



Directive 17a

Officers of a Payment-System Operator

Appointment and Conclusion of Term of Service

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1. Introduction

In accordance with Section 8 of the Payment Systems Law, 5768-2008 (hereinafter: “the Payment Systems Law”), an operator of a controlled payment system shall formulate rules that will ensure the stability, efficiency, and sound functioning of the system.

In accordance with Principle 2 of the Principles for Financial Market Infrastructures (PFMI), published in 2012 by the Committee on Payment and Settlement Systems of the BIS (CPMI) and the International Organization of Securities Commissions (IOSCO), a financial-service infrastructure (FMI) should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

This Directive regulates the appointment and termination of the service of officers in controlled payment systems.

Board of Dir

Controlled payment systems shall align the implementation of this Directive with their specific corporate-governance structure, viz., the obligations in this Directive shall apply to corresponding organizations and functions in the system, *mutatis mutandis*.



2. Definitions

“Officer”— a director, Chief Executive Officer, legal advisor, internal auditor, and anyone whom the Oversight Unit for Payment Systems at the Bank of Israel shall designate; in each payment system, the Oversight Unit for Payment Systems at the Bank of Israel shall determine which officers require approval of appointment, provided said determination not include more than seven officers of the payment system.

3. Incidence

- 3.1 This Directive shall apply to the operator of every payment system that the Governor has declared a controlled payment system or a designated controlled payment system.
- 3.2 The Bank of Israel may, as circumstances shall indicate, absolve or exempt a payment-system operator from the incidence of certain sections of this Directive and may rescind said exemption.
- 3.3 In a payment system that has no Board of Directors function due to its statutory, legal, or organizational structure, the obligations of a Board of Directors established in this Directive shall apply to the function that corresponds to a Board of Directors or the highest function that bears responsibility for the business and solidity of the payment-system operator.
- 3.4 In respect of payment systems that are run by a central bank, this Directive shall apply as tailored to the corporate-governance requirements of the central bank.¹

¹ In this context, in August 2015 the BIS published a document titled “Application of the Principles for Financial Market Infrastructures to Central Bank FMIs,” with guidelines as to how the PFMI rules should be applied to payment systems run by a central bank.



4. Appointment of officers

- 4.1 The Board of Directors of a payment-service operator shall appoint the Chief Executive Officer and the internal auditor and approve the appointment of the other officers with the exception of a director.
- 4.2 The payment-service operator shall apprise Oversight of the appointment of an officer at least sixty days before the onset of said officer's term of service.
- 4.3 The questionnaire attached to this Directive shall be attached to said notice of appointment to Oversight.
- 4.4 It is stated for clarity that the cases below shall also be considered the appointment of an officer:
 - 4.4.1 extension of term of service or reappointment to same position;
 - 4.4.2 appointment of a person who held an officer's position to another position as an officer;
 - 4.4.3 appointment of a serving director as chair of the Board of Directors.
- 4.5 In the cases specified in this Section, the payment system shall attach a list of revisions of the candidate's particulars that the candidate reported in the previous questionnaire, along with updated affirmations from the candidate and the payment-service operator.
- 4.6 An officer in a payment-service operator shall not begin to serve until after Oversight expresses its stance about appointment.
- 4.7 If Oversight expresses no stance about said candidate during said period of time, the appointment shall go into effect.

5. Officers' qualifications

- 5.1 The Board of Directors of a payment-service operator shall establish criteria and threshold conditions ensuring that a candidate for an officer's position is adequately and suitably qualified to manage the payment-service operator's affairs.
- 5.2 A payment-service operator shall appoint as an officer only those who have all the following qualifications:



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- 5.2.1 an individual who is a resident of Israel;
 - 5.2.2 one that has not been declared incompetent and has not been issued with a receivership order in insolvency proceedings;
 - 5.2.3 has any additional qualifications as Oversight has established;
 - 5.2.4 has not been convicted conclusively of an offense involving moral turpitude.
 - 5.3 The qualifications shall be in effect throughout the term of service. If the officer ceases to have one or more of the qualifications, his or her term of service shall be terminated.
 - 5.4 A person shall neither be appointed nor shall serve as an officer of a payment-service operator if his or her other positions or businesses create or are liable regularly to create a permanent conflict of interests with said position or that may impair his or her ability to hold said position.

