

# **COMPANY GUIDE**

## **LISTING OF SECURITIES FOR TRADE**

### **SECOND PART OF THE RULES**

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**CHAPTER IX – GENERAL**

63. In this Part:

<b>Terms</b>	<b>Definitions</b>
“purchase warrant”	- a security entitling its holder to purchase shares from their holder, in consideration for an exercise price, on the date, terms and conditions stipulated in the prospectus or immediate report;
“approval of prospectus to be supplemented”	- approval that the terms of a security, insofar as stipulated in the draft prospectus to be supplemented, meet the terms and conditions of the TASE Rules and the Regulations pursuant thereto;
“approval in principle”	- approval that the terms of a security, insofar as stipulated in the shelf prospectus, meet the terms and conditions of the TASE Rules and the Regulations pursuant thereto that were in force on the date of the shelf prospectus’s publication;
“application for approval in principle”	- an application for approval in principle of a security the period for submitting orders in respect of which was not stipulated in the shelf prospectus;
“application for approval of a prospectus to be supplemented”	- an application to list a security pursuant to a draft prospectus to be supplemented;
“dollar”	- the shekel value of one US dollar according to the representative rate published by Bank of Israel;
“post-listing equity”	- the company’s pre-listing equity plus the company’s cash receipts up to the listing for trade in respect of offered shares and warrants, less the offer expenses and less the sum of all the following amounts: <ul style="list-style-type: none"> <li>- receipts in the framework of a public offering for treasury shares purchased by the company, for shares purchased by a controlled corporation and for treasury warrants;</li> <li>- cash dividends declared prior to the listing for trade, the record date for the distribution of which falls after the deadline for submitting orders;</li> </ul>
“pre-listing equity”	- the company’s equity as at the date of its last financial statements, and in the case of a company which, according to accepted accounting practices, prepares consolidated financial statements – the equity in the last consolidated financial

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statements, plus receipts up to the listing for trade in respect of allotted shares, less the sum of all the following amounts:

- debts of interested parties;
  - the amount paid for treasury shares purchased by the company after the date of the last financial statements;
  - the cost of the option component of the treasury convertible securities purchased after the date of the last financial statements;
  - the amount paid for shares purchased by a controlled corporation, after the date of the last financial statements;
  - capital expansion expenses;
  - cash dividends declared prior to the listing for trade, the record date for the distribution of which is up to the deadline for submitting orders (inclusive);
  - the proceeds received from the public offering;
  - the minority rights included in the equity;
- “public holdings”
- the number of the company’s shares of the same class or number of the company’s convertible securities of the same series or number of the company’s bonds of the same series, as the case may be (each hereinafter referred to as “securities”), immediately after the listing for trade, excluding:
    - a. securities the sale of which has been restricted, including securities governed by the provisions of the TASE Rules regarding the barring of any transaction or act (hereinafter referred to as “block”) or on the sale of which the company or its interested parties have placed restrictions;
    - b. securities the resale of which is restricted, pursuant to the Securities Law; securities subject to resale restrictions during the additional periods stipulated in section 15C(a) of the Securities Law, which are held by persons who are not interested parties, will not be taken into consideration for such purpose;
    - c. securities held by an interested party or by the company, subject to the exceptions stipulated in the Regulations, provided that the conditions prescribed in paragraphs a. and b. above and in paragraph e. below are not fulfilled in respect of them;

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- d. securities issued to employees, which have been deposited with a trustee in accordance with the Income Tax Ordinance (New Version);
- e. securities in which an interested party or the company has been given any option or right in connection with their purchase or in which their holders have been given any right or option in connection with their sale to an interested party or the company or an interested party has given an undertaking or notice regarding his or its intention in connection with their purchase, unconditionally or on the fulfilment of certain conditions;
- “scope of activity” - income and profit according to accepted accounting practices, as well as added value;
- “convertible to bond” - a security that is convertible into a bond of a listed class;
- “new company” - a company with unlisted shares, which is applying to list them;
- “listed company” - a company with listed share capital;
- “warrant” - a security entitling its holder to purchase shares offered by the offering company in consideration for an exercise price, on the date, terms and conditions stipulated in the prospectus or immediate report;
- “treasury warrants” - the company’s warrants that were purchased by it or by a corporation under the company’s control, in respect of which a report was made to TASE;
- “share price” - the effective price of the share, which shall be calculated in accordance with the calculation method stipulated in the Regulations, or the price of the share on TASE, and all as stipulated in the Regulations;  
in such regard, “share” – including a share deriving from the conversion of a convertible security;
- “convertible security price” - the price of a convertible security on an initial listing – a price calculated on the basis of the price of the share deriving from the conversion in accordance with the calculation method stipulated in the Regulations;  
the price of a listed convertible security – the convertible security’s price on TASE on the date and subject to the adjustments stipulated in the Regulations;

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“currency”	- new shekels, a foreign currency for which Bank of Israel fixes a representative rate or a foreign currency approved by TASE’s board of directors. When deciding whether to approve a currency, the board of directors will consider, <b>inter alia</b> , the currency’s negotiability and the existence of continuous publication of the currency’s exchange rates by Blumberg or Reuters;
“bonus shares”	- as defined in section 43 of the Securities Law;
“treasury shares”	- within the meaning thereof in section 308 of the Companies Law, 5759-1999 (hereinafter referred to as “the Companies Law”), including shares in accordance with sections 181, 333 and 340, in respect of which reports are submitted to TASE;
“shares purchased by a controlled corporation”	- shares of the company that were purchased by a corporation under the company’s control in accordance with section 309 of the Companies Law, 5759-1999, in respect of which reports are submitted to TASE;
“underlying share”	- a share or number of shares in respect of which the terms of a security stipulate that the security’s principal and/or interest derive from a change in their price/s;
“convertible security”	- a security convertible into shares of a listed class, or securities giving a right to purchase shares as aforesaid;
“treasury convertible securities”	- treasury warrants and treasury convertible bonds;
“employee”	- someone who on the date of receiving the company’s securities has employee-employer relations with the company or a company under its control, including pensioners of these companies;
“added value”	- profit plus salary-related expenses and ancillary payments plus depreciation and financing expenses, after the deduction of financing income;
“securities basket”	- a group of securities for which an index is calculated and published;
“listing for trade”	- the listing of securities for trade on TASE;

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“public holdings value”	- the amount obtained by multiplying the shares or convertible securities, as the case may be, held by the public by their prices, as stipulated in the Regulations;
“market value of underlying share”	- the number of shares of the company of the same class that are listed for trade on TASE and that are not treasury shares, multiplied by the price fixed for those shares at the end of a trading day on TASE;
"value of the Company's shares”	- the number of shares in the Company's issued and paid up capital less the treasury shares, multiplied by their price, as detailed in the Regulations;
“year”	- according to the Gregorian calendar;  In the case of a company which prepares financial statements other than according to a calendar year – the twelve months to which the financial statements relate;
“public holdings ratio”	- the percentage public holdings relative to the company’s total issued and paid up capital of shares of the same class less the treasury shares of such class, immediately after the allotment or immediately after the listing for trade, as the case may be, in accordance with one of the following assumptions: <ul style="list-style-type: none"> <li>- that none of the company’s convertible securities are exercised;</li> <li>- that all the convertible securities that are not listed for trade and that are not part of the public holdings are exercised immediately, including the immediate exercise of any right to receive shares;</li> <li>- that all the company’s convertible securities are immediately exercised;</li> </ul> <p>The aforesaid applies even if the terms of the convertible security or the terms of the right to receive the shares place conditions on their exercise or conversion, including with regard to the exercise or conversion date;</p>
“foreign currency exchange rate”	- the representative rate of exchange between a pair of currencies stipulated by Bank of Israel or by the central bank in such currency’s main business centre, which is published by Blumberg L.P. (hereinafter referred to as “Blumberg”) or by Thomson Reuters Corporation (hereinafter referred to as “Reuters”), or the rate of exchange between a pair of currencies quoted by a bank and published by Blumberg or by Reuters, or

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	in another electronic information system that is approved by TASE's board of directors. When coming to approve publication in an electronic information system, the board of directors shall consider the volume of the information system's circulation;
“exercise price”	- the cash amount payable on conversion of a warrant, purchase warrant or warrant bonds;
“capitalised exercise price”	- the current value of the exercise price just before the listing for trade, in accordance with the capitalization rates determined by TASE;
“area of activity”	- the company's primary area of activity according to the industry and sub-industry classifications stipulated in the Regulations;
“equity linked bond”	- a bond the principal and/or interest of which derives from changes in an underlying share;
“bond”	- a non-convertible bond;
“warrant bond”	- a bond convertible into shares of the offering company, the conversion of which is conditional upon payment of an exercise price on the date, terms and conditions stipulated in the prospectus or immediate report;
“convertible bond”	- a bond convertible into shares of the offering company, on the date, terms and conditions stipulated in the prospectus or immediate report;
“Treasury convertible bond”	- a convertible bond that has been purchased by the company or a corporation under the company's control, in respect of which a report has been submitted to TASE;
“purchase bond”	- a bond convertible into shares held by the bond's offer or on the date, terms and conditions stipulated in the prospectus or immediate report;
“forcibly convertible bond of a financial institution”	- a bond issued by a banking corporation, or by an insurer, the terms of which, in accordance with the requirements of the Supervisor of Banks, or in accordance with the requirements of the Commissioner of the Capital, Insurance and Savings Market, as the case may be, stipulate cases in which the banking corporation, or the insurer, as the case may be, will have to convert the bond, in whole or in part, into a share that is listed

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	for trade of the banking corporation or of the insurer, as the case may be;
	- a bond as aforesaid issued by an insurer, the terms of which, in accordance with the requirements of the Director of the Capital Market, Insurance and Savings, stipulate cases in which the insurer will have to cancel payment of interest;
"forcibly delistable bond of a financial institution"	- a bond issued by a banking corporation or by an insurer, the terms of which, in accordance with the requirements of the Supervisor of Banks or the Director of the Capital Market, Insurance and Savings, as the case may be, stipulate cases in which the banking corporation or the insurer, as the case may be, will have to delist the bond, in whole or in part;
	- a bond as aforesaid issued by an insurer, the terms of which, in accordance with the requirements of the Director of the Capital Market, Insurance and Savings, stipulate cases in which the insurer will have to cancel payment of interest;
"COCO bond"	- a forcibly convertible bond of a financial institution and a forcibly delistable bond of a financial institution;
"hybrid bond"	- a bond, that is not a COCO bond, the terms and conditions of which are that a company has a right to defer the interest payment dates determined by it for a maximum period as provided in the Regulations;
"prospectus to be supplemented"	- a prospectus lacking certain details that will be supplemented in a supplementary notice;
"deposit certificate"	- a bond certificate backed by deposits vesting the holder thereof with a right to receive, in consideration for it, the price of the currency rate and the interest payable on the deposits.

63A. The expressions appearing in these Rules shall bear the meanings attributed to them in the Securities Law, 5728-1968, unless expressly stated otherwise.

