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The International Comparative Legal Guide to:

Securitisation 2016

9th Edition

A practical cross-border insight into securitisation work

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Dror Levy

Group Consulting Editor
Alan Falach

Group Publisher
Richard Firth

Published by
Global Legal Group Ltd.
59 Tanner Street
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Tel: +44 20 7367 0720
Fax: +44 20 7407 5255
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EDITORIAL

Welcome to the ninth edition of *The International Comparative Legal Guide to: Securitisation*.

This guide provides the international practitioner and in-house counsel with a comprehensive worldwide legal analysis of the laws and regulations of securitisation.

It is divided into two main sections:

Five general chapters. These chapters are designed to provide readers with a comprehensive overview of key securitisation issues, particularly from the perspective of a multi-jurisdictional transaction.

Country question and answer chapters. These provide a broad overview of common issues in securitisation laws and regulations in 34 jurisdictions.

All chapters are written by leading securitisation lawyers and industry specialists and we are extremely grateful for their excellent contributions.

Special thanks are reserved for the contributing editor, Mark Nicolaides of Latham & Watkins LLP, for his invaluable assistance.

Global Legal Group hopes that you find this guide practical and interesting.

The *International Comparative Legal Guide* series is also available online at www.iclg.co.uk.

Alan Falach LL.M.
Group Consulting Editor
Global Legal Group
Alan.Falach@glgroup.co.uk

Israel



Norman Menachem Feder



Oded Bejarano

Caspi & Co.

1 Receivables Contracts

1.1 Formalities. In order to create an enforceable debt obligation of the obligor to the seller: (a) is it necessary that the sales of goods or services are evidenced by a formal receivables contract; (b) are invoices alone sufficient; and (c) can a receivable “contract” be deemed to exist as a result of the behaviour of the parties?

- (a) As a general matter, Israel’s Contracts Law (General Part), 1973 (“Contracts Law”) does not require a formal written agreement to create an enforceable obligation. A contract can be created through written, oral or other means (with some exceptions). Nonetheless, Israel’s Consumer Protection Law, 1981 (“Consumer Protection Law”) and certain regulations promulgated thereunder do require, under certain circumstances, a written contract that addresses certain terms of the transaction in order to create an enforceable obligation against debtors. In general, the Consumer Protection Law applies to the provision of goods or services to consumers that purchase them for domestic, personal or family use. In addition, under Israel’s Real Estate Law, 1969, a transaction in real estate, including a mortgage, requires a written contract.
- (b) In principle, if a written document is required under applicable consumer protection legislation, an invoice can potentially suffice, provided that at least: (i) the invoice details all transaction terms that need to be specified according to the applicable consumer protection legislation; (ii) the invoice was signed by the consumer; and (iii) a copy of the invoice was provided to the consumer. Under the consumer protection legislation, the consumer has a certain right to cancel a transaction following issuance and even payment of an invoice.
- (c) Generally, if no requirement for a certain form of contract is required by law or agreement between the parties, a contract can be entered into by any means, including behaviour of the parties, if the obligations of the parties are sufficiently ascertainable. Accordingly, a long-term relationship can potentially create an existing contract between parties, even when there is no written agreement.

1.2 Consumer Protections. Do your jurisdiction’s laws: (a) limit rates of interest on consumer credit, loans or other kinds of receivables; (b) provide a statutory right to interest on late payments; (c) permit consumers to cancel receivables for a specified period of time; or (d) provide other noteworthy rights to consumers with respect to receivables owing by them?

- (a) Israel’s Interest Order (Determination of the Maximal Interest Rate), 1970 (“Interest Order”) promulgated under the Interest Law, 1957 restricts: (i) the interest rate that may be charged on NIS-denominated loans that are linked to the Consumer Price Index; and (ii) the interest rate that may be charged on arrears of such loans. Additionally, the Regularisation of Ex-Banking Loans Law, 1993 provides that the annual interest rate of credit granted to a non-corporate entity by a non-banking entity shall not exceed the interest rate of the average unlinked credit cost available to the public, as determined monthly by the Bank of Israel, multiplied by a statutory factor. Regardless, a court might void or limit an interest rate provision as a matter of contract law, based on public policy grounds.
- (b) Israel’s Contracts Law (Remedies for Breach of Contract), 1970 (“Remedies Law”) entitles the injured party to a right to receive damages for late payment in an amount equivalent to the accrued interest from the date that payment was due until the actual payment date. Similarly, the Interest and Linkage Ruling Law, 1961 authorises a court to award interest for any amount payable according to its ruling as of the date upon which the claim arose, or from after that date and until the date of actual payment.
- (c) The Consumer Protection Law provides that a consumer is entitled to cancel a revolving transaction which is made for a limited or an unlimited period. The Consumer Protection Regulations (Transaction Cancellation), 2010 provide that a consumer is entitled to cancel a purchase agreement in accordance with the provisions of the regulations, provided that, in the case of goods, the consumer returns the goods with no damages or use by the consumer.
- (d) In general, Israel’s consumer protection laws provide consumers with various rights, such as the right for detailed information regarding the product, service and price, and the right to receive maintenance services. Please see the answer to question 1.1 above. In addition, the Unified Contracts Law, 1982 (“Unified Contracts Law”) generally authorises the court to void certain depriving provisions in a unified contract – a contract drafted by a party to be used by it with various unspecified (in their numbers and identity) counterparties.

In the case of registration of a transfer of a mortgage, notice of the transfer must be provided by the transferor to the borrower and to the property owner.

1.3 Government Receivables. Where the receivables contract has been entered into with the government or a government agency, are there different requirements and laws that apply to the sale or collection of those receivables?

The Government Contracts Doctrine allows the Israeli government (and other public authorities) to withdraw from certain contractual obligations, even when it is acting as a commercial entity, but the government authority would have to show substantial public need and a substantial change in circumstances that led to the public need since entry into the obligation. In case of such withdrawal, the government would be liable for damages, but not necessarily for lost profits.

2 Choice of Law – Receivables Contracts

2.1 No Law Specified. If the seller and the obligor do not specify a choice of law in their receivables contract, what are the main principles in your jurisdiction that will determine the governing law of the contract?

Israeli case law teaches that where the parties do not specify a choice of law in their contract, the court will determine the parties' intention through the relevant circumstances, i.e. *locus contractus* (place of contract performance), residency of parties, language of contract, etc. Furthermore, in cases where there is more than one possible governing law, it is thought that Israeli courts will usually prefer to apply the law that validates the contract over the law that voids it.

2.2 Base Case. If the seller and the obligor are both resident in your jurisdiction, and the transactions giving rise to the receivables and the payment of the receivables take place in your jurisdiction, and the seller and the obligor choose the law of your jurisdiction to govern the receivables contract, is there any reason why a court in your jurisdiction would not give effect to their choice of law?