6. End and termination of officer's term of service

- 6.1 A payment-service operator shall serve Oversight with:
 - 6.1.1 written notice of the expected date of end of an officer's term of service, close to and no later than fourteen days after the day on which Oversight is apprised of said end of term of service, or the date on which a decision to end his or her term of service is made.
 - 6.1.2 written notice of the actual end of term of service, within seven days after said date at the very latest.
- 6.2 The Chief Executive Officer shall apprise the Board of Directors of an officer of a payment-service operator who has decided to resign his or her position during his or her term of service and shall specify the motives for said resignation.
- 6.3 The Board of Directors shall discuss the circumstances of the termination of an officer's work in cases where the circumstances attest to the need for Board of Directors intervention.



7. Information reported and frequency of reportage

- 7.1 Once per year, and no later than March 31 of each year, the system operator shall:
- 7.1.1 forward the list of incumbent officers;
 - 7.1.2 update the list of officers who completed their term of service in the past year and the reason for ending their service in reference to the past calendar year.

8. Payment-system operator that is a reporting corporation

- 8.1 A payment-service operator that is a reporting corporation may report about reports that it performed within the framework of its reportage under the Securities Regulations (Periodic and Immediate Reports), 5730-1970, and that are compulsory under this Directive, with reference made to the report performed.

9. Forwarding information to the Bank of Israel

- 9.1 A payment-system operator shall forward the information under this Directive by means of secured communication—the Kasefet application. Said application shall be used after prior coordination with Oversight. Oversight may allow the information to be forwarded in other ways.
- 9.2 The information under this Directive shall be forwarded by the system operator to the contact persons whom Oversight shall appoint for this purpose.
- 9.3 A payment-system operator who forwards information under this Directive shall ascertain by telephone or by electronic mail that the contact persons received the information.
- 9.4 A payment-system operator who sits within a Bank of Israel structure and makes use of Bank of Israel systems shall forward the information under this Directive by means of the internal electronic-mail system of the Bank of Israel.
- 9.5 Reportage to Oversight shall be carried out in digital form and not in handwriting.



9.6 Reportage shall be carried out in accordance with the deadlines established in this Directive. Insofar as a payment-system operator believes that a given report will not be presented by the specified deadline, he or she shall present Oversight, by electronic mail, with a written request to revise the deadline for the presentation of the report. Said request shall include, *inter alia*, the actions taken up to said request for revision, the reasons for requesting the revision of the reporting deadline, and the requested target date for the presentation of the report in question. A reporting deadline for which revision is not approved by Oversight shall be presented by the deadline established for said report.

10. Promulgation and update of Directive

Date of promulgation	Essence of update
April 3, 2024	Promulgation of directive

The translation is intended solely for the convenience of the reader. This translation has no legal status and although every effort has been made to ensure its accuracy, the Bank of Israel does not assume any responsibility whatsoever as to its accuracy and is not bound by its contents. Only the original Hebrew text is binding and the reader is advised to consult the authoritative Hebrew text.