64. The conditions for listing for trade pursuant to this Part are aimed at guaranteeing proper and fair management of TASE, and will be implemented to achieve this aim.

65. Listing for trade is conditional upon the board of directors' approval, in accordance with the provisions of this Part.

66. Listing for trade is conditional upon fulfilment of the following conditions, in addition to any other condition included in this Part:

- a. all the shares in the company's issued capital are fully paid up;

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- b. the company's incorporation documents do not restrict the transferability of listed securities;
  - c. the securities are adequately dispersed, both in terms of the public holdings value and in terms of the holdings distribution, as stipulated in the Regulations;
  - d.
    - 1) all the shares in a new company's issued capital are registered in the company's register of shareholders in the name of a nominee company, subject to the exceptions stipulated in the Regulations;
    - 2) new shares issued in a listed company are registered in the company's register of shareholders in the name of a nominee company, subject to the exceptions stipulated in the Regulations;
    - 3) shares registered in the company's register of shareholders in the name of a nominee company shall not be registered in the company's register of shareholders in the name of an entity which is not a nominee company;
  - e. cancelled;
  - f. the company's articles of association provide that voting at the general meetings shall be conducted by means of a way of a count;
  - g. the company has undertaken to comply with the TASE Rules and the board of directors' Regulations pursuant thereto, as shall be from time to time and insofar as they related to listed companies;
  - h. cancelled;
  - i. cancelled.
67. The board of directors may stipulate in the Regulations additional terms and conditions for the listing for trade, in connection with the following matters:
- a. the number of classes or number of series of convertible securities that a single company may list;
  - b. the blocking of securities of a holder or class of holders for such period and percentage as stipulated, provided that the blocking period shall not exceed three years from the listing for trade;
  - c. the regulation of proper trade for a limited period, including adjacent to the listing for trade, as stipulated in the Regulations;
  - d. the listing for trade according to different trading groups or trading methods;
  - e. size limitations on orders for securities that are being listed for trade, or for issue units containing securities of different classes, limits on the percentage of the orders and limitation of the allotment to a single customer;
  - f. the period of time in which the order monies will be deposited.
- 67A. The board of directors may approve the listing for trade of securities for which there are no listing requirements in the TASE Rules, provided that the terms of such securities are similar to those of securities for which listing requirements have been stipulated. Such approval is subject to the securities the listing of which is being applied for complying with the Rules' terms for similar securities, mutatis mutandis as determined by TASE's board of directors.

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68. Cancelled.
69. In special circumstances, the board of directors may deny approval of a listing for trade, or make the listing conditional, even if all requirements pursuant to this Part have been complied with, provided that a decision as aforesaid is passed by a majority of the board of directors' members constituting at least 75% of those participating in the meeting, after the company has been given fair opportunity to state its position to the board of directors in writing.
- 69A. If the company's financial statements also include pro forma financial statements, the pro forma financial statements shall be used to evaluate the company's compliance with the listing requirements stipulated in the Rules and the Regulations pursuant thereto.
- With regard to a new company, the company will be deemed as having completed the period of activity pursuant to sub-paragraph 72.a.1 of the Rules, if its previous business activity, as included in the pro forma financial statements, complies with the said requirements.
- 69B. a. TASE's CEO may from time to time determine a list of branches of activity on the basis of which the companies whose securities are listed for trade shall be classified (hereinafter referred to as - the "branch classification").
- b. TASE's CEO, or someone authorized by him, may from time to time determine the branch classification of companies whose securities are listed for trade, and may change, from time to time and as necessary, the branch classification of companies listed for trade on TASE, in accordance with the rules determined by him from time to time.

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## CHAPTER X – NEW COMPANY

70. The provisions of this Part, excluding Chapters XI to XIII, shall apply to a new company.
71. All the shares in a new company's issued capital shall be listed for trade, save for a company to which the Encouragement of Industry (Taxes) Law, 5729-1969 applies, and a company the share capital of which includes special state shares, subject to the qualifications stipulated in the Regulations.
72. a. A new company for which the last financial statements included in its application [for a TASE listing] are the annual financial statements or interim financial statements for three months, must meet all or some of the following conditions, as stipulated in the Regulations:
- 1) it has completed the period of activity stipulated in the Regulations in the area of activity in which it engages and intends continuing to engage according to its notice to such effect, in the period following the listing for trade;
  - 2) the scope of the activity and the pre-listing equity are not less than the amounts stipulated in the Regulations;
  - 3) the post-listing equity is not less than the amount stipulated in the Regulations.
- b. A new company applying to list shares for trade, the last financial statements of which that were included in the application are interim financial statements for six months or nine months, must meet the conditions of sub-paragraph a. respectively subject to qualifications stipulated in the Regulations.
- c. For the purposes of sub-paragraph a.2), the following provisions shall apply:
- 1) in calculating the income, regard shall not be had to indirect taxes and income from activity of a one-off nature, as determined by the board of directors when considering an application to list shares for trade;
  - 2) in calculating the expenses, regard shall not be had to indirect taxes and expenses associated with activity of a one-off nature, as determined by the board of directors when considering an application to list shares for trade;
  - 3) the calculation of the profit shall include the pre-tax profit deriving from the income calculated in accordance with sub-paragraph 1), less the expenses calculated in accordance with sub-paragraph 2);
  - 4) in calculating the income, profit and added value, regard shall not be had to amounts deriving from an act or contract of the company with an interested party therein, if the act or contract is not on market terms or is not in its ordinary course of business, in the 12 months preceding submission of the listing for trade application, as determined by the board of directors when considering the application.
  - 5) in calculating the income, profit and added value, regard shall not be had to amounts deriving from an act or contract of the company with an interested party therein, in the 12 months preceding submission of the listing for trade application, if the act or contract deviates from the terms on which the company contracted with such interested party, as determined by the board of directors when considering the application; this provision shall not apply to an act or contract for which provision

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is made in a long-term agreement, as determined by the board of directors when considering the application;

- 6) if during the 12 months preceding submission of the listing for trade application payments made to an interested party are increased, the board of directors may calculate the company's income, profit and added value on the assumption that these increased payments to the interested party were also made to the interested party in the past.
- d. Cancelled.
- 73. a. The public holdings value, the public holdings ratio and the price of the share shall not be less than that stipulated in the Regulations.
- b. The ratio between warrants of any class and shares offered to the public shall not be less than the ratio between warrants of such class and the allotted shares prior to the listing for trade.
- c. The board of directors may stipulate additional conditions in the Regulations for the listing for trade of a new company, in general or for each series separately, on the following matters: the characteristics of securities that may be listed for trade, with regard to their type, minimum total value at listing, minimum public holdings and dispersal immediately after the listing, the public holdings ratio immediately after the listing for trade where shares are listed for trade together with convertible securities and the maximum number of types or series.

The Regulations may differentiate between companies based on their characteristics, the scope of the offer and the types of securities listed for trade.

- 73A. The listing for trade of a new company which is spinning off from a listed company in the framework of a spin-off shall be governed by all the conditions applicable to the listing of a new company. A condition for the listing of a new company which is spinning off from a listed company in the framework of a spin-off is that after the spin-off the public holdings ratio, public holdings value and price of the share, in the listed company, from which the new company spun off, are not less than that stipulated in the Regulations.

For this purpose, "spin-off" shall bear the meaning attributed to it in paragraph 91.d.

- 74. Cancelled.

- 74A. Cancelled.

- 74B. The provisions of paragraphs 72 and 73 of this Chapter, and the provisions of paragraph 91.e. of Chapter XIV of the Rules, shall not apply to the listing for trade of a new company which is listing its securities for trade (hereinafter in this paragraph referred to as "the new company"), instead of securities of its subsidiary or instead of securities of its parent company (hereinafter in this paragraph – "the target company"), such being on fulfilment of all the following conditions:

- a. the target company is a listed company and in the scope of a reorganization or merger all its securities will be de-listed, and instead of these securities the holders of the target company's securities will be allotted securities of the new company;

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- b. the new company's activity is the same as the activity of the target company as it was prior to the merger, as aforesaid;
- c. the allotment of the new company's securities, instead of the target company's securities, shall take place on equal terms for all the holders of the target company's securities;
- d. insofar as the target company continues to exist after the reorganization, the new company will hold 100% of the target company's shares;
- e. the price of the share in the new company shall not be less than that stipulated in the Regulations.

75. Cancelled.

## **CHAPTER XI – LISTING FOR TRADE OF A LISTED COMPANY**

76. The following provisions shall apply to the listing for trade of securities of a listed company:
- a. The provisions of this Chapter and of Chapter IX.
  - b. The provisions of sub-paragraph 72.d. and sub-paragraphs 73.b. and c., subject to the changes stipulated in the Regulations.
  - c. The provisions of Chapters XII to XVI, subject to the changes stipulated in the Regulations.
77. A listed company the capital of which contains only one class of shares shall only allocate shares of the class listed for trade; where the company has different classes of shares listed for trade, whether all of them are listed for trade or only some of them, each further allotment shall be of the class of shares most preferred with regard to voting rights.
78. A listed company shall not allot shares or convertible securities unless the board of directors has approved the listing for trade of the shares or security deriving from the conversion.
79. Cancelled.
80. The public holdings value and the public holdings ratio shall not be less than that stipulated in the Regulations.
81. Cancelled.
82. Cancelled.
83. Unlisted shares and convertible securities of a listed company shall not be listed for trade and will not be traded overseas, unless the board of directors has given its approval in accordance with the Regulations.
84. a. Rights offerings shall be made in respect of the class of shares that may be offered to the public in accordance with the provisions of this Chapter, which are listed for trade, or in respect of a convertible security, where the convertible security is of a type that may be offered to the public and is listed for trade.
- b. The board of directors may make provisions in the Regulations regarding the manner of calculating the bonus component, the offer timetable, the trading of rights, the manner of exploiting the rights and the trade in securities listed for trade at the time of the rights offering.
- c. Insofar as necessary for proper trade on or proper management of TASE, the board of directors may make the listing for trade of shares or convertible securities offered in a rights offering conditional upon the rights also being offered to the general public.
- d. The price of the entitling share in a rights offering, adjusted to the rights offering (the price of the share “ex rights”), shall not be less than that stipulated in the Regulations.

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## CHAPTER XII – PRIVATE PLACEMENT

85. The provisions of this Chapter and the provisions of paragraphs 65, 66.a., b., c., f. and g. and with regard to shares – 66.d., 67b., 69, 71, 77, 78 and 83 and Chapters XIV to XVI shall apply, mutatis mutandis and subject to the changes stipulated in the Regulations, to the listing for trade of securities allotted other than by way of public offering (hereinafter referred to as “private placement”) and of the securities deriving from them.
86. The listing for trade of securities allotted in a private placement is subject to fulfillment of the following conditions:

- a. Cancelled.
- b. Cancelled.
- c. The public holdings ratio following the allotment of any class of shares shall not be less than that stipulated in the Regulations, and provided that the minimum public holdings ratio required shall not exceed the public holdings ratio required of a new company of the same type.

