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Cybersecurity in Israel – Selected Developments in 2020: Ecosystem & Regulation

Israel's Cybersecurity Ecosystem has continued flourishing during 2020. We examine some of the developments in this remarkable world-leading sector.

ISRAEL CYBERSECURITY INDUSTRY – THE FIRST HALF OF 2020

The Israeli cybersecurity industry has continued flourishing during the first half of 2020. According to Israel National Cyber Directorate data, as reported in the press[1], about 29% of the world's cyber investments are made in Israel. There are currently 540 cyber firms in Israel. In the first half of 2020, the Israeli cyber industry, despite the global coronavirus pandemic, has raised $1.2 billion in 43 transactions.

CYBERSECURITY LABS IN THE CITY OF BEER SHEVA – INNOVATIVE ECOSYSTEM

Remarkable advancement was made this year towards establishing labs to promote innovative cybersecurity solutions for sectors of critical services. These projects to be elaborated below, demonstrate the vibrant cybersecurity ecosystem in Israel.

Global Enterprises step into Fintech-Cyber innovation Lab in Beer Sheva. In May 2020, Israel Innovation Authority selected "Finsec Lab" corporation, owned by MasterCard Group and Enel X, to establish a Fintech-Cyber innovation Lab in Beer Sheva with NIS 13 Million funding from the Israel Innovation Authority, the Israel National

Cyber Directorate and the Israel Ministry of Finance for a period of 3 years.[2] The Lab will be located next to the financial center of the National Cyber Directorate. According to Israel Innovation Authority announcement, the Lab should "help entrepreneurs and innovative startups reach a proof of concept in the fields of Fintech-Cyber Security. As part of its goals, the Lab will develop cyber defense solutions for the financial sector". The announcement also specifies, that the Lab will support companies and entrepreneurs by "providing access to unique knowhow and expertise in the financial and cyber sectors as well as access to financial data, regulations, products and processes…". The announcement provides, that the Lab will be entitled to receive a grant from the Innovation Authority to cover recognized expenses of the technological infrastructure and the lab's operation. Startups could also benefit from the Innovation Authority funding, up to a designated sum, for their proof of concept project.

Other national cyber labs are in progressive stages of being established in Beer Sheva, such as Smart Transportation – Cyber Innovative Arena. During 2020, Ayalon Highways has promoted the establishment of a Cyber Arena for Testing in smart transportation within Beer Sheva, which will simulate a future transportation Arena.[3] According to the Smart

Transportation Tender's Terms, the Arena shall enter into engagements with various parties operating in the field of smart transportation and autonomous vehicles, who are interested in using the Arena's Services. It will enable them to carry out Testing in the Arena's facilities while providing guidance and support in professional aspects within the field of cyber security. In accordance with the Tender's Terms, the project would include sharing know-how and information within the transportation cyber domain existing at the various government institutions, as well as providing professional guidance through the state representatives operating in the relevant areas. It is also expected to address promoting transport cyber regulation.

Aside from their expected contribution to breakthrough cybersecurity solutions, the Innovative Cybersecurity Labs may therefore also potentially promote innovative regulatory ideas, bringing together forces from government and industry.

VERED ZLAIKHA
PARTNER
HEAD OF CYBER AFFAIRS & AI PRACTICE

SELECTED REGULATORY UPDATES

Steps to strengthen cybersecurity of the market during Covid-19. Covid-19 special regulations[4] of the lockdown in March 2020, provided that suppliers of cybersecurity or support computer services were permitted to continue their activity and supply their services, if the services could not be supplied remotely, and under additional several conditions. Furthermore, in order to minimize the cyber risks involved with the movement of many organizations to digital platforms, Israel National Cyber Directorate has created a voluntary marketplace, "a meeting place between the open market and cyber security products, services and solutions"[5]. It was aimed to allow the easy introduction of commercial cybersecurity solutions to the private sector and support the market in its cybersecurity demands[6] (the initiative was mentioned lately in OECD report of November 2020 "Seven lessons learned about digital security during the COVID-19 crisis"[7]).

Regulators have acknowledged the important contribution of the private sector in regulatory processes, such as cybersecurity of Plants that hold Hazardous Substances, as well as data security of Smart Transportation. Indeed, the private sector holds resources and expertise that should be taken into account in cybersecurity regulation development.

