

# **COMPANY GUIDE**

## **LISTING OF SECURITIES FOR TRADE**

### **REGULATIONS PURSUANT TO THE SECOND PART OF THE TASE RULES**

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SHARE IS ISSUED IN A UNIT TOGETHER WITH WARRANTS OR PURCHASE  
WARRANTS

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## **CHAPTER I- GENERAL**

Pursuant to Chapter IX of the Rules:

1. The expressions in these Regulations shall be interpreted in accordance with their meaning in the Securities Law, 5727-1968 and in the Rules, as the case may be, unless specifically stated otherwise.
2. In these Regulations:
  - a. “share price”

in the case of a new company – the effective price of the share, on the date of giving notice of the issue price, adjusted in respect of rights and dividend distributions of which the company gave notice prior to the listing for trade and the record date for the distribution of which is after the listing date, unconditionally or subject to fulfillment of certain conditions;

in the case of a listed company – the effective price of the share on the date of giving notice of the offer price, adjusted in respect of rights, in respect of a distribution of dividend and in respect of a distribution of bonus shares, of which the company gave notice prior to the listing date of the securities that the company is applying to list for trade, unconditionally or subject to fulfillment of certain conditions;
  - b. “price of convertible security” –

the price of a convertible security on its initial listing for trade – the price calculated on the basis of the effective price of the share deriving from the conversion;

the price of a listed convertible security – the convertible security’s price on TASE on the date of the company’s notice of the issue price, unless expressly stated otherwise in these Regulations;
  - c. “effective price of the share” –
    - 1) where only shares are offered – the price of the offered share, while where the share is offered in the framework of an issue unit that also includes other securities – the price of the issue unit in a public offering, less the value of the warrants and purchase warrants included therein, in accordance with the calculation formulae in appendix “A” to the Regulations;
    - 2) with regard to sub-paragraph 1) above, in the case of a listed company, where the share is offered for non-cash consideration, the effective price of the share shall be calculated in accordance with the formula detailed in paragraph 3. of Chapter X. Notwithstanding the aforesaid, if the offer as aforesaid includes an offer to the general public and an offer to a specific public, and the offer to the specific public is made for non-cash consideration and in an amount that is less than 50% of the overall amount of the offer, the effective price of the share in the offer to the specific public shall be the same as the calculation of the effective price of the share in the public offering;

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- 3) in the case of a new company, where shares are not offered to the public or where the percentage shares offered to the general public, as distinct from a specific public, is lower than 50% of the overall public holdings – the effective price of the share shall be calculated as follows:
- a) in the case of a new company which is spinning off from a listed company – the price of the listed company’s share on TASE, multiplied by the ratio between the new company’s equity and the listed company’s equity;  
in the case of a listed company from which the new company spun off, the price of the share of the company listed on TASE, adjusted in respect of a cash distribution, less the effective price of the share of the new company, calculated in accordance with the above provisions of this paragraph;
  - b) in the case of a company applying to be listed other than in the scope of a spin-off from a listed company – its post-listing equity, divided into the number of shares in the company’s capital;
  - c) in the case of a company applying to determine the effective price of the share in accordance with a calculation other than that mentioned in sub-paragraphs a) or b) above – the price determined by the company, unless TASE’s board of directors has determined that the effective price of the share for public holdings value purposes shall be calculated as provided in sub-paragraphs a) or b) above, as the case may be;
- 4) where the share derives from the exercise of a warrant – the amount obtained in agorot by dividing the exercise price by the number of shares obtained as a result of the warrant’s exercise;
- 5) where the share derives from conversion of a convertible bond – the amount obtained in agorot by multiplying the conversion rate by the price of the bond on TASE on the date of giving notice of the issue price;
- 6) on a distribution of bonus shares – the price of the share on TASE adjusted to the distribution (the price of the share “ex bonus”);
- 7) the price of the entitling share in a rights offering – the price of the share on TASE adjusted to the rights offering (the price of the share “ex rights”).
- d. “registered holder” – a person registered in the company’s register of shareholders as a holder of the company’s shares;
- e. for the purpose of the definition of “public holdings” in the Second Part of the Stock Exchange Rules, securities held by an interested party shall be included in the public holdings, in the following cases:
- 1) securities held by an entity which is a member of an institutional reporting group, as defined in the Securities (Periodic and Immediate Reports) Regulations, 5730-1970;

- 2) securities held by a nostro account of an interested party through members of an institutional reporting group as defined in the Securities (Periodic and Immediate Reports) Regulations, 5730-1970, which are under the control or management of the interested party as aforesaid, provided that the sum of the shares held in the nostro account constitutes less than 5% of the company's listed capital.
3. Paragraph 66.d. of Chapter IX of the Rules shall not apply to the following shares:
  - a. shares of an overseas company;
  - b. shares of an FSE company that are listed for trade in the United States or Canada;
  - c. shares of an FSE company not covered by sub-paragraph b. above, provided that the FSE company furnishes TASE, prior to its listing for trade, with a legal opinion from an attorney in the country in which it is traded, to the effect that pursuant to the governing law in the country in which it is traded, the company is unable to comply with the rule mentioned in paragraph 66.d. of Chapter IX of the Rules;
  - d. shares of a company incorporated overseas, provided that the company furnishes TASE, prior to its listing for trade, with a legal opinion from an attorney in its country of incorporation, to the effect that pursuant to the governing law in the country of incorporation, the company is unable to comply with the rule mentioned in paragraph 66.d. of Chapter IX of the Rules.
4. In addition to the provisions of paragraph 3. above, sub-paragraph 66.d. of Chapter IX shall also not apply to the following shares in a listed company:
  - a. bonus shares issued to a registered holder;
  - b. shares issued to a registered holder by way of a rights offering, provided that the registered holder has not registered the rights offered to it in the company's register of shareholders in the name of a nominee company;
  - c. shares issued to a registered holder, deriving from the conversion of listed convertible securities or from the conversion of unlisted convertible securities, provided that the convertible securities were allotted before 14.1.2010.

**CHAPTER II – PUBLIC OFFERING – ORDER AND ALLOTMENT OF  
SECURITIES\***

Cancelled.

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\* Amended as of February 1994.

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**CHAPTER III – PARTICIPATION OF INSTITUTIONAL INVESTORS IN  
PUBLIC OFFERING OF SECURITIES**

Cancelled.

## **CHAPTER IV – BLOCKING OF SECURITIES\***

Regulations pursuant to Chapter IX of the Rules:

### **Definitions**

1. In these Regulations: -

“interested party” – including someone holding convertible securities or any right to receive shares that, on the assumption of exercise, will render the holder an interested party;

“shares allotted prior to the listing for trade” –

each of the following:

- a. shares allotted or purchased from an interested party, in the period commencing 12 months prior to the date of the listing application’s submission, and ending on the listing date;
- b. shares allotted in the framework of a conversion of convertible securities, in the period commencing 12 months prior to the date of the listing application’s submission, and ending on the listing date;
- c. convertible securities allotted or purchased at any time prior to the listing for trade, and not exercised prior to the listing for trade;

save for:

- a. shares offered to the public pursuant to a prospectus;
- b. bonus shares allotted in the period commencing 12 months prior to the date of the listing application’s submission, and ending on the listing date, in respect of shares allotted prior to the said period;
- c. In a FSE company – shares that were offered to the public on the foreign stock exchange or shares that were purchased in the course of trade on the FSE.

“transaction or act” – including the lending, grant or receipt of an option in respect of blocked shares, even if its exercise date falls after the end of the blocking period, transfer of voting rights by reason of blocked shares or another agreement executed in writing or orally in the blocking period of the securities the subject of the agreement, which embodies an obligation of the holder of the blocked shares to exercise its means of control in a corporation by reason of such shares in the manner provided in the agreement;

“share” – including a convertible security.

### **Applicability**

2. These Regulations shall apply to each class of shares separately.

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\* Amended as of February 1994.

**Blocking**

3. a. An interested party in a new company on the listing date, save for someone who becomes an interested party on such date as a result of purchasing shares offered in the framework of the public offering in the issue prospectus pursuant whereto the company is initially listed for trade, shall be governed by the following blocking terms and conditions:

- 1) in the three months commencing on the shares' listing date, an interested party shall not execute any transaction or act with the shares held by it on the listing date (hereinafter referred to as "the blocked shares");
- 2) from the fourth month after the listing date, until the end of the 18th month after the listing date, an interested party may execute any transaction or act with the blocked shares, in a percentage not exceeding 2.5% of the quantity of blocked shares each month.

The quantity of blocked shares for the purposes of this sub-paragraph shall be calculated on an aggregate basis;

- 3) at the end of 18 months from the listing date, there shall no longer be any impediment to executing any transaction or act with the blocked shares.

A company holding treasury shares on the listing date shall be governed by the blocking terms and conditions applicable to the company's interested parties, as set forth above in this sub-paragraph, in relation to the treasury shares held by it on the listing date.

b. A shareholder in a new company, who is not an interested party on the listing date, and a shareholder who becomes an interested party as a result of purchasing shares offered in the framework of the public offering in the issue prospectus pursuant whereto the company is initially listed for trade, shall be governed by the following blocking terms and conditions:

- 1) in the three months commencing on the shares' listing date, the holder of the shares shall not execute any transaction or act with shares allotted prior to the listing for trade (hereinafter referred to as "the blocked shares");
- 2) from the fourth month after the listing date, until the end of the ninth month after the listing date, the holder of the blocked shares may execute any transaction or act with the blocked shares, in a percentage not exceeding 12.5% of the quantity of blocked shares, each month.

The quantity of blocked shares for the purposes of this sub-paragraph shall be calculated on an aggregate basis;

- 3) at the end of nine months after the listing date, there shall no longer be any impediment to executing any transaction or act with the blocked shares.

c. The provisions of this paragraph shall not apply to an employee who is not an interested party employee, as defined in Chapter V of the Regulations.

- d. A trustee for a debt arrangement carried out pursuant to the provisions of section 318 to the Insolvency and Financial Rehabilitation Law, 5778-2018 or pursuant to a financial rehabilitation plan as defined in section 4 of said law or a trustee for a change of terms arrangement that has been approved by a court, in accordance with section 350 of the Companies Law, 5759-1999 (hereinafter referred to as "change of terms arrangement"), who has received shares in the framework of the arrangement, shall be governed by the following blocking terms and conditions:
- 1) in the three months commencing on the shares' listing date, the trustee shall not execute any transaction or do any act with the shares held by it on the date of the listing for trade (hereinafter referred to as "the blocked shares");
  - 2) from the fourth month after the date of the listing for trade, until the end of the 18th month after the listing date, the trustee may execute any transaction or do any act with the blocked shares, in a percentage that does not exceed 2.5% of the quantity of blocked shares each month.  
  
The quantity of blocked shares for the purposes of this sub-paragraph shall be calculated on an aggregate basis;
  - 3) at the end of 18 months after the date of the listing for trade, there shall no longer be any impediment to executing any transaction or doing any act with the blocked shares.

#### **Execution of transactions or performance of acts**

4. Notwithstanding the provisions of paragraph 3, a transaction or act may be executed with the blocked shares in the cases and on the terms and conditions set forth below:
- a. blocked shares may be offered to the public by way of a sale offer;
  - a1. A listed company holding blocked shares in another listed company may transfer the blocked shares to its shareholders, in the framework of a spin-off as provided in paragraph 91.d of the Rules, for the purpose of realizing the provisions of the Encouragement of Competition and Limitation of Concentration on the Banking Market in Israel (Legislative Amendments) Law, 2017 and for the purpose of implementing Government Decision No. 476 (that was again adopted by it mutatis mutandis on May 22, 2016) on the matter of the "outline to increase the quantity of natural gas produced from the "Tamar" natural gas field and rapid development of the natural gas fields "Leviatan", "Karish" and "Tanin" and other natural gas fields  
  
A transfer of shares as aforesaid is subject to the company holding the blocked shares giving notice of the determining date for transferring the shares to its shareholders and of the date of the transfer and the quantity being transferred, at least 30 days before the determining date but no later than 45 days before the determining date.  
  
In the notice the company may specify the range between the minimum transfer quantity and the maximum transfer quantity, provided that the difference between the minimum transfer quantity and the maximum transfer quantity shall not be more than 5% of the minimum quantity. Notice of the final quantity that will

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actually be transferred shall be given at least five trading days before the determining date.

- b. as of the end of six months from the listing date, blocked shares may be transferred, in an off-TASE transaction, provided that the shares' recipient undertakes that the shares received by it will continue to be governed by the blocking terms and conditions applicable on the listing date, as provided in this Chapter;

Notwithstanding the aforesaid blocked shares may be transferred in an off-TASE transaction from the listing date, in the following cases and on the following terms and conditions:

- 1) A holder who held shares before the initial listing may transfer blocked shares for the purpose of implementing the provisions of the Encouragement of Competition and Reduction of Concentration on the Banking Market in Israel Law (Legislative Amendments), 2017, or for the purpose of implementing Government Decision No. 476 (that was again adopted by it mutatis mutandis on May 22, 2016) on the matter of the "outline to increase the quantity of natural gas produced from the "Tamar" natural gas field and rapid development of the natural gas fields "Leviatan", "Karish" and "Tanin" and other natural gas fields", provided that the shares' transferee undertakes that the shares received by him will continue to be governed by the blocking terms and conditions in effect on the date of the listing for trade, as provided in this Chapter.
  - 2) Blocked shares received by an interested party in the framework of a change of terms arrangement may be transferred to another interested party who received blocked shares in the framework of the arrangement, provided that the shares' recipient undertakes that the shares received by it will continue to be governed by the blocking terms and conditions applicable on the date of the listing for trade, as provided in this Chapter.
- c. in the case of a company which is undergoing privatization, as such expression is defined in the Government Companies (Amendment No. 7) Law, 5753-1993, it is possible to sell, in an off-TASE transaction, blocked shares held by the State, a government company, a government subsidiary, a local authority, or a combination of any of the aforesaid (hereinafter referred to as "privatization shares"), provided that the privatization shares' recipient undertakes that the shares received by it will continue to be governed by the blocking terms and conditions pursuant to this Chapter;
- d. TASE's CEO or someone authorized by him may release blocked shares so that they may be transferred to a market-maker for market-making purposes in accordance with the Third Part of the Rules and the Regulations pursuant thereto;
- e. A pledge, provided that the pledge may only be realized after the end of the impediment period of any transaction or act specified in the Regulations.

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Notwithstanding the aforesaid, a trustee for bondholders may realize a pledge as aforesaid given in favor of the bondholders and receive the shares, also during the impediment period, on fulfilment of all the following conditions:

- 1) the bonds are listed for trade;
  - 2) the pledge existed on the date of listing the Company's shares for trade;
  - 3) the trustee shall transfer shares to anyone whom in consequence of their receipt will become an interested party, only if the transferee undertakes that the shares he receives will continue to be governed by the blocking conditions governing them on the date of the listing for trade, as provided in this Chapter. The blocking conditions will not govern shares received by the transferee from the trustee as aforesaid if he does not become an interested party as a result of their receipt.
- f.
- 1) blocked shares may be transferred from the holder of the blocked shares to a corporation fully owned by him or to a corporation with full ownership of the holder of the blocked shares thereof, provided that the share recipient undertakes that the shares received by it will continue to be governed by the blocking terms and conditions applicable on the listing date, as provided in this Chapter;
  - 2) any transaction or act may be executed with blocked shares on fulfillment of the following conditions:
    - (a) instead of the shares the subject of the transaction or act, other shares are blocked, which are held by a corporation fully owned by the holder of the blocked shares or a corporation with full ownership of the holder of the blocked shares;
    - (b) the shares that are blocked shall be of a type and in a quantity identical to the blocked shares the subject of the transaction or act, and their holder shall undertake that they shall be governed by the blocking terms and conditions applicable to the blocked shares the subject of the transaction or act, as provided in this Chapter, for the remaining blocking period;
  - 3) if shares are blocked in accordance with sub-paragraphs 1) or 2), by a corporation fully owned by the holder of the blocked shares, there shall be no change in ownership of the corporation as aforesaid until the end of the blocking period;
  - 4) for the purposes of this sub-paragraph:

“holder of blocked shares” – whether or not the holder is an interested party;  
“full ownership of” or “fully owned by” – directly or indirectly;
  - 5) (a) blocked shares that were received in the framework of a change of terms arrangement may be transferred from the trustee for the change of terms arrangement to an interested party in the company, in an off-TASE transaction, provided that the shares' recipient undertakes that the shares received by it will continue to be governed by the blocking

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terms and conditions applicable on the date of the listing for trade to the trustee for the change of terms arrangement;

- (b) blocked shares that were received in the framework of a change of terms arrangement may be transferred from the trustee for the change of terms arrangement to anyone who is not an interested party in the company, in an off-TASE transaction.
- g. in the case of a company that has been spun off from a listed company, blocked shares may be transferred from the holder of the blocked shares to anyone seeking to exercise convertible securities of the listed company which executed the spin-off and is entitled to the blocked shares pursuant to the terms and conditions of the spin-off.

For the purposes of this paragraph, “spin-off” – as defined in paragraph 91.d. of the Rules;

- h. blocked shares of a merging company may be transferred, provided that the shares received by their holders for them, in the framework of the merger, shall be blocked for the remaining blocking period of the blocked shares.

For the purposes of this paragraph, “merger” – as defined in paragraph 91.d. of the Rules;

- i. TASE’s CEO or someone authorized by him may release blocked shares in order to lend them to an underwriter for the purpose of over-allotment in a non-uniform offering, in accordance with the Securities (Offer of Securities to the Public) Regulations, 5767-2007, such being for a period of up to 30 days following the prospectus publication date.

5. The provisions of paragraph 3 above shall not apply in the following circumstances and conditions:

- a. to shares received in the framework of a spin-off or merger, as the case may be, by shareholders of the company which executed the spin-off or merger as aforesaid, provided that the shares of the company which executed the spin-off or merger in respect of which the shares are received are not blocked at the time of the spin-off or merger as aforesaid.

If the shares of the company which executed the spin-off or merger as aforesaid are blocked at the time of the spin-off or merger, the provisions of paragraph 3 shall apply to the shares received in the framework of the spin-off or merger in respect of these shares, until the end of the blocking period of the shares of the company which executed the spin-off or merger.

For the purposes of this paragraph, “spin-off” and “merger” – as defined in paragraph 91.d. of the Rules;

- b. to shares in a new company the shares of which are listed for trade on a stock exchange in the United States;
- c. to shares offered in the framework of the public offering in the issue prospectus pursuant whereto the company is initially listed for trade, which were purchased prior to the listing for trade;

- d. to shares in a company undergoing privatization, as such expression is defined in the Government Companies Law, which are held by investors included in the First Schedule pursuant to section 15A(b)(1) of the Securities Law or investors in accordance with section 15A(b)(2) of the Securities Law, which are not interested parties in the company;
- e. to shares received in the framework of a change of terms arrangement, by anyone who is not an interested party in the company on the date of the listing for trade.

5A. The provisions of paragraph 3.b. shall not apply in the following circumstances and conditions:

to shares allotted to holders instead of shares of another class held by them prior to the listing for trade (hereinafter in this paragraph referred to as “shares of another class”), provided that the following conditions are fulfilled:

- 1) the shares of another class were held by the holder for a period of not less than 12 months prior to the listing date of the company’s shares;
- 2) the holder has not transferred to the company, and has not undertaken to transfer, any additional consideration in exchange for the shares being listed for trade, such that the shares of another class held by it constituted the full consideration in exchange for the shares being listed for trade as aforesaid;
- 3) the allotment of the shares that were listed for trade instead of the shares of another class was made on equal terms for all the holders of such class of shares.

For the purposes of this paragraph, “share” – save for a convertible security.

5B. The provisions of paragraph 3.b. shall not apply in the following circumstances and conditions:

to shares in a company which engages solely in holdings shares of a subsidiary (hereinafter in this paragraph referred to as “the parent company”), such being on fulfillment of the following conditions:

- 1) the parent company’s shares were allotted to the holder in exchange for shares in the subsidiary, in the framework of a re-organization, provided that the subsidiary’s shares were held by it for a period of not less than 12 months prior to the listing date of the parent company’s shares;
- 2) after the re-organization, the parent company holds at least 90% of the subsidiary’s shares;
- 3) the allotment of shares in the parent company, in exchange for the subsidiary’s shares, was made on equal terms for all the holders.

For the purposes of this paragraph, “share” – save for a convertible security.

## General provisions

6. a. Blocked shares shall be deposited with a trustee for the duration of the blocking period.

“Trustee” for the purposes of this paragraph –

- 1) a trust company of which a bank or TASE member is the parent company or affiliate;
- 2) an attorney or trust company of attorneys;
- 3) a CPA or trust company of CPAs;
- 4) a company approved by the chairman of the Securities Authority to serve as trustee pursuant to section 9 of the Joint Investment Trust Law, 5754-1994, or a company approved by the assessing officer to serve as trustee pursuant to section 3(a)(1) of the Income Tax (Tax Concessions on an Allotment of Shares to Employees) Rules, 5763-2003.

The trustee’s name shall be specified in the issue prospectus. If the company wishes to change the securities’ trustee after the prospectus’s publication, it shall publish notice thereof with details of the new trustee, provided that he or it meets the above conditions.

Blocked shares shall be deposited with a trustee in one of the two following ways:

- 1) blocked shares entered in the company’s books in the name of the nominee company shall be held by a TASE member in a deposit managed in the trustee’s name, with only the trustee having signatory rights in the deposit;
  - 2) registration of the blocked shares in the trustee’s name – provided that the blocked shares are governed by one or more of the exceptions to paragraph 66.d. of Chapter IX of the Rules.
- b. Where shares have been blocked pursuant to these Regulations, the blocking shall apply to bonus shares distributed in respect thereof, to shares deriving from the conversion of blocked convertible securities and to rights distributed in respect thereof without consideration.
- c. Where shares have been blocked pursuant to these Regulations and shares offered in respect thereof by way of a rights offering for consideration, the holder of the blocked shares shall act in one of the following ways:
- 1) sell the rights in respect of the blocked shares on TASE and with the sale proceeds purchase shares identical to the blocked shares, which shall be governed by the blocking provisions applicable to the blocked shares held by him;
  - 2) exercise the rights in respect of the blocked shares.

The shares deriving from the rights’ exercise – save for a quantity of shares the value of which, according to the “ex-rights” price, is equal to the value of its investment in the rights’ exercise – shall be governed by the blocking provisions applicable to the blocked shares held by him.

- d. The provisions of this Chapter shall also apply to unlisted convertible securities, to rights exercisable into securities and to the securities deriving from them. The blocking period shall be reckoned from the date of the initial listing of the company's securities for trade.
7. Cancelled.

## **CHAPTER V – ISSUE OF SECURITIES TO EMPLOYEES**

Regulations pursuant to Chapter IX of the Rules.

1. These Regulations shall govern the issue of securities to a company's employees, in the framework of a public issue or in the framework of a private placement (hereinafter referred to as "issue to employees").
2. Cancelled.
3. An issue to employees who are interested parties shall be governed, subject to the necessary adjustments, by the provisions of the Regulations regarding private placement. Other employees shall not be governed by the provisions of the Regulations regarding private placement.
4. Approval may be given for the listing for trade of securities that will be allotted to a trustee, in the framework of a plan for future distribution or allotment to employees, and for the listing for trade of the securities deriving from them, provided that the aforesaid securities are allotted or distributed in future only to employees who are not interested party employees.

Securities as aforesaid shall not be governed by the provisions of the Regulations regarding private placement.

5. In these Regulations –  
"interested party employee/s" – an employee who is an interested party in the company by virtue of shareholdings or who will become an interested party in the company by virtue of shareholdings after the issue to employees, including on the assumption that he exercises all the convertible securities held by him that are not listed for trade on TASE, including those that will be allotted to him in the issue to employees.

**CHAPTER VI – LISTING FOR TRADE OF SHARES**  
**OF A NEW COMPANY**

Regulations pursuant to Chapter X of the Rules.

**Listing of shares for trade**

**Listing alternatives**

1. a. A new company applying to list shares for trade shall meet at least the conditions detailed in one of the alternatives in the following table. The amounts appearing in the table are in NIS millions:

<b>Alternative Conditions</b>	<b>Alternative “A”</b>	<b>Alternative “B”</b>	<b>Alternative “C1”</b>	<b>Alternative “C2”</b>	<b>Alternative “D”</b> <b>(R&amp;D companies only)</b>	<b>Alternative “E” for SPACS</b>
			<b>(“Large”</b>	<b>companies)</b>		
Post-listing equity	25	35	--	--	8	
Public holdings value	20	30	80	125	16	300
Has completed a period of activity, in respect of which financial statements were prepared, in an area of activity as stipulated in the Rules	12 months	12 months	--	--	--	--
Added value in the 12 months preceding the date of the financial statements, pursuant to which the application for listing for trade is being filed.	4	--	-	--	-	--

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<b>Alternative Conditions</b>	<b>Alternative "A"</b>	<b>Alternative "B"</b>	<b>Alternative "C1"</b>	<b>Alternative "C2"</b>	<b>Alternative "D" (R&amp;D companies only)</b>	<b>Alternative "E" for SPACS</b>
Public holdings value of shares deriving from the issue of shares in accordance with the issue prospectus pursuant whereto the company is applying for the listing for trade	20	20	80	--	16	300
Value of company's shares	--	--	200	500	--	--
Company value						400

For the purposes of this table –

“R&D company” – a company which fulfills all the conditions stipulated in sub-paragraph 1) below or all the conditions stipulated in sub-paragraph 2) or all the conditions stipulated in sub-paragraph 3) below:

- 1) a) The company invested in research and development, in a period not exceeding the three years preceding the date of the financial statements pursuant to which the listing application is being filed, a sum of at least NIS 3 million, provided that the investment was recognized as an investment in research and development by the Israel Innovation Authority (hereinafter referred to as "the Innovation Authority"). Amounts received by the company from the Innovation Authority shall also be taken into account as part of this amount.

