

**Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE**

Annual Report on Competition Policy Developments in Israel

-- 2019 --

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Israel'

1. Introduction

1. This report provides highlights of recent developments in Israel's competition law and policy for the period of January 2019 through December 2019. It also provides an overview of some of the main enforcement activities of the Israel Competition Authority (also – the "ICA") regarding the Economic Competition Law -1988 (previously titled the Restrictive Trade Practices Act, 1988) (the "Competition Law" or the "Economic Competition Law") for that time period.

Box 1.

The ICA is an independent government agency, established in 1994. Its mandate includes enforcement against anticompetitive restrictive arrangements and monopolies abusing their dominant position, merger control, regulation of collectively dominant firms, as well as market research and competition advocacy roles. The ICA has the power to prosecute criminal cases and its Director General can impose administrative fines upon certain violations of the Competition Law. A Competition Tribunal, residing within the District Court of Jerusalem, has exclusive jurisdiction over non-criminal regulatory antitrust proceedings. The District Court of Jerusalem has exclusive jurisdiction over criminal antitrust matters². Both criminal and civil antitrust rulings are subject to appeal before the Supreme Court of Israel. In addition, the ICA's mandate includes enforcement of the Law for Promotion of Competition and Reduction of Concentration 5774-2013 (the "Concentration Law"), the Law for the Promotion of Competition in the Food Sector, 5775-2014 (the "Food Law") and the Law for Fuel Industry Law (advancement of Competition) – 1994.

2. The ICA is continuing its' strive to assume a pivotal role in making Israel's markets more competitive. In recent years, there has been a shift in the ICA's mission and purpose. From focusing almost solely on the enforcement of the Competition Law, to prevent and eliminate anticompetitive practices by businesses, the ICA has increasingly focused on promoting pro-competitive policies and regulation.

3. 2019 has been a unique year in the Israeli competition arena. It was opened with a substantive reform to the Restrictive Trade Practices Law – 1988, now titled the Competition Law, which was enacted on 1 January 2019. The reform includes amendments presenting a more lenient approach to notifying mergers such as increasing the turnover threshold of filing; it shortens the timetables to review of requests for an exemption of

¹ Disclaimer: The information included in the Annual Report on Competition Policy Developments in Israel is published for informational purposes only. It does not constitute legal advice and does not derogate in any way from any official document.

² According to a temporary order (currently extended until March 2021), excluding pending cases, criminal antitrust matters shall be deliberated before the Central District Court of Lod.

restrictive arrangements; and broadens the self-assessment regime. In parallel, the reform strengthens the powers of the ICA *inter alia* in two substantive aspects: the definition of a Monopoly has been broadened to include any corporation with substantial market power, *in addition* to the previous definition based on a market share greater than 50 per cent; and the maximum administrative fine which the General Director is authorized to impose on corporations has increased from NIS 24 million, to a maximum administrative fine of NIS 100 million.

4. In practice, the ICA and the Israeli public, gained an advanced legislative framework, marking – in some senses – a new era for competition regime in Israel. Accordingly, 2019 was characterized by the implementation of the reform: the amendments are now an inseparable and acceptable part of Israel competition regime. Some fruits of the reform can already be witnessed: the discourse on monopolies is shifting from a discourse on market shares, to that of the phenomena of market power; enforcement proceedings which will be subject to stricter criminal and administrative sanctions are in progress; and less mergers are being pre-notified.

5. It was also a record year for the scope of actual imprisonment sentences imposed by Israeli courts on individuals in cartel cases – 13 months in total; it was also a record year in the amount of administrative fines imposed by the ICA. Notwithstanding that in 2019 Israel had no parliamentary activity (due to pending elections), the ICA continued to vigorously advance legislative processes in major sectors of the economy such as energy, transportation, finances and communications. The ICA also continued to advise various state ministries on many matters including reforms and regulations that may affect competition. These advisory initiatives included guiding government agencies on designing bids in the best competitive way and intervening in cases where regulation may pose harm to competition.

6. Notably, during 2019 and going forward, the ICA has put forth, as one of its first priorities, the issue of the digital economy – which brings forth a new set of challenges for competition authorities worldwide, Israel being no exception. Facing such challenges requires an open and original state of mind with reference to the economic assessment of competition and the legal boundaries in the worlds of digital economy. To this end, the ICA has established an internal team, which is intended to allow the ICA to face the challenges of the digital economy. In addition, an inter-governmental team was formed – of competition, privacy and consumer protection regulators, in the attempt to establish and set forth policy in these fields.

7. Finally, at the time of writing this report, a worldwide economic crisis, which has not been seen for many years, is developing. This crisis, will present significant challenges to competition authorities. Accordingly, without derogating from all its intensive work, and initiatives of 2019 and going forward, the ICA will undoubtedly face, the need to bring forth competition to assist Israel to overcome the economic challenges which it currently faces.

2. Main changes to competition laws and policies

2.1. Summary of new legal provisions of competition law and related legislation

8. On 1 January 2019 a substantial reform to the Restrictive Trade Practices Law – 1988, now titled the Competition Law, was enacted. Among the key amendments enacted, are the following:

- Broadening the definition of a ‘monopoly’, which prior to the amendment included only entities with a market share of over 50 per cent, to include, in addition, any entity with substantial market power, even if its market share is below 50 per cent;
- Raising the turnover threshold for merger notification, from NIS 150 million to NIS 360 million, and providing the Director General with the authority to extend the previously set 30 days review period for mergers, by up to 120 days;
- Shortening the statutory review period of applications for an exemption for a restrictive arrangement, from 90 days to 30 days;
- Increasing the maximum administrative fines applicable under the General Director's Authority on a corporation, from NIS 24 million, to NIS 100 million;
- Amending the maximum criminal sanctions on restrictive arrangements; and
- Amending relevant titles, including the title of the Authority, to the Israel Competition Authority, and similarly the title of the law, to the Economic Competition Law.

9. In addition, in 2019, the ICA renewed and amended the Block Exemption for Marketing and Supply of Security Equipment in Foreign Countries. In addition, during 2019, notwithstanding that there was no parliamentary activity during 2019 due to a pending election, the Israel Competition Authority was involved in 11 pending legislation proceedings, including in the financial, transportation, and energy sectors.

2.2. Other relevant measures including new guidelines

- *New merger regulation published for public hearing* - In July 2019, the ICA published for public hearing, a draft of an amendment to the merger regulations. The proposed amendment seeks to raise the reporting threshold for mergers, in a manner that the Director General’s consent to a merger will only be required if the minimum annual turnover of each of the two merging companies exceeds NIS 20 million (and subject to requirement set forth under the law, according to which the joint turnover of the merging companies exceeds NIS 360 million). The draft also seeks to replace the current notifications forms – abbreviated and full – with a unified form, intended to include the complete extent of information required to assess the influence of a merger on competition. The requested amendment supplements the reform in the Competition Law, which is intended, *inter alia*, to streamline and focus the processes for examining mergers in the Competition Authority.
- In June 2019, the ICA published Guidelines 1/19 on collaborative decisions made by institutional investors in their capacity as shareholders in a corporation. The guidelines define rules for collaboration between institutional investors in voting in the general assembly. The need for guidelines arose following addresses made to

the ICA over the years, by institutional investors, who requested to collaborate in voting in general assemblies, but were concerned that such collaborations may be considered as a restrictive arrangement. Collaborations between institutional investors may streamline the ability to supervise the management of a corporation, by granting institutional entities with more significant influence on the conduct of a corporation (as opposed to when acting separately and independently). The guidelines provide certainty to the institutional entities and set forth the criteria under which collaboration in voting in general assemblies, will not be considered as restrictive arrangement.

