THE TEL-AVIV STOCK EXCHANGE LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2019

(UNAUDITED)

The text in these financial statements is an English translation of the original Hebrew financial statements. In the event of any discrepancy between the original Hebrew and this translation, the Hebrew alone will prevail.

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Contents

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2019	March 31, 2018	December 31, 2018
		NIS, in thousands		
		(Unaudited)		(Audited)
Assets:				
Current assets				
Cash and cash equivalents		66,358	46,700	54,363
Financial assets at fair value through profit or loss		184,996	181,740	183,817
Trade receivables		18,123	14,566	15,325
Other receivables		14,383	12,586	3,797
Current tax assets		1,949	1,703	2,791
		285,809	257,295	260,093
Assets derived from clearing operations in respect of open derivative positions		932,174	1,616,688	895,401
Total current assets		1,217,983	1,873,983	1,155,494
Non-current assets				
Restricted Cash		540	538	538
Right-of-use assets	2 E	20,696	-	-
Other long-term receivables	2 E	935	-	-
Property and equipment, net		332,319	248,107	336,079
Intangible assets, net		107,640	94,068	105,952
Deferred tax assets		11,965	34,793	12,423
Total non-current assets		474,095	377,506	454,992
Total assets		1,692,078	2,251,489	1,610,486

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2019	March 31, 2018	December 31, 2018
		NIS, in thousands		
		(Unaudited)		(Audited)
Liabilities and Equity:				
Current liabilities				
Trade payables		11,810	17,521	15,272
Short-term liabilities for employee benefits		29,840	23,895	28,751
Other payables		3,114	2,267	3,495
Current maturities of lease liabilities	2 E	9,441	-	-
Current tax liabilities		1,012	-	-
Deferred income in respect of listing fees and levies		34,865	29,496	17,203
		90,082	73,179	64,721
Liabilities derived from clearing operations in respect of open derivative positions		932,174	1,616,688	895,401
Total current liabilities		1,022,256	1,689,867	960,122
Non-current liabilities:				
Non-current liabilities for employee benefits		22,700	25,028	19,522
Lease liabilities	2 E	13,357	-	-
Deferred income in respect of listing fees and levies		69,995	69,121	70,411
Other liabilities		540	538	538
Total non-current liabilities		106,592	94,687	90,471
Equity				
Remeasurement of net defined benefit liability		(6,411)	(9,094)	(4,331)
Share-based payments reserve		27,380	27,380	27,380
Other capital reserves		13,107	3,200	13,107
Retained earnings		529,154	445,449	523,737
Total equity		563,230	466,935	559,893
Total liabilities and equity		1,692,078	2,251,489	1,610,486

June 4, 2019

Date of Financial Statements Approval

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three Months Ended March 31,		Year Ended December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Revenue from services:			
Trading and clearing commissions	26,553	32,722	119,355
Securities listing fees, and annual levies	13,401	11,306	46,525
Clearing House services	12,351	11,658	49,605
Distribution of trading and other data	9,870	8,966	34,954
Other revenue	2,452	1,513	5,166
Total revenue from services	64,627	66,165	255,605
Cost of revenue:			
Expenses in respect of employee benefits	33,536	32,525	129,270
Computer and communications expenses	5,736	6,267	26,024
Property taxes and building maintenance expenses	3,023	2,873	12,994
General and administrative expenses	1,747	1,936	8,829
Marketing expenses	3,736	1,200	5,452
Fee to the Israel Securities Authority	2,658	2,627	10,506
Operating expenses for nominee company	-	448	448
Depreciation and amortization expenses	10,606	7,455	32,672
Reversal of impairment provision	-	-	(85,108)
Other expenses	694	-	896
Total costs	61,736	55,331	141,983
Profit before financing income, net	2,891	10,834	113,622
Financing income	4,266	(115)	(899)
Financing expenses	246	59	161
Total financing income (expenses), net	4,020	(174)	(1,060)
Profit before tax	6,911	10,660	112,562
Income tax	1,494	2,526	26,140
Profit for the period	5,417	8,134	86,422
Other comprehensive income (loss):			
Items that will not be subsequently reclassified to profit or loss, net of tax :			
Remeasurement of net defined benefit liability, net of tax	(2,080)	-	4,763
Comprehensive income for the period	3,337	8,134	91,185
Basic and diluted earnings per share (NIS)	0.054	0.081	0.864

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Three Months Ended March 31, 2019 (Unaudited)				
	Share-based payments reserve	Remeasurement of net defined benefit liability	Other Capital Reserves	Retained Earnings	Total
	NIS, in thousands				
Balance at January 1 , 2019	27,380	(4,331)	13,107	523,737	559,893
Movement in the accounting period:					
Profit for the period	-	-	-	5,417	5,417
Other comprehensive loss for the period	-	(2,080)	-	-	(2,080)
Total comprehensive income (loss) for the period	-	(2,080)	-	5,417	3,337
Balance at March 31, 2019	27,380	(6,411)	13,107	529,154	563,230

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Three Months Ended March 31, 2018 (Unaudited)					
	Share-based payments reserve	Remeasurement of net defined benefit liability	Revaluation Reserve for Available-for-Sale Financial Assets	Other Capital Reserves	Retained Earnings	Total
	NIS, in thousands					
Balance at January 1, 2018	27,380	(9,094)	2,099	3,200	500,630	524,215
Cumulative effect of new accounting standards**:**						
IFRS 9 “Financial Instruments”	-	-	(2,099)	-	2,099	-
IFRS 15 “Revenue from Contracts with Customers”	-	-	-	-	(65,414)	(65,414)
Balance at January 1, 2018 after retroactive adjustments	27,380	(9,094)	-	3,200	437,315	458,801
Movement in the accounting period:						
Profit for the period	-	-	-	-	8,134	8,134
Balance at March 31, 2018	27,380	(9,094)	-	3,200	445,449	466,935

