



Cyber & Information Technologies Practice

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Information
Security
Regulations
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Inspection
Proceedings of
the Privacy
Protection
Authority
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Dear Clients and Colleagues,

On January 8, 2020, the Israeli Privacy Protection Authority published preliminary data on its self-initiated inspection proceedings taken since the Privacy Protection Regulations (Information Security), 2017, ("**The Information Security Regulations**") entered into force, and specifically the findings of its inspection of the membership clubs' sector in Israel. The report shows that many organizations conducting business in Israel do not meet the requirements of the Information Security Regulations as well as those of the Privacy Protection Law, 1981. The Authority stated that it intends to continue such inspections and even initiate administrative and criminal enforcement proceedings towards such organizations who will be found not to meet the statutory requirements.

Legal Background:

The Privacy Protection Law requires owners and holders of databases in Israel (containing data individuals such as customers, vendors, employees and job candidates) to meet various requirements pertaining to the collections and processing of personal data. These include full disclosure and notification of the data collection, obtaining consent for the collection and processing of the data, providing a right to review, rectify and delete the data and maintaining confidentiality and information security with respect to the data. The Information Security Regulations require meeting organizational duties, the appointment of certain office holders, adopting certain internal policy statements and procedures and implementing technological tools for information security.

The Authority's Inspection Proceedings:

The Privacy Protection Authority is authorized under the Privacy Protection Law to criminally and administratively enforce its

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provisions, and under such capacity it conducts enforcement proceedings following information security breaches, alongside a designated branch for self-initiated inspection proceedings in various sectors, intended to review the market's compliance with the Law and Regulations. Organizations under review in such inspections are required to submit to the Authority, within 14 days, all of their documents, policies and organizational information with respect to their compliance with the Law and Regulations. According to the report, since the Information Security Regulations entered in to force in May 2018, the Authority conducted 181 inspections: 54 companies managing membership clubs, 30 mental health clinics, 23 medical institutions, 38 providers of online learning platforms aimed at children and 36 companies providing cloud storage and processing. In addition to the foregoing, the Authority conducted 54 inspections for the review of information security standards in the travel, education and elections technology providers industries.

Inspections in the Membership Club Industry:

The inspection proceedings in the membership club industry focused on companies managing membership clubs of over 100,000 customers. The summary report issued by the Authority shows that most of the inspected organizations demonstrated a low compliance level with the Law and Regulations. The deficiencies identified by the Authority are vast, but it focused on four main issues:

- a) Notification of the data subject on the manner in which data is collected and processed and of their data subject rights.
- b) Internal management of the database processing activities including a set of corresponding documents detailing the purposes of processing, the appointment of database managers and their roles.
- c) Inadequate information security measures. For example: lack of appropriate procedures for access control management, lack of limitations on use of portable media or lack of appropriate encryption.
- d) Inadequate management of data transfers to third parties in the context of outsourcing of data processing activities.

Almost all inspected organizations received official instructions to rectify such deficiencies, while seven of them were required to eliminate their databases altogether.

Summary:

The Privacy Protection Authority clarified that it will continue to conduct such inspection proceedings in the future, both as part of repeat inspections to inadequate organizations as well as in new sectors or with additional organizations not yet reviewed.

It must be noted that aside for the administrative measures taken by the Authority, the past year is characterized in an increasing number of civil litigation cases in which companies (including

multi-nationals active in Israel) are being sued for violation of privacy under the Law and Regulations, typically in class action litigation.

Our **Cyber and Information Technology Department** regularly supports organizations that are subject to such inspections by the Authority. We note that preparing ahead for such inspections, including by conducting compliance reviews, provides a significant advantage in managing such inspections and in meeting the documentation requests in due course.

Our **Litigation and Class Action Litigation Departments** regularly represent in legal proceedings based on the Privacy Protection Law and Regulations, including in novel proceedings raising complex technological questions and new questions in privacy law.

We would be happy to answer any questions that you might have.

Sincerely,

**Cyber & Information Technologies Practice
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