

# TASE Trading Guide

## Resolutions of the Board of Directors and the General Manager

**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.**

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## TRADING HOURS

1. In securities, inclusive of derivatives<sup>1</sup>:

a. Trading hours on Monday-Thursday:

	Stock Market		Bonds, M.K.M. and Institutional markets
	Group A <sup>2</sup>	Group B <sup>3</sup>	
Pre-opening phase	09:00	09:00	09:00
Opening phase	09:45 – 09:46	10:15	09:30-09:31
Pre close phase	17:14 - 17:15	17:14 - 17:15	17:14 - 17:15
Closing trading phase	17:24 - 17:25	17:24 - 17:25	17:24 - 17:25

b. Trading hours on Sunday:

	Stock Market		Bonds, M.K.M. and Institutional markets
	Group A	Group B	
Pre-opening phase	09:00	09:00	09:00
Opening phase	09:45 – 09:46	10:15	09:30-09:31
Pre close phase	16:14 - 16:15	16:14 - 16:15	16:14 - 16:15
Closing trading phase	16:24 - 16:25	16:24 - 16:25	16:24 - 16:25

1 In each place there is an hour range, the trading phase will begin each day at a time to be set at random, which shall be within the range.

2 Group A – shares included in Tamar, ETNs and units in closed-end mutual funds.

3 Group B shares not included in Tamar and convertible securities.

c. Trading hours in the interim holidays of Pesach and of Sukkot:

	Stock market		Bonds, M.K.M. and Institutional markets
	Group A	Group B	
Pre-opening phase	09:00	09:00	09:00
Opening phase	09:45 - 09:46	10:15	09:30-09:31
Pre close phase	14:14 – 14:15	14:14 – 14:15	14:14 – 14:15
Closing trading phase	14:24 - 14:25	14:24 - 14:25	14:24 - 14:25

- d. On a trading day that updating date parameters is occurs, within the meaning thereof in the Seventh Part of the Rules<sup>4</sup>, the beginning of the pre-closing phase in equity market shall be start 20 minutes earlier than the aforesaid in under subsection a.,b. or c. above as the case may be.
- e. On the updating trading day of the Tel-Bond universe<sup>5</sup>, the beginning of the pre-closing phase in bond, M.K.M. and Institutional markets shall be start 20 minutes earlier than the aforesaid in under subsection a.,b. or c. above as the case may be.

2. In derivatives:

	Mon.-Thu.	Sunday	In the interim holidays of Pesach and Sukkot
Begin of trading	09:30	09:30	09:30
End of trading	17:35	16:35	14:35

4 According to Regulations based on the seventh section of the rules, Updating date parameters shall be take place on the first Thursday in each month.

5 According to the Decisions of the Board of Directors on the Tel-Bond universe, the universe is updated at the end of the trading day that occurs on the third Thursday of May and November.

**REMUNERATION FOR A MARKET MAKER IN RESPECT OF  
DERIVATIVES**

**Definitions**

For the purposes of this decision –

"TA-125 Index options" - Options that their underlying asset is TA-125 Index.

1. **The maximum number of market makers in the derivatives market, who are remunerated by the Exchange**

The maximum number of market makers in derivatives who are remunerated by the Exchange shall be four.

2. **Remuneration of market makers in respect of TA-125 Index options**

The Stock Exchange shall remunerate, as specified below, bodies that were approved by it as market makers in respect of TA-125 Index options remunerated by the Stock Exchange, and that subject to its having submitted market making orders as required.

For the calculation of the remuneration specified in this section, only those transactions in TA-125 Index options shall be taken into account, which were carried out by the market maker and marked by it in the manner that will be prescribed from time to time by the Stock Exchange.

A. 1) **Refund of trading and clearing fees**

At the beginning of each month the Stock Exchange shall refund to the Stock Exchange member, through which the market maker operates, an amount equal to the trading fees that were collected from the said Stock Exchange member in respect of the market maker's trading activity in the course of the preceding month in respect of the options for TA-125 Index options.

2) **Monthly remuneration according to the rank of the market maker**

A) The Stock Exchange shall, at the beginning of each month, pay the Stock Exchange member, through which the market maker in respect of TA-125 Index options operates, an amount specified below, as the case may be, in respect of trading in the course of the preceding month by the market maker in respect of options as mentioned above, that operates through it:

- (1) In case of two market makers - In respect of trading by the one of the two market makers, who in the course of that month bought and sold the larger number of Options on TA-125 Index that equal to NIS 20,000.

In respect of trading by the one of the two market makers, who in the course of that month bought and sold the smaller number of Options on TA-125 Index that equal to NIS 15,000.

The above amounts will be valid until other decision of the board.

- (2) In case of one market maker – who in the course of that month bought and sold Options on TA-125 Index that equal NIS 20,000. This amount will be valid until other decision of the board.

B) If two or more market makers had the same number of TA-125 Index options, that they bought and sold in the course of a certain month, the Stock Exchange shall pay each of the Stock Exchange members through whom those market makers operate an equal share of the total amount that would have been paid those market makers under subsection a) above, as the case may be.

C) If there was a technical malfunction, due to which a market maker did not submit market making orders to the Stock Exchange as required – the Stock Exchange may subtract from the amounts specified in subsection a) above a proportional part according to the length of time during which the market maker did not submit market making orders as required because of the said malfunction.

3) **Monthly remuneration according to the market maker's volume, in terms of option units**

A) Every day the Stock Exchange shall mark the market maker who on that day bought and sold the largest number of TA-125 index options, compared to the number of the said options that the market maker bought and sold (hereafter: "the first market maker" and "the second market maker", respectively).