- In December 2019, and following the above, the ICA published additional Guidelines 3/19 concerning collaborations between institutional investors not in the area of competition. These Guidelines specify the conditions under which collaborations between creditors prior to a debt settlements, will not be considered a restrictive arrangement.
- In July 2019, the ICA published Guidelines 2/19 regarding its method for examining significant market power. These guidelines followed the reform to the Economic Competition Law which, as described above, broadened the definition of a 'monopoly' to include any entity with substantial market power. The guidelines explain that significant market power refers to the ability to set terms of supply or purchase inferior to those that would pertain in a competitive market. A party enjoys significant market power when it does not have competitive restraints - in other words, it can act without significant concern from the anticipated reaction of customers or other suppliers. The guidelines set out a number of parameters relevant for examining market power. The guidelines emphasize that price alone is not sufficient to determine market power and that there is no prohibition against holding market power but only against abusing it in violation of the law.
- In October 2019, the ICA published an amendment to guidelines 3/14 concerning trade associations and their activity in aspects relating to competition law. The amendment followed developments in competition law concerning trade association, in case law and in decision granted by the General Director, as well as comments submitted to the ICA by trade associations and concerning the latter. The amendment includes updates and changes to the 2014 guidelines, including: rules pertaining to gathering information by trade associations; the issue of competition for employees; clarification on the conduct of trade associations in public processes, legal proceedings, and pricing procedures.
- In November 2019, the ICA published an amendment to guidelines 1/16 on the General Director's considerations in setting the amount of an administrative fine. As mentioned above, in the reform to the Economic Competition Law, the maximum amount of administrative fines was increased, for large corporations. The amendment to guideline 1/16 adjusts both the manner of calculation of the amount of administrative fines which may be imposed, as well as the General Director's considerations in imposing it. The following are the two main amendments to the calculation: First, changing the starting point for the maximum calculation to begin from 8% of the turnover, with reference to which decreases in the fine will be considered; Second, the guidelines allow to exclude certain incomes – which are included in the turnover of the relevant corporation, but which originate in products or services that do not relate to the relevant area of activity of the violation, and are not influenced by it – from the turnover regarding which the fine is calculated. The

guidelines also include additional consideration which were not previously included, and set forth their influence on the amount of fine, such as: the severity of the violation in the case of a naked restrictive arrangement, as well as the extent of consideration granted to legal advice furnished to a violator. In addition, the guidelines sets forth a separate mechanism for setting the amount of a fine with reference to violations of the type of failure to respond to information requests furnished by the General Director.

- Lastly, in September 2019, the Committee for Reduction of Concentration published draft guidelines, about the interpretation of the terms "Determining Sales Turnover" and "Determining Credit" in the Concentration Law. The statement examines which elements are required to be included in the calculation of the Determining Sales Turnover and the Determining Credit relevant for determining the "Substantial Real Corporation" list and "Concentrated Entities" list (which impose the wide economy examination of the law). The goal is to examine whether the sales and credit turnover of a corporation in Israel, exceeds the threshold that defines it as a Substantial Real Corporation (approx. NIS 6 Billion), and will be included in the lists. Inclusion of a corporation in the Substantial Real Corporations list will impose the duty of separation between Substantial Real Corporations and Substantial Financial Bodies. Inclusion of an entity in the list of Concentrated Entities requires a regulator who seeks to allocate rights of an included entity, to consider wide-economy concentration consideration regarding the allocation and to consult the Committee for Reduction of Concentration.
- During 2019, the Committee for the Reduction of Concentration published the methodology for evaluating the economy-wide concentration phenomenon. The methodology serves as a guideline for the Committee, while consulting regulators. It has two goals. first, that the committee advises in a way consistent with the purpose of the Concentration Law – reducing economy-wide concentration and its negative effects, while allowing the allocation of rights to concentrated entities when they may benefit the industry and economy; and Second, to increase certainty and transparency regarding the considerations of the Committee, required by administrative law. The methodology will benefit the regulators when considering economy-wide concentration as required by the Concentration Law, as well as business companies in planning their business conduct. The methodology includes: (A) An examination of the term "economy-wide concentration"; (B) Parameters for measuring the bargaining power and influence of "concentrated entities"; (C) Guidelines to evaluate allocations and the effects of allowing allocations to concerned entities; (D) An examination of a balance between concerns of harming consumers' welfare and increasing economy-wide concentration.

3. Enforcement of competition laws and policies.

3.1. Actions against anticompetitive practices, including restrictive arrangements and abuses of dominant positions

10. Severe violations of the Competition Law may be subject to criminal prosecution that may result in fines and prison sentences. Liability may be imposed on a corporation and its executives. The administrative remedies for infringements of the Competition Law include administrative fines, consent decrees, injunctions and court orders granted by the

Competition Tribunal. The Director General has the power to declare a certain conduct as *prima facie* illegal, to issue rules of conduct to monopolies, to concentration groups (collectively dominant groups), and against exclusive importers in order to limit them from preventing competition originating in parallel import, based on their market dominance.

11. Engagement in a restrictive arrangement without prior authorization of the Competition Tribunal is prohibited, unless the arrangement was specifically exempted by the Director General or is covered by a block exemption. In addition, certain arrangements fall under statutory exemptions, e.g., restraints imposed under law, arrangements concerning agricultural produce (subject to certain conditions), and restraints that stem from intellectual property licensing (under certain conditions).

Box 2.

The Competition Law defines a “**restrictive arrangement**” broadly as an arrangement made between two or more persons conducting business that limits at least one party to the arrangement in a manner that may prevent or reduce the competition. The Competition Law also provides a list of arrangements which are deemed as restrictive arrangements, in particular, an arrangement involving a restraint relating to one of the following issues: the price to be demanded offered or paid; the profit to be obtained; division of all or part of the market; the quantity, quality or type of assets or services provided. According to the Supreme Court's decision in the Shufersal case (issued during 2015) the irrefutable presumption that arrangements in this list are indeed restrictive arrangements applies only to horizontal arrangements, and not to vertical ones.

The Competition Law stipulates that a “**monopolist**” is any of the following: 1) A person whose share of the total supply of assets or the total acquisition thereof, or the total provision of services or the total purchase thereof, is more than half; 2) A person who holds substantial market power with regard to supply of assets or purchase thereof or with regard to the total provision of services or purchase thereof;

The Competition Law defines firms as “**Concentration Group**” when a small group of firms collectively possesses more than half of the total supply or acquisition of an asset, or more than half of the total provision or acquisition of a service, if the following two conditions are met: (1) there is little competition between firms, or there are conditions for little competition; and (2) provisions issued by the Director General may prevent harm or a probable substantial harm to the public or to competition, or may substantially enhance competition or create conditions for considerable enhancement of competition. Conditions for little competition can include, *inter alia*, barriers to entry, combined with two or more of the following conditions: switching costs, cross ownership or joint ownership among competitors, symmetric market shares, similarity of products or services, a large number of customers or suppliers and transparency of the main terms of trade among the group's members.

