

# WORLD SECURITIES LAW REPORT >>>

News and analysis of securities law developments around the world.  
For the latest updates, visit [www.bna.com](http://www.bna.com)

International Information for International Business

VOLUME 0, NUMBER 0 >>> MARCH 2016

Reproduced with permission from World Securities Law Report, 22 WSLR 03. Copyright © 2016 by The Bureau of National Affairs, Inc. (800-372-1033) <http://www.bna.com>

## Israel Broadens Definition Of Accredited Investor

*By Refael Kriman and Ron Shuhatovich*

As part of the Israel Security Authority's measures towards easing some of the existing regulations, the ISA recently published an order (Amendment to the First Addendum to the Securities Law). The amendment significantly liberalizes the definition of "accredited investor" to whom securities may be offered or sold without having to publish a prospectus.

One of the most significant amendments to the law is that, while today, two cumulative qualification criteria must be met in order for an investor to be deemed an "accredited investor," once the amendment comes into effect, such an investor may be deemed as "accredited investor" even if he fulfils only one of the relaxed criteria prescribed in the amendment. Another amendment concerns an offeror's active examination of an accredited investor's fulfilment of the quantitative thresholds prescribed in the amendment. The amendment will come into effect on March 25, 2016.

Following are the differences in the definition of "accredited investor" between what is in effect now and the amended version.

### Original Definition of Accredited Investor.

An individual who fulfils **two** of these criteria and who has issued his prior written consent to be deemed as accredited investor:

1. The aggregate value of cash, deposits, financial assets and securities owned by him exceeds NIS 12 million;
2. The individual possesses expertise and qualifications in the capital market or was employed for at least one year in a professional capacity that required expertise in the capital market;
3. The individual carried out at least 30 transactions on average per quarter during the four quarters before he issued his consent to be deemed an accredited investor.

### Definition as of March 25, 2016.

An individual who fulfils **one** of these criteria:

1. The aggregate value of the liquid assets owned by him exceeds NIS 8 million;
2. Individual income during each of the last two years exceeds NIS 1.2 million, or the height of the income of the family unit of which he is a member exceeds NIS 1.8 million;

3. The aggregate value of the liquid assets owned by the individual exceeds NIS 5 million and his income during each of the last two years exceeds NIS 600 thousand, or the height of the income of the family unit of which he is a member exceeds NIS 900 thousand.

This amendment has far-reaching implications and

opens up business opportunities to those interested in raising capital without having to publish a prospectus.

*Refael Krivan is a partner at Barnea & Co., Tel Aviv. He can be reached at [rkrivan@barlaw.co.il](mailto:rkrivan@barlaw.co.il). Ron Shuhatovich is an associate at Barnea & Co., Tel Aviv. He can be reached at [rshuhatovich@barlaw.co.il](mailto:rshuhatovich@barlaw.co.il).*