

# **COMPANY GUIDE**

## **TRADE HALT AND MAINTENANCE RULES**

### **REGULATIONS PURSUANT TO THE**

### **FOURTH PART OF THE RULES**

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**REGULATIONS REGARDING THE TEMPORARY HALT OF TRADE,  
TRANSFER TO THE MAINTENANCE LIST, SUSPENSION OF  
TRADE IN SECURITIES AND DE-LISTING OF SECURITIES  
FROM TRADE**

1. **Definitions**

- a. With regard to the public holdings, securities held by an interested party shall be included in the public holdings, in the cases detailed below:
- (1) securities held by a an entity which is a member of an institutional reporting group, as defined in the Securities (Periodic and Immediate Reports) Regulations, 5730-1970;
  - (2) securities held by a nostro account of an interested party through members of the institutional reporting group within the meaning thereof in the Securities (Periodic and Immediate Reports) Regulations, 5730-1970, which are under the control or management of the interested party as aforesaid, provided that the total number of shares held in the nostro account as aforesaid is less than 5% of the Company's capital that is listed for trade;
- b. "First suspension period" - a period of time of up to three months from the date on which trade in the securities was suspended; however, if the last day of the said three months falls on a day that is not a trading day, the first suspension period shall end on the first trading day thereafter.
- c. "Average price" - the average closing prices on the trading days included in the 35 days ending on the date of calculating the average price, with the calculation date being included in the count.

If during the 35 day period there is a company event, as defined in paragraph 2.a.3) of Chapter XI of the Regulations pursuant to the Second Part of the TASE Rules, the closing prices shall be adjusted accordingly.

- d. "Shell company"
- (1) a company that does not have, directly or indirectly, real business activity, that yields or is expected to yield income in the ordinary course of business that is not only financing income;

Or

- (2) a company 80% or more of the total assets of which are cash and/or the equivalent of cash and/or deposits and/or financial assets that do not vest a material influence, joint control or control as defined in the generally accepted accounting principles (GAAP) and/or holdings in other shell companies the securities of which are traded on TASE.

Notwithstanding the provisions of sub-paragraph (2) above, the following companies shall not be deemed a shell company:

- (a) its shares are included in the technological or Biomed sector of TASE and it has invested at least NIS 400,000 (gross) in R&D in the last 12 months in respect of which financial statements were prepared;
  - (b) it is in possession of a petroleum asset as defined in the First Schedule to the Securities (Details of Prospectus and Draft Prospectus - Structure and Form) Regulations, 5729-1969;
  - (c) it operates in accordance with the Engagement in Investment Advice, Investment Marketing and Investment Portfolio Management (Regulation) Law, 5755-1995;
  - (d) it meets the definition of "investment entity" within the meaning thereof in GAAP;
  - (e) its main business is the provision of financial services and the company has been classified as such according to the classification of TASE's sectors.
  - (f) it engages in the provision of advice services in the last 12 months in respect of which financial statements were prepared, its shares are included in the commerce and services sector – sub-sector services, pursuant to TASE's sector classification, and these services have yielded it an income of NIS 400,000 at least, during this period
  - (g) it is a limited partnership operating in the R&D sector with a project, as defined in paragraph 8.c. of Chapter XVII in the Second Part of the Rules.
- e. "Big allotment" - an allotment as defined in the Fourth Part of the Rules, in a percentage constituting 75% and more of the company's capital after the allotment.
  - f. "Record date for reviewing the maintenance" - the end of the day on June 30 and the end of the day on December 31 of each year.
  - g. "Collection of shares" - as defined in the Fourth Part of the Rules, at a rate representing 75% or more of the company's equity after the collection.

1A. **Conditions for suspension of a security from trade**

- a. For the purposes of sections 6.a.2)a) and b) in the Fourth Part of the Rules:
  - The company's holdings in its subsidiary constitute 75% of the assets of the company.

For the purposes of section 6.a.2)d) in the Fourth Part of the Rules:

  - The assets for which a receiver or a provisional receiver was appointed constitute 75% of the assets of the company, or the limited partnership, as the case may be.

b. Conditions for suspension from trade in respect of a low share price

- (1) TASE's CEO, or someone authorized by him, shall suspend trade in a share if the share's closing price was 1 agora on 15 trading days of the 30 days ending on the review date.
- (2) A review in accordance with sub-paragraph a. above shall be performed at the end of each trading day.
- (3) In the event of a resolution to suspend trade in a share as provided in sub-paragraph a. above, trade in the share shall be suspended on the second trading day after the review date as aforesaid.
- (4) The suspension of trade in respect of a low share price shall continue so long as the company has not carried out a reverse share split such that every 10 shares will become one share.

