TASE Trading Guide

BASIC PRICES APPENDIX

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1. **Shares**

    A. The basic price for trading a share "Ex dividend" shall be the closing price of the share on the trading day before the ex-date, less the gross dividend amount per share.

    B. The basic price for trading a share "Ex bonus shares" shall be calculated as follows:

        1) When bonus shares of the same kind as the recipient share are distributed:

        $$\overline{P}_s = \frac{P_{sc}}{1 + BR}$$

        Where:

        $\overline{P}_s$ =   the basic price for trading shares "Ex bonus" shares;

        P_{sc} =   the closing price of the share on the trading day before the ex-date;

        BR   =   the bonus ratio (as a decimal fraction).

        2) When bonus shares of a preferred kind are distributed to holders of an inferior share, then the "Ex" value of the preferred share shall be calculated as the differential between the closing-price of the inferior share on the trading day before the ex-date, less the "Ex" value of the preferred share, and it shall be calculated thus:

        $$EX = P_{sc} - \overline{P}_s$$

        The basic price for trading a inferior share "ex bonus shares" shall be the closing-price of the inferior share on the trading day before the ex-date, less the "ex" value of the preferred share, multiplied by the ratio between the nominal value of the inferior share to the nominal value of the preferred share, and it shall be calculated thus:

        $$\overline{P}_n = P_n - (N \times EX)$$

        Where:

        $\overline{P}_n$ =   the basic price for trading "ex bonus" of the inferior shares;

        P_n =   the closing price of the inferior share on the trading day before the ex-date;

        N   =   the ratio between the nominal value of the inferior share to the nominal value of the preferred share.

C. The basic price for trading a share, when the "Ex dividend" day coincides with the "Ex bonus shares" day, shall be as follows:

1) The basic price for trading the share "Ex dividend" shall be calculated, as specified in section A. above.

2) Thereafter, the basic price for trading the share "Ex bonus shares" shall be calculated as specified in section B. above, taking the basic price for trading the share "Ex dividend", calculated as said in subsection C.1) above as the price of the share ($\mathbf{P}_{sc}$).

2. <u>Debentures Commercial Paper and institutional securities</u>

A. The basic price for trading a debenture and commercial security "Ex interest" shall be the closing price on the trading day before the ex-date, less the "Ex" value, which shall be calculated as follows:

1) For an unlinked debenture, for commercial paper or for a debenture traded in foreign currency, the "Ex" value shall be the gross interest rate payable under the conditions of the debenture or of the commercial paper.

2) For a debenture linked to the Consumer Price Index, to a foreign currency or to a currency basket:

$$EX = \frac{I_1}{I_o} \times R$$

Where:

EX = the "Ex" value;

I_1 = the determining Consumer Price Index, the determining exchange rate or the determining price of the currency basket, as the case may be;

I_o = the basic Consumer Price Index, the basic exchange rate or the basic price of the currency basket, as the case may be;

R = the gross interest rate payable under the conditions of the debenture;

3) For a debenture with alternative linkages, the "Ex value" shall be the highest of the different "Ex values" that were calculated according to the different possible linkages.

B. The basic trading price of debentures included in the Tel-Bond Index, "Ex interest and partial redemption", shall be calculated as follows:

1. For an unlinked debentures:

$$Pex = \frac{Pcom - R - 100 \times pr}{1 - pr}$$

Where:

Pex = the basic price of the debentures for trading "Ex interest and partial redemption".

Pcom = the closing price of the debentures on the trading day before the Ex date.

R = the gross interest in agorot, prescribed for the payment according to the conditions of the debentures.

Pr = the rate of partial redemption (as a decimal fraction).

2. For a debenture linked to the Consumer Price Index, to a foreign currency or to a currency basket:

$$Pex = \frac{Pcom - R \times \dfrac{I_1}{I_0} - 100 \times pr \times \dfrac{I_1}{I_0}}{1 - pr}$$

Where:

Pex = the basic price of the debentures for trading "Ex interest and partial redemption".

Pcom = the closing price of the debentures on the trading day before the Ex date.

R = the gross interest in agorot, prescribed for the payment according to the conditions of the debentures.

Pr = the rate of partial redemption (as a decimal fraction).