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Year Ended December 31, 2018 (Audited)					
	Share-based payments reserve	Remeasurement of net defined benefit liability	Revaluation Reserve for Available-for-Sale Financial Assets	Other Capital Reserves	Retained Earnings	Total
	NIS, in thousands					
Balance at January 1, 2018	27,380	(9,094)	2,099	3,200	500,630	524,215
Cumulative effect of new accounting standards**:**						
IFRS 9 "Financial Instruments"	-	-	(2,099)	-	2,099	-
IFRS 15 "Revenue from Contracts with Customers"	-	-	-	-	(65,414)	(65,414)
Balance at January 1, 2018 after retroactive adjustments	27,380	(9,094)	-	3,200	437,315	458,801
Receipts from shareholders within the framework of implementing the ownership restructuring, net	-	-	-	9,907	-	9,907
Profit for the year	-	-	-	-	86,422	86,422
Other comprehensive income for the year	-	4,763	-	-	-	4,763
Total comprehensive income for the year	-	4,763	-	-	86,422	91,185
Balance at December 31, 2018	27,380	(4,331)	-	13,107	523,737	559,893

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,		Year Ended December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period	5,417	8,134	86,422
Tax expenses recognized in profit or loss	1,494	2,526	26,140
Net financing expenses (income) recognized in profit or loss	(4,020)	174	1,060
Depreciation and amortization	10,606	7,455	32,672
Reversal of impairment provision	-	-	(85,108)
Loss (gain) from disposal of property and equipment and intangible assets	694	(8)	280
	14,191	18,281	61,466
Changes in asset and liability items:			
Increase in trade receivables and other receivables	(11,940)	(9,434)	(1,408)
Decrease (increase) in receivables in respect of open derivative positions	(36,773)	122,882	844,169
Decrease in trade payables and other payables	(713)	(103)	(3,282)
Increase (decrease) in deferred income in respect of listing fees and levies	17,246	13,664	2,660
Increase (decrease) in payables in respect of open derivative positions	36,773	(122,882)	(844,169)
Increase in employee benefits related liabilities	1,566	2,548	8,084
	20,350	24,956	67,520
Interest received	2,976	2,974	5,058
Interest paid	(159)	(49)	(154)
Tax receipts (payments) – operating activities	1,474	2,386	(1,171)
	4,291	5,311	3,733
Net cash from operating activities	24,641	30,267	71,253

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE TEL-AVIV STOCK EXCHANGE LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,		Year Ended December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(2,392)	(5,725)	(20,388)
Proceeds from the disposal of property and equipment	-	41	41
Acquisitions of intangible assets	(3,196)	(2,936)	(14,962)
Refund in respect of overpaid development levies	-	-	1,788
Costs capitalized to property and equipment and intangible assets	(4,698)	(5,806)	(18,892)
Proceeds on disposals or purchases of financial assets at fair value through profit or loss, net	130	2,711	(2,633)
Net cash used in investing activities	(10,156)	(11,715)	(55,046)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of obligations under finance leases	(2,349)	-	-
Receipts from shareholders within the framework of implementing the ownership restructuring, net	-	-	9,907
Net cash from (used in) financing activities	(2,349)	-	9,907
Net increase in cash and cash equivalents	12,136	18,552	26,114
Cash and cash equivalents, beginning of the period	54,363	28,095	28,095
Effect of changes in exchange rates on cash balances held in foreign currency	(141)	53	154
Cash and cash equivalents, end of the period	66,358	46,700	54,363

APPENDIX A – NON-CASH ACTIVITIES:

Acquisition of property and equipment and intangible assets, under short-term credit	2,501	3,358	5,630

The accompanying notes are an integral part of the condensed consolidated financial statements.

NOTE 1 - GENERAL:

A. The Tel-Aviv Stock Exchange Ltd. ("the Company" or "TASE"), including via its subsidiaries, is engaged in the trading and settlement of securities, including shares, corporate bonds, government bonds, index-tracking products, derivatives, as well as the provision of services as a Central Securities Depository for securities traded on TASE, in the listing of securities for trading, the calculation of securities indices and the distribution of trading and other data for the capital market community. In addition, TASE operates a nominee company as the term is defined in the Securities Law (and the securities traded on TASE are registered in its name).

These condensed consolidated financial statements should be read in the context of the Company's financial statements as of December 31, 2018 and for the year then ended, and the accompanying notes ("the Annual Financial Statements").

B. Definitions:

Company or TASE	-	The Tel-Aviv Stock Exchange Ltd.
The Group	-	The Company and its subsidiaries (as defined below).
Subsidiaries	-	Companies controlled (as defined by IFRS 10) by the Company, whose financial statements are fully consolidated with those of the Company.
Related parties	-	As defined by IAS 24 – "Related Parties."
Interested parties	-	As defined in the Securities Law, 1968 and regulations thereunder.

C. The text in these financial statements is an English translation of the original Hebrew financial statements.

In the event of any discrepancy between the original Hebrew and this translation, the Hebrew alone will prevail.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Preparation of the Financial Statements:

The condensed consolidated financial statements of the Group ("the Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34").

In the preparation of these Interim Financial Statements, the Group has applied the same accounting policies, rules of presentation and calculation methods as those used in the preparation of its financial statements as of December 31, 2018 and for the year then ended, except for changes in the accounting policy that arose from the application of new standards that entered into effect in the reporting period, as set forth in section D below.

The condensed consolidated financial statements have been prepared in accordance with the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports),1970.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. Initial application of IFRS 15 "Revenue from Contracts with Customers" for the comparative figures:

Further to note 2T(a) of the Company's annual consolidated financial statements as of December 31, 2018, in January 2019 a final decision was issued by IFRIC on the subject of the recognition of revenue from listing fees with the entry into effect of IFRS 15 "Revenues from Contracts with Customers," which concluded that revenues from listing fees should be recognized over time. The Company adopted IFRS 15, which entered into effect on January 1, 2018, for the first time in the 2018 financial statements. As a result, the comparative figures for March 31, 2018 and for the period ending on that date that are presented in these financial statements are after the application of the standard, and reflect the final decision of IFRIC that was published after the standard entered into effect.