B) Every day the Stock Exchange shall calculate, in the following manner, the amount to which each of the said market makers is entitled in respect of that day (hereafter: "the daily payment"):

- (1) The first market maker is entitled to remuneration in the amount of 1 NIS in respect of each option said in the above subsection (A), which he bought or sold in the course of that day.

- (2) The second market maker is entitled to remuneration in the amount of 0.5 NIS in respect of each option said in the above subsection (A), which he bought or sold in the course of that day.

If there is one market maker, the market maker is entitled to the remuneration to which the first market maker said in subsection (1) is entitled.

- C) At the beginning of each month the Stock Exchange shall pay the Stock Exchange member, through whom the market maker of options on TA-125 Index operates, an amount equal to the total of the daily payments to which the market maker is entitled, as specified in the above subsection (b), subject to the following subsection 10 and that in respect of the market maker's trading in the said options in the course of the preceding month.
- 4) In the count of the number of options for the determination of a market maker's monthly remuneration, as said in subsections 2) and 3) above, the number of options that the market maker bought from or sold to other market maker shall not be taken into account, and a turnover of more than 100 options with a certain client on a certain trading day shall – for the present purpose – be counted only as 100 options.
- B) The payments said in subsection 6.a. above shall be paid at the beginning of each month to the Stock Exchange members through whom the market makers operate, in respect of market making in the preceding month, on condition that the market maker submitted market making orders as required for execution on the Stock Exchange.
- C) If a market maker in respect of TA-125 Index options, ceased to live up to its obligations to submit market making orders for the said options because it was decided – according to subsection 7.g.1) of Chapter Six of the Regulations under Part Three of the Stock Exchange Rules – to reject orders submitted through a generator number that was allocated to it for market making in respect of those options, the Stock Exchange shall continue to remunerate that market maker as said in subsection 6.a. above, as the case may be, also during the period in which it was unable to submit orders because of the aforesaid reason, but not for longer than until the end of two calendar months after the month in which it was decided to reject the aforesaid orders.
3. **Termination of market making, termination of the remuneration of TA-125 Index option, market makers at the initiative of the Stock Exchange**
- A) If the trading on TA-125 Index options will cease in the Stock Exchange, the market makers remuneration of the said options will be canceled and the obligation of the market makers to submit market makers orders will be canceled
- B) The Stock Exchange is entitled to cancel the approvals that were given to the market makers in the said options and will cease to remunerate them, by sending a

written notice to the market makers, at least 60 days before approvals and remuneration are to be ceased.

4. **Termination of market making of TA-125 Index option at a market maker's initiative**

A market maker in respect of TA-125 Index options may cease the market making activity that it carries out, on condition that it gives the Stock Exchange written notice to that effect at least 60 days before the date on which it intends to cease making a market for the said options

5. **Additional monthly remuneration for high volume ("incentive")**

- a. For the purposes of this subsection 9, "incentive units" – the whole number obtained by dividing the number of TA-125 index options that a market maker bought and sold in the course of the month by 50,000. The number of options that one market maker bought from or sold to another market maker shall not, for this purpose, be included in the number of options.
- b. At the beginning of each month the Stock Exchange shall pay the Exchange member, through whom the market maker on TA-125 index options operates, an amount equal to NIS 5,000, multiplied by the number of that market maker's incentive units.

6. **Maximum amounts**

The maximum monthly remuneration of a specific market maker under the above section 3.a.3) shall be NIS 60,000.

7. If it is decided that there shall be more than two market makers, the Board of Directors shall prescribe how the market makers shall be remunerated.



## **MARKET MAKING ORDERS**

Whoever wishes to act on the Exchange as market maker for a certain security must assume the obligation that - at all times in the course of trading on the Exchange, except during intervals determined in this decision - his buy orders and sell orders for the security in respect of which he acts as market maker will be on the order book for a quantity no smaller than the minimum quantity specified below at a price differential no greater than the maximum differential between the said buy orders for the security and the said sell orders for the security, all as prescribed below.

### A. Minimum quantity

At all times in the course of trading on the Exchange and subject to the restrictions prescribed in section D. below, buy orders from the market maker for the security for a quantity no smaller than the quantity specified below, and also sell orders from the market maker for the security for a quantity no smaller than the quantity specified below shall be on the order book for each of the securities for which he acts as market maker.

#### 1) In respect of shares and securities convertible into shares:

- a) In respect of shares included in the TA-35 index and in respect of index certificates for those shares - a quantity of shares or Index certificates, as the case may be, equal to twice the minimum size of an order for those shares;
- b) In respect of shares included in the TA-90 index and in respect of index certificates for those shares - a quantity of shares or Index certificates, as the case may be, equal to three times the minimum size of an order for those shares;
- c) In respect of shares included in the TA-SME60 Index, TA- Growth index and in respect of index certificates for those shares - a quantity of shares or Index certificates, as the case may be, equal to one and a half times the minimum size of an order for those shares;
- d) In respect of shares not included in the TAMAR and also in respect of index certificates for those shares - a quantity of shares or Index certificates, as the case may be, equal to the minimum size of an order for those shares;
- e) In respect of options, convertible debentures and option debentures - a quantity of securities equal to one and a half times the minimum size of an order for the options or the debentures, as the case may be;

#### 1A) In respect of debentures, other than bonds issued by the State of Israel, in commercial securities and also in respect of options for debentures:

A quantity of securities equal to twice the minimum size of an order for those securities.