**Appendix A—Questionnaire for Candidate for
Position of Officer in a Payment-System Operator**

Guidelines for completion of questionnaire

1. Completion of the questionnaire is an inseparable part of the notice of appointment of an officer and a basic condition for the onset of the vetting procedure by Oversight.
2. Please answer all questions that appear on the questionnaire and attach all required documents.
3. Please record your answers in the body of the questionnaire.
4. When you answer a given question in the negative or if there is no information for which detail is needed, please note this explicitly and do not leave the field blank.
5. In this questionnaire, the terms defined in the Payment Systems Law or the Payment Systems Oversight Directives shall have the meanings assigned to them in said Law or Directives unless otherwise noted explicitly.
6. Terms not defined in the Payment Systems Law or the Payment Systems Oversight Directives shall have the meanings assigned to them in the Companies Law.
7. Please attach the following to the questionnaire:
 - 7.1 a detailed curriculum vitae, up-to-date as of the date of completion of the questionnaire;
 - 7.2 a photocopy of the candidate's ID card or, if the candidate is not a citizen of Israel, his or her passport.
8. The candidate shall affirm, in the presence of an attorney, the veracity and completeness of the details in the questionnaire, undertake to update the details if they change, and consent to waive any right to confidentiality, all as worded at the end of this questionnaire.
9. A questionnaire that is not completed as required or is submitted without the requisite support documentation may not be reviewed by Oversight and may delay the appointment.
10. Please note and specify all information that may be relevant for the examination of your candidacy even if you believe it does not have the potential of preventing your her service in the position.



11. Oversight may, at its discretion, avail itself of additional information to that given by the candidate in the questionnaire.
12. The information requirements in this questionnaire are standard. Depending on the circumstances, Oversight may instruct you to provide further details and may approach additional players for information. In this case, the period from the time of Oversight's approach until it receives said additional information shall not be included in the count of sixty days before the onset of service.

Bank of Israel

Payments and Settlement Systems Department
 Payment Systems Oversight Division



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Payment system to which candidacy is presented:

Duties for which candidacy is presented:

1. Personal details:

1.	First name in Hebrew:											
2.	First name in English:											
3.	Surname in Hebrew:											
4.	Surname in English:											
5.	Citizenships:											
6.	Residency statuses:											
7.	ID number including control digit (or passport number if noncitizen):	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table>										
8.	Date of birth:											
9.	Place of birth:											
10.	Home address:											
11.	Telephone no.											
12.	Mobile phone no:											
13.	E-mail address:											

2. Position for which candidacy is presented:

2.1 Target date of appointment: _____

2.2 In the case of appointment as director:

Membership in Board of Directors committees, if known:



3. Education:

Please relate to each type of education:

	Academic degree / diploma / other ²	Major	Specialization	Name of academic institution	No. of years of study	Year of award of degree
1.						
2.						
3.						
4.						

4. Employment:

In this section, please relate to all positions held in the past ten years and positions that you hold today (including unpaid positions):

	Term of employment	Employer name	Nature of business ³	Is employer subject to regulatory supervision and, if so, which?	Positions held and responsibilities	Additional relations with employer or its controlling principal ⁴
1.						
2.						
3.						

² In the case of no academic degree, please state this explicitly.

³ Area of business activity—banking, commercial, consultancy, etc.

⁴ Shareholder, partnership in control, etc.



4.						
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5. Personal and business integrity

Has any of the events specified below occurred in the past? If you answer in the affirmative— please attach a photocopy of the relevant decision.

5.1 Have you been subjected to sanctions in an administrative proceeding, including forfeit or money sanction

Yes / no. Explain in detail: _____

5.2 Were you or are you a controlling principal or holder of a senior position (director, Chief Executive Officer, or employee one level below) in a company that was subjected to sanctions in an administrative proceeding, including forfeit or money sanction, for an event that occurred during your term of service?

Yes / no. Explain in detail: _____

5.3 Were you ever convicted by a disciplinary body as part of an administrative proceeding?

Yes / no. Explain in detail: _____

5.4 Are there or were there under way, against you or against a business of which you were a controlling principal or a senior position-holder, investigations or disciplinary proceedings of any kind by supervisory authorities, in Israel or abroad, or was notice served or has been served about the weighing of said proceedings in connection with violation of requirements or standards of a regulatory system in Israel or abroad in reference to your term of service?

Yes / no. Explain in detail: _____

5.5 Have you worked for, or held shares in, a corporation that has had its registration, certification, incorporation, or license suspended or revoked by a regulatory body?