The effect of the previously mentioned changes on the Company's financial statements are as follows:

In the Consolidated Statements of Financial Position

	Under the previous policy	Change	After the effect of the application of IFRS 15
	NIS, in thousands		
As of March 31, 2018			
Assets			
Non-current assets			
Deferred tax assets	15,102	19,691	34,793
Liabilities and equity			
Current liabilities			
Deferred income in respect of listing fees and levies	12,999	16,497	29,496
Non-current liabilities			
Deferred income in respect of listing fees and levies	-	69,121	69,121
Equity			
Retained earnings as of January 1, 2018	502,729	(65,414)	437,315
Net income for the year	8,645	(511)	8,134
Retained earnings as of March 31, 2018	511,374	(65,925)	445,449

The following table shows the effects on revenue, profit and earnings per share on the assumption that the previous revenue recognition policy had continued this year:

In the Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Under the previous policy	Change	After the effect of the application of IFRS 15
	NIS, in thousands		
For the three months ended March 31, 2018			
Revenue from services	66,829	(664)	66,165
Profit before financing income, net	11,498	(664)	10,834
income tax	2,679	(153)	2,526
Profit for the year	8,645	(511)	8,134
Basic and diluted earnings per share (NIS)	0.085	(0.004)	0.081

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

C. Income taxes in the Interim Financial Statements:

The expenses (benefits) for taxes on income for the periods presented include current tax assets and any changes in deferred tax, except for deferred taxes assets relating to items that are charged directly to equity.

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. To calculate the effective income tax rate, losses for tax purposes in respect of which deferred tax assets have not been recognized, which are expected to reduce the tax liability in the reporting year, are deducted.

D. Leases:

As described in note 2 E concerning the initial application of International Financial Reporting Standard 16 – Leases ("the Standard"), the Company has opted for modified retrospective approach of the Standard (without restatement of the comparative information).

The accounting policy applied as from January 1, 2019 in respect of leases, is as follows:

The Company accounts for a contract as a lease when, under the terms of the contract, the right to control the use of an identified asset is transferred for a period of time in exchange for consideration.

1. The Company as lessee

For transactions where the Company is the lessee, the Company recognizes the right-of-use asset on the commencement date of the lease against a lease liability, with the exception of lease transactions for a period of less than 12 months, and lease transactions with low-value underlying asset, in respect of which the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis, over the lease period. In measuring the lease liabilities, the Company has chosen to apply the exemption set forth in the Standard, and has not separated lease components from non-lease components, such as: management services, maintenance services and others that are included in the same transaction.

On the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted at the Company's incremental borrowing rate. Subsequently, the Company measures the lease liability by the effective interest method.

The right-of-use asset on the commencement date is recognized at the amount of the lease liability, plus lease payments paid on or prior to the commencement date, with the addition of transaction costs incurred. The right-of-use asset is measured using the cost model and is amortized over its useful life or over the lease period, whichever is shorter. If indicators of impairment are present, the Company tests the right-of-use asset for impairment in accordance with the provisions of IAS 36.

2. CPI-linked lease payments

On the commencement date, the Company uses the existing CPI rate on such date to calculate the future lease payments.

In transactions where the Company is a lessee, changes in the amount of the future lease payments resulting from changes in the CPI are capitalized (without changing the discount rate applicable to the lease liability) to the balance of the right-of-use asset, and recognized as an adjustment to the balance of the lease liability, only to the extent that the change in cash flows stems from a change in the CPI (i.e. on the effective date of the adjustment of the lease payments). The effect of the change in the CPI on current payments is carried to profit or loss.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

D. Leases (Cont.):

3. Extension and termination options

The non-cancellable period of a lease also includes periods that are covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and, as well as periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In the event of a change in the anticipated exercise of an extension option or the non-exercise of a termination option, the Company remeasures the balance of the lease liability based on the revised period of a lease, at the discount rate in effective date of change in the anticipated exercise/non-exercise. The amount of that change is carried to the balance of the right-of-use assets until it is brought down to zero and thereafter to profit or loss.

4. Subleases

In transactions where the Company leases a base asset (primary lease) and in turn leases out the same base asset to a third party (sublease), the Company examines whether the risks and rewards of ownership of the right-of-use asset have been transferred, inter alia, by comparing the sublease period to the useful life of the right-of-use asset under the primary lease.

If substantially all of the risks and rewards of ownership of the right-of-use asset have been transferred, the Company accounts for the sublease as a finance lease; otherwise, the sublease is accounted for as an operating lease.

If the sublease is classified as a finance lease, on the commencement date the leased asset is derecognized against the recognition of a “receivables in respect of a finance lease” asset, which is included under “other receivables” and “other long-term receivables,” at the present value of the balance of lease receipts from the sublease, discounted at the same discount rate that is used for the primary lease liability.

E. Initial application of new financial reporting standards and amendments to existing accounting standards

Initial application of IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases (“the Standard”). The Standard supersedes IAS 17 (“the Previous Standard”), IFRIC 4 and IFRIC 15. The Standard defines lease as a contract that conveys the right to control the use of an identified asset for a period of time, in consideration for payment

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

E. Initial application of new financial reporting standards and amendments to existing accounting standards (Cont.)

Initial application of IFRS 16 – Leases (Cont.)

The principal effects of the Standard are as follows:

- The Standard requires lessees to recognize all leases in the statement of financial position (with certain exceptions, see below). Lessees will recognize a liability for the lease payments against a right-of-use asset, similarly to the accounting treatment of a finance lease under the cancelled standard – IAS 17, Leases. Additionally, lessees will recognize interest expenses and depreciation expenses separately.
- variable lease payments that are not dependent on an index or a rate, but rather are based on performance or use will be recognized as an expense by the lessees or as income by the lessors as they arise.
- In the event of a change in variable lease payments that are linked to an index, the lessee will revalue the lease liability and carry the effect of the change to the right-of-use asset.
- The Standard includes two exceptions, whereunder lessees may apply the existing accounting treatment for operating leases to leases of assets of low monetary value or to leases for periods of up to a year.
- No material changes were made to the accounting treatment by lessors as compared to the Previous Standard (i.e. classification as a finance lease or an operating lease).

The Standard is applied for the first time in these financial statements. As permitted by the Standard, the Company has elected to adopt the Standard under the modified retrospective approach, where the balance of the right-of-use assets is identical to the balance of the lease liability.

Under this approach, no restatement of the comparative figures is required. The balance of liabilities as of the date of the initial application of the Standard is calculated using the incremental interest rate of the Company on the date of initial application of the Standard.

For information on the accounting policy that has been applied since the date of initial application, see note 2 D above.