The investment in research and development as required above may be made by a subsidiary or subsidiaries of the applicant company, provided that all the following conditions are fulfilled:

- (1) the applicant company's consolidated financial statements include expenses in the amount of the said investment;
- (2) the amount of the investment of each of its subsidiaries, which invested in research and development, multiplied by the applicant company's percentage holdings in the subsidiary,

together with the amount of the company's investment in research and development, is at least NIS 3 million.

- b) The primary area of activity in which the applicant company engages and in which it intends continuing to engage, in the post-listing period, is research and development or production and marketing of the fruits of its research and development.
- 2) a) The company has received the Innovation Authority's approval to act as a technological incubator in accordance with Directive No. 8.3 of the Ministry of Industry and Trade's Director-General, or in accordance with any other directive of the Ministry of Industry and Trade replacing it.
- b) The company has invested, in a period not exceeding the three years preceding the date of the financial statements pursuant to which the listing application is being filed, in companies held by it, which engage in research and development, a sum of at least NIS 3 million, provided that these investments were recognized by the Innovation Authority as investments in research and development. Amounts received by the company from the Innovation Authority shall also be taken into account as part of this amount.
  - c) The primary area of activity in which the company applying to be listed for trade engages and in which it intends continuing to engage in the post-listing period, is activity as a technological incubator in accordance with Directive No. 8.3 of the Ministry of Industry and Trade's Director-General, or in accordance with any other directive of the Ministry of Industry and Trade replacing it.
- 3) a) The company invested, in a period not exceeding the three years preceding the date of the financial statements pursuant to which the listing application is being filed, in research and development or in companies held by it, which engage in research and development, a sum of at least NIS 5 million, provided that these investments were recognized as investments in research and development by the Innovation Authority. Amounts received by the company from the Innovation Authority shall also be taken into account as part of this amount.
- b) The investment in research and development as required above may be made by companies held by the company applying to be listed for trade, subject to fulfillment of all the following conditions:
    - (1) each of the held companies furnishes confirmation from the Innovation Authority regarding the amount of its investment in research and development;
    - (2) the amount of the investment of each of its held companies, which invested in research and development, multiplied by the applicant company's percentage holdings in the held company

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together with the amount of the company's investment in research and development, is at least NIS 5 million.

- c) The sole area of activity in which the company applying to be listed for trade engages and in which it intends continuing to engage in the post-listing period, is research and development, including production and marketing of the fruits of its research and development, and including the holding of companies engaging in such area [of activity].

"A special-purpose acquisition company ("SPAC")"- a company that does not have assets or activity, which was established solely for the purpose of raising capital in order to purchase a target company.

"Company value" - the value of the Company's shares plus the value of the warrants offered in a prospectus.

- b. Notwithstanding the contents of the table appearing in paragraph a. above, the requirement in alternative "B" regarding completion of a 12-month period of activity, in respect of which financial statements were prepared, in an area of activity as stipulated in the Rules, shall not apply to the following companies:
- 1) a company which has furnished confirmation from a CPA that it is a real estate investment trust (REIT), within the meaning thereof in section 64A.3 of the Income Tax Ordinance. Confirmation as aforesaid shall be included in the company's prospectus;
  - 2) Cancelled.
  - 3) A company which carries on business in infrastructure investment, and which has furnished TASE with an accountant's certificate that it fulfills all the following terms and conditions:
    - a) the value of its assets that are infrastructure assets, bonds, securities traded on TASE, assets that must be included in the "customers" item in accordance with generally accepted accounting principles, deposits and cash, is not less than 95% of the value of all its assets;
    - b) the value of its assets that are infrastructure assets and issue and consideration assets is not less than 75% of the value of all its assets;
    - c) in the prospectus pursuant where the company's securities will first be listed for trade on TASE, the company shall undertake that for a period of at least four years from the date of the listing for trade, the company's investment policy will be to act when making its investments such that the terms and conditions prescribed in sub-paragraphs a) and b) above are fulfilled;
    - d) the value of the company's shares, after the listing for trade, is at least NIS 200 million.

In this sub-paragraph (3), the following expressions shall bear the meanings set forth alongside them:

"infrastructure asset" - holding, license, franchise, establishment and/or operation of projects in the infrastructure sphere and/or provision of ancillary services including the establishment and operation of sub-systems and ancillary systems for projects in the infrastructure sphere, directly and/or through held corporations;

"issue and consideration assets" - a State loan, deposit or cash, originating in monies as provided in paragraphs (1) to (3) of this definition, which are held for a period of not more than the period detailed in the aforesaid paragraphs (hereinafter - the "holding period"):

- (1) monies received from an issue of securities prior to the first issue to the public or in the framework of the first issue to the public - a holding period of two years from the date of the first issue to the public;
- (2) monies received from an additional issue of securities of the company that have been listed for trade on TASE - a holding period of one year from the date of the additional issue;
- (3) consideration from a sale of infrastructure assets - a holding period of one year from the date of the sale;

"infrastructure sphere" - any one of the following:

- (1) production, purification and reclamation of water, desalination of water, treatment of sewage, collection, sorting and treatment of waste;
- (2) roads and parking lots, mass transit and transportation sea ports and airports;
- (3) production of electricity, energy product conveyance and distribution infrastructure, production of energy products, refining and storage facilities of energy products;
- (4) the franchise construction sphere (public - private partnership), including buildings constructed by collaboration between the private and public sector;
- (5) the logistics sphere, including logistic centers that serve activity in the infrastructure spheres mentioned in paragraphs (1) to (4) above and the franchising and operation of logistic centers for the public sector.

- c. Notwithstanding the contents of the table in paragraph a. above, the requirement in alternatives "A", "B" and "D", regarding the public holdings value of shares deriving solely from the issue, shall not apply to a company in which the public holdings value is NIS 40 million or more.

#### **Area of Activity**

2. The company's area of activity for the purposes of this Chapter shall be examined on the basis of the classification of industries and areas published by TASE

#### **Listing for trade of a new held company**

3. Cancelled.

#### **Listing for trade of new holding company**

4. Cancelled.

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**Manner of calculating scope of activity and equity**

5. Cancelled.

**Pro forma financial statements**

6. If a new company's financial statements also included pro forma financial statements, the new company's compliance with the requirements of this Chapter shall be examined on the basis of the pro forma financial statements, and the company shall be deemed to have completed the period of activity stipulated in the Rules, if the previous business activity, which was included in the pro forma statements, complies with such requirement.

The provisions of this paragraph is conditional upon the area of activity in the year of activity in respect of which the pro forma financial statements were prepared being the same area of activity in which the company intends continuing to engage, according to its notice, in the post-listing period.

**Share price**

7. a. The listing for trade of a share of a new company is conditional upon the price of the share being not less than NIS 1.
- b. The listing for trade of a share of a new company which is spinning off from a listed company in the process of a spin-off is conditional upon the price of the share of the new company which is spinning off from the listed company and the price of the share of the listed company from which the said company is spinning off, on the date of giving the notice of the spin-off ratio, being not less than NIS 1.
- c. The listing for trade of shares of a new company instead of shares of the target company, in accordance with paragraph 74B. of the Second Part of the Rules, is conditional upon the price of the share of the new company on the date of submitting the listing application being not less than 30 agorot.

**Special-purpose acquisition company - additional terms and conditions**

8. a. **Founders' investment**

The prospectus pursuant to which a SPAC's securities are first listed for trade on TASE (hereinafter in this paragraph 8 - the "prospectus" and the "company", respectfully) will include an undertaking of the founders to purchase, in consideration for cash, shares and warrants at a price identical to that at which these securities are offered to the public, at a value of not less than NIS 40 million (hereinafter - the "value of the founders' investment at the time of the listing for trade").

With regard to this paragraph 8, "founders" - anyone who holds securities of the company prior to the listing for trade.

- b. **Institutional investors participation duty**

At least 70% of the securities offered pursuant to the prospectus will be purchased by institutional investors.

With regard to this sub-paragraph b. -

"institutional investor" - as defined in the Securities (Manner of Offering Securities to the Public) Regulations, 2007.

c. **Maintaining the issue monies**

The company has determined in a prospectus that 97% of the issue consideration pursuant to the prospectus, and the entire consideration received from any other capital-raising, that is done after the listing for trade, less the costs of the issue or capital-raising, as the case may be, will be deposited with a trustee. This amount will only be used for the purchase of a target company or for the refund of monies as provided in sub-paragraph f. below.

In addition, the company has determined in a prospectus that until the monies are used, their investment by the trustee will be with the object of maintaining their value and to such end will be invested in solid channels, including in bonds issued by the State of Israel, short-term loans, bank deposits of the monies.

d. **Types of securities that can be offered**

Until the date of closing the target company's purchase, the Company may offer shares and/or warrants only.

The share price or exercise supplement of a warrant, as the case may be, on any additional allotment will not be less than the share price denominated in the offer pursuant to the prospectus.

In addition, during that period the company may allot the founders unlisted warrants only.

e. **The locating period**

- 1) The company has undertaken in a prospectus that it will purchase only one target company, within a period of 24 months from the date on which the company's securities were first listed for trade on TASE (hereinafter - the "locating period"). In addition, the company has undertaken in a prospectus that following closing of the target company's purchase, the company will fulfill the terms and conditions in paragraph h. below.
- 2) Notwithstanding the provisions of sub-paragraph 1) above, the company may apply to TASE to extend the locating period by an additional six months (hereinafter - the "extended locating period"), subject to its fulfillment of all the following terms and conditions:
  - a) the company has reported that it has signed a memorandum of understanding or agreement for the target company's purchase;
  - b) at least 21 months have passed from the date on which the company's securities were listed for trade, and no later than 10 trading days before the date on which the company applied for TASE's approval;

- c) the locating period will only be extended for the purpose of closing the purchase of the specific target company with which the company signed the memorandum of understanding or the agreement as provided in sub-paragraph a) above.

However, if the company reported on cancellation of the memorandum of understanding or cancellation of the agreement mentioned in sub-paragraph a) above, for any reason, the extended locating period will come to an end forthwith.

- f. The company undertakes in a prospectus that the investment in the target company will be worth at least 80% of the amount deposited with the trustee, as provided in sub-paragraph b. above. The investment as aforesaid could be in cash or in shares.
- g. If the Company has allotted unlisted warrants, the warrants' terms and conditions shall stipulate that the warrants will only be exercisable after closing of the target company's purchase.

h. **Blocking arrangements**

Notwithstanding the provisions of paragraph 3.a. and b. of Chapter IV of the Regulations, the founders of a SPAC (hereinafter in this paragraph - "interested party") will be governed by the following blocking conditions:

- 1) Until closing of the target company's purchase, an interested party shall not execute any transaction or do any act with the securities held by him on the date of the listing for trade (hereinafter - the "blocked securities").
- 2) From the closing date of the target company's purchase, until the end of six months from this date, an interested party may execute any transaction or do any act with the blocked shares, in a quantity the value of which does not exceed the value of his investment at the time of the listing for trade, and all subject to the restrictions detailed in sub-paragraph 5) below.  

In addition, an interested party may execute any transaction or do any act with shares deriving from the exercise of blocked warrants that are listed for trade, in a quantity the value of which does not exceed the amount of the exercise supplement paid for the shares, and all subject to the restrictions detailed in sub-paragraph 5) below.
- 3) At the end of six months from the closing date for the target company's purchase, there will be no impediment to executing any transaction or doing any act with the listed blocked securities.
- 4) In the 12 months commencing on the closing date for the target company's purchase, an interested party shall not execute any transaction or do any act with the unlisted convertible securities, that are held by him (hereinafter - the "blocked unlisted convertible securities").

From commencement of the 13th month after the closing date for the target company's purchase until the end of the 36th month from the closing date for the target company's purchase, an interested party may execute any transaction or do any act with the blocked unlisted convertible securities, at a rate that does not exceed 2.5% of the quantity of blocked unlisted convertible securities, each month.

The quantity of blocked unlisted convertible securities for the purpose of this paragraph will be calculated on an aggregate basis. At the end of 36 months from closing of the target company's purchase, there will be no impediment to executing any transaction or doing any act with the blocked unlisted convertible securities.

- 5) A sale of shares as provided in sub-paragraph h.2) above will be governed by the following restrictions:
- (a) Price restriction
- From the first trading day after closing of the target company's purchase, until the end of the 10th trading day after closing of the target company's purchase, shares may be sold as aforesaid, subject to the following terms and conditions:
- (1) the sale price is higher than the share price determined in the offer pursuant to which the company's securities were first listed for trade on TASE;
  - (2) from the 11th trading day after the closing date for the target company's purchase, there will be no more price restrictions.
- (b) Quantity restriction
- From the first trading day after closing of the target company's purchase, a quantity of shares may be sold that does not exceed 15% of the daily trading turnover in the company's shares on that day.
- 6) The founders have undertaken in a prospectus that they will report on any sale of shares, in the reporting format of an interested party in a listed company on a sale of securities held by him.
- 7) Notwithstanding the provisions of paragraph 4.a. in Chapter IV, blocked securities held for the purpose of compliance with the provisions of paragraph 8.a. above may not be offered to the public in a sale offer.

**i. The target company's purchase**

Terms and conditions for closing of the target company's purchase:

- 1) Approval has been obtained from TASE that in consequence of the target company's purchase, the company fulfills the terms and conditions for the listing for trade of shares of a company which is

listing its shares for the first time for trade on TASE, and in such regard:

- a) the company complies with one of the alternatives in the table in paragraph 1. above (not including alternative "E"). The company need not comply with the terms and conditions regarding "the public holdings value in shares deriving from an issue of shares issued in accordance with the issue prospectus pursuant to which the company is applying for the listing for trade";
  - b) the company will be exempt from the Regulations regarding dispersal of securities as provided in Chapter VIII;
  - c) the company's application to TASE will be in accordance with the Regulations in Chapter XIII below ("procedure for filing an application for listing, vetting fees and listing fees") that applies to a listed company filing an application for the listing of securities offered pursuant to a shelf offering report;
- 2) The general meeting of the shareholders has approved the transaction. The count of the majority votes at the general meeting will include a majority of all the votes of the shareholders who are not founders or who don't have a personal interest in the transaction's approval, who are participating in the vote; the count of all the votes of the said shareholders will not include the votes of those abstaining.

j. **Refund of monies:**

The company has undertaken in a prospectus that it will refund monies to the shareholders in the two following cases:

- (1) Refund of monies to the shareholders objecting to the target company's purchase:

If approval has been obtained of a shareholders meeting as provided in sub-paragraph i.2) above, a shareholder who voted against the target company's purchase may request a refund of monies against delivery of his shares to the company, in a quantity not exceeding the quantity of shares by virtue of which he voted against the target company's purchase.

The amount of the refund for any share will not be less than the amount paid for it, pursuant to the prospectus by virtue of which the company's securities were first listed for trade, less the pro rata share of the issue expenses.

The company will undertake in a prospectus that the monies' refund as aforesaid will take place before closing of the target company's purchase, and in any event within seven trading days from the date of the general meeting's resolution on the target company's purchase.

- (2) The monies' refund to all the shareholders - on the occurrence of a liquidation event.

Liquidation event - each one of the following -

- the locating period or the extended locating period, as the case may be, has come to an end, and the company has not closed a target company's purchase;
- the retirement of anyone defined by the company as key personnel, without a replacement being found for him whose joining the company, on the same terms and conditions, has been approved by the general meeting.

On the occurrence of a liquidation event, the company will refund all its shareholders their pro rata share of the net issue consideration, within a period of up to 30 days from the day on which the company reported the liquidation event's occurrence.

The founders will undertake in a prospectus that if the amount held by the company from the net issue consideration has decreased, they will refund the shortfall to the company.

In such regard -

"net issue consideration" - the full consideration received by the company as a result of the issue pursuant to the prospectus by virtue whereof the company's securities were first listed for trade on TASE, plus the full consideration received from any additional capital-raising after the date of the issue as aforesaid, and the full consideration received as a result of the exercise of warrants after the listing for trade, all less the expenses of the issue or capital-raising, as the case may be, and less the amount fixed pursuant to the prospectus for the purpose of the company's liquidation;

"pro rata share" - the percentage holdings of each shareholder of all the company's shares, on the date of making the refund.

**CHAPTER VII – PUBLIC HOLDINGS OF SHARES**  
**IN A NEW COMPANY**

Regulations pursuant to Chapter X of the Rules.

**Listing for trade of shares of a new company**

1. The public holdings ratio in a new company shall not be less than that stipulated in one of the following alternatives:

<b>Where the public holdings value of the shares is: (in million NIS)</b>	<b>The public holdings ratio in respect of the shares, in a company which is not a R&amp;D company, shall be at least (in percentages)</b>
from 20	25.0
from 30	20.0
from 40	15.0
from 50	10.0

**For R&D companies only**

<b>Where the public holdings value of the shares is: (in NIS millions)</b>	<b>The public holdings ratio (in percentages)</b>
from 16	10.0

2. A condition for the listing of a new company that is being spun-off from a listed company, in the framework of a spin-off, is that the public holdings ratio in respect of the listed company after the spin-off is not less than the public holdings ratio required in a new company of its kind, in accordance with the provisions of paragraph 1. above.

**CHAPTER VIII – REGULATIONS REGARDING**  
**DISPERSAL OF SECURITIES**

Regulations pursuant to Chapter X and Chapter XI of the Rules:

1. Minimum dispersal of public holdings shall exist on fulfillment of the following conditions:

<b>Class of security</b>	<b>Minimum no. of holders</b>	<b>Minimum holdings value per holder</b>
Shares, save for an R&D company and save for a security for which a market-maker has been appointed	100	NIS 16,000
Shares in a company listed pursuant to Alternative "C2"	100	NIS 16,000
Shares in R&D companies	35	NIS 16,000
Convertible bonds, warrant bonds and purchase bonds, save for securities as aforesaid for which a market-maker has been appointed	100	NIS 16,000
Preferred Shares	35	NIS 100,000
Bonds	35	NIS 200,000
A security, in respect of which an undertaking was given in the issue prospectus to appoint a market-maker, save for bonds, and save for a share of a company listed pursuant to Alternative "C2"	35	NIS 16,000

TASE's examination of the company's compliance with the minimum dispersal conditions shall be based on the notice in such regard that it receives from the entity designated in the prospectus as the issue coordinator.

2. "Holder" – one holder whose holdings value exceeds the minimum holdings value per holder required pursuant to paragraph 1 or one holder together with others whose joint holdings value exceeds the minimum holdings value per holder as aforesaid.

"Market-maker" – an entity meeting the market-maker qualification conditions stipulated in the Third Part of the Rules, which shall act as market-maker for the issued securities, in all the trading stages, commencing on the securities' listing date and for a period of at least one year, in accordance with the provisions of the Third Part of the Rules.

3. Without minimum dispersal, the securities shall not be listed for trade.

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4. The aforesaid minimum dispersal requirements shall not apply to the listing for trade of the following securities:
- a. securities of a new company allotted in the framework of a spin-off or merger, provided that they are allotted by reason of existing listed securities;  
For such purpose – “spin-off” and “merger” are as defined in paragraph 91.d. of the Rules.
  - b. Cancelled.
  - c. convertible bonds, warrant bonds, purchase bonds and bonds offered in a rights offering, subject to fulfillment of the following conditions:
    - 1) the anticipated public holdings value of the series, assuming that the public exercises its share of the rights, is three times the public holdings value required for a new series of its class;
    - 2) the company has appointed a market-maker for the series, in accordance with the provisions of the Third Part of the Rules;
  - d. convertible bonds from a new series issued instead of convertible bonds from a series traded on TASE, provided that the company declares that the replacement is in consequence of a transition to the International Financial Reporting Standards (IFRS) and that the replacement will take place until 31.12.08.
  - e. Preferred shares that were offered in a way of rights subject to fulfillment of all conditions specified in chapter IX paragraph 3.e.
5. If a market-maker ceases serving as market-maker or if TASE’s CEO revokes the approval given to a market-maker to act as market-maker, before one year has elapsed from the securities’ listing date, the company shall appoint another market-maker, within 14 days of the date on which the market-maker ceases serving as market-maker or the date on which TASE’s CEO revokes the approval given to the market-maker to act as market-maker, as the case may be.
6. Where a company has applied to list warrants of an unlisted series, which were allotted in a private placement, their listing will be conditional upon the warrants having been allotted to at least 20 holders which are not interested parties in the company.

For the purposes of this paragraph –

“holder” – one holder who has been allotted at least 2.5% of the overall quantity of warrants of such series or one holder together with others who have been allotted at least 2.5% of the overall quantity of warrants of such series.

## CHAPTER IX – LISTING FOR TRADE OF A LISTED COMPANY

Regulations pursuant to Chapter XI and Chapter XIII of the Rules:

1. Cancelled.
2. **Share price**
  - a. The listing for trade of a share of a listed company is conditional upon the price of the offered share not being less than 30 agorot
  - b. The listing for trade of a share in a rights offering is conditional upon the price of the offered share and the price of the entitling share, adjusted to the rights offering (the price of the share “ex rights”), not being less than 30 agorot.
  - c. The listing for trade of a share deriving from a distribution of bonus shares is conditional upon the price of the share adjusted to the bonus (the price of the share “ex bonus”), on the date of the notice of the bonus shares’ distribution, not being less than 30 agorot.

### **Rights offering\***

3. a. The dates relevant to a rights offering shall be determined in accordance with the following provisions:
  - 1) The period between the prospectus date and the record date shall be four trading days, excluding the prospectus date.  
  
Notwithstanding the aforesaid, in the case of a rights offering in a company in which the holders of securities convertible into its shares are not entitled to any adjustments in consequence of the rights’ issue, the period between the prospectus date and the record date shall be at least six trading days, in which, pursuant to the terms of the convertible securities, the securities may be converted.
  - 2) The period between the “ex-rights” date and the rights trading date shall be nine business days, including the ex-rights date. In special cases, TASE’s CEO may increase this period up to 26 business days.
  - 3) Subject to the provisions of sub-paragraph 5) below, the deadline for exercising the rights shall be no later than the second trading day preceding the deadline for raising money in the issue, pursuant to the prospectus.
  - 4) The deadline for exercising the rights shall be the second trading day after the rights trading day.
  - 5) If trade, on a rights trading day, in shares of a company the rights attached to which are to purchase its securities, or in the rights, is ceased for more than 45 minutes and not renewed on the same trading day, then, subject to the provisions of the prospectus, there shall be another rights trading day, on

\* Note: with regard to the grant of notice to entitled entities, the possible modus operandii of an entitled entity, the customer's notice to the TAE member and the TASE member's notice to TASECH – see TASEch's by-laws, Parr Tw, Chapter IX. With regard to the definitions of "record date" and "ex-date"- see Trading guide, Part One, Rules – Trade on TASE, Chapter I.

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the next trading day in the shares. The deadline for exercising the rights shall be postponed accordingly.

- 6) If a prospectus amendment or amended prospectus is published after the record date, without any change in the issue's structure, the record date pursuant to the original prospectus shall not be changed.
  - 7) The payment date of the rights' exercise fees to the company shall be on the deadline for exercising the rights.
- b. If the issue is underwritten, the company shall allot to the underwriter, immediately after the deadline for exercising the rights, the securities it undertook to purchase pursuant to the underwriting agreement.
- c. 1) The rights may be exercised on demand at any time from one trading day after the "ex-rights" date until the trading day preceding the rights trading day.
- Notwithstanding the aforesaid, the rights may not be exercised on demand, but only on the deadline for exercising the rights, in the following cases:
- all or some of the securities incorporated in the rights are of a class that is not listed for trade;
  - the prospectus stipulates that the company is excluding foreign holders from the rights offering, in accordance with the provisions of the Securities (Offer of Securities to the Public) (Amendment) Regulations, 5768-2008.
- 2) Notwithstanding the aforesaid, if during the exercise period as aforesaid, trade in the company's shares the rights attached to which are to purchase its securities, is suspended, the rights may not be exercised from the sixth consecutive trading day of the suspension of trade until the resumption of trade. Notices of the rights' exercise received prior to the sixth day as aforesaid and not yet executed shall be cancelled.
- d. The listing for trade of convertible bonds, warrant bonds, purchase bonds and bonds from a new series that are offered in a rights offering is subject to fulfillment of all the following conditions:
- 1) the anticipated public holdings value of the series, assuming that the public exercises its share of the rights, is three times the public holdings value required in respect of a new series of its class;
  - 2) the company has appointed a market-maker for the series in accordance with the provisions of the Third Part of the Rules.
- e. The listing for trade of a new series of preferred shares that are first offered by way of rights\* is conditional upon fulfillment of all the following:

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\* In accordance with paragraph 7.a. of Chapter XXV of the Rules, it is possible to make a first offer of preferred shares by way of rights until 28.3.2019 (one year from the date of the Rules' approval by the authorities).

- 1) the value of the public's holdings in the new series, assuming that the public realizes its share of the rights, is twice the value of the public holdings required from a new series of preferred shares, in accordance with the provisions of paragraph 2.a. of Chapter XXIII of the Regulations pursuant to the Second Part of the Regulations.
- 2) the percentage of the public's holdings in the new series, assuming that the public realizes its share of the rights, is at least 25%;
- 3) the company publishes the fair value of the preferred shares. In the framework of the allotment document the company shall declare that the fair value is in accordance with GAAP. If the company chooses not to annex the valuation on the basis of which the fair value was determined as aforesaid to the allotment document, the allotment document shall detail the parameters on the basis of which the valuation was made, as provided in section 8B.(h) of the Securities (Periodic and Immediate Reports) Regulations, 5740-1970;
- 4) the value of the public's holdings in the preferred shares and the value of the preferred shares for the purpose of compliance with the rules laid down in Chapter XXIII of the Regulations and with regard to the rules in this paragraph e., will be determined on the basis of the fair value determined as provided in sub-paragraph 3) above;
- 5) the offer by way of rights shall include preferred shares from the new series only. No other securities shall be offered in the framework of the offer by way of rights as aforesaid;
- 6) the company appoints a market-maker for the series, in accordance with the rules pursuant to the Third Part of the Rules;
- 7) the company undertakes in the framework of the offer of rights that:
  - (a) in the framework of reporting on the results of the offer by way of rights, it shall report on the value of the public's holdings in the preferred shares from the new series;
  - (b) if the value of the public's holdings in the preferred shares from the new series in the report on the offer's results is less than NIS 36 million, the company shall publish, within three business days, a date for forced redemption for the entire new series, in accordance with the timetable prescribed in the Regulations with regard to forced redemption;
  - (c) the consideration for the forced redemption shall be the fair value determined for the preferred shares as provided in sub-paragraph 3) above.