The Regulations may stipulate dispensations for a company which has given notice in its last periodic report or in an immediate report that it is a distressed company, that it is commenced a recovery program and that the private placement is designed to aid the company’s recovery (in this paragraph, “distressed company”), and provided that at least one of the conditions stipulated on the Regulations is met in respect of it.

Cancelled.

- d. Sub-paragraph 86.c. shall not apply to:
  - 1) a private placement to a provident fund as defined in section 47(a)(2) of the Income Tax ordinance (New Version);
  - 2) a private placement to a mutual fund as defined in the Joint Investment Trust Law, 5754-1994;
  - 3) a private placement to employees who are not interested parties in the company by virtue of their shareholdings and will not become interested parties in the company by virtue of their shareholdings after the allotment to employees, including on the assumption that all the convertible securities held by them that are not listed for trade on TASE are exercised, including those allocated to them in the private placement;
  - 4) a private placement to an insurer against category 20 obligations as defined in the Insurance Business (Control) (Ways of Investing an Insurer’s Capital and Reserves and Management of Its Obligations) Regulations, 5761-2001;
  - 5) a private placement to a foreign investor operating on recognized markets which is a provident fund, mutual fund or insurer against an obligation of the profit-sharing life insurance type.
- d1. The share price in a private placement shall not be less than that stipulated in the Regulations.

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This paragraph shall not apply to a private placement to employees in accordance with paragraph 86.d.3).

- e. Sub-paragraph 86.c. shall not apply to a private placement of a listed company in respect of which all the following are met:
- 1) it is a banking corporation as defined in the Banking (Licensing) Law, 5751-1981;
  - 2) its securities have not been traded from 20th October 1983 to date;
  - 3) the private placement is earmarked for compliance with its capital adequacy requirements, as required by law.

**CHAPTER XIII – BONUS SHARES**

87. The provisions of this Chapter and of Chapters IX and XVI shall apply, mutatis mutandis, to the listing for trade of bonus shares.
88. The listing for trade of bonus shares is conditional upon the bonus shares that are allotted being of the class of shares most preferred with regard to voting rights that are listed for trade, or of the same class as the shares to which the bonus shares relate [each to its own class principle], and this also applies to bonus shares allotted in respect of a convertible security.
- 88A. A condition for the listing for trade of bonus shares is that the price of the share adjusted to the bonus (the price of the share “ex bonus”) shall not be less than the price required of a listed company which is applying to list additional shares for trade.

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## **CHAPTER XIV – SECURITIES CONVERTIBLE INTO SHARES**

89. The provisions of this Chapter, Chapter IX, excluding sub-paragraph 66.d., Chapter X, paragraphs 83 and 84 of Chapter XI, Chapter XII, paragraph 98 of Chapter XV and Chapter XVI shall apply to the listing for trade of convertible securities.
90. Convertible securities that are listed for trade (hereinafter referred to as “listed convertible securities”) shall not be allotted, unless the board of directors has approved the listing for trade of the listed convertible securities and the listing for trade of the securities deriving from the conversion.

Convertible securities that are not listed for trade (hereinafter referred to as “unlisted convertible securities”) shall not be allotted, unless the board of directors has approved the listing for trade of the securities deriving from the conversion.

91. The listing for trade of convertible securities and of securities deriving from the conversion of listed convertible securities or from the conversion of unlisted convertible securities is subject to the following conditions:

- a. Cancelled.
- b.
  - 1) The conversion period of listed convertible securities shall not exceed the period of time stipulated in the Regulations.  
  
The date stipulated in the prospectus as the final redemption date and as the final conversion date may not be postponed.
  - 2) Cancelled.
  - 3) A company may stipulate, in the terms of convertible bonds, the conditions on the fulfillment of which early conversion or early redemption may be forced, provided that the bonds’ terms include the matters stipulated in the Regulations.
  - 4) The terms of listed convertible bonds shall stipulate the final redemption date of the principal and of the interest and the final conversion date.

A company may not include conditions in the terms of the securities on the fulfillment of which these dates will be deferred, save for cases in respect of which it is provided in the Regulations that the company may do so, and provided that all the conditions prescribed in the Regulations are fulfilled.

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- c. The terms of listed convertible securities shall stipulate that listed convertible securities may be converted at any time, save for the dates stipulated in the Regulations and subject to the terms and conditions of the Regulations.

The terms of securities stipulated in accordance with the aforesaid may not be changed.

- d. 1) The terms of listed convertible securities shall stipulate no more than two exercise prices or two different conversion rates in the conversion period, with the exception of changes deriving from linkage, and provided that the exercise price or conversion rate in the first conversion period is lower than the exercise price or conversion rate in the second conversion period.

The terms of securities stipulated in accordance with the aforesaid, including the exercise ratio, may not be changed.

- 2) Cancelled.
- 3) Notwithstanding the provisions of sub-paragraph 1) above, a company may change the conversion rate, or the exercise price, or the exercise ratio, provided that such is done in the framework of a spin-off of the company, or merger of the company, and that the change only embodies the adjustments obliged by such process.

For the purpose of this paragraph:

“spin-off” –

a process in which the listed company transfers shares that it holds in another company to its shareholders; or

a process in which the listed company transfers assets and liabilities to a new company that was established for the purpose of the spin-off, and the new company's shareholders are also the shareholders of the company transferring the assets and liabilities;

and all provided that the spin-off takes place on equal terms for all the listed company's shareholders;

“merger” –

a process in which all the shares of a listed company are transferred to the ownership of a new company or to the ownership of another listed company; or

a process in which a listed company transfers all its assets and liabilities to a new company or to another listed company;

and all provided that the securities of the listed company the shares or assets of which are being transferred as aforesaid are de-listed from TASE and that the process takes place on equal terms for all its shareholders.

- 4) Notwithstanding the provisions of sub-paragraph 1) above and sub-paragraph 92.b.1) below, a company may change the conversion rate, or the exercise price or the exercise ratio, provided that such is done in the framework of a rights offering in the company, or in the framework of a distribution of bonus shares in the company, or in the framework of a distribution of dividend in the company, and that the change only embodies the adjustments obliged by such process.

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- 5) The terms of listed convertible securities shall stipulate that if the company distributes bonus shares during the conversion period, the rights of the listed convertible securities' holders shall be maintained in one of the ways stipulated in the Regulations.
  - 6) The terms of the listed convertible securities shall stipulate that if the company offers its shareholders securities by way of a rights offering during the conversion period, the rights of the listed convertible securities' holders shall be maintained in one of the ways stipulated in the Regulations.
  - 7) The terms of the listed convertible securities shall stipulate that if the company distributes a dividend to its shareholders during the conversion period, the rights of the holders of the listed convertible securities shall be maintained in one of the ways stipulated in the Regulations.
- d.1) Notwithstanding the provisions of paragraphs 91.b.1) and 91.d.1), a company which has issued a listed convertible security may, in the framework of arrangement or settlement proceedings that are approved by a court pursuant to section 350 of the Companies Law, 1999, postpone the date fixed in the prospectus as the final redemption date or as the last conversion date of the listed convertible security and change the conversion rate of the listed convertible security, the exercise supplement or the exercise ratio determined for it, provided that after the change as aforesaid, the listed convertible security fulfills all the terms and conditions of the Regulations governing a convertible security of the type first listed for trade. All the approvals required for a change in the listed convertible security's terms and conditions shall be received by TASE by the trading day preceding the last trading day of the aforesaid security.
- e. The public holdings value of a series of listed convertible securities shall not be less than the amount stipulated in the Regulations.
- The regulations may stipulate different rules for different classes of securities and for series with a different conversion period.
- f. The terms of unlisted convertible securities shall stipulate that conversion shall not take place at the times stipulated in the Regulations, and subject to the conditions prescribed in the Regulations.
- g. The price of a listed convertible security shall not be less than the amount stipulated in the Regulations.
- h. 1) The share price deriving from the conversion of convertible securities, whether listed or unlisted, shall not be less than that stipulated in the Regulations.
- This paragraph shall not apply to a share deriving from the conversion of an unlisted security that was allotted at least 12 months prior to the date of the company's initial listing for trade (new company).
- 2) A change in the terms of a convertible security is conditional upon the price of the share deriving from the security's conversion as aforesaid not being less than that stipulated in the Regulations with regard to the price of a share deriving from the conversion of a convertible security, of a listed company.

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91A. The terms of listed convertible securities may stipulate that if a decision is made to de-list the company's convertible securities, for the reason that the public holdings value has fallen below the amount stipulated in the Regulations, with regard to de-listing, the company may give notice, within such period as stipulated in the Regulations, of the redemption date on which the holder of the convertible securities may redeem them, provided that it is determined in accordance with the Regulations.

Determination of a redemption date as aforesaid does not negate the right of redemption stipulated in the convertible security's terms.

92. a. 1) A listed convertible security may be converted into one class of security.
- 2) The provisions of sub-paragraph 1) above shall not apply to a listed convertible security of a company engaged in a spin-off, provided that the listing of more than one class of security deriving from the conversion is obliged by the spin-off.

For the purpose of this paragraph, "spin-off" – as defined in sub-paragraph 91.d.3) above.

- b. 1) The conversion ratio of listed convertible securities shall not exceed the ratio stipulated in the Regulations. The Regulations may stipulate different rules for different classes of securities.

- 2) The provisions of sub-paragraph 1) above shall not apply to a listed convertible security of a company engaged in court-approved arrangement or compromise proceedings, pursuant to section 350 of the Companies Law, 5759-1999, or in a spin-off, provided that the change in the conversion ratio in the framework of a spin-off is obliged by the spin-off.

For the purpose of this paragraph, "spin-off" – as defined in sub-paragraph 91.d.3) above.

92A. Cancelled.

93. Notwithstanding the provisions of paragraph 90 above, the board of directors may make provisions in the Regulations for the listing of securities convertible into securities traded overseas, provided that the relevant overseas authorities have approved the securities' listing for trade.

94. The board of directors may stipulate, in the Regulations, procedures for submitting an application for the conversion of listed convertible securities and of unlisted convertible securities, and the manner of handling the application, including the period of time between the application's submission and the date of allotting the security deriving from the conversion.

94A. The board of directors may make provisions in the Regulations with regard to the listing of convertible securities, insofar as required for the proper and fair management of TASE, in respect of the following matters:

- a. the interest and principal payment method and manner and the minimum amount of the final redemption;
- b. limitations on the number or type of indices or currency rates or foreign currency baskets to which the convertible securities, exercise prices or conversion ratios are linked;

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- c. early redemption, having regard to the period in which the securities were in circulation, the period remaining until their expiration and the notice required for this purpose.
95. The listing for trade of purchase warrants and of purchase bonds is conditional upon the exercise shares in respect thereof being transferred to a trustee to secure performance of the holders' obligations in accordance with the terms of the purchase warrants or purchase bonds, as the case may be.



