its feelings.

(B) An association shall not be registered in the same name as the name of one of the following, or similar to it to the point of misleading:

(1) A corporation legally registered in Israel;

(2) A corporation that was lawfully registered in Israel, its registration has been revoked and less than two years have elapsed from the date of cancellation of the registration of that corporation;

(3) An association that is in the process of registration;

(4) The name requested of the association after the completion of a merger within the meaning of Chapter D.2, if specified in the documents submitted under article 34G (6).

(C) (1) If an association is registered in a name which is not to be registered in it under sub article (A) or (B), the Registrar may require it to change the name;

(2) If the association has not changed its name within four months or within another time determined by the Registrar in its demand, whichever is later, the Registrar may, with the consent of the Attorney General, change its name to the name he chooses, taking into account its previous name and purposes;

(3) If the Registrar decides to change the name of the association as stated in paragraph (2), he shall send the association a name change certificate, and for the purpose of its publication the change shall be deemed to have been determined according to the association's decision;

(4) The Minister of Justice may, with the approval of the Constitution, Law and Justice Committee of the Knesset, prescribe provisions regarding the publication of a change of name under this sub article.

Registration of the Association

5. If an application has been submitted in accordance with article 2, the Registrar shall register the association in the register of associations, unless he considers himself barred from doing so under article s 1, 3, 4 (a) or 4 (b).

Temporary Registration

5A. (A) An application has been submitted under article 2 for the registration of an association whose purpose is to raise funds to save lives and the Registrar did not register it in the register of associations within two weeks from the date the application was submitted, not because of refusal to register, the founders may request the Ministry of the Interior to direct the manner in which the application for registration of an association is examined within a period not to exceed 14 days from the date of the said instruction.

(B) The provisions of article s 1, 3 and 4 shall apply to an examination and registration of an association under sub article (A).

(C) The registration of an association registered by virtue of sub articles (A) and (B) is valid for one year.

(D) If one year has elapsed from the date of the association's temporary registration, and the association has not been registered under article 5, its assets will be transferred, after its debts have been paid in full, to another association determined by the Custodian General under the Custodian General Law, 1978, and whose purposes are close, in his opinion, to the purposes of the association whose temporary registration has expired.

6. (Canceled).

Publication and Registration Certificate

7. Once an association has been registered, the Registrar shall publish a notice to that effect in "Reshumot" and give the association a registration certificate; The certificate will be conclusive evidence that the association was lawfully founded.

Association Corporation

8. From the date specified in the registration certificate as the day of registration, the association will be a corporation, legitimate for every right, duty and legal action.

Use of Name

8A. The name of the association shall be indicated in any document, signage or publication issued on its behalf, in the full form appearing on the registration certificate; The name will be indicated in uniform letters and without abbreviations and omissions and will include at the end the score "Association", "Registered Association" or "(RA)".

Chapter B: Regulations

The Regulations as a Contract

9. Each association shall have Regulations as specified in this chapter; The Regulations are a contract between the association and its members and among themselves.

Registered and
existing
Regulations

Amendment of the
Regulations, Name
and Purposes

10. The founders may submit to the Registrar a Regulations to the Association; If the founders have not submitted a Regulations to the Registrar, the Regulations contained in the Regulations in the first addendum shall be regarded as Regulations.

11. (A) An association may change its Regulations, its name and its purposes by a resolution of the General Meeting passed by a majority of votes entitled to vote in it; A decision under this article is subject to registration by the Registrar and the provisions of article s 4 to 7 and 10 shall apply; Validity of the decision from the date of registration by the Registrar.

(B) Changing the purpose of an association for another purpose or changing the provisions of the designation of the assets in liquidation (in this article - purpose), as well as adding a purpose to an association or deducting them (in this article - changing purposes), will be decided by the General Meeting. A breakdown of the assets accrued for the purposes of the association is transferred to the requested change, and the obligations that the association has assumed for this matter, including towards donors to the association.

(C) A change of purposes as stated in sub article (B) shall be made as specified below, as the case may be:

(1) If the purpose that the association seeks to replace, detract from or add to is close to the purpose it is replacing or to its other purposes (in this article - a close purpose), such a change is subject to registration by the Registrar ; If the Registrar considers that the said purpose is not an close purpose - he shall notify the association thereof, and it shall act as stated in paragraph (2);

(2) If the purpose that the association seeks to replace or add is not a close purpose, or the association does not have a purpose close to the purpose it seeks to detract from, such a change is subject to the approval of the court.

(D) The Registrar shall not register a change of objectives as stated in article (C) (1) unless he is convinced that in the circumstances of the matter it is just and proper to do so, having regard to the association's objectives, its activities before the change, and the association's commitments for the change.

(E) The court shall decide on a request to change the purposes of an association under this article, after giving the Registrar an opportunity to express his position; The court will not approve a change of objectives unless it is convinced that in the circumstances of the case it is right and proper to do so, taking into account the association's objectives and activities before the change, and the conditions and arrangements it determines.

(F) If the Registrar has received from an association a copy of a court decision approving a change of objectives under sub article (C), he shall register it in accordance with the provisions of sub article (A).

(G) The Minister of Justice may prescribe provisions regarding an obligation of an association to give notice of its intention to change its objectives or change the objectives, and the ways and dates for its submission, given types of associations and may authorize the Registrar to prescribe such provisions regarding a particular association, nature or circumstances.

Contents of the Regulations

12. (A) Any Regulations or amendment to the Regulations submitted to the Registrar under article s 10 and 11 shall be registered by him if he finds that the provisions of article s 1, 15 to 20, 23, 27 to 39 and 43 to 47 and article s 1 (A), 1 (B), 7 and 12 of the Regulations contained in the first addendum have been complied with.

(B) If a Regulations has been submitted to or registered by the Registrar, and a matter regulated in the existing Regulations is not regulated in it, partially regulated in it, or poorly regulated in it so that it contravenes the provisions of sub article (A), the provisions of the existing Regulations shall apply.

Restrictions on Authority

13. The Regulations may limit the authority of the association to change its Regulations, name or purposes, to demand a change of a larger majority than that stated in article 11 or to set other conditions for it.

Change of address

14. Notice of any change in the name of the association's office shall be given to the Registrar and he shall record the change.

Chapter C: Members

Qualification

15. (A) Any person who has attained the age of seventeen years and any corporation is eligible to be a member of an association.

(B) Notwithstanding the provisions of article 4 of the Legal Qualifications and Guardianship Law, 1962, the joining of a minor to an association and the voting of a minor who is a member of the association at the General Meeting do not require the consent of his representative.

Conditions for membership

16. The conditions for membership in the association, expiration of membership, acceptance of members, retirement and expulsion shall be in accordance with the provisions of the Regulations, however -

(1) The retirement of a member shall not be conditional on the giving of a reasonable notice in advance;

(2) A member will not be disqualified except for the reasons specified in the Regulations and after he has been given an adequate opportunity to make his claims.

Essence

17. Membership in the association is personal, non-transferable and non-inheritable.

Members' Register

18. An association must maintain a register of members and record in it each member, his address, his identity number, the date of commencement of his membership and the date of its expiration.

Chapter D: Institutions

Compulsory Institutions and Authority Institutions

19. (A) Every association shall have a General Meeting, a Committee and an Audit Committee, and may have additional institutions as stated in its Regulations.

(B) The General Meeting may decide that an Audit Committee or a body approved for this purpose by the Registrar (hereinafter - the auditing body) shall be appointed in place of the Audit Committee.

(C) (1) Without prejudice to the provisions of sub article (B), an association whose annual turnover exceeds NIS 750,000 must appoint an accountant;

(2) The amount referred to in paragraph (1) shall be linked to the consumer price index published by the Central Bureau of Statistics; The Minister of the Interior shall

publish in "Reshumot" at the beginning of February of each year the said amount, as updated for that year;

(3) In this article -

"Turnover" - as defined in the Second Addendum;

"Accountant" - including an association of accountants, an accounting firm or any other legal association of accountants.

Sign A: General Assembly

Deadlines for
convening the
meeting

20. (A) An ordinary General Meeting of the members of the association shall be held on the dates specified in its Regulations and not less than once a year.

(B) The Committee may convene an extraordinary General Meeting at any time, and must do so at the written request of the Audit Committee, the auditing body or one-tenth of the members of the association.

(B1) The Committee has not convened the General Meeting required by law, within 21 days from the date the request was submitted under sub article (B), the claimants may convene themselves, provided that the meeting is held within three months from the date the said request was submitted; The meeting shall be convened, as far as possible, in the same manner as meetings are convened by the Committee.

(B2) If the meeting is convened as stated in sub article (B1), the association shall cover the reasonable expenses incurred by the claimants and shall charge the expenses of the members of the committee responsible for non-convening; The association may also deduct the expenses from funds that come or will come from it to the members of the committee as aforesaid.

(C) If no General Meeting has been convened in accordance with the provisions of this article, the Registrar may convene it or may appoint a person to convene it.

Voting

21. In a General Meeting, each member shall have one vote and the vote shall be personal, and so if there is no other provision in the Regulations for these matters.

Major

22. (A) The resolutions of the General Assembly shall be passed by a simple majority of the voters if there is no other provision in this law or in the Regulations for this matter.