## CHAPTER X – PRIVATE PLACEMENT

Regulations pursuant to Chapter XII of the Rules.

1. The listing for trade of listed convertible securities and shares, which are allotted in a private placement, is conditional upon the percentage public holdings after allotment, of any class of shares, not being less than 10% or than the percentage public holdings required of a new company of its type, whichever is lower.
2. The listing for trade of shares deriving from the conversion of unlisted convertible securities or from the conversion of an unlisted right, which are allotted in a private placement, is conditional upon the percentage public holdings after allotment of the unlisted convertible securities or after the grant of the unlisted right, of any class of shares, not being less than 10% or than the percentage public holdings required of a new company of its type, whichever is lower.

### 3. **Share price**

The listing for trade of a share in a private placement is conditional upon the price of the share not being less than 30 agorot.

For the purposes of this paragraph, the effective price of the share shall be calculated separately for each offeree in accordance with the following formula:

$$S_i = \frac{C_i - G_i - (M_i \times B_i)}{A_i}$$

where:

- i - the offeree;
- S<sub>i</sub> - the effective price of the share on allotment to each offeree;
- C<sub>i</sub> - the consideration received from the offeree for the securities allotted to him, which is the aggregate of all the following amounts, insofar as they are relevant to him:
  - 1) the cash sum paid in the private placement;
  - 2) the value of the assets against which securities are being allotted – in accordance with their fair value pursuant to GAAP;
 

the fair value as aforesaid shall be determined within a period of not more than 90 days from the date of the application's submission;

in the framework of the allotment document, the company shall declare that the fair value has been calculated pursuant to GAAP. In addition, if the company did not annex a valuation to the immediate report on the allotment as aforesaid, the allotment document shall detail the parameters on the basis of which the valuation was made, as provided in section 8B(i) of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970;
  - 3) the value of the company's debts against which securities are being allotted - in accordance with their fair value pursuant to GAAP;

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- 4) notwithstanding the provisions of paragraphs 2) and 3) above, the value of a security listed for trade on TASE that is not suspended from trade shall be determined in accordance with the average price of the security on TASE in the last 10 trading days preceding the date of the application's submission;
- Gi - the sum of an existing debt of the company that was assigned to the offeree in the framework of the allotment, the sum of a new debt of the company to the offeree arising in the framework of the allotment – in accordance with the amount at which the debt is presented in the company's financial statements, and the cash sum paid to offeree in the framework of the arrangement;
- Mi - 1) the financial value of a warrant allotted to the offeree in the framework of the allotment, calculated in accordance with the calculation formulae included in paragraph 2 of Appendix "A" to the Regulations pursuant to the Second Part of the Rules (the B&S formula) and relating to a warrant of a listed company. Where a final exercise date has not been determined for the warrant allotted as aforesaid – the final exercise date that shall be determined for the purpose of calculating the financial value as aforesaid shall be four years;
- 2) notwithstanding the provisions of paragraph 1) above, where the company has made a private placement and/or offer to a specific public and/or change of terms arrangement as defined in Chapter XXI of these Regulations (hereinafter referred to as "allotment") in an aggregate percentage constituting 75% and more of the company's capital after the allotments as aforesaid to all the offerees including to the public, the financial value of the warrant allotted to the offeree shall be calculated in accordance with the formula for calculating the economic value of a warrant of a company which is being listed on TASE for the first time (a new company) in paragraph 1 of Appendix "A" to the Regulations pursuant to the Second Part of the Rules. Where a final exercise date has not been determined for the warrant allotted as aforesaid – the final exercise date that shall be determined for the purpose of calculating the financial value as aforesaid shall be four years;
- Ai - the number of shares allotted to the offeree in the framework of the allotment;
- Bi - the number of warrants allotted to the offeree in the framework of the allotment.

**CHAPTER XI – LISTING FOR TRADE**  
**OF CONVERTIBLE SECURITIES**

**Number of series**

1. a. The overall maximum number of listed series of warrants and securities convertible into warrants, after the listing for trade, shall be determined in accordance with the following provisions:

<b>Alternative</b>	<b>Public holdings value of each class of shares</b>	<b>Overall maximum number of listed series after the listing</b>
A	Less than NIS 8 million	1
B	NIS 8-24 million	3
C	Over NIS 24 million	Unlimited

- b. For the purposes of sub-paragraph a., series of warrants issued exclusively to employees shall not be taken into account.
- c. A warrant's financial value at the time of its listing for trade shall be at least 1 agora. The financial value shall be calculated in accordance with the calculation formula in appendix "A" to the Regulations.

**Conversion, payment and redemption dates of listed convertible securities**

2. a. The terms of convertible securities shall stipulate that conversion shall not be executed during the following periods:
- 1) in the case of warrants and purchase warrants the exercise price of which is linked to the consumer price index – the 12th to the 16th of each month;
  - 2) in the case of convertible bonds, warrant bonds and purchase bonds, which are redeemed in installments – the three days preceding the record date for the partial redemption until the date of executing the partial redemption; however, if the final conversion date prior to the partial redemption falls on a day that is not a trading day, the conversion date shall be postponed to the following trading day;
  - 3) on the record date for the distribution of bonus shares, offer by way of rights, distribution of a dividend, consolidation of capital, splitting of capital or reduction of capital (each of the aforesaid hereinafter referred to as "company event").

Where the ex-day of a company event falls prior to the record date of a company event, conversion shall not be executed on the ex-day as aforesaid.

- b. The terms of convertible securities may stipulate that conversion shall not be executed in the following periods, provided that the conditions set forth below are fulfilled:

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- 1) in the first month after the listing for trade of the convertible securities;
- 2) in the case of overseas companies – the first three months after the listing for trade of the convertible securities;
- 3) in the period commencing on the listing date of the convertible securities, which shall not exceed half the convertible security's life span and shall not exceed two years, provided that the following conditions are fulfilled:
  - a) the terms of the convertible security stipulate that if the company distributes a dividend in the period in which the security may not be converted, the exercise price or conversion rate shall be adjusted, in the said period, by multiplying it by the ratio between the base share's "ex dividend" price and the share's closing price on TASE on the record date;
  - b) the company shall comply with the equity requirements and public holdings value requirements of a company applying for the listing for trade of bonds.
- c. If the final exercise date falls on a day that is not a trading day, the exercise date shall be postponed to the next trading day.
- d. In the case of convertible bonds, warrant bonds and purchase bonds, the redemption and payment of the interest shall both take place on the redemption date.
- e. 1) The determining date for the purpose of entitlement to redemption or interest ("the record date") shall be 6 days prior to the interest payment and redemption date.  
  
In the case of convertible bonds that are subject to the US tax laws the determining date shall be 12 days prior to the interest payment and redemption date.
- 2) If the interest payment and redemption date falls on a day that is not a business day, the interest payment and redemption date shall be postponed to the next business day.  
  
If the interest payment and redemption date is postponed as aforesaid, interest shall not be paid in respect of this postponement and "the record date" shall not change as a result thereof.
- f. The final conversion date of convertible bonds, warrant bonds and purchase bonds shall be 10 days prior to the final redemption date. Notwithstanding the aforesaid in the case of convertible bonds that are subject to the US tax laws the determining date shall be 16 days prior to the interest payment and redemption date.  
  
However, if the final conversion date falls on a day that is not a trading day, the conversion date shall be postponed to the next trading day.
- g. Cancelled.

**2A. Conversion dates for unlisted convertible securities**

The terms of unlisted convertible securities shall stipulate that conversion shall not be executed on the record date for the distribution of bonus shares, offer by way of rights, distribution of a dividend, consolidation of capital, splitting of capital or reduction of capital (each of the aforesaid hereinafter referred to as “company event”).

In addition, the terms of unlisted convertible securities shall stipulate that if the ex day of a company event falls prior to the record date of the company event, conversion shall not be executed on the ex-day as aforesaid.

**Conditions for the listing for trade of warrants and securities deriving from the conversion of unlisted warrants**

3. a. 1) The exercise price of listed warrants may be linked to the consumer price index, or a foreign currency rate or a currency basket rate, or another index approved by the board of directors, but no more than one index or rate. The linkage method shall not change during the conversion period.  
  
The aforesaid shall not apply to warrants of a company engaged in court-approved arrangement or compromise proceedings pursuant to section 350 of the Companies Law, 5759-1999.
- 2) In the case of listed warrants, the following expressions shall bear the meanings set forth below:
  - a) the known rate – the last representative rate of a foreign currency determined by Bank of Israel; however, in a period in which Bank of Israel does not determine a representative rate, the known rate shall be the rate last determined by the Minister of Finance together with the Governor of Bank of Israel for Government bonds linked to a foreign currency rate;
  - b) the base rate – the known rate on a particular date determined by the company. The base rate shall be noted in the warrant’s terms;
  - c) the exercise date – the date on which TASECH received notice from the TASE member regarding the warrant’s exercise. In such regard, the exercise notice shall be deemed to have been received by TASECH after the time fixed in TASECH’s by-laws, as though it was received on the next trading day;
  - d) the exercise price – the price known on the exercise date, unless otherwise stipulated in the issue prospectus;
  - e) the known index – the last known index;
  - f) the base index – the known index on a particular date determined by the company. The base index shall be noted in the warrant’s terms;
  - g) the exercise index – the known index on the exercise date, unless otherwise stipulated in the issue prospectus.
- b. Cancelled.

- c. Cancelled.
- d. If the company distributes bonus shares during the conversion period, the rights of the holders of listed convertible securities shall be maintained, such that the number of shares deriving from conversion to which the holder of the convertible security shall be entitled on conversion shall be increased or decreased by the number of shares of such class to which the holder of the convertible security would have been entitled as bonus shares had he converted the security.

This adjustment method may not be changed.

- e. If during the conversion period the company offers securities to its shareholders by way of rights, it shall act in one of the following ways:
  - a) it shall offer the same securities to the holders of the listed convertible securities, on terms identical to those of the offer to the shareholders, and the holders of the listed convertible securities shall be deemed to have converted the securities;
  - b) the number of shares deriving from the conversion of listed convertible securities shall be adjusted to the rights benefit component, as reflected in the ratio between the share's closing price on TASE on the last trading day prior to the "ex" day and the share's base price "ex rights".

Once the company has chosen one of the two above ways, it may not be changed after the listing for trade.

Notwithstanding the aforesaid, where a company undergoing privatization, as defined in the Government Companies Law, 5735-1975 or a bank the securities of which have been offered to the public in a sale offer by the State of Israel, offer their shareholders securities by way of rights, in the conversion period for the holders of securities convertible into shares held by the State of Israel, the company or bank as aforesaid may decline to make any adjustments for holders of convertible securities as aforesaid. Once a bank or company as aforesaid has chosen this way, it may not be changed after the listing for trade.

- f. If the company distributes a dividend during the conversion period of warrants, it shall act in one of the following ways:
  - 1) the exercise supplement shall be multiplied by the ratio between the base price "ex dividend" and the share's closing price on TASE on the last trading day prior to the "ex dividend" date;
  - 2) the exercise supplement stipulated in the prospectus shall be reduced by the amount of the dividend in shekels:
    - a) if the exercise supplement is linked to the consumer price index, the amount of the dividend shall be adjusted to the ratio between the base index and the known index on the "ex dividend" date.
    - b) if the exercise supplement is linked to changes in a foreign currency representative rate, the amount of the dividend in shekels shall be adjusted to the ratio between the base rate and the known rate on the "ex dividend" rate.

If the company chooses one of the above ways, it may not be changed after the listing for trade.

- g. A listed warranted may only be converted into one share.
- h. The conversion period of a listed warrant shall not exceed four years.

#### **Listing for trade of convertible bonds**

4. The listing for trade of convertible bonds shall be governed by the following conditions:

- a. The public holdings value of each series shall not be less than NIS 24 million; however, if the adjusted share price, in accordance with the following calculation formula (hereinafter in this paragraph 4. referred to as “the adjusted share price”) is higher than the conversion price stipulated in the convertible bonds’ terms, the public holdings value in respect of each series shall not be less than NIS 12 million.

The adjusted share price shall be calculated as follows:

$$Y = A \times 1.07^R$$

where:

Y - the adjusted share price;

A - the share price as defined in Chapter I of the Regulations;

R - an average redemption year, which shall be calculated as follows:

$$R = \frac{\sum t_i}{365 \times n}$$

The redemption year shall be calculated to an accuracy level of two digits after the decimal point.

- ti - the number of days from the bonds’ offer date until the partial redemption payment date i;
- n - the number of redemptions.
- b. If the adjusted share price is equal to, or lower than, the conversion price stipulated in the convertible bonds’ terms, the company shall comply with the equity requirement applicable to a company applying to list bonds for trade.
- c. The last redemption amount shall not be less than NIS 3.2 million.
- c1. The redemption proceeds shall not be less than the nominal value of the convertible bonds plus linkage and interest accruing to the actual payment date, as stipulated in the convertible bonds’ terms (hereinafter referred to as “the bonds’ adjusted value”).
- d. 1) Where the convertible bonds’ terms stipulate that the company may force early conversion or early redemption of the bonds, the bonds’ terms shall include the following provisions:

- a) the early redemption proceeds, or early redemption conversion rate, including the formula for calculating them and including the formula's parameters;
  - b) the first possible date for early conversion or early redemption, as the case may be;
  - c) the conditions on fulfillment of which the company may execute early conversion;
  - c1) the conditions on fulfillment of which the company may execute early redemption or alternatively the company's right to execute early redemption unconditionally;
  - d) the possible conversion or redemption frequency and the minimum amount of each early conversion or early redemption, as the case may be;
  - e) the date of notice of early conversion or early redemption, as the case may be.
- 2) On publishing notice of early conversion, the company shall give notice of the new redemption schedule.
  - 3) Early conversion and early redemption, for some of the remaining bonds, shall be executed at an identical rate for each of the bondholders.
- 3a) The early conversion rate per share shall not exceed the lower between:
    - a) the conversion rate per share as stipulated in the bonds' terms, after the adjustments required in consequence of the distribution of bonus shares, issue of rights and distribution of dividend, as stipulated in the bonds' terms;
    - b) the average share price divided into the bonds' adjusted value, provided that the calculation period of the average price stipulated in the prospectus includes at least the last 10 trading days prior to the date of notice of the early conversion.
  - 3b) a) The consideration for the early redemption as provided in paragraph d.1)a) above, shall fulfill the following conditions:
    - 1) the consideration for the early redemption shall not be less than the nominal value of the convertible bonds redeemed on the early redemption plus interest and linkage;
    - 2) with regard to the payment of interest, the terms and conditions of the bonds shall lay down one of the following possibilities:
      - (a) the interest that has accrued as at the date of the early redemption shall be paid for the entire outstanding balance;

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- (b) the interest that as accrued as at the date of the early redemption shall only be paid on the nominal value redeemed on the early redemption.
  - 3) In the event of payment of additional interest in consequence of the early redemption, the additional interest shall only be paid on the nominal value redeemed on the early redemption.
  - b) The early conversion rate determined as provided in paragraph d.1)a) above shall fulfill the conditions laid down in paragraph d.3a) above."
  - 3c) a) The frequency of the early conversions or early redemptions, as the case may be, shall not exceed one conversion per quarter or one redemption per quarter, as the case may be.
  - b) Where early conversion or early redemption is stipulated in a quarter in which an interest payment date is also stipulated, or partial redemption payment date or final redemption payment date, the early redemption or early conversion, as the case may be, shall be executed on the date stipulated for payment as aforesaid.
  - c) The minimum amount of any early redemption shall not be less than NIS 1 million. Notwithstanding the aforesaid, a company may execute early redemption in an amount of less than NIS 1 million, provided that the redemption frequency shall not exceed one redemption a year.
  - d) For the purposes of this paragraph – “quarter” means each of the following periods: January to March, April to June, July to September, October to December.
- 4) In the event of early conversion or early redemption of some of the bonds, the final conversion amount or final redemption amount, as the case may be, shall not be less than NIS 3.2 million.
  - 5) At least 21 days and not more than 45 days shall elapse between notice of fulfillment of the early conversion conditions and the early conversion date.
  - 6) The convertible bonds' terms may stipulate according to which of the following alternatives the company shall act, if TASE resolves to de-list the convertible bonds for the reason that the public holdings value in respect of them has fallen below the amount stipulated in the Regulations regarding de-listing.  
Below are the alternatives:
    - (a) the company shall not execute early redemption;
    - (b) the company shall give notice within 45 days of the date of the resolution to de-list of the redemption date on which the holders of the convertible bonds may redeem them. The redemption proceeds shall not be less than the bonds' adjusted value.
  - 7) At least 21 and no more than 45 days shall elapse between notice of the early redemption date and the early redemption date.

- 7a) The early redemption date shall not fall in the period between the record date for the payment of interest and its actual payment date.
  - 8) Early redemption shall be governed by the provisions of paragraphs 2.a.2) and 2.e.1) above.
- e. Accrued interest shall be paid on partial redemption of a convertible bond.
- f. On the final redemption of convertible bonds, “ex-interest” or “ex-redemption” shall not be executed, and the payment shall be made against delivery of the bond certificate.
- f1) A banking corporation or insurer may prescribe, in the terms of convertible bonds, conditions on fulfillment of which the final redemption date of the principal and interest and the final conversion date will be deferred, on fulfillment of the following conditions:
- 1) the Supervisor of Banks or the Controller of Insurance, as the case may be, has approved the conditions on fulfillment of which the interest and/or principal will be deferred, within the framework of the bonds’ recognition as part of the company’s capital;
  - 2) the bonds are payable in one installment;
  - 3) the final redemption may be deferred only once and the new redemption date shall be stipulated in advance in the bonds’ terms (hereinafter referred to as “the deferred date”);
  - 4) the interest payment’s deferment is conditional upon the interest being paid no later than the original redemption date or on the deferred date, where the redemption date is deferred;
  - 5) notice of the original redemption date’s deferral shall be given at least two trading days prior to the original redemption date;
  - 6) the bonds’ terms shall stipulate that if the banking corporation or insurer, as the case may be, gives notice of the interest payment’s deferral:
    - a) the record dates of payments that have not been made shall be cancelled;
    - b) the banking corporation or insurer, as the case may be, shall give notice of a new record date at least four trading days prior to the requested new record date;
    - c) the actual payment date shall be 6 days after the new record date stipulated as aforesaid;
    - d) the new record date shall not fall in the period between the record date for the payment of interest, as stipulated in the bond’s terms, and the interest payment date.
- g. The payment of interest on convertible bonds shall be governed by the following conditions:

- 1) the interest payments shall be calculated in accordance with the number of payments a year; however, the first interest payment shall be calculated in respect of the period from the date of the bond's allotment until the first payment date, the period being calculated on the basis of a 365 day year;
  - 2) Where the interest rate is lower than 0.5% a year, the company may determine that the interest will not be paid on an annual basis and the interest shall accrue on a compound interest basis until the subsequent payment date; however, the company may determine, in a bond's terms, that on the accrual of interest at a rate of at least 2.5%, the company shall pay the accrued interest prior to the subsequent payment date.
- h. In the case of convertible bonds, the following expressions shall bear the meanings set forth below:
- 1) the known rate – the representative rate of a foreign currency for a particular date determined by Bank of Israel prior to such date, provided that in a period in which Bank of Israel does not determine a representative rate, the known rate shall be the rate last determined by the Minister of Finance together with the Governor of Bank of Israel for Government bonds linked to a foreign currency rate;
  - 2) the base rate – the known rate on a particular date determined by the company. The base rate shall be noted in the bond's terms;
  - 3) the payment rate – the known rate two days prior to the payment date, unless otherwise stipulated in the issue prospectus;
  - 4) the conversion date – the date on which, in accordance with TASECH's by-laws, TASECH is deemed to have received notice from the TASE member of the bonds' conversion;
  - 5) the known index – the last known index;
  - 6) the base index – the known index on a particular date determined by the company. The base index shall be noted in the bond's terms;
  - 7) the payment index – the known index on the payment date, unless otherwise stipulated in the issue prospectus.
- i. The provisions of paragraphs 3.d. and 3.e. shall apply to convertible bonds.
- j. If the company distributes a dividend in the conversion period of convertible bonds, the conversion price shall be multiplied by the ratio between the base price "ex dividend" and the share's closing price on TASE on the last trading day prior to the "ex dividend" date.
- This manner of adjustment may not be changed.
- k. The principal and interest of listed convertible bonds may be linked to the consumer price index, a foreign currency rate, a currency basket rate, or another index approved by the board of directors, but no more than one index or rate. The linkage method shall not change during the period of the bonds.

1. A company the shares of which are included in the TA-125 index may determine, in the terms and conditions of the convertible bonds included in the documents pursuant to which they are first offered, that in addition to the possibility of payment in cash, it may pay the principal's redemption proceeds and/or the interest payments with its shares, provided that the terms and conditions of the convertible bonds included in the aforesaid document provide that:
  - 1) The notice of the decision to pay in shares is published at least 15 trading days before the "determining date" and no more than 45 days before the payment date.

In the event of final redemption, the company shall give notice of its decision as aforesaid at least 15 trading days before the final redemption date and no more than 45 days before this date.

Notice as aforesaid shall be published before any payment that the company wishes to make in shares. If notice as aforesaid is not published, the payment shall be made in cash.
  - 2) 4 trading days before the determining date or the final redemption date, as the case may be, the company shall give notice of the price of the share that will be used for the purpose of determining the number of shares that will be allotted for NIS 1 n.v. of convertible bond and of the overall number of shares that will be allotted as aforesaid.

The price of the share for the purpose of calculating the number of shares that will be allotted shall not exceed:

    - a) the average price of the share in the 10 trading days ending five trading days before the "determining date" for payment of the principal and/or the interest. In the event of final redemption, the average price of the share in the 10 trading days ending before the final redemption date (hereinafter - the "calculation period").

The share price shall be adjusted with respect to a distribution of dividend, rights or bonus shares insofar as the "determining date" in respect thereof falls in the calculation period.
    - b) The company shall give notice in the bonds' terms and conditions if it intends determining a share price that is lower than the price determined in accordance with the calculation pursuant to subparagraph (a) above, and in what amount. Different amounts may be determined for the payment of interest and for the payment of principal.
  - 3) Notwithstanding the aforesaid, the company may not make payment on account of principal and/or interest in shares, in any one of the following cases:
    - a) the share price, in accordance with the calculation detailed in subparagraph b) above, is less than 30 agorot;

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- b) no transactions have been executed with the company's shares in trade on TASE for five trading days or more, from amongst the trading days included in the calculation period;
- c) the company's shares are not included in the TA-125 index or in the TA-60 SME index;
- d) the company's shares are traded on the maintenance list or on the illiquidity list;
- e) there have been warning signs in the company, within the meaning thereof in section 10(b)(14)(a) of the Securities (Periodic and Immediate Reports) Regulations, 1970;
- f) the company's shares have been delisted from trade on the stock exchange in Tel Aviv.

If the Company has given notice of payment on account of principal and/or interest in shares and the terms and conditions detailed in sub-paragraph (a) and/or the terms and conditions detailed in sub-paragraph (b) above have been fulfilled, the company shall give notice in an immediate report no later than 4 trading days before the "determining date", or 4 trading days before the final redemption date, as the case may be, that the payment will not be made in shares but in cash. In its notice, the company shall detail the reason why the payment will not be made in shares.

- 4) If the company has given notice of a forced redemption that is paid in shares, the early conversion price per share will be calculated in accordance with the provisions of paragraph 4.d.3a) above.

#### **Listing for trade of warrant bonds**

- 5. a. Cancelled.
- b. The provisions of paragraph 3.a.1) shall apply to linkage of the warrant bond's exercise price.
- c. The provisions of paragraphs 2.a.1), a.2), 3.d., 3.e, 3.f. and the provisions of paragraphs 4.b. to 4.h., 4.j. and 4.k. shall apply, mutatis mutandis, to warrant bonds.

#### **Listing for trade of a security convertible into a warrant**

- 6. The listing for trade of a security convertible into a warrant shall be governed by the following conditions:
  - a. Cancelled.
  - b. The provisions of paragraphs 2.a.1), 2.a.3), 3.a., 3.d, 3.e. and 3.f. shall apply, mutatis mutandis, to a security convertible into a warrant.
  - c. A security convertible into a warrant may only be converted into one warrant.
  - d. The conversion period of a security convertible into a warrant shall not exceed six months.

**Listing for trade of securities convertible into convertible bonds**

7. The listing for trade of securities convertible into convertible bonds shall be governed by the following conditions:
  - a. Cancelled.
  - b. The provisions of paragraphs 2.a.1), 2.a.3), 3.a., 3.d, 3.e. and 3.f. shall apply, mutatis mutandis, to a security convertible into a convertible bond.
  - c. Securities convertible into convertible bonds may be converted into NIS 100 n.v. convertible bonds.
  - d. The conversion period of securities convertible into convertible bonds shall not exceed 18 months.
  - e. The final exercise date of a security convertible into convertible bonds shall not fall in the period between the record date for the payment of principal or interest and the payment date as aforesaid.

**Listing for trade of purchase warrants**

8. The listing for trade of purchase warrants shall be governed by the conditions stipulated in paragraph 3 above, mutatis mutandis.