Consistent with the principle of freedom of contract, Israeli courts will generally respect an express choice of law provision that is contained in a contract, especially where the circumstances indicate the parties' intention to apply Israeli law to their contract (i.e. the parties are Israeli residents, transactions giving rise to the receivables and payment of the receivables take place in Israel). The court will usually examine the wording of the choice of law provision to determine whether the parties intended to negate application of any other law (i.e. "an exclusive choice of law provision") or not (i.e. "an equivalent choice of law provision"). Case law teaches that the court may not give effect to an expressed choice of law provision upon justified extraordinary circumstances. For instance, a governing law provision will not be enforced by Israeli courts if enforcement of such provision will give rise to a result that runs contrary to public policy or will result in injustice. When the choice of law provision appears in a unified contract – a contract that has been drafted by a party to be used by it with unspecified (in their number and identity) counterparties – it could be voided by the court as a depriving clause.

2.3 Freedom to Choose Foreign Law of Non-Resident Seller or Obligor. If the seller is resident in your jurisdiction but the obligor is not, or if the obligor is resident in your jurisdiction but the seller is not, and the seller and the obligor choose the foreign law of the obligor/seller to govern their receivables contract, will a court in your jurisdiction give effect to the choice of foreign law? Are there any limitations to the recognition of foreign law (such as public policy or mandatory principles of law) that would typically apply in commercial relationships such as that between the seller and the obligor under the receivables contract?

Please see the answer to question 2.2 above. Additionally, foreign law will not apply to matters considered by the court to be procedural. Accordingly, in the case of insolvency of an Israeli party to an agreement, Israeli law will govern insolvency matters because they are deemed procedural and, possibly, because of public policy. Similarly, the priority of security interests granted by a debtor to creditors will be determined pursuant to Israeli law. However, if an asset that is part of the liquidation estate is a contract, the validity of, and rights under, such a contract will generally be governed by the law applicable to such a contract.

2.4 CISG. Is the United Nations Convention on the International Sale of Goods in effect in your jurisdiction?

The CISG is implemented in Israel under the Sales Law (International Sale of Goods), 1999.

3 Choice of Law – Receivables Purchase Agreement

3.1 Base Case. Does your jurisdiction's law generally require the sale of receivables to be governed by the same law as the law governing the receivables themselves? If so, does that general rule apply irrespective of which law governs the receivables (i.e., your jurisdiction's laws or foreign laws)?

There is no statutory requirement under Israeli law to apply the same law that governs the receivables to the sale of such receivables.

3.2 Example 1: If (a) the seller and the obligor are located in your jurisdiction, (b) the receivable is governed by the law of your jurisdiction, (c) the seller sells the receivable to a purchaser located in a third country, (d) the seller and the purchaser choose the law of your jurisdiction to govern the receivables purchase agreement, and (e) the sale complies with the requirements of your jurisdiction, will a court in your jurisdiction recognise that sale as being effective against the seller, the obligor and other third parties (such as creditors or insolvency administrators of the seller and the obligor)?

Please see the answers to questions 2.1 through 2.3 above. For substantive matters, the law of the contract is normally determined from a number of criteria, the most important of which is the original intent of the parties to that contract. If an express choice of law provision is contained in a contract, the chosen law will generally act as the law of the contract, given that the provision expresses

the joint original intent of the parties. A governing law provision will not determine the law of the contract if the chosen law runs contrary to Israeli mandatory concerns, such as Israeli public policy or interests of justice. For procedural matters, the law of the forum is the governing law.

3.3 Example 2: Assuming that the facts are the same as Example 1, but either the obligor or the purchaser or both are located outside your jurisdiction, will a court in your jurisdiction recognise that sale as being effective against the seller and other third parties (such as creditors or insolvency administrators of the seller), or must the foreign law requirements of the obligor's country or the purchaser's country (or both) be taken into account?

Please see the answer to question 3.2 above. The country of origin of the obligor and/or the purchaser should not affect the effectiveness of the sale against any party.

3.4 Example 3: If (a) the seller is located in your jurisdiction but the obligor is located in another country, (b) the receivable is governed by the law of the obligor's country, (c) the seller sells the receivable to a purchaser located in a third country, (d) the seller and the purchaser choose the law of the obligor's country to govern the receivables purchase agreement, and (e) the sale complies with the requirements of the obligor's country, will a court in your jurisdiction recognise that sale as being effective against the seller and other third parties (such as creditors or insolvency administrators of the seller) without the need to comply with your jurisdiction's own sale requirements?

The traditional approach distinguishes between issues of substantive law, which are governed by the law of the matter, and those of procedural law, which are governed by the law of the forum. In the above example, whether a sale took place should be seen as a question of substance which, in turn, should normally be determined by the law of the contract, but whether a sale was perfected should be seen as a question of procedure which, in turn, should be governed by Israeli law.

3.5 Example 4: If (a) the obligor is located in your jurisdiction but the seller is located in another country, (b) the receivable is governed by the law of the seller's country, (c) the seller and the purchaser choose the law of the seller's country to govern the receivables purchase agreement, and (d) the sale complies with the requirements of the seller's country, will a court in your jurisdiction recognise that sale as being effective against the obligor and other third parties (such as creditors or insolvency administrators of the obligor) without the need to comply with your jurisdiction's own sale requirements?

Please see the answers to questions 3.2 and 3.4 above. For substantive matters, an Israeli court would generally respect the governing law chosen by the parties (the law of the seller's country) and should normally recognise the sale as being effective against the obligor and other third parties if that sale complies with the requirement of foreign law governing the receivables.

3.6 Example 5: If (a) the seller is located in your jurisdiction (irrespective of the obligor's location), (b) the receivable is governed by the law of your jurisdiction, (c) the seller sells the receivable to a purchaser located in a third country, (d) the seller and the purchaser choose the law of the purchaser's country to govern the receivables purchase agreement, and (e) the sale complies with the requirements of the purchaser's country, will a court in your jurisdiction recognise that sale as being effective against the seller and other third parties (such as creditors or insolvency administrators of the seller, any obligor located in your jurisdiction and any third party creditor or insolvency administrator of any such obligor)?

Please see the answers to questions 3.1 through 3.5 above. The above sale should normally be enforceable against the seller if it was perfected in accordance with Israeli law, which is the law governing the receivables. Israeli law could also govern any insolvency proceedings in Israel as well as the relationship between the obligor and the purchaser.

4 Asset Sales

4.1 Sale Methods Generally. In your jurisdiction what are the customary methods for a seller to sell receivables to a purchaser? What is the customary terminology – is it called a sale, transfer, assignment or something else?

A typical method to sell receivables is assignment. When addressing a sale of rights, the better terminology is "assignment", but "sale" and even "transfer" are sometimes used.

4.2 Perfection Generally. What formalities are required generally for perfecting a sale of receivables? Are there any additional or other formalities required for the sale of receivables to be perfected against any subsequent good faith purchasers for value of the same receivables from the seller?

