Maof Guide

Regulations based on the seventh section of the rules

This is not an official translation and has no binding force.

Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the original. In the event of any discrepancy between the original Hebrew and this translation, the Hebrew alone will prevail. The reader is therefore warned to take proper professional advice before acting further hereto, as neither The Tel-Aviv Stock Exchange Ltd. nor the translators assume any liability for accuracy hereof.
Regulations for Listing Derivatives

Chapter A - Regulations for Listing Equity Index Derivatives

Chapter B - Regulations for Listing Derivatives on Foreign Currency Exchange Rates, Interest Rates, Stocks and the Consumer Price Index

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Chapter A – Regulations for Listing Derivatives Written on Equity Indices

1. Definitions

For the purposed of this chapter:

“Free float” or “Free float rate” - The percentage of a company’s total shares of the same class, which are not dormant shares, that is held by the public.

“Average market capitalization ranking” - A ranking system according to the average market capitalization of seasoned shares, which meet the index criteria.

The share with the highest average market capitalization is ranked “1” and is considered the highest ranked share. The share with the second highest average market capitalization is ranked “2” and is considered the second highest ranked share, etc.

Shares with the same average market capitalization receive the same ranking.

“Average market capitalization ranking for fast track consideration” - A ranking system according to the average market capitalization of shares, which meet the index criteria.

The share with the highest average market capitalization is ranked “1” and is considered the highest ranked share. The share with the second highest average market capitalization is ranked “2” and is considered the second highest ranked share, etc.

Shares with the same average market capitalization receive the same ranking.

“Average free float ranking” - A ranking system according to the average float-adjusted market capitalization of seasoned shares, which meet the index criteria.

The share with the highest average float-adjusted market capitalization ranking is ranked “1” and is considered the highest ranked share. The share with the second highest average market capitalization is ranked “2” and is considered the second highest ranked share, etc.

Shares with the same average float-adjusted market capitalization receive the same ranking.

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“Average free float for fast track consideration ranking”

A ranking system according to the average float-adjusted market capitalization of shares which meet the index criteria.

The share with the highest average float-adjusted market capitalization ranking is ranked “1” and is considered the highest ranked share. The share with the second highest average market capitalization is ranked “2” and is considered the second highest ranked share, etc.

Shares with the same average float-adjusted market capitalization receive the same ranking.

“Public holdings”

A company’s shares, excluding shares held by principal shareholders and excluding treasury stocks. Notwithstanding that stated above, shares held by principal shareholders shall be considered public holdings in the following situations:

a. Shares held by a party which is a member of an institutional reporting group, as its meaning in the Securities Law Regulations Periodic and Immediate Reports - 1970.

b. Securities held in the proprietary trading account (nosto) of a principal shareholder through members of an institutional reporting group as its meaning in the Securities Law Regulations Periodic and Immediate Reports, -1970, which are subject to the control and management of the said principal shareholder, and this is subject to the fact that the total amount of shares held in the aforementioned proprietary trading account constitutes less than 5% of the company’s equity listed for trading.

“Index Committee”

A committee comprising TASE’s Chief Executive Officer, its Trading Manager and the Head of the Listing and Economics Department or someone selected as a substitute for one of these.

“Median daily trading volume”

The cash proceeds, rounded to the nearest NIS, of half of the TASE trading volume of a share, in the six months ending in the fixed parameter update record date.

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“Share Universes” or “the Universes” - the Tamar and the Rimmon.

“Weight limit” - Weight cap or equal weighting.

“Real time share price index” or “index” - A share price index calculated and published by TASE, which is calculated several times in a trading day, at a frequency set by TASE.

“Average daily trading volume” - The cash proceeds of a share’s trading volume on TASE, rounded to the nearest NIS for the six months ending on the fixed parameter update record date, divided by the number of days on which trading in that share was held during the aforementioned period.

“Reference price” -

a. for share price index options – the share price index for exercise multiplied by one New Israeli Shekel;

b. for share price index futures -

1) on the expiration day –
the share price index for expiration multiplied by one New Israeli Shekel multiplied by the contract size;

2) on each trading day on which futures transactions were executed –
the weighted average of transaction prices set in the last futures transactions executed, rounded to the nearest NIS, and solely if at least twenty five futures in total were bought or sold;

If less than twenty five futures were bought or sold in the aforementioned last five transaction –
the weighted average, rounded as aforementioned, of the transaction prices set in the last futures transactions as aforementioned, in which a total of at least twenty five futures were bought or sold;

If less than the aforementioned twenty five transactions were executed – the weighted average, rounded as aforementioned, of the prices set in the said futures transactions during the trading day.

3) For each day on which no futures transactions transpired –

the reference price for the futures set on the previous trading day;

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“Index Manager” - the Trading Manager or someone authorized by him/her;

“Trading Manager” - as its meaning in the regulations under the Third Part of the TASE Rules or someone authorized by him/her;

“Share” - including units in limited partnerships and units in high-tech elite fund;

“Seasoned share” - A share is considered a seasoned share if the relevant eligibility period has been completed and the parameter update record date following its completion has passed.

“New share” - A share is considered a new share if 30 days have passed since its listing (hereinafter: “the eligibility period”), but the reference rebalancing date subsequent to the eligibility period has yet to occur.

“Foreign share” - a share of a company incorporated outside of Israel for which the Index Committee has determined lacks Israeli Orientation.

Among other factors, the following will be taken into consideration by the Index Committee upon the determination that a company lacks Israeli Orientation:

- the scope of activity in Israel, including R&D;
- the scope of assets in Israel relative to company size;
- the scope of the employment of workers in Israel;
- whether the corporate headquarters are in Israel;
- the dependency of the company on Israeli assets;
- whether the company conducted an initial public offering (IPO) in Israel;
- the scope of the public holdings of the company’s shares in Israel;
- whether the company acquired or merged with a listed company which is incorporated in Israel.

“Israeli share” - A share is considered an Israeli share if the Index Committee has not determined that it is a foreign share.

“Merged share” -

a. in corporate mergers – the share scheduled to be delisted from TASE following the completion of the merger;

b. in share unifications – the share scheduled to be delisted from TASE following the completion of the share unification;

c. in full tender offers – the share scheduled to be
delisted from TASE following the acceptance of the full tender offer.

“Absorbing share”  

a. in corporate mergers – the share which remains listed on TASE or is expected to be listed on TASE, as applicable, following the completion of the merger;

b. in share unifications – the share which remains listed on TASE or is expected to be listed on TASE, as applicable, following the completion of the share unification;

c. in full tender offers – the share which remains listed on TASE or is expected to be listed on TASE, as applicable, following the completion of the full tender offer.

“Spun-off share”  

each one of the shares distributed to the spin-off share shareholders as the result of a corporate spin-off.

“Dormant shares”  
as its meaning in Section 308 of the Companies Law, 5759-1999 (hereinafter: the Companies Law”), including shares as stipulated in Sections, 181, 333, and 340 of the Companies Law, which were reported to TASE.

“Separate opening trading session”  
as defined in the regulations under the Third Part of the TASE Rules

“Number of shares in an index” or “IANS”  
the number of a company’s shares of the same class, rounded to the nearest whole number, listed on TASE, which are not dormant shares, and which will be updated on dates set in the regulations below.

“Equal weighting”  
identical weight is given to each share that is a constituent in an index.

“Fixed parameters for weighting shares in an index” or “fixed parameters”  
IANS, free float bracket and weight limit factor

“Rimon”  
the universe of shares which meet the criteria set in the regulations for constituency in *Rimon* series indices.

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<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>“Market capitalization”</td>
<td>the number of a company’s shares of the same class listed on TASE, which are not dormant shares, multiplied by the closing price set for those shares on a given day.</td>
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<tr>
<td>“Average market capitalization”</td>
<td>a share’s average price multiplied by the IANS set for that share on the parameter update record date for the upcoming parameter update.</td>
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<tr>
<td>“Float-adjusted average market capitalization”</td>
<td>the average market capitalization multiplied by the free float rate.</td>
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<tr>
<td>“Closing trading session” or closing trading”</td>
<td>as its meaning in the regulations under the Third Part of the TASE Rules.</td>
</tr>
<tr>
<td>“Average price”</td>
<td>the average of a company’s TASE-listed shares of the same class closing prices, which were set at the close of a TASE trading day, starting from the ninth trading day (hereinafter: “first average day”) preceding the fixed parameter update record date, and extending to the fixed parameter update record date, including this date. However, for companies listing their shares on TASE after the first average day, the average price will be the average closing prices of the company’s TASE-listed shares of the same class, which were set at the close of the TASE trading day, starting from the day of TASE listing and extending to the average price calculation day. If an “ex” price is set for a share during the period between the first average day and the average price calculation day, the average closing prices for the company’s shares will be calculated in a manner in which each of the said closing prices between the first average day and the trading day preceding the “ex” day are multiplied by the ratio between the share’s base price on the ex-day and its reference price on the trading day preceding the ex-day.</td>
</tr>
<tr>
<td>“Tamar” or “the Tamar”</td>
<td>the universe of shares which meet the criteria set in the regulations for a share’s constituency in Tamar series indices.</td>
</tr>
</tbody>
</table>
“Weight cap” - the maximum weight in percent that a share can be assigned in an index.

For this purpose – the possibility that various shares in the same index will have different weight caps exists.

2. **Tamar and Rimon index series**

   a. **Tamar index series**

      1) Unless specifically stipulated otherwise, the indices in the Tamar series will comprise solely shares included in the Tamar. The constituency of Tamar series indices and the method of their calculation are subject to the provisions of this chapter, including the provisions set in Appendix 7, and to decisions adopted by TASE Board of Directors.

