# Czech Republic’s and Israel’s proposal of the text of the Protocol negotiated during the meeting on 30 – 31 October 2017 (revised as of December 2021)

Our proposal for the new Protocol is as follows:

**Protocol between the Government of the Czech Republic and the Government of the State of Israel on the Amendment to the Agreement between the Government of the Czech Republic and the Government of the State of Israel for the Reciprocal Promotion and Protection of Investments of 23 September 1997**

The Government of the Czech Republic and the Government of the State of Israel (hereinafter referred to as “the Contracting Parties”), acting in accordance with Article 39 of the Vienna Convention on the Law of Treaties of 23 May 1969, have agreed to amend the Agreement between the Government of the Czech Republic and the Government of the State of Israel for the Reciprocal Promotion and Protection of Investments, signed on 23 September 1997 at Jerusalem (hereinafter referred to as “the Agreement”), as follows:

## Article 1

In the Preamble of the Agreement, the word “and” after the words “of the other Contracting Party ” shall be deleted and the following new recitals shall be added after the words “in both States,”:

*“DESIRING to encourage enterprises operating within their territory or subject to their jurisdiction to respect corporate social responsibility standards and principles and to pursue best practices of responsible business conduct, on a voluntary basis,*

*AFFIRMING that both States are parties to the OECD Declaration and Decisions on International Investment and Multinational Enterprises, 1976 as revised in 2011, and*

*RECOGNIZING that these objectives can be achieved without relaxing health, safety and environmental measures of general application and labour standards,”*

## Article 2

Article 1 of the Agreement shall read as follows:

*“For the purposes of this Agreement:*

*1. The term “investment” shall comprise every kind of asset owned or controlled, directly or indirectly, by an investor of one Contracting Party in the territory of the other Contracting Party made in accordance with the laws and regulations of the latter Contracting Party in connection with economic activities, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, the assumption of risk and a certain duration.*

*2. The term “investment” shall include in particular, though not exclusively:*

*a) movable and immovable property as well as any other property rights, such as mortgages, liens or pledges;*

*b) shares, stocks and debentures of companies or any other form of equity participation in a company;*

*c) claims to money or to any performance under contract having a financial value associated with an investment;*

*d) intellectual property rights, including copyrights, trade marks, patents, industrial designs, technical processes, know‑how, trade secrets, trade names, geographical indications and goodwill associated with an investment;*

*e) any right conferred by laws or under contract and any licenses and permits pursuant to laws, including the concessions to search for, extract, cultivate or exploit natural resources.*

*For the avoidance of doubt in this Article, an investment does not include public debt or claims to money arising solely from:*

*(1) commercial contracts for the sale of goods or services by a natural or legal person in the territory of a Contracting Party to a natural or legal person in the territory of the other Contracting Party, or*

*(2) the credits granted in relation with a commercial transaction under a contract referred to in subparagraph 1.*

*A change in the form of the investment shall not affect their character as investments within the meaning of this Agreement, if the change is made in accordance with the laws and regulations of the Contracting Party in whose territory the investment is made.*

*This Agreement shall apply to reinvestment of the return of the investment, if the reinvestment is made in accordance with the laws and regulations of the Contracting Party in whose territory the investment is made.*

*3. The term "investor" shall mean:*

*(i) a) With respect to the State of Israel: a natural person who is a national or permanent resident of the State of Israel who is not also a national of the Czech Republic;*

*b) With respect to the Czech Republic: a natural person who is a national of the Czech Republic who is not also a national or permanent resident of the State of Israel;*

*or*

*(ii) an enterprise of a Contracting Party,*

*that has made investments in the Territory of the other Contracting Party;*

*4. The term "enterprise" shall mean*

*any legal person or any other entity duly constituted or organized under the applicable legislation, whether or not for profit, and whether private or government owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association, organization or company.*

*The term "enterprise of a Contracting Party" shall mean*

*an enterprise duly constituted or organized under the applicable laws and regulations of that Contracting Party and carrying out substantial business activities in the territory of that Contracting Party.*

*5. The term "returns" shall mean amounts yielded by an investment and in particular, though not exclusively, includes profits, interest related to loans, capital gains, shares, dividends, royalties or fees.*