2. Conditions for the transfer of a security to the maintenance list

a. Public holdings value cause and public holdings percentage cause

- 1) TASE's CEO shall transfer a security to the maintenance list on the existence of one of the maintenance causes detailed below:
  - a) the public holdings value in the company's shares, of the same class, is less than NIS 5 million;
  - b) the public holdings percentage:
    - (1) the public holdings percentage in the company's shares, of the same class, is less than 5%
    - or
    - (2) the public holdings percentage in the company's shares, of the same class, is less than 15%, but more than 5%, and the public holdings value in the company's shares, of the same class, is less than NIS 15 million;
- 2) a) Unless otherwise stated in these Regulations, the public holdings value and the public holdings percentage (hereinafter - the "maintenance review") shall be reviewed twice a year, just after the record date for reviewing the maintenance.
- b) Notwithstanding the aforesaid, a review as aforesaid shall not take place if on the record date for reviewing the maintenance trade in the shares is suspended or 35 days have not yet passed since the date on which trade in the company's shares was renewed on the main list, whether the renewal of trade as aforesaid was after they were traded on the maintenance list or after suspension.

In such regard -

"public holdings" - as defined in paragraph 1.b. of the Fourth Part of the TASE Rules;

"public holdings percentage" - the public holdings percentage on the record date for reviewing the maintenance.

The public holdings value shall be calculated on the basis of the average share price multiplied by the number of shares of such class in the public holdings, on the record date for reviewing the maintenance.

- 3) If the review pursuant to sub-paragraph a.2) above (hereinafter - the "first review") finds that one or more of the maintenance causes as stated in sub-paragraph a.1) above existed, the company will be given notice of the maintenance cause's existence (hereinafter - "maintenance warning") and it will be given an extension until the next review (hereinafter – "the determining review") for the purpose of increasing the public holdings value or the public holdings percentage, as the case may be, as necessary.

However, if on the review date securities of the company are traded on the maintenance list, the company will not be given an extension, and it shall be deemed a company in respect of which an additional maintenance cause exists.

- 4) In the event that a maintenance cause pursuant to sub-paragraph a.1) above exists, on the date of the determining review as provided in sub-paragraph 3), the company and the TASE members shall be given notice of the date on which the security will be transferred to the maintenance list. The company may present its arguments in writing with regard to the existence of the maintenance cause, until the date of the board of directors' meeting that takes place just before the security's transfer to the maintenance list.

If the company gives TASE its arguments as aforesaid, the board of directors shall discuss the existence of a maintenance cause. If a maintenance cause exists, the board of directors shall transfer the security to the maintenance list.

If the company does not give TASE its arguments as aforesaid, and a maintenance cause exists pursuant to sub-paragraph a.1) on the date of the board of directors' meeting, as provided in this sub-paragraph 4), TASE's CEO shall transfer the security to the maintenance list.

In such regard -

The public holdings value, and the public holdings percentage, will be reviewed at the end of the last trading day prior to the date of the said board of directors' meeting.

The public holdings percentage will be the public holdings percentage at the end of the last trading day prior to the date of the board of directors' meeting as aforesaid.

The public holdings value will be calculated in accordance with the average share price on the trading day prior to the date of the board of directors' meeting, on the basis of the public holdings on the last trading day before the date of the board of directors' meeting.

- 5) Notwithstanding the aforesaid, TASE's CEO shall not transfer a security to the maintenance list in any one of the following cases:
- a) if the company has received a maintenance warning in respect of a public holdings value cause, to the effect that the public holdings value in the company's shares is less than NIS 5,000,000, but at the time of the determining examination or on the trading day prior to the date of the board of directors' meeting, the public holdings value in its share is higher than NIS 4,000,000, and the company's shares have a market-maker;
  - b) if the company has received a maintenance warning in respect of a public holdings percentage cause, to the effect that the public holdings value is less than NIS 15,000,000 and the public holdings percentage in the company's shares is less than 15%, but at the time of the determining examination or on the trading day prior to the date of the board of directors' meeting the public holdings percentage in its shares is higher than 12.5%, and the company's shares have a market-maker.
- 6) If a company's securities are transferred to the maintenance list, and on the date of the determining review there is an additional maintenance cause, the company shall be deemed one that was transferred to the maintenance list also in respect of the additional cause.
- b. Additional maintenance causes
- 1) TASE's CEO, or someone authorized by him, shall transfer a security to the maintenance list in the event that one of the following causes exists:
    - a) Suspension for a period exceeding the first suspension period  
The first suspension period has come to an end and trade in the company's securities is still suspended.
    - b) Shell company  
ISA or the company gives notice that the company has become a shell company, and on the date of becoming a shell company the conditions for the renewal of trade in the shell company's shares on the main list, as detailed in paragraph 3A.c. below, were not fulfilled.  
  
For the purposes of this paragraph, if the company has executed an allotment or public issue on the date of becoming a shell company, the public holdings value will be calculated as provided in appendix "A".
    - c) Collection of shares and/or big allotment  
If a collection of shares and/or a big allotment, was executed in the company and immediately thereafter the conditions required for the renewal of trade in the shares of the company on the main list, which made these moves, as detailed in paragraph 3A.c. below, were not fulfilled.  
  
The public holdings value for such purpose will be calculated as provided in appendix "A".