      In the event of a discrepancy between a general provision set in this chapter and a specific provision set in Appendix 7 or in a Board of Director’s decision, the specific provision shall apply.

      2) Should a share be removed from the Tamar, that share will be removed from all the Tamar series indices of which it is a constituent on the day of its removal from the Tamar.

      3) Unless specifically set otherwise, the list of constituents in each one of the Tamar series indices shall be updated semi-annually (hereinafter: “index rebalancing date”), on the universe update date, and this as specified in the rules governing each one of the said indices.

      Unless specifically stipulated otherwise, the rebalancing record date for each one of the Tamar series (above and hereinafter: “the index rebalancing record date”) shall be the universe update record date, and this as specified in the rules governing each one of the said indices.

      4) Unless specifically stipulated otherwise, should the date for updating the universes be postponed, as specified in Paragraph 3 below, the index rebalancing date shall be postponed as well.

   b. **Rimon index series**

      1) Unless specifically stipulated otherwise, the indices in the Rimon series will comprise solely of shares included in the Rimon. The constituency of Rimon series indices and their method of calculation are subject to the provisions of
this chapter as well as the provisions set in Appendices 1-6 of this chapter (hereinafter: “the appendices”).

In the event of a discrepancy between a general provision set in this chapter and a specific provision set in the appendices, the provision set out in the appendices shall apply.


3) Should a share be removed from the Rimon, that share will be removed from all the Rimon series indices of which it is an constituent on the day of its removal from the Rimon.

4) Unless specifically stipulated otherwise, the list of constituents in each one of the indices specified above shall be updated semi-annually (hereinafter: “index rebalancing date”), on the universe update date, and this as specified in the appendices to these regulations, as applicable.

Unless specifically stipulated otherwise, the record date for index rebalancing (above and hereinafter: “the index rebalancing record date”) shall be the universe update record date, and the index rebalancing date shall be the universe update date.

5) Unless specifically set otherwise, should the date for updating the universes be postponed, as specified in Paragraph 3 below, the Rimon series index rebalancing date shall be postponed as well.

6) Launching derivatives on Rimon series indices

a) A Rimon series index may serve as the underlying asset for derivative products.

b) The index for option exercise and futures expiration will be the opening index rounded to two decimal places on the last trading day preceding the exercise or expiration date, as applicable.

c) Unless specifically stipulated otherwise, the contract size for options and futures on a Rimon series index is 100.

3. Updating the index universes

a. The universes shall be updated semi-annually, at the close of the trading day of the first Thursday in February and August (hereinafter: “the universe update date”), and this, subject to the following conditions:

1) If on this day trading is not conducted on the Tel Aviv Stock Exchange or on the stock exchanges in the United States listed in Schedule Two of the Securities Law (hereinafter: “Exchanges Abroad”), the universe update date will be postponed to the close of
the next trading day, and solely if on that day trading is conducted on both the Tel Aviv Stock Exchange and on the Exchanges Abroad.

2) If on this day trading did not end in the closing trading phase, the universe update date shall be postponed to the close of the next trading day, and solely if on that day, trading is conducted on both the Tel Aviv Stock Exchange and on Exchanges Abroad.

3) Should the universe update date be postponed as aforementioned in subparagraphs 1) and 2) above, no revision to the universe update record date will be made, as stipulated below.

b. Notwithstanding that stated in subparagraph a above, the Index Committee may postpone or advance a certain universe update date and solely provided that the date not be advanced or postponed by more than 30 trading days from the originally designated universe update date stipulated in subparagraph a above.

c. The record date for updating the universes will be at the close of the Thursday three weeks prior to the universe update date (hereinafter: the universe update record date”).

Notwithstanding that stated above, the Index Committee may postpone or advance a certain universe update record date and solely if it is not advanced or postponed more than 30 trading days from the originally designated universe update record date in accordance with the above stipulations.

d. For the purpose of this paragraph 3 -

1) The free float shall be calculated as a percentage with a two decimal-place degree of precision.

2) “Free float record date” -

- for new shares – the parameter update record date.

- for seasoned shares – the close of the trading days on 31.12 and 30.6, as applicable.

Notwithstanding that stated above, the Index Committee may advance or postpone a certain free float record date and solely provided that it is not advanced or postponed more than 30 trading days from the originally designated free float record date, in accordance with the above stipulations.

e. Tamar constituency criteria
On the universe update date, each share, which on the universe update record date meets the following cumulative conditions (hereinafter: Tamar constituency criteria) will be included in the Tamar:

1) The share is either a new share or a seasoned share.

2) The free float -
   a) If on the universe update record date, the share is a new share or a Tamar constituent – its free float on the free float record date shall not be less than 10%.
   b) If on the universe update record date the share is a seasoned share which is not a Tamar constituent – its free float on the free float record date shall not be less than 15%.

   Notwithstanding that stated above, on the first universe update record date to which this provision applies, the free float shall not be less than 10%.

3) The average float-adjusted market capitalization -
   a) If the share is a new share or a Tamar constituent – the average float-adjusted market capitalization shall not be less than NIS 20 million.
   b) If on the universe update record date the share is a seasoned share, which is not a Tamar constituent - the average float-adjusted market capitalization of the share shall not be less than NIS 40 million.

   Notwithstanding that stated above, on the first universe update record date to which this provision applies, the average float-adjusted market capitalization of the share will not be less than NIS 20 million.

4) Share price
   a) If the share is a new share or is a Tamar constituent – the average price will not be lower than 30 agora* and its reference price will not be lower than 10 agora.
   b) If the share is a seasoned share, which is not a Tamar constituent – its average price will not be lower than 50 agora and its reference price will not be lower than 10 agora.

   Notwithstanding that stated above, on the first universe update record date to which this provision applies, the

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* An agora = NIS 1/100.

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average price of the share will not be lower than 30 agarot and its reference price will not be lower than 10 agarot.

5) Should a material event, which constitutes grounds for a share’s removal from the universes, as stipulated in paragraph 6 below, the Index Committee may determine that the share does not meet the Tamar constituency criteria.

6) Trading in the share has not been suspended.

7) The share is not on the maintenance list.

f. **Rimon constituency criteria**

On the universe update date, shares, which on the universe update record date fulfill the following cumulative conditions (hereinafter: “the Rimon constituency criteria”) shall be included in the Rimon:

1) shares for which Tamar constituency has been determined;
2) the free float of the share on the free float record date will not be less than:

   – for shares which have been listed on TASE for less than two years – 20%
   – for other shares – a percentage set by the Index Committee and solely if this percentage is not less than 25%*.

Notwithstanding that stated above, in the following cases, the following shall apply:

(1) For shares listed on TASE starting 1.1.14 through and including the universe update date scheduled for February 2017 – the free float through and including the update scheduled for February 2019 shall not be less than 20%.

(2) For shares included in the share index universe as of 31.12.2016 and for which the free float at the end of trading on 31.5.2016 was less than 25% - the free float

* The Index Committee decided that –

1. For the purpose of updating the Rimon in February 2017, the free float of a share, on the free float record date (31.12.2016), will not be less than 25%.
2. For the purpose of updating the Rimon in August 2017, the free float of a share, on the free float record date (30.06.2017), will not be lower than 30%.
3. In Rimon updates scheduled for 2018 and beyond, the following shall apply:
   a. If on the universe update record date the share is a Rimon constituent, its free float on the free float record date will not be less than 30%.
   b. If on the universe update record date the share is not a Rimon constituent, its free float on the free float record date will not be less than 35%.

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until and including the universe update in August 2017, shall not be less than 20%.

3) The average float-adjusted market capitalization of a share is as follows-

a) If the share is a new share or a Rimon constituent – the average float-adjusted market capitalization of the share shall not be less than NIS 50 million.

b) If the share is a seasoned share and is not a Rimon constituent – the average float-adjusted market capitalization will not be less than NIS 100 million.

Notwithstanding that stated above, on the first universe update record date to which this provision applies, the average float-adjusted market capitalization of the share shall not be less than NIS 50 million.

4) The average daily trading volume of a seasoned share shall not be less than NIS 50,000, or alternatively, its median daily trading volume shall not be less than NIS 10,000.

Notwithstanding that stated above, if there are fewer than 150 shares which meet the Rimon criteria, this sub-paragraph shall not apply.

5) On the universe update date, the share is not included on the lists of candidates for the illiquid securities list, as its meaning in the regulations under the Third Part of the TASE Rules.

6) The share is a foreign share that is a Rimon constituent or an Israeli share.

Notwithstanding that stated above, on the first universe update record date, to which this provision applies, a foreign share which is included in the share price index universe will be considered a foreign share that is a Rimon constituent.

g. 1) On the universe update date, shares which on the universe update record date do not meet the respective criteria, shall be removed from the Tamar and the Rimon, as applicable.

2) On the universe update date, shares which on the universe update record date meet the respective criteria, will be added to the Tamar and the Rimon, as applicable.

Notwithstanding that stated above, should an event occur with respect to a share which is slated to be added to the Tamar and/or Rimon, as applicable, which constitutes grounds for removal from
the universes as stipulated in paragraph 6 blow, the Index Manager may determine that the share will not be included in *Tamar* and/or *Rimon*, as applicable, on the said universe update date.

h. The list of *Tamar* and *Rimon* constituents on the universe update date shall be published by the close of the Thursday following the universe update record date. If trading was not conducted on this date on either the Tel Aviv Stock or on the Exchanges Abroad, the publication of the universes will be postponed to the close of the day on which trading is conducted both on the Tel Aviv Stock Exchange and on the Exchanges Abroad (hereinafter: “the universe publication date”)

4. **Fast track entry of a share to the universes**

   a. The stipulations of paragraph 3 above notwithstanding, the follow shall apply:

      1) A share will be added to the *Tamar* on the date of its being fast-tracked to the TA-Tech Elite index under the fast-track provisions.