In the event of a general assignment not in the transfer of a business in good faith and for consideration, registration of the assignment with the Companies Registry or with the Pledges Registrar would be required to perfect the sale against a liquidator of the seller.

If, in connection with receivables due from the debtor by the time of assignment, the instrument of assignment identifies the debtor, registration of assignment should normally not be required. Additionally, if, in connection with other types of receivables, the instrument of assignment details the contracts that give rise to those receivables, registration of assignment should not normally be required.

Notwithstanding the above, under the Assignments Law, if the assignor assigns a right already assigned to another, the first assignee would be the true assignee, unless the obligor has first been notified of the second assignee. Thus, delivery of notice of assignment to the obligor is necessary to preserve priority.

4.3 Perfection for Promissory Notes, etc. What additional or different requirements for sale and perfection apply to sales of promissory notes, mortgage loans, consumer loans or marketable debt securities?

Under the Assignments Law, all rights ancillary to an assigned right are automatically transferred to the purchaser, provided that such rights are transferable. Nonetheless, to perfect its rights against third parties, the purchaser should undertake appropriate actions. For instance, in the event of assignment of mortgage loans, the registration in the Land Registry should be amended.

With regard to promissory notes or marketable debt securities that are made out to bearer, the seller should physically transfer them to the purchaser so as to perfect the sale (the Bills Ordinance and the Companies Law, 1999). With regard to promissory notes that are registered with no restriction on their endorsement, the seller should endorse the notes to the purchaser to perfect their sale (the Bills Ordinance).

4.4 Obligor Notification or Consent. Must the seller or the purchaser notify obligors of the sale of receivables in order for the sale to be effective against the obligors and/or creditors of the seller? Must the seller or the purchaser obtain the obligors' consent to the sale of receivables in order for the sale to be an effective sale against the obligors? Whether or not notice is required to perfect a sale, are there any benefits to giving notice – such as cutting off obligor set-off rights and other obligor defences?

As a general matter, Israel's Assignments Law does not require notification to the debtor to perfect an assignment. Nonetheless, under the Assignments Law, notification to the debtor of an assignment can be essential in certain circumstances.

Under the Assignments Law: (i) any claim that an obligor has against the assignor, until the obligor becomes aware of the assignment, would be valid against the assignee; (ii) if an obligor pays the assignor before becoming aware of the assignment, the obligor would be exempt from liability toward the assignee, provided that the obligor acted in good faith; and (iii) if the assignor assigns a right already assigned to another, the first assignee would be the true assignee, unless the second assignee was first to notify the obligor of the assignment. Thus, it is normally advisable to give notice of assignment, to preserve priority.

In principle, the Assignments Law does not require an obligor's consent in order to recognise an assignment of rights in receivables. The Assignments Law does provide, however, that an assignment can be restricted by law, by the essence of the right assigned or by the agreement between the obligor and the assignor.

4.5 Notice Mechanics. If notice is to be delivered to obligors, whether at the time of sale or later, are there any requirements regarding the form the notice must take or how it must be delivered? Is there any time limit beyond which notice is ineffective – for example, can a notice of sale be delivered after the sale, and can notice be delivered after insolvency proceedings against the obligor or the seller have commenced? Does the notice apply only to specific receivables or can it apply to any and all (including future) receivables? Are there any other limitations or considerations?

Please see the answer to question 4.4 above. Generally, there is no statutory requirement to deliver a notice to the obligor for an

assignment of the debt to a third party to be effective under Israeli law, although notice can have protective functions. The Assignments Law does not provide a form of notice of assignment, or a time limit within which notice of an assignment should be made or delivered. It is uncertain that notice of assignment of future receivables will qualify as notice for such protective functions. Please see the answer to question 1.2 above regarding transfer of a mortgage.

4.6 Restrictions on Assignment – General Interpretation. Will a restriction in a receivables contract to the effect that “None of the [seller’s] rights or obligations under this Agreement may be transferred or assigned without the consent of the [obligor]” be interpreted as prohibiting a transfer of receivables by the seller to the purchaser? Is the result the same if the restriction says “This Agreement may not be transferred or assigned by the [seller] without the consent of the [obligor]” (i.e., the restriction does not refer to rights or obligations)? Is the result the same if the restriction says “The obligations of the [seller] under this Agreement may not be transferred or assigned by the [seller] without the consent of the [obligor]” (i.e., the restriction does not refer to rights)?

Generally, a right of a creditor, including a conditioned right or a future right (although case law prevents immediate assignment of future rights), may be assigned without the consent of the obligor, unless such assignment is prohibited or restricted by law, by the nature of the right or by an agreement between the obligor and the creditor. Also as a general matter, assignment or transfer of an obligation requires the consent of the obligor. The obligation of an obligor may be assigned, in whole or in part, in an agreement between the obligor and the assignee, which was approved by the creditor, unless such assignment is prohibited or restricted by law.

Where a receivables contract restricts the “transfer or assignment of the seller’s rights or obligations” absent the obligor’s consent, an Israeli court should normally consider the contract to prohibit the transfer of receivables by the seller to the purchaser, unless approved by the obligor.

Where a receivables contract restricts the “transfer or assignment of the agreement” absent the obligor’s consent, without mention of the seller’s rights or obligations, an Israeli court could find that the restriction refers to a novation of the seller’s rights and obligations (i.e. a substitution of the old agreement with an identical new agreement, but with a different pair of parties) or to a transfer of the seller’s rights together with a sub-contracting of its obligations. How an Israeli court would likely consider the contract might well depend on its findings of the obligor’s and the seller’s intent when entering into the receivables contract (i.e. did they intend to restrict the transfer of the performance of the receivables contract (e.g. the right to require performance of the receivables contract), as well as the transfer of any rights or obligations under that contract (e.g. accrued rights of action or rights to receive payments)?).

Where a receivables contract restricts the “transfer or assignment of the seller’s obligations” absent the seller’s consent, without mention of seller’s rights, an Israeli court should normally find that this restriction does not prevent a transfer of receivables by the seller to the purchaser.

4.7 Restrictions on Assignment; Liability to Obligor. If any of the restrictions in question 4.6 are binding, or if the receivables contract explicitly prohibits an assignment of receivables or “seller’s rights” under the receivables contract, are such restrictions generally enforceable in your jurisdiction? Are there exceptions to this rule (e.g., for contracts between commercial entities)? If your jurisdiction recognises restrictions on sale or assignment of receivables and the seller nevertheless sells receivables to the purchaser, will either the seller or the purchaser be liable to the obligor for breach of contract or tort, or on any other basis?