**Listing for trade of purchase bonds**

9. The listing for trade of purchase bonds shall be governed by the conditions stipulated in paragraph 4 above, mutatis mutandis.

**Changes in the terms of convertible bonds**

10. Changes in the terms of convertible bonds shall be governed by the provisions of Chapter XXI of the Regulations.

**The price of a share deriving from conversion of a convertible security**

11. The listing for trade of a share deriving from the conversion of a listed convertible security is conditional upon the price of the share deriving from the conversion as aforesaid not being less than that stipulated below:
  - a. in the case of a new company – the price of the share shall not be less than NIS 1;
  - b. in the case of a listed company – the price of the share shall not be less than 30 agorot.
12. The listing for trade of a share deriving from the conversion of an unlisted convertible security is conditional upon the price of the share deriving from the conversion as aforesaid not being less than that stipulated below:
  - a. in the case of a new company – the price of the share shall not be less than NIS 1;
  - b. in the case of a listed company – the price of the share shall not be less than 30 agorot.

13. The listing for trade of a share deriving from the conversion of any right (unlisted) is conditional upon the price of the share deriving from the conversion as aforesaid not being less than that stipulated below:
- a. in the case of a new company – the price of the share shall not be less than NIS 1;
  - b. in the case of a listed company – the price of the share shall not be less than 30 agorot.

Notwithstanding the provisions of this sub-paragraph b), a listed company may, in the framework of an allotment of shares, also include a right as aforesaid and determine that at the time of the right's exercise, an exercise supplement will not be paid.

In such case, the price of the share deriving from the right's conversion will be as follows:

the total consideration received from anyone given rights as aforesaid, divided by the overall number of the allotted shares plus the number of shares that might derive from exercise of the right to a share.

## **CHAPTER XII – LISTING FOR TRADE OF BONDS**

1. A company applying to list bonds for trade shall meet the following conditions:

For the purpose of this Chapter –

“fixed interest” – interest the rates of which are known on the issue date;

“variable interest” – interest that is not fixed interest

“fixed interest” – interest that is not variable interest;

“unequal redemptions” – redemption payments the rate of which varies from redemption to redemption.

**a. Post-listing equity**

- 1) A company’s post-listing equity shall not be less than NIS 24 million.

Notwithstanding the aforesaid, the post-listing equity of a company the bonds of which were rated, prior to the prospectus’s publication, with one of the following ratings, shall not be less than NIS 16 million:

- a rating of at least (ilBBB-) by S&P Global Ratings Maalot Ltd
- a rating of at least (Baa3.il) by Midroog Ltd.

- 2) Notwithstanding the provisions of sub-paragraph a.1) above, a company applying for the listing for trade of additional bonds from a listed series and a company applying for the listing for trade of bonds, which meets one of the following conditions, shall be exempt from the requirements stipulated in sub-paragraph a.1) above:

- a) the company’s shares are listed on TASE or are being listed for trade together with the bonds, and the shares’ value is at least NIS 200 million.

The value of the company’s shares shall be calculated in accordance with the share price within the meaning thereof in paragraph 2 of Chapter I above;

- b) The bonds the listing of which is being applied for were rated, prior to the prospectus’s publication, with one of the following ratings:
- a rating of at least (ilA-) by S&P Global Ratings Maalot Ltd;
  - a rating of at least (A3.il) by Midroog Ltd;
  - a rating of at least (BBB-) by Standard & Poor’s Corporation or by Fitch Ratings Ltd;
  - a rating of at least (Baa3) by Moody’s Investors Service.
- c) The public holdings value in respect of the series of bonds is at least NIS 200 million.

- 3) A company applying to list bonds which is not exempt from the capital requirements stipulated in sub-paragraph a.1) above shall not distribute dividend to its shareholders where the dividend's distribution will result in its equity falling below the capital required of it in accordance with paragraph a.1) above at the time of the listing for trade, such being so long as the bonds are listed for trade. The company shall undertake to comply with this condition in the issue prospectus.

**b. Public holdings value**

The public holdings value in respect of a series of bonds, after the listing for trade, shall not be less than NIS 36 million.

- c. A share may constitute an underlying share for an equity-linked bond, provided that all the following conditions are fulfilled in respect thereof:

- 1) the share is listed for trade on TASE and/or on an overseas stock exchange;
- 2) the company determines if the price of the underlying share from which the bond is derived is the price stipulated on TASE or on the overseas stock exchange, where the underlying share is listed for trade on TASE and an overseas stock exchange;

notwithstanding the aforesaid, if the underlying share does not fulfill the conditions of sub-paragraphs 3)a) and 3)b) below, the price of the underlying share will be the price determined by TASE;

- 3) a) at the time of the bond's issue, the underlying share is included in the 10 shares with the highest market value from amongst the shares included in the TA-35 index;  
or alternatively –
- b) at the time of the bond's issue, the underlying share is listed for trade on an overseas stock exchange and its market value is at least NIS 4 billion;  
or alternatively –
- c) at the time of the bonds' issue, all the following conditions are fulfilled in respect of the underlying share:
  - (1) the underlying share does not fulfill the conditions of sub-paragraphs a) and b) above;
  - (2) the share of the subsidiary of the issuing company is the underlying share;  
in such regard, "subsidiary" shall be defined in accordance with GAAP;
  - (3) the underlying share is included in the TA-125 share list.

- 4) a) where the bond's terms stipulate that the price of the underlying share from which the bond is derived is the price stipulated on TASE, the said price shall be the closing price of the underlying share;
- b) where the underlying share fulfills the conditions of sub-paragraph 3)c) above, the price of the underlying share from which payment of the principal and/or interest shall be derived will be the weighted share price of the underlying share in the 10 trading days preceding the calculation date;

in such regard, the weighted share price shall be calculated as the sum of all the consideration paid in all the transactions executed in the course of trade in the underlying share in the 10 trading days, at least, preceding the calculation date, divided into the number of underlying shares traded on TASE in this period.

**d. Purchase of bonds**

Where the company has purchased bonds in accordance with the bonds' terms, these bonds shall be de-listed.

**d1. Minimum redemption proceeds**

The redemption proceeds shall not be less than the nominal value of the bonds plus linkage and interest accruing to the date of actual payment as stipulated in the bonds' terms (hereinafter referred to as "the bond's adjusted value").

**e. Early redemption of bonds**

- 1) Where the bonds' terms stipulate that the company may decide on their early redemption, the bonds' terms shall stipulate as follows:
  - a) the early redemption consideration, or the mechanism for calculating it, including the said mechanism's parameters;
  - b) the first possible date for early redemption;
  - c) the conditions, if any, on the fulfillment of all or some of which early redemption will be executed;
  - d) the possible redemption frequency and the minimum amount of each early redemption;
  - e) the date of the early redemption notice.
- 2) On publication of early redemption notice, the company shall give notice of the new redemption schedule.
- 3) Early redemption of part of the remaining bonds shall be executed at an identical rate for each of the bond holders.
- 3a) The consideration for the early redemption as provided in paragraph e.1)a) above, shall fulfill the following conditions:
  - 1) the consideration for the early redemption shall not be less than the nominal value of the bonds plus interest and linkage;

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- 2) with regard to the payment of interest, the terms and conditions of the bonds shall lay down one of the following possibilities:
  - (a) the interest that has accrued as at the date of the early redemption shall be paid for the entire outstanding balance;
  - (b) the interest that as accrued as at the date of the early redemption shall only be paid on the nominal value redeemed on the early redemption.
- 3) the event of payment of additional interest in consequence of the early redemption, the additional interest shall only be paid on the nominal value redeemed on the early redemption."
  - 3b) a) The early redemption frequency shall not exceed one redemption per quarter.
  - b) Where partial early redemption is stipulated in a quarter in which an interest payment date or partial redemption date or final redemption date is also stipulated, the partial early redemption shall be executed on the date stipulated for payment of the interest or partial or final redemption, as the case may be. Notwithstanding the aforesaid, final redemption can be executed in a quarter even if an interest payment or partial redemption was made therein.
  - c) The minimum amount of each early redemption shall not be less than NIS 1 million. Notwithstanding the aforesaid, a company may execute early redemption in an amount of less than NIS 1 million, provided that the redemption frequency does not exceed one redemption a year.
  - d) For the purposes of this paragraph – “quarter” means each of the following periods: January to March, April to June, July to September, October to December.
- 4) Where early redemption is executed for some of the bonds, the final redemption amount shall not be less than NIS 3.2 million.

The aforesaid shall not apply to early redemption of asset-backed bonds resulting from early redemption of an asset of the company that is charged in favor of the bond holders.

In such regard –

“asset-backed bonds” – bonds backed by the cash flow deriving from an asset charged in favor of the bond holders.

- 5) The bonds’ terms shall stipulate according to which of the following alternatives the company shall act, if TASE resolves to de-list the bonds for the reason that the value in respect of them has fallen below the amount stipulated in the Regulations regarding de-listing.

Below are the alternatives:

- (a) the company shall not execute early redemption;

- (b) the company shall give notice within 45 days of the date of the resolution to de-list of the redemption date on which the holders of the bonds may redeem them. The redemption proceeds shall not be less than the bonds' adjusted value.
- 6) If TASE gives notice of the de-listing of an equity-linked bond, the company shall, within 30 days of TASE's notice of the de-listing, execute forced early redemption of the equity-linked bond.
- 7) At least 17 days shall elapse between the early redemption notice and the early redemption date.
- 8) The early redemption date shall not fall in the period between the record date for the payment of interest and the payment date.
- f. Accrued interest shall be paid on partial redemption of bonds.
- g.
  - 1) On the final redemption of bonds, "ex-interest" or "ex-redemption" shall not be executed, and the payment shall be made against delivery of the bond certificate.
  - 2) The final payment amount shall not be less than NIS 3.2 million.
- h.
  - 1) Where the bonds' terms stipulate fixed interest, the interest payments shall be calculated in accordance with the number of payments per annum; however, the first interest payment shall be calculated in respect of the period from the date of the bond's allotment until the first payment date, the period being calculated on the basis of a 365-day year.
  - 2) Where the bonds' terms stipulate fixed interest, at a rate of less than 0.5% per annum, the company may stipulate that it will not pay interest on an annual basis and that the interest will accrue on a compound interest basis until the subsequent payment date; however, the company may stipulate in the bond's terms that if interest at a rate of at least 2.5% has accrued, it shall pay the accrued interest prior to the subsequent payment date.
- i. Both redemption and payment of the interest shall be executed on the bonds' redemption date.
- j.
  - 1) The record date for the purpose of entitlement to redemption or interest ("the record date") shall be 6 days prior to the interest payment and redemption date. Notwithstanding the aforesaid in the case of bonds that are subject to the US tax law the determining date shall be 12 days prior to interest payment and redemption date
  - 2) If the interest payment and redemption date falls on a day that is not a business day, the interest payment and redemption date shall be postponed to the next business day.

If the interest payment and redemption date is postponed as aforesaid, interest shall not be paid in respect of this postponement and 'the record date' shall not change as a result thereof.

- k. In the case of bonds, the following expressions shall bear the meanings set forth below:
- 1) the known rate – the representative rate of a foreign currency for a particular date determined by Bank of Israel prior to such date, provided that in a period in which Bank of Israel does not determine a representative rate, the known rate shall be the rate last determined by the Minister of Finance together with the Governor of Bank of Israel for Government bonds linked to a foreign currency rate;
  - 2) the base rate – the known rate on a particular date determined by the company or alternatively another rate determined by the company. The base rate shall be noted in the bond's terms;
  - 3) the payment rate – the known rate two days prior to the payment date, unless otherwise stipulated in the issue prospectus;
  - 4) the known index – the last known index;
  - 5) the base index – the known index on a particular date determined by the company. The base index shall be noted in the bond's terms;
  - 6) the payment index – the known index on the payment date, unless otherwise stipulated in the issue prospectus.
- l. The terms of bonds may stipulate variable interest and unequal redemptions, subject to the following provisions:
- 1) TASE's board of directors may decline to approve the listing for trade of bonds, if in its opinion the bonds' clearing involves special operating arrangements;
  - 2) No more than one interest payment and one redemption shall be executed in a given month.
  - 3) If the bonds' terms stipulate monthly redemption or interest payment, the payment shall be made on the same calendar date each month.
  - 4) Notice of the redemption and of the exact interest rate payable shall be given in an immediate report at least four trading days prior to the record date for payment, as stipulated in the prospectus.
- m. Linkage of the principal and interest of listed bonds may relate to the consumer price index, or to a foreign currency rate or to a currency basket rate, or to another index approved by the board of directors, but no more than one index or one rate. The linkage method shall not change during the period of the bonds.
- n. A banking corporation or insurer may prescribe conditions in a bond's terms on fulfillment of which the final redemption date of the principal and interest shall be deferred, on fulfillment of the following conditions:
- 1) the Supervisor of Banks or the Controller of Insurance, as the case may be, has approved the conditions on fulfillment of which the interest and/or principal shall be deferred, within the framework of the bonds' recognition as part of the company's capital;

- 2) the bonds are payable in one installment;
  - 3) the final redemption may be deferred only once and the new redemption date shall be stipulated in advance in the bonds' terms (hereinafter referred to as "the deferred date");
  - 4) the interest payment's deferment is conditional upon the interest being paid no later than the original redemption date or on the deferred date, where the redemption date is deferred;
  - 5) notice of the original redemption date's deferral shall be given at least two trading days prior to the original redemption date;
  - 6) the bonds' terms shall stipulate that if the banking corporation or insurer, as the case may be, gives notice of the interest payment's deferral:
    - a) the record dates of the payments that have not been made shall be cancelled;
    - b) the banking corporation or insurer, as the case may be, shall give notice of a new record date at least four trading days prior to the requested new record date;
    - c) the actual payment date shall be 6 days after the new record date stipulated as aforesaid;
    - d) the new record date shall not fall in the period between the record date for the payment of interest, as stipulated in the bond's terms, and the payment date.
- o. A company the shares of which are included in the TA-125 index may determine, in the terms and conditions of the bonds included in the documents pursuant to which they are first offered, that in addition to the possibility of payment in cash, it may pay the principal's redemption proceeds and/or the interest payments with its shares, provided that the terms and conditions of the bonds included in the aforesaid document provide that:
- 1) The notice of the decision to pay in shares is published at least 15 trading days before the "determining date" and no more than 45 days before the payment date.

In the event of final redemption, the company shall give notice of its decision as aforesaid at least 15 trading days before the final redemption date and no more than 45 days before this date.

Notice as aforesaid shall be published before any payment that the company wishes to make in shares. If notice as aforesaid is not published, the payment shall be made in cash.
  - 2) 4 trading days before the determining date or the final redemption date, as the case may be, the company shall give notice of the price of the share that will be used for the purpose of determining the number of shares that will be allotted for NIS 1 n.v. of bond and of the overall number of shares that will be allotted as aforesaid.

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The price of the share for the purpose of calculating the number of shares that will be allotted shall not exceed:

- a) the average price of the share in the 10 trading days ending five trading days before the "determining date" for payment of the principal and/or the interest. In the event of final redemption, the average price of the share in the 10 trading days ending before the final redemption date (hereinafter - the "calculation period").

The share price shall be adjusted with respect to a distribution of dividend, rights or bonus shares insofar as the "determining date" in respect thereof falls in the calculation period.

- b) The company shall give notice in the bonds' terms and conditions if it intends determining a share price that is lower than the price determined in accordance with the calculation pursuant to sub-paragraph (a) above, and in what amount. Different amounts may be determined for the payment of interest and for the payment of principal.
- 3) Notwithstanding the aforesaid, the company may not make payment on account of principal and/or interest in shares, in any one of the following cases:
- a) the share price, in accordance with the calculation detailed in sub-paragraph b) above, is less than 30 agorot;
  - b) no transactions have been executed with the company's shares in trade on TASE for at least five trading days in the calculation period;
  - c) the company's shares are not included in the TA-125 index or in the TA-60 SME index;
  - d) the company's shares are traded on the maintenance list or on the illiquidity list;
  - e) there have been warning signs in the company, within the meaning thereof in section 10(b)(14)(a) of the Securities (Periodic and Immediate Reports) Regulations, 1970;
  - f) the company's shares have been delisted from trade on the stock exchange in Tel Aviv.

If the company has given notice of payment on account of principal and/or interest in shares and the terms and conditions detailed in sub-paragraph (a) and/or the terms and conditions detailed in sub-paragraph (b) above have been fulfilled, the company shall give notice in an immediate report no later than 4 trading days before the "determining date", or 4 trading days before the final redemption date, that the payment will not be made in shares but in cash. In its notice the company shall detail the reason why the payment will not be made in shares.

p. Hybrid bonds

- 1) A company may issue hybrid bonds, on fulfillment of one of the following conditions:
  - a) the company's shares are included in the TA-125 index and at least one series of its bonds is listed for trade;
  - b) the public holdings value in the series of hybrid bonds is at least NIS 200 million, and one of the following is fulfilled:
    - 1) the company's capital pursuant to the last financial statements published by the company on the date of filing the listing application is not less than NIS 500 million;
    - 2) the hybrid bonds the subject of the listing application are rated, prior to publication of the prospectus, with one of the following ratings:
      - a rating of at least (ilA-) by S&P Global Ratings Maalot Ltd;
      - a rating of at least (A3.il) by Midroog Ltd;
      - a rating of at least (BBB-) by Standard and Poor's Corporation or by Fitch Ratings Ltd;
      - a rating of at least (Baa3) by Moody's Investors Service,
- 2) The hybrid bonds shall be redeemable in one payment.
- 3) The terms and conditions of hybrid bonds shall provide that payment of the interest may be deferred for a period of up to six years.
- 4) The terms and conditions of hybrid bonds may provide that the company can defer payment of interest.
- 5) If the company has determined that it can defer payment of interest, the company must give notice of the interest payment's deferment four trading days before the determining date for payment of the interest.
- 6) The terms and conditions of the hybrid bonds shall provide that if the company has given notice of the interest payment's deferment, the following acts shall be taken:
  - a) the determining dates of the deferred payments shall be cancelled;
  - b) on the dates' cancellation, the company shall give notice of the new interest payment dates and of the new determining dates;
  - c) the determining date shall be fixed for six days before the new interest payment date;
  - d) in the case of hybrid bonds to which the US tax laws apply, the determining date shall be fixed for 12 days before the new interest payment date;

- e) the new determining date shall not fall in the period between the determining date for payment of interest, as provided in the terms and conditions of the hybrid bonds, and the payment date.
2. The listing for trade of a security convertible into bonds shall be governed by the following conditions:
- a. Cancelled.
  - b. The provisions of paragraphs 2.a.1) and 3.a of Chapter XI of the Regulations shall apply, respectively, to a security convertible into bonds.
  - c. A security convertible into bonds shall be convertible into NIS100 n.v. value bonds.
  - d. The conversion period of a security convertible into bonds shall not exceed 18 months.
  - e. The final exercise date of a security convertible into bonds shall not fall in the period between the record date for the payment of principal or interest and the payment date as aforesaid.
3. A change in the terms of bonds shall be governed by the provisions of Chapter XXI of the Regulations.

**CHAPTER XIII – LISTING APPLICATION SUBMISSION**  
**PROCEDURE, VETTING FEES AND REGISTRATION FEES**

1. a. An application shall be submitted on a form stipulated by TASE. The application shall be filled out and signed by the company.
- b. The following documents shall be annexed to the application as the case may be:
  - 1) a) In the case of an application for the listing of securities pursuant to a prospectus or to a shelf offer report – copies of the draft prospectus or copies of the draft shelf offer report within the meaning thereof in section 23A(f) of the Securities Law, 5728-1968 (hereinafter referred to as “the shelf offer report”), or copies of the draft supplementary notice, within the meaning thereof in the Securities (Supplementary Notice and Draft Prospectus) Regulations, 5767-2006 (hereinafter referred to as “supplementary notice”), or copies of the draft prospectus amendment, in the number stipulated in the application form.
  - b) In the case of an application for the listing of securities pursuant to the report or outline detailed below – copies of the report or outline, as the case may be, in the number stipulated in the application form:
    - (1) an immediate report or preliminary report, as the case may be, in accordance with the Securities (Private Offering of Securities in a Listed Company) Regulations, 5760–2000;
    - (2) an immediate report in accordance with the Securities (Periodic and Immediate Reports) Regulations, 5730-1970;
    - (3) an outline or preliminary outline, as the case may be, in accordance with the Securities (Details of an Outline of an Offer of Securities to Employees) Regulations, 5760– 2000;
- 2) A signed copy of the draft prospectus or draft shelf offer report, or draft supplementary notice, or draft prospectus amendment, or immediate report, as the case may be, or alternatively an attorney’s certificate that the copies of the draft prospectus or draft shelf offer report, or draft supplementary notice or draft prospectus amendment, or immediate report, as the case may be, which were annexed to the application, are identical to the copy of the draft prospectus or draft supplementary notice, or draft prospectus amendment, or immediate report signed in the original, respectively, that was submitted to the Securities Authority.
- 3) a) If a prospectus or a shelf offer report of the same company was published within the three years preceding the application’s submission, the draft prospectus or draft prospectus amendment or draft shelf offer report annexed to the application shall include at least one clearly marked draft- of each addition, deletion or change in relation to the previous prospectus or shelf offer report that was published;

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- b) An attorney's certificate that all the additions, deletions and changes in relation to the previous prospectus or to the previous shelf offer report have been marked.
  - c) Notwithstanding the provisions of paragraph a) above, if the securities included in the application differ from the securities included in the company's prospectuses or shelf offer reports preceding the application's submission, or if the manner of offering them differs from the manner specified in the said prospectuses or shelf offer reports, the chapter pertaining to the offering and the chapter describing the securities the listing of which is being applied for pursuant to a prospectus or a shelf offer report of another company that was published in the six months preceding the application date, which include a similar manner of offering and similar securities, shall be marked, and if no prospectus or a shelf offer report of a company as aforesaid was published in the six months preceding the application date, the chapter pertaining to the offering and the chapter describing the securities the listing of which is being applied for, pursuant to a prospectus or a shelf offer report of another company that was published on the closest date to the said date, which entails a similar manner of offering and similar securities.
- 4) The company's memorandum and articles of association
- In the case of an application to list participation units in a limited partnership – a copy of the incorporation documents of the general partner and of the limited partner shall be annexed, as well as the trust agreement and the limited partnership agreement or a draft thereof. An attorney's certificate shall be annexed to the aforesaid documents to the effect that they are up-to-date as at the application date; in the case of a company which submitted the said documents to TASE on an earlier occasion, since when there has been no change therein, it is sufficient to annex an attorney's certificate to the effect that there has been no change in the said documents since they were last submitted to TASE, with a note of the date of their submission.
- 5) An attorney's certificate to the effect that the signatories to the application and its appendices are authorized to sign on behalf of the company and that their signature together with the company's stamp binds the company in respect of all the obligations pursuant to the application and its appendices.
  - 6) Details about the company on the form stipulated by TASE.
  - 7) An undertaking to TASECH in the form of wording stipulated by TASECH.
- c. The application shall include the following undertakings and warranties:
- 1) the undertaking pursuant to paragraph 66.g. of the Rules;
  - 2) a warranty that the application is being submitted in accordance with the Rules and the Regulations pursuant thereto;

- 3) an undertaking to notify TASE of any change in the application and the documents ancillary thereto;
    - 4) a warranty regarding the company's representatives for the purposes of handling the application.
  - d. The listing for trade of bonds or convertible bonds that are being listed instead of a series listed for trade on TASE and the listing for trade of bonds or convertible bonds issued as part of a settlement shall be governed by a temporary provision in accordance with Chapter XXI of the Regulations.
2. The timetable for submitting an application is as follows:
  - a. An application of a new company and an application of a company the securities of which are not listed for trade and is applying to list only bonds (hereinafter referred to as "new bond company") shall be submitted to TASE at least 40 days prior to the date on which the company wishes to receive approval of its application.
  - b. An application of a listed company, and a prospectus amendment application, save for an application for a listing pursuant to a shelf offer report or pursuant to a supplementary notice, shall be submitted to TASE at least 30 days prior to the date on which the company wishes to receive approval of its application or prospectus amendment application, as the case may be.

For the purpose of this sub-paragraph – “prospectus amendment application” means an application that includes one or more of the following matters:

    - 1) the addition of a series of securities that was not included in the prospectus;
    - 2) the listing for trade of a series of securities that are listed in the institutional investor trading system;
    - 3) the listing for trade of securities that receive clearing services from TASECH (“Nesher” – unlisted securities);
    - 4) in the case of bonds – replacement of the underlying share.
  - c. An application for a listing pursuant to a shelf offer report or pursuant to a supplementary notice shall be submitted to TASE at least three trading days prior to the date on which the company wishes to receive approval for the listing.
  - d. Notwithstanding the provisions of sub-paragraph c above, an application for the listing of a new series of bonds pursuant to a shelf offer report shall be submitted to TASE at least 5 trading days prior to the date on which the company wishes to receive approval for the listing.
3.
  - a. The validity of an application, save for an application for approval in principle, shall expire if the company does not allot the securities within six months of the application date.
  - b. If new financial statements are published by the company while the application is being considered, the application shall be considered in accordance with the new financial statements.

- c. The validity of an application for approval in principle shall expire if the company does not publish a shelf prospectus within six months of the application date.
- 4. a. The validity of a listing approval is conditional upon the securities in respect of which the company applied for listing approval being allotted within 60 days of the application's approval by the board of directors.

If the approval includes the listing for trade of convertible securities, the validity of the approval for the listing of the securities deriving from the conversion is conditional upon the convertible securities for which the company applied for listing approval being allotted within 60 days of the application's approval by the board of directors.