3.1.1. Restrictive Arrangements

12. During 2019, 17 requests for specific exemptions from the obligations to receive the approval of the Competition Tribunal for restrictive arrangements were filed to the General Director. In terms of decisions, 9 requests were granted (without conditions); 3

were not granted; 3 were granted subject to a behavioral condition; 1 was withdrawn prior to objection. The following is a summary of a few cases reviewed by the ICA:

- *Objection to Grant an Exemption: cooperation between search and production of Natural Gas Assets* – In July 2019, the Director General decided not to grant an exemption to the proposed collaboration between Delek Drilling, Limited Partnership; Ratio Oil Explorations (1992), Limited Partnership; Edison International SpA; and Israel Opportunity - Energy Resources, Limited Partnership – for the search, production and marketing (if found) of natural gas in the area of Roe/399 license in the Mediterranean Sea. According to public information, the chances amount to 36%,; the quantity to BCM100. Delek Drilling requested to join the existing partnership, of the other three corporations. However, these three, compete in the search, development, production and marketing of natural gas assets. Moreover, Delek Drilling is declared as a monopoly in the supply of natural gas that did not undergo a liquefying process in Israel. In addition, Delek Drilling, and Ratio Oil Explorations currently have holdings in the Leviathan reservoir (45% and 15%, respectively), which has the largest reserves in Israel, and is expected to remain active for years ahead. As opposed to the latter, the other gas reservoirs in Israel, are smaller, and have less available reserves. ICA's examination found that the gas which would be found in the area of Roe/399 may cause competitive pressure on the Leviathan reservoir, and thus a decrease in prices. If the arrangement was approved, competition may be harmed, and thus it is not fit to be exempt.
- *Approval Subject to Conditions of the Acquisition of the EMG Natural Gas Pipeline by Delek and Nobel Energy* – In July 2019, the Director General approved an acquisition of part of the gas pipeline between Israel and Egypt by Delek Group and Noble Energy, subject to conditions according to which the Leviathan and Tamar gas reservoirs, would commit to allowing a natural gas SWAP transaction, and the owners of the gas pipeline, would commit to allow open access of natural gas, to other reservoirs. Furthermore, the parties shall bring forth before the Director General, the operation agreement of the pipeline, in 10 years, for re-examination. EMG (owned by EMG (East Mediterranean Gas)) is the owner of a Natural Gas pipeline, which connects Egypt and Israel. Since 2012, the pipeline is not in use, due to security events which led to explosions in several sites. Delek, Nobel Energy and an Egyptian owned corporation, requested to acquire 39% of EMG, and to receive operating rights of the pipeline for 10 years, and an option to extend the agreement by an additional 10 years. The acquisition of the pipeline is intended to allow for regular delivery of natural gas, from Leviathan and Tamar, to Egypt, in the framework of agreements signed by the owners of the reservoirs with customers in Egypt. After examination, the Director General decided to apply conditions on her approval of the transaction, which will insure that import of natural gas from Egypt, in the future, will not be blocked, and that other Israeli reservoirs (not owned by Delek and Noble Energy) would be able to export gas to Egypt through the pipelines. An appeal on the decision is currently pending.
- *Summary dismissal of an appeal on the General Director's decision: Daily credit card settlement* – On 25 April 2018, the ICA announced the implementation of a key recommendation of the Committee to Increase Competition in Common Banking and Financial Services– a transition to a daily credit card settlement scheme, and a series of additional provisions pertaining to payment cards. As of 1 July 2021, issuers of payment cards will be obligated to transfer payments to

acquirers within one day of the transaction execution date, and not once a month, which had been the current payment scheme. The delayed transfer of payments is set forth in a cross-settlement arrangement between the credit card companies – this is a settling scheme unique to Israel which differs the date on which the payment may be transferred from the acquirer to merchants, thereby compelling the merchants to bear the credit cost, instead of the credit card companies. This excessive cost is rolled onto the consumer prices.

13. Following the ICA's decision to require a transition to a daily credit card settlement scheme, an appeal was filed by Gama Personal Direct Financing Ltd. ("Gamma") which *inter alia* engages in discounting credit card transactions (buying the transactions that merchants were due to be paid by the acquirer at the end of the month in return for immediate payment, subject to a fee). The Tribunal summarily dismissed the appeal, finding that Gamma did not present a sufficient argument to show an antitrust injury that would grant it with a right of appeal; and also, on the grounds that there is no right according to Israeli law, to appeal the General Directors decision to reject a request for an exemption.

Box 3.

As part of the reform to the Competition Law of 2019, changes to the supervisory regime were set in motion. Beginning prior to the reform, the Competition Authority began a process of focusing and enhancing its enforcement activity. In this context, in November 2018 revisions to the block exemption regulations came into effect that significantly and gradually expanded the self-assessment regime. The implementation of these revised rules reduced the Authority's involvement in certifying transactions that are not mergers.

In 2013 the Antitrust Rules (Block Exemption for Non-horizontal Arrangements That Do Not Include Certain Price Restrictions) (temporary order) – 5773-2013 were amended. This Block Exemption, which concerns vertical arrangements, is based on a substantive examination of the competitive impact of the arrangement instead of relying on safe-harbors. Accordingly, restrictive arrangements of the types covered by this Block Exemption do not require prior exemptions from the Director General, if they meet the following two cumulative requirements: (a) The arrangement is not "naked"; i.e., it is not aimed at harming competition or preventing it, and it does not include restraints which are not necessary to fulfil its purpose; and (b) The arrangement will not result in significant harm to competition. The same rationale applies in the Antitrust Rules (Block Exemption for Operational Arrangements Dealing with International Maritime Transport) (temporary order) –5773-2012; the Antitrust Rules (Block Exemption for Arrangements between Air Carriers concerning the marketing of flight capacity to destinations subject to open skies certificates) 5773-2012; and the Antitrust Rules (Block Exemption for Arrangements concerning the export of security equipment outside the State of Israel) 5777-2017.

In November 2018, the ICA revised the Antitrust Rules (Block Exemption for Joint Ventures) (temporary order) 5766– 2006, the Antitrust Rules (Block Exemption for Restraints Ancillary to Mergers) 5769-2009; and the Antitrust Rules (Block Exemption for Arrangements between Air Carriers) (No.2) -5774-2013. These amendments implemented the same self-assessment examination mentioned above, and seek to further expand the self-assessment regime concerning restrictive arrangements, and enable parties to apply these Block Exemptions even if such parties exceed relevant market share boundaries, as specified therein.

The ICA is currently in the process of analysing the extension of these Block Exemptions - some of which will expire during 2021, taking into consideration, among others, an examination of their implementation during the past few years.