- 2) In respect of bonds issued by the State of Israel other of the categories "Shahar", "New Gillon", "ILGOV" and "ILFRNO", and also in respect of options for debentures:
- a quantity of securities equal to the minimum size of an order for those securities;
- 3) In respect of M.K.M. and bonds issued by the State of Israel of the categories "Shahar", "New Gillon", "ILGOV" and "ILFRNO":
- a quantity of securities equal to 33 times the minimum size of an order for those securities;
- 4) For share options, except for ICL share options, participating unit options in limited partnerships of gas and oil explorations
- a) In respect of options of the series with the nearest exercise date – the purchase of 8 options and the sale of 8 options.
- b) For options of the series with the exercise date that comes after the nearest exercise date – the purchase of 5 options and the sale of 5 options.
- c) Notwithstanding the provisions of subsections (a) and (b) above, the following shall apply on the last trading day for a series of options:
- (1) In respect of options of the series for which this is the last trading day – there is no minimum quantity requirement;
- (2) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (1) – 8 options in the manner specified in subsection (a) above.
- (3) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (2) – 5 options in the manner specified in subsection (b) above.
- 5) Canceled.
- 6) For participating unit options in limited partnerships of gas and oil explorations
- a) In respect of options of the series with the nearest exercise date – the purchase of 6 options and the sale of 6 options.
- b) For options of the series with the exercise date that comes after the nearest exercise date – the purchase of 4 options and the sale of 4 options.
- c) Notwithstanding the provisions of subsections (a) and (b) above, the following shall apply on the last trading day for a series of options:
- (1) In respect of options of the series for which this is the last trading day – there is no minimum quantity requirement;

- (2) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (1) – 6 options in the manner specified in subsection (a) above.
- (3) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (2) – 4 options in the manner specified in subsection (b) above.

7) **For TA Banking-5 Index options**

- a) In respect of options of the series with the nearest exercise date – the purchase of 3 options and the sale of 3 options.
- b) For options of the series with the exercise date that comes after the nearest exercise date – the purchase of 2 options and the sale of 2 options.
- c) Notwithstanding the provisions of subsections (a) and (b) above, the following shall apply on the last trading day for a series of options:
  - (1) In respect of options of the series for which this is the last trading day – there is no minimum quantity requirement;
  - (2) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (1) – 3 options in the manner specified in subsection (a) above.
  - (3) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (2) – 2 options in the manner specified in subsection (b) above.

8) **For Non-linked Israel government bond options**

- a) In respect of options of the series with the nearest exercise date – the purchase of 15 options and the sale of 15 options.
- b) In respect of options of the series with the exercise date next after the nearest exercise date – the purchase of 12 options and the sale of 12 options.
- c) Notwithstanding the provisions of the above subsections a. and b., the following shall apply on the last day on which a series of options is traded:
  - (1) In respect of options of the series for which this is the last trading day – there is no requirement for a minimum quantity.
  - (2) In respect of options of the series with an exercise date next after the exercise date of the series said in the above subsection 1) – 15 options in the manner specified in the above subsection A.

- (3) In respect of options of the series with an exercise date next after the exercise date of the series said in the above subsection 2) – 12 options in the manner specified in the above subsection B.

9) **For TA-125 Index options**

- a) In respect of options of the series with the nearest exercise date – the purchase of 5 options and the sale of 5 options.
- b) In respect of options of the series with the exercise date next after the nearest exercise date – the purchase of 4 options and the sale of 4 options.
- c) Notwithstanding the provisions of the above subsections a. and b., the following shall apply on the last day on which a series of options is traded:
- (1) In respect of options of the series for which this is the last trading day – there is no requirement for a minimum quantity.
- (2) In respect of options of the series with an exercise date next after the exercise date of the series said in the above subsection 1) –5 options in the manner specified in the above subsection a.
- (3) In respect of options of the series with an exercise date next after the exercise date of the series said in the above subsection 2) – 4 options in the manner specified in the above subsection b.

B. **Maximum price differential**

1) **In respect of securities other than derivatives**

in every pair of opposite market making orders on the order book for any security whatsoever, as required above, the price stated in the sell order shall not be greater than the price stated in the buy order by more than the percentage stated below, the price in the said sell order having been rounded upward to the nearest level of prices for submitting orders, in accordance with the Rules;

a) **In respect of shares and securities convertible into shares**

- (1) In respect of shares included in the TA-35 index and in respect of index certificates for those shares - by 2%;
- (2) In respect of shares included in the TA-90 index and in respect of index certificates for those shares - by 3%;
- (3) In respect of shares included in the TA-SME60 Index, TA- Growth index and in respect of index certificates for those shares - by 5%;
- (4) In respect of shares not included in the TAMAR and also in respect of index certificates for those shares, and also in respect of options - by 8%;

- (5) In respect of convertible debentures and option debentures - by 3%;
- b) In respect of debentures, other than bonds issued by the State of Israel of the categories "Shahar", "New Gillon", ILGOV and ILFRNO:
- (1) In respect of debentures with up to three years to redemption – by 2%
- (2) In respect of debentures with more than three years and up to five years to redemption – by 3%
- (3) In respect of debentures with more than five years and up to ten years to redemption – by 3.5%
- (4) In respect of debentures with more than ten years to redemption – by 4%.
- c) In respect of debentures issued by the State of Israel of the categories "Shahar", "New Gillon", "ILGOV" and "ILFRNO":
- (1) In respect of debentures with up to three years to redemption – twenty times the step for the submission of an order, as prescribed in the Regulations;
- (2) In respect of debentures with more than three years and up to six years to redemption – thirty times the step for the submission of an order, as prescribed in the Regulations;
- (3) In respect of debentures with more than six years and up to ten years to redemption – ninety times the step for the submission of an order, as prescribed in the Regulations;
- (4) In respect of debentures with more than ten years to redemption – sixty times the step for the submission of an order, as prescribed in the Regulations;
- d) In respect of M.K.M. and commercial securities - by 0.15%.
- 2) In respect of share options, TA-125 Index options, TA Banking-5 Index options and Non-linked Israel government bond options