## CHAPTER XV – BONDS

96. The provisions of this chapter, paragraph 66, excluding sub-paragraph 66 d., and paragraph 67, *mutatis mutandis*, and Chapter XVI shall apply, subject to the changes stipulated in the Regulations, to the listing for trade of bonds.
97. A listed company or company with bonds listed for trade shall not allot bonds, unless the board of directors has approved their listing for trade; this provision shall not apply to an allotment in the framework of section 15(d) of the Law.
98. The board of directors may make provisions in the Regulations regarding the listing for trade of bonds, in respect of the following matters:
- a. the post-listing equity;
  - b. the minimum nominal value of a series of bonds held by the public after the listing for trade.
99. The board of directors may make provisions in the Regulations regarding the listing for trade of bonds, insofar as necessary for the proper and fair management of TASE, in respect of the following matters:
- a. the interest and principal payment method and manner and the minimum amount of the final redemption;
  - b. limitations on the number or type of indices or currency rates or foreign currency baskets to which the bonds are linked;
  - c. early redemption of the bonds, having regard to the period in which the bonds were in circulation, the period remaining until their expiration and the notice required for this purpose;
  - d. the conditions that a share must meet in order to constitute an underlying share for an equity-linked bond.
100. In the bond's terms, the company shall stipulate whether it will exercise early redemption if TASE's board decides to de-list the bond because the value of the series has fallen below the amount stipulated in the Regulations pursuant to the Fourth Part of the TASE Rules. If the company decides on early redemption, it shall give notice, within the period stipulated in the Regulations, of the redemption date on which the bond's holder may redeem it, provided that the redemption date shall be determined in accordance with the Regulations.
- Determination of an early redemption date as aforesaid does not negate the right of redemption stipulated in the bond's terms.
- 100A. In the terms of equity-linked bonds, the company shall stipulate that on fulfillment of the conditions for the bonds' de-listing for one of the reasons detailed below, the company shall exercise forced early redemption of the bonds, within the period of time stipulated in the Regulations:
- 1) the value of the underlying share has fallen below the amount stipulated in the Regulations pursuant to the Fourth Part of the Rules;

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- 2) trading in the bonds has been suspended, due to the suspension of trade in the underlying share, for a period of time exceeding that stipulated in the Regulations pursuant to the Fourth Part of the Rules;
  - 3) the underlying share has been de-listed from TASE or an overseas stock exchange, as the case may be, in accordance with the Regulations pursuant to the Fourth Part of the Rules.
- 100B. A company applying for the listing of a equity-linked bond, the underlying share of which is traded on an overseas stock exchange, shall undertake in the issue prospectus to notify TASE of the underlying share's suspension from trade overseas and of the resumption of trade therein or of its de-listing from the overseas stock exchange, immediately upon the underlying share's suspension, resumption of trade therein or its de-listing, as the case may be.
- 100C. The terms of bonds shall stipulate the final redemption date of the principal and of the interest. A company may not stipulate, in the bonds' terms, conditions on the fulfillment of which these dates shall be deferred, save in cases in which it is provided in the Regulations that a company may do so, and subject to fulfillment of the conditions prescribed in the Regulations.
- 100D. 1) A company applying to list a hybrid bond for trade shall undertake that if it exercises its right to defer the interest payment date, it will not make a distribution until payment of all the accrued interest.
- 2) A company applying to list hybrid bonds for trade shall undertake that if it makes a distribution during the bonds' lifespan, it will not defer the interest payment dates, for a period of six months from the date on which the distribution is made as aforesaid.
  - 3) "Distribution" with respect to this paragraph bears its defined meaning in the Companies Law, 5759-1999.
101. The provisions of this Chapter and of Chapter XIV shall apply, subject to the changes stipulated in the Regulations, to securities convertible into bonds.

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**CHAPTER XV(1) – GOVERNMENT-ISSUED SECURITIES**

101A. The provisions of sub-paragraphs 102.a., 102.e to 102.h. and 102A to 108 of Chapter XVI shall apply, mutatis mutandis, to the listing for trade of securities issued by the Government.

## **CHAPTER XVI – APPROVAL PROCESS**

102. a. An applicant for a listing for trade or approval in principle or approval of a prospectus to be supplemented shall submit an application for a listing or application for approval in principle or application for approval of a prospectus to be supplemented, as the case may be (each hereinafter referred to as “the application”).
- b. The deadline for submitting the application, its details and the documents to be annexed thereto shall be stipulated in the Regulations.
- c. If the applicant is a new company, its memorandum and articles of association and the annual statement filed with the Registrar of Companies for the last year shall be annexed to the application.
- d. If the applicant is a listed company, its memorandum and articles of association or notice that there has been no change therein since the date of the previous application shall be annexed.
- e. TASE shall notify the applicant of its comments and hold discussions with it as deemed necessary.
- f. If it is found, during the handling of the application, that details necessary to decide it are missing, TASE may demand that these details be furnished to it by the date stipulated by it.
- g. So long as approval has not been given for a listing for trade, TASE may pass on further comments to the applicant, as it deems fit.
- h. If an application does not comply with the provisions of this Part, or if the details demanded in accordance with sub-paragraph f. above are not furnished by the date stipulated in the demand, the handling of the application shall be ceased until the missing details are supplemented, and on its supplementation the application shall be deemed a new application that was submitted on the supplementation date.
- 102A. a. The application will be considered and decided by the board of directors.
- b. 1) The board of directors may delegate its powers in accordance with sub-paragraph a. to a committee of at least five of its directors, provided that the majority of its members are directors who were not elected by TASE members in accordance with section 45A(a)(1) of the Securities Law, 5728-1968. If the committee does not approve the application, the board of directors shall consider and decide it.
- 2) The board of directors may delegate its powers in accordance with sub-paragraph a. to TASE’s CEO or one of his deputies or assistant director general. If the person authorized as aforesaid does not approve the application, it shall be considered by the board of directors or a committee authorized by it, in accordance with sub-paragraph b.1) above. If a committee as aforesaid considers the application, the provisions of sub-paragraph b.1) above shall apply.
103. a. The board of directors shall consider the application on the basis of the details included therein and documents annexed thereto, as well as additional written statements, if the applicant has seen fit to furnish them.

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- b. The application's approval shall be governed by the Administrative Procedure Amendment (Statement of Reasons) Law, 5719-1958.
  - c. The board of directors' chairman or someone authorized by him may invite the applicant to state its case if he sees special grounds for doing so.
104. An application that has been decided shall not be reconsidered, unless there has been a material change therein.
105. The handling of an application and the listing for trade is conditional upon the payment of vetting and registration fees, as stipulated in the Regulations.
106. The board of directors may make provisions in the Regulations regarding the procedure for handling an application, insofar as not stipulated in this Chapter.
107. The board of directors may authorize TASE's CEO, and in his absence his assistant director general, to determine that approval of a listing for trade or approval in principle or approval of a prospectus to be supplemented shall be valid even if there have been changes in the offer details that are not material.
108. a. Approval of a listing for trade or approval in principle or approval of a prospectus to be supplemented shall expire at the end of a period of time if changes have occurred in the offer details or if new financial statements have been submitted, as stipulated in the Regulations.
- b. Approval in principal shall be valid so long as the shelf prospectus is valid.
109. The grant of approval in principal and approval of a prospectus to be supplemented shall not constitute approval of the listing for trade of the securities, which shall be subject to approval of an application to list securities for trade pursuant to the shelf offer report or pursuant to the supplementary notice, as the case may be.
- The grant of approval in principle or approval of a prospectus to be supplemented as aforesaid does not constitute an obligation to grant approval for the listing for trade of the securities pursuant to the shelf offer report or pursuant to the supplementary notice, as the case may be.
110. The approval of an application for the listing for trade of securities pursuant to a shelf offer report or pursuant to a supplementary notice shall be governed by the provisions of the TASE Rules and the Regulations pursuant thereto in force at the time of submitting the application for a listing pursuant to the shelf offer report or pursuant to the supplementary notice, as the case may be.

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## CHAPTER XVII – LIMITED PARTNERSHIP SECURITIES

1. In this chapter –  
each expression shall have the meaning given to it in the Partnerships Ordinance [New Version], 5735-1975 (hereinafter - the "Partnerships Ordinance") or in the Securities Law, 5728-1968 or in the TASE Rules, as the case may be, mutatis mutandis, unless expressly stated otherwise.
2. Cancelled.
3.
  - a. The listing for trade of a limited partnership's securities is conditional upon the limited partnership's sole area of activity being in oil or gas exploration or in the production of cinematic films, video or television and the marketing thereof, or in R&D or the sole engagement of which is in one other defined area of activity in respect of which there are regulations.
  - b. Notwithstanding the provisions of sub-paragraph a. above, a limited partnership the area of activity of which is in oil or gas can also engage in renewable energy, on the terms and conditions stipulated in this Chapter.
  - c. The limited partnership shall not change its sole area of activity. However, an investment of a limited partnership which engages in oil or gas exploration in energy projects, in accordance with the provisions of this Chapter, will not be considered as a change of the partnership's sole area of activity.
4. The listing for trade of a new limited partnership's securities and of a registered limited partnership's securities shall be governed by the provisions detailed below, mutatis mutandis, as well the modifications, terms and conditions stipulated in the Regulations:
  - a. this Chapter and Chapter IX, save for paragraph 66.d. With regard to paragraph 67.b., the Regulations may stipulate various blocking periods or various percentages, depending on the limited partnership's area of activity.
  - b. paragraph 73 in Chapter X;
  - c. paragraphs 78, 80, 83 and 84 in Chapter XI;
  - d. paragraphs 85 and 86, save for paragraph 86.e., in Chapter XII;
  - e. paragraphs 90 to 95 in Chapter XIV;
  - f. Chapter XV and Chapter XVI.

For the purposes of this paragraph –

any mention of “shares” shall be replaced by “participation units”;

any mention of “securities” shall refer to a “limited partnership's securities”;

any mention of “convertible securities” shall be replaced by “securities convertible to participation units”;

any mention of “company” shall be replaced by “limited partner” or “limited partnership”, as the case may be, unless expressly provided otherwise.

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Paragraph 66.f. shall be replaced by: "The partnership's by-laws provide that voting at the unit holders' meetings shall be conducted by means of a count."

In paragraph 66.g., "company" shall be replaced by "the limited partnership, the general partner and the limited partner".

Cancelled.

In paragraph 69, "company" shall be replaced by "limited partnership".

In Chapter XVI, the applicant is the limited partnership or the general partner and the limited partner.