Please see the answers to questions 4.1, 4.4 and 4.6 above. Restrictions in receivables contracts prohibiting sale or assignment are enforceable in Israel depending on the prohibition’s wording, circumstances and purpose. In cases where assignment is conducted in the face of a prohibition on sale or assignment, the seller may be liable to the obligor for breach of contract even if the assignment itself is not deemed void by the court. The purchaser may be liable in tort for inducement or breach of contract, if the purchaser caused such a breach knowingly and without justified cause.

4.8 Identification. Must the sale document specifically identify each of the receivables to be sold? If so, what specific information is required (e.g., obligor name, invoice number, invoice date, payment date, etc.)? Do the receivables being sold have to share objective characteristics? Alternatively, if the seller sells all of its receivables to the purchaser, is this sufficient identification of receivables? Finally, if the seller sells all of its receivables other than receivables owing by one or more specifically identified obligors, is this sufficient identification of receivables?

To protect the interests of the assignee, Israel’s Bankruptcy Ordinance imposes a duty of registration with respect to an assignment of rights not included in the transfer of a business in good faith and for consideration. If, however, in connection with receivables due from the debtor by the time of assignment, the instrument of assignment identifies the debtor, registration would not be required. Additionally, if, in connection with existing or future receivables, the instrument of assignment details the contracts that give rise to those receivables, registration would not be required. The Bankruptcy Ordinance does not describe what “details” suffice for this latter purpose. Case law, however, teaches that at least some details beyond mention of the contracts must be provided and that the requirement for identification is construed strictly.

4.9 Respect for Intent of Parties; Economic Effects on Sale. If the parties describe their transaction in the relevant documents as an outright sale and explicitly state their intention that it be treated as an outright sale, will this description and statement of intent automatically be respected or will a court enquire into the economic characteristics of the transaction? If the latter, what economic characteristics of a sale, if any, might prevent the sale from being perfected? Among other things, to what extent may the seller retain: (a) credit risk; (b) interest rate risk; (c) control of collections of receivables; or (d) a right of repurchase/redemption without jeopardising perfection?

Israel’s Pledges Law, 1967 (“Pledges Law”) regulates generally the charging of property as a security interest. Section 2(b) of the Pledges Law provides that that law applies to any transaction

intended to charge property as security for an obligation, however named by the parties. Thus, the Pledges Law will generally govern a transaction, regardless of how the parties to the transaction designate their arrangement, if the intention of the parties or the effect of the arrangement is to create a charge. Accordingly, absent certain economic characteristics of sale, a sale transaction might be recharacterised by the court as a pledge rather than a sale. Notably, the Financial Assets Agreements Law, 2006, provides that certain netting rights with regard to derivative transactions governed by a master agreement should not be considered a pledge under certain circumstances.

There is no binding Israeli case law that addresses the issue of true sale in the context of securitisation. Notably, in *Deloitte Touche Brightman Almagor Trusts Ltd. v. Discount Bank Ltd. and others*, Civil Application (Tel Aviv), 8120/05, the District Court referred to a securitisation transaction as a sale, incidentally, but without analysis of the characteristics of a sale transaction, presumably because the court did not view the characterisation of the transaction as relevant to the matter then before the court. Recent case law not in the context of securitisation indicates, among the considerations to determine whether a transaction is a sale or a loan, the following: the terminology used by the parties; whether the balance following a realisation of the assigned asset belongs to the assignee (sale) or to the assignor (secured loan); and whether the assignee has a right of claim against the assignor, i.e. whether risk was transferred.

One of the conclusions of the Final Report was that the characterisation of a securitisation transaction as a “true-sale” should be clarified by specific securitisation legislation. Such legislation is still under the review and study of the Ministry of Justice and the Bank of Israel.

4.10 Continuous Sales of Receivables. Can the seller agree in an enforceable manner to continuous sales of receivables (i.e., sales of receivables as and when they arise)? Would such an agreement survive and continue to transfer receivables to the purchaser following the seller’s insolvency?

The seller may agree to a continuous assignment of receivables, provided that the assignments will take place only upon or after the creation of the receivables (please see the answer to question 4.11 below). An agreement for continuous sale of receivables, however, might not survive initiation of seller insolvency proceedings.

Please see the answer to question 6.5 below regarding insolvency and right to assign.

4.11 Future Receivables. Can the seller commit in an enforceable manner to sell receivables to the purchaser that come into existence after the date of the receivables purchase agreement (e.g., “future flow” securitisation)? If so, how must the sale of future receivables be structured to be valid and enforceable? Is there a distinction between future receivables that arise prior to or after the seller’s insolvency?

Under the Assignments Law, “conditional or future” rights are assignable. Nonetheless, in *Export Bank Ltd. v. Bank Leumi Le-Israel B.M.*, Civil Appeal 263/70, PD 24(2) 672, the Supreme Court held that a right that did not exist at the time of the assignment may not be assigned, because one cannot convey to another a property that does not belong to it. Although the Assignments Law came into force after the decision of Export Bank, the principle established in Export Bank was reaffirmed by the Supreme Court decision in Civil

Appeal 717/89, *Union Bank v. Eran Tours*, PD 49(1) 14, after the Assignments Law became effective. According to this latter Court ruling, the term “[f]uture right” in the Assignments Law refers to an existing right that did not yet mature. Accordingly, while the seller may commit to sell receivables upon coming, or after receivables come, into existence, receivables which are not in existence at the time of entering into the sale agreement cannot be assigned prior to their creation (i.e. their sale is not perfected). Consequently, if the seller becomes insolvent, the purchaser will not have any proprietary right in the receivables that come into existence following insolvency.

The tone of some later Court rulings is somewhat critical of the Export Bank principle (e.g. *Aloni v. Zand Tal Feed Mill Ltd.*, Civil Appeal 3553/00, PD 57(3) 577), but no Supreme Court decision has overruled Export Bank or explicitly discarded the Export Bank principle. The Final Report invited legislation to clarify assignment of future receivables. It further noted that such assignment would generally need to be registered with the Companies Registrar – please see the answers to questions 4.2 and 4.3 above – and should clearly be reported as such in the financial reports of the seller, yet specifically recommended that securitisation legislation address the assignment of future rights.

4.12 Related Security. Must any additional formalities be fulfilled in order for the related security to be transferred concurrently with the sale of receivables? If not all related security can be enforceably transferred, what methods are customarily adopted to provide the purchaser the benefits of such related security?

Under the Assignments Law, all rights ancillary to an assigned right are automatically transferred to the purchaser, provided that such rights are transferable. Nonetheless, in order to perfect its rights against third parties, the purchaser should undertake appropriate actions, such as amending existing companies’ registry or pledges registry, etc.

4.13 Set-Off; Liability to Obligor. Assuming that a receivables contract does not contain a provision whereby the obligor waives its right to set-off against amounts it owes to the seller, do the obligor’s set-off rights terminate upon its receipt of notice of a sale? At any other time? If a receivables contract does not waive set-off but the obligor’s set-off rights are terminated due to notice or some other action, will either the seller or the purchaser be liable to the obligor for damages caused by such termination?