- d) For the purpose of examining the necessary conditions for listing for trade pursuant to the Second Part of the Rules as aforesaid, the following expressions shall bear the meanings set forth alongside them:

"activity" - the company's main sphere of activity in which it intends continuing to engage;

"equity" - including equity in the proforma financial statements and plus net receipts, for such purpose - "net receipts" -

amounts that increase the company's equity, within the meaning thereof below, less amounts that reduce the company's equity, within the meaning thereof below, which derive from events that occurred after the date of the company's last financial statements, provided that a certificate is received from the company's auditor with respect to the extent of the said amounts' influence on the company's equity in accordance with GAAP and that the said amounts derive from one or more of the following events.

"Amounts that increase the company's equity" - amounts deriving from one or more of the following events:

- cash amounts received against share capital, including cash amounts received against preferred shares and which according to GAAP are classified as equity;
- the value of assets transferred to the company, as finding expression in the equity in the framework of proforma financial statements prepared in accordance with GAAP;
- amounts received against an allotment of capital notes, which according to GAAP are classified as equity;
- amounts deriving from a waiver of the company's liabilities as finding expression in the equity;
- amounts deriving from an arrangement between the company and its creditors or shareholders, pursuant to section 350 of the Companies Law, 5759-1999.

"Amounts that reduce the company's equity" - amounts deriving from one or more of the following events:

- a declared cash dividend;
- the cost of dormant shares purchased by the company, or by a corporation under its control;
- the cost of the option component of dormant convertible securities purchased by the company or by a corporation under its control;
- the cost of the capital increase;
- the minority rights included in the equity;

- the amount of the tax that might apply to the company in respect of one or more of the amounts that increase the equity, as detailed above;
  - amounts that have been or will be used for the purpose of executing an arrangement, which will not be added to the company's equity on the basis of an accountant's certificate.
- 2) A transfer of securities to the maintenance list, as provided in sub-paragraph 1), shall be effected just after a maintenance cause arises.
- c. Exemption for R&D companies
- 1) Sub-paragraph 8.a. of the Fourth Part of the TASE Rules shall not apply to -
- a) an R&D company, as defined in the Regulations pursuant to the Second Part of the Rules, for a period of four years from the date on which its securities were first listed for trade on TASE;
  - b) a company which was a shell company and the trade in its securities was renewed on the main list, after it fulfilled the conditions required of an R&D company first listed for trade on TASE, for a period of four years from the date on which trade in its securities was renewed as aforesaid.
- 2) Notwithstanding the aforesaid, if the company gives notice during the aforesaid period that it has ceased engaging in the R&D sphere or that it has ceased engaging in the manufacture and marketing of the fruits of the R&D or that it has ceased acting as a technological incubator, it shall be governed by paragraph 8.a. of the Fourth Part of the Rules, from the date of the company's notice as aforesaid.



3. **Conditions for the renewal of trade in shares during the first suspension period, which prior to their suspension were traded on the main list**

If prior to suspension the company's shares were traded on the main list and before the end of the first suspension period the suspension cause is cancelled, and there is no additional suspension cause, the trade will be renewed in accordance with the following table:

<b>Existence of maintenance cause</b>	<b>The time remaining from the renewal of trade until the record date for reviewing the maintenance</b>	<b>Examination of the company's compliance with the maintenance rules</b>	<b>The list on which the trade will be renewed</b>
No maintenance cause existed on the record date prior to the suspension	35 days or more remain until the record date for reviewing the first maintenance	Maintenance will not be reviewed before the renewal of trade.  The maintenance will be reviewed on the record date for reviewing the maintenance.	The main list
	Less than 35 days remain until the record date for reviewing the first maintenance  <b>Or</b> During the suspension the record date for reviewing the first maintenance has passed.	On the date of the renewal of trade, a first maintenance review will be carried out. If the company does not comply with the maintenance rules - it will receive a maintenance warning on this date.	The main list
A maintenance cause existed on the record date prior to the suspension.	35 days or more remain until the record date for reviewing the determining maintenance.	Maintenance will not be reviewed prior to the renewal of trade. The maintenance will be reviewed on the record date for reviewing the determining maintenance.	The main list
	Less than 35 days remain until the	On the date of renewal of trade, the company will	The main list

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For the purposes of this paragraph, the public holdings value will be calculated as provided below:

- a. The number of shares of the same class held by the public prior to the renewal of trade multiplied by their average price on TASE on the last trading day prior to suspension of the trade in the shares.
- b. Notwithstanding the provisions of sub-paragraph a. above, if the company effected an allotment that is not a big allotment and/or issue to the public, the public holdings value will be calculated as provided in appendix "A".

For the purposes of paragraphs a. and b. - "public holdings" shall bear the meaning thereof in paragraph 1.b. of the Fourth Part of the TASE Rules, with regard to the transfer of a security to the maintenance list.

- c. Notwithstanding the provisions of sub-paragraph a. above, if a big allotment and/or big allotment in combination with a public issue and/or collection of shares was executed in the company and/or the company has given notice that it has become a shell company, the public holdings value will be calculated as provided in appendix "A".