*6. The term "territory" shall mean:*

*(i) with respect to the Czech Republic: the territory of the Czech Republic where the Czech Republic exercises sovereignty, sovereign rights or jurisdiction in accordance with international law and the laws of the Czech Republic;*

*(ii) with respect to the State of Israel: the territory of the State of Israel including the territorial sea as well as the continental shelf and the exclusive economic zone, over which the State of Israel exercises sovereignty, sovereign rights or jurisdiction in accordance with international law and the laws of the State of Israel.”*

## Article 3

Article 2 of the Agreement shall read as follows:

1. *Each Contracting Party shall accord in its territory to covered investments of the other Contracting Party and investors with respect to their investments fair and equitable treatment and full protection and security in accordance with paragraphs 2 to 6 of this Article.*
2. *A Contracting Party breaches the obligation of fair and equitable treatment referenced in paragraph 1 if a measure or series of measures constitutes:*
   1. *denial of justice in criminal, civil or administrative proceedings;*
   2. *fundamental breach of due process, including a fundamental breach of transparency, in judicial and administrative proceedings;*
   3. *manifest arbitrariness;*
   4. *targeted discrimination on manifestly wrongful grounds, such as gender, race or religious belief; or*
   5. *abusive treatment of investors, such as coercion, duress and harassment.*
   6. *.*
3. *a) When applying the above fair and equitable treatment obligation, the Tribunal may take into account whether a Contracting Party made a specific representation to an investor to induce an investment, and upon which the investor relied in deciding to make or maintain the covered investment.*

*b) In determining whether a specific representation was made, it shall be considered, among other factors, whether the representation was made in accordance with the legislation of the Contracting Party.*

*4. For greater certainty, “full protection and security” refers to the Contracting Party’s obligations relating to physical security of investors and covered investments.*

*5. For greater certainty, the “full protection and security” standard does not imply, in any case, a better police protection than that accorded to nationals of the Contracting Party where the investment has been made.*

*6. For greater certainty, a determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article*

## Article 4

Article 3 of the Agreement shall read as follows:

*“1. Each Contracting Party shall in its territory accord to investments and returns of investors of the other Contracting Party treatment which is not less favourable than that which it accords, in like circumstances, to investments and returns of its own investors, or to investments and returns of investors of any third State, whichever is more favourable.*

*2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party, as regards management, maintenance, use, enjoyment or disposal of their investments, treatment which is not less favourable than that which it accords, in like circumstances, to its own investors or to investors of any third State, whichever is more favourable.*

*3. For greater certainty, the term “treatment” referred to in paragraphs 1 and 2 of this Article does not include definitions or investor-State dispute settlement procedures or mechanisms including those set out in Article 7 or those provided for in other international investment treaties and other trade agreements. Substantive provisions in other international investment treaties and other trade agreements absent measures adopted or maintained by a Contracting Party pursuant to those provisions do not in themselves constitute “treatment”, and thus cannot give rise to a breach of this Article.*

*4. For greater certainty, the Contracting Parties confirm their understanding that any requirement for nationality or residency of senior management or board of directors shall not be regarded inconsistent with paragraphs 1 and 2 of this Article.*

*5.* *The obligation referred to in paragraphs 1 and 2 of this Article shall not apply to measures related to:*

*i) acquisition of rights to land and real estate;*

*ii) subsidies and grants; or*

*iii) government procurement.*

*6. The obligation referred to in paragraphs 1 and 2 of this Article shall not apply to treatment accorded under any bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.*

*7.*

*8. The provisions of this Agreement shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party or to the investments or returns of such investors, the benefit of any treatment, preference or privilege which may be extended by the Contracting Party by virtue of any international agreement or arrangement relating wholly or mainly to taxation.*

*9. The obligation referred to in paragraphs 1 and 2 of this Article shall not apply to any existing or future bilateral or multilateral agreement concerning intellectual property.”*

## Article 5

1. Paragraph 1 of Article 5 of the Agreement shall read as follows:

*“1. Investments of investors of either Contracting Party shall not be nationalized or expropriated either directly or indirectly through measures having effect equivalent to nationalization or expropriation (hereinafter: “expropriation”) in the territory of the other Contracting Party, except for a public purpose related to the internal needs of that Contracting Party on a non-discriminatory basis in accordance with procedures established in national laws and regulations of either Contracting Party and fundamental internationally recognized rules and against prompt, adequate and effective compensation. Such compensation shall amount to the market value of the investment expropriated immediately before the expropriation or before the impending expropriation became public knowledge, whichever is the earlier, shall include interest until the date of payment, shall be made without delay, be effectively realizable and be freely transferable in a freely convertible currency.”*