      2) A share which is not a constituent of the universes and which, on the parameter update record date, meets the criteria of one of the universes, as applicable, will be added to that universe on the parameter update date as its meaning below (hereinafter: “fast track entrance”).

      For the purpose of this paragraph -

      - the free float record date will be the parameter update record date;

      - the free float shall be calculated as a percentage at a two decimal-place precision level.

   b. On universe update dates, seasoned shares will not be fast-tracked to the universes.

   c. The Index Committee may postpone a share’s fast-track entrance to the universes.

   d. The Index Committee may deny a share’s fast-track entrance to the universes.

   e. For the purpose of fast track entrance to the universes, the fixed parameters set on the parameter update record date shall be taken into account.

   f. An announcement regarding a share’s entrance into the universes will be posted on the TASE systems.

5. **Share entry to the universes in wake of corporate spin-offs and mergers**

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a. **Spin-offs**

The Index Committee may add a spun-off share to some or all the universes and indices of which the spin-off share was a constituent, even if this share does not meet the criteria of these above-mentioned universes and indices. The Index Manager shall set the parameters to calculate the share’s weight and entrance date.

b. **Share replacement**

The Index Committee may add an absorbing share to some or all of the universes and indices to replace a merged share that was a constituent of the said universes, even if the absorbing share does not meet the criteria for these universes and indices. The Index Manager shall set the parameters to calculate the absorbing share’s weight and entrance date.

c. An announcement regarding said changes to the universes and indices, as stipulated in sub-paragraphs a and b above, will be posted on the TASE system.

6. **Removal of shares from the universes**

a. In the event that one or more of the following grounds for removal should exist, a share will be removed from the universes in the manner and time specified below:

1) **Suspension**

A share shall be removed from the universes following a decision to suspend trading in that share for failure to file financial reports and immediately after trading is suspended on any other grounds.

Notwithstanding that stipulated above, the Index Committee may either postpone or repeal a share’s removal from the indices.

2) **Full tender offer**

If a full tender offer is accepted by the offerees under Section 337 of the Companies Law, 5759-1999, the tendered shares will be removed from the universes following the company’s disclosure that the tender was fully accepted.

3) **Merger**

A merged share shall be removed from the universes following the merger.

4) **Maintenance list**

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Following a TASE Board of Directors decision to move a share to the maintenance list, that share shall be removed from the universes.

5) Delisting

Following a decision to delist a share from TASE or the filing of an immediate report of by an Overseas Company of its delisting from TASE, the share will be removed from the universes on a date set by the Index Manager.

6) Share price deficiency

If the reference share price is less than 10 agarot on the parameter update record date, the share will be removed from the universes on the universe update date.

7) Removal for other reasons

Should the Index Committee decide that a share should be removed from the universes on other grounds not specified in the list of grounds in this paragraph 6, the share will be removed from the universes on a date determined by the Index Committee.

b. Should there exist two or more grounds for removing a share from the universes, and if, given these grounds, more than one date for the removal of the share is indicated, the share will be removed on the earliest of the dates set.

c. If the aforementioned grounds for removing a share from the universes be revoked, the Index Manager may revoke the share’s removal from the universes as well.

Notification of the cancellation of the share’s removal will be posted on the TASE systems.

d. If on the day of a share’s removal, neither closing trading nor separate opening trading were conducted in that share, the Index Manager may postpone the date of removal from the universes to a trading day in which either closing trading or separate opening trading in the share is conducted.

e. Notification of the scheduled date of a share’s removal from the universes will be posted on the TASE systems.

7. Index calculation

a. Index calculation formula

Unless specifically stipulated otherwise, the indices will be calculated according to one of the formulas articulated below, as set out in the

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appendices to this chapter, or as will be determined in TASE Board of Director resolutions, as applicable:

1) Formula for calculating total gross returns indices (hereinafter: “total gross returns index”):

\[
I^t_j = I^{(t-1)}_c \times \sum_{i=1}^{n} W^t_i \times \frac{P^t_{ij}}{P^t_{ib}}
\]

2) Formula for calculating a price index (hereinafter “price index”):

\[
I^t_j = I^t_b \times \sum_{i=1}^{n} W^t_i \times \frac{P^t_{ij}}{P^t_{ib}}
\]

\[
I^t_b = I^{(t-1)}_b \times \sum_{i=1}^{n} W^{(t-1)}_i \times \frac{P^{(t-1)}_{ic} - D_i}{P^{(t-1)}_{ib}}
\]

3) Formula Components

- \( I^t_j \) - index on day “t” at time “j”
- \( I^{(t-1)}_c \) - reference index on day “(t-1)”
- \( n \) - number of index constituents
- \( W^t_i \) - weight of share “i” in an index on day “t”, calculated as specified in Paragraph 8 below.
- \( P^t_{ij} \) - price of share “i” on day “t” at time “j”
- \( P^t_{ib} \) - base price of share “i” on day “t”
- \( I^t_b \) - base index on day “t”
- \( I^{(t-1)}_b \) - base index on day “(t-1)”
- \( W^{(t-1)}_i \) - weight of share “i” in an index on day “(t-1)”, calculated as specified in Paragraph 8 below.
- \( P^{(t-1)}_{ic} \) - closing price of share “i” on day“(t-1)”
- \( P^{(t-1)}_{ib} \) - base price of share “I” on day “(t-1)”
- \( D_i \) - ex-dividend trading day for share “i”, the gross dividend in agorot that will be distributed for share “i”.

On a trading day other than the share “i” ex-dividend day - 0
b. **Calculation of theoretical indices**

Theoretical indices are calculated and published during the pre-opening trading phase, according to the theoretical opening price, as defined in Chapter 5 of the regulations under the Third Part of the TASE rules, at the time of calculation, for each index constituent.

If trading in a given share is either suspended or halted after the theoretical opening prices are calculated and prior to the cessation of trading, the theoretical indices shall be calculated according to the last theoretical opening price calculated for that share.

If theoretical opening prices for a share were not calculated, the theoretical indices are calculated according to the base price for that share on that day.

c. **Calculation of the opening index**

The opening index is calculated and published based on the opening prices of its constituents.

If trading in a given share was discontinued during the pre-opening phase and an open auction was held on that day, the opening index shall be calculated according to the price set for that share during the first open auction held for it on that day.

If an open auction in that share was not held, the opening index shall be calculated according to the share’s base price on that day.

d. **Calculation of real time indices**

The real time indices are calculated and published during the continuous trading phase, based on the price of the last transaction executed for each one of an index’s constituents, which is known at the time of calculation. The frequency of the calculation and the publication of real time index, is set by the Index Committee*.

If during the continuous trading phase no transactions in an index constituent took place, the index shall be calculated according to the share’s opening price on that day. If on that day, an opening price was not calculated for that share, the index shall be calculated according to the share’s base price on that day.

e. **Calculation of the reference price**

1) The reference price is calculated and published at the close of each trading day according to the closing price, as its meaning in Chapter 1 of the Third Part of the TASE Rules, of the index constituents.

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* The Index Committee decided that the index is calculated and published every 15 seconds.

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2) Notwithstanding that stipulated in sub-paragraph 1) above, in the following instances, the reference index shall be calculated as follows:

a) If neither closing nor separate opening trading were conducted, as applicable, in a constituent on the date of its removal from the index on one of the grounds stipulated in sub-paragraph 6.a.2) of the Fourth Part of the TASE Rules, the reference index for the day of the share’s removal from the index will be calculated as if the closing price of the said share equaled 0.

b) On the day a share is removed from an index following the acceptance of a tender offer under sub-paragraph 6.a.2) above, for which solely cash proceeds are unconditionally received, the reference index shall be calculated as if the closing price of that share equals the proceeds received in agarot in exchange for the share as specified in the formula presented in paragraph d) below.

c) On the day a merged share is removed from an index following a merger as specified in sub-paragraph 6.a.3) above, for which solely cash proceeds are unconditionally received, the reference index shall be calculated as if the closing price of that share equaled the proceeds received in agarot in exchange for the share, as specified in the formula presented in paragraph d) below.

d) For the purpose of sub-paragraphs b) and c), the reference index shall be calculated as if the closing price of the share as follows:

\[ P_T = C \times F_X \]

\( P_T \) - the closing price of the share for the purpose of calculating the index, which is calculated in agarot;

\( C \) – cash received by the share’s shareholders in a tender offer or the holders of merged shares in exchange for the share, according to the type of denominated currency and the terms of the merger or tender offer, as applicable;

\( F_X \) – the last Representative Exchange rate published, prior to the date of removal of the currency received by the shareholders in a tender offer or holders of the merged shares.

8. **Index weighting**

   a. **Formula for calculating the weight of a share in an index**

This English version is an unofficial translation of the official Hebrew version and has no binding force. The only binding version is the official Hebrew version. (Please see Notes on the Translation and Disclaimer).
The weight of each share in an index is calculated on a daily basis prior to
the opening of trading, according to the following equation:

\[ W_i^t = \frac{\sum_{i=1}^{n} Q_i ^t \times F_i^t \times f_i^t \times P_{ib}^t}{\sum_{i=1}^{n} Q_i ^t \times F_i^t \times f_i^t \times P_{ib}^t} \]

b. Equation components

- \( n \) - the number of constituents in the index or scheduled to enter the index, as applicable;
- \( W_i^t \) - the weight of share \( i \) in the index on day \( t \);
- \( Q_i^t \) - the NSI of share \( i \) on day \( t \), as specified in Paragraph 9 below;
- \( F_i^t \) - the free float bracket of share \( i \) on day \( t \), as specified in Paragraph 9 below;
- \( f_i^t \) - the weight limit factor of share \( i \) on day \( t \), as specified in Paragraph 9 below;
- \( P_{ib}^t \) - the base price of share \( i \) on day \( t \).