(B) An association may stipulate in its Regulations that resolutions signed by all members of the association shall regard them for all intents and purposes as decisions made at a General Meeting, except for resolutions under articles 11, 36 and 43(A).

Protocol

23. Minutes shall be taken at each General Meeting; The minutes shall be signed by the chairman of the meeting, and when signed by him, there shall be prima facie evidence of the content and legitimate of the convening of the meeting, its management and decision-making.

Meeting of
Representatives

24. (A) An association whose number of members exceeds 200 may stipulate in its Regulations that its General Meetings shall be by way of convening representatives elected by all the members; The method of electing the representatives and the manner of their election will be in accordance with the provisions of the Regulations.

(B) For the purposes of this Law, the practice of convening representatives shall be the law of a General Meeting, and the authority of the Registrar under article 20(C) shall also apply to the conduct of the said elections, mutatis mutandis.

Sign B: Committee

Powers	25. The Committee shall manage the affairs of the association and shall have in its hands any authority not specified in this law or in the Regulations of the General Meeting or of another institution of the association.
Election of the Committee	26. (A) The committee shall be elected at an ordinary General Meeting, unless otherwise provided in the Registrations for this purpose, including a provision according to which - (1) The members of the Committee, in whole or in part, shall be appointed by another person or body; (2) A person holding the position defined in the Registrations shall be a member until as long as he holds the same defined position; Until the election of the first Committee, the founders will serve as a Committee. (B) Whenever the association does not have a Committee elected under sub article (A), the Registrar may appoint a member or members of the association to serve as a Committee. (C) A member of a Committee whose term of office has ended and no replacement has been elected, in the manner referred to in sub article (A), shall continue to serve as a member of the Committee and shall have all the powers vested in a Committee member; The provisions of this sub article shall not apply to a member of a Committee who has resigned or to a member of a Committee who has been removed from office.
Retribution of Committee Members	26A. The General Meeting may decide on the payment of salaries to the members of the Committee; Has decided that wages must be paid, will determine the amount of wages subject to the provisions of article 34A.
Obligation of a member of the Committee	27. The members of the Committee must act in favor of the association within the framework of its goals and in accordance with the Regulations and decisions of the General Meeting.
Transfer from office of the Committee or of a member thereof	28. The General Meeting may remove, at any time, the Committee or a member of the Committee from office; If the General Meeting removes the Committee from office, the dismissal will not take effect unless the General Meeting elects a new Committee.
Register of Members of the Committee	29. An association must maintain a register of Committee members and record in it the name of each of them, his address, his identity number, the date of commencement of his term of office and the date of its expiration.

Sign C: Audit Committee, Accountant and Internal Auditor

Audit Committee	30. (A) These are the functions of the Audit Committee or the auditing body:
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- (1) To check the correctness of the association's activities and its institutions, including the suitability of the association's activities for its purposes;
- (2) Check the achievement of the association's goals efficiently and economically;
- (3) Monitor the implementation of the resolutions of the General Assembly and the Committee;
- (4) To establish deficiencies in the management of the association, inter alia in consultation with the association's internal auditor or its accountant, as appointed, and to suggest to the Committee ways to correct them; If the Audit Committee finds such a defect to be a material defect, it will hold at least one meeting regarding the defect in question without the presence of officers in the association, and as far as possible - in the presence of its internal auditor or accountant, as the case may be; Notwithstanding the aforesaid, the committee shall give an opportunity to an audited entity to present its position before it, and an officer may also be present at such meeting to present a position on a matter within his area of responsibility, if the committee so requests; For this purpose, "officer" - a member of the association's committee, the association's general manager, deputy general manager, deputy general manager, any director directly subordinate to the general manager and each holds such a position in the association even if described differently;
- (5) To examine the financial affairs of the association, its account books and the salary payments therein, including the purpose of the association's finances for the advancement of its goals;
- (6) Examine any other issue related to the activities of the association;
- (6a) To examine the internal audit system of the association and the functioning of the internal auditor, and if he has the resources and tools necessary for him to fulfill his role, and to examine the internal auditor's work plan before submitting it to the Committee for approval, and propose changes , and all that paying attention, among other things, to the special needs of the association and its size;
- (6b) To examine the scope of the accountant's work and his remuneration, and to bring its recommendations before the person determining his remuneration under article 31E;
- (6c) To establish arrangements regarding the manner of handling the complaints of the association's employees in connection with deficiencies in the management of its affairs and regarding the protection to be given to the employees who complained as aforesaid;
- (7) To bring before the Committee and the General Assembly its conclusions in accordance with the examination results as stated in this article.

(B) A person who is not allowed to be a member of the Audit Committee or the auditing body (in this article - the committee), shall not be present at the meetings of the committee at the time of the discussion and decision-making, unless the Chairman of the committee determines that he is required to present a particular subject; However -

(1) An employee of the association may be present at the meetings of the committee during the hearing, if the committee so requests, provided that the decision is made without his presence;

(2) Without prejudice to the provisions of paragraph (1), if the association had a legal adviser or secretary, they may be present at the hearing and at the time of the decisions, if the committee so requests.

(C) The internal auditor of the association shall be notified of the meetings of the committee and may attend them, and may ask the chairman of the committee to convene the committee to discuss the matter specified in his request, and the chairman of the committee shall convene within a reasonable time.

(D) Notice of the holding of a committee meeting at which an issue arises regarding the audit of the financial statements of the association, shall be found to the accountant of the association who will be entitled to attend that meeting.

Appointment of an
Internal Auditor

30A. (A) The Committee of an association whose turnover exceeds NIS 10 million, or a higher amount determined by the Minister of Justice, with the approval of the Constitution, Law and Justice Committee of the Knesset, shall appoint, with the consent of the Audit Committee, an internal auditor. The provisions of articles 146 (b) to 148 and 150 to 153 of the Companies Law, 1999, shall apply in this matter with the required amendments; If the Committee and the Audit Committee did not reach an agreement on the appointment of the internal auditor,, the General Meeting will decide.

(B) The internal auditor shall submit to the Committee for approval a proposal for an annual or periodic work plan, after the Audit Committee has examined it as stated in article 30 (6a), and the Committee shall approve, with such changes as it sees fit.

Establishment

31. The Audit Committee or the Auditing Body shall be elected at the Ordinary General Meeting.

Appointment of an
Accountant

31A. The following provisions shall apply to an association that is required to appoint an accountant in accordance with article 19 (C):

(1) An accountant shall be elected at an annual General Meeting and shall serve in his office until the following annual General Meeting;

(2) The Committee may, at any time before the first annual General Meeting, appoint the first accountant of the association, who shall serve in his position until the first annual General Meeting; If the Committee does not appoint such an accountant, the association may appoint the first accountant at the first General Meeting;

(3) At the first General Meeting the association may approve the appointment of the accountant appointed by the Committee or appoint in its place an accountant proposed by

Appointment of an Accountant by the Registrar	<p>one of the association members, provided that the association and the accountant were notified of the proposal to appoint another accountant at least seven days before the meeting.</p> <p>31B. If an accountant is not appointed at an annual General Meeting of an association that requires the appointment of an accountant under article 19 (C), the Registrar may, at the request of one of the association members, appoint an accountant for that year and determine the salary to be paid for his services.</p>
Procedure for Appointing an Accountant	<p>31C. (A) A person shall not be appointed an accountant, as stated in article 31A (2), unless the member of the association has notified the association before the annual General Meeting of his intention to nominate that person for the position of accountant.</p> <p>(B) The notice under sub article (A) shall be delivered no later than the date specified in the Regulations of the association for the summoning of the members to the General Meeting.</p> <p>(C) The association shall send a copy of the notice received under sub article (A) to the members of the association and to the accountant who is about to terminate his position, at least seven days before the date of the convening of the General Meeting.</p> <p>(D) The provisions of this article shall not apply to the reappointment of an accountant who is about to terminate his office.</p>
Position of Accountant that left	<p>31D. If the position of accountant is vacated, the Committee may appoint another in his place, who will serve until the convening of the next General Meeting, and the remaining auditors may continue to act as the association's accountants.</p>
Accountant's Fees	<p>31E. The association shall determine at the General Meeting the remuneration of the accountant, but the remuneration of an accountant appointed before the first annual General Meeting or appointed in accordance with article s 31A (2), 31D or 37 (B) may be determined by the Committee.</p>

Sign 4: Restrictions on serve and terms of employment

Uniqueness of the priesthood	<p>32. A person shall not serve simultaneously as a member of the Committee and as a member of the Audit Committee or the auditing body.</p>
Disqualifications for the priesthood	<p>33. (A) He shall not serve as a member of the Committee or as a member of the Audit Committee -</p> <ol style="list-style-type: none"> (1) A person who is not a member of the association; (2) A person who provides services to the association for a fee other than as a member of the Committee or as a member of the Audit Committee, as the case may be; (3) A minor or person who has been declared incompetent or bankrupt; (4) A person who has been convicted in a final judgment of an offense under article s 290 to 297 and 414 to 438 of the Penal Code, 1977, or of any other offense which in the opinion of the Registrar by reason of its nature, severity or circumstances is unfit to serve as a member of the Audit Committee; (5) A corporation, however, may serve as a member of the Committee as a representative of the corporation that is a

member of the association, even if the representative himself is not a member of the association.