- b. If the board of directors, or anyone authorized by it, has approved an application of a new company and during the 60 days after the grant of the approval and prior to the listing for trade, the company publishes new financial statements, the approval shall expire.
- 5. A company which has submitted an application or a company which has submitted a prospectus amendment application shall pay the following sums:

- a. A new company shall pay on submitting the application, vetting fees of NIS 10,210 (NIS 11,946 including VAT).
- a1. A new bond company shall pay on submitting the application vetting fees of NIS 23,988 (NIS 28,066 including VAT).
- a2. A company the securities of which are not listed for trade and is applying to list commercial papers only, shall pay on submitting the application vetting fees of NIS 11,977 (NIS 14,013 including VAT).
- b. A listed company applying to list securities pursuant to a prospectus or a company applying for a prospectus amendment shall, on submitting the application, pay vetting fees of NIS 11,977 (NIS 14,013 including VAT).

For the purpose of this sub-paragraph – a prospectus amendment application shall bear the same meaning as in sub-paragraph 2.b. above.

- c. A listed company applying to list securities pursuant to a report or outline as specified below shall, on submitting the application, pay vetting fees of NIS 6,776 (NIS 7,928 including VAT):
  - 1) an immediate report in accordance with the Securities (Periodic and Immediate Reports) Regulations, 5730–1970;
  - 2) an immediate report in accordance with the Securities (Private Offering of Securities in a Listed Company) Regulations, 5760– 2000;
  - 3) an outline in accordance with the Securities (Details of an Outline of an Offer of Securities to Employees) Regulations, 5760-2000.
  - 4) Notwithstanding the aforesaid, if the offer is made only to employees the vetting fees shall be NIS 2,042 (NIS 2,389 including VAT).

- d. A company shall, on submitting an application for the listing of securities offered pursuant to a shelf offer report, pay vetting fees of NIS 10,210 (NIS 11,946 including VAT).
- e. If an application is filed to list securities pursuant to a prospectus or pursuant to a prospectus amendment, and before TASE commences handling the application the company requests that it not be attended to, 75% of the vetting fees paid shall be refunded, without linkage.

5a. **ETF**

- a. An ETF manager's application for the listing for trade of a new ETF shall be submitted to TASE at least seven trading days before the date on which the fund manager wishes to obtain approval of the application.
- b. Cancelled.
- c. An ETF manager's application for the listing for trade of additional units of the ETF shall be submitted to TASE at least three trading days before the date on which the fund manager wishes to obtain listing approval.
- d. The validity of an application, except for an application for approval in principle, will expire if the fund manager does not allot the ETF's units within six months of the date of submitting the application.
- e. The validity of the listing approval is conditional upon the ETF's units, for which the ETF manager has applied for approval of their listing for trade, being allotted within 60 days from the date of the application's approval by the board of directors.
- f. If an application is submitted for an ETF's listing pursuant to a prospectus or pursuant to an amended prospectus, and before TASE has commenced attending thereto the fund manager requests that the application not be attended to, 75% of the vetting fees paid shall be refunded, without linkage.
- g. An ETF manager who is applying for the listing of a new ETF shall pay, upon the application's submission, vetting fees in a sum of NIS 4,297 (NIS 5,027 including VAT).
- h. A listed ETF manager who is applying to list additional units shall pay, upon the application's submission, vetting fees in a sum of NIS 4,297 (NIS 5,027 including VAT).
- i. Cancelled.
- j. An ETF manager shall pay listing fees for ETF units at a rate of 0.02% of the overall value of the offered units.
- k. The value of an ETF's units shall be as follows:
  - 1) a new ETF - the price of the ETF pursuant to the issue price;
  - 2) a listed ETF - the price of the ETF listed for trade on the day before payment of the listing fees;

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- 3) the listing fees of an ETF shall not be less than NIS 3,695 (NIS 4,323 including VAT) nor more than NIS 189,442 (NIS 221,647 including VAT).

**5b. Traded foreign fund**

- a. An application of a traded foreign fund manager for the listing for trade of a new traded foreign fund shall be filed with TASE at least 10 trading days before the date on which the traded foreign fund manager wishes to receive approval of the application.
- b. A traded foreign fund manager applying for the listing for trade of a new traded foreign fund shall pay, on filing the application, vetting fees of NIS 4,309 (NIS 5,042 including VAT).
- c. If an application has been filed for the listing for trade of a traded foreign fund, and before TASE has commenced attending to it the traded foreign fund manager requests that the application not be attended to, 75% of the vetting fees paid shall be refunded, without linkage.
- d. The validity of an application for the listing for trade of a traded foreign fund shall expire if the fund is not listed for trade within six months of the date of filing the application.
- e. The validity of approval for the listing of a traded foreign fund is conditional upon the traded foreign fund being listed for trade within 60 days from the date of the application's approval by the board of directors."
6. a. In this paragraph – “value of a security on first listing” – the amount obtained by multiplying the quantity of the listed security by its price.
- b. 1) The listing fees for shares shall be at a rate of 0.02% of their value.
- 2) The share value for the purposes of this sub-paragraph shall be as follows:
- a) in the case of a listed company – the price of the listed share the day before payment of the listing fees. Notwithstanding the aforesaid, in the case of a company the securities were, on the day before payment of the listing fees, suspended from trade for more than three months, the following provisions shall apply:
- a company meeting the conditions for the resumption of trade shall pay the minimum fee, within the meaning thereof below, stipulated as listing fees, and shall undertake to pay, within one week of the listing for trade, the difference between the listing fees calculated in accordance with the average share price as determined in the first three trading days and the minimum fee, as aforesaid;
  - in the case of a company which does not meet the conditions for the resumption of trade, the share price shall be determined in accordance with the company's offering, provided that it is acceptable to TASE's CEO;

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- b) in the case of a new company – the effective price of the share determined in accordance with the results of the public auction;
- c) in the case of a new company which is not offering its shares to the public – the effective price of the share determined by the company, provided that it is acceptable to the board of directors.
- c. Listing fees for bonds-
- 1) The listing fees for bonds shall be as follows:
- For an issue of bonds, the value of which is less than NIS 200,000,000 - a rate of 0.01% of the bonds' value.
- For an issue of bonds, the value of which is more than NIS 200,000,000 - a rate of 0.02% of the bonds' value.
- Notwithstanding the aforesaid, the listing fees on an issue of bonds that are paid in shares will in any event be 0.02% of the bonds' value.
- The amounts in this sub-paragraph will not be linked to the Index.
- 2) The listing fees for State-issued bonds, save for “short-term Government bonds”, shall be at a rate of 0.004% of their value.
- Notwithstanding the aforesaid, listing fees shall not be paid for bonds issued by the State overseas, which on the date of their listing for trade on TASE are also traded overseas.
- 3) The listing fees for “short-term Government bonds” issued by the State shall be at a rate of 0.0007% of their value.
- 4) The value of bonds being listed for trade for the purposes of this sub-paragraph – their price in accordance with the issue price.
- 5) Temporary provision
- Notwithstanding the provisions of sub-paragraphs 2) and 3) above, from January 1 ,2021 until December 31, 2025, listing fees for the bonds will be as follows:
- for all the bonds issued by the State other than in the framework of the lending facility, in any calendar quarter - a fixed amount of NIS 1,203,481;
  - for all the bonds loaned in the framework of the lending facility, in any calendar quarter, a fixed amount of NIS 284,459.
- The amounts denominated above will be paid by no later than 30 days from the end of any calendar quarter.
- In this temporary provision - "the lending facility" means the lending facility established by the Ministry of Finance, which is designated for the loan of bonds issued by the State, and operated by the Clearing House.
- c1. Cancelled.

- d. The listing fees for the listing of convertible bonds shall be calculated in accordance with the method used for calculating the listing fees for shares. The price of convertible bonds shall be in accordance with the issue price.
- e. The listing fees for warrants, purchase warrants, convertible bond warrants, bond warrants or two or more of such securities shall be calculated in accordance with the listing fees of the shares or convertible bonds or bonds obtained on the warrants' exercise.
- f. The listing fees for shares and convertible securities shall not be less than NIS 3,695 (NIS 4,323 including VAT) (herein referred to as **“the minimum fee”**) nor more than NIS 334,950 (NIS 391,892 including VAT).
- f1. Cancelled.
- g. The listing fees for T-bills shall be at a rate of 0.0007% of their value.
- g1. The listing fees for commercial papers shall be at a rate of 0.001% of their value, based on the issue price. The aggregate listing fees shall not exceed the listing fees due in respect of the maximum nominal value of a series of commercial papers, as stipulated in the issue prospectus.
- g2. The listing fees for an application for the listing for trade of a series of bonds shall not be less than NIS 3,695 (NIS 4,323 including VAT).
- h. The listing fees for different series of securities shall be calculated separately.
- i.
  - 1) In the case of an initial listing of bonds, convertible bonds, warrants and purchase warrants the terms of which include unusual terms (for example: linkage currency, form of payment, terms of payment requiring a follow up and entry of different parameters after the listing for trade and the like), a one-off payment of NIS 20,659 (NIS 24,171 including VAT).
  - 2) In the case of an initial listing of bonds the terms of which stipulate more than three unequal redemptions, or the bond carries variable interest or its terms stipulate more than three different fixed interest rates, the amounts detailed below shall be added to the listing fees  
  
For the purposes of this sub-paragraph –  
  
“unequal redemptions” – redemption payments the rate of which varies from redemption to redemption.
    - a. In the case of bonds, the terms of which include one or more of the following terms, to the listing fees shall be added a one-off payment in a sum of NIS 15,156 (NIS 17,733 including VAT):
      - variable interest or its terms stipulate more than three different fixed interest rates;
      - more than three unequal redemptions but no more than 12 unequal redemptions.
    - b. In the case of bonds, the terms of which include more than 13 unequal redemptions but no more than 40 unequal redemptions, to the listing

fees shall be added a payment in a sum of NIS 1,516 (NIS 1,774 including VAT) for each redemption starting from the first redemption (hereinafter referred to as “additional payment”), subject to the following provisions:

- the total of all the additional payments shall not exceed NIS 50,518 (NIS 59,106 including VAT);
  - if in addition the bonds' terms also included variable interest or its terms stipulate more than three different fixed interest rates, to the listing fees shall be added a payment in a sum of NIS 1,516 (NIS 1,774 including VAT) for each interest payment that does not fall on the date of partial or final redemption.
- c. In the case of bonds, the terms of which include more than 40 unequal redemptions, to the listing fees shall be added a payment in a sum of NIS 1,894 (NIS 2,216 including VAT) for each redemption starting from the first redemption (hereinafter referred to as “additional payment”), subject to the following provisions:
- the total of all the additional payments shall not exceed NIS 151,553 (NIS 177,317 including VAT);
  - if in addition the bonds' terms also include variable interest, or its terms stipulate more than three different fixed interest rates, to the listing fees shall be added a payment in a sum of NIS 1,894 (NIS 2,216 including VAT) for each interest payment that does not fall on the date of partial or final redemption.
- j. 1) The listing fees for securities deriving from the conversion of unlisted convertible securities shall be collected at the time of conversion.
- 2) Where the conversion of unlisted convertible securities is executed in installments over a period, the following provisions shall apply:
- where the minimum fee is equal to or higher than the listing fees that would have been collected if the conversion of all the securities from such series had taken place at the same time – listing fees in the amount of the minimum fee shall be collected at the time of the first conversion, and no additional listing fees will be collected in respect of further conversions of securities from such series;
  - where the minimum fee is lower than the listing fees that would have been collected if the conversion of all the securities from such series had taken place at the same time, the company may pay, on the date of the first conversion, listing fees for the conversion of all the securities from such series, or pay, at any time conversion takes place, listing fees in accordance with the number of securities converted at such time, provided that the listing fees collected on each conversion as aforesaid shall not be less than the minimum fee.

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- 3) Notwithstanding the aforesaid, listing fees shall not be collected for the listing of shares deriving from conversion of unlisted convertible securities that are allotted to employees who are not interested parties by virtue of shareholdings.
  - k. A company applying for the listing for trade of securities that prior to the application's submission were listed in the institutional investor trading system shall pay listing fees in accordance with this paragraph 6.
  - l. Cancelled.
7. The amounts specified in this Chapter shall be linked to the index and shall be updated on January 1<sup>st</sup> annually (hereinafter; "**date of updating**"), pro rata to the change in the determining index compared with the base index, unless otherwise specified.

The above said shall apply to any additional payment made throughout the year following the last update.

For the purpose of this paragraph:

"index" means the consumer price index published by the Central Bureau of Statistics or any other index replacing it; rounded to the two digits after the decimal point.

"base index" means – the last known index at the time of the previous update.

"determining index" means the last known index on the date of updating.

The amounts that were received following the said update as said shall be rounded to the nearest shekel.

The amounts stipulated in this Chapter, do not include VAT, therefore for each payment in accordance to this chapter VAT should be added as required by law. The amount including VAT will be rounded to the nearest Shekel.
8.
  - a. The payments stipulated in this Chapter shall be paid to TASE by a bank transfer or in any other way acceptable by the TASE.
  - b. The TASE may require clearing all debts to the TASE and to the TASECH before handling a new application.

## **CHAPTER XIV – REGULATIONS REGARDING THE LISTING FOR TRADE OF A LIMITED PARTNERSHIP’S SECURITIES\***

Regulations pursuant to Chapter XVII of the Rules.

**The listing for trade of participation units in a limited partnership for oil or gas exploration and the listing of participation units in a limited partnership for film, video or television production (hereinafter referred to as “film production”), as well as the listing for trade of a limited partnership which engages solely in R&D.**

### **1. The area of activity**

The provisions of this Chapter shall apply to a limited partnership which engages solely in the area of oil or gas exploration to a limited partnership which engages solely in film production and marketing, and to a limited partnership which engages solely in R&D.

### **2. The minimum percentage and value of holdings of the general partner and a controlling shareholder therein, before the listing for trade**

- a. Prior to the participation units’ initial listing for trade, the general partner and its controlling shareholder shall undertake, in the issue prospectus, to purchase, for cash, participation units and securities convertible into participation units at a price identical to that at which these securities are allotted to the public, which shall not be less than the following (hereinafter - the "investment value"):
  - 1) where the public holdings value is less than NIS 60 million, the minimum investment value shall be the lower of the following: NIS 10 million or a sum in shekels equal to 20% of the total participation units and securities convertible into participation units that the partnership wishes to list for trade on the date of publishing the public offering, multiplied by the minimum price at which the participation units were offered in the public offering;
  - 2) where the public holdings value is between NIS 60 million and NIS 100 million, the minimum investment value shall be the lower of the following: NIS 15 million or a sum in shekels equal to 15% of the total participation units and securities convertible into participation units on the date of publishing the public offering, multiplied by the minimum price at which the participation units were offered in the public offering.
  - 3) where the public holdings value is more than NIS 100 million, the minimum investment value shall be the higher of the following: NIS 20 million or a sum in shekels equal to 10% of the total participation units and securities convertible into participation units on the date of publishing the public offering, multiplied by the minimum price at which the participation units were offered in the public offering.
- b. The percentage holdings of the general partner, and its controlling shareholder, before the initial listing for trade of the participation units, shall not be less than

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\* Amendment of January 1994.

10% of the total participation units and securities convertible into participation units that are being listed for trade, even if the price stipulated in the tender is higher than the minimum price.

- c. If unlisted convertible securities are allotted in a private placement before the initial listing, they will be governed by the provisions of sub-paragraph a. above; however, the value of the general partner's investment will refer to the economic value of the unlisted convertible securities.

The aforesaid will not apply to securities allotted to an employee, who is not an interested party, as defined in Chapter V of the Regulations.

### 3. **Minimum percentage and value of the public's holdings**

- a. 1) The public holdings value in participation units, immediately after the listing for trade, shall not be less than a sum in shekels equal to NIS 20 million.
- 2) Notwithstanding the provisions of sub-paragraph 1) above, in a limited partnership whose area of activity is R&D, the public holdings value in the participation units, just after the listing for trade, will not be less than a sum in shekels equal to NIS 40 million.
- b. The public holdings percentage, shortly after the listing for trade, shall not be less than as stipulated in one of the following alternatives, as the case may be:

Where the public holdings value is:	The public holdings percentage shall be at least:
NIS 20 million and more, and less than NIS 40 million	50.0%
NIS 40 million and more, and less than NIS 60 million	30.0%
NIS 60 million and more, and less than NIS 100 million	20.0%
NIS 100 million and more	15.0%

### 4. **Value of minimum investment in projects**

The prospectus pursuant whereto the partnership's securities are first listed for trade on TASE shall include investments of the partnership in projects defined in the partnership agreement, in an amount not less than that provided below (hereinafter - "minimum investment value in projects"):

- a. if the public holdings value is less than or equal to NIS 100 million -

the minimum investment value in projects will not be less than a sum in shekels equal to 20% of the sum of the participation units and convertibles into participation units that the partnership wishes to list for trade, multiplied by the minimum price at which the participation units were offered in a public offering;

- b. if the public holdings value is higher than NIS 100 million -

the minimum investment value in projects shall not be less than the higher between:

- NIS 20 million;

or

- a sum in shekels equal to 15% of the sum of the participation units and convertibles into participation units that the partnership wishes to list for trade, multiplied by the minimum price at which the participation units were offered in a public offering.

## 5. **Blocking arrangements**

- a. The blocking arrangements governing shares held by an interested party in a new company, and to a shareholder who is not an interested party in a new company, shall apply respectively to:
- 1) participation units and securities convertible into participation units held by interested parties and investors who are not interested parties on the date of the listing for trade.
  - 2) participation units deriving from the exercise of blocked securities convertible into participation units;
  - 3) participation units and securities convertible into participation units deriving from the exercise of rights in respect of blocked securities.
- b. Notwithstanding the provisions of sub-paragraph a. above, in a limited partnership whose area of activity is oil and gas exploration, and in a limited partnership whose area of activity is R&D, the participation units and convertibles into participation units held by the general partner or controlling shareholder of the general partner (hereinafter - the "general partner") will be governed by the following blocking conditions:
- 1) in the 12 months commencing on the date of the securities' listing for trade, the general partner shall not execute any transaction or do any act with securities held by him on the listing date (hereinafter - the "blocked securities");
  - 2) from the beginning of the 13th month after the listing for trade, until the end of the 36th month after the listing date, the general partner may execute any transaction or do any act with the blocked securities in an amount that does not exceed 2.5% of the quantity of blocked securities each month.

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The quantity of blocked securities for the purpose of this paragraph will be calculated on an aggregate basis;

- 3) at the end of the 36 months after the listing for trade, there will be no impediment to executing any transaction or doing any act with the blocked securities.
- c. The general partner shall report on each sale by it of participation units and securities convertible into participation units, in the reporting format of an interested party in a listed company in relation to the sale of securities held by him.
- d. Notwithstanding the provisions of paragraph 4.a. of Chapter IV, a limited partnership may not offer the public, in a sale offer, blocked securities that are held for the purpose of compliance with paragraph 2. above.
- e. Where securities have been blocked pursuant to these Regulations and securities were offered in respect thereof by way of rights, for consideration, the general partner and its controlling shareholder shall exercise the rights deriving from the blocked securities.

## 6. **Suspension and delisting**

- a. 1) In a limited partnership for the production of films - the period of time for the purpose of section 14.a.1) of Chapter XVII of the Rules is 24 months from the date of completion of the last project in which the partnership invested.

For the purpose of this sub-paragraph a., the date on which there is a copy of the film intended for commercial distribution shall be deemed the date of the project's completion.

The limited partnership shall undertake in the prospectus pursuant to which its participation units are issued to report on the completion dates of each project in which it invests, and to report on the passage of 24 months from the completion date of the last project in which the partnership invested.

- 2) in the case of a limited partnership the area of activity of which is R&D - the period of time for the purpose of paragraph 14.a.3) of Chapter XVII of the Rules is 180 days from the date on which the partnership gives notice that it does not have a project as defined in paragraph 8.c. of Chapter XVII of the Rules.

The limited partnership shall undertake in the prospectus pursuant to which its participation units are issued to report on the date on which it does not have a project as defined in paragraph 8.c. of Chapter XVII of the Rules, and to report on the passage of 180 days from this date.

- b. Notwithstanding the provisions of paragraph 14.b. of the Rules, if trade is suspended in securities of a limited partnership for oil and gas exploration by reason of the expiry or cancellation of all its petroleum licenses, and before 180 days have passed since the date on which the securities ceased to be traded on the main list a report is received that the limited partnership has objected to or filed an

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appeal against the expiry or cancellation of at least one of its petroleum licenses, the partnership's securities shall be delisted at the following times:

- 1) if 48 months have passed from the date the securities ceased to be listed for trade on the main list and the conditions for the renewal of trade therein on the main list have not been fulfilled;
- 2) if the limited partnership's has reported that the objection or appeal filed as aforesaid has been dismissed and the expiry or cancellation of all its petroleum licenses is final, its securities shall be delisted from trade at the time stipulated by the board of directors and no more than 180 days from the day of dismissing the appeal or objection as aforesaid, or no more than 48 months from the date on which the securities ceased to be listed for trade on the main list, whichever is earlier.

**CHAPTER XV – REGULATIONS REGARDING THE LISTING FOR  
TRADE OF UNITS OF A CLOSED-END FUND THAT IS NOT AN ETF**

Regulations pursuant to Chapter XVIII of the Rules.

1. The listing for trade of units of a closed-end fund that is not an ETF shall be governed by the provisions of Chapters VIII and XIII of the Rules, *mutatis mutandis*.

For the purposes of this paragraph –

any mention of “company”, with regard to a closed-end fund, shall be replaced by “closed-end fund”;

any mention of “shares” or “securities”, with regard to a closed-end fund, shall be replaced by “units”.

2. In the initial offering, the public holdings value of units, on the allotment date, shall not be less than the shekel equivalent of NIS 20 million.
3. On the initial offering of an elite technology fund, the value of the fund's units that were purchased before the listing for trade shall not be less than an amount in shekels equal to NIS 400 million.

**CHAPTER XVI – REGULATIONS REGARDING THE LISTING FOR  
TRADE OF COMMERCIAL PAPERS**

Regulations pursuant to Chapter XIX of the Rules.

1. The listing for trade of commercial papers shall be governed by the provisions of Chapter XIII of the Regulations, mutatis mutandis.
2. The company's post-listing equity shall not be less than the shekel equivalent of NIS 16 million.

This requirement shall not apply to companies applying for the listing for trade of commercial papers, which meet one of the following conditions:

- 1) The company's shares are listed for trade on TASE or are being listed for trade together with the commercial papers, and the value of such shares is at least NIS 200 million.  
  
The value of the company's shares shall be calculated in accordance with the share price within the meaning thereof in paragraph 2 of Chapter I above.
- 2) The commercial papers the listing for trade of which is being applied for were rated, prior to the prospectus's publication, with one of the following ratings:
  - a rating of at least (A2) by Standard & Poor's Maalot Ltd;
  - a rating of at least (P2) rating by Midroog Ltd.
  - a rating of at least (A3) by Standard and Poor's Corporation;
  - a rating of at least (F3) rating by Fitch Ratings Ltd;
  - a rating of at least (P3) rating by Moody's Investors Service.
- 3) The public holdings value of a series of commercial papers is at least NIS 200 million.
3. The public holdings value of a series of commercial papers, immediately after the listing for trade, shall not be less than the shekel equivalent of NIS 24 million.

If the entire series is not offered on the day the prospectus is signed, the public holdings value of that part of the series offered on the day the prospectus is signed shall not be less than the shekel equivalent of NIS 24 million. The public holdings value of each additional part of the series that is offered in future shall not be less than the shekel equivalent of NIS 24 million, if traded separately from the other parts of the series.

4. If the company purchases commercial papers issued by it, they shall be de-listed.

**CHAPTER XVII – REGULATIONS REGARDING THE LISTING FOR  
TRADE OF ETFs\***

**Regulations pursuant to Chapter XVIII of the Rules**

1. **In this chapter-**

<b>Expressions</b>	<b>Definitions</b>
<b>"Balancing"</b>	<ul style="list-style-type: none"> <li>- The buying or selling of securities, including derivatives, by:               <ul style="list-style-type: none"> <li>a. a balancing ETF manager, for the purpose of maintaining the leverage stipulated in the balancing ETF's conditions;</li> <li>b. a short ETF manager, for the purpose of complying with the terms and conditions of the Joint Investment Trust (Options, Futures and Short Sales) Regulations, 2001.</li> </ul> </li> </ul>
<b>"Commodities exchange"</b>	<ul style="list-style-type: none"> <li>- A stock exchange that has received approval from the entity entitled to grant it by law, in the country in which it operates, and a regulated market, as defined in the Joint Investments Trust Law, 5754-1994, on which commodities are traded.</li> </ul>
<b>"International index"</b>	<ul style="list-style-type: none"> <li>- An index relating to securities, that is not a local index, not a commodities index and not a contracts index.</li> </ul>
<b>" domestic index"</b>	<ul style="list-style-type: none"> <li>- Any one of the following –               <ul style="list-style-type: none"> <li>a. an index relating to securities, most of which are traded on TASE</li> <li>b. An index relating to securities where the aggregate weight of the securities included in the index that are traded on TASE is more than 50% of the weight of all the securities included in the index.</li> </ul> </li> </ul>
<b>"Contracts index"</b>	<ul style="list-style-type: none"> <li>- An index relating to a number of futures contracts, all of which have the same tracking asset.</li> </ul>
<b>"Commodities index"</b>	<ul style="list-style-type: none"> <li>- An index relating to commodities.</li> </ul>

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\* Most of the chapter was replaced on 6/2013 and the whole chapter was replaced on 6/2018

**Expressions****Definitions****"Leverage"**

- The ratio between the rate of change in the value of the ETF's unit, and the rate of change in the price of its tracking asset, in absolute value, during such period, that the fund is designated to achieve in accordance with its investment policy.

**"Commodity"**

- Moveable property, except for foreign currency as defined in the Bank of Israel Law, 5714-1954, and a futures contract for moveable property as aforesaid.

**"ETF group"**

- ETFs that are, directly or indirectly, under the management of the same fund manager.