5. All a limited partnership's securities shall be listed for trade; however, a limited partnership may issue bonds and securities convertible into units of the partnership that will not be listed for trade, provided that they are not of a series listed for trade.
6. A limited partnership shall have only one class of participation units with identical terms.
7. a.
  - 1) Limited partnership securities shall not be listed for trade unless the limited partnership undertakes, in the partnership agreement, to execute projects that have been defined in detail in the limited partnership agreement before the initial listing for trade or projects that are defined in detail in the limited partnership agreement after the initial listing for trade and in respect of which an amendment of the partnership agreement has been approved by the general meeting of the unit holders.
  - 2) Without derogating from the provisions of sub-paragraph 1), securities of a limited partnership the area of activity of which is R&D shall be listed for trade, subject to fulfillment of all the following terms and conditions:
    - a) in the partnership agreement the partnership has undertaken that its investment policy is investment in a number of projects, and in addition it has undertaken in the partnership agreement that the amount of the investment in a single project in which it invests for the first time will not be more than 40% of the partnership's assets pursuant to its last financial statements known on the investment date;
    - b) the prospectus pursuant whereto the partnership's securities will be listed for the first time for trade on TASE, shall include investments of the partnership in projects defined in the partnership agreement, in an amount that is not less than that stipulated in the Regulations;
    - c) the partnership determined in the prospectus pursuant whereto the partnership's securities will first be listed for trade on TASE, that investment of the issue proceeds, in the period from the issue date until the use of these monies or any part thereof for the purpose of their investment in accordance with paragraph 8.c., will be for the object of maintaining the monies' value and to such end they will be invested in solid channels including in bonds issued by the State of Israel, T-bills, bank deposits and any investment with similar characteristics, that is aimed at maintaining the monies' value;
    - d) the partnership determined in the prospectus pursuant whereto the partnership's securities will first be listed for trade on TASE, that after the initial listing, the partnership will report, in an immediate report at the time of a first investment in any project, that the project is a R&D project as defined in paragraph 8.c. below,

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and it will report that the investment in the project does not exceed 40% of the sum of the partnership's assets pursuant to its last financial statements at the time of the investment.

- 3) Without derogating from the provisions of sub-paragraph 1) above, securities of a partnership whose area of activity is oil or gas exploration, and which is seeking to also engage in renewable energy, will be listed for trade, provided that in the partnership agreement the partnership undertook that the aggregate value of the partnership's investment in renewable energy projects will not exceed 25% of the value of all the partnership's assets as are on the date of publication of the immediate report on passing of the resolution to make the investment in a renewable energy project (hereinafter - the "review date").

In such regard:

(a) "the aggregate value of the investment in renewable energy projects" - the fair value of renewable energy projects held by the partnership on the review date, plus the fair value of the renewable energy projects in which on the review date the partnership intends investing, in accordance with valuations prepared by an independent appraiser. Notwithstanding the aforesaid, at the time of the first investment in the renewable energy project, a valuation will not be required and the investment amount will be deemed a fair value. The aforesaid will not apply to transactions that are not on market terms and/or to a transaction as aforesaid that is executed with an interested party.

A valuation for a renewable energy project constituting 5% and more of the value of all the partnership's assets, as defined below, will be governed by the provisions of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970 (hereinafter - the "Reports Regulations") with regard to a significant valuation. A valuation for a renewable energy project constituting less than 5% of the value of all the partnership's assets, as defined below, shall detail the parameters pursuant whereto the valuation was made, as provided in section 8B.(i) of the Reports Regulations.

In the immediate report the partnership shall declare that the aggregate value of the investment in renewable energy projects was calculated pursuant to generally accepted accounting principles.

- (b) "Value of all the partnership's assets" - the aggregate value of the investment in renewable energy projects plus the aggregate value of the investment in oil or gas assets.
- (c) "Aggregate value of the investment in oil or gas assets" - the value of the partnership's holdings in oil or gas assets within the meaning of "holding of an oil asset" in section 19A of the First Schedule to the Securities (Details of a Prospectus and Draft Prospectus - Structure and Form) Regulations, 5729-1969 (hereinafter - the "Prospectus Details Regulations"), that shall be calculated as follows:
- (1) with respect to oil or gas assets in which the partnership is expected to continue engaging in acts of exploration and/or development and/or production (hereinafter - "active oil or gas assets") to which conditional resources or reserves have not yet

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been attributed in accordance with the last valuation of the resources published by the partnership by virtue of the Third Schedule to the Prospectus Details Regulations or the Eleventh Schedule to the Reports Regulations, or with respect to that part of the assets to which the aforesaid applies - the valuation will be determined as the sum of the expenses recognized in the profit and loss statements included in the last financial statements published by the partnership, in respect of direct acts actually done by the partnership in relation to oil or gas assets up to the date of the asset's first recognition in a report on the partnership's financial situation. With respect to an oil or gas asset that has already been recognized in a report on the partnership's financial situation, the amounts recognized as an asset in the report on the financial situation will be added to the amount of the expenses as aforesaid. Amounts recognized as an expense in the profit and loss statement of the partnership in respect of the oil or gas asset after the date of first recognition of the asset in the partnership's financial statements (such as: depreciation, provision for a decrease in value, maintenance expenses and the like), will not be taken into account in determining the value (hereinafter - the "cost of the direct acts"). An oil or gas asset that has been depreciated in full in the last report on the financial situation published by the partnership prior to the review date - will not take into account costs recognized in the profit and loss statement before the date of commencement of the asset's recognition in the financial statements even if it meets the definition of an "active asset";

(2) with respect to active oil or gas assets to which conditional resources have been attributed but in respect of which a capitalized cash flow, as defined in section 37 of the Third Schedule to the Prospectus Details Regulations (hereinafter - "capitalized flow due to conditional resources") has not been published or in respect of that part of the assets to which the aforesaid applies - the value will be determined pursuant to the cost of the direct acts;

(3) with respect to active oil or gas assets to which conditional resources have been attributed, and for which a capitalized flow due to conditional resources has been published, or with respect to that part of the assets to which the aforesaid applies - the value will be determined pursuant to the best assessment of the conditional resources (2C), in accordance with the last capitalized flow published by the partnership due to conditional resources, capitalized at a rate of 15%, calculated to the review date;

(4) with respect to active oil or gas assets to which reserves have been attributed, for which a capitalized flow due to reserves, as defined in section 36 of the Third Schedule to the Prospectus Details Regulations (hereinafter - "capitalized flow due to reserves") has been published, or with respect to that part of the assets to which the aforesaid applies - the value will be determined pursuant to the current value of the cash flow from the proven and expected resources (2P) in accordance with the last capitalized flow published by the partnership due to reserves, capitalized at a rate of 10%, calculated to the review date.

- b. Notwithstanding the provisions of sub-paragraph a.1), and without derogating from the provisions of sub-paragraph a.2), a limited partnership the area of activity of which is oil or gas exploration, or a limited partnership the area of activity of which is R&D, may,

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after the listing for trade, execute additional projects, on the fulfillment of one of the following alternatives:

- 1) Before the initial listing for trade, it was provided in the partnership agreement that the limited partnership may execute additional projects that were not defined in detail in the partnership agreement, for a period of three years commencing on the date of the listing for trade. At the end of three years, the partnership may decide to execute additional projects that were not defined, in accordance with the provisions of sub-paragraph 2) below.
- 2) After the initial listing for trade, the general meeting resolved that the limited partnership may execute additional projects that were not defined in detail in the partnership agreement. A resolution as aforesaid shall be passed in the manner provided in section 65YY of the Partnerships Ordinance [New Version], 1975 with regard to approval of a private offering and it shall be valid for a period of not more than three years.

8. For the purposes of this Chapter, "project" means –

a. in the case of limited partnerships, the area of activity of which is oil or gas exploration -

- 1) oil or gas exploration, the development or production thereof based on a petroleum right or preliminary license with a pre-emptive right to receive a license as defined in the Israel Petroleum Law, 5712-1952 (hereinafter - "petroleum licenses"), which were granted to the limited partnership;

With regard to this sub paragraph 1) "a petroleum license" also means a petroleum license transferred to a corporation held by the partnership (hereinafter - the "other corporation"), provided that all the following conditions are fulfilled:

- a) The other corporation's sole activity is oil or gas exploration, development or production pursuant to a petroleum license transferred to it by the limited partnership.
  - b) The transfer of the petroleum license as aforesaid is aimed at realization of Government Decision No. 476 (which was adopted again by it, mutatis mutandis, on May 22, 2016) on an "outline for the increase of the quantity of natural gas produced from the natural gas field "Tamar" and the rapid development of the natural gas fields, "Leviathan", "Karish" and "Tanin" and other natural gas fields".
  - c) The transfer of the petroleum license as aforesaid does not prejudice the status of the limited partnership, in accordance with the definition of "partnership" in the Income Tax (Rules for Calculating the Tax on the Holding and Sale of Participation Units in a Petroleum Exploration Partnership) Regulations, 5749-1988.
- 2) oil or gas exploration, development or production that are executed out of Israel by the partnership provided that all conditions below are fulfilled:
    - a) Oil or gas exploration, development or production as aforesaid are carried out pursuant to a license duly granted to the partnership pursuant to the laws of the State, in the area of which such acts are carried out. In such regard, a

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license granted to a corporation held by the partnership shall be deemed a license granted to the partnership;

For this sub paragraph "corporation" - a corporation whose only activity is the holding of a license as provided below.

- b) A limited partnership which registered its participation units for trade on TASE before September 3, 2015 may invest in a project that is being performed outside of Israel, on fulfilment of one of the following conditions:
- (1) before the first investment of the partnership in any project as aforesaid, the general meeting has resolved that the limited partnership may do so. A resolution as aforesaid shall be approved in the manner provided in section 7(d) of the Partnerships Ordinance Amendment (No. 5) Law, 5775-2015, with regard to the approval of a private placement in a partnership as aforesaid.
  - (2) the general meeting's approval has been received in accordance with the provisions of paragraph 7.b.2) above.

For this sub paragraph 2) "exploration", "development" and "oil production" bear the meanings of these expressions in the Petroleum Law, 5712-1952;

- 3) The exploration and development of oil shale for the production of oil, or the production of oil from oil shale pursuant to an exploration permit certificate or investigation permit certificate or exploration license or discovery certificate or mining right or mining lease, pursuant to the Mining Ordinance.

For this sub paragraph 3) "exploration permit certificate", "investigation permit certificate", "exploration license", "discovery certificate", "mining right" and "mining lease" - within the meaning of these terms in the Mining Ordinance.

- 4) Renewable energy projects -

In such regard -

"renewable energy" - within the meaning thereof in the Electricity Economy Law, 5756-1996, including storage of energy as aforesaid that was produced by the partnership or a corporation held by the partnership.

With regard to this sub-paragraph, "corporation" - a company held by the limited partnership or a limited partnership held by it.

Notwithstanding the aforesaid, a limited partnership which listed its participation units for trade on TASE before 7.7.2021 (the date of this amendment's entry into force) may invest in a renewable energy project on fulfillment of one of the following conditions:

- a) before the partnership's first investment in any project as aforesaid, the general meeting resolved that the limited partnership may do so. A resolution as aforesaid shall be approved in the manner prescribed in section 7(d) of the Partnerships Ordinance (Amendment No. 5) Law, 5775-2015, with regard to approval of a private placement in a partnership as aforesaid;

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b) the general meeting's approval has been obtained in accordance with the provisions of paragraph 7.b.2).

b. In a limited partnership whose area of activity is film production and marketing - "project" means any one of the following:

- 1) the production and marketing of an Israeli film in which the limited partnership is the holder of the rights to the income therefrom. "Israeli film" in such regard - as defined in the Income Tax (Deductions from the Income of Investors in an Israeli film) (Temporary Provision), 5770-2009;
- 2) the production and/or making of a film and the marketing and distribution thereof, in Israel or elsewhere, provided that on the date of the partnership's first investment in the film, a ready copy for the film's commercial distribution has not yet been completed, and provided that the partnership or corporation established with the object of producing and/or making the film and the marketing and distribution thereof, and which is held by the partnership, will have rights to income from the film.