The initial application of the Standard primarily affected existing leases of communication lines, the Company’s backup facility and vehicles that are used by Company employees, in which the Company is a lessee. Pursuant to the Standard, as described in note 2 D above, with some exceptions, for any lease in which the Company is a lessee, the Company recognizes the balance of the liability against the balance of the right-of-use asset, this in opposition to the policy that had been applied under the provisions of the Previous Standard, which determined that the lease payments in respect of lease contracts in which not all of the risks and rewards of ownership of the right-of-use asset have been substantially transferred are to be recognized in profit or loss by the straight-line method over the lease period.

Additionally, the initial application of the Standard affects sublease transactions for the vehicles that are used by Company employees (where the base asset is leased by the Company and then subleased by it). Pursuant to the Standard, as described in note 2 D above, the Company classified the sublease transaction as an operating lease or a finance lease, inter alia, by comparing the sublease period to the useful life of the right-of-use asset.

Consequently, sublease transactions that had been accounted for as operating leases under the provisions of the Previous Standard have been reclassified by the Company as finance leases, in accordance with the provisions of the Standard.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

E. Initial application of new financial reporting standards and amendments to existing accounting standards (Cont.)

Initial application of IFRS 16 – Leases (Cont.)

a. The effect of the aforesaid changes on the financial statements of the Company are as follows:

In the consolidated statements of financial position:

	Under the previous policy	The change	As presented under IFRS 16
	NIS, in thousands		
As of January 1, 2019			
Assets			
Current assets			
Other receivables	3,797	1,089	4,886
Non-current assets			
Right-of-use assets	-	22,466	22,466
Other long-term receivables	-	837	837
Liabilities and equity			
Current liabilities			
Current maturities of lease liabilities	-	9,269	9,269
Non-current liabilities			
Lease liabilities	-	15,123	15,123
As of March 31, 2019			
Assets			
Current assets			
Other receivables	13,259	1,124	14,383
Non-current assets			
Deferred tax assets	11,955	10	11,965
Right-of-use assets	-	20,696	20,696
Other long-term receivables	-	935	935
Liabilities and equity			
Current liabilities			
Current maturities of lease liabilities	-	9,441	9,441
Non-current liabilities			
Lease liabilities	-	13,357	13,357
Equity			
Retained earnings	529,187	(33)	529,154

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

E. Initial application of new financial reporting standards and amendments to existing accounting standards (Cont.)

Initial application of IFRS 16 – Leases (Cont.)

In the statements of profit or loss and other comprehensive income

	Under the previous policy	The change	As presented under IFRS 16
	NIS, in thousands		
For the three-month period ended March 31, 2019			
Expenses in respect of employee benefits	33,629	(93)	33,536
Computer and communications expenses	7,761	(2,025)	5,736
Depreciation and amortization expenses	8,535	2,071	10,606
Profit before financing income, net	2,844	47	2,891
Financing income, net	4,110	(90)	4,020
Income tax	1,504	(10)	1,494
Profit for the period	5,450	(33)	5,417

Additionally, the initial application of the Standard has the following effect on the cash flows of the Company for the three-month period ended March 31, 2019: an increase of NIS 2,349 thousand in cash flows from operating activities, against a decrease of NIS 2,349 thousand in cash flows from financing activities.

b. The incremental interest rate used to discount the future lease payments in calculating the balance of the lease liability on the date of initial application of the Standard is in the range of 1.17% to 1.83%. The above discount rates are based on the nominal interest rate applicable to the discounting of the lease contracts, this being based on the financing risk of the Company and the average duration of the lease contracts.

NOTE 3 - SEASONALITY:

The Company's operations are not characterized by seasonality that significantly affects the scope of its activities. Nonetheless, the Company's revenues (chiefly from trading and settlement commissions) are affected, inter alia, by the Jewish holidays and other holidays during which there is a decrease in the scope of the day-to-day operations at TASE, as well as a decrease in the number of trading days occurring in these periods.

NOTE 4 - THE GROUP'S CAPITAL ADEQUACY AND LIQUIDITY ADEQUACY REQUIREMENTS:

The Group's capital adequacy and liquidity adequacy requirements are prescribed in the Clearing Houses' Stability Directive issued by the Israel Securities Authority. The requirements include the allocation of capital in respect of the Clearing House's exposure to credit risks (other than upon the occurrence of a Clearing member's default), market risk on the Clearing House's investment portfolio (interest risk), operational and legal risks, and to ensure business continuity and the reorganization of its business. Moreover, the requirements include, as stated, a minimum requirement in respect of the Clearing House's participation in the order of realizing collateral upon the occurrence of a Clearing member's default, at a rate of 25% of the aforementioned risks.

In the absence of any regulatory directive, the TASE capital adequacy and liquidity adequacy requirements are determined using internal models that were approved by TASE's Board of Directors in January 2015. Generally, the calculation of TASE's requirements, as referred to above, share the same fundamentals as the calculation of the requirements prescribed for the Clearing Houses in the Clearing Houses' Stability Directive, other than the calculation of the capital requirement in respect of market risk and the definition of qualifying capital.

Capital Adequacy – Capital Requirements, Qualifying Capital Base and the Group's Capital Adequacy Position as of the Reporting Date:

	March 31,		December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Capital requirements in respect of the risk components:			
Credit risk	5,414	2,995	2,421
Market risk	5,852	5,035	5,808
Legal and operational risk (*)	37,193	37,385	37,011
Business continuity and reorganization (**)	107,906	108,638	106,656
Contribution against default waterfall	25,503	26,430	25,390
Total capital requirements in respect of the risk components	181,868	180,483	177,286
Capital base components:			
Retained earnings	529,154	445,449	523,737
Capital reserves	13,107	3,200	13,107
Remeasurement of net defined benefit liability	(6,411)	(9,094)	(4,331)
Share-based payments reserve	27,380	27,380	27,380
Less:			
Intangible assets	(107,640)	(94,068)	(105,952)
Deferred tax assets	(11,965)	(34,793)	(12,423)
Total qualifying capital base	443,625	338,074	441,518
Capital surplus (qualifying capital base, less requirements)	261,757	157,591	264,232

* A capital allocation equivalent to 15% of the average gross income in the last twelve quarters.

** A capital allocation equivalent to six months' operating expenses (on an annual basis) with the necessary adjustments.