In every pair of opposite market making orders on the order book for options, as required above, the price stated in the sell order shall not be greater than the price stated in the buy order by more than the percentage stated below:

- a) For share options, except for participating unit options in limited partnerships of gas and oil explorations
- (1) In respect of options of the series with the nearest exercise date – 5 times the step for submitting orders, as prescribed in the guidelines;

- (2) For options of the series with the exercise date that comes after the nearest exercise date – 6 times the step for submitting orders, as prescribed in the guidelines;
  - (3) Notwithstanding the provisions of subsections (1) and (2) above, the following shall apply on the last trading day for a series of options:
    - (a) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (1) – in the manner specified in subsection A) (1) above.
    - (b) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (a) – in the manner specified in subsection A) (2) above.
- b) For TA-125 Index options
- (1) In respect of options of the series with the nearest exercise date – 3 times the step for submitting orders, as prescribed in the guidelines.
  - (2) For options of the series with the exercise date that comes after the nearest exercise date – 5 times the step for submitting orders, as prescribed in the guidelines.
  - (3) Notwithstanding the provisions of subsections (1) and (2) above, the following shall apply on the last trading day for a series of options:
    - (a) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (1) – in the manner specified in subsection b) (1) above.
    - (b) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (a) – in the manner specified in subsection b) (2) above.
- c) For participating unit options in limited partnerships of gas and oil explorations
- (1) In respect of options of the series with the nearest exercise date – 12 times the step for submitting orders, as prescribed in the guidelines;
  - (2) For options of the series with the exercise date that comes after the nearest exercise date – 14 times the step for submitting orders, as prescribed in the guidelines;
  - (3) Notwithstanding the provisions of subsections (1) and (2) above, the following shall apply on the last trading day for a series of options:
    - a) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (1) – in the manner specified in subsection C) (1) above.

- b) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (a) – in the manner specified in subsection C) (2) above.
- d) For TA Banking-5 Index options
- (1) In respect of options of the series with the nearest exercise date – 10 times the step for submitting orders, as prescribed in the guidelines;
  - (2) For options of the series with the exercise date that comes after the nearest exercise date – 12 times the step for submitting orders, as prescribed in the guidelines;
  - (3) Notwithstanding the provisions of subsections (1) and (2) above, the following shall apply on the last trading day for a series of options:
    - a) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (1) – in the manner specified in subsection D) (1) above.
    - b) In respect of options with the nearest exercise date after the exercise date of the series said in the above subsection (a) – in the manner specified in subsection D) (2) above.
- e) For Non-linked Israel government bond options
- 1) In respect of options of the series with the nearest exercise date – 4 times the step for the submission of an order, as prescribed in the Regulations.
  - 2) In respect of options of the series with the exercise date next after the nearest exercise date – 5 times the step for the submission of an order, as prescribed in the Regulations.
  - 3) Notwithstanding the provisions of the above subsections 1) and 2), the following shall apply on the last day on which a series of options is traded:
    - a) In respect of options of the series with an exercise date next after the exercise date of the series said in the above subsection 1) – in the manner specified in the above subsection E)1);
    - b) in respect of options of the series with an exercise date next after the exercise date of the series said in the above subsection (a) – in the manner specified in the above subsection E)2).
- C. Only a market maker, whose buy orders and sell orders comply with all the following requirements will be deemed to have met his obligation in respect of buy orders and sell orders being on the order book in the minimum quantity and with the maximum price differential, as provided in sections A. and B. above.

- 1) Buy orders, which a market maker is required to submit, may be submitted with at the most five different prices. and sell orders, which he is required to submit, may be submitted with at the most five different prices;

If a market maker submitted aforesaid buy orders and sell orders with more than five prices, then the Exchange shall - in examining whether he met his obligations said in sections A. and B. above - take into consideration only his buy orders with the five highest prices and his sell orders with the five lowest prices.

- 2) The aggregate quantity of securities in buy orders that will be submitted by the market maker at the five highest prices, as said in subsection 1) above, shall at least equal the minimum quantity required in section A. above.

The aggregate quantity in sell orders that will be submitted by the market maker at the five lowest prices, as said in subsection 1) above, shall at least equal the minimum quantity required in section A. above.

- 3) The price stated for quotation in the sell order is not greater than the price stated in the buy order for quotation by more than is prescribed in section B. above, as the case may be.

In this section –

"Sell order for quotation" - the sell order at the highest price among the five sell orders taken into account as said in subsection 1) above, in which the aggregate quantity of securities, together with the quantities of securities in those of the five sell orders at lower prices, equals at least the minimum quantity said in section A. above.

"Buy order for quotation" - the buy order at the lowest price among the five buy orders taken into account as said in subsection 1) above, in which the aggregate quantity of securities, together with the quantities of securities in those of the five sell orders at higher prices, equals at least the minimum quantity said in section A. above.