2. The following new paragraphs 3, 4 and 5 shall be added to Article 5 of the Agreement:

*“3. The determination of whether a measure or series of measures by a Contracting Party, in a specific situation, constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that considers, among other factors:*

*a) the economic impact of the measure or series of measures, although the sole fact that a measure or series of measures of a Contracting Party has an adverse effect on the economic value of an investment does not establish that an indirect expropriation has occurred;*

*b) the duration of the measure or series of measures by a Contracting Party;*

*c) the character of the measure or series of measures, notably their object and context.*

*4. Except in rare circumstances, non-discriminatory, proportionate measures adopted in good faith by a Contracting Party that are designed and applied to protect legitimate public welfare objectives, such as national security, financial stability, public health, safety, and the environment, do not constitute indirect expropriations.*

*5. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights in accordance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as “the TRIPS Agreement”), or to the revocation, limitation, or creation of intellectual property rights, to the extent that such issuance, revocation, limitation, or creation is consistent with the TRIPS Agreement.”*

## Article 6

Article 6 of the Agreement shall read as follows:

*“1. Each Contracting Party shall permit the transfer of payments related to investments and returns. The transfers shall be made in a freely convertible currency, without any restriction and undue delay. Such transfers shall include in particular, though not exclusively:*

*a) capital and additional amounts to maintain or increase the investment;*

*b) profits, interest, dividends and other current income;*

*c) funds in repayment of loans;*

*d) royalties or fees;*

*e) proceeds of sale or liquidation of the investment;*

*f) any payments resulting from compensation by virtue of Articles 4, 5 or 7; and*

*g) the earnings of personnel engaged from abroad who are employed and allowed to work in connection with an investment in the territory of the other Contracting Party.*

*2. For the purposes of this Agreement, exchange rate shall be the prevailing market rate for current transactions at the date of transfer, unless otherwise agreed.*

*3. Nothing in this Agreement shall be construed to prevent a Contracting Party from adopting or maintaining, in exceptional circumstances, measures that restrict transfers if, due to payments and capital movement, the Contracting Party experiences serious balance of payments difficulties or a threat thereof, or serious difficulties to implement its monetary and exchange rate policies. Such restrictions shall be equitable, neither arbitrary nor unjustifiably discriminatory, of limited duration, imposed in good faith, and not beyond what is necessary to remedy the balance of payments situation and shall be made in conformity with the Articles of the Agreement of International Monetary Fund.*

*4. A Contracting Party may delay or prevent a transfer through the equitable, non-discriminatory and good faith application of a measure ensuring investors' compliance with its laws and regulations relating to:*

*a) the payment of taxes and dues;*

*b) bankruptcy or insolvency proceedings, including recovery and resolution measures, or protection of the rights of creditors;*

*c) criminal or penal offences;*

*d) ensuring compliance with orders or judgments of the courts or tribunals in its territory;*

*e) issuing trading or dealing with securities; and*

*f) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities.*

*Such measures and their application shall not be used as a means of avoiding the Contracting Party's commitments and obligations under this Agreement.”*

## Article 7

Article 7 of the Agreement shall read as follows:

*1. Any dispute between an investor of one Contracting Party and the other Contracting Party concerning an alleged breach of an obligation of that latter Contracting Party under this Agreement shall be subject to negotiations between the parties to the dispute.*

*2. If any such dispute between an investor of one Contracting Party and the other Contracting Party cannot be thus settled within a period of six months from a written notification of claim, investor shall be entitled to submit the case, at its choice, for settlement to:*

*a) the competent court or administrative tribunal of the Contracting Party which is the party to the dispute;*

*b) the International Centre for Settlement of Investment Disputes (ICSID) having regard to the applicable provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature at Washington D.C. on 18 March 1965, provided that both Contracting Parties are parties to the Convention;*

*c) ICSID Additional Facility Rules, provided that only one of the Contracting Parties is a party to the ICSID Convention; or*

*d) an arbitrator or international ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), as revised in 2010. The parties to the dispute may agree in writing to modify these Rules for the purposes of the arbitration or apply a later version of the UNCITRAL Arbitration Rules.*