3.1.2. Anticompetitive Practices - Description of Significant cases:

14. The ICA devotes extensive efforts and resources to enforcement against anticompetitive practices in a wide range of industries. The following are a few examples of enforcement activities which took place in 2019:

- *Rules of conduct to a direct importer – S.Schestowitz Ltd.*- In March 2019, the General Director imposed a rule of conduct on S.Schestowitz Ltd. ("Schestowitz"), according to Section 31(a) to the Competition Law. According to the rule of conduct, Schestowitz, will not provide information to the global corporation, Collgate-Palmolive, on the presence of tooth paste, from parallel import, in Israel. This decision was granted after an examination conducted by the ICA found that according to Collgate-Palmolive directions, a procedure sent by it, Schestowitz reports to Collgate-Palmolive concerning its products imported to Israel through parallel import, including – tooth paste sold in Israel under the Collage brand. The presence of the procedure and the reports according to it, raised the concern of a significant harm to parallel import of tooth paste. This is the first time that the General Director used its authority to imposed rules of conduct on a direct importer. In April 2019, Schestowitz filed its objection to the General Director's decision. In August 2019, Schestowitz requested to suspend the decision for the interim period, the Tribunal narrowed down the rules of conduct in manner which allows Schestowitz to receive competitive value offers from Collgate during the interim period, subject to criteria and limitations set forth by the Tribunal – but decided to leave the rules of conduct in place
- *Consent Decree – Huliot* – In April 2019, the Competition Tribunal, approved a consent decree between the Director General and Huliot and an executive in the company. Huliot manufactures, among other things, piping products for home sewage removal. Huliot specializes in the production and marketing of residential piping products, including silent sewage pipes made out of polypropylene. After one of the major retailers buying from Huliot began purchasing silent polypropylene sewage pipes from a new competitor of Huliot, Huliot ceased from selling its products to that customer. Huliot also discontinued the discounts received by another major retailer, who began purchasing these products from the new competitor. The Director General was concerned that this step was intended to deliver a message to the retailers not to purchase the competing products and would thus hinder the ability of a competitor to enter the market. According to the consent decree, Huliot and the executive, admit to the violation of Section 29A of the Competition Law. Following this, Huliot payed the State Treasury NIS 2.5 million, and the executive payed NIS 95,000.
- *Administrative Fines – Bezeq* – On 4 September 2019, the General Director imposed an administrative fine of NIS 30 million on Israel's largest telecommunications group, Bezeq, for abuse of dominance in the telecommunications infrastructure market. The General Director also imposed a

fine of NIS 500,000, on a Bezeq senior official which was found to be aware of the company's policy and did not prevent the violations even though it was within its authority to do so.

15. The General Director fined Bezeq for blocking competitors from using its telecoms infrastructure. Bezeq prevented rivals from setting up their wired communications networks within its infrastructure and set conditions for competitors that wanted to use its physical infrastructure. In two violations, Bezeq blocked competitors seeking to deploy a fixed-line communications network in Bezeq's physical infrastructure: First, Bezeq blocked its competitors' passage to the end segments connecting the street infrastructure to the buildings of the end consumers (the building access segments), which are needed in order to reach the consumers' houses. Second, Bezeq refused to use the fiber threading method requested by its competitors interested in deploying a communications network and demanded that the fiber cables, which contain tens and even hundreds of optic fibers, be fully cut and reconnected at each junction on their way to their target destination, the customer's home. This demand to cut the fibers meant imposing significant and unnecessary costs on the competing companies, creating engineering failure points in the network. Thus, harming its integrity as well as artificially extending the network deployment work, which leads to extending its installation time. As a result of Bezeq's demand, its competitors avoided deploying fiber optic cables in their physical communications network. As a result from Bezeq conducts, the public was denied the opportunity to enjoy the development of competition. An appeal is pending on the General Director's decision.

- *Administrative Fines Bezeq – Failure to Provide Complete Information* – In September 2019, the General Director informed of her intention to impose an additional fine in the sum of NIS 8 million subject to a hearing, after Bezeq provided the General Director with alleged wrong information, concerning the methods of fiber threading which it uses. Following a hearing conducted to the company in 13 May 2020, the Director General Published for public comments, a consent decree reached with Bezeq. According to the consent decree Bezeq admits to failure to provide complete information in its report, and agrees to pay NIS 4.2 million to the state treasury.
- *Administrative Fines – Coca Cola* – In December 2019 the General Director imposed an administrative fine of approximately NIS 39 million on Israel's local bottler of Coca Cola products for a variety of monopoly offenses, including abuse of dominant position, unreasonable refusal to deal and the violation of various orders and instructions previously issued to the company. The violations relate to conditional discounting, limiting the placement of competing products in refrigerators supplied by the company, and reaching agreements with customers on the removal of refrigerators supplied by the company's competitors, exclusivity agreements and actions taken to discourage retailers from carrying parallel imports of Coca Cola products. The company's administrative appeal before the Competition Tribunal is currently pending.

3.1.3. Overall statistics regarding administrative fines:

16. During 2019, in the two cases referenced above, the Coca-cola case, and the Bezeq abuse of dominance case (both pending appeals to the Tribunal, as referenced above), the General Director imposed a total amount of fines of NIS 69,500,000.

17. In addition, the Competition Tribunal approved 3 consent decrees (one of which was for gun jumping, and another **for** failure to comply with a condition imposed in a decision to exempt a restrictive arrangement). The overall fines in these decrees amount to the sum of approximately NIS 3 million.

18. The ICA imposed final administrative fines in the sum of approximately NIS 60,000 (for violations of the Food Law).

3.2. Mergers and Acquisitions

3.2.1. Statistics Concerning mergers notified and/or controlled under competition laws

19. Merger review constitutes an important part of the ICA's mission to prevent the formation of market power that is detrimental to competition.

Box 4.

Mergers that cross certain thresholds must obtain the approval of the Director General before the execution of the transaction. Merging parties must submit a merger notification in the event that at least one of the following conditions are met:

1. As a result of the merger, the share of the merging companies in the relevant market exceeds 50 per cent;
2. The joint sales volume of the merging companies according to their balance sheets for the year preceding the merger exceeds NIS 360 million and the turnover of at least two of the merging parties was not lower, in the same period, than NIS 10 million³.

One of the merging companies' share of the total supply or acquisition of an asset, or the total provision or acquisition of a service, exceeds 50 per cent.

20. The Director General is authorized to block a merger or approve it subject to conditions, if the merger raises a reasonable concern of substantial harm to competition or reasonable concern of harm to consumers. The Director General's decision is subject to an appeal to the Competition Tribunal. The Competition Law, sets forth a review period of 30 days, during which the Director General is required to reach a decision on the merger; the Director General, may extend the 30 days period by up to an 60 additional days (as set forth under the Competition Law), and an additional 60 days (**consultation** with the Exemptions and Mergers Committee);

³ In February 2019, the ICA published draft merger regulations, for public comments, seeking to raise the reporting threshold for mergers, so that the Director General's consent to a merger will only be required if the minimum annual turnover of each of the two merging companies exceeds NIS 20 million. Following this draft, in November 2019, the General Director also notified that in mergers where the obligation to report derives from the sales turnover of the parties involved, the Director General of the Competition Authority will consider exempting the parties to the merger if their sales turnover does not exceed 20 million shekels – based on individual applications by the parties.

If the ICA does not provide its decision within the prescribed time period, the merger is deemed to be compatible with the Competition Law.

21. In 2019, a total number of 220 mergers were submitted for review; The ICA did not object to any mergers during 2019; 3 mergers were approved subject to remedies; and one merger was withdrawn by the parties in view of concerns raised by the ICA to the parties; The following table describes the type of decisions in merger filings since 2001:

Table 1.