**D. Length of time and the phases of trading, during which a market maker must submit market making orders and the length of time, during which the market maker is exempt of submitting aforesaid orders**

A market maker must submit buy orders and sell orders to the Exchange for execution, so that his market making orders will be on the order book during all phases of trading on the Exchange in respect of the securities for which he acts as market maker and that subject to the following restrictions:

- 1) In respect of securities other than derivatives
  - a) during the pre-opening phase - market making orders as required shall be on the order book during at least four of the five minutes before the earliest time for opening trading, and also at any time from the earliest time for opening trading until the opening trading in the security;



notwithstanding the aforesaid, failure to meet this requirement on four trading days at the most in any calendar month shall not be deemed failure to submit market making orders during the pre-opening phase, as required;

- b) During the continuous trading phase - market making orders as required shall be on the order book at all times while continuous trading is in progress on the Exchange;

Notwithstanding the aforesaid, failure to meet this requirement during a period of no more than one hundred minutes in the aggregate in the course of the continuous trading phase for a security on each trading day shall not be deemed failure to submit market making orders during the continuous trading phase, as required;

On the intermediate days of Passover and Sukkot, failure to meet the said requirement during a period of no more than seventy minutes in the aggregate in the course of the continuous trading phase for a security on each trading day shall not be deemed failure to submit market making orders during the continuous trading phase, as required;

- c) (1) Notwithstanding the provisions of subsections a) and b) above, in respect of the following securities a market maker may submit market making orders during for the pre-opening phase only, subject to the provisions of subsection (2) below:
- (a) Shares not included in the TA-125 index and the TA- Growth index;
  - (b) Share options;
- (2) Whoever wished to act as market maker for the opening phase only shall submit to the Exchange an application as said in Schedules One and Three of the Rules, in which he shall state that he will submit market making orders only during the pre-opening phase;

Notwithstanding the aforesaid –

- If there is market making for a certain security both in the pre-opening phase and the continuous trading phase, then the Exchange shall reject applications for market making during the pre-opening phase alone;
- If there is market making for a certain security only during the pre-opening phase and an application is submitted and approved for market making both in the pre-opening phase and the continuous trading phase, then the Exchange shall inform the market maker in the pre-opening phase only that he must make market also during the continuous trading phase, or else he must cease making market for the security, and that until the end of the calendar month after the month in which the said notice was delivered to the market maker;

d) In respect of derivatives

Required market making orders shall be on the order book at all times while derivatives are being traded on the Exchange; however, if the underlying asset of a derivative, for which a market is being made, is traded on the Exchange, or if the underlying asset of a derivative, for which a market is being made, is an index of securities traded on the Exchange, then the aforesaid market making orders must be on the order book from the time when the first index published during the continuous trading phase is published, or from the time when the opening price of the underlying asset is published and up to the end of the continuous trading phase for that underlying asset, as the case may be, on that trading day;

Notwithstanding the aforesaid, failure to meet this requirement during no longer than one hundred minutes in the aggregate while derivatives are being traded on that trading day shall not be deemed a failure to submit market making orders as required;

On the intermediate days of Passover and Sukkot, failure to meet this requirement during no longer than seventy minutes in the aggregate during the period when those derivatives are being traded shall not be deemed a failure to submit market making orders as required.

e) **Series of share options and TA Banking Index options, in respect of which a market maker for derivatives must submit market making orders**

- 1) A market maker in share options must make a market for all options, of which the underlying assets are shares and for all options that their underlying asset is shares.

A market maker must submit market making orders for every option that their underlying asset is share, of which the underlying asset is a share, in the series with the nearest exercise date and in the series with the exercise dates that follows thereafter, as specified below.

However, on the last trading day of a share option series, the obligation shall apply to submit market making orders for the options with the nearest exercise dates after the exercise date of the series for which this is the last trading day, and the obligations under subsections 2) and 3) below shall apply in respect of the option series with the following exercise dates:

- a) The exercise date that follows the nearest exercise date;
- b) The exercise date that follows the exercise date said in the above paragraph (a).

- 2) In respect of every series with the nearest exercise date the market maker's obligations shall be as follows:

Call options separately and Put options separately, at the exercise price that is nearest the price of the underlying asset at all times; if the price of the underlying asset is equally close to two consecutive exercise prices – the higher exercise price of the two;

In addition, Call options separately and Put options separately, at least at 5 different exercise prices from among the exercise prices within the range of up to 20% above and below the exercise price nearest to the price of the underlying asset; if within the said range there are not at least five different exercise prices, then the market maker shall submit market making orders for all the exercise prices that actually are within the said range.

- 3) In respect of every said series with an exercise date that follows the nearest exercise date the market maker's obligations shall be as follows

Call options separately and Put options separately, at the exercise price that is nearest the price of the underlying asset at all times; if the price of the underlying asset is equally close to two consecutive exercise prices – the higher exercise price of the two;

In addition, Call options separately and Put options separately, at least at 4 different exercise prices from among the exercise prices within the range of up to 20% above and below the exercise price nearest to the price of the underlying asset; if there are not at least two different exercise prices within the said range, then the market maker shall submit market making orders for all the exercise prices that actually are within the said range.

- 4) If, in consequence of a rights event, an adjustment was made for the adjustment of the conditions of a series of share options of the underlying asset, and if in consequence thereof new option series were issued, then the provisions of subsections a) and b) above shall apply to the said new series, and not to the series on the same underlying asset, which were issued before the said adjustment had been made.

f. **Government bonds, in respect of which market makers for those bonds must submit market making orders**

Market makers in Government bonds must submit market making orders for all the Government bonds, for which there is an obligation for quotations by primary Dealers in the MTS-Israel system, on each day on which those bonds are traded on the Stock Exchange.

g. **The series in respect of which a market maker of non-linked Israel Government bond options must submit market making orders**

- 1) A market maker of non-linked Israel Government bond options must make a market for all the options, for which the non-linked Israel Government bonds are the underlying asset. A market maker must submit market making orders for every option for which a non-linked Israel Government bond is the underlying asset, of the series with the nearest exercise date and of the series with the next following exercise date, as specified below.