9. Updating fixed parameters for weighting shares in an index

a. Monthly fixed parameter update and publication dates

The fixed parameters used in calculating the weight of a share in an index
are updated at the close of the trading day on the first Thursday of each
month (above and hereinafter: “the parameter update date”), as set out in
detail in paragraph b below, at the close of the Thursday preceding the
parameter update date by three weeks (above and hereinafter: “the
parameter update record date”), and this subject to the following conditions:

1) If on the first Thursday of the month trading was not conducted on either
the Tel Aviv Stock Exchange or the Exchanges Abroad, the parameter
update date will be postponed to the close of the next trading day on
which trading is conducted on both the Tel Aviv Stock Exchange and
the Exchanges Abroad.

2) If trading did not conclude in the closing trading phase, the parameter
update date will be postponed to the close of the next trading date on
which trading is conducted on both the Tel Aviv Stock Exchange and
the Exchanges Abroad.

3) If the parameter update date is postponed as stipulated in subparagraphs 1)
and 2) above, no changes will be made to the parameter update record
date.

4) The Index Committee may determine that the parameter update date or the
parameter update record date occur on different dates.
5) The fixed parameters will be published by the close of the Thursday following the parameter update record date. If trading was not conducted on this day on either the Tel Aviv Stock Exchange or the Exchanges Abroad, the publication of the fixed parameters shall be postponed to the close of the trading day on which trading is conducted on both the Tel Aviv Stock Exchange and the Exchanges Abroad (hereinafter: “the parameter publication date”).

b. Setting the fixed parameters in the monthly updates

1) IANS

a) Monthly IANS

A share’s monthly IANS on the parameter update date is the equity listed for trading on the parameter update record date.

Notwithstanding that stated above, a special IANS update for a share, as stipulated in paragraph b) below, the monthly IANS on the parameter update date will be the special IANS set for the share in the following circumstances:

(1) when the special IANS update for a share occurs during the period beginning with the trading day which took place following the parameter update record date and ending on the parameter update date;
(2) when the special IANS update for a share was undertaken in wake of a rights distribution and the parameter update record date or the parameter update date occurred in the period starting with the trading day preceding the ex-rights distribution day and ending on the last day to list the additional shares from rights exercise for trading on TASE.

b) Special IANS

In the cases listed below a TASE-listed share’s IANS will be updated in the following manner, and this at the beginning of the day on which the base price is the ex-price (above and hereinafter: “special IANS update”):

(1) distribution of stock dividends – the updated IANS of a share will be the IANS of the share prior to the update multiplied by the stock dividend ratio;

(2) Reverse stock split – the updated IANS of the share will be the IANS prior to its update multiplied by the reverse stock split ratio.

(3) Special IANS due to rights distribution

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Should rights be distributed solely to shareholders to purchase the company’s shares, a special IANS will be set as stipulated and subject to the conditions below:

(a) On day \((t-2)\) the theoretical discount ratio in percent for acquiring shares through exercise of the rights will be calculated (hereinafter: “theoretical discount ratio”), according to the following formula:

\[
B = 1 - \frac{P_R}{P_{ic}(t-2) \times R_i}
\]

(b) If \(B \geq 10\%\), the NSI will be updated on day \(t\) according to the following formula:

\[
Q'_i = Q_{i(t-2)} \times \left(1 + \frac{R_i}{N_R}\right)
\]

(c) Equation components:

- \(B\) - the theoretical discount ratio;
- \(Q'_i\) - the NSI of share \(i\) on day \(t\) when \(B \geq 10\%\);
- \(Q_{i(t-2)}\) - the NSI of share \(i\) on \((t-2)\);
- \(R_i\) - the number of \(i\) shares that can be acquired in one rights unit;
- \(N_R\) - the number of \(i\) shares entitling a shareholder to one rights unit;
- \(P_R\) - the exercise price of one rights unit;
- \(t\) - the day the base price is the ex-rights price;
- \((t-2)\) - the close of the trading day preceding the trading day preceding the date on which the base price is the ex-rights price;
- \(P_{ic}(t-2)\) - the reference price of share \(i\) on day \((t-2)\).

(4) Special IANS in exceptional circumstances - the Index Manager may set a special IANS for a share.

(5) Notice will be given regarding special IANS in the TASE system.

2) Free float brackets

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Free float brackets (above and hereinafter “free float brackets”), which are incorporated in calculating a share’s weight in an index, shall be updated on the parameter update date according to the share’s free float on the parameter update record date as outlined in the table below:

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3) **Weight limit factor**

A weight limit factor (above and hereinafter: “weight limit factor”) which is incorporated in the calculation of a share’s weight in an index will be updated on the parameter update date and will be calculated as stipulated in subparagraph b) through d) below (hereinafter: “the original factor value”), however will not be less than 0.00001.

a) **Special factors**

(1) Notwithstanding that stated above, the Index Manager may incrementally lower a share’s weight limit factor to zero at set times or non-incrementally at a set time, and this in cases specified in sub-paragraph (5) below.

(2) Should the Index Manager set a share’s weight limit factor below its original value, he/she may increase its weight limit factor to the original value incrementally at set times or non-incrementally at a set time.

Should a share’s original factor value be calculated within the framework of the monthly parameter update (hereinafter “new original factor”), and the share had a reduced weight cap factor on that day, the Index Manager may increase a share’s weight limit factor up to the aforementioned new original factor value incrementally at set times or non-incrementally at a set time.

(3) Should the Index Manager lower a share’s weight limit factor and not reinstate its original value, the weight limit factor set for the share on the parameter update date will be the factor set by the Index Manager. The weight limit factor for the rest of the index constituents will be calculated as stipulated in subparagraph b. below, according to the new factor value of the share for which the weight limit factor was lowered.

<table>
<thead>
<tr>
<th>Float range</th>
<th>Free float bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 20%</td>
<td>10%</td>
</tr>
<tr>
<td>At least 20%, less than 25%</td>
<td>20%</td>
</tr>
<tr>
<td>At least 25%, less than 30%</td>
<td>25%</td>
</tr>
<tr>
<td>At least 30%, less than 35%</td>
<td>35%</td>
</tr>
<tr>
<td>At least 35%, less than 45%</td>
<td>45%</td>
</tr>
<tr>
<td>At least 45%, less than 60%</td>
<td>60%</td>
</tr>
<tr>
<td>At least 60%, less than 80%</td>
<td>80%</td>
</tr>
<tr>
<td>At least 80%, up to 100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
(4) Should the Index Manager reset a share’s weight limit factor, notification of the revision of the weight limit factor and its value will be posted in the TASE systems.

(5) **Circumstances for setting a special factor**

(a) **Mergers**

Shareholders of the merged share approved the merger at the general meeting.

(b) **Spin-offs**

The company’s shareholders approved the spin-off at the general meeting and the spun-off share is not expected to be listed for trading on TASE on the date on which the base price of the spin-off share is expected to be an *ex*-price.

(c) **Rights offerings**

The rights record date was published.

(d) **Full tender offer**

A full tender offer for the share was made.

(e) **Grounds for removal from the universes**

Should an event occur which constitutes grounds for removing a share from the universes as stipulated in Paragraph 6 above.

(f) **Dividends in kind**

The company’s board of directors decided to distribute a dividend in kind, and the share to be distributed is not expected to be listed for trading on TASE on the date preceding the date on which the share’s base price is expected to be an *ex*-price.

(g) **Addition of a share into an index**

A share’s anticipated entrance to the TASE indices – the Index Manager may set the weight limit factor of the share incrementally at set times or non-incrementally at a set time and solely if the weight limit factor does not exceed the share’s original factor value.

(h) **Special circumstances**

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The Index Committee decided that special circumstances exist that warrant the revision of the weight cap factor set for a share.

b) **Calculation of the weight limit factor for capped indices**

The weight limit factor of constituents of a capped index are updated on the parameter update date and are calculated in the following stages:

(1) The free float capitalization of share \( i \) shall be calculated according to the following equation:

\[
FFMCap_i = P_i^k \times Q_i^k \times F_i^k \times f_i^l
\]

- \( FFMCap_i \) - the free float capitalization of share \( i \);
- \( P_i^k \) - the reference price of share \( i \) on the parameter update record date;
- \( Q_i^k \) - the NSI set for share \( i \) on the parameter update record date;
- \( F_i^k \) - the free float bracket of share \( i \) on the parameter update record date;
- \( f_i^l \) - the last weight cap factor calculated for share \( i \). However, if no weight cap factor was previously calculated for this share, \( f_i^l \) will equal “1”.

(2) The weight of share \( i \) shall be calculated for the purpose of checking the weight limit factor (hereinafter: the “factor check weight”), according to the following formula:

\[
W_{pi} = \frac{FFMCap_i}{\sum_{i=1}^{n} FFMCap_i}
\]

- \( W_{pi} \) - the weight for checking the factor of share \( i \) in an index;
- \( FFMCap_i \) - as its meaning above.