**"Short ETF"**

- An ETF the investment policy of which stipulates that its goal is achieving results with a negative correlation to the rate of change in its tracking asset, provided that its leverage, just before the listing for trade, is not more than 1.

**"Currency neutralized ETF"**

- An ETF the tracking asset of which is denominated in a foreign currency and the terms of which include a mechanism neutralizing the changes in the foreign currency's exchange rate.

**"Leveraged ETF"**

- Any one of the following –
  - a. An ETF the leverage of which is, in accordance with its investment policy, more than 1;
  - b. An ETF the tracking asset of which is an index that tracks another tracking asset, the ratio between the rate of change in the index and the rate of change in the other tracking index being more than 1.

**Expressions****Definitions****"Alternate asset ETF"**

- An ETF the tracking asset of which is a domestic index or international index or commodities index, the investment policy of which provides that it may replace the tracking asset with another tracking asset, as provided below:
- Where the tracking asset is a bonds index, the fund may only replace it with a tracking asset that is a bonds index, provided that all the alternate tracking assets are determined in advance in the fund's terms.
- Where the tracking asset is a shares index, the fund may only replace it with a tracking asset that is a shares index, provided that all the alternate tracking assets are determined in advance in the fund's terms.
- Where the tracking asset is a commodities index, the fund may only replace it with a tracking asset that is a commodities index, provided that all the alternate tracking assets are determined in advance in the ETF's terms.

**"Balancing ETF"**

- A leveraged ETF the investment policy of which stipulates that balancing will take place therein on fixed dates.

**"Contracts ETF"**

- An ETF the tracking asset of which is a contracts index, where the contracts are not contracts for a commodity.

**"Commodity ETF"**

- An ETF the tracking asset of which is a commodity' a number of commodities or commodity index.

**"Combined-index ETF"**

- A fund the tracking asset of which is a combination of local indices and/or international indices and/or commodities indices and/or a contracts index.

**"ETF's value"**

- The price of the unit without creation commission, multiplied by the number of units allotted by the fund.

2. The listing for trade of an ETF is conditional upon fulfillment of the conditions included in the Regulations pursuant to this Chapter.

### 3. **The conditions that an ETF must fulfill for the purpose of its listing for trade**

The listing for trade of an ETF is conditional upon its fulfillment of the following conditions:

- a. The listing for trade of an alternate asset ETF is conditional upon fulfillment of all the following conditions:
  - 1) the number of replacements of the ETF's tracking asset shall not be more than four replacements in a calendar year;
  - 2) the notice of a tracking asset's replacement shall be published at least seven trading days before the replacement;
  - 3) the number of alternate indices or alternate commodities, as the case may be, shall be not more than 10;
  - 4) the terms of an alternate asset ETF shall determine that from the date of notice of the tracking asset's replacement until the date of its replacement, no commission will be charged for the ETF's redemption, and that there will be no limit on the quantity that may be redeemed.
- b. The listing for trade of a balancing asset ETF is conditional upon its tracking asset being one of the following:
  - 1) a commodity or commodities index;
  - 2) a contracts index that includes several futures contracts traded on stock exchanges overseas only;
  - 3) an international index relating to shares traded on stock exchanges overseas only;
  - 4) an international index relating to shares of an overseas company, that are included in the TA-35 index, provided that the aggregate weight of these shares in the index is not more than 15%;
  - 5) the TA-35 index.
- c. The listing for trade of a combined-index ETF is conditional upon fulfillment of all the following conditions:
  - 1) the number of indices making up the combined-index ETF's tracking asset shall not be more than eight;
  - 2) the weight of each one of the indices making up the combined-index ETF's tracking asset shall be at least 5%, and not more than 95%;
  - 3) the fund manager must, at least once a quarter, adjust the weight of the indices making up the tracking asset to the weight determined at the time of listing.
- d.
  - 1) The listing for trade of a leveraged ETF is conditional upon the maximum leverage being as follows:

- a) in a leveraged ETF and balancing ETF, the underlying asset of which is the TA-35 index, the maximum leverage shall not be more than times 3;
  - b) in a short-leveraged ETF and short balancing ETF the underlying asset of which is the TA-35 index, the maximum leverage shall not be more than times 2;
  - c) in a leveraged ETF, the tracking asset of which is an index that includes shares traded on the TASE, that are not included in the TA-35 index, the maximum leverage shall not be more than times 2;
  - d) in a leveraged ETF, the tracking asset of which is an international index that includes shares included in the TA-35 index, the maximum leverage shall not be more than times 3;
  - e) in a short-leveraged ETF, the tracking asset of which is an international index that includes shares included in the TA-35 index, the maximum leverage shall not be more than times 2;
  - f) in a balancing ETF, the tracking asset of which is an international index that includes shares of overseas companies that are included in the TA-35 index with an overall weight of 15%, the maximum leverage shall not be more than times 3;
  - g) in a short balancing ETF, the tracking asset of which is an international index that includes shares of overseas companies that are included in the TA-35 index with an overall weight of up to 15%, the maximum leverage shall not be more than times 3;
  - h) in a leveraged ETF and balancing ETF, the tracking asset of which is an international index that does not include securities traded on the TASE, the maximum leverage shall not be more than 3.
- 2) A leveraged ETF shall meet the above leverage requirements immediately after its issue.
  - 3) In a balancing ETF, balancing shall take place at least once a month.
- e. In addition to the aforesaid, the listing for trade of a balancing ETF the tracking asset of which is the TA-35 index is conditional upon fulfillment of all the following conditions, which shall be included in the balancing ETF's terms:
- 1) In this paragraph:

**"balancing index"** - an index calculated as follows:

$$Index(b) = W(b) * Index(AVE) + (1 - W(b)) * Index(t)$$

where:

Index(b) - the balancing index

Index(t) - the closing price of the index on the trading day preceding the day on which the balancing takes place

Index(AVE) - the average of the TA-35 indices published by TASE in the continuous trading stage on the day on which balancing takes place; however, if trading on TASE does not take place in derivatives in the TA-35 index on the whole trading day, or on part of that trading day, on a day on which the issuing company should have carried out balancing, the balancing index will be calculated on the basis of the average of the TA-35 indices published by TASE on the day on which the issuing company should have carried out balancing together with the TA-35 indices published by TASE in the continuous trading stage on the next trading day.

W(b) - the weight of the monetary value of the balancing in terms of the tracking asset, that shall be calculated as follows:

In a balancing ETF:

In a short balancing ETF:

$$W(b) = \frac{Q * Index(t)}{Q * (Index(t) - Index(AVE)) - L \times FVi \times Index(AVE)}$$

Q - the financial value of the balancing, in tracking asset terms

In a balancing ETF:  $Q = (L-1) * (FVi - FV0)$

In a short balancing ETF:  $Q = (L+1) * (FV0 - FVi)$

L - the leverage determined in the balancing ETF's terms

FVi - the financial value receivable on redemption, on the trading day prior to the day on which the balancing takes place, without the deduction of commission

FV0 - the monetary value receivable on redemption, on the trading day prior to the day on which the previous balancing took place, without the deduction of commission

- 2) Balancing shall only take place by the buying and/or selling of monthly options and/or monthly futures contracts within the meaning thereof in an appendix to a derivatives outline regarding options on the TA-35 index and in an appendix to a derivatives outline regarding futures contracts on the TA-35 index.
- 3) (a) Notwithstanding the provisions of paragraph d.3) above, balancing shall only take place once a month, on the trading day prior to the date on which the TA-35 index is fixed for exercise.
- (b) However, if on any trading day there is fluctuation on the TA-35 index of more than 15%, between the closing index and the last balancing index published by the issuing company, balancing shall also take place on the next trading day after the said fluctuation.

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- 4) The fund manager shall publish the balancing index no later than the opening of trade on the trading day after the day on which the balancing index was calculated by him.
- 5) The monetary value of the balancing, in tracking asset terms, will be determined based on the ratio between the closing index on the trading day prior to the date on which the balancing takes place and the last balancing index published.

- f. In addition to the aforesaid, the listing for trade of a balancing ETF the tracking asset of which is the TA-35 index is subject to the monetary value receivable on redemption of all balancing ETFs on the TA-35 index that are under the management of the fund manager, directly or indirectly, not being more than NIS 600 million, without taking into account redemption commission.

In such regard, the financial value that should be received on redemption will be calculated having regard to the entire quantity approved for listing, that is to say - the number of units of the fund held by the public, plus the number of units of the fund in storage.

Fulfilment of this condition will be checked prior to the grant of approval for the listing for trade of a balancing ETF.

- g. The conditions of a short ETF and of a leveraged ETF shall stipulate, inter alia that within 30 days of the day on which the price of the tracking asset index reaches the expiration index, the fund will be liquidated. In such regard, the expiration index is an index determined on the date of the initial listing for trade of the ETF on the fulfilment of which the leverage will reach 4. At least five trading days shall pass between the day of the notice of the liquidation date and the liquidation date.

The conditions of the ETF shall determinate the expiration index value on the fulfilment of which the fund's leverage will reach 4.

Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.

- h. 1) The fund manager may provide in the conditions of a short ETF that in the event that the ETF does not meet the requirement of section 5A.(c) or the requirements of section 5.(b) of the Joint Investment Trust (Options, Futures and Short Sales) Regulations, 2001, the fund manager will carry out balancing. If the short ETF's conditions provide that the fund manager will carry out balancing as aforesaid, notice thereof shall be published shortly before the balancing.

- 2) The fund manager may stipulate, in the terms and conditions of a short ETF\* and in the terms and conditions of a leveraged ETF\*, that in the event that the index serving as the tracking asset reaches the expiration index, within the meaning thereof in sub-paragraph g. above, the fund manager shall carry out balancing. If the ETF's terms and conditions stipulate that the fund manager shall carry out balancing as aforesaid, notice thereof shall be published shortly before any balancing.

At least two trading day shall pass between the date of the notice on the balancing and the trading day on which the balancing is carried out, After the balancing is carried out as aforesaid, the fund manager shall give notice of the new expiration index.

**4. The conditions that an asset must fulfill in order to be a tracking asset of an ETF**

The listing for trade of an ETF is conditional upon the ETF's tracking asset's fulfillment of the following conditions:

- a. The listing for trade of an ETF the tracking asset of which is a domestic index or an international index is conditional upon the index being an index that is published at least once a day, for at least 25 trading days by the Tel Aviv Stock Exchange or on one of the following websites: Reuters, Bloomberg or Yahoo Finance, Google Finance, MarketWatch, Globes, TheMarker, Calcalist and Bizportal.

- a1. 1) The conditions of an ETF, the tracking asset of which is an index, may provide that if the editor of the index replaces the index with a new index (hereinafter in this paragraph - the "new index"), the tracking asset will be replaced by the new index, provided that TASE's CEO has approved the tracking asset's replacement.

TASE's CEO may approve the tracking asset's replacement if the new index fulfills all the conditions that an asset must fulfill in order to be an ETF's tracking asset, and provided that the ETF's manager and the trustee have approved that the main characteristics of the new index are similar to the main characteristics of the replaced index.

- 2) If the manager of an ETF the tracking asset of which is an index decides to replace the index with another index (hereinafter in this paragraph - the "new index"), the tracking asset will be replaced by the new index, provided that TASE's CEO has approved the tracking asset's replacement.

TASE's CEO may approve the tracking asset's replacement if the new index fulfills all the conditions that an asset must fulfill in order to be an ETF's tracking asset, and provided that the ETF's manager and the trustee have approved that the main characteristics of the new index are similar to the main characteristics of the replaced index.

\* In the case of a short ETF and a leveraged ETF that was listed for trade on 30/6/20, and where the fund manager has decided that balancing will be carried out as aforesaid, notice thereof shall be given in an immediate report within 30 days of the aforesaid date.

- b. In addition to the provisions of sub-paragraph a. above in respect of a domestic index, all the following conditions shall also be fulfilled:
- 1) a) The fund manager undertook in the prospectus pursuant whereto the ETF is issued as follows:
    - (1) that so long as the ETF is traded on TASE, the composition of the index and the manner of its calculation, including the maximum weight of securities in the index (hereinafter - the "**index methodology**"), the index values, a list of the securities making up the index and the weight of each one of the securities in the index, will be published;
    - (2) the –data detailed above shall be published at least once a day on the website of the fund manager and/or the website of the index calculator and/or the website of the index editor.

Publication of the index values only may take place on the following websites: Reuters, Bloomberg or Yahoo Finance, Google Finance, MarketWatch, Globes, TheMarker, Calcalist and Bizportal.

Access to the data detailed above will be free of charge;
    - (3) that if the conditions mentioned in sub-paragraphs (1) and (2) above are not fulfilled, the fund will be liquidated, by no later than the end of 45 days from the date on which the fund manager learns that any of the above conditions are not being fulfilled.
    - (4) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.
  - b) The fund manager undertook in the prospectus pursuant whereto the ETF is issued as follows:
    - (1) in accordance with the index methodology, the maximum weight of a security in the index as aforesaid, that is made up of securities that are not Government bonds, will not be more than 20%;
    - (2) if pursuant to the data used to revise the index on the determining date it transpires that the revised index does not fulfill the conditions of sub-paragraph (1) above, the fund will be liquidated, by no later than the end of 45 days from the date of the index's revision.
    - (3) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals

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required pursuant to any law have been obtained, by no later the date mentioned above.

- c) On the date of listing the ETF for trade, an index constituting a tracking asset of the ETF includes a minimum number of securities, as follows:
- (1) an index made up of Government bonds - at least two securities;
  - (2) a sector index - at least 10 securities;
  - (3) any other index that is not an index made up of corporate bonds or of convertible corporate bonds - at least 15 securities;
  - (4) an index made up of corporate bonds or of convertible corporate bonds - the number of corporations the securities of which are included in the index shall be at least six.

In such regard -

**"sector index"** - an index made up of securities included in a certain sector as defined by the index editor. A sector index as aforesaid shall not include more than three sectors.

- 2) Notwithstanding the provisions of sub-paragraph 1)a) above, TASE's board of directors may approve that an index shall constitute a tracking asset of an ETF, even if the weight of the securities making up the index is not published once a day, provided that it is published at least once a year.

In addition, TASE's board of directors may approve that an index shall constitute a tracking asset of an ETF, even if it does not fulfill the conditions detailed in sub-paragraph 1)b)(1) or 1)c) above.

- 3) The fund manager undertook in the prospectus pursuant whereto the ETF is issued as follows:
- (a) in accordance with the index methodology, the index will not include securities included in the maintenance list of TASE or in the illiquidity securities list of TASE;
  - (b) in accordance with the index methodology, if a security included in an index, that constitutes a tracking asset of an ETF, is transferred to the maintenance list or to the illiquidity securities list, the security will be removed from the said index shortly after its transfer to the maintenance list or the illiquidity securities list;
  - (c) if the conditions mentioned in sub-paragraphs (a) and (b) above are not fulfilled, the ETF will be liquidated, by no later than the end of 45 days from the date on which the fund manager learns that any of the above conditions are not being fulfilled.
  - (d) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.

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- 4) The fund manager undertook in the prospectus pursuant whereto the ETF is issued as follows:
- (a) in accordance with the index methodology, the composition of the securities included in the index will be revised at least once a year;
  - (b) if the condition mentioned in sub-paragraph (a) above is not fulfilled, the ETF will be liquidated, by no later than the end of 45 days from the date on which the condition mentioned in sub-paragraph (a) above ceases to be fulfilled.
  - (c) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.
- c. The listing for trade of an ETF the tracking asset of which is a domestic index relating to a group of shares is also conditional upon fulfilment - in addition to the provisions of sub-paragraphs a. and b. above -of all the following conditions:
- 1) The fund manager undertook in the prospectus pursuant whereto the ETF is issued as follows:
    - a) in accordance with the index methodology, an index will include only shares included in Tamar, within the meaning thereof in the Regulations pursuant to the Seventh Part of the Rules, or shares that are not included in Tamar the public holdings value in which is at least NIS 75 million, and the public holdings percentage in which is at least 10%;
    - b) if pursuant to the data used to revise the index on the determining date it transpires that the revised index does not fulfill the condition mentioned in sub-paragraph a) above, the ETF will be liquidated, by no later than the end of 45 days from the date of the index's revision.
    - c) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.
  - 2) The fund manager undertook in the prospectus pursuant whereto the ETF is issued as follows:
    - a) in accordance with the index methodology the conditions in one of the following alternatives shall be fulfilled:
      - (1) The public holdings value of each of the shares in the index, the aggregate weight of which in the index is at least 75%, will not be less than NIS 75 million.  
  
In such regard, the index shares the relative weight of which in the index is the highest will be taken into account.
      - (2) The index fulfils the following aggregate conditions:

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- (a) the number of shares in the index shall not be less than 50;
- (b) the maximum weight of a share in the index shall not exceed 5% (hereinafter - the "weight limit");
- (c) The public holdings value in the index, that will be computed pursuant to the following formula, will not be less than NIS 5 billion:

$$S_t = S_{NonCap} / (1 - W_{Cap})$$

$S_t$  - the public holdings value in the index

$S_{NonCap}$  - the public holdings value in shares the weight of which is less than the weight limit

$W_{Cap}$  - the sum of all the shares the weight of which in the index was limited because of the weight limit, multiplied by the weight limit.

- b) If pursuant to the data used for the index's revision on the determining date it transpires that the revised index does not fulfill the condition in sub-paragraph a)(1) or the condition in sub-paragraph a)(2) above, the ETF will be liquidated, by no later than 45 days from the date of the index's revision.
  - c) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.
- 3) On the date of the ETF's listing for trade, the public holdings value in all the shares included in the index shall not be less than NIS 5 billion.
  - 4) If the public holdings value of the two shares with the highest public holdings value in the index exceeds 50% of the public holdings value of all the shares included in the index on the date of the ETF's listing for trade, the public holdings value of the shares included in the index, without the public holdings value of the two shares as aforesaid, shall not be less than NIS 5 billion.
- d. The listing for trade of an ETF the underlying asset of which is a domestic index relating to bonds or convertible bonds is also conditional - in addition to the provisions of sub-paragraphs a. and b. above - upon fulfillment of all the following conditions:
- 1) The fund manager undertook in the prospectus pursuant to which the ETF is issued as follows:
    - a) the market value of each one of the series of bonds, or convertible bonds, included in the index, as the case may be, will not be less than NIS 100 million;

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- b) if pursuant to the data used for the index's revision on the determining date it transpires that the revised index does not fulfill the condition in sub-paragraph a) above, the ETF will be liquidated, by no later than the end of 45 days from the date of the index's revision.
  - c) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.
- 2) On the date of the listing for trade of the ETF the market value of the bonds, or convertible bonds, included in the index, as the case may be, shall not be less than NIS 3 billion.
- 3) The fund manager undertook in the prospectus pursuant to which the ETF is issued as follows:
- a) the index rules provide that pursuant to the data used for the index's revision on the determining date, the aggregate weight of all the bonds, or convertible bonds, as the case may be, of such issuer, that are included in the index, will not be more than 25% (hereinafter - the **"issuer's weight limit"**);
  - b) in such regard, where the issuer is a company included in the banking sector or the insurance sector, for the purpose of calculating the index weight of all the series of bonds, or convertible bonds, of the issuer, series of bonds, or convertible bonds, as the case may be, issued by subsidiaries fully held by the issuer, will also be taken into account;
  - c) if the index rules are changed in such manner that the issuer's weight limit becomes more than 25%, the ETF will be liquidated, by no later than 45 days from the date of the rules' change.
  - d) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.
- e. The listing for trade of an ETF the tracking asset of which is a domestic index relating to Government bonds is conditional upon - in addition to the provisions of sub-paragraphs a. and b. above - on the date of the listing for trade of the ETF, the market value of the series included in the index not being less than NIS 3 billion.
- f. The listing for trade of an ETF the underlying asset of which is an international index is also conditional - in addition to the aforesaid - upon fulfillment of all the following conditions:
- 1) The fund manager has undertaken in the prospectus pursuant to which the ETF is issued as follows:
    - a) so long as the ETF is traded on TASE, the index methodology, the index prices, a list of the securities making up the index and the weight of each one of the securities in the index will be published.

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The index methodology, list of the securities included in the index and weight of each one of the securities in the index will be published at least once a year.

The index prices will be published at least once a day.

The said data will be published on the website of the issuer and/or on the website of the index calculator and/or on the website of the index editor. Only the index prices may be published on the following websites: Reuters, Bloomberg or Yahoo Finance, Google Finance, MarketWatch, Globes, TheMarker, Calcalist and Bizportal.

Access to the data detailed above will be free of charge;

- b) in accordance with the index methodology, the composition of the securities included in the index will be revised at least once a year;
  - c) (1) if any of the conditions mentioned in sub-paragraph a) or sub-paragraph b) is not fulfilled, the ETF will be liquidated, by no later than the end of 45 days from the date on which the fund manager learns that any of the above conditions has not been fulfilled;
  - (2) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained, by no later the date mentioned above.
  - d) if the aggregate weight of securities traded on the TASE, that are included in the international index, is more than 20%, the aforesaid securities, on the date of the ETF's listing for trade, will fulfil the condition in paragraph c.1)a) above or the condition in paragraph d.1)a) above, as the case may be.
- 2) The seniority of the index
- (a) The index constituting the tracking asset of the ETF constitutes a tracking asset of an ETF or ETN traded for at least a year on a stock exchange operating in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland;
  - or in the alternative:
  - (b) the index constituting the tracking asset of the ETF constitutes a tracking asset of a mimicking fund or mimicking tracking foreign fund, that is not traded, but is offered to the public for at least one year in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland.
- 3) If the index constituting the tracking asset of the ETF does not meet the seniority criteria as provided in sub-paragraph 2) above, the listing for trade

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of the ETF is conditional upon fulfilment of **one** of the following alternatives:

- a) There is an ETF or ETN or mimicking fund or mimicking foreign fund (hereinafter - the "**mimicking product**") that tracks the index, and this mimicking product is traded on at least one of the stock exchanges mentioned in sub-paragraph 2)(a) above or is offered to the public in at least one of the countries detailed in sub-paragraph 2)(b) above, for less than a year, the index editor has updated, at least once in the period of existence of the mimicking product, the index composition and at least one month has passed since the update of the index composition and notice has not been given of the mimicking product's liquidation.
- b) The index must meet **all** the following criteria:
  - (1) the number of securities included in the index is not less than 15;
  - (2) on the date of listing for trade of the ETF, the total public holdings value in all the securities included in the index is not less than 5 billion;
  - (3) the maximum weight of a security included in the index is not more than 25%;
  - (4) the index editor and index calculator have edited / calculated indices that constituted a tracking asset for mimicking products traded or offered to the public for at least two years in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland.
- 4) Notwithstanding the provisions of sub-paragraph 1)b) above and sub-paragraph 3) above, TASE's board of directors may approve the listing for trade of an ETF where the index constituting its tracking asset does not fulfil the conditions detailed in sub-paragraph 1)b) above or 2) above or 3) above.
- g. The listing for trade of a commodities ETF with a single commodity is conditional upon fulfillment of all the following conditions:
  - 1) The commodity is traded on a commodities exchange.
  - 2) The price of the commodity is published for at least 25 trading days, by the commodities exchange on which it is traded, or on one of the following websites: Bloomberg, Reuters, or Yahoo Finance, Calcalist, TheMarker, Globes, MarketWatch, Google Finance, and Bizportal.
  - 3) In addition to the provisions of sub-paragraphs 1) and 2) above, in the event that the tracking asset of a commodities ETF for a single commodity is a futures contract for a commodity, its listing for trade is also conditional upon the futures contract being the contract with the shortest period

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remaining until its expiration from amongst all the series of futures contracts for such commodity that are traded on the same commodities exchange.

- 4) The listing for trade of a commodities ETF is conditional upon, in addition to the aforesaid, the ETF manager undertaking in the ETF's prospectus that so long as the commodities ETF is traded on TASE, the price of the commodity shall be published at least once a day, on the website of the issuer or on the following websites: Reuters, Globes, MarketWatch, Google Finance, Yahoo Finance, Bloomberg, The Marker, Calcalist and Bizportal.

The access to this information will be free of charge.

- h. The listing for trade of an ETF the underlying asset of which is a commodities group index is conditional upon fulfillment of all the following conditions:

- 1) The commodities included in the commodities index are traded on a commodities exchange.
- 2) The commodities index is published for at least 25 trading days, by the commodities exchange that calculates the index or on the following websites: Bloomberg, Reuters, Yahoo Finance, Calcalist, TheMarker, Globes, MarketWatch, Google Finance, , and Bizportal.
- 3) The ETF's manager has undertaken in the ETF's prospectus as follows:
  - a) So long as the ETF is traded on TASE, the index methodology, index prices, list of securities making up the index and weight of each one of the securities in the index shall be published.

The index methodology, weight of the securities included in the index and weight of each one of the securities in the index shall be published at least once a year.

The index prices shall be published at least once a day.

The said data shall be published on the website of the issuer and/or on the website of the index calculator and/or on the website of the index editor. The index prices only may be published on the following websites: Reuters, Globes, MarketWatch, Google Finance, Yahoo Finance, Bloomberg, The Marker, Calcalist and Bizportal.

The access to the aforesaid data will be free of charge.

- b) In accordance with the index methodology, the composition of the securities included in the index shall be updated at least once a year.
- c)
  - (1) If any of the conditions mentioned in sub-paragraphs (1) or (2) are not fulfilled, the ETF will be liquidated, by no later than the end of 45 days from the date on which the fund manager learns that any of the aforesaid conditions are not being fulfilled.
  - (2) Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that it notifies TASE that all the approvals required by law have been received, by no later than the aforesaid date.