However, on the last trading day of a series of non-linked Israel Government bond options the obligation to submit market making orders shall apply to options, the exercise date of which is next after the exercise date of the series for which this is the last trading day, and the obligations said in the following subsections 2) and 3) shall apply to option series, the exercise dates of which are as follows:

- a) The exercise date next following after the nearest exercise date.  
b) The exercise date that next following after the exercise date said in the above paragraph a).
- 2) In respect of each said series, the exercise date of which is the nearest, the market maker's obligation shall be as follows:

At the exercise price that at any time is nearest to the price of the underlying asset; if the price of the underlying asset is equally near to two consecutive exercise prices – at the higher of the two exercise prices.

In addition, at least at 5 different exercise prices among those that are within a range of 2% above and 2% below the exercise price that is nearest to the price of the underlying asset; if there are not at least 5 different exercise prices within the said range – the market maker shall submit market making orders at all the exercise prices that actually are within the said range.

- 3) In respect of every said series, the exercise date of which is next after the nearest exercise date, the market maker's obligation shall be as follows:

At the exercise price that at any time is nearest to the price of the underlying asset; if the price of the underlying asset is equally near to two consecutive exercise prices – at the higher of the two exercise prices.

In addition, at least at 4 different exercise prices among those that are within a range of 2% above and 2% below the exercise price that is nearest to the price of the underlying asset; if there are not at least 4 different exercise prices within the said range – the market maker shall submit market making orders at all the exercise prices that actually are within the said range.

## **RESTRICTION ON OPEN POSITIONS ON SHARE OPTIONS**

The total of a client's open positions to one side (the rising market side or the declining market side, as the case may be) shall be as specified below:

<b>For a derivative for which the underlying asset is:</b>	<b>It shall not be greater than</b>
Bank Leumi share	19,500
Bank Hapoalim share	14,500
Teva share	29,500
Discount Bank share	6,000
Avner participation unit	8,500
Bank Mizrahi Tefahot share	1,500
ICL share	12,000
Bezeq share	17,000
Perrigo share	8,000
Opko Health share	2,000
Ormat Techno share	3,000
Elbit Systems share	3,000
Fibi bank share	850
Gazit Globe share	1,500
Delek Group share	1,500
Delek Drill L participation unit	2,500
Israel Corp share	800
Isramco participation unit	34,000
Meliron share	2,000
Nice share	5,000
Azrieli Group share	5,000
Paz Oil share	550
Frutarom share	6,000
Strauss Group share	400
Mylan	7,000

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However, in the case of a derivative for which the underlying asset is a share, in respect of a client who only holds synthetic contracts to credit and in respect of a client who only holds synthetic contracts to debit, the restriction shall not exceed double the restriction on open positions prescribed in the above table.

"Teva share" – Teva pharmaceutical industries ltd share

"ICL share" – Israel chemicals ltd share

"Bank Leumi share" - Bank Leumi Le-Israel B.M. share

"Bank Hapoalim share" - Bank Hapoalim B.M. share

"Bank Discount share" - Israel Discount Bank ltd share

"Bank Mizrahi Tefahot share" - Mizrahi Tefahot Bank ltd share

"Avner participation unit" - A participant unit of Avner Oil Exploration limited partnership

"Bezeq share" – BEZEQ The Israeli Telecommunication Corp. Ltd share

"Perrigo share" - Perrigo company PLC share.

"Opko Health share" – Opko health, Inc share

"Ormat Techno share" - Ormat Technologies, Inc share

"Elbit Systems share" - Elbit Systems ltd share

"Fibi bank share" – First International Bank of Israel ltd share

"Gazit Globe share" – Gazit Globe ltd share

"Delek Group share" – Delek Group ltd share

"Delek Drill L participation unit" – Delek Drilling limited partnership participation unit

"Israel Corp share" – Israel Corporation ltd share

"Iramco participation unit" – Iramco negev 2 limited partnership participation unit