(3) The free float capitalization of each share in an index for which its factor check weight was lower than the weight limit, according to the following formula:

\[
FFMCap_{noncap} = \sum_{i=1}^{n} FFMCap_i - \sum_{i=1}^{n_{cap}} FFMCap_i
\]
FFMCap\text{noncap} - the free float capitalization of each share in an index for which its factor check weight is lower than the weight limit;

n\text{cap} - the number of shares in the index for which their factor check weight equals or exceeds the weight limit set for them in the index.

FFMCap_i - as its meaning above.

(4) The standardized free float capitalization of each share shall be calculated according to the following formula:

\[
\text{FFMCap}_{q\text{-index}} = \frac{\text{FFMCap}_{\text{noncap}}}{1 - \sum_{i=1}^{n\text{cap}} \text{Cap}_i}
\]

FFMCap_{q\text{-index}} - the standardized free float capitalization of all index constituents;

\text{Cap}_i - the weight cap set for share \( i \), the weight of which is greater or equal to the weight cap of the same share;

\text{FFMCap}_{\text{noncap}} - as its meaning above;

n\text{cap} - as its meaning above.

(5) The standardized capitalization of the free float of share \( i \) shall be calculated according to the following formula:

(a) when the share’s factor check weight is lower than its weight cap:

\[
\text{FFMCap}_{i\text{-index}} = \text{FFMCap}_i
\]

(b) when the share’s factor check weight is equal or greater than the weight cap set for that share:

\[
\text{FFMCap}_{i\text{-index}} = \text{Cap}_i \times \text{FFMCap}_{q\text{-index}}
\]

\text{FFMCap}_{i\text{-index}} - the standardized capitalization of the free float of share \( i \) in an index;

\text{FFMCap}_{q\text{-index}} - as its meaning above;

\text{FFMCap}_i - as its meaning above.
Cap.

(6) The weight limit factor for share $i$ in an index shall be calculated according to the following formula:

$$f_i = \frac{FFMCap_{i-index}}{P_i^k \times Q_i^k \times F_i^k}$$

(7) After completing the calculation as stipulated in subparagraph (6) above, the factor check weight is recalculated for each one of the index constituents, and this by way of placing the factor set in the above-mentioned subparagraph (6), in subparagraphs (1) and (2) above.

Should the factor check weight of one or more shares, according to the above-mentioned new calculation, exceed the weight limit set for a share in the index, all values stipulated in this subparagraph b) shall be recalculated, and the process repeated until no share remains with a factor check weight greater than the weight cap set for the index.

c) Calculation of the weight limit factor for equally weighted indices

The weight limit factor of a constituent in an equally weighted index shall be calculated on the parameter update record date in the following stages:

(1) The free float capitalization of share $i$ shall be calculated according to the following formula:

$$FFMCap_i = P_i^k \times Q_i^k \times F_i^k$$

$FFMCap_i$ - as its meaning above;

$P_i^k$ - as its meaning above;

$Q_i^k$ - as its meaning above;

$F_i^k$ - as its meaning above.

(2) The weight limit factor of share $i$ in an index, shall be calculated according to the following formula:

$$f_i = \frac{FFMCap_{i,small}}{FFMCap_i}$$

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fᵢ - the weight cap factor for share i in an index;

FFMCapᵢsmall - the free float capitalization of the share with the lowest free float in the index;

FFMCapᵢ - as its meaning above.

d) Calculation of the weight limit factor in uncapped indices

The weight limit factor of each constituent in an index without weight limits will equal 1.

10. Notification of rule changes and Index Committee decisions

a. An amendment of the regulations or TASE Board of Directors decisions will become effective at least 3 trading days following the publication of the notice of the amendment in the TASE system. However, in exceptional cases, the Index Manager may shorten the period of time between the publication of the said notice and the amendment’s effective date.

b. Index Committee and Index Manager decisions made under the authority vested in them by these regulations, will come into effect at least 3 trading days following their publication to the public, together with the reasoning behind the decision, in the TASE systems. However, in exceptional cases, the Index Committee or the Index Manager, as applicable, may shorten the period of time between the publication of the said notice and the decision’s effective date.

11. Data incorporated in the calculation of TASE indices and their rebalancing

a. The data incorporated in the calculation of TASE indices and their rebalancing, including the data incorporated in updating index components and data incorporated in weighting index constituents, shall be based on the data existing in the TASE’s records, based on corporate filings posted on MAGNA*; and with regards to the number of shares comprising the company’s equity as well as the number of shares issued as a result of exercise or conversions executed by the TASE Clearing House and updated in TASE’s records, and this even if a disclosure regarding their issuance has yet to be filed on MAGNA.

b. Notwithstanding that stated above, regarding Overseas Companies, existing data in the aforementioned TASE records, are based on the following data:

(1) Regarding the number of shares comprising the company’s equity – the data is based on corporate filings posted on MAGNA and regarding the number of shares TASE approved for listing on TASE, and solely provided that the company informed TASE that

* The Israel Securities Authority online distribution site.

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they were issued, and this even if disclosure their issuance has yet to be filed, by law.

(2) Regarding the number of dormant shares in the company’s equity – the data is based on the company’s filings posted on MAGNA.

(3) Regarding the holdings of principal shareholders – the data is based on corporate filings posted on MAGNA, and with regards to Overseas Companies, the shares of which are traded also on an exchange in the United States, the data is based on the filings posted on the U.S. Securities Exchange Commission’s EDGAR filing system.

c. For each share included in the indices, the equity listed for trading, daily changes to this equity and changes in principal shareholder holdings shall be published on a daily basis.

12. **Special cases**

a. Should an event for which rules have not been set occur, the Index Committee shall determine how to proceed, taking into consideration the principles specified above.

b. Should an event for which rules have been set occur, but the Index Committee is of the opinion that it is necessary to proceed according to different rules, the Index Committee shall decide how to proceed, in accordance with the circumstances of the event.

13. **Calculation precision levels**

All the data and calculations specified in this chapter shall be calculated to a precision level of 5 decimal places and this by way of rounding the sixth decimal place digit, according to accepted rounding principles, unless specifically designated otherwise.

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Appendix 1 – TA-35 Index

1. The TA-35 index (hereinafter: “the index”) is a Rimon series index.

2. On the index rebalancing date, each share, which on the index rebalancing record date meet the following cumulative criteria (hereinafter: “the criteria”) shall be constituents of the index:
   
   a. shares meeting the Rimon criteria;

   b. The share’s average free float capitalization-

      1) if the share is new or an index constituent – its average free float capitalization shall not be less than NIS 1 billion.

      2) if the share is seasoned and is not an index constituent – the average free float capitalization shall not be less than NIS 1.5 billion.

   Notwithstanding that stated above:

   – if fewer than 35 shares meet the index criteria, this paragraph shall not apply.

   – On the first Rimon update date for which this paragraph applies, a share’s average free float capitalization shall not be less than NIS 1 billion.

   c. The share is an Israeli share or a foreign share that is an index constituent.

   d. The free float of a share on the free float record date shall not be less than:

      1) shares for which two years have yet to pass since their listing date – 20%.

      2) Other shares – 30%.

3. The index shall comprise 35 shares, which on the index rebalancing record date have the highest average market capitalization among those shares meeting the index criteria, subject to the stipulations of paragraphs 4 and 5 below.

4. On each rebalancing date, the list of index constituents is updated according to the following stages:

   a. On the index rebalancing date, seasoned shares, which meet the index criteria shall be ranked according to the average market capitalization ranking scale.

   b. On the index rebalancing date, shares not meeting the index criteria and shares ranked 40 or lower on the average market capitalization ranking scale shall be removed from the index and shares ranked 30 or above on the average market capitalization ranking scale will be added to the index.
c. If following the removal and addition of shares to the index, as specified in 4.b above, more than 35 seasoned shares remain on the list, additional seasoned shares, which received the lowest ranking on the average market capitalization ranking scale among the seasoned listed shares, shall be removed, as stipulated in subparagraph 4.b above, until the list comprises 35 seasoned shares.

d. If following the removal and addition of shares to the index, as specified in 4.b above, fewer than 35 seasoned shares remain on the list, seasoned shares, which received the highest ranking on the average market capitalization ranking scale among the seasoned listed shares, will be added, as stipulated in subparagraph 4.b above, until the list comprises 35 seasoned shares.

5. Notwithstanding that stated above, a share which is not a Tamar constituent will be added to the index on the parameter update date (hereinafter: “fast track”), if on the parameter update record date it meets the following conditions:

a. The share meets the index criteria.

b. The share has been ranked on the average market capitalization for fast track scale a ranking equal or greater than the following:

   1) new share – 33rd

   2) seasoned share – 30th.

c. Should a share be added on a parameter update date which is not an index rebalancing date, another share will not be removed from the index until the following index rebalancing date.

d. Should a new share be added on the index rebalancing date, that share will be in addition to the 35 seasoned shares in the index.

e. A seasoned share will not be fast-tracked on to the index on the index rebalancing date.

6. The Index Committee shall set a share’s weight limit in the index, which shall not exceed 10%*.

7. The index is calculated according to the gross total return formula.

8. Index launch date – 2.1.1992

9. Base index on the day of launch is as follows:

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* The Index Committee decided that the index’s weight cap would be 7%. At the same time the Index Committee decided that the weight reduction to 7% would be carried out incrementally.

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The TA-35 index was initially launched as the TA-25 index on 2.1.1992 with a base of 100. The index was expanded from 25 to 35 shares at the end of the trading day on 9.2.2017. The base index of the TA-35 on 12.2.2017 was identical to the closing index of the TA-25 at the end of 9.2.2017.
Appendix 2 - TA Banks-5 Index

1. The TA Banks-5 index (hereinafter: “the index”) is a Rimon series index.

2. The index criteria are as follows:
   a. shares, which on the Rimon update record date meet the Rimon criteria;
   b. shares, which on the Rimon update record date are included in the “commercial banks” sector.