In such regard - "public holdings" shall bear the meaning defined for them in the Second Part of the TASE Rules.

3A. **Conditions for the renewal of trade on the main list**

- a. An application for a security's transfer to the main list shall be submitted after 35 days have passed from the later of the following dates:
  - 1) the date of renewal of trade on the maintenance list after suspension for a period longer than the first suspension period;
  - 2) the date on which the company effects an allotment if on this date the conditions for the renewal of trade on the main list have not been fulfilled;
  - 3) the date on which a collection of shares is executed in the company, if on this date the conditions for the renewal of trade on the main list have not been fulfilled;
  - 4) the date on which the company effects an issue to the public, if on this date the conditions for the renewal of trade on the main list have not been fulfilled;
  - 5) notwithstanding the aforesaid, an application may be submitted for the renewal of trade on the main list, even if 35 days have not passed as aforesaid, if the company has effected an issue to the public and in consequence of the issue it fulfills the conditions required for the renewal of trade on the main list, as the case may be. In such case, the public holdings value shall be calculated by multiplying the share price on issue by the number of shares issued to the public. The shares held by the public before the issue will not be taken into account for the purpose of calculating the public holdings value.
- b. An application for the renewal of trade in a security of a company on the main list, after the security has ceased to be traded on the main list, shall include a detailed

plan for the company's fulfillment of the threshold conditions for the renewal of trade on the main list. The application shall be submitted by the company at least six weeks prior to the date stipulated in the TASE Rules and the Regulations pursuant thereto, as the date on which the threshold conditions for the renewal of trade as aforesaid change. TASE is not undertaking to attend to applications submitted after this date.

- c. The conditions for the renewal of trade in shares of a company that are not preferred shares, on the main list, after the shares have ceased to be traded on the main list, are as detailed in the following table, as the case may be.

<b>The cause for transfer to the maintenance list</b>	<b>The threshold for the renewal of trade on the main list, during the first 24 months from the date on which the shares ceased to be traded on the main list</b>	<b>The threshold for the renewal of trade on the main list, after 24 months have passed from the date on which the shares ceased to be traded on the main list</b>
a. The public holdings value in the company's shares of the same class is less than NIS 5 million.	The public holdings value in the company's shares of the same class is not less than NIS 7 million.	<p>On fulfillment of all the following conditions:</p> <ul style="list-style-type: none"> <li>- the public holdings value and public holdings percentage in the company's shares of the same class are as required from a company of its type which is first listed on TASE. In accordance with the provision of the Regulations pursuant to the Second Part of the TASE Rules.</li> <li>- the suspension causes do not exist.</li> </ul>
<p>b. 1) The public holdings percentage in the company's shares of the same class is less than 5%.</p> <p>or</p> <p>2) The public holdings percentage in the company's shares of the same class is more than 5% but less than 15% and the public holdings value in the company's shares of the same class is less than NIS 15 million.</p>	<p>On fulfillment of one of the following alternatives:</p> <ul style="list-style-type: none"> <li>- The public holdings percentage in the company's shares of the same class is not less than 20%</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- The public holdings percentage in the company's shares of the same class is not less than 15% and the public holdings value in the company's shares of the same class is not less than NIS 20 million.</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- The public holdings percentage in the company's shares of the same class is not less than 7.5% and the public holdings value in the company's shares of the same class is not less than NIS 50 million</li> </ul>	

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<p>c. Trade in the company's securities has been suspended <b>for a period exceeding the first suspension period.</b></p>	<p>(1) The suspension causes have been cancelled and</p> <p>(2) The public holdings value in the company's shares of the same class is not less than NIS 7 million and</p> <p>(3) - The public holdings percentage in the company's shares of the same class is not less than 20%</p> <p>or</p> <p>- The public holdings percentage in the company's shares of the same class is not less than 15% and the public holdings value in the company's shares of the same class is not less than NIS 20 million</p> <p>or</p> <p>- The public holdings percentage in the company's shares of the same class is not less than 7.5% and the public holdings value in the company's shares of the same class is not less than NIS 50 million</p>	
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The cause for transfer to the maintenance list	The threshold for the renewal of trade on the main list
<p>d. The company or ISA has given notice that the company has become a shell company, and on the date it became a shell company, the necessary conditions for the listing for trade of a new company of its type, which is being listed for trade on TASE for the first time, pursuant to the Second Part of the Rules, were not fulfilled.</p>	<p>Compliance with the conditions for the listing for trade of shares of a company of its type, which are being listed on TASE for the first time, in accordance with the provisions of Second Part of the TASE Rules, where:</p> <ol style="list-style-type: none"> <li>1. With regard to the listing alternative pursuant to paragraph 1. of Chapter VI of the Regulations pursuant to the Second Part of the Rules - the company fulfills the conditions for alternative "A", or the conditions of alternative "B", or the conditions of alternative "D". It is clarified that - <ul style="list-style-type: none"> <li><b>i. the company is not required to fulfil the condition prescribed with regard to the "public holdings value in shares deriving from an issue of shares in accordance with a prospectus"</b></li> </ul> </li> </ol>
<p>e. A collection of shares and/or a big allotment was executed in the company and on the date of the collection of shares and/or big allotment the necessary conditions for the listing for trade of a new company of its type, which is being listed for trade on TASE for the first time, pursuant to the Second Part of the Rules, were not fulfilled.</p>	<ul style="list-style-type: none"> <li><b>ii. the company is required to complete the period of activity for which financial statements were prepared in respect of the sector of activity, as provided in the Rules, in relation to at least 75% of its assets.</b></li> </ul> <ol style="list-style-type: none"> <li>2. With regard to the minimum spread requirement - the minimum number of holders shall be 35.</li> <li>3. With regard to the equity requirement after the listing for trade - If the company has effected a public issue of a value constituting at least 50% of the public holding value required for the renewal of trade on the main list pursuant to the selected alternative, a company, which is not an R&amp;D company, will require equity in a sum of NIS 16 million and an R&amp;D company will require equity in a sum of NIS 8 million.</li> </ol>