"Melisron share" – Melisron ltd share

"Nice share" – Nice Systems ltd share

"Azrieli Group share" – Azrieli Group ltd share

"Paz Oil share" – Paz oil company ltd share

"Frutarom share" – Frutarom Industries ltd share

"Strauss Group share" - Strauss Group ltd share

"Mylan share" - Mylan N.V.share

**ORDER TO TURNOVER RATIO IN TRADING DERIVATIVES**  
**BY THE USE OF QUOTE GENERATORS**

1. The maximum order to turnover ratio is 15 orders for each option or future traded in those orders.
2. A quote generator shall be given a daily quota of 15,000 orders, which shall not be taken into account for the calculation of the monthly option order to turnover ratio and of the monthly futures order to turnover ratio, within their meaning in the Profile derivatives appendix in respect of options on the Tel Aviv 35 Index and in the Profile derivatives appendix in respect of futures on the Tel Aviv 35 Index (hereafter: "monthly derivatives"), of the series with a maturity date that comes after the maturity date of the nearest monthly series of derivatives (hereafter: "the next maturity date") and of the monthly series of derivatives with a maturity date next after the next maturity date. The quote generator may use the said daily quota only in respect of the orders submitted by it for the derivatives said in this section.
3. A quote generator shall be given a daily quota of 10,000 orders, which shall not be taken into account for the calculation of the weekly maximum option order to turnover ratio and of the weekly futures order to turnover ratio, within their meaning in the Profile derivatives appendix in respect of options on the Tel Aviv 35 Index and in the Profile derivatives appendix in respect of futures on the Tel Aviv 35 Index (hereafter: "weekly derivatives"). For this purpose, monthly derivatives shall be deemed weekly derivatives beginning with the last trading day of the weekly series of derivatives, in the week before the week in which is the maturity date of those monthly series of derivative. The quote generator may use the said daily quota only in respect of orders that it submits for the derivatives said in this section.
4. A quote generator shall be given a daily quota of 10,000 orders, which shall not be taken into account for the calculation of the maximum order to turnover ratio of Shahr series bond options. The quote generator may use the said daily quota only in respect of orders that it submits for the options said in this section.
5.
  - a. A quote generator shall be given a daily quota of 10,000 orders, which shall not be taken into account for the calculation of the maximum order to turnover ratio of share options. The quote generator may use the said daily quota only in respect of the orders that it submits for the options said in this subsection.
  - b. Notwithstanding the provisions of the above subsection a., for a quotation generator that works through a member may submit an application to increase the daily quota said in subsection a. to 400,000 orders of his activity for all share options (hereafter: "increased quota"). The increased quota shall not be taken into account for purposes of the maximum order / turnover ratio of share options.

A quotation generator, for which an application was approved by the Stock Exchange, may use the increased quota only for orders submitted in respect of options, as said in this subsection.

The application shall be submitted to the Stock Exchange by use of the form "Application for an increased quota for a quotations generator that operates on share options", which is attached to this decisions as Appendix A.

The Stock Exchange may refrain from approving a said application, if in its opinion the approval of an increased quota would be liable to have a negative effect on trading.

The Stock Exchange may, at any time, cancel the approval of an increased quota that was given a quotations generator and notice thereof shall, immediately after the decision to cancel, be given to the member through whom the quotations generator operates.

6. a. A quote generator shall be given a daily quota of 10,000 orders, which shall not be taken into account for the calculation of the maximum order to turnover ratio of TA-125 Index options. The quote generator may use the said daily quota only in respect of the orders that it submits for the derivatives said in this subsection.
- b. Notwithstanding the provisions of the above subsection a., for a quotation generator that works through a member may submit an application to increase the daily quota said in subsection a. to 40,000 orders of his activity for all options on TA125 (hereafter : "increased quota"). The increased quota shall not be taken into account for purposes of the maximum order / turnover ratio of options on TA125.

A quotation generator, for which an application was approved by the Stock Exchange, may use the increased quota only for orders submitted in respect of options, as said in this subsection.

The application shall be submitted to the Stock Exchange by use of the form "Application for an increased quota for a quotations generator that operates on options on TA125", which is attached to this decision as Appendix B.

The Stock Exchange may refrain from approving a said application, if in its opinion the approval of an increased quota would be liable to have a negative effect on trading.

The Stock Exchange may, at any time, cancel the approval of an increased quota that was given a quotations generator and notice thereof shall, immediately after the decision to cancel, be given to the member through whom the quotations generator operates.

7. a. A quote generator shall be given a daily quota of 40,000 orders, which shall not be taken into account for the calculation of the maximum order to turnover ratio of Series of monthly-options and monthly-futures within their meaning in the Profile derivatives appendix in respect of options on the US dollar and in the Profile derivatives appendix in respect of futures on the US dollar, of all the series with a maturity date that comes after the maturity date of the nearest monthly series. The quote generator may use the said daily quota only in respect of the orders that it submits for the derivatives said in this subsection.



- b. A quote generator shall be given a daily quota of 20,000 orders, which shall not be taken into account for the calculation of the maximum order to turnover ratio of Series of weekly-options and weekly-futures within their meaning in the Profile derivatives appendix in respect of options on the US dollar (hereafter: "weekly derivatives"). The quote generator may use the said daily quota only in respect of the orders that it submits for the derivatives said in this subsection.
- c. A quote generator shall be given a daily quota of 40,000 orders, which shall not be taken into account for the calculation of the maximum order to turnover ratio of Series of options and futures on the Euro exchange rate, of the series with a maturity date that comes after the maturity date of the nearest monthly series. The quote generator may use the said daily quota only in respect of the orders that it submits for the derivatives said in this subsection.

**Appendix A**

To  
The Director  
Trading and Clearing House Department  
Tel Aviv Stock Exchange Ltd. (hereafter: the Stock Exchange)  
2 Ahuzat Bayit Street  
Tel Aviv 6525216

Gentlemen,

Re: Application for an increased quota for a quotations generator that operates on share options

1. We, the undersigned \_\_\_\_\_, request that you allocate to the  
(member's name)  
quotations generator a quota of 400,000 orders per day (hereafter: "the increased quota"), which shall not be taken into account for purposes of the maximum order / turnover ratio of share options.
2. We understand and we shall so inform the client who operates the quotations generator that the quotations generator may utilize the increased quota only for orders that he submits in respect of share options.
3. We understand and we shall so inform the client who operates the quotations generator that the Stock Exchange may cancel the increased quota at any time and that a notice to that effect will be given to us at the time of the cancellation.
4. The aforesaid application is for the quotations generator that bears the number \_\_\_\_\_.