(B) A person who provides services to an association for a fee other than an auditing body shall not serve as an auditing body.

Validity of actions

34. The action of a member of the Committee or of a member of the Audit Committee or of a member of the auditing body shall not be impaired due to a defect in the election of that member or in his appointment.

Retribution of
Committee
Members and
Audit Committee
Members

34A. The Minister of Justice, with the approval of the Knesset's Constitution, Law and Justice Committee, shall prescribe provisions regarding fee or remuneration to be paid to Committee members or members of an Audit Committee, in the association, and their terms of employment, including restrictions on fee, remuneration and terms of employment; And the Minister of Justice may prescribe, with the approval of the Constitution, Law and Justice Committee of the Knesset, such provisions regarding the general director of the association and those who are directly subordinate to him; Provisions under this article may be determined for types of associations.

Expenses on the
management of an
association

34B. The Minister of Justice, with the approval of the Knesset's Constitution, Law and Justice Committee, may determine a maximum rate of expenses that an association may incur for its management, including salaries and remuneration, in relation to turnover or funds it has spent to further its goals; Such provisions may be laid down for types of associations; In this article, "turnover" - the annual amount of receipts of an association of any source and type, received on average in the three financial years that have passed, and if three years have not yet passed since the establishment of the association - the amount of such receipts received on average in the fiscal years since its establishment.

Chapter D1: Prohibited Distribution

Prohibited
distribution in the
association

34C. (A) An association may not distribute profits to its members, directly or indirectly, including to the founder of the association, and any distribution of profits made by it shall be considered a prohibited distribution for the purposes of this chapter.

(B) If an association has made a prohibited distribution, a member of the association shall have to return to the association what he received, unless he did not know and should not have known that the distribution made was prohibited.

(C) The provisions of this article shall not apply to a small and reasonable gift given in accordance with the practice in the circumstances of the case, nor shall they apply to a benefit received by an association member from the association as one of the public entitled to enjoy the association's services

Liability of
members of the
Committee for
prohibited
distribution

34D. If a prohibited distribution has been made in the association, anyone who was a member of the Committee at the time of the distribution will be considered to have violated his obligations to the association, unless he has proved one of the following:

(1) Who objected to the prohibited division and took all reasonable measures to prevent it;

(2) That in the circumstances of the case, he did not know and should not have known about the prohibited distribution.

Chapter D2: Merger

Definitions

34E. In this chapter -

"Public benefit corporation", "Merger", "Relative", "Registrar of Dedications", "Registrar of Companies", "Control", "Floating lien"

- As defined in the Companies Law;

"Companies Law" - The Companies Law, 1999;

"Registrar of Pledges" - As defined in the Pledge Law, 1967;

"Target corporation" - A public benefit company or association, one or more, which is to merge with a receiving corporation in a manner that will lead to the liquidation of the company or association;

"Merging corporation" - A target corporation and a receiving corporation;

"Collecting corporation" - A public benefit company or association, to which all the assets and liabilities of the target corporation work in a merger;

"Related corporation" - A merging corporation, which is either its general manager, a director or a board member in which, as the case may be, 25% of its members or shareholders holding 25% of the voting rights in it, or a relative of each, is also a general manager, director, a member of a Committee, a member or shareholder in another corporation with which the corporation seeks to merge, all including through corporations controlled by any of the subscribers in this definition.

Approval of the court to merger

34F. (A) An association may merge only with another association or with a public benefit corporation, provided that in addition to the approvals required for a merger under this Act or under the Companies Act, the approval of the district court may be merged.

(B) The court shall not approve a merger as aforesaid in this article unless it is satisfied that in the circumstances of the matter it is just and proper to do so, having regard to the purposes of the merging corporations and their activities before the merger, as the case may be, and the conditions and arrangements it determines.

(C) The court shall consider, inter alia, before granting the approval for the merger, the existence of the merging corporations and related relationships, as well as the compliance of the merging corporations with the provisions of the law.

(D) The court shall decide on an application for approval of a merger as stated in this article after giving the Registrar of Dedications or the Registrar of Associations, as the case may be, an opportunity to express its position, including on the matter of compliance by the merging corporations.

(E) If the provisions of article 345L of the Companies Law apply to the merger, the approval of the court to the merger under this article shall be deemed to be the court's approval also for the purposes of the said article, provided that the other provisions of that article and the provisions of sub article (C) have been complied with.

34G. Without derogating from the provisions of this Law, on the merger between associations or a merger between an association and a company for the benefit of the public, as stated in this chapter, the provisions under the Companies Law Concerning Mergers shall apply, mutatis mutandis and with the following changes:

(1) The merger requires the approval of the Committee or of the board of directors, as the case may be, and of the General Meeting, in each of the merging corporations, and in a merger between related corporations - also the approval of the Audit Committee or the auditing body, in each of them;

(2) In addition to the provisions of article 315 of the Companies Law, the Committee or board of directors of a merging corporation shall, as appropriate, before granting approval for the merger, also consider the objectives of the target corporation versus the acquiring corporation, the assets accrued for the merging corporation's merging into this matter, including towards its donors;

(3) The proposed merger within the meaning of article 316 of the Companies Law shall include, inter alia -

(A) Details regarding the members or shareholders of the collecting corporation after the merger, indicating the members or shareholders of the target corporation, who will be members or shareholders of the collecting corporation, as the case may be, if any;

(B) Details of the members of the Committee or board of directors of the receiving corporation after the merger, indicating the members of the Committee or the directors of the target corporation, as the case may be, subject to the provisions of any law, Committee members or directors of the receiving corporation, if any;

(C) To the extent necessary, arrangements are required for the fulfillment of the obligations of the target corporation, inter alia in respect of assets accrued for the purposes of the transferable merger, including towards its contributors;

(D) Subject to the provisions of any law, changes in the purposes of the receiving corporation are requested due to the merger;

(4) Before the decision of the General Meeting of each of the merging corporations is made, it shall present before it the Committee or board of directors of the merging corporation, as the case may be, all of the following:

(A) The proposed merger, as stated in paragraph (3);

(B) A list of the assets that the merging corporation has accumulated for the purposes of an employee for the merger and the obligations it has assumed in this matter, including towards its donors;

(C) The existence of the merging corporations as related corporations, indicating the relationship between them;

(D) In the matter of the General Meeting of the target corporation - the objectives of the receiving corporation;

(5) The approval of the General Meeting for merger in each of the merging corporations is subject to the consent of 75% of those present and participating in the vote, except for the recipients, unless the merging corporation's Regulations stipulate a different majority in this regard; The General Meeting shall consider, before granting approval, the considerations set forth in paragraphs (2) and (4), mutatis mutandis; The Minister of Justice, with the approval of the Constitution, Law and Justice Committee of the Knesset, may prescribe additional provisions regarding a General Meeting for the approval of such a merger, including regarding a summons;

(6) A merging corporation that is an association, shall submit documents or notices as stated in articles 317 and 322 of the Companies Law, to the Registrar of Associations; A merging corporation that is a public benefit corporation shall submit such documents or notices to the Registrar of Dedications;

(7) In addition to notices under article 318 of the Companies Law, a merging corporation shall publish a notice in the newspaper to its donors in accordance with the provisions under article 318 (b);

(8) Articles 320 and 321 of the Companies Law shall not apply;

(9) If the target corporation was a public benefit corporation whose floating lien was imposed on its assets, the said company shall not be entitled to merge into a receiving corporation that is an association, without the consent of the secured creditor in whose favor the floating lien was imposed.

Results of the
merger

34H. If a final decision of the court approving the merger has been made in the Registrar of Dedications or in the Registrar of Associations, as the case may be, the merger will be carried out as follows:

(1) All assets and liabilities of the target corporation, including contingent, future, known and unknown liabilities, shall be transferred and acquired to the receiving corporation;

(2) Shall regard the receiving corporation as if it were the target corporation in any legal proceeding, including in enforcement proceedings;

(3) In a merger between associations, the Registrar of Mortgages shall transfer the mortgages registered with him on the assets of the target corporation to the collecting corporation; In a merger between an association and a public benefit company, in which the target corporation is an association, the Registrar of Mortgages will transfer the mortgages registered with him in the name of the association for registration by the Registrar of Companies in the company's liens register; In a merger between a company for the benefit of the public and the association, in which the target corporation is a company, the Registrar of

Companies will transfer the company's mortgage book for registration as a mortgage on the association's assets by the Registrar of Pledges; The Minister of Justice may, with the approval of the Constitution, Law and Justice Committee of the Knesset, prescribe provisions regarding the transfer of the said liens and mortgages, including the documents that the merging corporation will be required to submit for this purpose;

(4) The target corporation shall be liquidated and the Registrar of Associations or the Registrar of Companies, as the case may be, shall delete it from its registers;

(5) The Registrar of Associations, if the collecting corporation is an association, or the Registrar of Companies, if the collecting corporation is a public benefit corporation, shall deliver to the collecting corporation a certificate attesting to the execution of the merger and record the merger in its records.

Regulations
regarding Chapter
D2

34I. The Minister of Justice, with the approval of the Constitution, Law and Justice Committee of the Knesset, may prescribe provisions for a merger under this chapter, including the details to be included in a merger proposal, the provision of information to creditors, donors or their type and the registration of transactions resulting from the merger; As long as the Minister of Justice has not determined such provisions, the provisions set forth in this matter under the Companies Law shall apply, mutatis mutandis and subject to the provisions of this chapter.