NOTE 4 - THE GROUP'S CAPITAL ADEQUACY AND LIQUIDITY ADEQUACY REQUIREMENTS (CONT.):

Liquidity Adequacy – Liquidity Requirements, Net Liquid Asset Base and Liquidity Adequacy Position as of the Reporting Date:

	March 31,		December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Liquidity requirements in respect of the risk components:			
Business continuity and reorganization	107,906	108,638	106,656
Contribution against default waterfall	25,503	26,430	25,390
Total requirements for liquid assets	133,409	135,068	132,046
Eligible liquid assets:			
Cash and cash equivalents	66,358	46,700	54,363
Securities portfolio at fair value	184,996	181,740	183,817
Less – amortization coefficients on the assets	(9,483)	(8,298)	(9,503)
Credit line	50,000	50,000	50,000
Less – current liabilities	(72,780)	(56,682)	(47,518)
Net liquid assets	219,091	213,460	231,159
Liquidity surplus (net liquid assets, less requirements)	85,682	78,392	99,113

TASE-CH's Capital Adequacy and Liquidity Adequacy as of the Reporting Date:

	March 31,		December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Capital adequacy position:			
Total capital requirements	90,014	94,649	89,451
Total qualifying capital base	129,184	120,664	126,691
Total capital surplus	39,170	26,015	37,240
Liquidity adequacy position:			
Total liquidity requirements	67,389	72,846	66,713
Total net liquid assets	121,325	109,636	113,782
Total liquidity surplus	53,936	36,790	47,069

NOTE 4 - THE GROUP'S CAPITAL ADEQUACY AND LIQUIDITY ADEQUACY REQUIREMENTS (CONT.):

MAOF-CH's Capital Adequacy and Liquidity Adequacy as of the Reporting Date:

	March 31, 2019	March 31, 2018	December 31, 2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Capital adequacy position:			
Total capital requirements	37,500	37,500	37,500
Total qualifying capital base	43,584	41,618	42,755
Total capital surplus	6,084	4,118	5,255
Liquidity adequacy position:			
Total liquidity requirements	20,455	20,553	20,144
Total net liquid assets	41,431	38,444	39,984
Total liquidity surplus	20,976	17,891	19,840

A contribution against default waterfall allocated from each of the Clearing Houses' equity is included within the framework of each of the Group's capital and liquidity requirements, as detailed above. The following table presents details of the total financial resources held by the Group and by each of the Clearing Houses for the purpose of coping with a Clearing member's default.

	March 31, 2019	March 31, 2018	December 31, 2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Total margin requirements with MAOF-CH	2,611	2,442	2,869
Total collateral required to be deposited in the MAOF-CH Default Fund (*)(**)	557	896	707
Total collateral required to be deposited in the TASE-CH Default Fund (*)	762	779	726
Contribution against default waterfall allocated from the Group's equity (***)	26	26	25
Total financial resources	3,956	4,143	4,327

(*) At the financial statements' approval date, the total collateral required to be deposited in the Default Fund of MAOF-CH and TASE-CH amounts to NIS 558 million and NIS 796 million, respectively.

(**) With effect from October 15, 2018, the Default Fund of MAOF-CH is updated on the basis of new methodology, which was approved by the Clearing House's Board of Directors on March 29, 2018.

(***) As of March 31, 2019, the contribution against default waterfall allocated from the Group's equity in respect to MAOF-CH and TASE-CH totaled NIS 7.5 million and NIS 18 million, respectively (as of March 31, 2018 – NIS 7.5 million and NIS 18.9 million, respectively, and as of December 31, 2018 – NIS 7.5 million and NIS 17.9 million, respectively).

NOTE 5 - FINANCIAL INSTRUMENTS:

A. Significant Accounting Policies:

The significant accounting policies and methods adopted in respect to financial assets and financial liabilities, including recognition criteria, measurement bases and recognition in profit or loss, are reported in note 2 L of the consolidated annual financial statements.

B. Financial Instrument Balances, by Category:

	March 31,		December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Financial assets (*):			
Financial assets measured at amortized cost:			
Cash and cash equivalents	66,358	46,700	54,363
Trade and other receivables	25,913	20,663	17,710
Other long-term receivables	935	-	-
restricted cash	540	538	538
Financial assets at fair value through profit or loss:			
Assets derived from clearing operations – receivables in respect to open derivative positions	932,174	1,616,688	895,401
Financial assets held for trading (**)	184,996	181,740	183,817
	1,210,916	1,866,329	1,151,829
Presented in the Statement of Financial Position under:			
Current assets:	1,209,441	1,865,791	1,151,291
Non-current assets	1,475	538	538
	1,210,916	1,866,329	1,151,829
Financial liabilities:			
Financial liabilities measured at amortized cost:			
Trade and other payables	12,050	17,832	15,463
Current maturities of lease liabilities	9,441	-	-
Lease liabilities	13,357	-	-
Other liabilities	540	538	538
Financial liabilities at fair value through profit or loss:			
Liabilities derived from clearing operations – payables in respect to open derivative positions	932,174	1,616,688	895,401
	967,562	1,635,058	911,402
Presented in the Statement of Financial Position under:			
Current liabilities	953,665	1,634,520	910,864
Non-current liabilities	13,897	538	538
	967,562	1,635,058	911,402

(*) The book value of the financial assets reported above reflects the Group's maximum exposure to financial assets' credit risk as of the Statement of Financial Position date.

(**) The composition of the investment portfolio includes treasury bills and Government of Israel bonds, see note 4 D (2) (a) to the 2018 consolidated financial statements.

NOTE 5 - FINANCIAL INSTRUMENTS (CONT.):

C. Fair Value of Financial Instruments:

(1) The financial instruments of the Group include mainly cash and cash equivalents, including restricted cash, financial assets held for trading, trade receivables, other receivables, trade payables, other payables, lease liabilities, other liabilities and assets and liabilities in respect to open derivative positions.

The balances of the Group's financial instruments in the Statement of Financial Position as of March 31, 2019 and 2018 and as of December 31, 2018 closely reflect their fair values.

(2) Financial Instruments Measured at Fair Value in the Statement of Financial Position:

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

- Level 3 fair value measurements are those derived from valuation techniques that are not based on observable market data (unobservable inputs).