*The arbitral awards issued under subparagraphs b), c) or d) shall be final and binding on both parties to the dispute and shall be enforceable in accordance with the domestic laws and regulations and applicable treaties.*

*3. The written notification of claim referred to in paragraph 2 of this Article shall specify:*

*a) the name and address of the disputing investor;*

*b) the provisions of this Agreement alleged to have been breached and any other relevant provision;*

*c) the legal and factual basis for the claim;*

*d) the relief sought and the approximate amount of damages claimed; and*

*e) the name and address of the beneficial owner of the investment.*

*4. A claim submitted by an investor who has submitted a claim to the tribunal or to any domestic or international court or tribunal concerning the same treatment as that alleged to breach the provisions of this Agreement shall be dismissed, unless the investor withdraws such pending claim.*

*This paragraph does not apply if the claimant submits a claim to a domestic court or tribunal seeking interim injunctive or declaratory relief.*

*5. The Contracting Party, which is a party to the dispute, may make available to the public, in a timely manner, all documents, including the documents made available to the public under the applicable arbitration rules, an award, submitted to, or issued by, an arbitral tribunal established under subparagraphs b), c) or d) of paragraph 2 of this Article, subject to redaction of:*

*a) confidential business information;*

*b) information which is privileged or otherwise protected from disclosure under the laws and regulations of either Contracting Party;*

*c) information which shall be withheld pursuant to the relevant arbitration rules;*

*d) information the disclosure of which would impede law enforcement; and*

*e) information the disclosure of which it considers to be contrary to its essential security interests.*

*6. The members of the arbitral tribunals appointed in proceedings commenced under subparagraphs b), c) or d) of paragraph 2 of this Article shall, in accordance with applicable rules, at all times avoid impropriety and appearance of impropriety, be independent and impartial, avoid conflicts of interest and observe high standards of conduct so that the integrity and impartiality of the dispute settlement process are preserved. The members of the arbitral tribunals may not be nationals of States not having diplomatic relations with both Contracting Parties.*

*7. No claim may be submitted to settlement under paragraph 2 of this Article if more than three years have elapsed from the date on which the investor first acquired, or should have first acquired, knowledge of the breach alleged under Articles 2 through 6 and knowledge that the investor has incurred loss or damage.*

*8. If an investment is held:*

*a) by an investor of one Contracting Party in the territory of the other Contracting Party through a person of a third State or of the other Contracting Party; or*

*b) by an investor, who is a legal person of one Contracting Party, in the territory of the other Contracting Party and such an investor is directly or indirectly owned or controlled by a person of a third State or of the other Contracting Party,*

*the investor of a Contracting Party may not initiate or continue proceedings under this Article if the person of a third State or the person of the other Contracting Party submits or has submitted a claim with respect to the same measure or series of measures or subject matter under any agreement between the other Contracting Party and the third State. The arbitral tribunal shall terminate the arbitral proceedings if the dispute settlement procedure initiated by the person of a third State or a person of the other Contracting Party is decided on the merits.*

*10. Notwithstanding paragraphs 4 and 9 of this Article, the investor may initiate or continue an action that seeks interim injunctive relief and does not involve the payment of monetary damages before a competent court or administrative tribunal of the Contracting Party which is the party to the dispute, provided that the action is brought for the sole purpose of preserving the investor’s rights and interests during the pendency of the settlement.*

*11. The dispute may not be submitted to settlement under paragraph 2 of this Article provided that the disputing parties have previously agreed to submit the disputes for resolution in accordance with any other applicable dispute settlement procedure.*

*12. Where two or more investors notify an intention to submit claims to arbitration which have a question of law or fact in common and arise out of the same events or circumstances, the disputing parties shall consult with a view to harmonising the procedures to apply, where all disputing parties agree to the consolidation of the claims, including with respect to the forum chosen to hear the dispute.*

*13. Unless the disputing parties have agreed to another expedited procedure for making preliminary objections, the Contracting Party which is the party to the dispute may, no later than 30 days after the constitution of the arbitral tribunal, and in any event before the first session of the arbitral tribunal, file an objection that a claim is manifestly without legal merit. The Contracting Party which is the party to the dispute shall specify as precisely as possible the basis for the objection. The arbitral tribunal, after giving the disputing parties the opportunity to present their observations on the objection, shall, at its first session or promptly thereafter, notify the disputing parties of its decision on the objection. The decision of the arbitral tribunal shall be without prejudice to the right of the Contracting Party which is the party to the dispute to file an objection to the jurisdiction of the arbitral tribunal or to object, in the course of the proceedings, that a claim lacks legal merit.*