Chapter E: Account Management, Document Submission and Review

Account books

35. (A) An association must maintain account books that fully and faithfully reflect its transactions and financial condition and which will include at least the details that appear in the second addendum, as the case may be.

(B) Any member of the Committee, the Audit Committee or the auditing body as well as an accountant appointed to the association, may at any time review the association's account books and documents relating to those listed therein and receive from each Committee member and any employee of the association any document and information necessary to fulfill his duties.

Article 36
Financial Report

36. (A) The Committee shall prepare once a year a balance sheet of the association's income and expenses (hereinafter - financial report) in each tax year, which shall include full details according to the list in the second addendum; the financial report shall be submitted to the Audit Committee or the auditing body not less than two weeks before the day of the General Meeting or at an earlier date stipulated in the Regulations and brought before the General Meeting, for its approval.

(B) The Committee shall attach to the financial report a notice detailing all the payments made by the association or undertaking to pay, in the year for which the financial report is submitted, to each of the five highest paid recipients in the association including details regarding retirement conditions; And all, whether the payments or

liabilities for such payments were given to the said wage recipients or whether they were given later for them or due to their employment; For the purposes of this article , "payments" - sums of money and anything that is worth money, loans, securities or other rights as well as any other benefit.

(C) The financial report shall be prepared in accordance with generally accepted accounting and reporting rules appropriate to the situation and circumstances of the association, and shall give due expression to the data contained in the ledgers maintained as stated in article 35 (A).

(D) The original financial report or duly approved copy shall be submitted to the Registrar no later than June 30 of the year following the end of the reporting period, signed by two of Committee members, and the Registrar may extend the time for submission.

Contribution from a foreign political entity

36A. (A) In this article -

"Foreign political entity" - any of the following:

(1) A foreign country, including -

(A) Unification, organization or member of foreign countries (in this article - unification of foreign countries);

(B) An organ, authority or representation of a foreign state or of a union of foreign states;

(C) A local or district authority, a governmental authority of a foreign state or of a state that is a member of an alliance of states in a foreign state (in this article - a foreign body);

(D) The unification, organization or association of foreign entities;

(2) The Palestinian Authority, within the meaning of the Law for Extending the Validity of Emergency Regulations (Judea and Samaria - Judgment of Offenses and Legal Aid), 1976;

(3) A corporation established by the enactment of one of the bodies specified in paragraphs (1) or (2), or that such body holds more than half of a particular type of means of control in the corporation or that it has appointed the corporation to act on its behalf; For this purpose, "means of control", "possession" - as defined in the Securities Law, 1968;

(4) A foreign company whose turnover in the last fiscal year in respect of which it was required to submit a financial statement was for the most part one of the entities listed in paragraphs (1) to (3);

"Donation" - except for tax relief, in whole or in part, given outside Israel.

(B) (1) An association whose turnover exceeds NIS 300,000 shall indicate in the financial statement under article 36, whether or not it received in the year to which the financial statement relates, donations from foreign policy entities whose cumulative value exceeds NIS 20,000; In this paragraph, "cycle" - as defined in the second addendum;

(2) If the association has received donations as stated in paragraph (1), all of the following shall be stated in the financial statement, regarding any donation from a foreign political entity:

- (A) The identity of the donor;
- (B) The amount of the donation;
- (C) The purpose of the donation;
- (D) The conditions for the donation, including the obligations given by the association regarding the donation, orally or in writing, directly or indirectly, if any;

(3) The association must do everything in its power to know whether the donation came from a foreign political entity, and the reporting obligation as stated in this article shall apply if it knew or should have known that the donation is from such a foreign political entity.

(C) The association shall publish on its website information as stated in sub article (B); If the association informs the Registrar that it does not have a website, the Registrar will publish the said information on the website of the Ministry of Justice.

Auditor's Audit

37. (A) A financial report of an association that requires the appointment of an accountant under article 19 (C) shall be submitted to the General Meeting when it is audited by the accountant.

(B) The Registrar may, at the request of the Audit Committee, or one-tenth of all the members of the Association, and even on his own initiative, direct that the financial report of an association which is not required to appoint an accountant under article 19 (C) shall be submitted to the General Meeting when audited by an accountant appointed by the Committee with the approval of the Registrar.

(C) The accountant shall attend any General Meeting of the association, at which accounts he has visited or who has submitted an account shall be submitted, and give such notice or explanation as he sees fit in respect of those accounts.

(D) If the Registrar has acted in accordance with sub article (B), he may, if he deems it necessary, order the adjournment of the General Meeting to a date to be determined.

Verbal Report

37A. (A) The Committee shall prepare a report once a year which will include details of the matters listed in the third addendum (hereinafter - a verbal report).

(B) The verbal report of an association shall be submitted together with its financial report.

(C) The provisions of articles 30, 36 (A) and (D), 38A and 39, which apply in the matter of a financial statement, shall apply, mutatis mutandis, in the matter of a verbal report.

Submission of documents to Registrar

38. (A) An association must submit to the Registrar the following original documents or duly certified copies, signed by two members of the Committee:

- (1) Notice of a change in the association's response, of the election of a member or the appointment of a member of the Committee, of the Audit Committee or of the auditing body, or of the expiration of their term of office and of the appointment of an accountant;

(2) The minutes of the decision of the General Meeting to change its Regulations, its name and purposes under article 11, or the decision of the General Meeting or the Committee regarding those who may sign on behalf of the association;

(3) Minutes of the decision of the General Meeting to approve the financial report presented to it - together with the financial report and the recommendation of the Audit Committee or the auditing body, and if an accountant is appointed, his opinion on the financial report will be attached;

(4) Notice of the filing of a claim against the association or against a member of the Committee in the capacity of his position as a member of the Committee; The notice shall state the names of the parties, the court to which the claim was filed, the cause and the number of the proceedings;

(5) Minutes regarding the decision of the General Assembly on voluntary liquidation and the appointment of a liquidator under article 43 (A);

(6) The financial report as stated in article 36 (D);

(6A) the verbal report as stated in article 37A;

(7) Other documents prescribed by the Minister of the Interior in regulations.

(B) (1) The documents specified in paragraphs (1) to (5) shall be submitted within two weeks from the date of the decision or from the date of the event;

(2) A decision as aforesaid in paragraph (5) shall be registered by the Registrar ;

(3) A financial report and a verbal report shall be submitted on the date specified in article 36 (D).

Clarification of
details in the
financial report

38A. (A) An association must submit to the Registrar at its request, and within a period to be determined, any document or additional information it deems appropriate to require, to clarify details specified or that should have been specified in the financial report submitted to it under article 38 (A) (6).

(B) The Registrar may require that an amended financial report be submitted to him in which the details as stated in sub article (A) are specified.

Review and
Publication

39. (A) The register of members and the register of members of the Committee, the minutes of the General Meetings and the financial reports submitted before the General Meeting, shall be open at all reasonable times for the consideration of all members of the association.

(B) The documents listed below shall be open at the Registrar's Office for inspection by any applicant, upon request:

(1) Documents submitted to the Registrar under articles 2, 10 or 38;

(2) Supervision findings of the Registrar or of an inspector under article 39B, final report of an external examiner under article 39C, final report of an investigation under article 40 or a liquidation application filed by the Registrar under article 50, all subject to the provisions of sub article (E) ;

(3) Any other document in the possession of the Registrar relating to the association, including a document prepared by the Registrar or anyone on his behalf in respect of it and correspondence of the Registrar with or concerning the association, subject to the provisions of sub articles (A) and (E).

(C) The Registrar may publish on the Internet, in person or through another, the documents specified in sub article (B) (1) or the particulars contained therein, in whole or in part, in accordance with the provisions laid down by the Minister of Justice under sub article (F), provided no names of donors to the association are published.; Attached to the financial statement is a notice as stated in article 36 (Bb), the Registrar shall publish on the Internet a list of all the payments made by the association or which it undertook to pay as stated in that notice, without specifying the names of the highest salary recipients in the association.

(D) The following provisions shall apply to a review of a document as stated in sub article (B) (3):

(1) The Registrar shall prevent the making of the document, in whole or in part, for public inspection, if he finds that one or more of the grounds listed in article 9 (A) of the Freedom of Information Law, 1998 (in this article - Freedom of Information Law) existed, and he may prevent the submission of the document for public inspection as aforesaid if he finds that one or more of the grounds listed in article 9 (B) of the Freedom of Information Law existed, and all with the necessary changes and to the extent required for that reason;

(2) The Registrar shall not allow a review of a document prepared by or for another public authority except after consultation with it; For this purpose, "public authority" - government ministries and other state institutions, a local authority and another body that performs public functions according to law;

(3) The Registrar shall not make available to the public a document including identifying details of a third party who may be harmed, unless he has informed him of this and given him an opportunity to express his position; If a person has received such notice, he may notify the Registrar, within 21 days, that he objects to the disclosure of all or part of the information, by virtue of the provisions of article 9 of the Freedom of Information Act or the provisions of any law; If the Registrar has decided to dismiss the objection, he shall notify the third party, in writing, within a reasonable time, and shall also inform him of his right to appeal against his decision; If such an objection has been filed - the information will not be made available to the public until the deadline for filing a petition, and if a petition has been filed - until a decision is made on the petition; For this purpose, "third party" - except the association, member of the association Committee, member of the Audit Committee or the auditing body of the association, treasurer of the

association, internal auditor of the association, general manager of the association, deputy, deputy and any director directly subordinate to him, In the association even if described differently;

(4) The Registrar shall not make available to the public a document filed in proceedings in court unless the Registrar is a party to the proceedings;

(5) A person who wishes a particular document relating to the association not to be made available to the public, due to the existence of one or more of the grounds specified in this sub article, may apply to a reasoned application to the Registrar; The Registrar shall notify the applicant of his decision in writing and within a reasonable time.