With regard to the necessary conditions for the renewal of trade on the main list as aforesaid, the following expressions shall bear the meanings set forth alongside them:

"activity" - the company's main sphere of activity in which it intends continuing to engage;

"equity" - including equity in the pro forma financial statements and plus net receipts, for such purpose - "net receipts" -

amounts that increase the company's equity, within the meaning thereof below, less amounts that reduce the company's equity, within the meaning thereof below, which derive from events that occurred after the date of the company's last financial

statements, provided that a certificate is received from the company's auditor with respect to the extent of the said amounts' influence on the company's equity in accordance with GAAP and that the said amounts derive from one or more of the following events.

"Amounts that increase the company's equity" - amounts deriving from one or more of the following events:

- cash amounts received against share capital, including cash amounts received against preferred shares, and which according to GAAP are classified as equity;
- the value of assets transferred to the company, as finding expression in the equity in the framework of pro forma financial statements prepared in accordance with GAAP;
- amounts received against an allotment of capital notes, which according to GAAP are classified as equity;
- amounts deriving from a waiver of the company's liabilities as finding expression in the equity;
- amounts deriving from a debt arrangement between the company and its creditors or shareholders carried out pursuant to the provisions of section 318 to the Insolvency and Financial Rehabilitation Law, 5778-2018 or pursuant to a financial rehabilitation plan as defined in section 4 of said law.

"Amounts that reduce the company's equity" - amounts deriving from one or more of the following events:

- a declared cash dividend;
- the cost of dormant shares purchased by the company, or by a corporation under its control;
- the cost of the option component of dormant convertible securities purchased by the company or by a corporation under its control;
- the cost of the capital increase;
- the minority rights included in the equity;
- the amount of the tax that might apply to the company in respect of one or more of the amounts that increase the equity, as detailed above;
- amounts that have been or will be used for the purpose of executing an arrangement, which will not be added to the company's equity on the basis of an accountant's certificate.

d. For the purposes of this paragraph - "public holdings value":

with regard to the transfer of a security to the main list after it has been traded on the maintenance list, the public holdings value will be the number of shares, of the same class, held by the public, multiplied by their average price on TASE on the last trading day prior to the date of submitting the application for the securities' transfer to the main list.

Notwithstanding the aforesaid, a collection of shares and/or an allotment was executed in the company, the public holdings value will be the number of shares,



of the same type, held by the public, multiplied by the price calculated as provided in paragraph 1 of appendix "A" to these Regulations. However, if the company has effected a public issue, the share price will be calculated in accordance with the calculation formula appearing in paragraph 2 of appendix "A" to these Regulations.

In cases for which no rules have been determined for calculating the share price for the purpose of calculating the public holdings value as provided in appendix "A", the board of directors, or someone authorized by it, shall determine the manner of calculating the share price while implementing the principles pursuant whereto the manner of calculating the share price was determined in appendix "A" insofar as they are relevant to the specific case.

- e. For the purposes of this paragraph, "public holdings percentage" -
- 1) with regard to the renewal of trade on the main list in shares that are not traded on the main list for a period not exceeding 24 months – the percentage that the public holdings of the shares constitute of all the company's shares of the same class, less the dormant shares of the same class;
  - 2) with regard to the renewal of trade on the main list of shares that are not traded on the main list for a period exceeding 24 months – the percentage that the public holdings of the shares constitute of the company's total issued and paid up capital of the same class less the dormant shares of the same class, just before the renewal of trade in the security on the main list, based on each one of the following assumptions:
    - on the assumption that all the company's convertible securities are not exercised;
    - on the assumption of immediate exercise of all the convertible securities that are not listed for trade and that are not the public holdings and including the assumption of immediate exercise of any right to receive shares;
    - on the assumption of immediate exercise of all the company's convertible securities.

