

ALTERNATIVE FINANCING - REGULATION AT THE DOOR

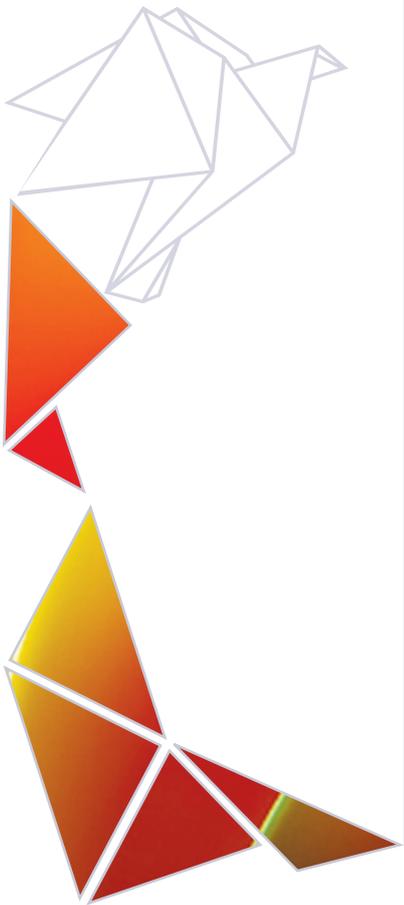
Expected changes in the P2P industry in Israel

Dear clients and friends,

Airbnb, Uber and Kickstarter are just a few examples of “cooperative” internet technologies that are rapidly changing many sectors of the economy. The traditional credit sector is not immune, as peer-to-peer (“P2P”) lending platforms are becoming more and more popular in many countries, as well as in Israel. Similarly to other jurisdictions, the Israeli regulator is making efforts to provide for these changes and developments in the financing area, and proposes new legislation that intends to regulate P2P and other non-regulated financing, including **P2P** loan platforms. Following are examples of existing and planned legislation:

- » **Law for Supervision of Financial Services (Non-Institutional Financial Services):** On 18 July 2016, the Knesset approved the Law for Supervision of Regulated Financial Services. Under the new Law, extensive regulatory obligations are imposed on credit providers that are not banks and institutional entities. These new requirements include licensing requirements, corporate governance, anti money laundering related requirements, and other consumer protection requirements. Currently, the final version of the law was not yet published in the Official Gazette. For the full updated proposal (Hebrew), [click here](#).
- » **Tax Authority Publication:** The Israeli Tax Authority recently published Decision **3314/16** (Hebrew), which states that P2P loans will be subjected to VAT.
- » **Restrictions on the content of marketing materials - The ISA position:** The Israel Securities Authority (“ISA”) issued a new position that narrows the scope of advertising that is not regarded as information that constitutes an offer of securities to the public. For a client update on the subject (Hebrew), [click here](#).

These publications are all significant to organizations engaged in the field of P2P lending. We will be happy to provide advice regarding the possible implications of existing and emerging regulations, as applicable to your company's operations.



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