(E) If a document as aforesaid in sub article (B) (2) or (3) relates to a pending inquiry, audit or enforcement procedure, the following provisions shall apply:

(1) The Registrar may make it available for public inspection only at the conclusion of the proceedings;

(2) The Registrar may determine that only the conclusions arising from the process of clarification, audit or enforcement shall be made available to the public;

And all, if he believes that this is necessary to prevent the disclosure of procedures and working methods of the Registrar in a manner that may prejudice the actions of inquiry, audit or enforcement carried out by the Registrar, or that the said documents above the need for an association or other third party.

(F) The Minister of Justice, with the approval of the Constitution, Law and Justice Committee on the Knesset, may determine -

(1) With regard to Internet advertising -

(A) Provisions regarding the manner of publication, provided that the publication will not allow the identification of information according to the identification details of an individual, unless the Minister of Justice has determined, all after being convinced that this is essential for the transparency of associations or other public need, if necessary, paying attention to protecting the privacy of the person to whom the information relates;

(B) Provisions that will ensure the integrity of the information in the possession and reliability of the Registrar, as well as protection against the use of information without lawful permission;

(2) Types of documents as stated in this article, or details contained therein, which shall not be made available to the public, in whole or in part, including details contained in documents specified in sub articles (B) (1) and (2), if, according to their nature, the provisions of this section are complied with in the matter of the non-disclosure of the information to the public; Such provisions may be determined for types of associations.

Chapter E1: Guidance, Supervision and Control

Assistance and guidance to associations in the management of their affairs

Certification of Supervisors and Supervisory Powers

39A. The Registrar will publish information and guidelines for associations, and if possible will be impressed by their activities and will provide them with training, all in order to assist them in managing their affairs in accordance with the provisions of the law.

39B. (A) The Registrar may authorize, from among the employees of the Ministry of Justice subordinate to him, supervisors for the purpose of supervising the implementation of the provisions under this Law, but he shall not be appointed a supervisor but anyone who observes all of the following:

- (1) He has not been convicted of an offense which by reason of its nature, severity or circumstances he is not worthy, in the opinion of the Registrar, to serve as an inspector;
- (2) He has received appropriate training in the area of powers to be vested in him under this law, as directed by the Minister of Justice;
- (3) He meets additional conditions of eligibility, as ordered by the Minister of Justice.

(B) For the purpose of supervising the implementation of the provisions under this law, the Registrar and a Supervisor may -

- (1) Require a person who has reason to believe that he works for an association, holds an office in it or has another position in it and is located in the place where the association operates or that there is reason to assume that it operates, give him his name and address and present him with an identity card or other official ID; In this article, "officer" - a member of the association's Committee, a member of the association's Audit Committee or body, the association's internal auditor, the association's general manager, his deputy, his deputy and any director directly subordinate to him,
- (2) To enter, at any reasonable time, into any place as aforesaid in paragraph (1), provided that he does not enter a place used for residence except by order of a court; Entry shall be accompanied by the holder of the place or his representative, and shall never refuse to lend to the Superintendent to prevent him from fulfilling his duty; The exercise of authority under this paragraph shall be made in accordance with a supervision plan approved by the Registrar in this matter;
- (3) Require an employee of the association, an officer in it, another official in it or any other person concerned to provide him with any information or document in his possession, including output, as defined in the Computers Law, 1995, which has to ensure or facilitate the execution of the provisions of this law or of the provisions of the association's articles of association or its purposes.

(C) The exercise of supervisory powers under this article shall be done in accordance with procedures to be determined by the Registrar, taking into account the unique characteristics of the place

and the activities carried out therein and the recipients of the service from the association.

(D) An inspector shall not make use of the powers conferred on him under this article, except in the performance of his duties and to the extent necessary, and if all of the following are met:

- (1) He openly wears a badge identifying him and his role;
- (2) He has in his possession a certificate signed by the Registrar, attesting to his position and powers, which he shall present on demand.

Assistance with an external examiner, his powers and duties

39C. (A) In order to check an association's compliance with the provisions of this law, its provisions and purposes, the Registrar may be assisted by an examiner, even if not a state employee (in this law - an external examiner), who conducts examinations according to a list of matters published by the Registrar on the Ministry of Justice website (In this chapter - tests), and in the manner and frequency as directed by the Registrar.

(B) An external examiner shall act on behalf of the Registrar, in accordance with his guidance and instructions and under his supervision.

(C) The external examiner shall submit to the association his draft final report, and shall notify it of its right to submit its response within 30 days or within a longer period approved by the Registrar; The external examiner shall submit to the Registrar the final report that will include the findings of his examination, the association's response to them and his recommendations; A copy of the report will be provided to the association.

(D) An external examiner shall not exercise authority involving the exercise of the discretion that may be registered by law.

(E) Whoever considers himself injured by an examination conducted by an external examiner, the findings of his examination, his recommendations or any other action of his, may apply to the Registrar with a reasoned written request.

(F) The Registrar may, at the request as stated in sub article (E) or on his own initiative, give the external examiner the directive to conduct tests, re-examine the test results, conduct further tests himself, appoint another external examiner, or act in any other way he sees fit.

(G) The statutes of an external examiner and of any employee who performs inspections on his behalf under this article is the statutes of civil servants with regard to the provisions concerning public employees in the Penal Code, 1977.

Permission to serve as an external examiner, hanging and revoking it

39D. (A) The Registrar may give permission to serve as an external examiner for those who hold all of the following:

- (1) Is a resident of Israel who has reached the age of 25 or a corporation incorporated and registered in Israel, provided that there is no limitation on the liability of the shareholders or partners in the corporation;
- (2) He has not been convicted of a criminal offense as specified in article 226 (a) of the Companies Law, 1999, or of a criminal or disciplinary offense which, due to its nature, severity or circumstances, he is not entitled to serve as an external examiner, and no indictment or

complaint has been filed against him Disciplinary on suspicion of committing such offenses, and if it is a corporation - the corporation as well as an officer or controlling shareholder, and any employee who performs inspections on behalf of the corporation, have not been convicted of such offense and no indictment or disciplinary complaint has been filed against them;

(3) He, and if he is a corporation - the corporation as well as an officer or controlling shareholder in it, and any employee who performs inspections on behalf of the corporation, may not be, directly or indirectly, in a conflict of interest between fulfilling their duty under this article and another personal interest or position. ;

(4) He has not been declared incompetent or bankrupt until he has been dismissed, and if he is a corporation - no liquidation order has been issued in respect of him;

(5) He has appropriate expertise and experience.

(B) A contract with an external examiner shall be made in accordance with the provisions of the Tender Obligation Law, 1992.

(C) A permit to serve as an external examiner shall be for a period not exceeding three years; The Registrar may extend such approval for additional periods not exceeding three years each, provided that a person shall not serve as an external examiner for a period exceeding eight consecutive years; Notwithstanding the aforesaid, the Registrar may extend the approval of an external examiner for an additional period not exceeding six months in order to complete an examination which began before the end of the approval period.

(D) An external examiner who has ceased to meet one of the conditions listed in sub article (A) or for whom there is a ground preventing him from serving as an external examiner shall immediately notify the Registrar.

(E) The Registrar may, on his own initiative or on the basis of a complaint filed with him, revoke a permit to serve as an external examiner or suspend it for a period to be determined, after giving the external examiner an opportunity to argue his claims, if he finds the certificate given under small article (A) has been violated or ceased to exist or there are other circumstances for which it is not fit or proper to serve as an external examiner.

(F) The Registrar shall publish on the website of the Ministry of Justice the following:

- (1) The list of external examiners with valid certificates;
- (2) The designated ways of contacting the Registrar for the purpose of clarifying complaints about external examiners.

(G) The Minister of Justice may, with the approval of the Constitution, Law and Justice Committee of the Knesset, prescribe provisions regarding the implementation of this article, including regarding -

- (1) Education, professional experience and training of external examiners;

Requirement of
information by an
external examiner

- (2) Circumstances in which an external examiner will be considered to be in a situation of conflict of interest;
- (3) Restrictions that will apply to an external examiner after he has finished serving as such.

39E. (A) An external examiner may require the association and any of the following parties to provide him with any information or document, including output as defined in the Computers Law, 1995, relating to the association's affairs, insofar as they are in his possession, all as specified in the requirement and at the time specified therein:

- (1) Members of the association;
- (2) The officers of the association as defined in article 39B, except for the internal auditor of the association;
- (3) Employees of the association;
- (4) Additional factors determined by the Minister of Justice, with the approval of the Constitution, Law and Justice Committee of the Knesset, that are related to the activities of the association.