I_1 = the determining Consumer Price Index, the determining exchange rate or the determining price of the currency basket, as the case may be;

I_0 = the basic Consumer Price Index, the basic exchange rate or the basic price of the currency basket, as the case may be;

3. For a debenture with alternative linkages, the "Ex value" shall be the highest of the different "Ex values" that were calculated according to the different possible linkages.

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C. The basic trading price of debentures included in the Tel-Bond Index, of a company that executive early partial redemption and paying interest only for the portion of the redeemed, "Ex interest and partial redemption", shall be calculated as follows:

1. For an unlinked debentures:

$$Pex = \frac{Pcom - Y \times pr}{1 - pr}$$

Where:

Pex = the basic price of the debentures for trading "Ex interest and partial redemption".

Pcom = the closing price of the debentures on the trading day before the Ex-date.

Y = Payment of the partial redemption of the capital together with the interest part of the redeemed, in agorot per trading unit.

Pr = the rate of partial redemption (as a decimal fraction).

2. For a debenture linked to the Consumer Price Index, to a foreign currency or to a currency basket:

$$Pex = \frac{Pcom - Y \times pr \times \dfrac{I_1}{I_0}}{1 - pr}$$

Where:

Pex = the basic price of the debentures for trading "Ex interest and partial redemption".

Pcom = the closing price of the debentures on the trading day before the Ex-date.

Y = Payment of the partial redemption of the capital together with the interest part of the redeemed, in agorot per trading unit.

Pr = the rate of partial redemption (as a decimal fraction).

I_1 = the determining Consumer Price Index, the determining exchange rate or the determining price of the currency basket, as the case may be;

I_0 = the basic Consumer Price Index, the basic exchange rate or the basic price of the currency basket, as the case may be;

3. For a debenture with alternative linkages, the "Ex value" shall be the highest of the different "Ex values" that were calculated according to the different possible linkages.

D. The basic trading price of debentures included in the Tel-Bond Index, of a company that executive early partial redemption and paying interest for all debentures and an extra interest only for the redeemed portion, "Ex interest and partial redemption", shall be calculated as follows:

    1. For an unlinked debentures:

$$Pex = \frac{Pcom - Y \times pr - R}{1 - pr}$$

Where:

Pex = the basic price of the debentures for trading "Ex interest and partial redemption".

Pcom = the closing price of the debentures on the trading day before the Ex-date.

Y = Payment of the partial redemption of the capital together with the interest part of the redeemed, in agorot per trading unit.

Pr = the rate of partial redemption (as a decimal fraction).

R = the gross interest rate payable under the conditions of the debenture.

    2. For a debenture linked to the Consumer Price Index, to a foreign currency or to a currency basket:

$$Pex = \frac{Pcom - Y \times pr \times \dfrac{I_1}{I_0} - R \times \dfrac{I_1}{I_0}}{1 - pr}$$

Where:
Pex = the basic price of the debentures for trading "Ex interest and partial redemption".

Pcom = the closing price of the debentures on the trading day before the Ex-date.

Y = Payment of the partial redemption of the capital together with the interest part of the redeemed, in agorot per trading unit.

Pr = the rate of partial redemption (as a decimal fraction).

R = the gross interest rate payable under the conditions of the debenture.

I_1 = the determining Consumer Price Index, the determining exchange rate or the determining price of the currency basket, as the case may be.

I_0 = the basic Consumer Price Index, the basic exchange rate or the basic price of the currency basket, as the case may be.

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3. For a debenture with alternative linkages, the "Ex value" shall be the highest of the different "Ex values" that were calculated according to the different possible linkages.

3. **"Ex rights"**

A. The basic price for trading a preferred share "Ex rights", when only a preferred share or a preferred share and an option of a kind never before traded on the Exchange are issued as rights, shall be calculated as follows:

$$\overline{P}_s = Min\left[\frac{(P_s \times S) + Y - \Sigma(P_{oi} \times O_i)}{\overline{S} + S}, P_s \right]$$

Where:

$\overline{P}_s$ = the basic price for trading the share "Ex rights";

P_s = the closing price of the share on the trading day before the ex-date;

S = the number of shares that entitles to one rights unit;

Y = the price of one rights unit (in agorot);

P_{oi} = the price of an option of category i, calculated according to the Black and Scholes formula;

O_i = the number of options of category i included in one rights unit;

$\overline{S}$ = the number of shares included in one rights unit.