Cyber Manual "Adhering to the cybersecurity requirements of a toxins permit[8]." The Ministry of Environmental Protection has enhanced its efforts to develop and implement cybersecurity standards for plants that hold hazardous substances. In July 2020, the Ministry of Environmental Protection – Emergency and Cybersecurity Division, has published a revised manual, presenting the unique methodology for conducting risk surveys in plants that hold hazardous substances and are required to obtain a toxins permit from the Ministry of Environmental Protection. According to the Ministry of Environmental Protection, the methodology is based on the National Cyber Directorate's Cyber Defense Methodology for Organizations with adaptations for the hazardous substances industry. Its development included consultations with leading professionals in the fields of cybersecurity, control systems, and

hazardous substances, as well as cooperation with the Manufacturers' Association.

According to the manual (version 1.3), it constitutes a binding version. This version incorporates some of the public's comments received from prior versions, as well as updates based on insights gleaned from risk surveys conducted at businesses and according to consultations with various companies and businesses that hold hazardous substances.

Smart Transportation Privacy Guide – In September 2020, the Privacy Protection Authority (PPA) has published a guide on Smart Transportation[9]. As part of the process that led to its publication, the PPA has held multistakeholders' consultations (those included governmental entities, civil society, smart transportation start-ups etc.). The guide describes major threats to users' privacy in the field of digital transportation, offers recommendations to transportation services' suppliers on ensuring privacy and data protection, and reflects the applicable relevant legal standards in that regard. The guide refers, inter alia, to the existing legal requirements to secure personal data held by transportation entities.

Promoting a Comprehensive Cybersecurity Legislation – In 2018, a draft of Cybersecurity and the National Cyber Directorate bill was published for public comments. The draft includes complimentary legal authorities to implement prior Government Resolutions, in relation to Israel National Cyber Directorate's roles and powers. Since then, comments from various stakeholders were brought before Israel National Cyber Directorate and the Ministry of Justice, whereas some of them are expected to be embedded in a revised version of the bill. The governmental efforts in this regard have continued during 2020[10]. The revised bill may be brought in parliamentary processes in the upcoming year. ∎

ABOUT THE AUTHOR

Adv. Vered Zlaikha is a Partner and the Head of Cyber Affairs & Artificial Intelligence practice at Lipa Meir & Co. Advocates. She is an expert in Cyber Law and Policy. She holds a wealth of experience both at the national and international levels, gained from previous roles as the Legal Advisor for Technology and Cybersecurity Affairs at Israel Defence Forces, and as the Head of International Cyber Policy and Initiatives at the Israel National Cyber Directorate. She has worked closely on Cyber Law and Policy affairs with different governmental ministries in Israel as well as with international counterparts. Vered represented the State of Israel at the UN OEWG (Open-Ended Working Group), on cybersecurity affairs. She was a Vice-chair and bureau member of the Working Party on Security in the Digital Economy at the OECD. During 2017-2019, Vered was a member of the steering committee of the Haifa University Cyber Law and Policy Research Center. Today, she is a member of the Law, Science and Technology Forum of the Israel Bar Association.
Email: veredz@lipameir.co.il

NOTES

1 https://www.israelhayom.com/2020/09/30/israel-is-a-cyber-superpower-the-potential-is-endless

2 https://innovationisrael.org.il/en/news/mastercard-and-enel-x-selected-establish-and-operate-fintech-cyber-innovation-lab

3 https://www.ayalonhw.co.il/wp-content/uploads/2020/02/Tender-No.-9-20-For-the-Establishment-Development-Management-and-Operation-of-a-Cyber-Arena-for-Testing-in-Smart-Transportation-Doc-I-002.pdf (Tender No. 9/20 For the Establishment, Development, Management and Operation of a Cyber Arena for Testing in Smart Transportation Tender's Terms Booklet)

4 https://www.gov.il/BlobFolder/faq/corona-regulations/he/%D7%AA%D7%A7%D7%A0%D7%95%D7%AA%20%D7%A9%D7%A2%D7%AA%20%D7%97%D7%99%D7%A8%D7%95%D7%9D.pdf
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https://www.gov.il/he/departments/faq/corona-regulations

5 https://www.gov.il/en/departments/news/emarketplace

6 https://www.israeldefense.co.il/he/node/42503 ; https://www.gov.il/en/Departments/news/emarketplace

7 https://read.oecd-ilibrary.org/view/?ref=137_137440-yavecbtye4&title=Seven-lessons-learned-about-digital-security-during-the-COVID-19-crisis

8 https://www.gov.il/BlobFolder/reports/cyber_industry_toxins_permit/he/Emergency_cyber_adhering_to_cybersecurity_requirements_of_a_toxins_permit_2020_eng.pdf

9 https://www.gov.il/BlobFolder/news/guide-transportation-privacy/he/--transformation--privacy--2020-.pdf

10 https://www.gov.il/he/departments/news/lawabstract1