



Privacy protection in investment funds

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Amendment 13 to the Privacy Protection Law (in Israel)

On August 14, 2024, Amendment 13 to the Privacy Protection Law was published in the official legislative records. The updated provisions of the law will take effect starting in August 2025.

The amendment broadens the scope of the existing privacy protection law and also establishes new provisions related to legal obligations, enforcement powers, and other data protection subjects.

The law applies to any organization that manages or holds personal information about employees, customers, suppliers, etc. Organizations that do not comply with the law will be exposed to litigation, fines, and reputational damage.

The amendment to the law allows the Privacy Protection Authority to impose heavy fines for violation of the law's provisions and also allows the court to award compensation without proof of damage.

The Privacy Protection Regulations (Provisions regarding information transferred to Israel from the European Economic Area), 2023.

On May 7th, 2023, the Privacy Protection Regulations (Provisions regarding information transferred to Israel from the European Economic Area), 2023 were published in official legislative records, and will come into full effect on January 1st, 2025.

The regulations establish specific provisions implementing EU General Data Protection Regulation (GDPR) standards of data protection for financial institution clients regarding their rights when it comes to their personal information held by the institution. When there is personal information transferred to Israel from the European Economic Area, these provisions significantly expand the existing data protection requirements and relate to obligations on the financial institution such as data deletion, data minimization, accuracy of information, and notification to clients.

Entities that hold information transferred to Israel from the European Economic Area are required to be prepared for compliance with these regulations in order to avoid potential litigation, significant fines, and regulator scrutiny.

Special privacy protection risks for investment funds

What has changed as a result of the regulations, and why is it required to be addressed?



Investment funds must put a high priority on ensuring the security of their customers' personal information, for several reasons:

- The financial information held by mutual funds on their clients is considered to be information of special sensitivity in accordance with the privacy laws, and therefore it requires increased protection.
- Foreign investors, especially European investors may be subject to stricter privacy protection obligations in their country of origin for their clients. Regulators outside of Israel take tougher enforcement measures regarding violations of privacy protection laws. Therefore, a detailed analysis and implementation of mitigating controls is required by the investment fund.
- Investors may demand that investment funds commit to complying with international standards for data protection, and failure to comply may harm the fund's operations or expose it to enforcement actions and penalties.

How can we help?

➤ The privacy protection team at KPMG has extensive knowledge and experience in guiding organizations to ensure that they will be compliant with privacy protection regulations.

➤ In order to prepare your organization for these new and complex regulatory requirements, we offer the following services:

- Conducting a Privacy '**Health Check**' survey to assess the organization's gaps in complying with the regulations, as well as identifying any and all foreign law compliance obligations.
- Preparing a work plan to close the gaps and ensure compliance with requirements.
- Assisting in closing the gaps, including:
 - Mapping different types of personal information and managing databases, including registration/notification to the Privacy Protection Authority
 - Updating database definition documents
 - Operational testing of systems from third party external service providers, conducting risk assessments of data management and reviewing agreements for compliance with current regulations
 - Guidance in implementing data minimization requirements
 - Preparing policies and procedures for executing the personal information protection strategy.
 - Assisting with the appointment of a privacy protection supervisor or providing DPO as a service
 - Conducting SOC and Assurance reviews for compliance with technology regulation requirements
 - Training organization employees, and more

The KPMG Privacy Protection Team



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Thank You

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