The above classification is determined on the basis of the lowest level input (assumption) which is significant to the fair value measurement in its entirety.

NOTE 6 - FINANCIAL INSTRUMENTS (CONT.):

C. Fair Value of Financial Instruments (Cont.):

(2) Financial Instruments Measured at Fair Value in the Statement of Financial Position (Cont.):

Below are the Group's financial instruments measured at fair value, based on said levels:

	Receivables and Payables in Respect to Open Derivative Positions	Financial Assets at Fair Value Through Profit or Loss – Held for Trading
March 31, 2019 (Unaudited):		
Level 1	20,134	184,996
Level 2	917,388	-
	937,522	184,996
Offset between Level 1 instruments, and Level 2 instruments, in the position of the same member on the same expiration date (*)	(5,348)	-
Total balance reported in the Statement of Financial Position	932,174	184,996
March 31, 2018 (Unaudited):		
Level 1	64,628	181,740
Level 2	1,575,952	-
	1,640,580	181,740
Offset between Level 1 instruments, and Level 2 instruments, in the position of the same member on the same expiration date (*)	(23,892)	-
Total balance reported in the Statement of Financial Position	1,616,688	181,740
December 31, 2018 (Audited):		
Level 1	118,539	183,817
Level 2	882,825	-
	1,001,364	183,817
Offset between Level 1 instruments, and Level 2 instruments, in the position of the same member on the same expiration date (*)	(105,963)	-
Total balance reported in the Statement of Financial Position	895,401	183,817

(*) See note 7 A to the 2018 consolidated financial statements.

Assumptions Used to Measure the Fair Value of Receivables and Payables in Respect to Open Derivative Positions Measured at Level 2:

The fair value of open derivative positions in options is measured using the Black and Scholes model based on the following assumptions: the price of the underlying asset, the exercise price, time to expiration, NIS risk-free interest rate, foreign currency risk-free interest rate (in the case of exchange rate options) and the standard deviation of the return of the underlying asset.

NOTE 6 - FINANCIAL INSTRUMENTS (CONT.):

C. Fair Value of Financial Instruments (Cont.):

(2) Financial Instruments Measured at Fair Value in the Statement of Financial Position (Cont.):

The use of different assumptions could change the amounts of fair value, but without impact on profit or loss, since the open positions on the asset side and the open positions on the liabilities side are identical, as per note 2 L (2) to the 2018 consolidated financial statements.

D. Offsets of Financial Assets and Financial Liabilities:

Financial assets and liabilities are reported in the Statement of Financial Position, in a net amount, only when there is a legally enforceable right of offset and there is an intention to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously.

Assets and liabilities in respect to open derivative positions reported in the Statement of Financial Position have been calculated, after offsetting the fair value of the liabilities of the Clearing member to MAOF-CH, against the fair value of all liabilities of MAOF-CH to said member, resulting from open positions of said member, on the same expiration date.

These amounts do not include offsets arising from open positions of said member on various expiration dates.

Following is information on financial assets and liabilities, available for offset, by instruments:

Instrument	Gross Amounts (Before Offset) of Assets/ Liabilities, in Respect to Open Derivative Positions	Amounts Offset in the Statement of Financial Position	Assets/ Liabilities in Respect to Open Derivative Positions, net, in the Statement of Financial Position
	NIS, in thousands		
March 31, 2019 (Unaudited):			
Options*	1,265,492	333,318	932,174
March 31, 2018 (Unaudited):			
Options*	1,787,601	170,913	1,616,688
December 31, 2018 (Audited)			
Options*	1,486,939	591,538	895,401

* As of March 31, 2019 and 2018 and December 31, 2018, there were no open positions in regard to futures.

NOTE 6 - FINANCIAL INSTRUMENTS (CONT.):

D. Offsets of Financial Assets and Financial Liabilities (Cont.):

Financial Assets, Available for Offset, by Counterparty to the Transaction:

Counterparty	Assets Regarding Open Derivative Positions, net, in the Statement of Financial Position	Amounts to be Offset in the Event of Default	Margin Amounts (*)	Net Total
	NIS, in thousands			
March 31, 2019 (Unaudited):				
Member B	655,975	241	655,734	-
Member C	206,350	206,350	-	-
Other members	69,849	69,342	507	-
	932,174	275,933	656,241	-
March 31, 2018 (Unaudited):				
Member C	944,847	811	944,036	-
Member B	616,440	2,599	613,841	-
Other members	55,401	51,618	3,783	-
	1,616,688	55,028	1,561,660	-
December 31, 2018 (Audited):				
Member B	646,299	1,430	644,869	-
Member C	175,379	175,379	-	-
Other members	73,723	71,086	2,637	-
	895,401	247,895	647,506	-

(*) Margin amounts are reported in an amount that does not exceed the balance of assets in respect to open derivative positions, after all offsets in the event of default. The current margin requirement is higher than that shown in the table. For details, see note 4 above.

NOTE 6 - FINANCIAL INSTRUMENTS (CONT.):

D. Offsets of Financial Assets and Financial Liabilities (Cont.):

Financial Liabilities, Available for Offset, by Counterparty to the Transaction:

Counterparty	Liabilities Regarding Open Derivative Positions, net, in the Statement of Financial Position	Amounts to be Offset in the Event of Default	Net Total
	NIS, in thousands		
March 31, 2019 (Unaudited):			
Member A	512,140	26,964	485,176
Member C	282,699	206,350	76,349
Other members	137,335	42,619	94,716
	932,174	275,933	656,241
March 31, 2018 (Unaudited):			
Member A	1,275,320	14,670	1,260,650
Member H	267,511	32,192	235,319
Other members	73,857	8,166	65,691
	1,616,688	55,028	1,561,660
December 31, 2018 (Audited):			
Member A	442,539	32,653	409,886
Member C	327,149	175,379	151,770
Other members	125,713	39,863	85,850
	895,401	247,895	647,506

E. The expected maturity dates for most of the financial liabilities arising from the clearing activities undertaken by MAOF-CH (payables in respect to open positions) are as follows:

	March 31,		December 31,
	2019	2018	2018
	NIS, in thousands		
	(Unaudited)		(Audited)
Up to one month after the date of the financial statements	485,183	756,544	415,228
1-2 months	409,301	814,717	430,786
2-3 months	35,790	32,542	15,124
Up to one year	1,900	12,885	34,263
Total financial liabilities from clearing activities *	932,174	1,616,688	895,401

* The total of the aforesaid financial liabilities from clearing activities and their expected maturity dates matches the total of the financial assets from clearing activities and their expected maturity dates.