B. The basic price for trading a share listed for trading "Ex rights" and of an option traded on the Exchange, each of which gives the right only to a share or to a share and option of a kind never before traded on the Exchange, shall be calculated as follows:

1) For a share – it shall be calculated as specified in section A. above;

2) For an option traded on the Exchange it shall be calculated as follows:

$$\overline{P}_{oi} = P_{oi} - (EX \times M)$$

Where:

$\overline{P}_{oi}$ = the basic price for trading "Ex rights" an option of category i, which is traded on the Exchange and gives the right to a share or to a share and option of a kind never before traded on the Exchange;

P_{oi} = the closing price of an option of kind **i** on the trading day before the ex-date;

EX = the "Ex" value of the share;

M = the realization ratio.

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C. When a rights package that is issued as said in sections A. and B. above, also includes a debenture, a convertible debenture or an option debenture (hereafter: debenture), then its value according to the Prospectus shall be subtracted from the price of the rights unit (Y), for purposes of the calculation of the basic "Ex rights" prices of the option and of the share.

However, when the debenture is of a kind traded on the Exchange, then the price of the rights unit (Y) shall be – for purposes of the calculations specified in sections A. and B. above – the price of the rights unit, less the basic price of the debenture on the "Ex" date, multiplied by the number of debentures, as specified above.

D. The basic price for trading an inferior share "Ex rights" shall be calculated as follows:

$$\overline{P}_{sn} = P_{sn} - \left(EX \times N \right)$$

Where:

$\overline{P}_{sn}$ = the basic price for trading an inferior share "Ex rights";

P_{sn} = the closing price of the inferior share on the trading day before the ex-date;

EX = the "Ex value" of the preferred share $EX = P_s - \overline{P}_s$.

P_s = the closing price of the preferred share on the trading day before the ex-date;

$\overline{P}_s$ = the "Ex price" of the preferred share;

N = the ratio of the nominal value of the inferior share to the nominal value of the preferred share.

E. The basic price for trading "Ex rights" of an option traded on the Exchange for an inferior share shall be calculated as follows:

$$\overline{P}_{oin} = P_{oin} - \left(EX_n \times M \right)$$

Where: $EX_n = P_{sn} - \overline{P}_{sn}$

and:

$\overline{P}_{oin}$ = the basic price for trading "Ex rights" an option of category i that is traded on the Exchange and gives a right to inferior shares;

P_{oin} = the closing price of an option of category i for an inferior share on the trading day before the ex-date;

EX_n = the "EX" value of the inferior share;

P_{sn} = the closing price of the inferior share on the trading day before the ex-date;

$\overline{P}_{sn}$ = the "Ex" price of the inferior share;

M = the realization ratio.

F. The basic price for trading "Ex rights" of a convertible debenture that is entitled to rights, shall be calculated as follows:

$$\overline{P}_{bl} = \left(P_{bl} - \frac{EX}{N} \right)$$

Where:

$\overline{P}_{bl}$ = the basic price for trading "Ex rights" a convertible debenture;

P_{bl} = the closing price of the convertible debenture on the trading day before the ex-date;

EX = the "Ex" value of the preferred share $EX = P_s - \overline{P}_s$;

N = the conversion ratio.

G. Wherever the price of a rights unit (Y) in a rights issue linked to the Consumer Price Index, to an exchange rate or to a currency basket, is stated in this Chapter for the calculation of a basic price, the adjusted price shall be as here specified:

$$Y \times \frac{M_1}{M_o}$$

Where:

Y = the price of the rights unit in the prospectus;

M_1 = the known Consumer Price Index, the known exchange rate or the known currency basket price at the end of the day that is the determining day for linkage purposes;

M_o = the basic index, the basic exchange rate or the basic currency basket price, as prescribed in the prospectus.