In such regard, "film" means - an artistic light and sound work, including a feature, documentary or experimental work, made up of a series of moving, filmed or recorded pictures, accompanied by a sound track or without a sound track, that can be screened, broadcast or played on a screen, including a television screen and any other means of display, and copies thereof made, inter alia a feature film, documentary film, animated film, television series, video films and new media films or any other work made up of moving pictures that can be screened on a screen and copies of which can be made.

c. In a limited partnership the area of activity of which is R&D, as defined in the Encouragement of Research, Development and Technological Innovation in Industry Law, 1984 (hereinafter - the "R&D Law") - an investment by the partnership or a corporation held by the partnership, in research and/or development, within the meaning of these expressions in the R&D Law, provided that one of the following conditions are fulfilled:

- 1) approval has been obtained from the National Authority for Technological Innovation (hereinafter - the "Innovation Authority") in respect of every project in which it invests for the first time, that the project is a research and/or development project. If the partnership files an application to the Innovation Authority, for its approval that the project is a research and/or development project, and the Authority does not express a stand in respect of the application by the end of 30 days from the date on which the application was filed pursuant to the procedures determined by the Innovation Authority, the project will be considered a research and/or development project, provided that the partnership has declared in an immediate report thereon that the project is a research and/or development project as these expressions are defined in the R&D Law;
- 2) approval has been obtained from the Innovation Authority that the investment complies with the objects of the R&D Law;

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for the purpose of this sub-paragraph, "corporation" - a company held by the limited partnership or a limited partnership which is held by it.

9. The general partner or controlling shareholder of the general partner shall purchase, prior to the initial listing for trade, for cash, at the same price as that of the allotment to the public, securities in the limited partnership at the minimum value and minimum percentage stipulated in the Regulations, and the Regulations may stipulate different values or percentages having regard to the limited partnership's area of activity.
10. The percentage holdings of the general partner and the controlling shareholder before the listing for trade shall not be less than that stipulated in the Regulations.
11. Cancelled.
12.
  - a. An additional offer of a limited partnership's securities by way of a non-standard offering or by way of an offer to a specific public shall be approved in the same way as approval for a private placement in accordance with the provisions of section 65YY (c) of the Partnerships Ordinance.
  - b. In addition to the provisions of sub-paragraph a. above, a limited partnership the units of which were listed for trade on TASE before May 23, 2015, publication of the Partnerships Ordinance (Amendment No. 5) Law, 5775-2015, may approve an additional offer of securities by way of a non-standard offering or by way of an offer to a specific public as provided in sub-paragraph a. above, only after the partnership's general meeting approves that the limited partnership may offer additional securities by way of a non-standard offering or by way of an offer to a specific public.  

The general meeting's approval as aforesaid shall be obtained in the manner provided in section 7(d) of the Partnerships Ordinance (Amendment No. 5) Law, 5775-2015, with regard to approval of a private placement in a partnership as aforesaid.
  - c. With regard to sub-paragraphs a. and b. above, an offer by way of rights or an exchange tender offer will not be considered an offer to a specific public.
13. Cancelled.
14. Suspension and delisting of a security from trade
  - a. In addition to the causes stipulated in the Fourth Part of the Rules regarding the suspension of trade in securities and the de-listing of securities, the causes detailed below shall also apply to the limited partnership.
    - 1) in the case of a limited partnership which produces films - a report has been received from the limited partnership that it has ceased engaging, for the period of time and on the conditions stipulated in the Regulations, in the area of activity stipulated by it before the listing for trade;
    - 2) in the case of a limited partnership which engages in oil and gas exploration - a report has been received from the limited partnership that all its petroleum licenses have expired or been cancelled;
    - 3) in the case of a limited partnership the area of activity of which is R&D - a report has been received from the limited partnership that it has ceased engaging, for the period of time and on the conditions stipulated in the Regulations, in the area of

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activity stipulated by it before the listing for trade or in the manufacture and marketing of the fruits of its R&D;

- 4) the limited partnership has also commenced engaging in areas of activity that are not its sole area of activity in accordance with paragraph 5;
  - 5) the limited partnership has commenced working on projects other than those in which it undertook to work in the partnership agreement before the initial listing for trade or than those defined in the limited partnership agreement after the initial listing for trade and in respect of which an amendment of the limited partnership agreement was approved by the general meeting of the unit holders.
- b. Proceedings for the suspension of trade and de-listing of securities in accordance with sub-paragraph a. above shall be identical to the suspension and de-listing proceedings governing a limited partnership due to the limited partnership's dissolution pursuant to the Fourth Part of the Rules dealing with the suspension and de-listing of securities, subject to exceptions stipulated in the Regulations pursuant to this part of the Rules.
15. Notwithstanding the provisions of paragraph 3 of this Chapter, a limited partnership which is not a registered limited partnership may list bonds for trade even if its area of activity is different from the areas determined in paragraph 3 of this Chapter, provided that the partnership has adopted, *mutatis mutandis*, the provisions of Part Two of the Fourth Schedule to the Securities Law, and noted this in its prospectus. The listing for trade of bonds as aforesaid shall be governed by the conditions laid down in Chapters IX, XV, XVI and XXIV of this Part and the Regulations pursuant thereto, *mutatis mutandis*.

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## **CHAPTER XVIII – CLOSED-END FUND**

### **A. General provisions**

Expressions used in this Chapter shall bear the meanings attributed to them in the Joint Investment Trust Law, 5754-1994, or in the Securities Law, 5728-1968, or in the TASE Rules (hereinafter referred to as “the Rules”), as the case may be, mutatis mutandis, unless expressly stated otherwise.

### **B. A closed-end fund that is not an ETF**

1. The listing for trade of a closed-end fund that is not an ETF shall be governed by the provisions of paragraphs 1 to 4 of this Chapter, as well as the provisions of the Second Part of the Rules, that shall apply mutatis mutandis, and subject to the adjustments and conditions stipulated below and in the Regulations.

a) Chapter IX: paragraphs 63, 64, 65, paragraph 66, sub-paragraphs b., c. and g., paragraph 67 and paragraph 69;

b) Chapter XVI;

For the purpose of these paragraphs –

a) any mention of “company” shall, for the purpose of a closed-end fund, be replaced by “closed-end fund manager” or “closed-end fund”, as the case may be;

b) any mention of “shares” or “securities” shall, for the purpose of a closed-end fund, be replaced by “units”;

2. All the units of a closed-end fund that is not an ETF shall be listed for trade on TASE. A closed-end fund shall not allot units unless the board of directors has approved their listing for trade.

3. On the initial offering of a closed-end fund that is not an ETF, the public holdings value of units, on the allotment date, shall not be less than the amount stipulated in the Regulations.

4. On the initial offering of a closed-end fund that is not an ETF, the value of the fund's units that were purchased pursuant to the issue prospectus shall not be less than the amount determined in the Regulations.

### **C. ETF**

5. The listing for trade of an ETF shall be governed by the provisions of paragraphs 5 to 15 of this Chapter and by the provisions of the Second Part of the Rules, which shall apply mutatis mutandis, and subject to the adjustments and conditions stipulated below and in the Regulations:

a. Chapter IX: paragraphs 63, 64, 65, sub-paragraphs b. and g. of paragraph 66, sub-paragraphs c. and d. of paragraph 67, paragraph 67A and paragraph 69.

For the purpose of paragraph 67A as aforesaid, the listing for trade of an ETF is also conditional upon the leverage stipulated in its terms and conditions not being other than 1.

b. Chapter XV: paragraphs 99.a. and b.

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## c. Chapter XVI.

For the purpose of these paragraphs -

- a. any mention of “company” shall, for the purpose of an ETF, be replaced by "ETF manager" or “ETF”, as the case may be;
  - b. any mention of “shares” or “securities” shall, for the purpose of an ETF, be replaced by “units" or "ETF", as the case may be.
6. All the units of an ETF shall be listed for trade on TASE. An ETF shall not allot units unless the board of directors has approved their listing for trade.
  7.
    - a. The Regulations may include additional conditions for different types of ETFs.
    - b. The board of directors may include conditions in the Regulations on the fulfillment of which an ETF's terms may stipulate that the tracking asset can be replaced with another tracking asset.
    - c. The board of directors may include conditions in the Regulations on the fulfillment of which an ETF's terms can include more than one tracking asset.
    - d. Terms stipulated pursuant to this paragraph in an initial offering of an ETF may not be changed.
  8. An ETF the terms of which include leverage other than 1 shall not be listed for trade, except subject to the conditions included in the Regulations.
  9. An ETF manager may stipulate conditions on the fulfillment of which the ETF will be liquidated or converted into an open-end fund, provided that the aforesaid conditions are included in the ETF's terms.
  10. An ETF's terms shall stipulate that if TASE passes a resolution to delist the ETF from trade, the ETF will be liquidated. The liquidation date will be determined in accordance with the provisions of the Regulations.

Notwithstanding the aforesaid, the ETF manager may decide not to liquidate the ETF but to convert it into an open-end fund, provided that he has notified TASE that all the approvals required pursuant to any law have been obtained.

11. An ETF's terms shall stipulate that if the ETF is liquidated, or if TASE passes a resolution to delist the ETF from trade, from the date of notice of the resolution to delist as aforesaid, as the case may be, no redemption commission shall be charged for redemption of the ETF units and there will be no restriction on the quantity of ETF units that may be redeemed.
12. The board of directors may include rules in the Regulations regarding securities that may be included in an index constituting a tracking asset of an ETF (hereinafter - the "**index**"), regarding the weight of the securities included in the index, the number of securities included in the index, the public holdings value of the securities included in the index, the public holdings percentage of the securities included in the index and the market value of the securities constituting a tracking asset of the ETF.

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13. The board of directors may set a limit on the aggregate value of ETFs that are listed for trade, including on the aggregate value of ETFs of a certain type, if in its opinion a limit as aforesaid is necessary in order to prevent trading impropriety.
14. Approval will not be given for the listing for trade of an ETF if its tracking asset does not fulfill all the conditions included in the Regulations, even if on the date on which the listing application is filed, another ETF is listed for trade the tracking asset of which is the same.

In addition, approval will not be granted for an allotment of additional units of an ETF, if its tracking asset does not fulfill all the conditions included in the Regulations.

15. The board of directors may refuse to list an ETF for trade, or refuse to approve allocation of additional units of an ETF that is listed for trade, even if the ETF fulfills all the conditions included in the Regulations, if in its opinion the listing for trade might cause trading impropriety.