3. The 5 shares, which on the index rebalancing record date have the highest average market capitalization among those shares meeting the index criteria, subject to the stipulations of paragraph 4 below, will be included in the index.

4. On each index rebalancing date, the list of index constituents will be updated according to the stages stipulated below:
   a. On the index rebalancing date, the shares that meet the index criteria will be ranked according to the average market capitalization ranking scale.
   b. On the index rebalancing date shares not meeting the index criteria and shares ranked 7th or lower on the average market capitalization ranking scale shall be removed from the index, and shares ranked 4th or above on the average market capitalization ranking scale shall be added to the index.
   c. If following the removal and addition of shares to the index, as specified in 4.b above, more than 5 shares remain on the list, additional shares, which received the lowest ranking on the average market capitalization ranking scale among the seasoned listed shares, will be removed, as stipulated in subparagraph 4.b. above, until the list comprises 5 shares.
   d. If following the removal and addition of shares to the index, as specified in 4.b above, fewer than 5 shares remain on the list, shares, which received the highest ranking on the average market capitalization ranking scale, among the listed shares, will be added, as stipulated in subparagraph 4.b. above, until the list comprises 5 shares.

5. There is no fast track entrance for this index.

6. The Index Committee shall set a share’s weight limit in the index, which will not exceed 40%*

7. The index is calculated according to the gross total return formula.

8. Index launch date – 3.1.1999

9. Base index on the day of launch is as follows:

* The Index Committee decided that the index’s weight cap would be 33%. At the same time the Index Committee decided that the weight reduction to 33% would be carried out incrementally.

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The TA Banks-5 index was originally launched as the TA-Banks index on 3.1.1999 with a base index of 366.88 and its name was changed to the TA Banks-5 index at the close of the trading day on 9.2.2017.
Appendix 3 – TA-125 Index

1. The TA-125 index (hereinafter: “the index”) is a Rimon series index.

2. The index shall include shares, which on the Rimon update record date it is determined will be constituents of either the TA-35 index, as stipulated in Appendix 1 of these regulations or the TA-90 index, as stipulated in Appendix 4 of these regulations, and this on the upcoming index rebalancing date.

3. On each index rebalancing date, shares for which exclusion from the TA-35 and the TA-90 indices has been determined, shall be removed from the index, while shares for which entrance into the TA-35 or the TA-90 has been determined shall be added to the index.

4. Notwithstanding the above, if a share enters the Rimon on a date other than the Rimon update date, that share will be added to the index on the day of its inclusion in Rimon, provided that the share is added to either the TA-35 index or the TA-90 index.

   No other share will be removed from the index as a result of a share’s aforementioned entrance until the following index rebalancing date.

5. The Index Committee shall set a share’s weight limit in the index, which shall not exceed 10%*.

6. The index is calculated according to the gross total return formula.

7. Index launch date – 21.1992

8. Base index on the day of launch is as follows:

   The TA-125 index was initially launched as the TA-100 index on 2.1.1992 according to a base of 100. The index was expanded from 100 shares to 125 shares at the close of the trading day on 9.2.2017. The base TA-125 index on 12.2.2017 was identical to the closing index for the TA-100 Index at the end of the day 9.2.2017.

* The Index Committee decided that the index’s weight cap would be 5%. At the same time the Index Committee decided that the weight reduction to 5% would be carried out incrementally.

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Appendix 4- TA-90 Index

1. The TA-90 index (hereinafter: “the index”) is a Rimon series index.

2. On the index rebalancing date, each share, which on the index rebalancing record date meets the following cumulative criteria (hereinafter: “the criteria”) shall be constituents of the index:
   a. Its inclusion in the Rimon has been determined.
   b. Its exclusion from the TA-35 index has been determined.
   c. The share is an Israeli or a foreign share that is an index constituent.

3. The index will include 90 shares, which on the index rebalancing record date have the highest average market capitalization of the shares meeting the index criteria, subject to the stipulations of paragraphs 4 and 5 below.

3A. Notwithstanding that stated in paragraph 3 above, on the index rebalancing dates in 2017, the index shall include at least 90 shares, which on the index rebalancing record date will have the highest average market capitalization of the shares meeting the index criteria, subject to the provisions of paragraphs 4A and 5 below.

4. On each index rebalancing date, the list of index constituents will be updated according to the stages stipulated below:
   a. On the index rebalancing date, seasoned shares that meet the index criteria will be ranked on the average market capitalization ranking scale.
   b. On the index rebalancing date shares not meeting the index criteria and shares ranked 100th or lower on the average market capitalization ranking scale will be removed from the index, and shares ranked 80th or above on the average market capitalization ranking scale will be added to the index.
   c. If following the removal and addition of seasoned shares to the index, as specified in 4.b above, more than 90 seasoned shares remain on the list, additional shares, which received the lowest ranking on the average market capitalization ranking scale among the seasoned listed shares, will be removed, as stipulated in subparagraph 4.b. above, until the list comprises 90 seasoned shares.
   d. If following the removal and addition of seasoned shares to the index, as specified in 4.b above, fewer than 90 seasoned shares remain on the list, shares, which received the highest ranking on the average market capitalization ranking scale, among the listed shares, will be added, as stipulated in subparagraph 4.b. above, until the list comprises 90 seasoned shares.

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4A. Notwithstanding that stated in paragraph 4 above, on the index rebalancing dates in 2017, the list of index constituents shall be according to the following stages:

For the purpose of this paragraph –

"A-List" – a list including the seasoned shares meeting the index criteria;

"Outline Shares" – a list which includes the seasoned shares meeting the index criteria which were TASE-listed prior to 1 January 2014 and which have a free float of less than 25% on the free float record date.

"B-List" – a list including the shares of the A List minus the Outline Shares.

a. On the index rebalancing record date, the shares comprising the A-List shall be ranked according to the average market capitalization ranking scale (hereafter: "A rankings").

b. On the index rebalancing record date, the shares comprising the B-List shall be ranked according to the average market capitalization ranking scale (hereafter: "B rankings").

c. On the index rebalancing date the following shares shall be removed from the index:
   1) Shares failing to meet the index criteria;
   2) Outline Shares ranked in the A rankings as 100 or below;
   3) Shares ranked in the B rankings as 100 or below.

d. On the index rebalancing date the following shares shall be added to the index:
   1) Shares ranked in the B rankings at or above 80;
   2) Outline Shares ranked in the A rankings at 80 or above.

e. Should, after the removal and addition of shares to the index, as specified in paragraphs 4A.b. through 4A.d above, more than 90 B-List shares remain in the index, additional shares shall be removed from the index, which were ranked lowest on the A rankings, until the list includes 90 B-List shares.

f. Should, after the removal and addition of shares to the index, as specified in paragraphs 4A.b. through 4A.d above, less than 90 B-List shares remain in the index, additional shares shall be added to the index, which were ranked highest on the B rankings, until the list includes 90 B-List shares.

5. Notwithstanding that stated above, a share which is not a Tamar constituent will be added to the index on the parameter update date (hereinafter: “fast track”), if on the parameter update record date it meets the following conditions:

a. The share meets the index criteria.

b. The share’s ranking on the average market capitalization scale was equal or greater than the following:

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1) new share – 85th
2) seasoned share – 80th.

3) Should a share be added on a parameter update date that is not an index rebalancing date, another share will not be removed from the index until the following index rebalancing date.

4) Should a new share be added on the index rebalancing date, that share will be in addition to the 90 seasoned shares in the index.
   e. A seasoned share will not be fast-tracked to the index on the index rebalancing date.

6. The Index Committee shall set a share’s weight limit in the index, which will not exceed 10%*.

7. The index is calculated according to the gross total return formula.

8. Index launch date – 3.1.1999

9. Base index on the day of launch is as follows:
   The TA-90 index was initially launched as the TA-75 index on 3.1.1999 at a base of 299.89. The index was expanded from 75 to 90 shares at the close of the trading day 9.2.2017. The base index of the TA-90 index on 12.2.2017 was identical to the closing index of the TA-75 at the end of 9.2.2017.

* The Index Committee decided that the index’s weight cap would be 2%.

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Appendix 5: TA-BlueChip15Price

1. The TA-BlueChip15Price index (hereinafter: “the index”) is a Rimon series index.

2. On the index rebalancing date, each share, which on the index rebalancing date meet the following cumulative criteria will be constituents of the index (hereinafter: “the criteria”):
   a. Its inclusion in the TA-35 index has been determined.
   b. The company issuing the share was incorporated in Israel.
   c. The share has not been classified under TASE industry classifications in the “Investments and Holdings” sector (sector classification no. 97).
   d. No more than 2 shares from each sub-industry under TASE’s sector classification system will be included in the index.
   e. The average daily trading volume of a seasoned share will not be lower than NIS 5 million (hereinafter: average turnover criterion).

   Notwithstanding that stated above, should fewer than 15 shares meet the index criteria, this paragraph will not apply.

3. The index will include 15 shares, which on the index rebalancing record date have the highest average market capitalization of the shares meeting the index criteria, subject to the stipulations of paragraphs 4 and 5 below.