H. The basic price for trading "Ex rights" of a share traded on the Exchange and of an option traded on the Exchange, each of which gives a right to the same share and the same option or to that option alone, and which are issued by way of rights, shall be calculated as follows:

1) For a share it shall calculated as follows:

$$\overline{P}_s = Min\left[\frac{(S \times P_s) + Y - \sum_i \left(\overline{O}_j \times \overline{P}_{oj} \right)}{S + \overline{S}}, P_s \right]$$

2) For an option it shall calculated as follows:

$$\overline{P}_{oj} = \mathrm{M}in\left[\frac{\left(P_{oj} \times O_j\right) + Y - \left(\overline{P} \times \overline{S}\right) - \sum_{i \neq j}\left(\overline{O}_i \times \overline{P}_{oi}\right)}{O_j + \overline{O}_j}, P_{oj}\right]$$

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Where:

$\overline{P}_s$	=	the basic price for trading the share "Ex rights";
S	=	the number of shares that entitle to one rights unit;
P_s	=	the closing price of the share on the trading day before the ex-date.
$\overline{P}_{oj}$	=	the basic price for trading a category j option "Ex rights";
P_{oj}	=	the closing price of a category j option on the trading day before the ex-date;
O_j	=	the number of category j options that entitle to a rights unit;
$\overline{O}_j$	=	the number of category j options included in one rights unit;
$\overline{S}$	=	the number of shares included in one rights unit;
Y	=	the price of a rights unit (in agorot);
$\overline{P}_{oi}$	=	the basic price for trading a category i option "Ex rights";
$\overline{O}_i$	=	the number of category i options that entitle to a rights unit.

4. Splitting process

A. For the purposes of this section –
"Splitting process" – within its meaning in section 91.D. of the Rules;

"Splitting company" – a listed company in which a splitting process was carried out;
"New company that was split" – a new company spun off from a splitting company.

B. The basic price of a share of a new company that was split – also in cases in which, together with the splitting process, a new share issue of the new company that was split is carried out and trading in its shares begins after the issue – shall be the closing price of the splitting company share at the trading day before the ex-day multiple by the ratio of the equity capital of new company that was split to the equity capital of the splitting company.

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C. The basic price for trading, Ex splitting process, of the share of a company, which splits by way of reducing the number of issued shares, shall be its closing price on the on the trading day before the ex-date.

D. The basic price for trading, Ex splitting process, of the share of a company that splits by way of distributing the shares of the new company that was spun off – otherwise than by way of reducing the number of issued shares – to holders of shares of the splitting company with no additional payment by them, shall be calculated as follows:

$$P_{EX} = P_{COM} - N \ x \ \overline{P}_S$$

Where:

P_{EX} = the basic price for trading the shares of the splitting company, Ex splitting process;

P_{COM} = the closing price of the shares of the splitting company on the on the trading day before the ex-date;

$\overline{P}_S$ = The basic price of the share of new company that was split as said in subsection b, however, if the share of the new company that was spun off is traded on the Exchange – the closing price of the spun off share on the on the trading day before the ex-date;

N = The number of shares of the new company that was spun off, which is obtained for one share of the splitting company;

E. The basic price for trading Ex splitting process of a share of a company that splits by way of distributing the shares of the new company that was spun off to holders of shares of the splitting company with an additional payment by them, shall be calculated as follows:

$$P_{EX} = P_{COM} - N \ x(\overline{P}_S - K)$$

Where:

P_{EX} = the basic price for trading Ex splitting process of shares of the splitting company;

P_{COM} = the closing price of the splitting company on the on the trading day before the ex-date;

$\overline{P}_S$ = The basic price of the share of new company that was split as said in subsection b;

N = the number of shares of the new company that was spun off, which is obtained for one share of the splitting company;

K = the consideration (in agorot) for one share of the new company that was spun off.

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5. **Merger process**

A. For the purposes of this section –

"Merger process" – within its meaning in section 91.D. of Part Two of the Rules;

"Merged company" – a traded company or a new company listed for trading, to which shares or assets and liabilities of the merging companies were transferred in the course of the merger process;

"Merging company" – a traded company, all the shares or all the assets and liabilities of which were transferred to merged company in the course of a merger process;

"Switching securities" –an allocation of security of a merged company that all its features and all the allocated quantity are identical to those of the security of the merging company, which will delete from the trading right after the merger process.

B. The basic price of the share of a new listed merged company shall be the market value, on the last trading day immediately before the merger process, of the shares of the merging companies for which shares of the merged company are allocated, divided by the number of shares of the merged company allocated to holders of shares of the merging companies.

6. The basic price for trading a security on the Ex rights day, adjusted for rights that differ from those specified in this Appendix, shall be set by the General Manager of the Stock Exchange in a manner similar to the principles enunciated in this Appendix.