The aforesaid shall also apply if the terms and conditions of the convertible security or terms and conditions of the right to receive the shares include any stipulation regarding the exercise or conversion, including with regard to the date of the exercise or conversion.
  - 3) Notwithstanding the provisions of paragraph 1) above, with regard to the renewal of trade on the main list in a security of a shell company and in a security of a company in which a collection of shares and/or a big allotment was executed, which is not traded on the main list, the "public holdings percentage" will be calculated in accordance with the provisions of paragraph 2) above, even if the company's securities were not traded on the main list for a period not exceeding 24 months.

- f. renewal of trade of preferred shares on the main list, at any time, after they have ceased to be traded on the main list and until the end of 48 months from the date on which they ceased to be traded on the main list, is conditional upon their meeting of the conditions for renewal of trade on the main list that apply to shares other than preferred shares during the first 24 months from the date on which the shares ceased to be traded on the main list, as provided in sub-paragraph c. above.
- g. renewal of trade in convertible preferred shares, which ceased to be traded on the main list as a result of shares that are not preferred shares ceasing to be traded on the main list, is conditional upon the following:
  - 1) the trade on the main list of the company's non-preferred shares has been renewed.
  - 2) if trade was renewed as described in sub-paragraph 1) above, during the first 24 months from the date on which the shares ceased to be traded on the main list, the trade of the preferred shares that are convertible into these shares will be renewed, provided that the maintenance causes stipulated in paragraph 2.a.1) above do not apply to them.
  - 3) if trade has been renewed, as described in sub-paragraph 1) above, after the end of 24 months from the date on which they ceased to be traded on the main list, the provisions of sub-paragraph f. above shall apply.

#### 4. **Conditions for the de-listing of securities from trade**

- a. For the purposes of section 11.f. to the Fourth Part of the Rules – the delisting of the security from trade shall take place not later than 180 days of the occurrence of the event.
- b. Where a full tender offer has been accepted in accordance with section 337 of the Companies Law, 5759-1999, the shares shall be de-listed from trade, shortly after receipt of notice that the full tender offer has been accepted. The securities convertible into those shares, except for bonds convertible into those shares, shall be de-listed from trade 120 days after the shares' de-listing or just after completion of the tender offer for the aforesaid convertible securities, whichever is earlier.
- c. A series of bonds or series of convertible bonds shall be de-listed from trade if the public holdings value in the series of convertible bonds or value of the series of bonds is less than NIS 1.6 million.

The de-listing as aforesaid shall take place 60 days from the end of the calendar quarter in which the public holdings value or value of the series, as the case may be, falls below the said amount.

The fulfillment of this condition shall be reviewed twice a year, just after the end of the quarter ending June 30 and just after the end of the quarter ending December 31 (each hereinafter referred to as "quarter"), on the basis of the bonds' average price in the quarter.

However, if the company has given notice in an immediate report that the said value has fallen below NIS 1.6 million by reason of a tender offer that has been

completed or by reason of any other event, the de-listing shall take place by the end of 60 days from delivery of the immediate report as aforesaid.

- d. If a merger process has been completed or a debt arrangement has been made in accordance with the provisions of section 318 to the Insolvency and Financial Rehabilitation Law, 5778-2018, or in accordance with a financial rehabilitation plan as defined in section 4 of said law, or in accordance with section 350 of the Companies Law, 5759-1999, in consequence of which the public no longer holds securities, the securities shall be de-listed from trade just after completion of such process.
- e. 1) A series of equity-linked bonds shall be de-listed from trade on TASE if the public holdings value in the underlying share is less than NIS 300 million.
- Notwithstanding the aforesaid, if at the time of issuing share-based bonds, the underlying share is not included in the list of the 10 large shares in the TA-35 index, but the underlying share is included in the list of shares in the TA-125 index, the share-based bond series shall be delisted from trade if the underlying share's public holdings value is less than NIS 100 million.
- The provisions of this paragraph shall only apply to an equity-linked bond the underlying share of which is traded on TASE alone or on TASE and an overseas stock exchange.
- Fulfillment of this condition shall be reviewed twice a year just after the end of the quarter ending June 30 and just after the end of the quarter ending December 30 (each hereinafter referred to as "quarter"), on the basis of the underlying share's average price in the quarter.
- 2) A series of equity-linked bonds shall be de-listed from trade on TASE if 60 days have passed from the date on which trade in the equity-linked bonds was suspended by reason of the underlying share's suspension from trade, and trade in the series of equity-linked bonds has not been renewed.
- 3) The de-listing of an equity-linked bond from trade on TASE shall take place within 30 days of the date on which TASE gives notice that the conditions for de-listing equity-linked bonds from trade on TASE have been fulfilled.
- f. If a liquidation event occurs in a SPAC, the securities of the company shall be delisted shortly after the funds are returned to the shareholders and not later than 32 days of the company's immediate report concerning the occurrence of the liquidation event.

5. **Conditions for the de-listing of a company's security from trade, on the company's initiative**

Where the board of directors has passed a resolution to de-list from trade a security of a company which has received court approval for an arrangement between it and the holders of its securities, pursuant to section 350 of the Companies Law, 5759-1999, with regard to the de-listing of its securities from trade, or of a company which has been liquidated and the Registrar of Companies has deleted it from its registers in accordance with section 323 of the Companies Law, 5759-1999, its security shall be de-listed from

trade within 60 days of the date of the board of directors' resolution, unless determined otherwise in the court's decision.