Yes / no. Explain in detail: _____

5.6 Has your service as an executive or a director in an entity in which you served ever been terminated, or have you been disqualified from serving as a director or holding another executive position?

Yes / no. Explain in detail: _____



5.7 Has a State Comptroller's report that includes findings personally related to you, among them the kind relating to your functioning, been published?

Yes / no. Explain in detail: _____

5.8. Has any state authority brought a civil claim against you on account of your service or a position that you held?

Yes / no. Explain in detail: _____

5.9 Has a civil court in Israel or a court abroad issued a ruling against you, on account of which you owed a sum of money to a third party as of the date of your affirmation?

Yes / no. Explain in detail: _____

5.10 Have you entered into creditor settlements in Israel or abroad? Have you applied for bankruptcy? Have you been declared bankrupt? Have your assets been seized? Have your assets been attached? Or are you in proceedings associated with these matters?

Yes / no. Explain in detail: _____

5.11 Have you been, or are you, a controlling principal or senior officer in a corporation that was liquidated or is in liquidation proceedings (except for voluntary liquidation), in receivership, or has concluded a creditors' settlement?

Yes / no. Explain in detail: _____

6. Linkage and conflicts of interests

6.1 Do your other business affairs leave you enough time to discharge your duties as a director in a payment system?

Yes / no. Explain in detail: _____

6.2 Are you serving as an officer in another entity?

If yes, explain in detail: _____

6.3 Are your qualifications suited to the post of director in a payment-system operator in terms of, *inter alia*, education, knowledge, experience, or expertise in one or more of the following fields: banking, money, economic or business activity, law, finance, accounting, risk management, regulatory compliance, or IT?

Yes / no. Explain in detail: _____



6.4 Have you ever held a senior executive position (including director) in a payment-system operator or in an entity that participates in a payment system?

Yes / no. Explain in detail: _____

6.5 Are you professionally qualified or have accounting and financial expertise as defined in Section 240(1a) of the Companies Law?

Yes / no. Explain in detail: _____

7. Questions for candidate for the position of *external director* only

7.1 Are you serving as a director in another company in which any member of the Board of Directors of the payment system serves as an external director?

Yes / no. Explain in detail: _____

7.2 Are you a relative of a controlling principal or of an officer in a payment-system operator?

Yes / no. Explain in detail: _____

7.3 Do you, your relative, your business partner, your employer, your direct or indirect supervisor, or a corporation of which you are controlling principal have a link today, or had a link in the past two years, to one of the following entities:

7.3.1 the payment system?

Yes / no. Explain in detail: _____

7.3.2 the controlling principal of the payment system?

7.3.3 a relative of the controlling principal?

Yes / no. Explain in detail: _____

7.4 Do you, your partner, or any of your parents or your offspring hold more than 1 percent of equity in the payment-system operator?

Yes / no. Explain in detail: _____

8. In the following table, provide details about:

8.1 Additional entities in which you serve as a member of the Board of Directors, the Chief Executive Officer, or other officer;

8.2 Entities in which you served as a member of the Board of Directors, the Chief Executive Officer, or other officer in the past five years;

8.3 Businesses and entities in which you are the controlling principal, including share of stake;



8.4 Businesses and entities in which you are an interested party as defined in the Securities Law, 5828-1968, including share of stake.

