



YIGAL ARNON & Co.
LAW FIRM

Client Update – November 2019

Establishment of Advisory Committee on Foreign Investment

Israel's security cabinet recently approved the establishment of an advisory committee on foreign investments in Israel. The committee will be comprised of senior representatives from the Ministry of Finance, Defense Ministry and the National Security Council, as well as observers from the Foreign Ministry, the Ministry of Economy, the National Economic Council and an additional representative from the Ministry of Finance. The purpose of the committee is to provide a mechanism for regulators to take national security considerations into account when reviewing transactions in the communications, infrastructure, finance, energy and transportation sectors. Where a transaction raises potential national security concerns, regulators may consult with the committee on a voluntary basis in order to engage in a multi-disciplinary consultation from various perspectives.

At least for the time being, the committee does not have specific enforcement mechanisms at its disposal or the authority to nullify transactions, nor does the cabinet decision require any notification, disclosure or reporting obligations beyond those that currently exist under applicable law. As such, transactions that currently do not require government approval under applicable law or regulation will not be required to be brought to the committee for discussion.

In establishing the committee, Israel joins other countries, including the United States, Canada, the United Kingdom, Germany, Australia and others, which have created mechanisms for improving national security oversight for foreign investments.

The committee is scheduled to begin its work within 45 days from October 30, 2019. The security cabinet will review the committee's work in six months and assess whether any adjustments to its mandate are necessary.

We will continue to follow this development and update clients and friends of the firm as necessary.

Contact

Should you have any specific questions or concerns relating to this recent development, please do not hesitate to be in touch with us.

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This newsletter is intended as general legal information and does not constitute legal advice.

