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LAW FIRM

Arrangements in Relation to the Coronavirus Pandemic Updates for Private Companies and Partnerships – April 1, 2020

As part of the national struggle against the outbreak of the Coronavirus, corporations face a variety of challenges. Following is a summary of some recommendations for the continuation of orderly operations and updates from the Corporations Authority for companies and partnerships. For non-profits and NGOs, see separate specific update.

Corporate Governance

Currently, when corporate institutions cannot be convened, there are several possible solutions:

- Shareholders Meetings:

Generally, a company will hold a meeting of its shareholders every year, no later than fifteen months after the previous annual meeting. If the company's articles of association state that it does not have to convene an annual meeting, it does not have to convene a meeting, except for the purpose of appointing an auditor. In this case, the financial statements should be sent to the shareholders, rather than be presented at the meeting.

The Companies Law permits, in a private company, to hold a shareholders' meeting via any means of communication, enabling all participating shareholders to hear each other at the same time (unless explicitly prohibited by the Company's articles of association). This solution is made possible using both telephone conference calls and video conferencing, such as ZOOM, etc. An invitation must be issued for such a meeting, in accordance with the requirements of the law and the company's articles of association.

In addition, decisions can be made at a Shareholders' meeting, even if no invitations were sent in advance, or without really convening, if agreed to by all the voting shareholders. It is important to emphasize: 100% consent is necessary, and a majority vote is not sufficient.

- Board of Directors Meetings:

The company's board of directors will convene for meetings according to the needs of the company - in a private company at least once a year and in a public company, at least once every 3 months.

The board of directors may also hold meetings by use of any means of communication, which allow all participating directors to hear each other at the same time (unless prohibited by the articles of association). Here too, such an option can be applied using both telephone conference calls and video conferencing.



In a private company, the board of directors may also make decisions, even if no advance notice was sent or without actually convening, if agreed to by all directors who are eligible to participate and vote. The minutes of the meeting must also specify the decision not to convene. Here too, a unanimous decision of all the directors (100%) is required.

Other solutions specifically adapted to the company's articles of association are available (e.g., voting through a ballot if the articles of association allow it, by proxy, postponement, and more).

Electronic Signature

- Many companies have drastically reduced the workforce currently in the workplace, in order to comply with emergency regulations and Ministry of Health guidelines. A large part of the workforce is working remotely.
- Many legal actions, which are usually performed by physical signature, can be done by electronic signature in accordance with Israeli law. Thus, companies can use electronic signatures in order to continue their operations even when the officers and employees are not physically present in the workplace.
- The use of electronic signatures in Israel is regulated by the Electronic Signature Act, 2001.

For a client update on this topic – click [here](#).

Israeli Corporations Authority

- Public reception: In general, no public reception and no frontal services will be provided at any of the Corporations Authority's offices. In urgent cases, after approval by telephone, frontal services can be given while taking precautions. Accordingly, you can use our office to arrange an urgent meeting.
- On March 31, 2020, the Corporations Authority announced that it would no longer allow the deposit of documents in the deposit boxes. As to mail delivery, contact details must be included, including phone number and email address, to which confirmation or other references will be sent, as applicable. It is important to save a copy of the documents sent.
- The response time for handling reports, which were submitted physically (by mail), is likely to exceed the usual timeline (and perhaps by a lot!).

In general, we recommend submitting all documents online. Directors and other representatives may submit some of the reports online even without a smart card, through government identification. We are happy to advise and guide you in this regard.

- At this time, no voluntary liquidation (all stages) and revival of companies will be undertaken, but corporations can be registered or incorporated.
- Annual fee: The Corporations Authority will allow a reduced annual fee, in April as well (even though, according to regulations, the reduced fee applies only until the end of March). At the same time, the Corporations Authority is examining the possibility of making a legislative amendment. Please note – if a legislative amendment is not ultimately passed, the Ministry of Justice will collect the difference between the fees.
- Lien registration through e-mail: As of March 26, 2020, lawyers can submit applications for registration of a lien with the Liens and Mortgages Registrar through e-mail, using a smart card.
- Signing documents in front of a lawyer: The Bar Association has, in some cases, authorized verifying the signing of an affidavit via video conferences, rather than face to face. Regarding reporting



forms and documents that are not affidavits, the Corporations Authority is examining if it may receive documents that have been signed in front of a lawyer in remote meetings, when the signature is required by law, but this has not yet been approved.

- Request to prevent receipt of reports not submitted online: It is possible to request that the Companies Registrar receive updates on certain issues (annual report, transfer of shares, allocation of shares, increase of registered capital, change in composition of the board of directors and change of address), only if the forms have been submitted online by a representative authorized to report, who has been identified using a smart card or government identification, in order to prevent the receipt of reports submitted during public reception. In light of the emergency situation, the Companies Registrar also allows for the submission of such a request by sending a request form signed using a smart card (in PDF-Sign format) through e-mail to onlineonly@justice.gov.il.
- Freezing of collection procedures and declaration of companies violating the law: Until April 26, 2020, the Corporations Authority has frozen all procedures to declare companies as violating the law. In addition, until such time, the Authority will refrain from transferring the debts of the companies to the penalty collection center. Please note: This does not waive the obligation to remedy the violations (filing of an annual report and/or payment of debts) and from the said date, sanctions against companies violating the law will be applied without further notice.

Further updates: the guidelines are updated frequently in accordance with the economic policy and government orders and you can directly receive updates on the various authorities' websites or join the Corporations Authority mailing list. [The Corporations Authority information sheet can be found here.](#)

Please feel free to contact us with any questions or clarifications. Adv. Itamar A. Cohen itamarc@arnon.co.il and Adv. Yuval Shalhevet yuvals@arnon.co.il.

This update is informative only and should not be treated as legal advice or legal opinion.