6. **Trade in securities prior to their de-listing from trade**

In the case of securities that are about to be de-listed from trade, except for shares and convertible securities of a company for which a liquidator or provisional liquidator has been appointed, and except for bonds that have been called for immediate payment, four trading days shall take place before the de-listing, unless TASE's CEO or someone authorized by him decides otherwise.

The four trading days as aforesaid shall be the first four trading days after the end of 48 months from the date on which the security ceased to be traded on the main list.

The trade during the four trading days as aforesaid shall take place in the framework of the maintenance list.

7. **Closed fund units**

a. Where the board of directors has passed a resolution to de-list from trade a closed fund unit, the units shall be de-listed from trade, within 30 days from the date of the board of directors' resolution.

b. Where TASE's CEO decided to de-list closed fund units from trade, the units shall be de-listed from trade on the date stipulated.

8. **Commercial securities**

Commercial securities that are listed for trade shall be governed by the provisions of this paragraph and by the provisions of the TASE Regulations pursuant to the Fourth Part of the TASE Rules detailed below, mutatis mutandis and subject to the adjustments and conditions stipulated below:

paragraphs 4. to 6., provided that any reference therein to "bonds" shall, for the purpose of commercial securities, be replaced by "commercial securities".

9. cancelled.

10. **Traded Foreign Fund**

a. where the board of directors has passed a resolution to de-list from trade, a traded foreign fund or where the fund manager requested to de-list the fund from trade, the fund shall be de-listed from trade, within 30 days of the date of the resolution to de-list or of the date of filing such application as aforesaid, as the case may be.

b. where TASE's CEO decided to de-list traded foreign fund units, the units shall be de-listed on the date stipulated.

## Appendix "A" - Calculation of Share Price for Purpose of Calculating Public Holdings Value

### 1. Allotment and/or collection of shares

The public holdings value shall be calculated by multiplying the quantity of shares held by the public by the share price determined in accordance with the following formula:

$$S_x = \frac{\sum_{i=1}^n S_i \times A_i + P \times Q + \sum_{d=1}^n A_d \times \min(S_d, S_i)}{Q + \sum_{d=1}^n A_d + \sum_{i=1}^n A_i}$$

where:

- i - an offeree receiving shares by allotment and/or a collection of shares. Notwithstanding the aforesaid, a bondholder receiving shares as aforesaid, who is not an interested party and will not become an interested party, will not be deemed an offeree in such regard;
- S<sub>x</sub> - the share price;
- A<sub>i</sub> - the number of shares received by offeree i;
- S<sub>i</sub> - the price of the share received by offeree i, which shall be calculated in accordance with the following formula:

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

where:

- B<sub>i</sub> - the number of warrants that offeree i is receiving;
- C<sub>i</sub> - the consideration received from offeree i for securities that he is receiving that is the aggregate of the following amounts, insofar as relevant to him (hereinafter - the "**consideration**"):
  - 1) the cash sum payable on the allotment and/or collection of shares;
  - 2) the value of the assets against which the offeree is receiving securities - in accordance with their fair value pursuant to generally accepted accounting principles.

The fair value as aforesaid will be determined over a period of not more than 90 days from the date of filing the application for renewal of trade on the main list.

In the framework of the application, the company shall declare that the calculation of the fair value is based on generally accepted accounting principles. In addition, if the company has not annexed a valuation to the immediate report on the allotment and/or to the immediate report on collection of the shares, the application shall detail the parameters pursuant thereto the valuation was made, as provided in section 8B.(i) of the Securities (Periodic and Immediate Reports) Regulations, 5730-1970;

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- 3) the value of the company's debts against which the offeree is receiving securities - in accordance with their fair value pursuant to general accepted accounting principles;
  - 4) notwithstanding the provisions of paragraphs 2) and 3) above, if the asset received is a security listed for trade on TASE, its fair value shall be determined in accordance with the average price of the security on TASE in the last 10 trading days preceding the date of filing the application, provided that on this date the company is fulfilling the conditions required for renewal of trade on the main list. If trade in the security is suspended, its value shall be determined pursuant to its fair value;
- Gi - the total existing debt to the credit of the company that was assigned to offeree i in the framework of the allotment and/or collection of the shares, the total new debt of the company to offeree i that was created in the framework of the allotment and/or collection of the shares - in accordance with the amount at which the debt was presented in the company's financial statements, and in addition the cash sum paid to offeree i;
- Mi - the financial value of the warrant allotted to offeree i, calculated in accordance with the formula for calculating the financial value of the warrant.
- If a final exercise date for the warrant allotted as aforesaid has not been determined - the final exercise date determined for the purpose of calculating the financial value as aforesaid shall be four years;
- P - the price of the existing shares as provided below:
- a. the average price of the shares on the date of filing the application for renewal of trade on the main list, where on the filing date the company fulfills the necessary conditions;
  - b. in the event that trade in the share is suspended for a period of not more than the first suspension period, the average price on the last trading day preceding the suspension from trade;
  - c. in the event that trade in the shares is suspended for a period more than the first suspension period,  $P = 0$ ;
  - d. in the event that the application is filed before 35 days have passed from the date detailed in paragraph 3.a.a. of the Regulations,  $P=0$ ;
  - e. in the event of a rights offering, the average price adjusted to the issue;
- Q - the total company's outstanding share capital, before the allotment and/or collection of shares;
- d - offerees holding series "d" bonds who in the framework of an arrangement, allotment or collection of shares receive shares, provided that none of the holders as aforesaid is an interested party or will become an interested party;
- Ad - the quantity of shares allotted to holders of series "d" bonds, as aforesaid;
- Sd - the share price received by offerees d, which shall be calculated in accordance with the following calculation formula;