*14. The arbitral tribunal may order security for costs at a proposal of the Contracting Party which is the party to the dispute. The arbitral tribunal shall especially consider ordering security for costs when there is a reason to believe:*

*a) that the investor will be unable to pay, if ordered to do so, a reasonable part of attorney fees and other costs to the Contracting Party which is the party to the dispute; or*

*b) that the investor has divested assets to avoid the consequences of the arbitral proceedings.*

*Should the investor fail to pay the security for costs ordered by the arbitral tribunal, the arbitral tribunal shall terminate the arbitral proceedings.*

*15. The arbitral tribunal established under this Article shall decide the issues in dispute in accordance with the sources of law in the following order: this Agreement and applicable rules of international law (for the purposes of this paragraph, the “applicable law”).*

*For greater certainty, the domestic law of the Contracting Parties shall not be part of the applicable law. Where the arbitral tribunal is required to ascertain the meaning of a provision of the domestic law of one of the Contracting Parties as a matter of fact, it shall follow the prevailing interpretation of that provision made by the courts or authorities of that Contracting Party.*

*For greater certainty, any interpretation or determination given with respect to domestic law by the arbitral tribunal shall not be binding upon the courts or the authorities of either Contracting Party. The arbitral tribunal shall not have jurisdiction to determine the legality of a measure, alleged to constitute a breach of this Agreement, under the domestic law of the Contracting Party which is the party to the dispute.*

*16. Where the arbitral tribunal makes a final award against a disputing party, the arbitral tribunal may award, separately or in combination, only:*

*a) monetary damages and any applicable interest;*

*b) restitution of property, in which case the award shall provide that the disputing party may pay monetary damages and any applicable interest in lieu of restitution.*

*The arbitral tribunal may not award punitive damages.*

*17. Unless the disputing parties otherwise agree in writing, the arbitral tribunal shall make its orders on both arbitration and legal costs on the general principle that costs should reflect the disputing parties’ relative success and failure in the award or arbitration, except where it appears to the arbitral tribunal that in the particular circumstances this general approach is inappropriate. The arbitral tribunal may also award costs and attorney fees in accordance with this Agreement and the applicable arbitration rules.*

*18. In the event that both Contracting Parties become parties to an international agreement providing for a multilateral investment tribunal and/or a multilateral appellate mechanism applicable to disputes under this Agreement, [IL: the Parties shall enter, without delay, into discussion regarding the necessary amendments to this Article.] [CR 1: the Contracting Parties shall enter into negotiations endeavored to provide that investment disputes under this Agreement [CR: shall] may be resolved pursuant to that multilateral tribunal or mechanism, and to make appropriate transitional arrangements.] or [CR 2: the Contracting Parties shall enter into negotiations to make disputes under this Agreement subject to the jurisdiction of that multilateral tribunal or mechanism.]*

*19. A tribunal does not have jurisdiction to determine the legality or consistency of a measure, alleged to constitute a breach of the TRIPS Agreement or other multilateral intellectual property treaty, under the domestic law of the disputing Contracting Party.*

## Article 8

1. In paragraph 3 of Article 8 of the Agreement, , the words “*provided that State maintains diplomatic relations with both Contracting Parties*” shall be deleted and the following new sentence shall be added at the end of the same paragraph: *“* *The members of the arbitral tribunals may not be nationals of States not having diplomatic relations with both Contracting Parties.”*

2. Paragraph 4 of Article 8 of the Agreement shall read as follows:

*“If, within the periods specified in paragraph 3 of this Article, the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the Secretary General of the Permanent Court of Arbitration at The Hague to make any necessary appointments. If the Secretary-General is a national of either Contracting Party or a national of a third State that does not maintain diplomatic relations with either Party or otherwise prevented from discharging the said function, the Deputy Secretary-General shall be invited to make the appointments. If the Deputy Secretary-General is also a national of either Contracting Party or a national of a third State that does not maintain diplomatic relations with either Contracting Party or is otherwise prevented from discharging the said function, the member next in seniority shall be invited to make the necessary appointments.”*