In witness of the aforesaid we here affix our signature

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature and member's seal)

**Appendix B**

To  
The Director  
Trading and Clearing House Department  
Tel Aviv Stock Exchange Ltd. (hereafter: the Stock Exchange)  
2 Ahuzat Bayit Street  
Tel Aviv 6525216

Gentlemen,

Re: Application for an increased quota for a quotations generator that operates on options on TA125

1. We, the undersigned \_\_\_\_\_, request that you allocate to the  
(member's name)  
quotations generator a quota of 40,000 orders per day (hereafter: "the increased quota"), which shall not be taken into account for purposes of the maximum order / turnover ratio of options on TA125.
2. We understand and we shall so inform the client who operates the quotations generator that the quotations generator may utilize the increased quota only for orders that he submits in respect of share options.
3. We understand and we shall so inform the client who operates the quotations generator that the Stock Exchange may cancel the increased quota at any time and that a notice to that effect will be given to us at the time of the cancellation.
4. The aforesaid application is for the quotations generator that bears the number \_\_\_\_\_.

In witness of the aforesaid we here affix our signature

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature and member's seal)

### **Static thresholds and Dynamic thresholds for price monitor**

- 1) Static and Dynamic thresholds, as defined in paragraph 1. In Chapter 5 of the Regulations to The Third Part of the Rules, shall be as follows:

Market	Group of Security	Static threshold	Dynamic threshold
Equity	Shares included in TA-35 Index	7%	4%
	Shares included in TA-90 Index	8%	4%
	Shares included in TA-SME60 Index Shares included in TA-Growth Composite Index	9%	5%
	Shares not included in Tamar	12%	10%
	Convertible bonds	10%	5%
	ETN's (Shares)	7%	4%
	Bond	Government Bonds	2.5%
Corporate Bonds		8%	3%
ETN's (Bonds)		4%	2%
M.K.M	M.K.M	0.5%	0.1%

- 2) In cases where the static threshold or the dynamic threshold in a security, according to the above table, is less than 5 times the tick size for the particular security, the static or dynamic threshold, as the case may be, shall be 5 times the tick size for the particular security.

To  
 The Director  
 Trading and Clearing House Department  
 Tel Aviv Stock Exchange Ltd. (hereafter: the Stock Exchange)  
 2 Ahuzat Bayit Street  
 Tel Aviv 6525216

re: **Application for inclusion in the trading system for institutional investors**

1. We, \_\_\_\_\_ (hereafter: the company) hereby request of you to include the following securities among those traded in the trading system for institutional investors:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
2. These are the particulars of the securities, in respect of which this application is being submitted:
  - a. the terms of the securities are as follows: \_\_\_\_\_
  - b. the coordinating bank, in which the securities will be kept is \_\_\_\_\_
  - c. the nominee company, to which the securities will be allocated and in the name of which they will be registered in the company's register is \_\_\_\_\_
3. We undertake to comply with all the provisions which, under the Stock Exchange Rules and the temporary Regulations of the Stock Exchange, apply in connection with trading by institutional investors, as they will be from time to time.
4. We undertake to comply with the obligations that apply to a company, the securities of which are traded on the trading system for institutional investors under the Stock Exchange Rules and under the by-laws of the Tel Aviv Stock Exchange Clearing House Ltd. (hereafter: the Clearing House), as they will be from time to time.
5. In order to make clearing by the Clearing House possible, we undertake to report to the Clearing House every particular that is connected to the securities, in respect of which this application is being submitted, or that is connected to the company that issues the said securities, such as requires any action by the Clearing House in connection with the securities.
6. In its contacts with the Stock Exchange the company will be represented by:  
 Name: \_\_\_\_\_ Position: \_\_\_\_\_  
 Telephone: \_\_\_\_\_ Address: \_\_\_\_\_  
 Facsimile: \_\_\_\_\_
7. Attached is an appendix that includes the description of the offered securities and the particulars of the trust deed, as specified in Securities Regulations (Particulars of a

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Prospectus and of a Draft Prospectus – Structure and Form) 1969, and that for the purpose of its publication by the Tel Aviv Stock Exchange.

Yours truly,

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature and company seal

I, the undersigned \_\_\_\_\_, Advocate, hereby certify that \_\_\_\_\_ and \_\_\_\_\_ signed this document in my presence and that their joint signature, together with the company seal, obligates the company.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature and company seal

Date: \_\_\_\_\_  
 Time \_\_\_\_\_

To  
 The Tel Aviv Stock Exchange Ltd. (TASE)  
 Trading and Clearing House Department  
 Fax: (972) 03-560-3468

From  
 Member's name \_\_\_\_\_  
 Contact person's name \_\_\_\_\_  
 Telephone: \_\_\_\_\_

**We request you to cancel one / several transactions, which today were carried out on the Stock Exchange due to an erroneous order.**

**The details of the erroneous order are as follows:**

- |   |                                     |
|---|-------------------------------------|
| 1. Security number: _____                   | 6. Order quantity: _____            |
| 2. Security name: _____                     | 7. Price limit: _____               |
| 3. TASE order number: _____                 | 8. Order value (NIS): _____         |
| 4. Order submitted to TASE at (time): _____ | 9. Source of the order <sup>1</sup> |
| 5. Type of order *: Buy / Sell              | CTCI / branch / on-line client      |

**Below are the details of the transactions, the cancellation of which we request \*\*::**

Transaction no.	When carried out	Quantity	Price	Transaction value
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

**Give full description of the error (including details of the order that should have been submitted):**

- \_\_\_\_\_
- \* circle the appropriate possibility
  - \*\* if necessary, attach the complete list on a separate page

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**Amount of the damage and how it was calculated:**

**We understand that, in respect of an application to cancel the transaction / transactions, our account will be charged NIS 1,500, plus VAT, through the Clearing House. If the said application is approved by the Stock Exchange, then our account will be charged an additional NIS 8,500, plus VAT.**

---

Signatory's first and family name

---

Signature and seal  
of the member  
that makes the request

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