Under the Assignments Law, an assignment of right does not alter the right or the terms and conditions of such right, and the debtor maintains towards the assignee all claims it had towards the assignor when it was informed of the assignment. Therefore, all set-off rights of the obligor towards the seller arising at any time prior to the time on which the obligor became aware of the assignment may be directed towards the assignee.

An obligor’s right to set-off will survive receipt of notice of a sale; therefore, such an obligor will be able to set-off against the assignee of the receivables contract, provided that the obligor’s cross-debt arose before the obligor received notice of the sale. If a cross-debt of the obligor arises after the obligor has received notice of the sale, the obligor will generally be unable to set-off the cross-debt against the assignee, unless the claims of the obligor and the assignee are sufficiently closely connected.

Under the Contracts Law (General Part), 1973 (“Contracts Law (General Part)”), monetary obligations owed between parties in connection with the same transaction, and which are due for payment, may be set-off by notice of one party to the other party; the same applies to monetary obligations not arising from the same transaction, if such obligations are defined and measured.

An obligor’s right to set-off under the receivables contract will terminate if the cross-debt becomes time-barred or otherwise unenforceable. In the case of insolvency of an assignee, insolvency set-off rules will generally apply and these require mutuality.

In the absence of a breach of any provision to the contrary, it is unlikely that either the seller or the purchaser would be liable to the obligor for damages as a result of an obligor’s rights of set-off terminating by operation of law.

Under the Contracts Law (General Part), the content of a contract may be as agreed by the parties. This general principle is re-enforced in Israeli case law relating to set-off, which teaches that while the parties are solvent, they are free to determine set-off arrangements at their will under the freedom to contract.

5 Security Issues

5.1 Back-up Security. Is it customary in your jurisdiction to take a “back-up” security interest over the seller’s ownership interest in the receivables and the related security, in the event that an outright sale is deemed by a court (for whatever reason) not to have occurred and have been perfected?

The Companies Regulations (Reporting, Registration Details and Forms), 1999 allow registration of a pledge stemming from a sale or lease agreement, along with a notice stating that the registration does not by itself indicate that the parties intended that the asset subject to the transaction will be utilised as a pledge. In international securitisations, it is not customary in Israel to take a “back-up” security interest over the seller’s ownership interest in the receivables, but this is a negotiated issue.

5.2 Seller Security. If it is customary to take back-up security, what are the formalities for the seller granting a security interest in receivables and related security under the laws of your jurisdiction, and for such security interest to be perfected?

Please see the answer to question 5.3 below. The registration can include the notice described in the answer to question 5.1 above.

5.3 Purchaser Security. If the purchaser grants security over all of its assets (including purchased receivables) in favour of the providers of its funding, what formalities must the purchaser comply with in your jurisdiction to grant and perfect a security interest in purchased receivables governed by the laws of your jurisdiction and the related security?

Under the Companies Ordinance 1983, a company-pledgor must register the details of the security interest, and the document constituting such security interest, with the Israeli Companies Registrar within 21 days of the date of the security interest, for such pledge to be effective against a liquidator or any other creditor of the company. In the case of a programme for the issuance of one or more series of secured notes and secured *pari passu* among the holders of such notes, the issuer is required to provide to the

Registrar only certain details upon each actual issuance of a series of secured notes for the security to be effective against third parties. In addition, a pledgor is required to keep a security interests/pledges books in its registered office and to register any such security in that book.

5.4 Recognition. If the purchaser grants a security interest in receivables governed by the laws of your jurisdiction, and that security interest is valid and perfected under the laws of the purchaser's country, will it be treated as valid and perfected in your jurisdiction or must additional steps be taken in your jurisdiction?

Israeli case law, while relatively thin in this area, indicates that proprietary rights with regard to an asset are governed by the *lex situs* of such an asset. Where such an asset is a right, case law, which in this area is also relatively thin, indicates that the law of the most effective place of enforcement of such a right should be the *lex situs* of such a right.

If the purchaser is Israeli, the security interest should be perfected under Israeli law. If it is not, as the receivables are governed by Israeli law, Israeli law could be the *lex situs* of the receivables and the security interest should be perfected also according to such law.

5.5 Additional Formalities. What additional or different requirements apply to security interests in or connected to insurance policies, promissory notes, mortgage loans, consumer loans or marketable debt securities?

Perfection of security interests in promissory notes or marketable debt securities can be done either by: (i) physical delivery of such notes or securities to the creditor, provided that such notes or securities are for bearer (i.e. that their holder is entitled to collect the debts represented by them by presentation only); (ii) registration of a pledge with the Companies Registrar, where the pledgor is an Israeli corporation; or (iii) registration of a pledge with the Pledges Registrar, where the pledgor is not an Israeli corporation.

If the pledgor is an Israeli corporation, perfection of security interest in consumer loans would be by registration of the pledge with the Companies Registrar. If the pledgor is not an Israeli corporation, the registration would be with the Pledges Registrar.

Perfection of security interests in mortgage loans depends on the type of security interest provided to secure the loan. Israel's Lands Law, 1969 ("Lands Law") provides that a mortgage over registered ownership (or a registered lease) will be by way of mortgage only. Thus, a mortgage can be provided as security with regard to registered rights only and cannot be granted over rights in unregistered land or in unregistered condominiums. Under the Lands Law, perfection of a mortgage is by way of registration with the Lands Registry. Notably, if the pledgor is an Israeli corporation, additional registration in the Companies Registrar is required in order to perfect the mortgage under the Companies Ordinance. Principally, registration of a mortgage over registered ownership (or registered lease) in unsettled land requires the approval of the Official Settlement Clerk. Please see the answer to question 1.2 above.

While mortgages cannot be granted over unregistered rights, certain security interests can be granted over rights in unregistered land and rights in unregistered condominiums. These security interests

are: (i) cautionary notes – registration of cautionary notes with the Lands Registry can be accomplished under the Lands Law, which provides that upon registration of a cautionary note (a) no contradicting transaction may be registered without the agreement of the beneficiary of such note or a court order, and (b) no harm will be caused to the beneficiary of such note as a result of a lien, bankruptcy or winding up of the registered owner of the land or of a right in the land. Notably, a cautionary note can be registered in connection with unregistered rights and rights in unregistered condominiums where the relevant assets are situated on registered land, but they cannot be registered in connection with unregistered lands; and (ii) registration of a pledge – registration of a pledge over contractual rights can be accomplished in the Pledges Registrar, if the debtor is not a corporation, and in the Companies Registrar, pursuant to the Companies Ordinance, if the debtor is a corporation.

5.6 Trusts. Does your jurisdiction recognise trusts? If not, is there a mechanism whereby collections received by the seller in respect of sold receivables can be held or be deemed to be held separate and apart from the seller's own assets until turned over to the purchaser?