4. On each index rebalancing date, the list of index constituents shall be updated according to the stages stipulated below:
   a. On the index rebalancing date, seasoned shares that meet the index criteria will be ranked according to the average market capitalization ranking scale.
   b. On the index rebalancing date shares not meeting the index criteria and shares ranked 20th or lower on the average market capitalization ranking scale will be removed from the index, and shares ranked 10th or above on the average market capitalization ranking scale will be added to the index.
   c. If following the removal and addition of seasoned shares to the index, as specified in 4.b above, more than 15 seasoned shares remain on the list, additional shares, which received the lowest ranking on the average market capitalization ranking scale among the seasoned listed shares, will be removed, as stipulated in subparagraph 4.b. above, until the list comprises 15 seasoned shares.
   d. If following the removal and addition of seasoned shares to the index, as specified in 4.b above, fewer than 15 seasoned shares remain on the list, shares, which received the highest ranking on the average market capitalization ranking scale, among the listed shares, will be added, as

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stipulated in subparagraph 4.b. above, until the list comprises 15 seasoned shares.

5. Notwithstanding that stated above, a share which is not a Tamar constituent will be added to the index on the parameter update date (hereinafter: “fast track”), if on the parameter update record date it meets the following conditions:

a. The share meets the index criteria.

b. The share’s ranking on the average market capitalization for fast track scale was equal or greater than the following:

1) new share – 12th
2) seasoned share – 10th.

5) Should a share be added on a parameter update date which is not an index rebalancing date, another share will not be removed from the index until the following index rebalancing date.

6) Should a new share be added on the index rebalancing date, that share will be in addition to the 15 seasoned shares in the index.

e. A seasoned share will not be fast-tracked on to the index on the index rebalancing date.

6. The Index Committee shall set a share’s weight limit in the index, which will not exceed 20%*.

7. The index is calculated according to the price index formula.

8. Index launch date – ________________.

9. The base index on the day of launch will be identical to the base index of the TA-35 index on that day.

* The Index Committee decided that the index will be equally weighted.
Appendix 6: TA-Rimon Index

1. The TA-Rimon index (hereinafter: “the index”) is a Rimon series index.

2. On each index rebalancing date, shares not meeting the Rimon criteria will be removed from the index and shares meeting the Rimon criteria will be added to the index.

3. Notwithstanding that stated above, should a share of a new company be fast-tracked on to the Rimon, that share will be added to the index on the date of its entrance to the Rimon.

4. The Index Committee shall set a share’s weight limit in the index, which will not exceed 10%.

5. The index is calculated according to the gross total return formula.

6. Index launch date – ________________.

7. The base index on the date of its launch will be identical to the base index of the TA-All Share index on that day.
Appendix 7 – TA-SME60 Index

1. The TA-SME60 (hereinafter: “the index”) is an index in the Tamar index series.

2. On the index rebalancing date, each share, which on the index rebalancing record date meets the following cumulative criteria will be constituents of the index (hereinafter: “the criteria”):

   a. Its inclusion in the Tamar has been determined.

   b. Its exclusion in the TA-125 index has been determined.

   c. The share’s free float on the free float record date will not be less than:

      - shares for which two years have yet to pass since their listing date – 20%;

      - other shares – a percentage to be determined by the Index Committee and solely if it is no lower than 25%.

Notwithstanding that stated above, in the following cases the following shall apply:

   (1) For shares listed for trading starting on 1.1.2014 through and including the index rebalancing date scheduled for February 2017 – the free float to and including the index rebalancing scheduled for February 2019 shall not be less than 20%.

   (2) For shares included in the share index universe as of 31.12.2016 and for which the free float at the end of trading on 31.5.2016 was less than 25% - the free float until and including the universe update in August 2017, shall not be less than 20%.

   d. On the upcoming universe update date the share is not a candidate for the “illiquid securities list” as defined in the regulations under the Third Part of the TASE Rules.

   e. The share is an Israeli share or a foreign share that is an index constituent.

* The Index Committee has decided that –

   1. For the purpose of rebalancing the index in February 2017 a share’s float on the free float record date (31.12.2016) will not be less than 25%.

   2. For the purpose of rebalancing the index in August 2017, a share’s free float on the free float record date (30.6.2017) will not be less than 30%.

   3. For rebalancing scheduled to take place in 2018 and beyond, the following will apply:

      a. If on the universe update date the share is a Tamar constituent, the share’s free float on the free float record date will not be less than 30%.

      b. If on the universe update date the share is not a Tamar constituent, the share’s free float on the free float record date will not be less than 35%.

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3. The index comprises 60 shares, which on the index rebalancing record date have the highest float-adjusted average market capitalization of the shares meeting the index criteria, subject to the stipulations of paragraphs 4 and 6 below.

4. On each index rebalancing date, the list of index constituents will be updated according to the stages stipulated below:

   a. On the index rebalancing date, seasoned shares that meet the index criteria shall be ranked on the average market capitalization ranking scale.

   b. On the index rebalancing date shares not meeting the index criteria and shares ranked 75th or lower on the average market capitalization ranking scale will be removed from the index, and shares ranked 45th or above on the average market capitalization ranking scale will be added to the index.

   c. If following the removal and addition of seasoned shares to the index, as specified in 4.b above, more than 60 seasoned shares remain on the list, additional shares, which received the lowest ranking on the average market capitalization ranking scale among the seasoned listed shares, shall be removed, as stipulated in subparagraph 4.b. above, until the list comprises 60 seasoned shares.

   d. If following the removal and addition of seasoned shares to the index, as specified in 4.b above, fewer than 60 seasoned shares remain on the list, shares which received the highest ranking on the average market capitalization ranking scale, among the listed shares, shall be added, as stipulated in subparagraph 4.b. above, until the list comprises 60 seasoned shares.

5. Mechanism for supplementing shares to the index

   a. Following the compilation of the index as specified in paragraphs 2 through 4 above, TASE will check to see that the index meets the criteria set in subparagraphs 1) and 2) below:

      1) On the index rebalancing date one of the following will apply:

         a) The cumulative weight of all constituents for which the average float-adjusted market capitalization is less than NIS 75 million – is less than 25%.

         b) The cumulative average float-adjusted market capitalization of all index constituents is at least NIS 5 billion.

      2) The cumulative average float-adjusted market capitalization of all index constituents on the index rebalancing record date is at least NIS 5 billion according to the following formula:

         \[ S_t = S_{NonCap} / \left( 1 - W_{Cap} \right) \]
b. Should the two conditions stipulated in subparagraphs 1) and 2) above not be met, the Israeli share with the lowest average float-adjusted market capitalization of the TA-90 constituents with an average float-adjusted market capitalization of at least NIS 75 million (hereinafter: supplementation mechanism) will be added to the index.

Should the two criteria stipulated in subparagraphs 1) and 2) above still not be met, the supplementation mechanism will be re-applied and repeated until one of the two conditions stipulated in 1) or 2) above is met.

6. Notwithstanding that stated above, a share which is not a Tamar constituent will be added to the index on the parameter update date (hereinafter: “fast track”), if on the parameter update record date it meets the following conditions:

a. The share meets the index criteria.

b. The share’s ranking on the average market capitalization for fast track scale was equal or greater than the following:

1) new share – 55th

2) seasoned share – 45th.

c. Should a share be added on a parameter update date that is not an index rebalancing date, another share will not be removed from the index until the following index rebalancing date.

d. Should a new share be added on the index rebalancing date, that share will be in addition to the 60 seasoned shares in the index.

e. A seasoned share will not be fast tracked on to the index on the index rebalancing date.

7. The Index Committee shall set a share’s weight limit in the index, which will not exceed 10%*.

8. The index is calculated according to the gross total return formula.

\[ S_t = \text{the cumulative average float-adjusted market capitalization of all index constituents;} \]

\[ S_{NonCap} = \text{the cumulative average float-adjusted market capitalization of all index constituents for which their weight is lower than the weight cap.} \]

\[ W_{Cap} = \text{the cumulative average float-adjusted market capitalization of all index constituents for which their weight is defined by the weight cap.} \]

b. Should the two conditions stipulated in subparagraphs 1) and 2) above not be met, the Israeli share with the lowest average float-adjusted market capitalization of the TA-90 constituents with an average float-adjusted market capitalization of at least NIS 75 million (hereinafter: supplementation mechanism) will be added to the index.

Should the two criteria stipulated in subparagraphs 1) and 2) above still not be met, the supplementation mechanism will be re-applied and repeated until one of the two conditions stipulated in 1) or 2) above is met.

6. Notwithstanding that stated above, a share which is not a Tamar constituent will be added to the index on the parameter update date (hereinafter: “fast track”), if on the parameter update record date it meets the following conditions:

a. The share meets the index criteria.

b. The share’s ranking on the average market capitalization for fast track scale was equal or greater than the following:

1) new share – 55th

2) seasoned share – 45th.

c. Should a share be added on a parameter update date that is not an index rebalancing date, another share will not be removed from the index until the following index rebalancing date.

d. Should a new share be added on the index rebalancing date, that share will be in addition to the 60 seasoned shares in the index.

e. A seasoned share will not be fast tracked on to the index on the index rebalancing date.

7. The Index Committee shall set a share’s weight limit in the index, which will not exceed 10%*.

8. The index is calculated according to the gross total return formula.

* The Index Committee decided that the weight cap will be 2%.

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9. Index launch date – 2.1.2005

10. The base index of the TA- SME60 is a stipulated below:

The TA-SME60 was initially launched as the TA MidCap-30 index on 2.1.2005 with a base index of 538.59 (identical to the Yeter-150 index on 30.12.2004). It was expanded from 30 to 50 shares on 1.7.2007 with a base index of 735.55 (identical to the TA MidCap-30 index at the end of 28.6.2007) and its name was changed to the TA MidCap-50. The index was expanded from 50 to 60 shares at the end of the 9.2.2017 trading day. The base index of the TA-SME60 on 12.2.2007 was identical to the closing index of the TA MidCap-50 at the close of 9.2.2017.