(B) If the Registrar had a reasonable basis to believe that an association violated a provision of the provisions of this law, it may order the external examiner to demand information and documents as stated in sub article (A) also from a person who was in the four years prior to the requirement, one of the subscribers in paragraphs (1) to (3) of that subsection..

(C) An external examiner and any employee on his behalf shall keep secret any information which has come to them due to or in the performance of their duties, shall not make any use of it and will not disclose it to another, but to the extent necessary for the performance of their duties.

(D) The Minister of Justice may, with the approval of the Constitution, Law and Justice Committee of the Knesset, prescribe provisions regarding the implementation of this article, including the matter through the retention of information and documents by an external examiner and their retention periods.

Reporting to the
Knesset on the
assistance of
external
examiners

39F. The Minister of Justice shall report to the Constitution, Law and Justice Committee of the Knesset, once every two years, on the implementation of the provisions of articles 39C to 39E.

Chapter F: Investigation of the Association's Functioning

Investigation of an
Association

40. (A) If the Registrar has a reasonable basis to assume that an association does not comply with the provisions of this law or does not comply with the provisions of its Regulations or objectives, it may, at the request of a quarter of the members of the association, at the request of the Attorney General or the auditing body, decide to open an investigation into the affairs of that association and the powers under articles 9 to 11 and 27 (B) of the Committees of Inquiry Act, 1968, shall be vested in him or an employee of the Ministry of Justice who authorized him to do so.

(B) For the purpose of conducting an investigation as stated in sub article (A), the Registrar may appoint an external investigator; If an external investigator is appointed, he will be subject to the

investigative powers and the provisions applicable to an investigator under this article shall apply to him, subject to the terms of the appointment.

(C) The Registrar may authorize as an investigator or appoint an external investigator who holds all of the following:

(1) He has not been convicted of an offense which by reason of its nature, severity or circumstances he is not fit, in the opinion of the Registrar, to serve as an investigator;

(2) He has received appropriate training in the area of powers to be vested in him under this article, as directed by the Minister of Justice;

(3) He meets additional conditions of eligibility, as ordered by the Minister of Justice.

(D) Notice of summoning a person for interrogation shall be given a reasonable time before the date of the interrogation and shall include the following:

(1) The name of the association in whose case the investigation was opened, unless the Registrar has decided that it should not be specified due to the needs of the investigation;

(2) The rights of the person invited for investigation in simple and clear language.

(E) If a person is summoned for questioning under this article, he must answer the questions asked, but his answers will not be used as evidence in criminal proceedings against him.

(F) The investigator shall provide the association with its draft final report and notify it of its right to submit its response within 30 days or within a longer period approved by the Registrar; The investigator will submit to the Registrar the final report that will include the findings of the investigation, the association's response to them and his recommendations; A copy of the report will be provided to the association.

(G) The costs of the investigation under this article shall be borne by the State Treasury; The Minister of Justice may, with the approval of the Constitution, Law and Justice Committee of the Knesset, determine exceptional circumstances in which the Registrar may impose the expenses of the investigation, in whole or in part, on the association, Committee members or investigators.

41. (Canceled)

Chapter G: Liquidation

Methods of liquidation

42. Liquidation of an association shall be voluntary liquidation or liquidation by court order.

Sign A: Voluntary Liquidation

Decision on liquidation and appointment of liquidator

43. (A) An association may, at a General Meeting, decide on a voluntary liquidation and on the appointment of a liquidator or liquidators; The decision requires a two-thirds majority of the voters at the meeting, of which all members of the association were notified

21 days in advance, indicating that it would be proposed at the meeting to decide on liquidation.

(B) (Canceled).

(C) The commencement of the liquidation shall be two weeks after the decision is made, unless a later date is set therein for this purpose.

Declaration
of solvency

44. A General Meeting as stated in article 43 will not be convened until after an affidavit has been submitted to the Registrar of a majority of the Committee members that they have examined the state of the association's business and are convinced that it can repay its debts in full within one year of commencement.

Tasks of the
liquidator

45. On the liquidator -

(1) To collect the assets of the association and collect the debts due to it from members and others;

(2) To realize the association's assets to the extent necessary to repay its debts;

(3) To repay the association's debts, including the liquidation expenses;

(4) To make the balance of the assets in accordance with article 58.

Notice to
creditors

46. (A) Within two weeks after the commencement of his appointment, the liquidator shall publish a notice of the liquidation of the association and invite the creditors of the association to submit their claims to him within a reasonable time specified in the notice.

(B) The notice shall be published in "Reshumot"; It will also be published in two daily newspapers that appear in Hebrew, but if most of the association's members speak Arabic, it will be published in a daily newspaper that appears in Arabic.

Termination of
liquidation

47. (A) The liquidator that completed the liquidation operations, shall convene a final General Meeting and bring to its approval a report on the liquidation, approved by the Audit Committee or by the auditing body; The provisions of article 37 shall apply, mutatis mutandis, also to this report.

(B) If the General Meeting concluding the report is approved, the liquidator shall submit to the Registrar, within two weeks after the meeting, a copy of it and the minutes of the meeting.

Retention of
Authority

48. Voluntary liquidation shall not detract from the powers of the court to grant a liquidation order under article 49; If such an order is granted, the liquidation under the order shall be deemed to have commenced on the day the voluntary liquidation commences.

Transfer of
voluntary
liquidation to
liquidation by
court order

48A. In addition to the provisions of any law, where an association is dissolved voluntarily, the court may at any stage order, at the request of the Registrar, that the liquidation be by court order, if it finds that there is a public interest in the court overseeing the association's liquidation proceedings.

Sign B: Liquidation by court order

Grounds for
liquidation

49. The District Court may order the liquidation of an association in any of the following:

(1) The activities of the association are conducted in violation of the law, its purposes or its Regulations;

- (2) The association or its goals are aimed at denying the existence of the State of Israel or its democratic character;
- (3) An investigator appointed under article 40 recommended the dissolution of the association;
- (4) The association cannot repay its debts;
- (5) The court found that according to the honesty and justice it is right to liquidate the association;
- (6) The association passed a resolution on liquidation by a court at the General Meeting, and the decision of the meeting was made by a two-thirds majority of the voters at the meeting, to which all members of the association were notified 21 days in advance, stating that the meeting would decide on such liquidation.

Application for a liquidation order

50. (A) An application for the liquidation of an association shall be submitted by the Attorney General or by the Registrar; An application as stated in article 49 (4) may also be submitted by a creditor to whom the association owes a debt of more than NIS 5,000; An application as stated in article 49 (4) to (6) may also be submitted by the association.

(B) An application for liquidation as stated in article 49 (1), (2) or (5) shall not be filed until after the Registrar has given the association a written notice to correct the distortion and the association has not done so within a reasonable time after receipt of the notice.

Early clarification

51. If the Registrar has reason to fear that one of the dissolution grounds referred to in article 49 (1), (2), (4) or (5) exists in the association, he may require any member of the association or an institution from its institutions as well as any employee of it to submit, within a period determined by him any document in his possession and any information that may, in the opinion of the Registrar, assist in clarifying the concern.

Appeal

52. The Attorney General, the Registrar, the association and anyone who has been a party to proceedings in the District Court and has been harmed by a liquidation order or by refusal to grant it, may appeal to the Supreme Court; If a person who was not a party to these proceedings is injured, he may appeal if he has received permission to do so from the President of the District Court.

Commencement of liquidation

53. The commencement of the liquidation under the order of the court shall be on the day of the issuance of the order, unless another day is fixed therein for this purpose.

Article 54 Applicability of Provisions

54. The provisions of articles 258, 263, 264, 267, 270, 276, 281, 285, 300 to 305, 307, 312, 313, 315 to 317, 336, 352 to 356 and 373 to 378 of the Companies Ordinance [new version], 1983 (hereinafter - the Companies Ordinance), and regulations enacted thereunder, shall apply, mutatis mutandis, to the liquidation of an association under a court order.

Sign C: Common Provisions

Actions and representation

55. From the beginning of the liquidation, and if the court determines in the liquidation order a day before the order is issued - from the date of the order, the association will no longer proceed with any action other than the actions necessary to carry out the liquidation, and all authority to act on behalf of the association.

Provisions of the Court

56. The court may, at the request of the liquidator, a member of the association or a creditor, give the liquidator instructions regarding the liquidation.

Status of the Registrar in liquidation proceedings

56A. (A) A copy of any application submitted in the framework of a procedure for voluntary liquidation or liquidation according to a court order, of an association, and of any decision given in the framework of such procedure, shall be submitted to the Registrar.

(B) The court shall decide on an application filed as aforesaid in sub article (A) after giving the Registrar an opportunity to express his position.

(C) The Registrar may apply to the court for a decision on any question arising out of the liquidation.

Duty to provide information

57. Every member of the association or of an institution of its institutions, any employee of it and anyone who was a member of the association or an institution of its institutions or worked there, must, at the request of the liquidator, provide him with any document in his possession and any information concerning the association's business or affairs.