According to Israel's Trust Law, 1979 ("Trust Law"), a trust is an affiliation to an asset pursuant to which the trustee must hold or act upon such asset for the benefit of beneficiary or other purpose. A trust may be created through law, contract or endowment statement.

5.7 Bank Accounts. Does your jurisdiction recognise escrow accounts? Can security be taken over a bank account located in your jurisdiction? If so, what is the typical method? Would courts in your jurisdiction recognise a foreign law grant of security (for example, an English law debenture) taken over a bank account located in your jurisdiction?

Israeli law generally recognises escrow accounts, subject to certain disclosure requirements under the Anti-Money Laundering Law, 2000. Security may be taken over the rights of the owner of a bank account located in Israel. In case the owner of the bank account is an Israeli corporate entity, the security interest should be registered with the Companies Registrar. In case of an individual or other entity (other than an Israeli corporate entity), the security interest should be registered with the Pledges Registrar. In case a bank account is located in Israel or in case the pledgor is an Israeli entity, perfection should be conducted in Israel (foreign law grant of security may be used for such registration, but translation into Hebrew may be required).

5.8 Enforcement over Bank Accounts. If security over a bank account is possible and the secured party enforces that security, does the secured party control all cash flowing into the bank account from enforcement forward until the secured party is repaid in full, or are there limitations? If there are limitations, what are they?

Under Israeli law, a security interest can take the form of a fixed charge, a floating charge or a charge by way of assignment. The nature and extent of the charge and those of the competing securities interests would determine what rights the secured party has to forward cash flow.

5.9 Use of Cash Bank Accounts. If security over a bank account is possible, can the owner of the account have access to the funds in the account prior to enforcement without affecting the security?

This depends on the nature of the charge. A charge over a bank account that allows for access to funds in the account prior to enforcement is likely to be considered a floating charge. Please see the answer to question 5.8 above.

6 Insolvency Laws

6.1 Stay of Action. If, after a sale of receivables that is otherwise perfected, the seller becomes subject to an insolvency proceeding, will your jurisdiction's insolvency laws automatically prohibit the purchaser from collecting, transferring or otherwise exercising ownership rights over the purchased receivables (a "stay of action")? If so, what generally is the length of that stay of action? Does the insolvency official have the ability to stay collection and enforcement actions until he determines that the sale is perfected? Would the answer be different if the purchaser is deemed to only be a secured party rather than the owner of the receivables?

If the transaction is considered a true sale and the seller becomes insolvent, insolvency proceedings should not affect the rights of the purchaser as the owner of the receivables. Nonetheless, upon appointment of a liquidator to a company, all assets of such company and any asset that seems to belong to such company become subject to the liquidator's management and supervision. Accordingly, if the receivables can seem to be part of the seller's assets, the liquidator may stay collections claiming that the company owns the receivables, until the court determines otherwise.

As a general matter, Israeli law does not recognise the concept of "automatic stay". Nonetheless, the Companies Ordinance provides that following a liquidation order or appointment of a temporary liquidator there shall be no legal proceedings against the company, unless the court orders otherwise. Before a liquidation order and after submission of an application for liquidation, the court may, at its sole discretion, and if requested, order a stay of proceedings. In addition, Israel's Companies Law, 1999 ("Companies Law") provides that in rehabilitation proceedings for an insolvent but not liquidated company, the court may, at its sole discretion, order a stay of proceedings for a term of nine months. During that term, a secured creditor will need to apply to the court in order to realise a pledge, and the court will allow realisation of pledge in case no other security had been designated in place of the pledge.

In case the purchaser is deemed to only be a secured party rather than the owner of the receivables, the purchaser would be required to submit a debt claim with the liquidator, which would realise the pledged asset (i.e. the receivables) in the course of the insolvency proceedings.

6.2 Insolvency Official's Powers. If there is no stay of action under what circumstances, if any, does the insolvency official have the power to prohibit the purchaser's exercise of rights (by means of injunction, stay order or other action)?

Please see the answer to question 6.1 above. If the receivables have been duly sold in a true sale, the insolvency official should normally not have the power to prohibit the purchaser's exercised rights.

6.3 Suspect Period (Clawback). Under what facts or circumstances could the insolvency official rescind or reverse transactions that took place during a "suspect" or "preference" period before the commencement of the insolvency proceeding? What are the lengths of the "suspect" or "preference" periods in your jurisdiction for (a) transactions between unrelated parties, and (b) transactions between related parties?

The Companies Ordinance provides that any corporate act in relation to assets that would be a voidable preference in a personal bankruptcy is also a voidable preference by the acting corporation and void against that corporation's liquidator. Under the Bankruptcy Ordinance, if a person is unable to pay his debts as they fall due with his own money, and, in favour of any creditor, transfers or charges property, makes a payment, incurs an obligation or takes or suffers a judicial proceeding, that action is deemed improper and void against the person's trustee in bankruptcy. This is only true, however, if that person is adjudged bankrupt as a result of a petition filed within three months of the identified action. Additionally, case law indicates that, for the voider to apply, it must be shown or inferred from the circumstances that the identified action was done with a dominant intent to prefer a creditor.

Additionally, the court can void a transaction made at undervalue within two years, or under certain circumstances even ten years, preceding bankruptcy.

6.4 Substantive Consolidation. Under what facts or circumstances, if any, could the insolvency official consolidate the assets and liabilities of the purchaser with those of the seller or its affiliates in the insolvency proceeding?

Such consolidation would be possible should a court pierce the corporate veil of the purchaser. This would be possible if the purchaser and the seller are affiliates (i.e. the seller is a shareholder of the purchaser or *vice versa*). The Companies Law lists the circumstances in which a court may pierce the veil over a company: (1) the separate legal entity was used in order to defraud or discriminate against any person; (2) the separate legal entity was used in order to foil the purpose of the company while taking unreasonable risk as to its ability to pay its debts, provided that the shareholder was aware of such use taking into account such shareholder's holdings and performance of obligations under the Companies Law and the ability of the company to pay its debts (under case law, thin capitalisation can evince such unreasonable risk); or (3) under the circumstances it is justified to do so, taking into account that it is reasonable to assume that the management of the company was not conducted for the benefit of the company or took unreasonable risk as to the ability of the company to pay off its debts.

Additionally, as indicated above, if the seller and purchaser are not related, the insolvency official can argue in court that the sale is not a true sale so that the proceeds of the receivables belong to the seller.

6.5 Effect of Insolvency on Receivables Sales. If insolvency proceedings are commenced against the seller in your jurisdiction, what effect do those proceedings have on (a) sales of receivables that would otherwise occur after the commencement of such proceedings, or (b) sales of receivables that only come into existence after the commencement of such proceedings?