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## **CHAPTER XIX – COMMERCIAL PAPERS**

The listing for trade of commercial papers shall be governed by the provisions of this Chapter, and the following provisions of the Rules (Second Part) and the Regulations pursuant thereto, mutatis mutandis, and subject to the adjustments and conditions stipulated below:

1. The following paragraphs in Chapter IX of the Rules – paragraph 63 insofar relating to the definitions of “listing for trade”, “listed company”, “pre-listing equity”, “post-listing equity” “public holdings”, and “public holdings value”, and paragraphs 63A, 64, 65, sub-paragraphs b., c. and g. in paragraph 66, 67.d. and 69.
2. Paragraphs 72a.3) and 73.a. of Chapter X of the Rules.
3. Paragraph 80 of Chapter XI of the Rules.
4. Chapter XVI of the Rules.

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## **CHAPTER XX – LISTING FOR TRADE OF TRADED FOREIGN FUNDS\***

1. a. In this Chapter each expression shall have the meaning attributed to it in the Joint Investment Trust Law, 5754-1994, or in the Securities Law, 5728-1968, or in the TASE Rules (hereinafter - the "Rules"), as the case may be, mutatis mutandis, unless expressly stated otherwise.
- b. "Prospectus" with regard to a traded foreign fund includes the appendix to the foreign fund's prospectus within the meaning thereof in the Joint Investment Trust (Offer of a traded foreign fund's Units) Regulations, 5776 -2016.
2. The listing for trade of a traded foreign fund shall be governed by the provisions of this Chapter and by the following provisions of the Second Part of the Rules, which shall apply mutatis mutandis, with the adjustments and on the terms and conditions determined below and in the Regulations:
  - a. Chapter I: paragraphs 64, 65, sub-paragraph b. and g in paragraph 66, sub-paragraphs c. and d in paragraph 67, 67A, 69 and 69B.; however, with regard to the board of directors authority in accordance with paragraph 67A mentioned above regarding the listing for trade of securities in respect of which there are no listing rules in the TASE Rules, the listing for trade of a traded foreign fund in respect of which there are no rules in the Rules is also conditional upon the leverage stipulated in its terms and conditions being no different than 1.
  - b. Chapter XV: paragraphs 99.a. and b.
  - c. Chapter XVI.

With regard to these paragraphs -

  - a. any mention of "company", with regard to a traded foreign fund, shall be replaced by "traded foreign fund manager" or "traded foreign fund", as the case may be;
  - b. any mention of "shares" or "securities", with regard to a traded foreign fund, shall be replaced by "units" or "traded foreign fund", as the case may be.
3. a. The Regulations may include additional terms and conditions in relation to different classes of traded foreign funds.
- b. The board of directors may include in the Regulations conditions on fulfillment of which a traded foreign fund's terms and conditions may stipulate that the tracking asset can be replaced by another tracking asset.
- c. The board of directors may include in the Regulations conditions on fulfillment of which a traded foreign fund's terms and conditions may stipulate more than one tracking asset.
- d. Terms and conditions stipulated pursuant to this paragraph in an initial offer of a traded foreign fund may not be changed.
4. A traded foreign fund the terms and conditions of which include leverage other than 1 shall not be listed for trade, except subject to the terms and conditions included in the Regulations.

\* The Chapter was approved in 2/2003, most of it was replaced in 5/2007, most of it was replaced again in 6/2013, and it was cancelled in 6/2018. This chapter - Traded Foreign Funds was approved in 4/2019.

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5. The listing for trade of a traded foreign fund is conditional upon the fund's units being issued and fully paid up.
6. A tracking asset of a traded foreign fund cannot be replaced, except as provided in the Regulations, insofar as they allow this.
7.
  - a. Subject to the provisions of the Regulations, a traded foreign fund manager may stipulate conditions on fulfillment of which it will be possible to delist the fund's units from trade, provided that such conditions are included in the foreign fund's prospectus.
  - b. The traded foreign fund's prospectus shall provide that in the event that the fund is governed by section 871(m) of the IRS, the fund's manager will act to delist the traded foreign fund's units from trade on TASE, as soon as possible.
  - c. The fund's prospectus shall provide that in the event that the fund's units are delisted from trade on the stock exchange in Israel and do not continue to be traded on a stock exchange or regulated market outside Israel, the holders of the units in Israel will be given the possibility of redeeming their units.
8. The board of directors may include rules in the Regulations with regard to the securities that may be included in the index constituting the tracking asset of the traded foreign fund (hereinafter - the "index"), the weight of the securities included in the index, the number of securities included in the index, the public holdings value in the securities included in the index, the public holdings percentage in the securities included in the index and the market value of the securities constituting a tracking asset of the traded foreign fund.
9. No approval will be given for the listing for trade of a traded foreign fund if its tracking asset does not fulfill all the conditions included in the Regulations, even if on the date of filing the listing application, another traded foreign fund with the same tracking asset is listed for trade.
10. The board of directors may refuse to list a traded foreign fund for trade, even if the traded foreign fund fulfills all the conditions included in the Regulations, if in its opinion the listing for trade might result in improper trade.
11.
  - a. In this paragraph:

"transferability restriction" - a restriction on an offer of a traded foreign fund to the Israeli public, a restriction on the listing for trade of a traded foreign fund on TASE and a restriction on the conduct of trade in a traded foreign fund on TASE.

"lawyer's opinion" -

    - 1) an opinion of someone licensed as a lawyer pursuant to the laws of the country in which the traded foreign fund was incorporated and pursuant to the laws of the fund's country of origin; and
    - 2) an opinion of someone licensed as a lawyer pursuant to the laws of each one of the foreign countries in which the traded foreign fund's units are listed for trade.
  - b. The listing for trade of a traded foreign fund's units is conditional upon the units not being subject to a transferability restriction pursuant to the laws of the foreign country in which the fund was incorporated, pursuant to the laws of the fund's country of origin, pursuant to the laws of any one of the countries in which the fund's units are traded and pursuant to the directives of any one of the stock exchanges on which the fund's units are traded.

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- c. The listing for trade of a traded foreign fund is conditional upon a lawyer's opinion being annexed to the listing application that is addressed to TASE, or to the fund manager or to the fund, which expressly permits TASE to rely thereon, in which it is stated that there is no transferability restriction on units of the traded foreign fund it is applying to list, as provided below:
- 1) that pursuant to the laws of the country in which the fund was incorporated and pursuant to the laws of the fund's country of origin, there is no transferability restriction;
  - 2) that pursuant to the laws of the foreign country in which the traded foreign fund's units are registered, and pursuant to the directives of the overseas stock exchange, there is no transferability restriction.
- d. The traded foreign fund's prospectus pursuant to which units of the traded foreign fund are first listed for trade on TASE shall include details of the tax laws governing the fund, pursuant to the tax laws in Israel and pursuant to the tax laws in any other country, insofar as they apply to the fund's units' holders in Israel, and in addition details of the way in which the company will tax holders of the securities.
- e. In addition to the aforesaid, the listing for trade of a traded foreign fund is conditional upon TASE, including its trading systems, being prepared for the traded foreign fund's listing for trade and TASE-CH, including its clearing systems, being prepared for the provision of clearing services to the traded foreign fund, without such involving special operating arrangements.

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## **CHAPTER XXI - OVERSEAS COMPANY AND OVERSEAS REIT**

1. In this Chapter –
  - “overseas company” - a company the securities of which have been or will be listed for trade on TASE in accordance with the provisions of Chapter 5C of the [Securities] Law, and a company which has changed over to a reporting regime in accordance with Chapter 5C, as long as its securities are listed on an overseas stock exchange;
  - "overseas REIT" - a real estate investment trust which has given notice in the registration document that it has been defined as such pursuant to the tax laws governing it, and the securities of which are listed or were listed for trade on an overseas stock exchange and are listing for trade on TASE pursuant to the provisions of Chapter E.3 of the Law;
  - “market value” - the number of shares of the same class in the company’s issued and paid up share capital, multiplied by their price, subject to the details, conditions and qualifications stipulated in the Regulations.
  
2. a. The listing for trade of securities of an overseas company that are listed for trade on an overseas stock exchange, the listing for trade of securities of an overseas company that are of a class listed for trade on an overseas stock exchange and the listing for trade of securities issued simultaneously on TASE and an overseas stock exchange shall be governed by the following provisions of the Rules and the Regulations pursuant thereto, mutatis mutandis, and subject to the adjustments and conditions stipulated below:
  - 1) the following paragraphs of Chapter IX – 63A, 64, 65, sub-paragraphs a, b. and g. of paragraph 66, and insofar as relating to shares – sub-paragraph d. of paragraph 66, 67 d. and 69;
  - 2) paragraph 71 of Chapter X;
  - 3) paragraphs 77 and 78 of Chapter XI;
  - 4) paragraph 90 of Chapter XIV;
  - 5) Chapter XVI;
  - 6) Chapter XXIV;
  - 7) an overseas company’s application for an initial listing of its securities for trade shall be considered in reliance on the draft listing document submitted to TASE. The company shall notify TASE of any change in the draft listing document;
  - 8) the market value shall not be less than that stipulated in the Regulations.
  
- b. 1) The listing for trade of an overseas company’s securities of a class that is not listed for trade on an overseas stock exchange, which are offered to the Israeli public, shall be governed by the provisions of the Second Part of the Rules.
 

TASE’s board of directors may exempt a company from all or some of these provisions, if it deems fit in the circumstances of the case.

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- 2) Notwithstanding the provisions of sub-paragraph 1) above, the provisions of paragraph 91.h of Chapter XIV shall not apply to convertible securities.
3. The provisions of this Chapter and the Regulations pursuant thereto will also apply to an overseas REIT, mutatis mutandis and with the adjustments and on the terms and conditions detailed below:
  - a. Paragraph 71 of Chapter X and paragraph 77 of Chapter XI will not apply. However, with regard to an overseas REIT, it will be provided that all the units of the type listing of which is being applied for, will be listed for trade on TASE.
  - b. Any reference to "company" or "overseas company" will be replaced by "overseas REIT".
  - c. Any reference to "shares" will be replaced by "units".
  - d. Any reference to "securities" will be replaced by "securities in an overseas REIT".
  - e. The listing for trade of units of an overseas REIT the units of which are delisted from trade on an overseas stock exchange will be governed by the provisions of this Part of the Stock Exchange Rules and the Regulations pursuant thereto that govern a company, except for the provisions governing overseas company or an overseas REIT, mutatis mutandis.