	Decisions	Approved	Conditioned	Blocked
2001	112	79%	18%	3%
2002	127	80%	16%	4%
2003	104	79%	18%	3%
2004	125	91%	9%	0%
2005	194	85%	14%	1%
2006	219	88%	10.5%	1.5%
2007	237	90.3%	9.3%	0.4%
2008	181	93%	7%	0%
2009	157	91%	8.3%	0.6%
2010	160	93%	6%	1%
2011	191	97%	2.6%	0.5%
2012	136	92.4%	4.6%	3%
2013	161	94.4%	4.4%	1.2%
2014	146	96.6%	2.7%	0.7%
2015	159	99.4%	0.6%	0%
2016	191	95.3%	1.6%	2.1%
2017	159	97.5%	2.5%	0%
2018	187	97.3%	0.5%	2.2%
2019	204	98%	1.5%	0%

3.2.2. Summary of Significant Merger Cases

22. The following is a summary of a few significant merger cases that were reviewed by the ICA during the period covered by this report:

- *Approval subject to conditions - merger between Discount Bank and Dexia Israel Bank Ltd.* – In May 2019 and following an extensive examination, the General Director approved the merger between *Discount* Bank and *Dexia Israel* Bank, subject to conditions that require the sale of part of the municipal credit portfolio of the merging parties to an entity, unrelated to either party, which will be approved by the General Director, and has the proven intent and ability to continue acting in granting credit to all types of municipal authorities. The conditions require the sale prior to consummation of the merger, in a fix it first manner. The condition, is expected to bring about a new player to the field of activity of credit to municipal authorities. Thus, the merger would not cause a loss in a competitor with reference to such municipal authorities. Following the decision, the General Director approved an acquirer and the merger was implemented. An appeal on the decision was summarily dismissed by the Tribunal; an appeal is currently pending before the Supreme Court.

- *Appeal on the merger between Bank Mizrahi-Tefahot and Bank Igud* – On 30 May 2018, the acting General Director announced his objection to a proposed merger between Bank Mizrahi-Tefahot and Bank Igud, after finding that the merger is likely to significantly harm competition and the public in the retail banking sector, and the market for issuing credit to the diamonds sector. The appeal on this decision was deliberated during 2019. As part of this appeal, during 2019, an appeal on a request to review the case file was also filed. Third parties, materials of which were among the case file documents, objected; and filed an appeal to the Supreme Court on the Tribunal's decision that the documents will be discovered in a limited format (data room at ICA offices). After deliberation before the Supreme Court, the third parties withdrew their appeal.

23. In November 2019, the Tribunal furnished its ruling, accepting the appeal and cancelling the ICA's Decision to block the merger. The Tribunal ruled that despite the thorough and broad examination made by the acting General Director, which was based on extensive data, the position according to which the merger raises reasonable concern of significant harm to competition – cannot stand. In its ruling, the Tribunal stated that retail banking in Israel is characterized by switching barriers, and that there is a basis for the distinction made by the General Director between captive and non-captive customers. However it set forth that a sufficient basis for the market definition of non-captive customers – was not provided. In addition, the Tribunal criticized the switching examination made by the acting General Director, and ruled that it raises difficulties in the conceptual, implementation and methodological levels. As regard the competitive concerns from the merger, the Tribunal ruled that Bank Igud is not a competitive restraint on exercising market power. Finally, the Tribunal returned two subjects, to the ICA: First, the credit to the diamonds sector, regarding which the Tribunal set forth that there is basis for the acting General Director's determination of a reasonable likelihood of harm to competition in this sector. Thus, the matter was returned to the General Director to examine the question whether the concern may be relieved subject conditions. The second matter, is changing the directive of the Supervision on Banks concerning the capital requirements of large banks, which was not finalized in the decision and the appeals and thus also returned to the General Director for a complementary decision. In January 2020 the General Director granted her decision on both these matters, setting forth conditions to the merger according to which the merger is subject to the sale of the credit to the diamonds sector activity of one of the banks, as well as raising the total assets threshold for stricter capital requirements, in the Supervision on Banks Directive.

- *Merger between Cellecom - IFF and IBC* – In July 2019, the General Director approved a merger between Cellcom Israel Ltd ("Cellcom"), and Israel Infrastructure Fund ("IFF") and Israel Broadband Company (2013) ("IBC"). IBC was founded in 2013 as a joint venture of the Israel Electricity Company ("IEC") and other corporations to provide communication infrastructure on fiber optics. IBC's deployment of fiber is conducted upon the electricity infrastructure IEC. Deployment of advanced communication fiber technology, is important to advancing competition and innovation in the infrastructure segment, and would allow for advanced communication services to end customers. However, throughout the years of its activity, IBC deployed fiber infrastructure in a narrow scope, following which the extent of customers using its services is negligible.

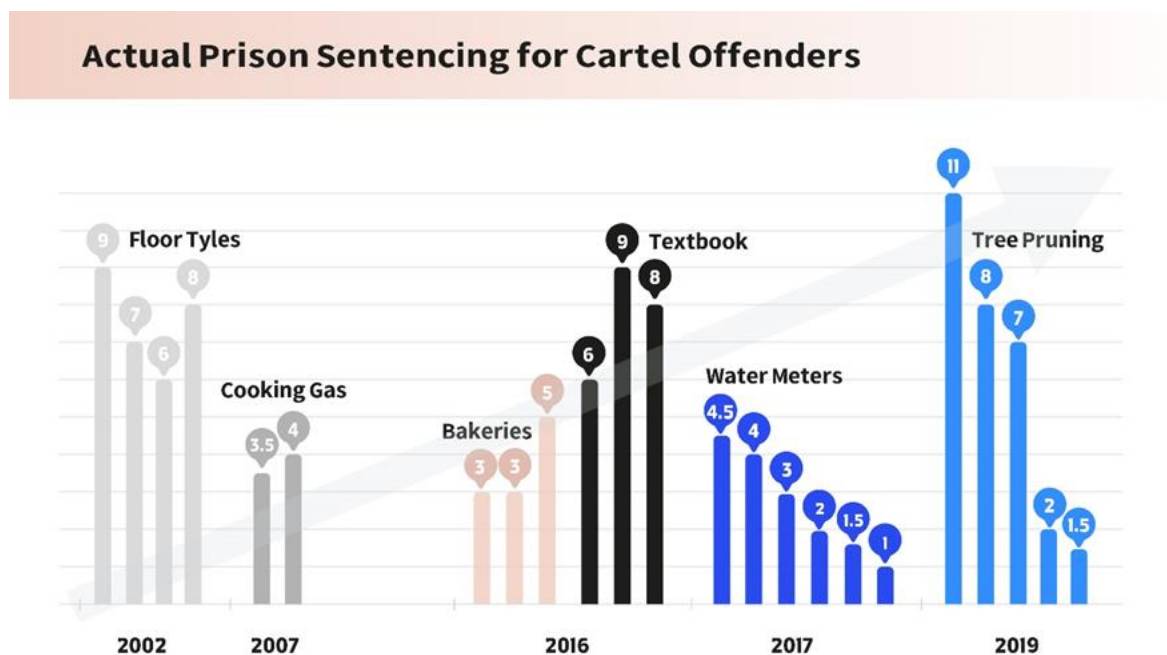
24. The General Director's decision to approve the merger is based on the "failing firm" doctrine, despite competitive concerns raised by the merger. According to the ICA's findings, absent the merger IBC may very likely exit the market. Examining IBC's entire

data, including its financial status, pointed to a reasonable doubt as to its ability to continue to remain active absent the merger. In addition, the accumulation of circumstances examined brought the General Director to the conclusion that there is no available alternative buyer, who's acquisition of IBC would bring about less harm to competition. The examination further showed that absent the merger there is a reasonable doubt that in the next few years no use will be made in the passive IEC infrastructure for deployment of active communication infrastructure. Such scenario is less favorable from a competitive point of view compared to the merger, since through the acquisition of IBC, Cellcom could broaden its active infrastructure quickly and extensively, and compete with the existing competitors' active infrastructure. In addition, broad entrance by Cellcom could create competitive tension between the owners of the existing active infrastructures, and encourage Bezeq to "activate" its fiber network.