The Companies Ordinance provides that as of the filing of a petition for liquidation, any transaction conducted with the company's assets would be void, unless permitted by the court. Accordingly, sales of receivables that take place after the commencement of liquidation should be considered void, unless approved by the court.

Regarding an executory agreement to sell receivables as they come into existence, Israeli law does not countenance a current assignment of rights that do not yet exist (please see the answer to question 4.11 above).

6.6 Effect of Limited Recourse Provisions. If a debtor's contract contains a limited recourse provision (see question 7.3 below), can the debtor nevertheless be declared insolvent on the grounds that it cannot pay its debts as they become due?

Normally, a limited recourse provision should be effective if the creditor would seek to have the debtor declared insolvent on the grounds that it cannot pay its debts as they become due irrespective of the provision. The language and circumstances of the provision, however, should be considered. Please see the answer to question 7.3 below.

7 Special Rules

7.1 Securitisation Law. Is there a special securitisation law (and/or special provisions in other laws) in your jurisdiction establishing a legal framework for securitisation transactions? If so, what are the basics?

No. The Ministry of Justice and the Bank of Israel have jointly drafted a proposed securitisation law (the last draft was in November 2015), but the draft has, to date, not progressed to a legislative bill.

7.2 Securitisation Entities. Does your jurisdiction have laws specifically providing for establishment of special purpose entities for securitisation? If so, what does the law provide as to: (a) requirements for establishment and management of such an entity; (b) legal attributes and benefits of the entity; and (c) any specific requirements as to the status of directors or shareholders?

No. The Final Report recommended specific securitisation legislation to, among other things, provide for the establishment of special purpose companies in a securitisation context that will meet certain criteria.

7.3 Limited-Recourse Clause. Will a court in your jurisdiction give effect to a contractual provision in an agreement (even if that agreement's governing law is the law of another country) limiting the recourse of parties to that agreement to the available assets of the relevant debtor, and providing that to the extent of any shortfall the debt of the relevant debtor is extinguished?

There is no specific rule against a non-recourse clause. As a general matter, the court is authorised to void a clause in an agreement based on various legal grounds, such as public interest, illegality, lack of authority, lack of capacity, or deprivation in a unified contract. Please see the answer to question 7.1 above. As to the governing law of a foreign country, please see the answers to questions 3.4 and 3.5 above.

7.4 Non-Petition Clause. Will a court in your jurisdiction give effect to a contractual provision in an agreement (even if that agreement's governing law is the law of another country) prohibiting the parties from: (a) taking legal action against the purchaser or another person; or (b) commencing an insolvency proceeding against the purchaser or another person?

As a general matter, the court is authorised to void a clause in an agreement based on various legal grounds, such as: public interest; illegality; lack of authority; lack of capacity; or deprivation in a unified contract (in which case, such a clause is void automatically). While there is no specific rule against such a non-petition clause, courts are disinclined to give effect to a provision that prohibits a party from taking legal action for a future breach of contract, as opposed to a breach that has already been made. See *SH.A.P. Ltd. v. Bank Leumi*, CA 6234/00, PD37(6) at 769.

7.5 Priority of Payments "Waterfall". Will a court in your jurisdiction give effect to a contractual provision in an agreement (even if that agreement's governing law is the law of another country) distributing payments to parties in a certain order specified in the contract?

Assuming that the priority of payments is governed by Israeli law, prior to insolvency, a court in Israel should generally give effect to a contractual provision for distributing payments to parties in a certain order of subordination. The foregoing assumes good faith by the parties and no issue of public policy or contrary law.

Regarding insolvency, Israeli law does generally honour the principle of *pari passu* for equitable distribution among creditors of an insolvent debtor, with attendant exceptions. That said, there is no binding precedent in Israel regarding a so-called "flip clause" in an insolvency context. Accordingly, in insolvency proceedings, it is uncertain whether an Israeli court would enforce a pre-insolvency contractual provision which subordinates one creditor's right to payment to another creditor's right to payment, when both are of the same creditor class. Additionally, it is unclear whether a junior creditor's subordination obligation would be considered a security interest.

7.6 Independent Director. Will a court in your jurisdiction give effect to a contractual provision in an agreement (even if that agreement's governing law is the law of another country) or a provision in a party's organisational documents prohibiting the directors from taking specified actions (including commencing an insolvency proceeding) without the affirmative vote of an independent director?

There is no general rule against such a provision. Case law teaches, however, that such a provision may be voided by an Israeli court on grounds of public interest or illegality because such a clause restricts the statutory discretion and authority of a director.

8 Regulatory Issues

8.1 Required Authorisations, etc. Assuming that the purchaser does no other business in your jurisdiction, will its purchase and ownership or its collection and enforcement of receivables result in its being required to qualify to do business or to obtain any licence or its being subject to regulation as a financial institution in your jurisdiction? Does the answer to the preceding question change if the purchaser does business with other sellers in your jurisdiction?

Section 346 of the Companies Law provides that a foreign company shall not maintain a place of business in Israel unless registered with the Companies Registrar as a foreign company. The purchaser can be considered to maintain a place of business in Israel due to significant collection and enforcement of receivables conducted in Israel. If the purchaser does business in Israel (i.e. not remotely) with other sellers, it may be deemed to maintain a place of business in Israel.

8.2 Servicing. Does the seller require any licences, etc., in order to continue to enforce and collect receivables following their sale to the purchaser, including to appear before a court? Does a third party replacement servicer require any licences, etc., in order to enforce and collect sold receivables?

Collection and enforcement of receivables does not normally necessitate regulatory licence under Israeli law. If the receivables are mortgage-loans, (i) only a bank, or (ii) only a bank or an insurer, depending on the nature of the seller and of the purchaser, can act as servicer.

8.3 Data Protection. Does your jurisdiction have laws restricting the use or dissemination of data about or provided by obligors? If so, do these laws apply only to consumer obligors or also to enterprises?

Generally, Israel's Privacy Protection Law, 1981 ("Privacy Law") prohibits non-consensual invasion of personal privacy. In addition, the Privacy Law establishes the terms and manner of maintaining databases of personal information and registration requirements. Except in the case of illegal eavesdropping, the law's list of prohibited privacy invasions does not protect organised legal entities, such as corporations. That said, some courts have acknowledged corporate rights to privacy stemming from Basic Law: Human Dignity; and Liberty.

8.4 Consumer Protection. If the obligors are consumers, will the purchaser (including a bank acting as purchaser) be required to comply with any consumer protection law of your jurisdiction? Briefly, what is required?

The Consumer Protection Law applies various obligations to providers and manufacturers of goods or services. Accordingly, and because the seller only sells to the purchaser the right to receive money from the obligor, the purchaser should not be subject to the obligations applicable to the seller by the Consumer Protection Law.

8.5 Currency Restrictions. Does your jurisdiction have laws restricting the exchange of your jurisdiction's currency for other currencies or the making of payments in your jurisdiction's currency to persons outside the country?