NOTE 6 - FINANCIAL INSTRUMENTS (CONT.):

F. Interest Risks

The Group has monetary surpluses that are placed in bank deposits and thus has a cash flow exposure to changes in interest.

The following table details the impact of a +/- 1% and a +/- 2% change in interest on the deposits (before the tax effect):

	Total Variable Interest-rate Instruments	Change of +/- 1%	Change of +/- 2%
	NIS, in millions		
March 31, 2019 (Unaudited)	51.7	0.52	1.03
March 31, 2018 (Unaudited)	41.2	0.4	0.8
December 31, 2018 (Audited)	49.6	0.5	1

In addition, the Group has investments in financial instruments yielding fixed interest rates, which are measured at fair value through profit or loss or through other comprehensive income, and is therefore exposed to changes in the fair value as the result of changes in the interest rates.

The following table details the impact of a +/- 1% and a +/- 2% change in the fair value of bonds, (before the tax effect):

	Total Fixed Interest rate Instruments	Change of +/- 1%	Change of +/- 2%
	NIS, in millions		
March 31, 2019 (Unaudited)	182.6	8.14	16.28
March 31, 2018 (Unaudited)	181.7	7.46	14.92
December 31, 2018 (Audited)	181.3	7.71	15.42

NOTE 6 - REVENUE

Disaggregation of revenue in respect to Contracts with Customers:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Year Ended December 31, 2018
	NIS, in thousands		
	(Unaudited)		(Audited)
By type of service:			
Trading and clearing commissions	26,553	32,722	119,355
Securities listing fees, and annual levies	13,401	11,306	46,525
Clearing House services	12,351	11,658	49,605
Distribution of trading and other data	9,870	8,966	34,954
Other revenue	2,452	1,513	5,166
Total	64,627	66,165	255,605
By timing of provision of services:			
Revenues recognized at a point in time	40,903	40,811	156,418
Revenues recognized over time	23,724	25,354	99,187
Total	64,627	66,165	255,605

NOTE 7 - EVENTS AFTER THE END OF REPORTING PERIOD:

A. Further to that which is stated in note 13 E (1) of the consolidated annual financial statements, regarding a compensation plan for officers at the Company who report to the CEO, and further to that which is stated in note 15 of the annual consolidated financial statements regarding the measurement of the fair value of the options that were granted to the officers, as stated, on April 11, 2019, the Company's Board of Directors approved an amendment to the plan (subject to the updating of the Company's Compensation Policy), according to which, inter alia, the condition that was set forth in the plan stating that the exercise of the options would be contingent on the Company's shares being listed for trading was cancelled. In addition, an alternative mechanism for determining the value of the benefit to the offerees in the event that the Company's shares are not listed on TASE was set forth. On May 1, 2019, the general meeting of the Company approved the updating of the Company's Compensation Policy as aforesaid. According to the said update to the plan, the Company will begin to recognize an expense in respect of a share-based payment on the basis of the fair value as determined on the grant date, and for the duration of the vesting starting from May 1, 2019 (the date of the approval by the general meeting of the update to the plan). The cumulative expense from the date of the original grant in respect of past services that had not yet been recognized as of March 31, 2019 amounts to NIS 2.3 million. This expense will be recognized in the consolidated interim financial statements as of June 30, 2019.

NOTE 7 - EVENTS AFTER THE END OF REPORTING PERIOD (CONT.):

B. On May 1, 2019, the Company's general meeting, after receiving the approval of the Company's Compensation Committee and Board of Directors, approved a retention plan for the Company CEO that includes the following three components:

(1) A monthly additional payment that will be paid partly starting from the June 2019 salary and partly starting from the January 2022 salary.

(2) The provision of a retention loan to the CEO of NIS 3.5 million (hereafter - "the Loan") for a period of 5 years starting on June 1, 2019 (hereafter - "the Loan Term"). If the CEO continues to work at the Company until the end of the Loan Term (namely, until May 30, 2024), the entire Loan will convert into a one-time bonus for the CEO. If, before the end of the Loan Term, the CEO gives notice of his resignation, the CEO will return the full amount of the Loan to the Company. If the employment relations come to an end prior to the end of the Loan Term, at the initiative of TASE and under ordinary circumstances, the CEO will be entitled to convert a pro rata portion of the Loan into a bonus. The Loan will bear annual imputed interest (in accordance with the provisions of section 3(i) of the Income Tax Ordinance), the cost of which the Company will bear, including the tax gross-up in respect thereof. The Company will recognize the expense over the Loan Term on a straight-line basis.

(3) The approval of an equity-based compensation plan for the CEO, pursuant to which 4,250,000 options that are exercisable into shares of the Company, which will vest in one installment five years from the date of the allocation. The options for the CEO that are allocated under the equity compensation plan will not be listed on TASE.

On a theoretical assumption of the full exercise of the options for the CEO and on the assumption of an allocation of the maximum possible number of shares that will result from the exercise of the options for the CEO, the exercise shares for the CEO will constitute 4.08% of the Company's issued share capital (immediately following the allocation), and 3.92% assuming full dilution.

The following table shows the number of options that will be allocated under the abovementioned plan:

Plan Description	Grant Date	Number of Options Granted	Expiry Date	Vesting and Other Conditions	Exercise Price (1)	Fair Value on the Grant Date – NIS thousands
Options granted to the CEO	May 1, 2019	4,250,000	(3)	(2)	12	2,743

(1) The exercise price of the options will not be collected, but will serve to determine the amount of the monetary benefit and the number of shares that will be allocated in practice.
(2) The options will be fully vested at the end of 5 years from the allocation date, subject to the CEO serving in his position until that date.
(3) The options will expire at the end of 7 years from the allocation date (as of the date of the approval of the financial statements, the options have not yet been allocated).