3.3. Summary of Criminal Investigations and Cases

25. The following is data on actual prison sentencing for cartel offenders, as imposed, throughout recent years⁴, followed by a summary of a significant criminal investigations and cases, from 2019:

Figure 1.



- *The Gas Cartel* – Following hearings in April and May 2019, and in December 2019, on February 2020 an indictment was filed against gas suppliers Amisragas

⁴ For further information, see also written contribution from Israel submitted for Item 1 of the 131st OECD Working Party 3 meeting on 9 June 2020 (Roundtable on Criminalization of Cartels and Bid Rigging Conspiracies). [https://one.oecd.org/document/DAF/COMP/WP3/WD\(2020\)7/en/pdf](https://one.oecd.org/document/DAF/COMP/WP3/WD(2020)7/en/pdf).

and Pazgas and executives in them, for market allocation in the supply of natural gas to home consumers in a city in Israel (Beer Sheva). According to the indictment, the defendants were party to an arrangement according to which, *inter alia* Amisragas will not compete with Pazgas over home consumers in Beer Sheva. The background to the arrangement, is the lack of transfer of home customers between the main companies active in Beer Sheva – Amisragas and Pazgas – which together supply over 85% of the gas supplied through an accumulator to home customers in Beer Sheva. The arrangement was formed in light of intensified competitive actions taken by another gas supplier, Kolbogas, which during 2016 approached home customers of Amisragas and Pazgas in Beer Sheva and offered lower prices. On this backdrop, the defendants exchanged information on actions they intend to take against Kolbogas. In this framework a non-competition arrangement was formed between Amisragas and Pazgas with reference to existing customers in Beer Sheva.

- *The Tree-Pruning Cartel – Supreme Court ruling* – On 15 January 2020, the Supreme Court handed down its ruling in the Tree Pruning Cartel appeals. The Supreme Court affirmed the defendants' convictions for bid-rigging, fraud and (in some cases) money-laundering. The Court also affirmed the defendants' sentences, including prison sentences ranging from 2 to 11 months. The Court further granted the prosecution's appeal and increased the amounts to be forfeited pursuant to the money-laundering convictions; the defendants' motion for a re-hearing on the forfeiture question is pending. Notably, this cartel investigation started as a leniency oriented cartel, but used ex-officio tools to expand the investigation, and create a joint task force together with the Israeli Police National Fraud Unit. This was the first cartel investigation to seize assets for the purpose of forfeiture at the end of the legal process.
- *The Israel Builders Association (IBA) case* – In May 2019, the District Court imposed a 3 month imprisonment (to be served as community service), and an NIS 60,000 on the former president of the IBA (in the framework of a plea bargain agreement). In November 2019, the District Court, imposed sentences of 2-4 months of imprisonment (to be served in community service), as well as fines in the sum of hundreds of thousands of shekels, on builders and building companies for violations of the Competition Law. The Court demined that there was a horizontal restrictive arrangement between competitors in a significant bid – defined as a "life-saving project" – for the security of the Gaza surrounding area – at a time when rockets were fired there. The timing set for the execution of the bid had significance, and the work conducted in the framework of the bid were expected to reach an amount of tens to hundreds million shekels. The court further stated, that the defendant did not accept responsibility for their actions. Appeals are pending before the Supreme Court.
- *The Servers case* – The Jerusalem District Court convicted Triple C, and executives, in coordination of four bids for the sale of computer servers between the years 2010-2012. The four bids here conducted by Bezeq and the IEC and their accumulated value was millions of Shekels. The Court further convicted the defendants for fraud in two bids conducted by the IEC. Arguments for the punishment were heard in December 2019, and the verdict pending.
- *The Megnazi case* – In August 2018, The ICA, together with the District Attorney Office (Tel Aviv), filed an indictment against Gavriel Megnazi – owner of the Megnazi Group, which is active in Israel mainly in real estate, infrastructure and

construction – and other defendants. The indictment included 18 counts, three concern bid-rigging which the former was involved in. Both Meganzi, and the companies and their managers which took part in the tenders, were indicted, each according to its own part. With reference to some of the defendants, the indictment includes fraud and money laundering violations.

- *Coordination of an infrastructure tender of the water corporation "Hadera Water"* – The ICA and the District Attorney Office (taxing and economy) filed an indictment to the District Court, against Yaron Ran, for bid-rigging fraud under aggravated circumstances. According to the indictment, Ran, a consultant in various fields of activity in the Megnazi Group, coordinated a tender for the execution of sewage and water infrastructure projects of the water corporation "Hadera Water" in 2015. The scope of the tender amounted to approx. NIS 30 million, and the coordination caused an increase of approx. 10% of the estimation of the corporation, reflecting damages of approx. NIS 3 million.
26. During the period relevant for this report, the ICA opened six overt criminal investigations, as follows:
- *Violation of conditions in the film distribution industry* – In February 2019, the ICA opened an overt investigation regarding the violation of conditions which were imposed by the Director General on the suspected company, in the procedure of consenting to a merger the company was part of. The investigation ended in September 2019.
 - *Elevators cartel* – Following a covert investigation, in March 2019 the ICA launched an overt investigation regarding restrictive arrangements between elevator companies in Israel. The investigation ended in December 2019.
 - *Suspicious of a restrictive arrangement in the projector field* – In July 2019 an investigation opened regarding suspicions of a restrictive arrangement between two projector importers. The investigation ended in August 2019 and the case was closed.
 - *Suspicious of a restrictive arrangement between manpower companies for crane operators* – In November 2019 an investigation was opened regarding restrictive arrangements between manpower companies designated for crane operators. The investigation ended in May 2020.
 - *A course of action determined by a trade association* – In December 2019 an investigation was launched regarding the suspicion that the wholesale market banned one of the market's suppliers. The investigation ended in March 2020.

4. The role of competition authorities in the formulation and implementation of other policies, e.g. regulatory reforms, trade and industrial policies

27. In addition to its mandate to enforce the provisions of the Competition Law, the ICA serves as an expert advisory body to the Israeli government and parliament in competition issues. Subsequently, one of the key capacities of the ICA involves offering its professional know-how and expertise to various government bodies and disseminating competition principles among them. The ICA's advocacy efforts are also directed towards the business and legal communities, as well as the public. In

recent years, the ICA has been deeply involved, through advocacy work, in numerous initiatives to open markets to competition and to reduce barriers to entry.

28. The ICA works together with government ministries and other government agencies to enhance competition and cope with competition problems in various sectors of the economy. The ICA also engages in discussions at the Parliament's Finance Committee and Economic Affairs Committee where its representatives present the competitive aspects relevant to various regulatory, legal and economic issues. The ICA has also been expanding its role as an advocate to competition to the general public, through guest lectures at Israeli universities, holding forums including the ICA's senior management within conferences, organizing specialized seminars etc.