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- d) The commodities group index constituting the tracking asset of the ETF constitutes a tracking asset of an ETF or ETN traded for at least a year on a stock exchange operating in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland;
- or
- the index constituting the tracking asset of the ETF constitutes a tracking asset of a mimicking fund or mimicking foreign fund, that is not traded, but is offered to the public for at least one year in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland.
- e) Notwithstanding the provisions of sub-paragraph 3)b) above and sub-paragraph d) above, TASE's board of directors may approve the listing for trade of a traded fund, the commodities group index constituting a tracking asset of which does not fulfill the conditions detailed in sub-paragraph 3)b) above or sub-paragraph d) above.

## **CHAPTER XVIII – OVERSEAS COMPANIES**

Regulations pursuant to Chapter XXI of the Rules.

In these Regulations –

“market value” –

- a. in the case of a company with securities listed on NASDAQ CAPITAL MARKET, which is applying to list securities for trade on TASE – the number of shares in the company’s issued and paid up capital of the same class, less the number of treasury shares of the same class, multiplied by the said shares’ average price on NASDAQ CAPITAL MARKET in the 30 days preceding the application date;
- b. in the case of a company with securities listed on TASE, which is applying to change over to a reporting regime under Chapter 5C of the Securities Law – the number of shares in the company’s issued and paid up capital of the same class, less the treasury shares of the same class, multiplied by the shares’ average price on TASE in the 30 days preceding the date of the company’s application to change over to the reporting regime under Chapter 5C;
- c. in the case of a company applying for the simultaneous listing of securities on TASE and on NASDAQ CAPITAL MARKET – the number of shares in the company’s issued and paid up capital of the same class, less the treasury shares of the same class, multiplied by the share price in the public offering; however, where the share is offered in the framework of an issue unit that also includes other securities – multiplied by the price of the issue unit in the public offering, less the value of the warrants and purchase warrants included therein, in accordance with the calculation formula in appendix “A” to the Regulations.

The listing for trade of an overseas company’s securities pursuant to paragraph 2.a. of Chapter XXI of the Rules shall be governed by the provisions of this Chapter and by the following provisions:

1. The following paragraphs of Chapter XIII: 1.a., 1.b.1)a), 1.b.2), 1.b.4), 1.b.5), 1.b.6), 1.b.7), 1.c., 5 and 6.

For the purpose of paragraphs 5 and 6: paragraphs 5 and 6 of this Chapter shall apply to the listing for trade of securities issued simultaneously on TASE and on an overseas stock exchange; however, the payments collected will be 50% less than the payments stipulated in these paragraphs.

2. The validity of a listing’s approval is conditional upon the listing document being submitted within 60 days of the application’s approval by the board of directors; however, the validity of approval for the listing of securities that will be issued pursuant to an employee option plan shall expire within 12 months of the application’s approval by the board of directors.
3. The validity of approval for the listing of securities of an overseas company shall expire within six months of the application’s approval by the board of directors.

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4. The market value of an overseas company the securities of which have been or shall be listed for trade on NASDAQ CAPITAL MARKET shall not be less than NIS 135 million.

**CHAPTER XIX – THE LISTING FOR TRADE OF FORCIBLY  
CONVERTIBLE BONDS OF A FINANCIAL INSTITUTION AND OF  
FORCIBLY DELISTABLE BONDS OF A FINANCIAL INSTITUTION**

Regulations pursuant to Chapter XXII of the Rules.

1. Between the date of notice of the conversion price and of the interest rate payable on the conversion date, and the date of conversion and payment of the interest, at least three trading days shall elapse.

The record date for conversion and payment of the interest shall be the first trading day after the date of the notice, as aforesaid.

2. In the event of forced delisting, between the date of notice of the delisting and of the interest rate payable on the date of the delisting, and the date of the delisting and payment of the interest, at least three trading days shall elapse.

In the event of partial delisting, the record date for the partial delisting and payment of the interest payable on the date of the delisting, shall be the first trading day after the date of the notice, as aforesaid.

In the event of full delisting, the interest shall be paid to the holder of the bonds on the date of the full delisting of the bonds.

3. If the terms of a bond of an insurer stipulate that payment of interest may be cancelled, between the date of the notice of cancellation of payment of interest and the record date for payment of the interest fixed in the terms of the bond, at least four trading days shall pass.

**CHAPTER XX – LISTING FOR TRADE OF AN FSE COMPANY\***

1. Notwithstanding the provisions of Chapter I of the Regulations, regarding a new company which is an FSE company applying for an initial listing of securities that are listed on an overseas stock exchange, “share price” and “convertible security price” shall be the average share price or convertible security price, as the case may be, on the overseas stock exchange, in the 30 days preceding the application date, multiplied by the known representative rate in agorot of the currency of trade on the foreign stock exchange.
2. Chapter IV of the Regulations shall not apply to a new company which is an FSE company, and which has been listed on a foreign stock exchange for more than 12 months prior to the date of the listing for trade on TASE.
3. TASE’s board of directors may, if it deems fit in the circumstances of the case, exempt an FSE company applying for the simultaneous listing of its securities on TASE and on a foreign stock exchange, as well as an FSE company applying for an initial listing on TASE of convertible securities or bonds that are listed for trade on a foreign stock exchange, from all or some of the following provisions of the Regulations:
  - in Chapter XI – paragraphs 2, 3, 4.h, 4i, 5.b., 5.c. (save for the reference to sub-paragraphs 4.b. to 4.g.), 6., 7., 8., and 9 (save for the reference to sub-paragraphs 4.a. to 4.g.);
  - in Chapter XII – paragraphs 1.j., 1.k., and 2.
4. The following provisions shall apply with regard to Chapter XIII of the Regulations:
  - 1) A new company which is an FSE Company shall be exempt from the payment of vetting fees, as stipulated in sub-paragraph 5.a.
  - 2) A listed company which is an FSE Company applying to list convertible securities on a foreign stock exchange shall be exempt from the payment of vetting fees, as stipulated in sub-paragraph 5.b.
  - 3) Paragraph 6 shall not apply to a new company which is an FSE company.
5. The minimum dispersal requirements pursuant to Chapter VIII of the Regulations shall not apply to the listing for trade of a new company the securities of which are listed on a foreign stock exchange, which is applying to list securities on TASE.
6. The listing for trade of a share and of a share deriving from the conversion of a convertible security of a new company which is an FSE company is conditional upon the price of the share and the price of the share deriving from the conversion of the convertible security not being less than NIS 1.

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\* The Chapter was approved in 8/2006.

**CHAPTER XXI - ARRANGEMENT REGARDING CHANGES IN THE  
TERMS OF BONDS**

1. For the purpose of this Chapter:

**Expressions**

**Definitions**

- “change of terms arrangement” - any one of the following:
- a. changes in the terms of bonds listed for trade, including temporary postponement of payment dates;
  - b. the listing for trade of a new series of bonds issued by a company or by the parent company of the company and listed for trade instead of a listed series of bonds of the company;
  - c. the listing for trade of securities issued by a company in the framework of a change of terms of bonds listed for trade of the company;
- “company in difficulties” - a company the bonds of which are listed for trade and in respect of which all the following conditions are fulfilled:
- a. the company is carrying out a debt arrangement or a financial rehabilitation plan in accordance with the provisions of the Insolvency and Financial Rehabilitation Law, 5778-2018.
  - b. the opinion of the auditor, which is annexed to the company’s financial statements, includes the drawing of attention to the existence of significant doubts regarding the corporation’s continued existence as a going concern, or in the alternative, there were warning signs in the company within the meaning thereof in section 10(b)(14)(a) of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970;
- “bonds” - any one of the following:
- a. bonds;
  - b. convertible bonds.

2. A change of terms arrangement shall be governed by the provisions of the Second Part of the TASE Rules and the Regulations pursuant thereto, respectively, subject to the terms, conditions and qualifications determined below in this chapter.
3.
  - a. A company shall submit an application to TASE for the implementation of a change of terms arrangement, for the purpose of obtaining TASE's approval that the change of terms arrangement is not inconsistent with the TASE Rules and the Regulations pursuant thereto and that TASE's systems are ready to make payments pursuant to the new terms (hereinafter referred to as "approval of a change of terms arrangement").
  - b. An application for approval of a change of terms arrangement including an application for the listing for trade of a new series of bonds of a parent company instead of a series listed for trade on TASE of its subsidiary, shall be submitted by the parent company together with the subsidiary.
  - c. The grant of approval of a change of terms of arrangement does not constitute approval and/or an opinion of TASE in respect of the arrangement proposed by the company, or in respect of the manner of passing the proposed arrangement by the company as aforesaid, or regarding the terms of the new securities as aforesaid, and the arrangement as aforesaid requires approvals in accordance with the TASE Rules and pursuant to any law.
  - d. An application for approval of a change of terms arrangement shall be submitted to TASE at the earliest between:
    - 1) before the change of terms arrangement is brought for the approval of meetings of the bond holders;
    - 2) the date on which the company or the trustee for the bondholders first applies to TASE to temporarily postpone a redemption and/or interest payment date.

If the court's approval is required for the purpose of approving the change of terms arrangement, the application shall be submitted to TASE before it is filed with the court.

- e.
  - 1) An application for approval of a change of terms arrangement, except for an application to temporarily postpone payment dates, shall be filed with TASE at least 10 trading days before the date on which the company wishes to obtain the application's approval.
  - 2) An application to temporarily postpone partial interest and/or redemption payment dates, shall be filed at least two trading days before the determining date for payment and in the case of final redemption at least two trading days before the last trading day in the bond certificate.
- f. A draft of the trust deed and bond terms shall be annexed to the application, and in the case of a change of terms of existing bonds, the new terms shall be marked against the existing terms, and additional details shall be furnished as provided in the application form. The application for a change of terms arrangement shall be submitted on the form determined by TASE.

- g. The handling fees in respect of an application for a change of terms arrangement pursuant to this chapter shall be as follows:
- 1) the handling fees in respect of an application for a change of terms arrangement submitted for the court's approval and in respect of an application for a change of terms arrangement in relation to more than one series of bonds even if the court's approval is not required as aforesaid shall be the same as the vetting fees in accordance with paragraph 5.a. of chapter XIII of the regulations pursuant to the Second Part of the Rules;
  - 2) the handling fees in respect of an application for a change of terms arrangement in relation to only one set of bonds that is not submitted for the court's approval shall be the same as the vetting fees in accordance with paragraph 5.b. of Chapter XIII of the Regulations pursuant to the Second Part of the Rules;
  - 3) notwithstanding the provisions of sub-paragraph 1) above, the handling fees in respect of an application for a change of terms arrangement that includes only an application for a change in the conversion ratio and/or conversion period shall be the same as the vetting fees in accordance with sub-paragraph 2) below.
- h. The handling fees as aforesaid shall be enclosed with the application.
- i. An application for a change of terms arrangement will be valid until the earliest of the following dates:
- 1) the end of one year from the date on which it was first filed;
  - 2) receipt of TASE's approval of a change of terms arrangement that is not a temporary postponement of payment dates.
4. Interest and/or redemption payment dates shall be postponed for a period of not less than 30 days.
5. The listing for trade of a new series of bonds issued instead of bonds from a series listed for trade on TASE of a company in difficulties shall not be governed by the provisions of paragraphs 4.a. and 4.b. of Chapter XI of the Regulations and paragraphs 1.a. and 1.b. of Chapter XII of the Regulations, as the case may be, provided that all the following conditions are fulfilled:
- a. the series listed for trade on TASE is de-listed;
  - b. the listing for trade of convertible bonds from a new series instead of bonds from a series listed for trade on TASE is conditional upon the company's shares being listed for trade on TASE;
  - c. not more than one series shall be listed for trade instead of a series listed for trade;
  - d. the public holdings value of a new series shall not be less than NIS 18 million. However, with regard to convertible bonds, if the adjusted share price, within the meaning thereof in chapter XI of the Regulations, is higher than the conversion price fixed in the terms of the convertible bonds, the public holdings value shall not be less than NIS 12 million.

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For the purposes of this paragraph, the public holdings value shall be calculated in accordance with the nominal value of the public holdings in the series of bonds.

6. The listing for trade of new series of bonds of a parent company instead of a series of bonds of its subsidiary which is a company in difficulties is conditional, in addition to the provisions of paragraph 5 above, also upon fulfillment of all the following conditions:
  - a. the parent company, which is applying for the listing for trade of a new series of bonds, is a listed company;
  - b. the change of terms arrangement has been approved by a court.
  - c. on the listing for trade of the new series of bonds, all the securities of the subsidiary shall be de-listed.
7. A change in the linkage terms of bonds, addition of a conversion right to bonds that are not convertible bonds or cancellation of a conversion right in respect of bonds shall be done by way of the listing for trade of a new series of bonds instead of the series the terms of which are sought to be changed, and the new series as aforesaid shall be governed by all the provisions governing the listing for trade of a new series.
8. The provisions of Chapter VIII of the Regulations shall not apply to the listing for trade of a new series of bonds issued in the framework of a change of terms arrangement.
9.
  - a. Where TASE approves a change of terms arrangement in relation to a series of bonds, and in the framework of the change a decision is made on early redemption of the bonds in an amount lower than their nominal value, the early redemption shall take place as aforesaid shortly after the date on which the approval is given as aforesaid.
  - b. A company may resolve, in the framework of a change of terms arrangement in respect of bonds, that on the partial redemption date the interest that has accrued shall not be paid or shall be paid in part. If the company passes a resolution as aforesaid, the company must stipulate in the bonds' terms that if any amount is paid in future in respect of accrued interest, the record date for payment of the interest shall be 12 days prior to the future interest payment date.
  - c. In the framework of a change of terms arrangement, it is possible to pay through TASECH interest that was not paid on time and the record date for the payment of which has not been altered, provided that not more than 36 months have elapsed between the record date for the interest's payment and the date on which the interest is actually paid. Where more than 36 months have elapsed as aforesaid, payment as aforesaid shall be made other than through TASECH.

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**10. Timetable for making payments in the framework of a change of terms arrangement**

- a. If early redemption is stipulated in the framework of a change of terms arrangement as provided in paragraph 9.a. above, the record date and the early redemption date shall be determined as follows:
- 1) at least four trading days shall elapse between the date of the notice that the early redemption conditions have been fulfilled and that an early redemption date has been determined, and the record date for payment;
  - 2) at least one trading day shall elapse between the record date for payment and the payment date;
  - 3) in the case of convertible bonds – conversion shall not take place in the two trading days preceding the record date for the early redemption and until the date of the early redemption and the provisions of paragraph 2.a.2) of Chapter XI of the Regulations shall not apply.
  - 4) in the case of bonds and convertible bonds that that are subject to the US tax laws the determining date shall be 12 days prior to redemption and interest payment date.
  - 5) in the case of convertible bonds subject to the US tax laws the final conversion date shall be 16 days prior to the final redemption date.
- b. Where a company has requested to perform early conversion, in the framework of a change of terms arrangement, such being shortly after receiving the approval for the change of terms, as aforesaid, the change of terms arrangement shall provide as follows:
- 1) at least four trading days shall elapse between the date of the notice that the early conversion conditions have been fulfilled and that the early conversion date has been determined;
  - 2) at least one trading day shall elapse between the record date for conversion and the conversion date.

**11. Exemption from calculation of share price**

- a. The provisions of paragraph 2A. of Chapter IX and the provisions of paragraph 3. of Chapter X shall not apply to the listing for trade of shares allotted to holders of bonds listed for trade, who are not interested parties and who will not become interested parties, in the framework of a change of terms arrangement, within the meaning thereof in this Chapter.
- b. The provisions of sub-paragraph a. above shall not apply to a share deriving from the conversion of a convertible security.

## **CHAPTER XXII – FOREIGN SECURITIES**

Regulations pursuant to Chapter XXIV of the Rules.

1. In this Chapter –
  - “lawyer’s opinion” –
    - a. in the case of a company which was incorporated overseas – the opinion of someone licensed as a lawyer pursuant to the laws of the country in which the company was incorporated; and
    - b. in the case of a company whose securities are listed for trade overseas, which is applying to list its securities on TASE, or in the case of a company which is applying to list securities for trade on TASE and simultaneously list them overseas – the opinion of someone licensed as a lawyer pursuant to the laws of the foreign country in which the company’s securities are listed for trade or in which they are about to be listed.
2.
  - a. The listing for trade of foreign securities of a company is conditional upon the securities not being subject to a transferability restriction pursuant to the laws of the foreign country in which the company was incorporated, pursuant to the laws of the foreign country in which the securities are traded and pursuant to the directives of the stock exchange on which the securities are traded, and all subject to the terms, conditions and qualifications set out below in these Regulations.
  - b. The listing for trade of foreign securities is conditional upon a lawyer’s opinion being annexed to the listing application that is addressed to TASE, or that is addressed to the company and expressly permits TASE to rely therein, in which it is stated that the foreign securities that the company is applying to list are not subject to a transferability restriction, and all as provided below:
    - 1) in the case of a company which was incorporated overseas – that pursuant to the laws of the country in which the company was incorporated there is no impediment to the company offering the foreign securities to the Israeli public, listing these securities for trade on TASE and trading in these securities on TASE; and
    - 2) in the case of a company whose securities are listed for trade on an overseas stock exchange and in the case of a company which is applying to simultaneously list securities for trade on TASE and on an overseas stock exchange – that pursuant to the laws of the foreign country in which the securities are listed or about to be listed, and pursuant to the directives of the overseas stock exchange, there is no impediment to the company offering the securities to the Israeli public, there is no impediment to the securities being listed for trade on TASE and there is no impediment to trading in these securities on TASE.
3. Notwithstanding the provisions of sub-paragraph 2.b, the listing for trade of foreign securities of a company which was incorporated in the United States or of securities of a company whose securities are traded in the United States, and which were issued pursuant to a prospectus that was approved by the United States Securities and

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Exchange Commission, is not conditional upon receipt of a lawyer's opinion as aforesaid, such being with regard to the law applicable in the United States to the securities the listing of which is being applied for.

4. a. It is possible to list foreign securities of a company which was incorporated in the United States or of a company whose securities are traded in the United States, which are allotted in a private placement, even if the securities are subject to a transferability restriction, provided that all the following conditions are fulfilled:
    - 1) the securities that the company is applying to list for trade on TASE are of a type already listed for trade on TASE or of a type the listing of which for trade on TASE is being applied for simultaneously with their listing in the United States, and in accordance with the opinion given at the time of the initial listing for trade of the type, in accordance with sub-paragraph 2.b. above, such type of securities is not subject to a transferability restriction;
    - 2) the certificate of the security bears a legend in accordance with the American law regarding the transferability restriction to which the security is subject.
  - b. Notwithstanding the provisions of sub-paragraph 2.a. above, the listing for trade of foreign securities of a company which was incorporated in the United States or of a company whose securities are traded in the United States, which are allotted in a private placement and the conditions laid down in sub-paragraph 4.a. above have been fulfilled, is not conditional upon receipt of a lawyer's opinion in accordance with sub-paragraph 2.b. above, such being with regard to the law applicable in the United States to the securities the listing of which for trade is being applied for.
5. It is possible to list foreign securities of a company that pursuant to the laws of the country in which the company was incorporated or pursuant to the laws of the country in which the company's securities are traded, are subject to a transferability restriction and paragraph 4. above does not apply to them (hereinafter referred to as "restricted securities"), provided that all the conditions detailed in sub-paragraphs a. to e. below are fulfilled:
    - a. the restricted securities are of a type that is already listed for trade on TASE or of a type the listing of which for trade on TASE is being applied for simultaneously, and pursuant to the opinion given at the time of the initial listing for trade of the type, in accordance with sub-paragraph 2.b. above, such type of securities is not subject to a transferability restriction;
    - b. the restricted securities are offered in a private placement and the certificate of the security bears a legend regarding the transferability restriction to which the security is subject pursuant to the laws of the foreign country;
    - c. in the case of convertible restricted securities, a legend in accordance with paragraph b. above shall also appear on the certificate of the security deriving from the conversion;
    - d. in the case of restricted securities deriving from the conversion of unlisted convertible securities that were offered in a private placement, a legend in

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accordance with paragraph b. above shall appear on the certificate of the security deriving from the conversion;

- e. a lawyer's opinion shall be annexed to the listing application, addressed to TASE, or addressed to the company and expressly permitting TASE to rely thereon, which shall detail the transferability restrictions governing the restricted securities the listing of which for trade is being applied for.
6. The document pursuant whereto foreign securities are initially listed for trade shall include details of the tax laws governing the company, pursuant to the tax laws in Israel and pursuant to the tax laws in its place of incorporation, and in addition details of the way in which the company shall tax the holders of the securities.

The requirement to give details of the tax laws as aforesaid shall not apply to an overseas company whose shares are traded, prior to the submission of the listing application, only in the United States and which was incorporated in the United States or in Israel, which is applying for an initial listing of shares for trade, pursuant to a listing document.

7. With regard to paragraphs 91.b.2), 91.d.2) and 92.b.2) of Chapter XIV of the Second Part of the Rules and paragraph 12 of the Fourth Part of the Rules and the Regulations pursuant to these paragraphs, the following provisions shall apply:
- a. A lawyer's opinion shall be annexed to the document pursuant whereto the foreign securities are initially listed for trade, which shall state whether there is any impediment pursuant to the foreign laws governing the company for obtaining an Israeli court's approval of an arrangement or compromise pursuant to section 350 of the Companies Law, 5759-1999 (hereinafter referred to as the "Companies Law") for the purpose of a change in the terms of the company's securities and for the purpose of de-listing the securities from trade on the company's initiative.
  - b.
    - 1) If the lawyer's opinion annexed by the company as aforesaid determines that there is no restriction pursuant to the foreign laws governing the company to obtaining an Israeli court's approval of an arrangement or compromise pursuant to section 350 of the Companies Law, the company shall undertake, at the time of the initial listing for trade as aforesaid, that if it acts to change the terms of the securities or to de-list the securities from trade on the company's initiative, it shall apply to an Israeli court for the purpose of obtaining approval for the aforesaid acts in accordance with section 350 of the Companies Law.
    - 2) Where the company has annexed a lawyer's opinion in accordance with subparagraph b.1) above, but has given notice after the listing for trade, in an immediate report, that it intends approving an arrangement or compromise for the purpose of a change in the terms of the securities or for the purpose of de-listing the securities from trade on the company's initiative, and that an Israeli court does not approve a hearing before it in accordance with section 350 of the Companies Law, the company shall be deemed in such regard to have acted in accordance with section 350 of the Companies Law, provided that it did everything required in accordance with the provisions of section 350 of the Companies Law for the approval of an arrangement or

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compromise, including the convening of meetings of creditors and/or meetings of holders of the various types of securities, and such meetings approved the acts with a majority of the participants, as required pursuant to section 350 of the Companies Law for the approval of an arrangement, save for the arrangement's approval by an Israeli court.

- c. If it is determined in the lawyer's opinion annexed by the company as aforesaid that there is a restriction pursuant to the foreign laws governing the company to an Israeli court's approval of an arrangement or compromise pursuant to section 350 of the Companies Law, the company shall undertake in the document pursuant whereto the foreign securities are initially listed for trade that if it intends approving an arrangement or compromise for the purpose of a change in the terms of the securities or for the purpose of de-listing the securities from trade on the company's initiative, it shall do everything required for the acts' approval in accordance with section 350 of the Companies Law, including the convening of meetings of creditors and/or meetings of holders of the various types of securities, and such meetings shall approve the acts by a majority of the participants, as required pursuant to section 350 of the Companies Law for the approval of an arrangement, save for the arrangement's approval by an Israeli court.

Where the company has acted in the manner detailed above, it shall be deemed, for such purpose, to have acted in accordance with section 350 of the Companies Law.

## **CHAPTER XXIII - PREFERRED SHARES**

1. In these Regulations:

"effective price of the preferred share" -

the price of the preferred share in an offer on the day of giving notice of the offer price, and if the preferred share is offered in the framework of an issue unit that also includes other securities - the price of the issue unit in an offer to the public, less the value of the warrants and the purchase warrant included therein, in accordance with the calculation formulae in appendix "A" to the Regulations (hereinafter - the "calculation formulae").

Where a preferred share is offered for the first time - the standard deviation for the purpose of the calculation formulae shall be the standard deviation of the company's ordinary share.

Where the preferred share is listed for trade - the effective price of the preferred share as aforesaid will be adjusted in respect of rights, in respect of a dividend distribution and in respect of distribution of bonus shares, to the preferred shares, in respect of which the company has given notice by the date of the listing for trade of the preferred shares that the company is applying to list for trade, unconditionally or on fulfillment of certain conditions.

Where the preferred share is listed for trade - the standard deviation for the purpose of the calculation formulae will be the standard deviation of the company's preferred share; however, if the preferred share has been traded less than four months in the half year on the basis of which the standard deviation is assessed, the standard deviation shall be that of the company's ordinary share.

2. A company may allot preferred shares on fulfillment of all the following conditions:

- a. the value of the public's holdings in a series of preferred shares shall not be less than NIS 36 million;
- b. the rate of the public's holdings in a series of preferred shares shall not be less than 25%;
- c. the value of the public's holdings and the rate of the public's holdings in the company's ordinary shares shall not be less than the value of the public's holdings and the rate of the public's holdings that are required, in accordance with the alternatives provided in Chapter VI of the Regulations pursuant to the Second Part of the Rules, of a new company, which is not a R&D company;
- d. one of the following alternatives are fulfilled in respect of it:
  - 1) the company's ordinary shares are included in the TA-125 index or in the TA-SME60 index;
  - 2) the market value of the company's ordinary shares is at least NIS 500 million.

For the purpose of this sub-paragraph and sub-paragraph e. below:

"market value of the ordinary shares" - the number of ordinary shares included in the company's issued and paid up capital, less the treasury shares, on the day the

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company gives notice of the offer price for the preferred shares, multiplied by the average price of the ordinary share on TASE in the 35 days preceding the date of the notice as aforesaid;

- e. the value of the preferred shares after the allotment shall not exceed 20% of the amount obtained by adding the market value of the ordinary shares and the value of the preferred shares of the company, and shall not exceed 50% of the amount obtained by adding the value of the public's holdings in the ordinary shares and the value of the public's holdings in the preferred shares of the company, after the allotment.