The options were granted to the CEO in accordance with the provisions of section 102 of the Income Tax Ordinance, under the "Capital Gains Track". The expenses that will be recorded in respect of the plan are not recognized for tax purposes, and therefore a tax asset has not been recorded in respect of the expenses.

NOTE 7 - EVENTS AFTER THE END OF REPORTING PERIOD (CONT.):

Estimate of the fair value of the options:

The fair value of the options that were granted, as stated above, has been estimated using the binomial model. Below are the parameters that were used when applying the model:

Component	
Share price on the grant date (NIS) (1)	6.36
Exercise price (NIS)	12
Exercise coefficient	2.8
Expected volatility of the share price (2)	25%
Lifespan of the options (in years)	7
Risk-free interest rate	1.65%
Expected dividend rate (3)	0%

(1) The value of the share is based on a valuation of the Company's equity capital as determined by an external appraiser.

(2) The volatility has been estimated on the basis of data of similar companies, and has been calculated as a simple average of the annualized standard deviations of traded stock exchanges in ranges of up to NIS 10 billion over a trading period of 7 years (according to the expected lifespan of the options).

(3) Since the exercise price of the options is adjusted for the full dividend that the Company will distribute over the exercise period, the expected dividends have not been included in the valuation, and a dividend rate of 0% has been assumed.

The Group recognizes share-based payment arrangements in the financial statements as an expense over the vesting period against an increase in equity, under the share-based payments reserve

C. On September 17, 2018, a labor dispute was declared at TASE by the Histadrut (the New General Federation of Labor in Israel, hereafter – "the Histadrut"). The nature of the dispute, according to the notice that was sent from the Histadrut, mainly concerns the implications of the transaction for the sale of the Company's shares on the employees' rights, and the signing of a new collective agreement to secure the economic rights and employment security of the employees.

On October 8, 2018, TASE filed a motion by a party in a collective dispute to the Tel Aviv Labor Tribunal against the Histadrut and TASE's employees committee, to cancel the collective dispute that was declared by them, as stated. In the Company's opinion, the declaration of the labor dispute constitutes a breach of the collective agreement from 2017 that contains special arrangements in light of the change in the ownership structure.

On May 20, 2019, a labor dispute was declared at TASE by the Histadrut. The nature of the dispute, according to the notice that was sent from the Histadrut, is the lack of agreement regarding the rate and date of the distribution of the annual bonus for 2017. The Company has made a provision for the amount of the annual bonus for 2017 that it expects to pay to the employees.

According to the provisions of the Settlement of Labor Disputes Law 5717 - 1957, in view of the sending of said notices concerning labor disputes, the Company's employees are entitled to go on strike. Within the framework of the labor dispute that was declared, in recent weeks various sanctions have been imposed by TASE employees, which even led to a late opening of trading on TASE on May 21, 2019.

On May 23, 2019, the Histadrut announced the commencement of expeditious and intensive negotiations to regulate the labor relations.

NOTE 7 - EVENTS AFTER THE END OF REPORTING PERIOD (CONT.):

D. In May 2019, TASE entered into an agreement with the Israeli Professional Football Leagues Administration 2014 Ltd. (hereafter - "the Administration") for primary sponsorship over three game seasons (as defined in the Code of the Israel Football Association) commencing in the 2019/2020 game season and ending in the 2021/2022 game season, this for a total consideration of NIS 12.3 million, payable in installments over the period. In return, the Administration has committed to a minimum volume of advertising in the various media, as set out in the agreement.

E. Pursuant to the stated in Note 17a to the annual financial statements concerning the indemnification of officers, on June 4, 2019, the Company's Board of Directors (after obtaining the approval of the Audit Committee acting as the Compensation Committee) approved an amended version of the indemnity letter (hereafter - "the 2019 Indemnity Letter"). Also approved in said session was the cancellation of the indemnity letter previously provided by the Company to officers in TASE-CH, to whom, as officers of TASE-CH, a new letter of indemnity will be issued directly by TASE-CH.

The maximum amount of indemnification payable under the 2019 Indemnity Letter in respect of a financial liability that is imposed on an officer towards another person, on an aggregate basis, based on all letters of indemnification that have and/or will be issued by the Company, in respect of one or more of the events detailed in the 2019 Indemnity Letter (hereafter - "Financial Liability to a Third Party"), shall not exceed 25% of the equity of the Company as per its most recent financial statements published prior to the actual date of payment of the indemnity. Additionally, under the 2019 Indemnity Letter, indemnity will be paid for reasonable legal expenses as part of investigation proceedings and legal or administrative proceedings, including reasonable litigation expenses, in respect of damages payable to victims of administrative breaches and in respect of any other liability or expense for which indemnity is permitted by law.

On June 4, 2019, the boards of directors of TASE-CH and MAOF-CH (after obtaining the approvals of their audit committees acting as compensation committees) approved indemnity letters to officers therein, under principles similar to those of the 2019 Indemnity Letter.

Notwithstanding the aforesaid, the maximum indemnity, in aggregate, in respect of a Financial Liability to a Third Party under the 2019 indemnity letter of TASE-CH was set at the higher of the two following alternatives: (a) NIS 10 million or (b) 25% of the total equity of TASE-CH plus the total secondary equity, as defined in the resolution, as per the most recent financial statements of TASE-CH published prior to the actual payment date, and the maximum indemnity, in aggregate, in respect of a Financial Liability to a Third Party under the 2019 indemnity letters of MAOF-CH was set at the higher of the two following alternatives: (a) NIS 5 million or (b) 25% of the total equity of MAOF-CH as per the most recent financial statements of TASE-CH published prior to the actual payment date.

The resolutions on the granting of the 2019 indemnity letters, as above, are subject to approval by the general meetings of the TASE Group companies.

F. Pursuant to the stated in Note 17b of the annual financial statements concerning the exemption of officers, in view of the changes in the corporate governance directives that apply to the Company and to TASE-CH and MAOF-CH, stemming from Amendment No. 63 of the Securities Law, on June 4, 2019, the boards of directors of each of the aforesaid companies (after obtaining the approvals of their respective audit committees acting as compensation committees), including the Nominee Company, approved the granting of an exemption to officers in each of said companies from liability to damages due to the breach of the duty of care, subject to the provisions and qualifications of the law. The resolution is subject to approval by the general meetings of the TASE Group companies.