4.1. Market Studies and Reports

29. The Competition Law provides the Director General with the authority to conduct market studies in sectors of the economy, including examinations of the existence of competition failures and barriers to competition. The Director General may hand her reasoned conclusions and recommendations to the minister in charge of the examined sector and to the Minister of Treasury, and in a sector that is regulated by another agency – also to the head of that agency. The Director General executes her authority concerning market studies through the Research Division of the ICA's Economics Department.

- *Final Report in the Brokerage Sector* – In August 2019, the final recommendations were published, of the Joint team of the ICA with the Israel Securities Authority, concerning competition in the brokerage sector. The team found that 97% of the private customers trading in securities do it through banks, despite bank charges being, for the most part, higher than those offered by non-bank stock exchange members that provide trading services (brokers). The report also concludes that there are a number of barriers that reduce or prevent competition, including the following:
 - Customers are inclined to acquire securities trading services in the bank where they keep their existing debitory account and which provides them with a "basket" of banking services;
 - Banks are perceived by the public as being more secure than non-bank stock exchange members;
 - Banks offer their customers investment advice, whereas non-bank stock exchange members can only provide investment marketing services, and in the majority of cases, in practice, they don't;
 - It is difficult to open an account with a non-bank stock exchange member, one reason being that they don't have the same branch distribution as banks;
 - Customers seeking to transfer securities trading activity to a non-bank stock exchange member are met by customer retention attempts, including discounts that are not offered to other customers.
 - It is difficult for customers to compare the fees charged by the various providers.

30. The team formulated a number of recommendations to advance competition in brokerage, and to strengthen the entities active in the field. The following are the main recommendations:

- Completion of the Broker-dealer legislation –regulation of the broker-dealer sector in Israel, similar to the regulation in developed capital markets around the world. Such regulation would increase protection for the investing public and thus increase the public's confidence in that activity.
- Allowing the receiving party with the possibility to transfer an account – All aspects of dealing with the transfer of the customer's account from their current provider to the party to which they wish to transfer will be attended to by the receiving party, subjecting the transferring entity to a limited timeline.
- Facilitating opening a securities account (non-bank) online;
- Improving the closed system, and the process of transferring the customer's account activity.
- Possibility of trading through an external broker within the bank account – Providing the various stock exchange members with the possibility of making trades in securities for a customer directly from his bank account, without needing to transfer the securities and money to the stock exchange member. This measure should remove a number of obstacles to competition, since it would alleviate concern over transferring the money to another account and the customer would continue to manage all his accounts in one place.
- Open Banking – advancing legislation which implements the recommendations of the Strum committee (API), should allow the customers to conduct price comparisons, and the profitability of transferring to a competitor.

31. Some long terms recommendations are the following:

- Customer compensation scheme – an examination of the establishment of a joint compensation scheme that would cover investors in the event of corporate fraud or negligence.
- Providing the possibility of making payments and performing various other activities in the securities account – giving stock exchange members a permit to issue means of payment (debit card and such like) directly from the customer's trading account. This will make the need to transfer money back to the bank for it to be used, redundant.
- *Impact Study on Food Retail Market, Section 8(d)* – During 2019 the ICA completed a comprehensive market study on the Israeli food retail market. This study was the first, in a series of incoming studies, to exploit "big data" for empirical research on competition and antitrust questions. The increasing availability of massive amounts of rich data collected by firms combined with cheaper-than-ever computational power allow the ICA to provide detailed answers to questions that could not have been addressed before. The aforementioned study investigates the effect of a recent legislation that bans suppliers from transfer payments, known as vendor allowance (VA), to (big) food retailers. The data used for this study originates from more than 100 million downstream observations as well as data on wholesale prices and unique data on VA payments (draft published in 2020) .

- *Fresh Produce Profit Margins Study* – Fresh agricultural produce, mainly fruits, vegetables, meat and poultry are a unique group of consumer goods. They are normally characterized by relatively short shelf-life, demand and supply seasonality and a mostly unobserved (to the researcher) variability in quality. Furthermore, these products also make for a significant share of the average Israeli household's food consumption expenditure. With these features in mind, during 2019 the ICA opened an inquiry into profit margin trends over recent years in these products, both in the retail and wholesale segments of the fresh produce value chain.
- *Auto Parts Study* – A comparison between prices of auto parts in Israel and other developed countries raises a few key findings. Among these findings are Israel's higher auto parts price level, smaller price difference between original and non-original or duplicate auto parts and higher share of original auto parts. A study launched by the ICA in 2019 aims to explore auto parts market by examining original and non-original parts price dynamics. The study is focused on the popular car makes and their most highly demanded spare parts (commonly referred to as "fast moving parts"). Price dynamics are reviewed throughout the first four years after a car make introduction, roughly the time period it takes for most car parts to have non-original parts available on the market.

4.2. Consultation to Government

4.2.1. General

32. Notwithstanding 2019, had no parliament activity, due to a pending elections, the Israel Competition Authority was involved in 11 legislation proceedings, including concerning: the Supervision of the Financial Services, Fuel stations, legislation concerning advanced payments methods, API and more. In addition, in 2019 as a whole, the ICA consulted regulators on approximately 70 occasions. Below are some examples of advocacy with reference to legislation and additional advocacy efforts:

- *Finances*: The ICA continued to be involved in advancing competition in the payment and banking services, including via participating in an inter-office committee to draft the regulation of account information service providers; The ICA was also involved in intra-governmental deliberations regarding the entry of bank-backed payment apps into the retail payment sector; The ICA was involved in discussions with the Bank of Israel to help advance the grant of a license to the new digital bank – the first new banking license to have been issued in decades; In addition, upon referral by the Capital Market, Insurance and Savings Authority, the ICA advised to permit the credit card company Max to begin marketing insurance products.
- *Transportation - shared transportation*: following a report published at the end of 2017, the ICA renewed its examination of the shared transportation sector in 2019. The ICA found that there was an under-supply of shared rides (carpools), resulting from the restrictions applying on carpool rides under the law. Thus, the ICA is working with the relevant regulators to change these restrictions, in order to encourage drivers to offer carpools in their vehicles, advancing the national interest in reducing road congestion. As for paid drivers, the ICA found that there are significant entry barriers into the taxi sector. Such barriers lead to an effective quantity restriction. The ICA also found, that the regulation of taxi fares creates a flawed incentive structure for taxi drivers. Therefore, the ICA advised to allow paid

rides by non-taxi- licensed vehicles, without price regulation on such rides, alongside traditional taxi services, and also to lower entry barriers into the sector.