Entity name	Entity number in Companies Register (abroad: also note country of incorporation)	Type of activity (Chief Executive Officer / Board of Directors)	Pct. of equity held	Date of start of relationship	Date of end of relationship

9. Specify all information of relevance for the application—note and give details about any information that may be relevant for the review of your candidacy and was not asked in the questionnaire above, even if you believe it does not preclude your service:



Candidate's Affirmation

I the undersigned, _____, ID number _____, after being warned that I must state the truth and that I am liable to the penalties established in law if I fail to do so, affirm the following:

1. I am aware that I am a candidate for the position of (mark where relevant) Chief Executive Officer / chair of Board of Directors / director / external director / internal auditor / legal advisor / other _____ in _____, Ltd.
2. All information and particulars that I have reported on this questionnaire are complete, correct, and true, and I undertake to serve notice of any change that occurs in them in the course of my term of service, promptly upon its occurrence.
3. I agree to waive any right to confidentiality or secrecy as to any information about me that is in the possession of supervisory or regulatory authorities in Israel and abroad (e.g., the Banking Supervision Department, the Capital Market Authority, the Competition Authority, and the Securities Authority), and the tax authorities, and in the possession of payment systems, banking corporations, or banks abroad, and I consent to their sharing the material in their possession with the Oversight Unit for Payment Systems at the Bank of Israel.
4. A request for information as stated in Sections 3 and 4 above shall be made solely for the purposes of reviewing my candidacy and service as an officer in a payment-system operator and shall remain valid throughout my term of service in this position.

I hereby affirm that this is my name, that this is my signature, and that the contents of my affirmation are true.

Date

Signature

Bank of Israel

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Attorney's Certification

I hereby certify that on ___/___/___, Mr. / Ms. _____ appeared before me at my offices on _____ Street , identified him/herself by presenting ID card no. _____ / is personally known to me. After I warned him/her that he/she must state the truth and shall be liable to the penalties established in law if he/she fails to do so, he/she certified the correctness of the Affirmation and affixed his/her signature thereto.

Date

Stamp

Attorney at Law



System Operator's Affirmation

Name of system: _____

To the best of my knowledge and in accordance with the information and details that the candidate reported to us in the questionnaire, we believe the candidate is suitably qualified to serve in the position offered and that his or her appointment does not contravene the provisions of any statute or of directives of the Oversight Unit for Payment Systems at the Bank of Israel.

If the candidate was or is an employee of the payment system, the affirmation shall also relate to the foregoing **(if not—please delete)**:

Vetting by the internal auditor in regard to internal-audit reports performed by the system in the candidate's areas of responsibility, no material findings that pertain personally to the candidate, including the sort that pertain to his or her functioning, were discovered / material findings were discovered (delete where inapplicable).

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If discovered—please explain in detail:

Date

Authorized signatory

Position

Signature



Completeness of Material Submitted

This vetting procedure shall be performed by the system operator.

Check off to confirm the submission of the information sought in this questionnaire:

1.	Answers to all questions	
2.	Candidate's affirmation in presence of attorney	
3.	System operator's affirmation	
4.	Curriculum vitae attached	
5.	Photocopy of ID card / passport	
6.	Additional material	



**Appendix B—Affirmation of Officer
after Update of Particulars**

I the undersigned, _____, ID number _____, after being warned that I must state the truth and that I am liable to the penalties established in law if I fail to do so, hereby affirm that all the information and details that I reported in his Update Statement are complete, correct, and true, and undertake to serve notice of any change that occurs in them in the course of my term of service, promptly upon its occurrence, as required.

I hereby affirm that this is my name, that this is my signature, and that the contents of my affirmation are true.

Date

Signature

Attorney's Certification

I hereby certify that on ___/___/___, Mr. / Ms. _____ appeared before me at my offices on _____ Street, identified him/herself by presenting ID card no. _____ / is personally known to me. After I warned him/her that he/she must state the truth and shall be liable to the penalties established in law if he/she fails to do so, he/she certified the correctness of the Affirmation and signed it.

Date

Stamp

Attorney at Law

System Operator's Affirmation

Name of system: _____

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To the best of our knowledge and in accordance with the information and the details reported to us by the officer _____ in this Update Notice, we believe the officer is suitably qualified to continue serving in his capacity at _____ and his/her continued service does not contravene the provisions of any statute or of directives of the Oversight Unit for Payment Systems at the Bank of Israel.

_____	_____	_____	_____
Date	Authorized signatory	Position	Signature