Assets of a liquidated association

58. (A) If an association is liquidated and after its debts have been repaid in full, assets remain, they will be treated in accordance with the provisions of the Regulation, provided that if the association is liquidated by court order, the court is convinced that the said provisions do not bring to that assets will be given, after liquidation, directly or indirectly, to its founders, or assets will be transferred, after liquidation, directly or indirectly, for purposes not close to the purposes of the association on the eve of the liquidation date; The association was dissolved voluntarily - if the Registrar was persuaded as aforesaid; In the absence of such provisions or in the absence of a practical possibility to act in accordance with them, the same assets will be devoted according to the instructions of the court to a purpose determined by the court as close to the purposes of the association.

(B) The provisions of this article shall not apply to property, determined at the time of its transfer to the association, in the association's agreement or Regulations, because it will be transferred after liquidation to the person transferred to the association (in this sub article - the transferor) or another person determined by the transferor.

Deletion, revival and revocation

59. (A) An association in which one of the following has existed shall be regarded as an association which has ceased to operate:

- (1) Has not paid a fee which she is obliged to pay under this law, within ninety days from the last day fixed for their payment;

(2) Has not submitted to the Registrar the financial report within ninety days from the last day prescribed for it in article 36;

(3) Has not complied with a judgment or decision of a court in the matter of this Law, within the period prescribed for it, or within ninety days from the date of the decision or judgment, whichever is later.

(B) The Registrar may delete an association that has ceased to operate, in accordance with the provisions of article 368 of the Companies Ordinance and the regulations enacted thereunder, with the required changes.

(C) The provisions of article 369 of the Companies Ordinance and regulations made thereunder shall apply to the cancellation of the deletion of an association.

(D) The provisions of article 367 of the Companies Ordinance and regulations made thereunder shall apply to the cancellation of the dissolution of an association.

Chapter H: Existing Societies

Application for
registration

60. (A) An society established under the Ottoman Law on Associations dated the 29th of the month of Rajab 1327 (1909) (hereinafter - the Ottoman Law), and given notice before the commencement of this Law of its establishment in accordance with Ottoman law (hereinafter - an existing association), may submit to the Registrar application to register as an association; The provisions of article 2 (A) shall apply to an application under this article.

(B) The Registrar shall receive an application for registration of an association if it is proved, in his opinion, the authority of the signatories to the application to act on behalf of the association for registration as an association.

Registration of
Society as
Association

61. (A) If an application has been submitted as stated in article 60, the Registrar shall register the existing society in the register of associations as an association other if he considers himself barred from doing so under articles 1, 3, 4 (A) or 4 (B), and the provisions of articles 4 (C) and 7 shall apply mutatis mutandis, for the purpose of registration.

(B) From the date of registration as specified in the registration certificate, the existing society shall be an association and the provisions of this law shall apply to it.

(C) If an existing society is registered as an association before the commencement of the Associations Law (Amendment No. 3) 1996, the validity of the registration will not be affected only due to the submission of the application for registration of the association after the period specified in article 60 (A) before the commencement of the said law.

society which did
not apply to
register

62. An existing society that has not applied to register as an association, the Registrar may delete it; The provisions of articles 368 and 369 of the Companies Ordinance, as amended, shall apply to the deletion procedure and to the revival of the association after its deletion.

Chapter I: Miscellaneous

Registrar of
Associations

63. The Minister of Justice shall appoint to the Registrar of Associations a qualified civil servant to be a judge of a Magistrate's Court, and the Minister may appoint from among such civil servants a deputy or deputies to the Registrar and delegate to them the powers of the Registrar.

Deception
Offenses

64. (A) A member of an association, an employee of it or a person who is a member of an auditing body, who commits one of the following, is liable to imprisonment for three years:

(1) Responds to a false answer to a question asked or provides false information when required by this Law or the Duty of Disclosure Act regarding a person supported by a foreign political entity, 2011, to do so;

(2) In order to deceive, he continues to act on behalf of the association when it is in liquidation, contrary to the provisions of article 55.

Offenses of strict
liability

64A. (A) An association that has violated one of these obligations, is liable to any person who was responsible for the violation of the obligation - a fine as provided in article 61 (A) (2) of the Penal Code, 1977:

(1) Management of a register of members as provided in article 18, a register of Committee members as provided in article 29 and books of accounts as provided in article 35;

(2) Holding a General Meeting as stated in article 20 (A);

(3) Registration of a protocol as provided in article 23;

(4) Providing an opportunity for a member of the Committee, the Audit Committee or the auditing body to review the books and documents referred to in article 35 (B);

(5) Submission of the documents referred to in article 38 to the Registrar;

(6) Providing an opportunity for a member of an association to review the registers and documents referred to in article 39 (A);

(7) Refraining from acting on behalf of the association when it is in liquidation, contrary to the provisions of article 55;

(8) Submission of quarterly reports as stated in article 2 of the Duty of Disclosure Law regarding a person who is supported by a foreign political entity, 2011.

(B) An offense under this article does not require proof of criminal intent or negligence.

Exemption from
application

65. The Minister of the Justice may, with the approval of the Constitution, Law and Justice Committee of the Knesset, stipulate in regulations that a provision of this law shall not apply to types of associations, or shall apply to them as amended, all as specified in the regulations.

Implementation
and Regulations

66. (A) The Minister of the Justice is responsible for the implementation of this Law and may, with the approval of the Constitution, Law and Justice Committee of the Knesset, make regulations regarding its implementation, including regarding -

- (1) Fees to be paid for the actions of the Registrar and an annual fee; The Collection of Fees under this article shall be subject to the Taxes (Collection) Ordinance;
- (2) Registration of pledges of associations;
- (3) Registration of existing societies as associations under article 60.

(A1) The Minister of Justice may prescribe provisions regarding the manner of submission of documents and reports under this Law and their form; Regulations regarding reporting under article 37A are subject to the approval of the Constitution, Law and Justice Committee of the Knesset.

(B) The Minister of Justice may make rules of procedure for proceedings in court under this law.

(C) The Minister of Justice may, with the approval of the Constitution, Law and Justice Committee of the Knesset, amend, by order, the First Addendum and the Second Addendum.

Non Applicability

67. The provisions of this Law shall not apply to -

- (1) (canceled);
- (2) Societies that are organizations of employees or of existing employers or were established before for three years from the date of commencement of this law.

Applicability of Ottoman Law

68. Ottoman law shall apply only to an existing society as long as it has not been registered as an association or has not been deleted under article 62, and to societies to which this law does not apply under article 67.

Amendment of the Trust Law

69. Article 35 of the Trust Law, 1979 – repealed.

Beginning

70. The commencement of this law on the 1 April 1981.

Publication

71. This law will be published in "Reshumot" within 30 days of its adoption by the Knesset.

First Addendum

(Article 10)

Existing Regulations of an association

Sign A: Memberships

Admission of Members

1. (A) The founders of the association are members of it from the date of registration of the association in the register of associations.

(B) A person wishing to be a member of the association shall submit to the Committee an application in this language:

"I (name, address and ID number) apply to be a member of the association (name of the association). The goals of the association and its Regulations are known to me.

(C) The decision regarding the acceptance of the applicant as a member of the association or its non-acceptance is given by the Committee; If the Committee refuses to accept the applicant, he may appeal the refusal before the next General Meeting.

Rights and Duties of a Member

2. (A) A member of the association is entitled to attend and vote at every General Meeting and shall have one vote in each vote; He is entitled to elect and be elected to the Committee or Audit Committee.

(B) A member of the association is entitled to participate in the activities of the association and enjoy its services.

(C) The Committee, with the approval of the General Meeting, may determine membership fees the payment of which shall be obligatory on the members.

(D) The expiration of membership in the association is not exempt from the settlement of the payments received by the association from the member on the eve of the expiration of his membership for the period until the expiration of his membership.

Expiration of membership

3. (A) The membership in the association expires -

(1) On the death of the member, and in a member who is a corporation - at the end of its liquidation;

(2) In his retirement from the association; A written notice of retirement shall be given to the Committee thirty days in advance;

(3) Upon his removal from the association.

(B) The General Meeting may, on the proposal of the Committee, decide on the expulsion of a member from the association for one of the following reasons:

(1) The member has not paid to the association what is due to him from him;

(2) The member does not comply with the provisions of the articles of association or resolution of the General Meeting;

(3) The member acts contrary to the goals of the association;

(4) The member has been convicted of an offense which, due to its nature, severity or circumstances, does not entitle him to serve as a member of an association.

(C) The committee shall not propose to a General Meeting to expel a member from the association until after it has given him an

adequate opportunity to present its arguments before it, and shall not propose for the reasons stated in sub-regulation (B) (1), (2) or (3) except after warning the **friend** and giving him a reasonable time to correct the gut.

Giving notices to a member

4. An invitation, demand, notice and other notice of the association to a member shall be given to him in writing which shall be delivered to him by hand or sent by regular mail to his address registered in the register of members; At the written request of the member, the association will change its address listed in the members' register.

Sign B: General Assembly

Time and place

5. The date, time and location of a General Meeting shall be determined by the Committee

Order

6. A General Meeting shall be convened by notice given to each member at least ten days in advance and shall indicate the day, time, place and agenda for the meeting.

Functions of an Ordinary General Meeting

7. An ordinary General Meeting will hear reports and accounts on the actions of the Committee and the actions of the Audit Committee, discuss them and the financial report submitted to it by the Committee, decide on their approval, and elect the Committee and the Audit Committee

Quorum

8. (A) A General Meeting shall not be opened unless at least a quarter of the number of members of the association are present; Where this was present at the opening of the meeting, it may continue its deliberations and make decisions even if the number of those present has decreased.