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$$Sd = \frac{Cd - Gd - Md \times Bd}{Ad}$$

where:

Gd, Md, Bd, Cd - within the meaning of the expressions Ci, Bi, Gi, Mi above respectively, with i being replaced by d, as aforesaid.

#### **Clarifications on the manner of calculation**

a. **In cases in which the calculation is made for the purpose of compliance with conditions of a new company**

Mi, Md - calculated in accordance with the calculation formulae included in paragraph 1 of appendix "A" to the Regulations pursuant to the Second Part of the Rules (B&S formula), relating to an warrant of a company listed for trade for the first time (new company).

If a final exercise date has not been determined for the warrant allotted as aforesaid - the final exercise date determined for the purpose of calculating the financial value as aforesaid shall be four years.

b. **In cases in which the calculation is made for the purpose of compliance with conditions of a company which is not a new company**

Mi, Md - calculated in accordance with the calculation formulae included in paragraph 2 of appendix "A" to the Regulations pursuant to the Second Part of the Rules (B&S formula), relating to an warrant of a listed company.

If a final exercise date has not been determined for the warrant allotted as aforesaid - the final exercise date determined for the purpose of calculating the financial value as aforesaid shall be four years.

c. **In cases in which allotment of the convertible securities is "in the money"**

Notwithstanding the provisions of paragraphs a. and b. above, if any offeree, in the framework of an allotment and/or in the framework of a collection of shares, also receives convertible securities and/or any offeree receives convertible securities but does not receive shares, it must be checked if on the date of the convertible securities' allotment it is financially feasible to convert them into shares ("in the money"). The examination shall be made on the basis of the share price as detailed below:

- a) the share price deriving from conversion of the bonds allotted to offeree j shall be calculated in accordance with the following formula:

$$P^{1j} = \frac{Fj}{Yj}$$

where:

- j - an offeree who receives convertible securities in the framework of the aforesaid moves;
- P<sup>1j</sup> - the share price deriving from conversion of the bonds allotted to offeree j;

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- F<sub>j</sub> - the consideration received from offeree j for the convertible bonds allotted to him;
- Y<sub>j</sub> - the number of shares deriving from conversion of the bonds allotted to offeree j;
- b) the share price deriving from conversion of the warrants allotted to offeree j shall be calculated in accordance with the following calculation formula:

$$P^2 j = \frac{Hj + Kj}{Lj}$$

where:

- j - as defined in paragraph a) above;
- P<sup>2</sup>j - the share price deriving from the exercise of warrants allotted to offeree j;
- H<sub>j</sub> - the consideration received from offeree j for the warrants allotted to him;
- K<sub>j</sub> - the consideration deriving from exercise of the warrants allotted to offeree j;
- L<sub>j</sub> - the number of shares deriving from exercise of the warrants allotted to offeree j.
- c) where the share price, as calculated in each one of paragraphs a) and b) above for any offeree j, is less than the share price for the purpose of calculating the public holdings value ("SX"), as calculated in paragraph 1. ("in the money"), the share price for the purpose of calculating the public holdings value will be calculated again, assuming that the convertible securities of offeree j, in respect of which the aforesaid is fulfilled, were converted into shares and at the price calculated pursuant to paragraphs a) or b) above, as the case may be, even if the conditions of the convertible security include any stipulation with regard to the exercise or conversion, including with regard to the date of the exercise or conversion.

## 2. **Public issue**

If the company makes a public issue in one or more combinations of the moves described in this appendix, the public holdings value shall be calculated in accordance with the following calculation formula:

$$S = Sx \times Qx + Sn \times Qn$$

where:

- S - the public holdings value;
- S<sub>x</sub> - the share price as calculated in accordance with the formula detailed in paragraph 1. of this appendix, as the case may be;
- Q<sub>x</sub> - the shares held by the public after the public issue, except for the shares deriving from the public issue;

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$S_n$  - the effective price on the public issue;

$Q_n$  - the number of shares issued to the public.

If the company makes only a public issue, the following shall apply:

$S_x = P$ ,  $P$  being as defined in paragraph 1. above of this appendix.