1. Definitions

For the purpose of this chapter –

"Settlement price" -

a. in respect of equity options - the opening price set for on the last trading day before the exercise date, in terms of agorot (NIS 0.01); however, if trading on the Stock Exchange with the said equity did not take place on the day supposed to be the last trading day of the series of options, then the settlement price that will be set for the equity on the next trading day that follows the day that was supposed to have been the last trading day of the series of options shall be the settlement price;

b. in respect of options on the dollar exchange rate – the dollar reference rate in terms of agorot;

c. in respect of options on the euro exchange rate – the product of the Reference Dollar Exchange Rate multiplied by the Dollar/euro Exchange Rate, calculated at a 4-decimal place level of accuracy and expressed in terms of agorot.

d. in respect of options on non-linked government bonds - the opening price set for the non-linked government bond on the last trading day before the exercise date, in terms of agorot;

however, if trading on the Stock Exchange with the said non-linked government bond did not take place on the day supposed to be the last trading day of the series of options, then the settlement price that will be set for the non-linked government bond on the next trading day that follows the day that was supposed to have been the last trading day of the series of options shall be the settlement price;

d. in respect of futures on the dollar exchange rate-

1) on the expiration date – the Reference Dollar Exchange Rate, in terms of agorot multiplied by the contract multiplier.

2) on each trading day on which transactions in futures were executed – the weighted average of the prices of the transactions that were set in the last five transactions which were executed with futures,
rounded off to the nearest whole new shekel, on condition that at least a total of twenty-five futures was sold or bought in them; if in the said five last transactions twenty five futures were not sold or bought – the weighted average, rounded off as aforesaid, of the transaction prices set in the said last transactions carried out with futures and in which at least twenty-five futures were sold or bought; if aforesaid transactions were not carried out with twenty-five futures - the weighted average, rounded off as aforesaid, of the transaction prices set in all the said transactions that were carried out with futures on that trading day;

3) on each trading day on which said transactions in futures were not executed – the settlement price of the future on the preceding trading day.

e. in respect of futures on the euro exchange rate-

1) on the expiration date – The product of the Reference Dollar Exchange Rate multiplied by the Dollar/Euro Exchange Rate, calculated at a 4-decimal place level of accuracy and expressed in terms of agorot.

2) on each trading day on which transactions in futures were executed - the weighted average of the prices of the transactions that were set in the last five transactions which were executed with futures, rounded off to the nearest whole new shekel, on condition that at least a total of twenty-five futures was sold or bought in them; if in the said five last transactions twenty five futures were not sold or bought – the weighted average, rounded off as aforesaid, of the transaction prices set in the said last transactions carried out with futures and in which at least twenty-five futures were sold or bought; if aforesaid transactions were not carried out with twenty-five futures - the weighted average, rounded off as aforesaid, of the transaction prices set in all the said transactions that were carried out with futures on that trading day;

3) on each trading day on which said transactions in futures were not executed – the settlement price of the future on the preceding trading day.

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g. in respect of futures on the three month interest rate:

1) on the expiration date – the differential between one hundred and the product of one hundred times the annual yield rate of the short term loan series with the time to maturity nearest to three months on the day of the calculation;

the said yield shall be calculated according to the opening price of the aforesaid short term loan series on the trading day before the expiration date;

however, if trading in the aforesaid short term loan series did not take place on the day that was supposed to be the last trading day of the three month interest rate futures series, then the said yield shall be calculated according to the closing price of the aforesaid short term loan series on the next trading day after the day that was supposed to be the last trading day of the three month interest rate futures series.

For the purposes of this section –

"the last trading day of a series of futures" – the trading day before the day on which the settlement price for expiration is set.

The said price shall be calculated to a precision of two decimal places.

2) on any trading day, on which transactions were carried out with the future - the weighted average of the transaction prices set in the last five transactions carried out with the future, rounded off to the nearest whole new shekel, on condition that in those transactions in the aggregate at least twenty five futures were bought or sold;

if at least twenty five futures were not bought or sold in the said last five transactions - then the weighted average, rounded off as aforesaid, of the transaction prices set in the said last transactions carried out with the future and in which at least twenty five futures were bought or sold;

if no aforesaid transactions were carried out with twenty five futures - then the weighted average, rounded off as aforesaid, of the transaction prices set in all the said transactions carried out

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with futures on that trading day;

3) on any trading day on which no said transactions were carried out with the future - the closing price of the future on the preceding trading day;

h. in respect of futures on the consumer price index:

1) on the expiration date - the last known consumer price index;
   the said index shall be calculated to a precision of two decimal places;

2) on any trading day, on which transactions with the future were carried out - the weighted average of the transaction prices set in the last five transactions carried out with the future, on condition that at least twenty five futures were bought or sold in them, in the aggregate;

if at least twenty five futures were not bought or sold in the said last five transactions - then the weighted average of the transaction prices set in the said last transactions that were carried out with the future and in which in the aggregate at least twenty five futures were bought or sold;

if no aforesaid transactions were carried out with twenty five futures - then the weighted average of the transaction prices set in all the said transactions carried out with futures on that trading day;

the said price shall be calculated to a precision of two decimal places;

3) on any trading day on which no said transactions were carried out with the future - the closing price of the future on the preceding trading day.

"the Reference Dollar Exchange Rate" - The last published NIS/dollar exchange rate preceding the exercise or expiration date, as applicable, of derivatives on the foreign currency exchange rate, on a day in which trading on TASE is conducted and a Dollar Exchange Rate is set by the Bank of Israel.

"Dollar Exchange Rate" - The “representative rate” of the U.S. dollar as set by the Bank of Israel. However, during periods in which the Bank of Israel does not regularly set representative rates, the Dollar Exchange rate is the rate last set by the Minister of Finance in conjunction with the Governor of the Bank of Israel for government debt certificates linked to the NIS/dollar exchange rate.

"Dollar/euro - A rate calculated by TASE representing the average of
Exchange Rate**
five of seven dollar/euro exchange rates displayed on the Bloomberg EUR CRNCY monitor every 10 seconds for one minute, at a time selected by the TASE CEO between the 10:00 -17:00 on the day preceding the expiration date on which both trade is conducted on TASE and a Dollar Exchange Rate is set by the Bank of Israel. When calculating the said average, the highest and lowest displayed rates are disregarded.

The average will be calculated at a 4-decimal place level of accuracy.

However, if for whatever reason it is not possible to receive dollar/euro rates from the Bloomberg monitor as stated above, the rates will be those displayed on Reuters monitors.

"the last trading day of a series of options"
- The trading day before the day on which the settlement price is set.

1a. The contract multiplier for options on non-linked Government bonds is set in the appendix of the Derivatives Profile relating to options on non-linked Government bonds.

1b. The contract multiplier for stock options is set in the appendix of the Derivatives Profile relating to stock options. Should the price of the underlying share be adjusted, the contract multiplier will be altered accordingly as stipulated in the appendix of the Profile.

2. The contract multiplier for options and futures on foreign currency exchange rates is 10,000.

3. The Fluctuation Coefficient for futures on the 3-month interest rate is NIS 10.

4. The Fluctuation Coefficient for futures on Israel’s Consumer Price Index is NIS 10.

5. Cancelled.

6. a. The share serving as a stock option's underlying asset shall be the company's TASE-listed shares, which the Board of Directors resolved shall constitute the underlying asset for the said option, and solely if the share included in Tel Aviv 25 Index at the date of the Board of Directors resolution.

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* The TASE CEO has set the time designated for sampling euro/dollar exchange rate at 15:10-15:11. Notwithstanding the above, during Chol Ha Moed Pesach and Chol Ha Moed Succot (two weeks during the spring and autumn Jewish holiday seasons in which TASE hours are shortened) the time designated for sampling euro/dollar exchange rates is set at 12:10-12:11.

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a. Twice a year, an examination shall be made till end of the calendar month that follows the month when Tel Aviv 25 Index was updated ("Update date"), whether shares that constitute underlying assets of options are included in Tel Aviv 25 Index.

b. If the examination shows that a share, which is the underlying asset of an option, does not included in Tel Aviv 25 Index in two consecutive update dates, the Trading Manager shall so inform the Maof Clearing House and the Maof Clearing House shall cease issuing new series of options on a share that does not meet the said conditions.

For the purposes of this section –
"Tel Aviv 25 Index update date" – the Universe Update date, as prescribed in the Regulations to the Seventh Part of the Rules.

7. The underlying asset of an option written on a "Shahar" debt instrument shall be a series of Shahar debt instruments, which the MAOF Clearing House Board of Directors resolved shall constitute the underlying asset for the said option, contingent on the Ministry of Finance's approval of this resolution, and solely if the following applies on the Reference Date:

a. The Market Capitalization of the debt instrument series exceeds NIS 7 billion.

b. The Time to Maturity of the debt instrument is at least 4 years.

The MAOF Clearing House shall not issue new options on a series of Shahar-debt instruments for which the Time to Maturity is less than 3 years.

For the purpose of this paragraph –
"Reference Date" – the last trading day of the calendar month preceding by one month the date of the MAOF Clearing House Board of Directors resolution that the said series of Shahar debt instruments shall serve as the underlying asset for options written on Shahar debt instruments.

"Market Capitalization" – the quantity of debt instruments of a given series listed on the exchange, multiplied by the Closing Price of that debt instrument on the Reference Date.

"Time to Maturity" – the period of time annualized, calculated as the number of days starting from the Reference Date until (and including) the day preceding the redemption date of the series of debt instruments, divided by 365.