For the purpose of this sub-paragraph:

"preferred shares" - the preferred shares that are being or have been listed for trade on TASE;

"value of the preferred shares" -

- 1) where the preferred share is being issued for the first time - the number of preferred shares that are being offered multiplied by the effective price of the preferred share;
- 2) where the preferred share is listed - the number of preferred shares prior to the offer multiplied by the average price of the preferred share on TASE in the 35 days preceding the date of the company's notice on the offer price, plus the number of preferred shares included in the offer multiplied by the effective price of the preferred share, as determined in the offer;

"value of the public's holdings in the ordinary shares" - the number of ordinary shares included in the public's holdings on the day the company gives notice of the offer price multiplied by the average price of the ordinary share on TASE in the 35 days preceding the date of the notice as aforesaid;

- f. the effective price of the preferred share shall not be less than NIS 1.
3. At no time shall more than one series of the company's preferred shares be listed for trade.
  4. Increasing a series of preferred shares shall be conditional upon the company fulfilling all the conditions detailed in sub-paragraphs 2.c., 2.d. and 2.e. above on the day the company gives notice of the issue price.
  5.
    - a. At no time shall more than one series of warrants for preferred shares of the company be listed for trade. Notwithstanding the aforesaid, unlisted warrants for preferred shares may be allotted.
    - b. An issue of warrants for preferred shares, whether the warrants are listed or unlisted, and increasing a series of warrants as aforesaid, shall be subject to the company's fulfillment of the conditions detailed in paragraph 2 above on the date the company gives notice of the offered warrants' price.

For the purposes of this paragraph, the company's fulfillment of the conditions detailed in sub-paragraph 2.e. above shall be examined based on the assumption of immediate exercise of all the warrants into preferred shares of the company.

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- c. The price of the preferred share deriving from conversion of a warrant into a preferred share, whether the warrant is listed or not, shall not be less than NIS 1.
6. If the terms and conditions of the preferred shares prescribe that forced redemption or voluntary redemption, as aforesaid, is possible, the terms and conditions of the preferred share shall prescribe all the following terms and conditions:

- a. the consideration for the forced redemption shall not be less than the higher between:

- (1) the fixed value of the share, as determined in the offer pursuant whereto the preferred share was first listed for trade (hereinafter - the "fixed value"), plus linkage, insofar as determined, and plus the accrued dividend, to the day preceding the day of payment (hereinafter - "par value").

The linkage as aforesaid could relate to the consumer price index, or to a rate or foreign currency, or to the price of a basket of currencies, or to another index approved by the board of directors.

The linkage method determined in the first-time offer may not be changed;

- (2) the market value of the preferred share - the market value shall be determined in accordance with the average price of the preferred share on TASE in the 10 trading days preceding the day on which the company gives notice of the redemption.

- b. Payment of the consideration for the redemption could be in cash or in ordinary shares of the company; however, payment cannot be made in shares as aforesaid, where the terms and conditions of the preferred shares prescribe that they may be converted into ordinary shares.

If the terms and conditions of the preferred shares prescribe that the consideration for the redemption shall be paid in ordinary shares of the company, the price of the ordinary share for the purpose of the payment as aforesaid shall be calculated as the average price of the ordinary share in the 10 trading days preceding the date on which the company gives notice of the redemption.

However, if the price of the ordinary share, in accordance with the calculation detailed above, is lower than the minimum price per share, it will not be possible to pay the consideration in ordinary shares of the company.

- c. The first possible date for forced redemption and the first possible date for voluntary redemption.

The other possible dates for voluntary redemption.

The company must give notice at least 17 days before the date of any redemption, whether voluntary or forced, of the redemption date. In the event that the company may pay the consideration for the redemption in shares, the company shall also give notice if the redemption will be made in cash or in shares.

Redemption shall not be executed in the following periods of time:

- 1) in the case of preferred shares the terms and conditions of which prescribe that the fixed value or dividend shall be linked to the consumer price index - between the 12th and 16th of the month;
- 2) on the determining date for distribution of a bonus share, offer by way of rights, distribution of a dividend, in respect of the ordinary shares or in respect of the preferred shares, consolidation of capital, splitting of capital or reduction of capital (all of the aforesaid hereinafter - "company event").

If the ex day of a company event falls before the determining date of a company event, redemption shall not be effected on the ex day as aforesaid.

- d. The possible redemption intervals and minimum amount or ratio of any early redemption thereof, if existing.

The forced redemption interval shall not exceed one redemption in a period of time of three months.

The voluntary redemption interval shall not be more than one redemption in a period of time of three months.

- e. Forced redemption for some of the preferred shares (hereinafter - "partial forced redemption") shall be executed at an identical rate for each one of the holders of the preferred shares.
- f. The determining date for the purpose of determining entitlement to forced partial redemption shall be six days before the redemption date.
- g. If the number of preferred shares that the holders of the preferred shares wish to redeem on the voluntary redemption date is more than the number the redemption of which the company has permitted at such time, the redemption shall be executed at an identical rate for each one of the applicants.
- h. Partial redemption, whether voluntary or forced, may not be executed if in consequence of the redemption the value of the public's holdings of the preferred shares will fall below NIS 5 million.

Notwithstanding the aforesaid, it is possible to execute partial voluntary redemption in consequence of which the value of the public's holdings falls below the aforesaid, if the terms and conditions of the preferred shares prescribe that in the event that the value of the public's holdings of the preferred shares falls below NIS 5 million in consequence of a partial voluntary redemption, the company shall execute a forced redemption of the balance of the preferred shares, within 45 days of the voluntary redemption date.

- i. Redemption of preferred shares shall be executed by way of off-TASE transactions, unless it is possible to execute it in another way.
7. If the terms and conditions of the preferred shares provide that they may be converted into ordinary shares of the company, the terms and conditions of the preferred shares shall prescribe all the following conditions:
    - a. The conversion price. Different conversion prices may be determined for different cases.

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Conversion prices determined in accordance with the provisions of this subparagraph may not be changed, except in the manner provided in the Rules regarding a change in the conversion price of convertible securities.

- b. Notwithstanding the provisions of paragraph a. above, if the company has determined that in the case of payment of a dividend the conversion ratio shall be adjusted only in respect of the excess dividend, as defined in the Rules, such that the new conversion ratio reflects the change deriving from the change in price of the ordinary share only in relation to the excess dividend. The company must give notice in an immediate report on the date of the notice on the dividend's distribution of the new conversion ratio and of the manner of calculating it.
- c. The forced conversion price for an ordinary share, in the case of forced conversion, shall not exceed the lower between:
- 1) the price for voluntary conversion of a share as prescribed in the terms and conditions of the preferred shares, after making the adjustments required in consequence of the distribution of bonus shares, offer by way of rights and distribution of a dividend, if and as prescribed in the terms and conditions of the preferred shares;
  - 2) the average price of the ordinary share in the 10 trading days preceding the date on which the company gives notice of the forced conversion, divided by the par value of the preferred shares;
  - 3) the average price of the ordinary share in the 10 trading days preceding the date on which the company gives notice of the forced conversion, divided by the market value of the preferred shares on TASE in the 10 trading days preceding the date on which the company gives notice of the forced conversion.
- d. The first possible date for forced conversion and the first possible date for voluntary conversion, and the other possible dates for voluntary conversion.

The company shall give notice of the conversion date at least 17 days before any conversion, voluntary or forced.

The determining date for the purpose of determining entitlement to forced partial conversion is six days before the conversion date.

Conversion shall not be executed in the following periods of time:

- 1) in the case of preferred shares the terms and conditions of which prescribe that the fixed value or dividend shall be linked to the Consumer Price Index - between the 12th and 16th of the month;
- 2) on the determining date for a distribution of bonus shares, offer by way of rights, distribution of a dividend in respect of the ordinary shares or in respect of the preferred shares, consolidation of capital, splitting of capital or reduction of capital (each one of the aforesaid hereinafter - "company event").

If the ex day of a company event falls before the determining date of a company event, conversion shall not be effected on the ex day as aforesaid.

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- e. The possible conversion intervals and minimum amount or rate of any conversion thereof, if existing.
- f. The forced conversion interval shall not be more than one conversion in a period of time of three months.
- g. The voluntary conversion interval shall not exceed one conversion in a period of three months.
- h. Partial conversion, whether voluntary or forced, may not be executed if in consequence of the conversion the value of the public's holdings of the preferred shares will fall below NIS 5 million.
- i. Conversion shall be executed by way of off-TASE transactions, unless it is possible to execute it in another way.
- j. Convertible preferred shares of a company which was incorporated overseas shall also be governed by paragraph 7. of Chapter XXII.

**CHAPTER XXIV - REGULATIONS REGARDING THE LISTING FOR  
TRADE OF TRADED FOREIGN FUNDS**

Regulations pursuant to Chapter XX of the Rules

1. In this Chapter:

**Expressions**

**Definitions**

"Balancing"	The buying or selling of securities, including derivatives, by a balancing traded foreign fund manager, for the purpose of maintaining the leverage stipulated in the terms and conditions of the balancing traded foreign fund.
"Commodities exchange"	A stock exchange that has received approval from the entity authorized to grant it by law, in the country in which it operates, and a regulated market, as defined in the Joint Investment Trust Law, 5754-1994, on which commodities are traded.
"International index"	An index relating to securities in respect of which the aggregate weight of the securities included in the index that are traded on TASE does not exceed 20% of the weight of all the securities included in the index, and is not a commodities index or a futures index.
"Futures index"	An index relating to several futures contracts, all of which have the same tracking asset.
"Commodities index"	An index relating to commodities traded overseas.
"Leverage"	The ratio between the rate of change in the value of the foreign fund, and the rate of change in the price of its tracking asset, in absolute value, during such period, that the fund intends realizing in accordance with its investment policy.
"Commodity"	Chattels, except for foreign currency as defined in Bank of Israel Law, 5714-1954, and a futures contract for chattels as aforesaid.
"Traded foreign fund"	A foreign fund the investment policy of which stipulates that its goal is achieving results deriving from the rate of change in the index price or commodity.
"Balancing traded foreign fund"	A leveraged traded foreign fund the investment policy of which stipulates that balancing therein will take place at fixed times.

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**Expressions****Definitions**

"Short traded foreign fund"	A traded foreign fund the investment policy of which stipulates that its goal is achieving results with a negative correlation to the rate of change in its tracking asset, provided that its leverage, just before the listing for trade, is not higher than 1.
"Futures traded foreign fund"	A traded foreign fund the tracking asset of which is an index of futures, that are not commodity futures.
"Leveraged traded foreign fund"	Any one of the following - <ol style="list-style-type: none"> <li>a. a traded foreign fund the leverage of which, in accordance with its investment policy, is more than 1;</li> <li>b. a traded foreign fund the tracking asset of which is an international index that tracks another tracking asset, the ratio between the rate of change in the index and the rate of change in the other tracking asset being more than 1.</li> </ol>
"Commodities traded foreign fund"	A traded foreign fund the tracking asset of which is a commodity, several commodities or a commodities index.
"Alternate asset traded foreign fund"	A traded foreign fund the tracking asset of which is an international index or commodities index, the investment policy of which stipulates that it may replace the tracking asset with another tracking asset, in accordance with the following: <ul style="list-style-type: none"> <li>- where the tracking asset is a bonds index the fund may only replace it with a tracking asset that is a bonds index, provided that all the alternate tracking assets are determined in advance in the fund's terms and conditions;</li> <li>- where the tracking asset is a shares index, the fund may only replace it with a tracking asset that is a shares index, provided that all the alternate tracking assets are determined in advance in the fund's terms and conditions;</li> <li>- where the tracking asset is a commodities index, the fund may only replace it with a tracking asset that is a commodities index, provided that all the alternate tracking assets are determined in advance in the traded foreign fund's terms and conditions.</li> </ul>
"Combined-index traded foreign fund"	A traded foreign fund the tracking asset of which is a combination of international indices and/or commodities indices and/or a futures index.

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2. The listing for trade of a traded foreign fund is conditional upon fulfillment of the conditions stipulated in the Regulations pursuant to this Chapter.
3. a. The listing for trade of an alternate asset traded foreign fund is conditional upon fulfillment of all the following conditions:
  - 1) the number of replacements of the traded foreign fund's tracking asset is not more than four replacements a calendar year;
  - 2) the notice of a tracking asset's replacement shall be published at least seven trading days before the replacement;
  - 3) the number of alternate indices or alternate commodities, as the case may be, shall be not more than 10;
  - 4) an alternate asset traded foreign fund's conditions shall stipulate that from the date of the notice of the tracking asset's replacement until the date of its replacement, no commission will be charged for the traded foreign fund's redemption, and there will be no limit on the quantity that may be redeemed.
- b. The listing for trade of a balancing traded foreign fund is conditional upon its tracking asset being one of the following:
  - 1) a commodity or commodities index;
  - 2) a futures index that includes several futures contracts traded on overseas stock exchanges only;
  - 3) an international index relating to shares traded on overseas stock exchanges only;
  - 4) an international index that relates to shares of overseas companies, that are included in the TA-35 index, provided that the aggregate weight of these shares in the index is not more than 15%.
- c. The listing for trade of a combined-index traded foreign fund is conditional upon fulfillment of all the following conditions:
  - 1) the number of indices composing the tracking asset of the combined-index traded foreign fund shall not be more than eight;
  - 2) the weight of each one of the indices composing the tracking asset of a combined-index traded foreign fund shall be at least 5%, and not more than 95%;
  - 3) the fund manager must, at least once a quarter, adjust the weight of the indices composing the tracking asset to the weight stipulated at the time of the listing.
- d.
  - 1) The listing for trade of a leveraged traded foreign fund is conditional upon the maximum leverage being as follows:
    - a) in a leveraged traded foreign fund, the tracking asset of which is an international index, that includes shares included in the TA-35 index, the maximum leverage shall not be more than times 3;

- b) in a short leveraged traded foreign fund, the tracking asset of which is an international index that includes shares included in the TA-35 index, the maximum leverage shall not be more than times 2;
  - c) in a balancing traded foreign fund the tracking asset of which is an international index that includes shares of overseas companies which are included in the TA-35 index with an overall weight of 15%, the maximum leverage shall not be more than times 3;
  - d) in a short balancing traded foreign fund the tracking asset of which is an international index that includes shares of overseas companies that are included in the TA-35 index with an overall weight of up to 15%, the maximum leverage shall not be more than times 3;
  - e) in a leveraged traded foreign fund and in a balancing traded foreign fund the tracking asset of which is an international index that does not include securities traded on TASE, the maximum leverage shall not be more than times 3.
- 2) Compliance with the above leverage requirements will be checked before the grant of approval for the listing for trade on TASE.
  - 3) In a balancing traded foreign fund, balancing shall take place at least once a month.
  - 4) The terms and conditions of a short traded foreign fund and the terms and conditions of a leveraged traded foreign fund shall provide that within 30 days of the day on which the price of the tracking asset index reaches the expiration index, the fund will be delisted from trade. In such regard, the expiration index is the index stipulated on the date of the initial listing for trade of the traded foreign fund on realization of which the leverage will reach 4. At least five trading days shall elapse between the day of the notice of the delisting date and the delisting date.
  - 5) The fund manager may stipulate, in the terms and conditions of a short traded foreign fund and in the terms and conditions of a leveraged traded foreign fund, that in the event that the index serving as the tracking asset reaches the expiration index, within the meaning thereof in sub-paragraph 4) above, the fund manager shall carry out balancing. If the traded foreign fund's terms and conditions stipulate that the fund manager shall carry out balancing as aforesaid, notice thereof shall be published shortly before any balancing.

At least two trading days shall pass between the date of the notice on the balancing and the trading date on which the balancing is carried out. After the balancing has been carried out as aforesaid, the fund manager shall give notice of the new expiration index.

- 4. The conditions that an asset must fulfill in order to be a tracking asset for a traded foreign fund

The listing for trade of a traded foreign fund is conditional upon its tracking asset fulfilling the following conditions:

- a. The listing for trade of a foreign fund, the tracking asset of which is an international index, is conditional upon the index being published at least once a day, for at least 25 trading days, on one of the following websites: Reuters, Bloomberg, Yahoo Finance, Google Finance, MarketWatch, Globes, TheMarker, Calcalist or Bizportal.
- b. The listing for trade of a foreign fund, the tracking asset of which is an international index, is also conditional, in addition to the aforesaid, on fulfillment of all the following conditions:

- 1) the fund manager has undertaken, in the foreign fund's prospectus, as follows:

- a) so long as the traded foreign fund is traded on TASE, the index methodology, index prices, a list of securities composing the index and the weight of each one of the securities in the index will be published;

the index methodology, list of securities included in the index and weight of each one of the securities in the index will be published at least once a year;

the index prices shall be published at least once a day.

The aforesaid data shall be published on the website of the issuer and/or on the website of the index calculator and/or on the website of the index editor. The index prices only may be published on the following websites: Bloomberg, Reuters, Yahoo Finance, Calcalist, TheMarker, Globes, MarketWatch, Google Finance or Bizportal.

Access to the data detailed above will be free of charge;

- b) in accordance with the index methodology, the composition of the securities included in the index will be revised at least once a year;
- c) if any of the conditions mentioned in sub-paragraphs a) or b) is not fulfilled the traded foreign fund will be delisted from trade on TASE, by no later than the end of 45 days from the date on which the fund manager learns that any of the above conditions has not been fulfilled.

- 2) Seniority of the index

- a) The international index constituting the tracking asset of the traded foreign fund is a tracking asset of an ETF or ETN traded for at least a year on a stock exchange operating in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland.

or in the alternative:

- b) the index constituting the tracking asset of the traded foreign fund constitutes a tracking asset of a mimicking fund or mimicking foreign fund, that is not traded, but is offered to the public for at least one year in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland.
- 3) If the index constituting the tracking asset of the traded foreign fund does not meet the seniority criteria as provided in sub-paragraph 2) above, the listing for trade of the traded foreign fund is conditional upon fulfilment of **one** of the following alternatives:
- a) There is an ETF or ETN or mimicking fund or mimicking foreign fund (hereinafter - the "**mimicking product**") that tracks the index, and this mimicking product is traded on at least one of the stock exchanges mentioned in sub-paragraph 2)(a) above or is offered to the public in at least one of the countries detailed in sub-paragraph 2)(b) above, for less than a year, the index editor has updated, at least once in the period of existence of the track mimicking product, the index composition and at least one month has passed since the update of the index composition and notice has not been given of the mimicking product's liquidation.
  - b) The index must meet **all** the following criteria:
    - (1) the number of securities included in the index is not less than 15;
    - (2) on the date of listing for trade of the ETF, the total public holdings value in all the securities included in the index is not less than 5 billion;
    - (3) the maximum weight of a security included in the index is not more than 25%;
    - (4) the index editor and index calculator have edited / calculated indices that constituted a tracking asset for mimicking products traded or offered to the public for at least two years in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland.
- 4) Notwithstanding the provisions of sub-paragraph 1)b) above and sub-paragraph 2) above, TASE's board of directors may approve the listing for trade of a traded foreign fund, where the international index constituting its tracking asset does not fulfill the conditions detailed in sub-paragraphs 1)b) or 2) above.
- c. The listing for trade of a commodities traded foreign fund for a single commodity or for several commodities is conditional upon fulfilment in respect of each one of the commodities of all the following conditions:

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- 1) the commodity is traded on a commodities exchange;
- 2) the price of the commodity is published for at least 25 trading days, by the commodities exchange on which it is traded or on one of the following websites: Bloomberg, Reuters, Yahoo Finance, Calcalist, TheMarker, Globes, MarketWatch, Google Finance, or Bizportal;
- 3) in addition to the provisions of sub-paragraphs 1) and 2) above, in the event that the tracking asset of a commodities traded foreign fund for a single commodity is a futures contract for a commodity, its listing for trade is also conditional upon the futures contract being the contract with the shortest period remaining until its expiration from amongst the entire series of futures contracts for such commodity that are traded on the same commodities exchange;
- 4) the listing for trade of a commodities traded foreign fund is conditional, in addition to the aforesaid, on the traded foreign fund's manager undertaking in the foreign fund's prospectus that so long as the commodity traded foreign fund is traded on TASE, the price of the commodity will be published at least once a day, on the website of the issuer or on the following websites: Bloomberg, Reuters Yahoo Finance, TheMarker, Google Finance, MarketWatch, Globes, Calcalist or Bizportal.

Access to the data will be free of charge.

- d. The listing for trade of a traded foreign fund the tracking asset of which is a commodities group index is conditional upon fulfillment of all the following conditions:

- 1) the commodities included in the commodities index are traded on a commodities exchange;
- 2) the commodities index is published for at least 25 trading days, by the commodities exchange that calculates the index or on one of the following websites: Bloomberg, Reuters, Yahoo Finance, TheMarker, Globes, MarketWatch, Google Finance, Calcalist or Bizportal;
- 3) the listing for trade of a foreign fund the tracking asset of which is an index for a group of commodities is also conditional, in addition to the aforesaid, on fulfillment of all the following conditions:

The fund manager has undertaken, in the foreign fund's prospectus, as follows:

- a) so long as the traded foreign fund is traded on TASE, the index methodology, index prices, list of securities composing the index and weight of each of the securities in the index shall be published;  
the index methodology, list of securities included in the index and weight of each one of the securities in the index shall be published at least once a year;  
the index prices shall be published at least once a day.

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The aforesaid data shall be published on the website of the issuer and/or on the website of the index calculator and/or on the website of the index editor. The index prices only may be published on the following websites: Bloomberg, Reuters, TheMarker, Globes, MarketWatch, Google Finance, Yahoo Finance, Calcalist or Bizportal.

Access to the above data shall be free of charge.

- b) in accordance with the index methodology, the composition of the securities included in the index shall be updated at least once a year;
  - c) in the event of non-fulfillment of any of the conditions of sub-paragraphs a) or b), the traded foreign fund shall be delisted from trade on TASE, by no later than the end of 45 days from the date on which the fund manager learns that any of the above conditions has not been fulfilled.
- 4) The index for a group of commodities composing the tracking asset of a traded foreign fund constitutes a tracking asset of an ETF or ETN traded for at least a year on a stock exchange operating in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland;
- or
- the index constituting the tracking asset of the traded foreign fund constitutes a tracking asset of a mimicking fund or mimicking foreign fund, that is not traded, but is offered to the public for at least one year in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland, the Scandinavian countries, Ireland or Holland.
- The index for a group of commodities composing the tracking asset of a traded foreign fund constitutes a tracking asset of an ETF or ETN traded for at least a year on a stock exchange operating in one of the following countries: Israel, United States, Canada, Australia, Japan, Britain, France, Germany, Italy, Switzerland or the Scandinavian countries.
- 5) Notwithstanding the provisions of sub-paragraph 3)b) above, and sub-paragraph 4) above, TASE's board of directors may approve the listing for trade of a traded foreign fund, the index for the group of commodities constituting the tracking asset of which does not fulfill the conditions of sub-paragraphs 3)b) or 4) above.
- e. 1) The terms and conditions of a traded foreign fund, the tracking asset of which is an index, can provide that if the index editor replaces the index by another index (hereinafter in this paragraph - the "new index"), the tracking asset will be replaced by the new index, provided that TASE's CEO has approved the tracking asset's replacement.

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TASE's CEO may approve the tracking asset's replacement if the new index meets all the criteria that an asset must meet in order to be a tracking asset of a traded foreign fund, provided that the manager of the traded foreign fund has confirmed that the main characteristics of the new index are similar to the main characteristics of the replaced index.

- 2) If a traded foreign fund the tracking asset of which is an index decides to replace the index by another index (hereinafter in this paragraph - the "new index"), the tracking asset will be replaced by the new index, provided that TASE's CEO has approved the tracking asset's replacement.

TASE's CEO may approve the tracking asset's replacement if the new index meets all the criteria that an asset must meet in order to be a tracking asset of a foreign traded fund.

Without the approval of TASE's CEO as aforesaid, the traded foreign fund's units will be delisted from trade on TASE.

**APPENDIX “A” – CALCULATION OF THE ECONOMIC VALUE OF  
WARRANTS OR PURCHASE WARRANTS AND THE EFFECTIVE  
PRICE OF THE SHARE WHERE THE SHARE IS ISSUED IN A UNIT  
TOGETHER WITH WARRANTS OR PURCHASE WARRANTS**

1. The economic “C” value of warrants of a company on an initial TASE listing (“new company”) shall be calculated in accordance with the Scholes & Black formula:

$$C = (S \times N(d1) - K \times e^{-rt} \times N(d2))$$

$$d1 = [(\ln(S/K) + (r + 0.5 \sigma^2) \times t)] / (\sigma \times \sqrt{t})$$

$$d2 = d1 - \sigma \sqrt{t}$$

where:

**Terms Definitions**

- S - the effective price of the share;
- N(d1) - the area below the standard normal curve up to point d1;
- N(d2) - the area below the standard normal curve up to point d2;
- $\sigma$  - the log normal weekly standard deviation of the share’s annualized rate of return. This standard deviation is estimated as the average of the industry sub-grouping of the share on the trading list on which it is traded in the six months ending in the month preceding the application date (if the industry sub-grouping includes less than three companies, the  $\sigma$  of the entire industry grouping will be estimated);
- e - the log normal base;
- K - the exercise price;
- r - the annual capitalization rate for warrants of the exercise supplement linkage type as stipulated by TASE from time to time;
- t - the warrant’s lifetime in annual terms.
2. The economic “C” value of the listed company’s warrants on TASE shall be calculated in accordance with the provisions of paragraph 1 above and with the following changes:
- a. the standard deviation shall be based on the fluctuations in the prices of the share itself. If the share was traded for less than 4 months in the six months on the basis of which the standard deviation is estimated, the standard deviation shall be estimated in the manner in which it is estimated for a new company;
  - b. S – the share price on TASE.

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