(B) If the said quorum does not convene within one hour of the time specified in the invitation, the meeting shall be deemed adjourned, without the need for an additional invitation, for one week at the same time and place, and at this adjourned meeting those present shall discuss and decide, whatever their number.

Chairman and Secretary

9. A General Meeting shall elect, from among the members of the association, the chairman and secretary of the meeting.

Resolutions

10. Resolutions of the General Assembly shall be taken by a majority of the votes cast, unless the law or the Regulation require a different majority for their adoption; If the votes were equal, the chairman of the meeting may decide

Protocol

11. The Secretary of the General Meeting shall administer the minutes of the meeting.

Sign C: Committee

Number of Members

12. The number of members of the Committee shall be determined by a resolution of the General Meeting and shall not be less than two.

Period of office

13. (A) The Committee shall serve from the time it is elected at a General Meeting until another General Meeting elects a new Committee; The outgoing Committee member can be elected to the new Committee.

(B) A member of the Committee may resign at any time from his office by written notice to the Committee; The Committee member will cease to hold office if he is declared incompetent or bankrupt

Completion of the Committee

14. (A) If a member of the Committee is vacated, the remaining may appoint another member of the association to serve as a member of the Committee until the next General Meeting; Until such appointment, the remaining may continue to act as a Committee.

(B) A member of the Committee who is unable to perform his duties, the remaining one may appoint a member of the association to fulfill his position until he returns to perform his duties

Committee Meetings

15. The Committee may regulate itself the date of its meetings, the invitation to them, the quorum required for them and the manner in which they are conducted.

Resolutions

16. The decisions of the Committee shall be taken by a majority of the votes cast; If the votes were equal, the offer was not accepted; The decision of all members of the Committee unanimously may also be made without the meeting of the Committee.

Protocol

17. The Committee shall keep minutes of its meetings and decisions.

Right of representation

18. The Committee may authorize two or more of its members to sign on behalf of the association documents that will bind it, and to perform on its behalf actions that are within its area of authority.

Sign D: Audit Committee

Applicability of Provisions

19. The provisions of articles 12 to 17 shall apply, mutatis mutandis, also to the Audit Committee.

Sign E: Branches

Establishment of branches and their organization

20. The association may, by decision of the General Meeting, establish branches and determine their organization and the procedures for managing their affairs.

Sign F: Assets after liquidation

Transfer of surplus assets

21. If the association is liquidated and after its debts have been repaid in full, assets remain, these assets will be transferred to another association or another public benefit company registered with the Registrar of Dedications as defined in the Companies Law, 1999 with similar purposes.

Second Addendum

(Article 35 (A))

In this addendum -

"Turnover" - the amount of intakes from each source and type, received in the past year;

"Year" - a period of 12 months from January to the end of December;

"Intakes" - including donations, allowances, indirect taxes, designated amounts, both in cash and in cash equivalent, excluding proceeds from the sale of fixed assets;

"Relative" - a brother, parent, grandparents, descendant, descendant of the spouse or the spouse of any of these.

A. An association with a turnover exceeding NIS 750,000 must maintain an accounting system according to the double-entry accounting method in one of the usual methods, including:

- (1) A cash register book;
- (2) Receipt vouchers, intakes due to the sale of assets or due to the provision of services shall be recorded in a separate receipt voucher book; Intakes due to donations will be recorded in a separate receipt book; For every receipt in the notebook of a receipt voucher for donations, the word "donation" will be prominently printed; If the association is granted a certificate under article 46 of the Income Tax Ordinance, the words "to the institution of income tax approval for donations under article 46 of the Ordinance" shall also be printed on the receipt;
- (3) Income account in which they will be recorded separately, income due to:
 - (A) Allowances and participations from others, including governmental or municipal bodies;
 - (B) Donations originating in Israel and donations received from abroad other than donations from a foreign political entity within the meaning of article 36A (in this addendum - donations from a foreign political entity);
 - (B1) Contributions from a foreign political entity;
 - (C) Interest income and linkage differences;
 - (D) Income from the rental of property;
 - (E) Intakes from membership fees;
 - (F) Income from the sale of services and assets that are not used directly for the purposes of the association;
 - (G) Consideration for the sale of fixed assets and capital assets;
 - (H) Other income;
- (4) A bound book in which assets received as donations or gifts will be recorded; The registration will include the name of the giver or donor, a description of the property received and the date of receipt;
- (5) An expense account in which they will be recorded separately, expenses due:
 - (A) Donations and participations made to another person;
 - (B) Wages and related expenses;
 - (C) Administrative expenses and general expenses;
 - (D) Interest expenses and linkage differences;
 - (E) Amounts for the purchase of services and assets that are not used directly for the purposes of the association;
 - (F) Capital purchases;
 - (G) Transactions and loans made between the association and a board member or a relative of a board member;

(H) Other expenses.

B. An association whose turnover does not exceed NIS 750,000 must maintain, for each tax year, a system of accounts that includes at least -

(1) A book of intakes and payments, in which they shall be recorded in separate columns:

(A) On the intakes side -

- (1) Allowances and participations from others, including governmental or municipal bodies;
- (2) Donations originating in Israel and donations received from abroad other than donations from a foreign political entity;
- (2a) Contributions from a foreign political entity;
- (3) Interest income and linkage differences;
- (4) Income from renting property;
- (5) Intakes from membership fees;
- (6) Income from the sale of services and assets that are not used directly for the purposes of the association;
- (7) Consideration for the sale of fixed assets and capital assets;
- (8) Other income;

(B) A bound book in which assets received as donations or gifts will be recorded; The registration will include the name of the giver or donor, a description of the property received and the date of receipt;

(C) On the payment side -

- (1) Donations and participations made to another person;
- (2) Wages and related expenses;
- (3) Administrative expenses and general expenses;
- (4) Interest expenses and linkage differences;
- (5) Payments for the purchase of services and assets that are not used directly for the purposes of the association;
- (6) Capital purchases;
- (7) Transactions and loans made between the association and a board member or a relative of a board member;
- (8) Other expenses.

(2) External documentation file.

C. Notwithstanding the provisions of this addendum, an association may not record the name of a donor in the financial report, except for donations from a foreign political entity, if indicated on the receipt, in the place designated for registering the donor's name, the words "anonymous donation", and one of the following occurred:

- (1) The amount of the contribution does not exceed the maximum amount determined by the Minister;
- (2) The Registrar has given special permission not to indicate the name of the donor in the financial report, according to procedures and procedures prescribed by the Minister.

Third Addendum

(Article 37A)

Details to be included in a verbal report

In this addendum -

"Competent body" - a government office, local authority or other authority authorized by law;

"Turnover" - as defined in the Second addendum;

"Officers" - members of a Committee, members of an Audit Committee or the auditing body, as the case may be, the general manager of the association and anyone who is directly subordinate to the general manager;

"Relative" - a spouse, brother or sister, parent, grandparent, descendant or descendant of the spouse or spouse of any of these.

- (1) The main actions performed by the association for the purpose of advancing its goals during the year for which the financial statement is submitted (in this addendum - the year of the report), including reference to the data appearing in the financial statement relating to these actions;
- (2) A description of the organizational structure of the association at the end of the year of the report, including the names of its officers;
- (3) Corporations in which the majority of the association's members or relatives are members, shareholders or partners in, as the case may be, corporations in which an officer holds an office or holds office in a position corresponding to an officer, and any other corporation having an affiliation with the association;
- (4) The scope of the provision of services provided to the association by the service providers that form a central part of its activities, without specifying their name;
- (5) The main uses the association made of donations during the year of the report;
- (6) Fundraising costs;
- (7) Funds and other assets transferred by the association outside the framework of the realization of its objectives without consideration during the year of the report, including details regarding the past entity and the nature of the connections between it and the association, and excluding funds or small assets;
- (8) Details of real estate transactions carried out by the association in the year of the report, including a description of the property subject to the transaction, the parties to the transaction, their relationship with the association, the association's members or officers and the price paid in the transaction;
- (9) Details of the association's transactions with related parties in the year of the report; For this purpose, "related parties" is each of these below -
 - (A) Members of the association;
 - (B) Employees of the association;
 - (C) Donors who have donated to the association in any year an amount in excess of 25% of its turnover in that year;
 - (D) The spouses and relatives of any of those listed in subparagraphs (A) to (C);
 - (E) Corporations in which one of those specified in subparagraphs (A) to (D) holds at least 25% of the shares in or of the voting power in them, or in which one of them serves as an officer or holds a position corresponding to an officer;
- (10) A request from a competent body, external to the association, to correct deficiencies discovered in it, including reducing the deficit, and reporting the implementation of such a demand;

- (11) Exceptional events that occurred in the association in the year of the report, including the resignation of an institution from its institutions, the resignation of the general manager, a significant change in its target audience or a significant change in its areas of activity;
- (12) A description of the geographical distribution of the association's activities;
- (13) Any other material matter that occurred in the year of the report;
- (14) Any update that occurs in the details listed in paragraphs (1) to (13) in the period from the end of the reporting year until the date of submission of the verbal report to the General Meeting.

Yitzhak Navon
President

Menachem Begin
Prime Minister

Yosef Burg
Interior Minister