Under the amended Currency Control Permit, 1998, issued to relax restrictions under the Currency Control Law, 1978, relevant substantive restrictions no longer apply to foreign currency transactions. Certain reporting obligations do apply to individuals, companies, currency services providers, banks and other financial institutions engaging in currency transactions.

9 Taxation

9.1 Withholding Taxes. Will any part of payments on receivables by the obligors to the seller or the purchaser be subject to withholding taxes in your jurisdiction? Does the answer depend on the nature of the receivables, whether they bear interest, their term to maturity, or where the seller or the purchaser is located? In the case of a sale of trade receivables at a discount, is there a risk that the discount will be recharacterised in whole or in part as interest? In the case of a sale of trade receivables where a portion of the purchase price is payable upon collection of the receivable, is there a risk that the deferred purchase price will be recharacterised in whole or in part as interest?

As the purchaser will ultimately pay the Israeli seller less than the aggregate face amount of the purchased receivables, there is a risk that the discount from the face amount, under some circumstances, will be regarded as interest, to the payment of which withholding tax rules would apply. If the purchaser is Israeli, it may be able to produce a tax authority-issued certificate of exemption from withholding. Israeli sellers to foreign purchasers commonly seek to obtain a transaction-specific pre-ruling from the Israeli Tax Authority regarding withholding in a securitisation context. Notably, in international transactions, tax treaty issues should be considered.

9.2 Seller Tax Accounting. Does your jurisdiction require that a specific accounting policy is adopted for tax purposes by the seller or purchaser in the context of a securitisation?

In general, the tax authority applies the Israeli general acceptable accounting principles, subject to the tax legislation itself and to precedents and rulings.

9.3 Stamp Duty, etc. Does your jurisdiction impose stamp duty or other documentary taxes on sales of receivables?

For documents signed as of 1 January 2006, no stamp duty is imposed.

9.4 Value Added Taxes. Does your jurisdiction impose value added tax, sales tax or other similar taxes on sales of goods or services, on sales of receivables or on fees for collection agent services?

In general, Israel's Value Added Tax Law, 1975 ("VAT Law") imposes value added tax on sales of goods and services (including servicing fees) conducted in the course of the seller's business. The VAT Law is applicable to sales executed in Israel. The VAT Law provides that with regard to intangible assets, the sale would be considered as executed in Israel, if the seller is an Israeli resident. The VAT Law also provides that a service will be considered as provided in Israel if: (i) the provider maintains a place of business in Israel; (ii) it is provided to an Israeli resident; or (iii) the service is with regard to assets in Israel. The VAT authority has issued pre-rulings with regard to the applicability of the VAT Law to securitisation transactions, but on a case-by-case basis.

9.5 Purchaser Liability. If the seller is required to pay value added tax, stamp duty or other taxes upon the sale of receivables (or on the sale of goods or services that give rise to the receivables) and the seller does not pay, then will the taxing authority be able to make claims for the unpaid tax against the purchaser or against the sold receivables or collections?

In principle, the payment of VAT is imposed on the seller of goods or provider of services. The VAT Law permits the tax authority to

make claims against an entity that is not the tax obligor in certain circumstances. One such circumstance is when assets transferred to another entity by the obligor for no consideration or for partial consideration and the obligor has a "special relationship" (a term defined in the Israeli Customs Ordinance) with that entity, and does not maintain any assets in Israel to settle the tax debt.

9.6 Doing Business. Assuming that the purchaser conducts no other business in your jurisdiction, would the purchaser's purchase of the receivables, its appointment of the seller as its servicer and collection agent, or its enforcement of the receivables against the obligors, make it liable to tax in your jurisdiction?

As a general matter, so long as the purchaser conducts its activities in their entirety outside of Israel, it should not be liable to tax in Israel, by reason of purchase of receivables, appointment of seller as service and enforcement of receivables against debtors although withholding taxes could apply. Please see, however, the answer to question 9.1 above.

Note

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Norman Menachem Feder

Caspi & Co.
33 Yavetz Street
Tel Aviv 65258
Israel

Tel: +972 3 796 1220
Fax: +972 3 796 1320
Email: nmf@caspilaw.com
URL: www.caspilaw.com

Norman Menachem Feder is a Partner in the Tel Aviv law firm Caspi & Co., where he manages the firm's international department. He focuses his practice on finance and cross-border transactions.

Mr. Feder counsels a wide range of financial institutions, corporations and investment funds. In finance, he advises on corporate finance, derivatives, securitisation and venture capital. In transactions, he advises on such matters as mergers and acquisitions, joint ventures and various operational arrangements.

Before joining the firm, Mr. Feder practised law at Cleary, Gottlieb, Steen & Hamilton in New York. Prior to embarking on private practice, Mr. Feder served as judicial law clerk to Deputy Chief Justice Menachem Elon of the Supreme Court of Israel, and to Judge Roger Miner of the United States Court of Appeals for the Second Circuit. Before these clerkships, Mr. Feder was a Luce Scholar, in the capacity of which he acted as a white-collar criminal investigator in Singapore for Singapore's Ministry of Finance.

Mr. Feder is an Adjunct Lecturer in derivatives at the Tel Aviv University Faculty of Law and was Adjunct Professor in international law at the Benjamin N. Cardozo School of Law in New York. He is a graduate of the New York University Law School, with a degree of J.D. and numerous honours. Prior to his law studies, Mr. Feder obtained A.B. and M.A. degrees in English and Comparative Literature from Columbia University in New York. Mr. Feder has authored numerous articles on law and finance and was Editor-in-Chief of the New York University Journal of International Law & Politics.



Oded Bejarano

Caspi & Co.
33 Yavetz Street
Tel Aviv 65258
Israel

Tel: +972 3 796 1270
Fax: +972 3 796 1370
Email: obejarano@caspilaw.com
URL: www.caspilaw.com

Oded Bejarano is a Senior Associate in the international department of Caspi & Co., where he specialises in banking and finance and in corporate law.

Mr. Bejarano has advised companies on a wide range of corporate and commercial law matters, including private placements, commercial agreements and corporate governance.

He practised law with White & Case in London for five years, focusing on banking and capital markets. In that capacity he represented originators, arrangers and underwriters in a range of financial products including securitisations, class financing and inter-creditor arrangements and IPOs of Israeli public companies in the London Stock Exchange.

Mr. Bejarano holds LL.B. and postgraduate degrees in philosophy from Tel Aviv University. He is a member of the Israeli Bar Association, the Law Society of England & Wales, and the Advisory Board of ICSR, an international academic partnership to educate the public on diplomacy and strategy, public administration and policy, security and counter-terrorism and international conflict resolution.



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59 Tanner Street, London SE1 3PL, United Kingdom
Tel: +44 20 7367 0720 / Fax: +44 20 7407 5255
Email: sales@glgroup.co.uk

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