*3. The following new paragraph 6 shall be added to Article 8 of the Agreement::*

*“6. The members of the arbitral tribunal shall adhere to the rules and obligations included in Code of conduct.”*

## Article 9

1. The following new Articles 10 through 12 shall be inserted after Article 9 of the Agreement:

“*Article 10*

*Essential Security Interests*

*1. Nothing in this Agreement shall be construed to prevent any Contracting Party from taking any actions that it considers necessary for the protection of its essential security interests,*

*a) relating to criminal or penal offences,*

*b) relating to traffic in arms, ammunition and implements of war and transactions in other goods, materials, services and technology undertaken directly or indirectly for the purpose of supplying a military or other security establishment,*

*c) taken in time of war or other emergency in international relations,*

*d) relating to the implementation of national policies or international agreements respecting the non-proliferation of nuclear weapons or other nuclear explosive devices or*

*e) in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.*

*[*

*[IL:2. Nothing in this Agreement shall be construed to prevent any Contracting Party from taking anyactions that it considers necessary for the protection of its essential security interests arising also from foreign relation of Contracting Party.*

*3. A Contracting Party´s essential interests may include interests deriving from its membership in a customs, economic, or monetary union, a common market, a free trade area, or other form of regional economic integration .*

*3.Such actions shall be taken and implemented in good faith, in a non-discriminatory manner and so as to minimize the deviation from the provision of this Agreement.] [CZE will revert]*

*Article 11*

*Denial of Benefits*

*A Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise and to investments of that investor if a person of a third State owns or controls the investor and:*

1. *the denying Contracting Party adopts or maintains measures with respect to the third State or a person of that third State that prohibit transactions with the investor or would be violated or circumvented if the benefits of this Agreement were accorded to the investor or to its investments; or*
2. *the denying Contracting Party does not maintain diplomatic relations with the third State.*

*Article 12*

*Investment and regulatory measures*

*1. For the purposes of this Agreement, the Contracting Parties reaffirm their right to regulate within their territories to achieve legitimate policy objectives, such as the protection of public health, safety, the environment or public morals, social or consumer protection or the promotion and protection of cultural diversity. Such regulation shall be implemented in good faith and in a non-discriminatory manner.*

*2. For greater certainty, the mere fact that a Contracting Party regulates, including through a modification to its laws, in a manner which negatively affects an investment or interferes with an investor's expectations, including its expectations of profits, does not amount to a breach of an obligation under this Agreement.“*

2. Subsequent articles shall be renumbered to Articles 13 through 15.

## Article 10

Article 14 shall read as follows:

“*1. This Agreement shall apply to investments made by investors of one Contracting Party in the territory of the other Contracting Party in accordance with laws and regulations of the latter Contracting Party, whether existing on the date this Agreement entered into force or made after the entry into force of this Agreement.*

*2.*

*3. Nothing in this Agreement shall prevent the Contracting Parties from adopting or maintaining reasonable measures for prudential reasons, including:*

*a) the protection of investors, depositors, policy holders, policy claimants, as well as financial market participants, or persons to whom a fiduciary duty is owed by a financial institution;*

*b) the maintenance of the safety, soundness, integrity or financial responsibility of financial institutions; and*

*c) ensuring the integrity and stability of the Contracting Party’s financial system*.

*Such measures shall be taken in good faith and shall not be used as means of avoiding a Contracting Party´s commitments or obligations under this Agreement.*

*4. Nothing in this Agreement shall impose obligations with respect to domestic laws and regulations relating to taxation except Articles 2 and 5.*

## Article 11

1. Each Contracting Party shall notify the other Contracting Party of the completion of the procedures required for the entry of this Agreement into force. This Protocol shall enter into force on the first day of the second month following the date of receipt of the later diplomatic note by which the Contracting Parties notify each other that their respective internal legal procedures necessary for the entry into force of this Protocol have been completed..

2. The Protocol shall remain in force as long as the Agreement.

In witness thereof the undersigned, dully authorised, have signed this Protocol.

Done in ………….. on ……............................ 20…, which corresponds to the…… day of ….., in duplicate, each in the Czech, Hebrew and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

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| **For**  **the Czech Republic**  **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** | **For**  **the State of Israel**  **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** |