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

1. The listing for trade of forcibly convertible bonds of a financial institution and of forcibly delistable bonds of a financial institution shall be governed by the provisions of Chapter XV and the Regulations pursuant thereto.
2. Conversion shall only be executed in those cases in respect of which the Supervisor of Banks or the Commissioner of the Capital, Insurance and Savings Market, as the case may be, has stipulated that conversion is obliged.
3. The terms of forcibly convertible bonds of a financial institution shall include the following:
  - a. the conditions stipulated by the Supervisor of Banks or by the Commissioner of the Capital, Insurance and Savings Market, as the case may be, on the fulfillment of which full or partial conversion will be executed;
  - b. the conversion ratio, including the formula for calculating it and the parameters making up the formula;
  - c. the number of days between the date of notice of the conversion price and the conversion date shall not be less than the period of time stipulated in the Regulations.
4. The terms of forcibly delistable bonds of a financial institution shall detail the following:
  - a. the terms stipulated by the Supervisor of Banks or by the Director of the Capital Market, Insurance and Savings, as the case may be, on the fulfillment of which delisting will be executed, in whole or in part;
  - b. whether the financial institution may in future pay the principal that was delisted, in whole or in part.
5. The timetables for the execution of forced conversion, in whole or in part, or forced delisting, in whole or in part, and the record date for the payment of interest, shall be stipulated in the Regulations pursuant this Part and pursuant to the Fourth Part of the Rules.
6. The terms of forcibly convertible or forcibly delistable bonds, as the case may be, of an insurer, in respect of which it has been determined that the interest payments thereon may be cancelled, shall detail the following:
  - a. the terms stipulated by the Director of the Capital Market, Insurance and Savings, on fulfillment of which the interest payment, or part thereof, will be cancelled;
  - b. the number of days between notice of cancellation of the interest payment and the record date for payment of interest fixed in the terms of the bond will not be less than the period of time stipulated in the Regulations.

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## **CHAPTER XXIII – LISTING FOR TRADE OF AN FSE COMPANY\***

1. In this Chapter –
 

“foreign stock exchange company” or “FSE Company” – a company to which one or more of sub-paragraphs 1) to 3) below applies and which does not report in accordance with Chapter 5C of the [Securities] Law:

  - 1) a company the securities of which are listed for trade on a foreign stock exchange, which is applying to list securities on TASE;
  - 2) a company the securities of which are listed for trade on TASE, which is applying to list securities on a foreign stock exchange;
  - 3) a company which is applying to simultaneously list securities for trade on TASE and on a foreign stock exchange.

“Foreign stock exchange” – an overseas stock exchange or a trading list on a stock exchange as aforesaid, which has been approved by the entity authorized to approve it at law in the country in which it operates, as well as NASDAQ GLOBAL MARKET, NASDAQ GLOBAL SELECT MARKET AND NASDAQ CAPITAL MARKET.

“Public holdings” – as defined in paragraph 63 of Chapter IX above, save for securities on which sale restrictions have been imposed, in the course of their allotment, pursuant to the rules of the foreign stock exchange, or pursuant to a foreign law, or pursuant to the requirements of underwriters, issue consultants, or entities related to the issue.
2. The listing for trade of securities of an FSE company shall be governed by the Second Part of the Rules and the Regulations pursuant thereto, mutatis mutandis, and shall be subject to the following adjustments, conditions and qualifications:
  - a. TASE’s board of directors may, if it deems fit in the circumstances of the case, exempt an FSE company applying to simultaneously list securities for trade on TASE and on a foreign stock exchange from all or some of the provisions of paragraphs 84.b. and 84.c. of Chapter XI above, and from the Regulations pursuant thereto;
  - b. TASE’s board of directors may, if it deems fit in the circumstances of the case, exempt an FSE company applying to simultaneously list securities for trade on TASE and on a foreign stock exchange, and an FSE company applying for an initial listing on TASE of convertible securities or bonds, which are listed for trade on a foreign stock exchange, from all or some of the following provisions of the Second Part of the Rules:
 

in Chapter XIV – paragraphs 91.b. to 91.d., 92, 94A.a. and 94A.b.;

in Chapter XV – paragraphs 96, 97, 99.a., 99.b. and 101.
  - c. The provisions of paragraph 105 of Chapter XVI of the Second Part of the Rules shall not apply to a new company which is an FSE company.
  - d. The price of the share of an FSE company shall not be less than that stipulated in the Regulations.

\* The Chapter was approved in 8/2006.

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3. The board of directors may, if it deems fit in the circumstances of the case, make the listing for trade of an FSE company applying for an initial listing of securities that are listed for trade on a foreign stock exchange conditional upon the provision of an inventory of securities, in such quantity and on such terms and conditions as stipulated by it.

## CHAPTER XXIV – FOREIGN SECURITIES

1. In this Chapter –  
“foreign securities” – foreign securities that were issued by a company to which one or more of sub-paragraphs a. to d. below applies:
  - a. a company which was incorporated overseas;
  - b. an overseas company;
  - c. a foreign stock exchange company;
  - d. a company whose securities are traded “over the counter” overseas (“OTC”);“transferability restriction” – a restriction on the offer of foreign securities to the Israeli public, a restriction on the listing of foreign securities for trade on TASE and a restriction on trade in foreign securities on TASE.
2.
  - a. The listing for trade of foreign securities of a company is conditional upon them not being subject to any transferability restriction, pursuant to the laws of the foreign country in which the company was incorporated, pursuant to the laws of the foreign country in which the securities are traded and pursuant to the directives of the stock exchange on which the securities are traded, and all as provided in the Regulations.
  - b. Notwithstanding the provisions of sub-paragraph a. above, conditions may be stipulated in the Regulations on the fulfillment of which TASE will list foreign securities that are subject to a transferability restriction.
3.
  - a. The listing for trade of foreign securities is conditional upon a lawyer’s opinion being annexed to the listing application, determining that the foreign securities are not subject to a transferability restriction, and all as provided in the Regulations.
  - b. Notwithstanding the provisions of sub-paragraph a. above, conditions may be stipulated in the Regulations on the fulfillment of which the listing for trade of foreign securities will not be conditional upon a lawyer’s opinion being annexed to the listing application.
4. In addition to all the duties of disclosure applicable pursuant to any law on a company which is issuing foreign securities, the document pursuant whereto the foreign securities are first listed for trade shall include details of the tax laws governing the holders of the securities, and all as provided in the Regulations.
5. In addition to the aforesaid, the listing for trade of foreign securities is conditional upon TASE, including its trading systems, being prepared for the listing for trade of the securities and upon TASECH, including its clearing systems, being prepared for the provision of clearing services for the securities, such being without the aforesaid involving special operating arrangements.
6. Paragraphs 91.b.2), 91.d.2) and 92.b.2) of Chapter XIV of the Second Part of the Rules, and paragraph 12 of the Fourth Part of the Rules shall apply to foreign securities with the adjustments and subject to the terms and conditions stipulated in the Regulations.

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## CHAPTER XXV - PREFERRED SHARES

1. The listing for trade of preferred shares and of warrants for preferred shares shall be governed by the provisions of this Chapter and by the provisions of the Second Part of the TASE Rules and the Regulations pursuant thereto governing shares and warrants for shares, as the case may be, as shall be from time to time, mutatis mutandis.
2. The provisions of this Chapter shall not apply to:
  - a. preferred shares of an overseas company that are listed for trade on an overseas exchange only;
  - b. preferred shares of an overseas company that are not listed for trade;
  - c. the listing for trade of preferred shares of an overseas company that are listed for trade simultaneously on TASE and on the overseas exchange.

Notwithstanding the aforesaid, the listing for trade of preferred shares of a foreign company that are listed for trade simultaneously on TASE and on an overseas exchange shall be conditional upon compliance with paragraph 8 below;
  - d. warrants for preferred shares of an overseas company that may be exercised into preferred shares issued as provided in sub-paragraphs a. to c.
3. "Preferred shares" - a share the terms and conditions of which contain the following provisions:
  - a. the amount of the dividend that shall be paid to the holders thereof and the payment dates;
  - b. that the holders thereof have a preferred right to receive dividend;
  - c. that if the dividend is not paid to a holder thereof on the date prescribed in its terms and conditions, the dividend shall accrue until the payment is actually made (hereinafter - "accrued dividend").
4.
  - a. The value and rate of the public's holdings of the preferred shares shall not be less than as provided in the Regulations.
  - b. The value of the preferred shares and the value of the public's holdings of the preferred shares shall not be more than as provided in the Regulations.
5. The Regulations may include conditions only on the fulfillment of which a company may allot preferred shares, allot warrants for preferred shares, and increase a series of preferred shares or series of warrants for preferred shares.

Such conditions could relate to the value of the public's holdings of the company's shares that are not preferred shares (hereinafter in this Chapter and in the Regulations pursuant thereto - "ordinary shares"), the rate of the public's holdings of the company's ordinary shares, the market value of the company's ordinary shares, and the inclusion of the company's ordinary share in TASE's indices.
6. A company the ordinary shares of which are traded on the list of illiquid shares or on the maintenance list may not issue preferred shares or warrants for preferred shares or increase a series of preferred shares or series of warrants for preferred shares.
7.
  - a. A first offer of preferred shares shall be made by way of an offer to the public against consideration in cash.

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- b. Notwithstanding the aforesaid, as of March 28, 2018<sup>1</sup> until the end of one year from this date, a first offer of preferred shares may be made by way of an offer by way of rights, subject to the terms and conditions of the Regulations.
- c. A first offer of preferred shares shall not be made by way of a private placement.
8. The listing for trade of preferred shares is conditional upon the existence of adequate spread.
9. The board of directors may determine in the Regulations a maximum number of series of preferred shares and of warrants for preferred shares that a company may issue.
10. Bonds convertible into preferred shares may not be issued.
11. The price of a preferred share, and the price of a share deriving from conversion of a warrant into a preferred share, shall not be less than that provided in the Regulations.
12. It may be provided in the terms and conditions of warrants for preferred shares, whether the warrants are listed or not, that an adjustment will be made of the exercise supplement or of the exercise ratio in the event of a dividend's distribution, in the event of a distribution of bonus shares or in the event of an offer by way of rights, in the preferred shares or in the ordinary shares. If an adjustment is prescribed, it shall be made in the manner prescribed in the Regulations pursuant to the Second Part of the Rules with regard to the adjustment of convertible securities, mutatis mutandis.
13. It may be determined in the terms and conditions of preferred shares convertible into ordinary shares that an adjustment will be made with the preferred shares in the event of distribution of a dividend, or distribution of bonus shares or in the event of an offer by way of rights, in the ordinary shares. If an adjustment is prescribed, the adjustment for payment of the dividend shall be made in the manner prescribed in the Regulations pursuant to the Second Part of the Rules with regard to the adjustment of convertible bonds.
- Notwithstanding the aforesaid, in the case of a dividend distribution on ordinary shares, an adjustment may be prescribed in respect of the amount of the dividend payable on the ordinary shares that exceeds the amount prescribed in advance in the terms and conditions of the preferred shares (hereinafter - the "excess distribution"). Accordingly, the new conversion ratio will reflect the change deriving from the change in the price of the ordinary share only in relation to the excess distribution.
14. It may be determined in the terms and conditions of preferred shares that on the fulfillment of certain conditions or at certain times, there will be forced redemption or voluntary redemption of the preferred shares, provided that the terms and conditions of the preferred shares include all the terms and conditions prescribed in the Regulations.
15. It may be stipulated in the terms and conditions of preferred shares that on fulfillment of certain conditions or at certain times, there will be forced conversion or voluntary conversion of the preferred shares into ordinary shares of the company, provided that the terms and conditions of the preferred shares include all the conditions stipulated in the Regulations.

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<sup>1</sup> The day on which the authorities' approval of the amendment is received.

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