- *Regulation of Mechanics*: the Ministry of Transportation is considering adopting regulation that would impose a number of obligations on vehicle importers, in order to balance the power structure between them and mechanics who contract with them and belong to their network (the "Importer Mechanics"). The Ministry of Transportation's proposal was to apply strict provisions, to all vehicle manufacturers, regardless of their size. Including, *inter alia*, a blanket prohibition against quantity discounts on Mechanics and a limit on their ability to end contracts with Importer Mechanics. The ICA found some of the proposed provisions as liable to harm the ability of vehicle importers – and specifically smaller importers – to compete in the market. After dialogue and cooperation with the Ministry of Transport, it was decided to adopt a softened version of the regulation and remove the provisions that raised competitive concerns.
- *Fruits and Vegetables Regulation*: the ICA advised the Ministerial Legislation Committee regarding a proposed private bill that intended to restrict sale below cost (also known as Loss Leader) of fruits and vegetables. The ICA objected to the proposed bill – that could hamper competition among retailers and harm farmers (due to decrease in demand). The Ministerial Legislation Committee accepted the opinion of the ICA, and the proposed bill was withdrawn.
- *Allocation of Quarries*: The ICA advised the 'Israel Land Authority' regarding the allocation of several aggregate quarries, as part of competitive tenders in the southern region of Israel. The ICA's recommendations were fully accepted, thus helped establish a competitive market structure in the relevant region, for the benefit of the local construction industry.
- *Promote Competition in Natural Gas Marketing*: During 2019, the ICA was working in collaboration with the Ministry of Finance, the Ministry of Energy and the Ministry of Justice to promote competition in natural gas marketing in Israel, in light of past agreements in this sector. In this framework, several meetings were held between government representatives, including the ICA, and the various stakeholders involved in the main gas reservoirs in Israel.
- *Brokerage Services*: following a market study on the retail brokerage market, the ICA worked with the Israeli Securities Authority and the Bank of Israel to implement the recommendations of the report to advance competition in brokerage services. A first step already taken by the Bank of Israel as a result of these consultations, was amending the banking directives to require banks to allow customers to request transfer of brokerage accounts to non-bank stock market members online.
- *Telecommunications Infrastructure*: the ICA took part in an inter-ministerial committee for providing solutions to encourage laying ultra-broadband infrastructure, such as fibre-optic cables, with an emphasis on universal coverage of all parts of the country.
- *Frequency Allocation*: the ICA advised the "5G" Committee in the Ministry of Communications regarding its tender to allocate 5G frequencies to the cellular operators.

- *Call for Contributions regarding competitive failures originating in regulation* – this call for contributions, was one of the first initiatives of the ICA's newly established Markets Department. The Markets Department was established as part of the ICA's reorganisation process during 2018 – and is made up of sector-specific teams of economists and attorneys. It is entrusted inter alia with the mission of overseeing the ICA's approval of transactions as well as with its advocacy mission, i.e., with advising the government and ministerial committees on regulatory and legislative proceedings, as well as providing specific competition consultation to various government offices. This was the background for publishing the Call for Contributions. Over 90 responses were contributed from over 50 different entities in a broad array of markets, including finance, food, transportation, communications, health, retail, energy and more. The ICA followed up with a process of mapping these contributions and examining them.

4.2.2. Consultations under the Concentration Law

33. A team of professionals assists the Director General in carrying out responsibilities under the Concentration Law, according to which regulators allocating economic rights must take into account competition considerations. In 2019, the Director General consulted regarding the allocation of 13 rights.

34. In addition, the Director General is the chairperson of the Reduction of Concentration Committee, which advises the government on the economy-wide ramifications of the allocation of essential facilities to concentrated entities. In 2019, the Concentration Committee received 10 requests for consultations, and provided its advice regarding 4 different cases, including in the following cases:

- *An Opinion on the Grant of Licenses Relating to the Merger Between Reshet Media and Channel 10* – The majority of the Reduction of Concentration Committee, headed by the Director General, advised the Second Authority for Television and Radio to allow the allocation of the right to purchase Reshet Media, a television broadcaster, to Mr. Leonid Bellavetnick which holds Clal Ta'asiot and Nesher – a large cement manufacturer – subject to conditions.
- *An Opinion Regarding the Allocation of Land Oil Exploration Licenses to Delek* – The Reduction of Concentration Committee advised the Director of Natural Resources to allow, from an economy wide consideration perspective, the allocation of rights in two land oil exploration licenses held by SOA Energy Israel Ltd, Globe Exploration and Capital Point to Delek Group, which holds rights in the two main Gas explorations Tamar and Liviatan; the quantities of fuel that are expected to be in the reservoirs will be limited and only be added to oil imports, while the oil price is set in the international market. Moreover, finding oil reserves may lower oil prices, contribute to the development of Israel's natural resources, and attract foreign investors to invest in oil and gas explorations in Israel.
- *An Opinion Regarding the Allocation of a Gas Transmission Licenses to Delek and Noble* – The director of the Natural Gas Authority in the Ministry of Energy consulted the committee regarding granting licenses to a natural gas transmission system to EMG, which owns a natural gas transmission pipeline connecting Egypt and Ashkelon. The committee's opinion allowed the allocation.
- *An Opinion Regarding the Road Map for Reducing Ofer's Group Economy-Wide Concentration: Obtaining Electricity Generation Licenses subject to Exiting the*

Communications Field – On 1 January 2019, the Concentration Committee, headed by the Director General of the ICA, arrived at an agreed roadmap with the Ofer Group for reducing its economy-wide concentration, according to which, the group will exit the communications field and will not operate therein in the future. After selling all the group's holdings in the communications field, the group will be allowed to obtain an electricity generation license.

5. Resources of the ICA

5.1. Resources overall (current numbers and change over previous year):

5.1.1. Annual budget

35. Annual budget (NIS) approximately NIS 68,000,000 in 2019, and 64,000,000 NIS in 2018.

5.1.2. Number of employees

- Economists 30
- Jurists 36
- Other professionals - investigators 28
- Support staff - administrative staff and Director General's office (including IT) - 34
- All staff combined - 128

5.1.3. Human resources applied to:

- Enforcement (criminal and administrative) against anticompetitive practices – Legal Department 31 lawyers,
- Intelligence and Investigations Department 32.
- Merger review and advocacy – 23 (including economists and lawyers)
- Economic Department – 16 (including economists and a geographer); the Economic Department is comprised of a Research Unit – 9; and an economic unit, which provides support to ICA teams – 7.
- Enforcement of the Economic Concentration Law – 3

6. References to new reports and studies on competition policy issues (2019):

- Competition in the retail brokerage market – joint study by the ICA and the Israel Securities Authority (Hebrew)
<https://www.gov.il/he/departments/publications/reports/marketresearch-brokeragefinal>
- Call for Contributions regarding competitive failures originating in regulation (Hebrew)
https://www.gov.il/he/departments/publications/Call_for_bids/draft-competitionregulation

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- Guidelines 2/19 regarding its method for examining significant market power.
<https://www.gov.il/he/departments/legalInfo/opinion2-19>
 - Guidelines 1/19 on collaborative decisions made by institutional investors in their capacity as shareholders in a corporation (Hebrew)
<https://www.gov.il/he/departments/legalInfo/opinion1-19>
 - Guidelines 3/19 concerning collaborations between institutional investors not in the area of competition (Hebrew)
<https://www.gov.il/he/departments/legalInfo/opinionfinal3-19>
 - An amendment to Guidelines 3/14 concerning trade associations and their activity in aspects relating to competition law (Hebrew)
<https://www.gov.il/he/departments/legalInfo/opinion3-14revised>
 - An amendment to guidelines 1/16 on the General Director's considerations in setting the amount of an administrative fine (Hebrew)
<https://www.gov.il/he/departments/legalInfo/opinion116>
 - *Final Report in the Brokerage Sector (Hebrew)*
<https://www.gov.il/he/Departments/news/pressbrokerager>